



NYLPI NONPROFIT TOOLKIT



INTELLECTUAL PROPERTY MANUAL

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For more information, please consult qualified legal counsel.

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SUMMARY AND COMPARISON OF IP RIGHTS IN THE UNITED STATES

Protected Intellectual Work	Advantages to Owner	Limitations and Disadvantages	Registration	Duration
Category of IP: Trademark				
Designations of origin for products and services (i.e., source identifiers).	No registration is necessary to establish rights, and rights can endure indefinitely as long as use continues and (if registered) renewals are filed.	Does not cover useful articles or components. Requires continuous use and quality monitoring. It may be difficult to know whether and where prior users of your mark exist, and they may interfere with your rights. Registration may be expensive and can take months to obtain.	Not necessary to establish rights, but federal registration comes with a variety of benefits, including presumptive rights across the U.S. and access/entitlement to certain damage awards. The registrant must make periodic maintenance filings to avoid expiration.	Rights can endure for as long as mark is used in connection with goods and services. Federal registrations must be renewed every 10 years to remain active.



Category of IP: Copyright				
Original works of authorship fixed in a tangible medium of expression (not ideas) such as literary works and other types of creative expression, e.g. performance.	No registration is necessary to establish rights, which are relatively long lasting. Registration is a comparatively simple and inexpensive process.	Does not cover useful articles, and requires some originality to protect. Pure data and facts are excluded. Fair use doctrine permits others to use in substantial ways.	Registration is required to sue and obtain damages for infringement. Infringers of registered works are liable for statutory damages, regardless of profits or harm to owner.	For published works, rights endure for the life of the author plus 70 years. For anonymous works or works made for hire, the earlier of 95 years from publication or 120 years after creation.
Category of IP: Utility Patent				
Inventions, including methods and useful articles.	Covers useful articles. High degree of protection once registered: may prevent further use even by independent inventors and obtain damages for harm.	Requires registration which, along with enforcement litigation, can be complex and expensive. Relatively short term of 20 years. Must apply to register within a year of first public disclosure or sale.	Registration is necessary to obtain rights. Must demonstrate inventorship, eligibility of subject matter, novelty, and non-obviousness. The patentee must make periodic maintenance fee payments.	20 years from earliest effective filing date.



Category of IP: Trade Secret				
Commercially valuable information and useful articles that are kept secret.	Covers useful articles and information regardless of originality. No registration required and no set expiration of rights, as long as the material remains secret.	Cannot be protected once lawfully discovered or reverse engineered by third party. Must protect from disclosure or risk losing rights permanently.	There is no registry for trade secrets.	Rights endure so long as trade secret remains secret.
Category of IP: Publicity Rights				
The distinctive characteristics of one's name, image and likeness.	No registration required for rights, which endure at least for an individual's lifetime.	In some jurisdictions, may not prevent imitations of one's likeness (voice, dress or other attributes, even if otherwise distinctive).	There is no registry for publicity rights.	Rights generally endure during an individual's lifetime, though some states may recognize related rights after death.



WHAT IS INTELLECTUAL PROPERTY?

We're all familiar with the concept of physical property. If you own a car, for example, you can use it (subject to certain laws about how, when and where you use it), and can prevent other people from using it, unless they get your permission. In other words, if you own physical property, you have certain rights associated with it. Intellectual property, or IP, is very similar to physical property, but instead of giving you rights related to physical objects, IP gives you rights related to intangible property, such as the contents of a novel you wrote, or the specifications for a device you invented. Governments grant IP rights to creators of intellectual works to encourage creativity and invention. These rights are usually balanced with obligations to disclose the creation, principles of fair use, or limits on the term of protection.

This guide focuses on IP rights recognized in the United States. Other countries may protect similar intellectual works differently. If your activities cross international borders, you may want to consult a lawyer with experience in those regions.

IP rights in the U.S. typically fall in the following categories:

- **Trademarks** (as well as trade names, service marks and service names), which protect words, logos or symbols, or other source identifiers (which can include sounds and smells) used to designate the origin of products and services;
- **Copyrights**, which protect original works of authorship or other expression;
- **Patents**, which protect inventions (including devices and processes) or designs;
- **Trade Secrets**, which protect secret information, devices or processes conferring commercial advantage;

An area closely related to IP concerns **Publicity Rights**, which protect personal rights in the distinctive features of one's image and likeness. Because of the overlap between publicity rights and other areas of IP, these rights will also be covered in this guide.



WHAT ARE THE DIFFERENT TYPES OF IP RECOGNIZED IN THE U.S.?

BRANDING AND TRADEMARKS

Branding is the process by which your organization builds its reputation and associates that reputation with its activities. Your first act of branding was probably choosing your company name. Branding and reputation are protected through consistent, quality-controlled use of trademarks, trade names, service marks, and service names — often simply called “marks.” A mark can be almost anything — a word, symbol, packaging, color, or even sound — that identifies the source of goods or services and distinguishes them from others. If you own a mark (see below for how this happens), you have certain rights associated with this mark. Generally, you have the right to continue using the mark, and you may also be able to prevent others from using it if such use is likely to result in consumer confusion.

Common Law Rights

Simply using a mark in connection with your goods and services may give you certain rights in that mark. These rights are called “common law” rights, meaning that they were developed by courts (not legislatures), and derive from general principles of fair competition. Your common law trademark rights are limited to the geographic area in which you use your marks, which generally means that someone else can use an identical mark for identical products or services in other geographical locations. Under common law, if you stop using your mark, you might end up losing any trademark rights you have developed.



Federal Registration

In addition to common law rights, U.S. federal law permits you to register your marks with the U.S. Patent and Trademark Office (USPTO). A benefit of federal registration is that it gives you presumptive rights in the mark throughout the country, not just in the areas or localities in which you are already using the mark.

Some types of marks are easier to register and protect than others. The less your mark describes the product or

service, the more likely it will be successfully registered. For instance, “Apple Company” would be considered generic as a brand for a company that sells apples, and the USPTO would refuse to register the mark. However, “Apple” is registrable as a brand of computers and computer software. This is generally referred to as the “Spectrum of Distinctiveness,” as shown below.



Fanciful	Arbitrary	Suggestive	Descriptive	Generic
What it Means				
Invented Marks	Common Word Used in Uncommon/ Unrelated Context	Marks that Hint at Product/Service Attribute(s)	Mark That Immediately Identifies an Inherent a Quality, Characteristic, or Feature of Product/ Service	A Common Term that is the Name of the “Species” itself and Fails to Distinguish One Source from Another
Protectability				
Most Protectable	Almost Always Protectable	Generally Protectable	Protectable Only with Acquired Distinctiveness or Secondary Meaning	Not Protectable
Examples				
Kodak, Lexus, Google	Apple computers, Shell oil, Dove soaps	Greyhound (for buses, suggesting speed), Coppertone (for sunscreen)	American Airlines, Play-Doh	Beer (for beer, Gasoline (for gas)



When you apply for a trademark with the USPTO, a trademark examiner will review your application to make sure it complies with the statutory requirements. Some of the requirements are:

- Your mark cannot be confusingly similar to another mark applied for or registered in connection with overlapping or related goods or services.
- Your mark cannot be “merely descriptive” or misdescriptive of your products or services (see chart above).
- You must be actually using the mark at the time of your application OR you must have a bona fide intention to use the mark within up to three years of your application.

Following the initial application, you must meet deadlines to make additional filings, including statements of use, deadline extensions and periodic maintenance filings. Each of these requires a fee payment.

Maintaining Rights in Your Mark

Once you have your mark, you must at a minimum keep using it to avoid abandoning it. For federally registered marks, you must also make periodic filings with the USPTO. You could also lose your mark if you don’t exercise control over how the mark is used (remember, the purpose of trademarks is to allow consumers to distinguish your goods

or services from those of your competitors). If you let another company or organization use your mark, you should have an agreement in place to monitor the quality of their goods or services.

So long as you make continued, quality-controlled use of the mark, protect it against infringers and make required maintenance filings for any applications or registrations you may own, your rights in a mark may last indefinitely.

Infringement

Once you have a valid trademark (either through use or federal registration), you can (under certain circumstances) prevent others from using an identical or confusingly similar mark in connection with goods or services which are identical, similar, or related to yours, provided such use commenced after you began using your mark. A lawyer can help you decide whether it is advisable to send a demand letter or bring a lawsuit alleging trademark infringement or unfair competition.

Under common law, your trademark rights may only extend to the local geographic areas where the mark is in use or where your customers reside. Federal registration, by contrast, grants trademark owners presumptive nationwide rights to the registered mark. Regardless of whether



you rely on common law or registered trademark rights in a dispute, the main question a court will consider is whether use of a trademark by another is likely to confuse consumers as to the source of products or services, or as to whether the user of one mark sponsors, is affiliated with, or endorses the other trademark user's products or services.

In determining whether there is a likelihood of confusion, courts consider a non-exhaustive list of factors, and the weight of any one factor will depend on specific factual circumstances. These generally include:

- How similar or dissimilar the marks are (visually, and/or in terms of sound, connotation, etc.)
- The similarity or dissimilarity and nature of the goods or services the marks are used in connection with
- Whether there is any overlap in where consumers might encounter both marks (i.e., products sold in the same stores, apps offered online in the same location, etc.)
- The conditions under which and buyers to whom sales are made (i.e., "impulse" purchasing, such as soap in a

convenience store vs. careful, sophisticated, or protracted purchasing, such as when buying a car, appliance, etc.)

- The fame of the prior mark (sales, advertising, length of use, etc.)
- Whether there are any other people or companies using the same or similar marks
- Evidence of actual confusion
- How long the use of both marks has coexisted
- The newer/junior party's intent in adopting their mark (i.e., is there evidence the newer user adopted their trademark in bad faith, for independent reasons, etc.)

Some of the most common legal remedies or trademark infringement and unfair competition include: (1) monetary relief, including defendant's profits, any damages sustained by the plaintiff, and the costs of the action; (2) a court order (injunction) that the defendant stop using the accused mark; (3) an order requiring the destruction or forfeiture of infringing articles; and (4) an order that the defendant, in certain cases, pay the plaintiffs' attorneys' fees.



COPYRIGHTS

Copyright is a form of protection grounded in the U.S. Constitution and granted by law for original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works. Copyright protects original works of authorship including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software, and architecture. Copyright does not protect facts, ideas, systems, or methods of operation, although it may protect the way these things are expressed.

For example, as your organization conducts its business, you may create or commission many creative works. You may hire a photographer to take pictures of your annual fundraiser. You may design T-shirts for your annual 5k, or signs advertising your organization's services. You may hire a programmer to write code for an app, or write a pamphlet for potential donors describing your work. You may even commission musical works to accompany your organization's messaging. All of these are potentially copyrightable, and you might own the copyright, even if you hired someone else to create them. An attorney

can help you determine whether a work is entitled to copyright protection.

When you hold a copyright in a creative work, you have the exclusive right to make and distribute copies of the work, create "derivative works" (new works based on the older work), and to perform or display the work in public. No one else may do any of these things without your permission.

Ownership of protectable rights begins the moment a work is "fixed in a tangible medium," that it is perceptible either directly or with the aid of a machine or device. This could mean the moment a photograph is taken ("fixed" in film or the memory card of a camera), the moment a song is composed ("fixed" in sheet music), or the moment an audio file is recorded ("fixed" in a computer's memory). It is not required to register a work with the U.S. Copyright Office in order to own protectable rights, but a registration can be useful if you need to bring a copyright infringement lawsuit in court. Registration also entitles you to additional, potentially valuable remedies including statutory damages and attorneys' fees. Additionally, registration is considered



to provide notice of your work and ownership to would-be infringers. If you are concerned about protecting and enforcing your copyright in a work, and in particular a work in which you may have invested considerable resources to develop, consult an attorney, who can explain the costs and benefits of registration.

Copyright Ownership

Creative works (such as text, software, pictures, or illustrations) that are accessible to virtually everyone on the Internet may *seem* like they are not owned by any one person or entity (especially if they're accessible on websites with user-generated content, like Facebook or YouTube). However, they almost always are. Any creative work, even if it's posted and publicly accessible online, can remain subject to copyright law unless or until the owner expressly releases it into the public domain, or until its copyright expires. It is not free for all to use.

When a work is created, the creator of the work is usually the initial owner of the copyright (but see an important exception in works for hire, below).

The owner may sell their rights altogether, or may grant the right to use the copyrighted work to others. The rules surrounding the transfer of copyright is quite complex, and you should generally consult an attorney when engaging in this kind of transaction.

Works for Hire

Although the creator of a copyrightable work is usually the default owner of the copyright, there are two common situations where this is not the case. Both fall under the heading of “work for hire.” In the first situation, an employee of an organization creates a work, and the work falls within the scope of their employment (for example, a graphic artist makes a graphic to go on their employer’s website). In the other situation, the organization specifically orders or commissions certain types of works,¹ and a written contract expressly states that the work is a work made for hire. If a work is determined to be a work-for-hire (through either situation), the organization, rather than the individual that created the work, is recognized as the owner of the copyright. There is a great deal of complexity in determining

¹ Section 101 of the Copyright Act specifies nine types of works, based on how they're intended to be used. They are “a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas.” If you think a work that your organization has commissioned, or was commissioned to make, a work for hire, you should consult an attorney.



whether all the criteria are met, which a lawyer can discuss with you should the need arise.

Derivative Works

Sometimes new works are based on an existing work and are called “derivative.” For instance, a magazine article might be translated into another language, existing software may be modified with new code, or a book may be adapted into a movie or summarized as PowerPoint slides. Derivative works are typically owned by the author of the original work, who can prevent even the derivative’s author from using it. Use of derivative works requires rights to use the underlying, original work.

Long Term of Copyright Validity

For recently created works, the copyright will generally not expire during our lifetimes. As a general rule, for works created after January 1, 1978, copyright protection lasts for the life of the author plus an additional 70 years. For an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication or a term of 120 years from the year of its creation, whichever expires first. For works first published prior to 1978, the term will vary depending

on several factors. An attorney can help to determine the length of copyright protection for a particular work.

Infringement

When you hold a copyright in a creative work, you have the exclusive right to make and distribute copies of the work, create “derivative works” (new works based on the older work), and to perform or display the work in public. No one else may do any of these things without your permission.

Infringement occurs when an infringer does any of these things without the consent of the copyright owner. One example of infringement may be redistributing a music file to others over publicly accessible computer servers. A less clear example is a small group showing of a movie, which may or may not be sufficiently “public” to infringe the public performance or display rights. There is a lot of gray area in between. If you think that your use of a work may infringe a copyright, you should consult an attorney.

Be aware that, if someone is successfully sued for copyright infringement, they might owe the copyright owner damages *for each work infringed*, even if they made no money from the infringement. Non-commercial (or non-profit) use of a copyright can still constitute infringement.



Unlike patent law (described below), copyright law recognizes the concept of “independent creation.” In a lawsuit for copyright infringement, the suing party must show that their copyrighted works were “copied” by the defendant. If the defendant is able to show that they independently created the work at issue, and did not copy it, it is not possible to prevail on a claim of copyright infringement. Therefore, even if someone else created and is using a work that is identical to yours, as long as they did not copy it, it may not constitute copyright infringement, and your enforcement options may be limited. An attorney should be consulted for advice in specific situations, as the analysis is often very fact-specific.

Fair Use

Despite the many rights granted to copyright owners, U.S. copyright law permits limited use of copyrighted material without having to first acquire permission from the copyright holder in certain circumstances. This is called “fair use.” However, determining whether a use is “fair use” is complicated; courts have to balance four subjective and often uncertain factors: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion taken; and the (4) effect of

the use upon the potential market for the copyrighted work. Each of these has complex legal nuances which vary based on the factual circumstances at hand.

Many people incorrectly assume that, if they give credit to the original creator of a copyrighted work, their use is fair use. This is not correct. It is also not correct that non-profits are able freely to use the copyrighted works of others simply by virtue of their status as a non-profit. If you think you have a fair use issue or question, please consult with a copyright attorney to avoid or reduce the risk of facing statutory or other copyright damages. You should not assume that your intended use is fair use.

The Digital Millennium Copyright Act

If your nonprofit hosts third-party content, you may consider the protections of the Digital Millennium Copyright Act (DMCA). The DMCA is a copyright law that protects organizations with a digital presence against copyright infringement liability. Specifically, the DMCA provides safe harbors to shield organizations from third-party copyright infringement liability.

The DMCA protects copyright holders by ensuring the takedown of infringing content while shielding online



service providers and organizations that inadvertently host infringing content provided by their end users. For example, if your organization allows end users to submit photos or prose through blog posts or comment fields, the DMCA safe harbors can protect you against liability if one of your users commits copyright infringement by posting someone else's original work.

To be eligible for protection by the DMCA safe harbors, you should consult an attorney to ensure that you properly follow the steps outlined below:

1. Designate an agent for service of copyright claims on your website, and file a corresponding form with the U.S. Copyright Office. It is proper to appoint someone internal to your organization as the agent for service. Be sure to renew your agent designation every three years.
2. Write, post, and enforce a repeat infringer policy. This policy addresses how you will terminate the accounts of users who repeatedly commit copyright infringement. Please consult with your attorney to confirm that your policy and implementation are adequate.
3. Set up procedures to manage the notice and takedown process. This process requires you - upon receipt of a DMCA notice of infringement - to "expeditiously" remove the infringing content. An attorney can help you set up a DMCA compliant program.
4. Finally, it is important that you lack actual knowledge as to the infringing nature of the content posted by third parties on your website. If you do have reason to know of contents' infringing nature, you must remove it expeditiously.

Remember, the DMCA safe harbors protect you, as the website operator, against claims of domestic copyright infringement. Claims related to trademark infringement, unfair competition, or rights of publicity are not covered by these safe harbors. Moreover, the DMCA safe harbors do not protect against claims of infringement for content uploaded first hand by your organization.



PATENTS

A patent is an exclusive right given to inventors in exchange for their disclosing their invention to the public. It prevents others from making, using, selling offering to sell, or importing that invention without the patent owner's permission in the United States for a limited period of time. Most of the time when people talk about patents, they are referring to Utility Patents, which protect useful processes, machines, articles of manufacture, or compositions of matter. This guide will primarily focus on these patents. However, patents are also available to protect the ornamental characteristics embodied in, or applied to, an article of manufacture (Design Patents), as well as certain types of asexually reproducing plants (Plant Patents). Because Design Patents and Plant Patents are less common, they are not covered in this guide.

Utility Patents

The United States patent statute provides patent protection for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” While this is quite expansive, there are a few exceptions: abstract ideas, laws of nature, natural phenomena, and natural products cannot be patented.

In order to be patentable, your invention needs to be novel (new) and the differences between your invention and whatever came before it need to be non-obvious. Your invention also must not have been offered for sale, made public and/or published prior to the date you file your application. Under some circumstances, there may be a one-year grace period for disclosures that occur before the application is filed. However the legal nuances of this can be complicated, and it is generally not advisable to rely on the grace period.

If you think you have an invention which might be patentable, talk to a patent attorney, who can advise you how to best protect your rights, as soon as possible.

Obtaining A Patent

To obtain a patent, you need to file an application with the USPTO. The application will need to describe the invention in enough detail to allow a person of ordinary skill in the relevant field to make and use your invention. This is your part of the bargain in exchange for getting exclusive rights in your invention for the life of your patent. Your application will also need to include *claims*, which define the scope of



protection and will be used to determine whether someone else has infringed your patent (see below) once granted.

The current United States patent system is known as a “first-inventor-to-file” system. That means that if two different inventors (or teams of inventors) independently develop the same invention, the first *inventor* (or team of inventors) *to file* an application will be awarded the patent (assuming all other requirements for patentability are met), and the second inventor to file will get nothing. This is why it is important to file an application for your invention as soon as possible.

Because the U.S. system is “first *inventor* to file” and not simply “first to file,” if the first applicant to file a patent application derived their invention from the second later applicant, the second applicant may be awarded the patent. In order to prevail in a derivation proceeding (the formal proceeding to determine if an applicant derived their invention from someone else), the second applicant must demonstrate derivation with substantial evidence. Therefore, it is important to keep detailed records of the circumstances surrounding the inventive process.

The patent application will be reviewed by a patent examiner, who usually has a technical background relevant

to the field of the invention. The Examiner will conduct a prior art search to make sure that your invention is in fact novel and non-obvious and will also ensure that your patent complies with all legal requirements. If the Examiner determines that your application is not in condition for allowance, they may issue an Office Action that sets forth rejection(s) (e.g. reasons your claims are not patentable), and you will have the opportunity to respond. This process is called “prosecution.” Once the Examiner is persuaded that your application meets all requirements, the USPTO allows your application. Once your application is allowed, you must pay an issue fee, and the USPTO then issues your patent.

As soon as your application is filed, your patent is “pending,” until you either abandon your application or the patent is issued. Once your patent is issued, you can recover damages from anybody who has infringed your patent (see Infringement, below). In some cases, damages can be recovered from the date that your patent application was published (see below). It is often a good idea to mark your products with “patent pending” once you file an application, as this puts your competitors on notice that, if they make or use a similar product that infringes your patent, they might be liable for patent infringement.



With some limited exceptions, the term of a granted patent is 20 years from the date the application was filed. In addition, after your patent issues, you will need to pay periodic maintenance fees to the USPTO to maintain your patent for its full term.

Be aware that patent prosecution is an (almost) completely public process. In most cases, the USPTO publishes your application 18 months from the date your application was filed, and then anybody (including your competitors) can follow your application's progress through the patent office.

Infringement

Patents provide the right to exclude others from making, using, selling, offering to sell, or importing the claimed invention. Therefore, others must obtain a license from you before practicing your invention in the United States. If your invention is a method or process, others must also obtain a license before selling or offering to sell items made by the patented method or process. Otherwise, they will infringe your patent, and you may be able to receive compensation from the infringing party, prevent them from importing

infringing products into the United States, and/or obtain an injunction to force them to stop infringing your patent.

Unlike in copyright, a person doesn't need to "copy" your invention to infringe your patent. As stated above, infringement occurs whenever someone makes, uses, offers to sell, sells, or imports a patented invention without first obtaining the patent owner's permission. Independent invention is not a defense to patent infringement, and there is also no fair use defense. Thus, there is an advantage to being the first inventor to file a patent application. As such, you should consult an attorney as soon as possible if you think you have an invention worth patenting.



TRADE SECRETS

A trade secret is a type of intellectual property that derives independent economic value from its secret status. Trade secrets are protected by federal law, through the Defend Trade Secrets Act (the “DTSA”), common law, and state statutes.

Federal and New York Protection of Trade Secrets

Until recently, only state law governed trade secret protection through common law or specific state trade secrets statutes. On May 11, 2016, Congress enacted the DTSA, which provides the first federal civil right of action (and remedy) for misappropriation or threatened misappropriation of trade secrets. This guide will focus on the DTSA and New York common law. If you think that your organization has trade secrets that you would like to protect, you should consult an attorney, who can help you identify which law(s) will apply, and how to best protect your trade secrets. Although state and federal trade secret protections are often similar, there are some important differences in both substance and procedure, and an attorney will be able to walk you through the pros and cons of enforcing your rights in state or federal court.

In order to be protected under the DTSA, you must first establish that the proprietary, confidential information at issue is “related to a product or service used in, or intended for use in, interstate or foreign commerce.” For example, a patient list that includes information about patients who traveled from New Jersey to New York to use a physician’s services would meet this requirement.

To bring a trade secret claim under New York law, you will need to show (1) that you possessed a trade secret (see below for how this is defined), and (2) that either the defendant used or disclosed that trade secret in breach of an agreement, confidential relationship or duty, or the defendant acquired the trade secret information by improper, unfair, or fraudulent means. To bring a trade secret claim under the DTSA, you will need to show (1) ownership of a trade secret and (2) misappropriation or threatened misappropriation (see below).

Under either New York law or the DTSA, you may be able to secure: emergency (and permanent) relief to prevent individuals who have wrongfully taken trade secret information from using or continuing to possess trade



secrets; monetary damages for lost customers, corporate opportunities, lost profits, or the defendant’s unjust enrichment; and, in some circumstances, attorney’s fees. If you receive a complaint asserting a trade secret claim, there are several defenses and arguments that may be available to you. For example, defendants can argue that the information at issue is not proprietary or confidential, or that the defendant obtained the information through proper means, such as independent development or from publicly available information. If you are confronted with a trade secret complaint, a best practice at the beginning of the litigation is to insist that the plaintiff identify the trade secrets at issue as precisely as possible. You should consult a lawyer on your options for moving forward.

Definition of Trade Secret

Under the DTSA, the definition of a “trade secret” covers “all forms and types of financial, business, scientific, technical, economic, or engineering information . . . whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing” if: (1) “the owner has taken reasonable measures to keep such information secret;” and (2) the information “derives independent economic value,

actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the . . . information.” In other words, a trade secret can be any form of information that is valuable because it is not known by others, so long as the owner took reasonable steps to keep the information secret.

Under New York law, a trade secret is generally defined as a formula, process, device, or compilation of information used in one’s business that confers a competitive advantage over those in similar businesses who do not know it or use it. Some New York courts have also read a requirement of “continuous use” into the definition of a trade secret. Information that is a part of a process or device used by a business only once or ephemerally rather than continuously has been denied protection. To assess trade secret status, New York law balances six factors, none of which is dispositive:

1. the extent to which the information is known outside the business;
2. the extent to which it is known by a business’ employees and others involved in the business;



3. the extent of measures taken by a business to guard the secrecy of the information;
4. the value of the information to a business and to its competitors;
5. the amount of effort or money expended by a business in developing the information; and
6. the ease or difficulty with which the information could be properly acquired or duplicated by others.

One court has said, “[T]he most important consideration is whether the information is actually a secret.” Absolute secrecy is not required, but a “substantial” element of secrecy must exist.

Reasonable Efforts to Maintain Secrecy

Under either New York law or the DTSA, the holder of a trade secret must take reasonable measures to protect the secrecy of the trade secret. A company must take reasonable (not perfect) measures to protect a trade secret, or risk losing trade secret protection. There is no bright line rule on what measures are reasonable. Below is a non-exhaustive list of measures generally considered “reasonable”:

- Physical and IT-based protections such as

“passwords, alarm systems, and installation of firewalls and security software;”

- Restricting access on a need-to-know basis; and
- Notice to employees of trade secret status through policies, restrictive covenants (contracts), and training sessions.

An attorney will be able to evaluate the measures you currently employ to protect your trade secrets, and counsel you on any additional steps you ought to take.

Misappropriation

Under the DTSA, trade secret misappropriation occurs either when:

- Improper means are used to acquire a trade secret. This includes “theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means;” or
- A trade secret is disclosed or used by (i) a person under a duty to maintain the trade secret or limit its use, or (ii) a person who knew or had reason to know that the trade secret was acquired by a person under a duty to maintain the trade secret or limit its use.



The DTSA also provides for injunctive relief for threatened trade secret misappropriation. 18 U.S.C. § 1836(b)(3). This can sometimes occur when a former employee is hired by a competitor, and the employee's new employment will inevitably lead her to rely on the plaintiff's trade secrets. This is known as the doctrine of "inevitable disclosure."

New York's definition of misappropriation is similar to the DTSA's. A party must demonstrate (1) that it possessed a trade secret, and (2) that the defendant used or disclosed that trade secret in breach of an agreement, confidential relationship or duty, or as a result of discovery by improper, unfair, or fraudulent means. New York courts, however, are hesitant to apply the inevitable disclosure doctrine. If you are concerned that a former employee may reveal your trade secrets to a competitor, or if you are hiring an employee who may have had access to a competitor's trade secrets, you should consult with an attorney to discuss the legal implications and the steps you ought to take.

Patent or Trade Secret?

Some inventions, by their very nature, cannot be protected by trade secret, because the valuable aspect is apparent once the invention is made available to the public. For

example, the mechanical configuration of a new vacuum cleaner can be easily discovered by anybody who purchases and disassembles it. An inventor should consider seeking patent protection for ideas that cannot be kept secret by reasonable means. However, in some cases, you could market a product without revealing the secrets behind it (an obvious example is the formula for Coca-Cola, which is a closely-guarded secret, and is not easily determined by examining or ingesting a bottle of the soda). In these cases, the inventor may have the choice of protecting their invention with either patents or trade secrets, and there are advantages and disadvantages to both.

Some advantages of trade secrets are that they can exist indefinitely if safeguarded; they involve no registration costs (although maintaining secrecy may itself be costly); they have immediate effect; and there is no need to deal with government formalities. However, trade secrets also have disadvantages: others may be able to reverse engineer the secret (which is permissible so long as not in contravention of a confidentiality agreement); once the information becomes public it is impossible to prevent others from using it; it may be difficult to enforce; and someone else may independently and legitimately discover the secret



and patent it, which both discloses the secret to the public permanently and may prevent you from using it in the future.

Whether to protect your invention by patent or trade secret involves balancing a host of competing factors and legal issues. You should consult an attorney, who will be able to examine your specific situation and advise you as to the best course of action. Your attorney is also bound by the rules of attorney-client confidentiality.

Publicity Rights

Publicity rights refer to the rights of an individual to control another's use of his or her distinctive name or likeness.

Publicity rights vary from state to state.

In New York, the Civil Rights Law states: "A person, firm or corporation that uses for advertising purposes, or for the purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person, or if a minor of his or her parent or guardian, is guilty of a misdemeanor." Other states may protect a voice (sometimes including imitations of a voice), a celebrity

identity, or other distinctive aspects of one's individual persona. While in many jurisdictions, these laws do not extend to deceased individuals, some cases have found continuing interests by a deceased individual's estate to prevent uses of that person's name or likeness in a way that falsely suggests endorsement of activities and products.

Whenever dealing with an individual, whether famous or not, living or deceased, and where distinctive features of that individual are being recorded or imitated for further public-facing use, you should consider obtaining a release or permission from the individual to ensure you are not unlawfully using their name or aspects of their likeness.

New York state laws also include a number of exceptions to the general right of publicity protections, including newsworthy uses of or references to a person's identity.

An attorney may be able to advise you about your options for using an individual's (or a look-alike's) likeness or distinctive features.



HOW CAN I SECURE MY IP RIGHTS?

First consider the source or author of each protectable element in your materials, such as a portion of software, text, image, layout, PowerPoint slide, article, worksheet, embedded video and the like. Each such element necessarily has an author or creator, and you should analyze what rights you have to each element. This process is often called a “rights clearance” analysis, because you are analyzing the material for clear rights to use as you intend.

If the author was a paid **employee** of your organization hired to create a work of authorship, then it is possible that your organization automatically owns the copyright. However, the employee would own any patent rights in inventions they create unless they were specifically hired to create the invention or they have a written invention assignment agreement in place. Therefore, you should consult with an attorney to draft an invention assignment agreement template for you to use with all employees to avoid issues related to intellectual property ownership. Your employees should sign this invention assignment agreement on or promptly after their first day of employment.

Similarly, all **volunteers** who may create any intellectual property for your company should execute an invention assignment. Ownership of copyrightable works would not vest automatically in your organization (as with employees) unless an invention assignment agreement is in place.

Perhaps you hired an **independent contractor** to draft worksheets, take photographs, write software code, record sounds or make videos that you intended for your organization to own and use for your nonprofit purposes. When you engage an independent contractor, you should have them sign a consulting agreement that clearly grants your organization all of the rights, including intellectual property rights, in the work product developed by the contractor for your organization and grants the organization a license in any preexisting intellectual property of the contractor that may be included in such work product. The language in this agreement is very important and should be drafted or at least reviewed by a lawyer. Taking this simple step at the outset may save big headaches down the road. For instance, the wrong language may buy you



development services but not free and clear rights to use the work product created by the contractor for your organization.

As a trademark owner, you may forfeit your trademark rights by allowing for uncontrolled use of your trademarks by others, such as licenses, and by failing to exercise adequate quality control their use of your trademark such that it no longer represents the quality of the product or service that consumers have come to expect. Because the failure to exercise quality control or monitor others use of your trademarks can be raised as a defense to a claim of trademark infringement, it is important that a brand owner – even a non-profit – be vigilant about monitoring any third party uses of its trademarks. Steps that a trademark owner can take to ensure it does not forfeit its trademark rights through uncontrolled use or licensing may include: (1) articulating an acceptable or expected level of quality for goods and services in any agreements containing a right or license to use your trademarks; (2) retaining a right to inspect any goods or services being offered by a third party under your trademark; and (3) monitoring quality at regular intervals.

If your organization invents anything which might turn out to be patentable, it is important to keep detailed records

of the inventive process. These records will help in the preparation of your patent application and can also be used to determine who should be named as an inventor on your application. This may also help to prove that someone else's invention was derived from yours. Therefore, it is important to create a process for inventors to report potential inventions as well as to record the details of the inventive process. For example, you should document things like:

- the details of the invention;
- a list of everybody who was involved in the invention, including specific information about everyone's contribution;
- whether the invention has been (or will be) disclosed to the public in any way;
- where the work was carried out; and
- whether the work was funded by the U.S. government or other funding organizations.

Once you have concluded that your organization has invented something that may be patentable, you will need to apply for a patent with the USPTO (See Section II(c) above for more details). Ideally, you should file your patent application before you sell, publicly use, or otherwise publicly disclose your invention.



While it is possible to file an application on your own (and the USPTO has resources to assist inventors who chose to do this), it is strongly recommended that you consult with a patent attorney, as patent applications must meet certain formal requirements, and statements made during patent prosecution can impact your ability to enforce your patent in the future. Moreover, a patent attorney will be able to advise you on the best prosecution strategy. Therefore, it is wise to involve a patent attorney early in the process in order to maximize your ability to protect your invention.

The costs to register a Trademark, Copyright, or Patent change periodically. For the most up-to date information on costs, please visit the following:

- Trademarks: <https://www.uspto.gov/trademark/trademark-fee-information>
- Copyrights: <https://www.copyright.gov/about/fees.html>
- Patents: <https://www.uspto.gov/learning-and-resources/fees-and-payment/uspto-fee-schedule>

HOW CAN I ENFORCE MY IP RIGHTS?

There may come a time when you need to enforce your IP rights against an infringing party. Once you become aware that another party is infringing your IP, there are several steps to consider before formally filing a litigation. At this juncture, you should consult with an attorney.

The first step to take, typically with an attorney's assistance, is to determine which specific IP rights are being infringed and in what way(s). Review your IP and, if permissible, the allegedly infringing products and/or activities. Your attorney

can also conduct additional due diligence into your situation in order to determine if you potentially have a claim.

Following this initial review, you and your legal representative have a few options for enforcing your IP rights including: sending a cease and desist letter to the infringing company, filing a complaint in court, or seeking arbitration or mediation. You should consider several factors when deciding which avenue to pursue. These factors include: the strength of your claims, the potential benefit in a



positive outcome, and the cost of litigation. You should work with your attorney to discuss your options, goals, potential outcomes, and potential costs before making a decision on how to proceed.

As mentioned, one initial option for enforcing your IP rights is to have an attorney send a cease and desist letter to the infringing party. The purpose of this letter is to inform the other party that their activity is infringing on your IP rights, to ask that they stop such activities, and to propose additional discussion in order to come to a resolution. This may be an effective and efficient option in the case of unintentional or minor infringement as the infringing party may discontinue their activities and/or be open to negotiating a licensing agreement. If you receive such a letter, you should consult an attorney.

To the extent the cease and desist letter does not provide the result you are looking for — or is not a good option for your situation — another common option is formal litigation. Starting litigation can be a daunting task. What follows is general guidance on what to expect and how to prepare, but contacting an attorney is a critical step that should be taken in advance. Your attorney can walk you through this process in more detail as it pertains to facts of your case.

Many things need to happen before your lawsuit officially starts, including deciding where to file it. Depending on what kind of IP you are enforcing and the facts surrounding the alleged acts of infringement, you may have the option of filing your lawsuit in one of several different courts, and your attorney can advise you of the pros and cons of each option. Your lawsuit will formally start with the filing of a “complaint,” which is a formal legal document, filed with the court, which informs the court and the entity or entities you are suing of the claims against them. The complaint lays out the facts that you allege constitute infringement of your IP, and what compensation or relief (see below) you’re seeking. Expect to work closely with your attorney to provide the relevant facts needed in order to craft a compelling complaint. This may involve phone calls or inperson meetings with you, your attorney(s), and potentially some of your employees.

After a plaintiff files the complaint and a defendant responds, cases that are not dismissed evolve to next major phase in the litigation process: discovery. During discovery, both sides have the opportunity to provide documents to the other side that support their claims or defenses and to request relevant information from the opposing party. The entire discovery process can often take anywhere from six to nine months but can go on for longer. Your attorneys can



help you determine what information you should request from the opposing party, and how best to respond to the opposing party's requests to you. Note that in IP litigation steps should be taken to ensure your internal company information is protected. For example, parties typically designate much of the material provided to the other side as confidential or restricting it so only the opposing attorneys (in contrast to the opposing party) may view it. Some of your employees will also likely have to sit for a deposition. A deposition occurs outside of court but is still conducted under oath. Attorneys from both sides will be present, and the person being deposed will have to answer questions related to the case. Parties may also enlist experts to provide evidence and opinions in the case.

After the discovery period ends, parties will shift gears in order to start preparing for trial. Again, you will work closely with your attorneys to develop a strategy for trial and to prepare the necessary employees to testify. The length of the trial itself will largely depend on the number of issues in the case and the rules of the court. The trial itself may occur in front of a jury and a judge (known as "a Jury Trial") or just before a judge (known as "a Bench Trial"). As the plaintiff in the case, you will generally have the chance to request a jury trial or bench trial. This decision is made well ahead

of the trial date. There are pros and cons to both options, which you can discuss with your attorneys. At trial, typically both sides will start with an opening statement, which is a 30-60 minute speech framing your side of the issues for the judge and/or jury. Then, the plaintiff will present evidence and witnesses to the court first, followed by the defendant. Plaintiffs may also be entitled to present rebuttal evidence and witnesses. Both sides then have the option to provide a closing statement. After the closing statement, in a jury trial, the jury will deliberate and decide the case. In a bench trial, the judge will consider all of the evidence that was presented before making a decision and issuing an opinion.

The most important part of any litigation is the potential outcome or remedy. In IP litigation there are two major categories of remedies – Monetary Relief/Damages and Injunctive Relief. Monetary Relief is exactly what it sounds like, an order for the infringing party to pay a determined amount as compensation for any compensable injury caused by the infringement. Monetary damages may be based on lost profits, an established royalty rate from a current license, or a reasonable royalty based on a hypothetical license. Injunctive Relief is essentially a court order instructing the infringing party to stop the specific infringing activity. In rare circumstances, the court may issue



a preliminary injunction, which will protect your rights during the duration of trial.

Overall, a formal lawsuit may provide the most desirable outcome — i.e. a monetary award and court order stopping the infringing party from continually infringing your rights. However, the high cost of litigation and the uncertainty are worth considering. Depending on the potential cost and the facts at issue (for example, your relationship with the allegedly infringing party, or the nature of the infringing acts), alternatives to litigation may be available. In situations where you have an existing contract or license with the infringing party (e.g. you license your patent to Company A but later learn that Company A is copying your patent in

order to make a duplicate product of their own), arbitration or mediation may be a viable alternative. Both options are generally less formal, less costly, and less time-consuming than formal litigation.

If you find that someone has posted something online (especially on social media or media platforms) that you believe infringes your intellectual property, you may be able to submit a “takedown notice” to the Internet service provider. This allows you provide the website or platform owner with details regarding the allegedly infringing material or behavior and request that the platform operator take steps to remove, block, or restrict access to the infringing content.



HOW CAN I PERMIT OTHERS TO USE MY IP?

When you wish to permit another to use your IP while retaining ownership of it yourself, you may license the IP or execute a release in some cases. Releases are simpler of the two but are not appropriate in all cases. Both licenses and releases can be negotiated, and an attorney can assist

RELEASES

Releases are contracts where an owner of IP waives rights to enforce that IP against you. Releases can be short because they generally cover rights that do not involve detailed obligations on the two parties, which would instead

LICENSES

A license is a contract under which you (the *licensor*), as the owner of IP rights, enable another person (the *licensee*) to exercise or use those rights in limited circumstances without fear of facing an infringement suit you could bring

by helping you understand the scope of the rights you are granting or obtaining, as well as the risks and obligations you are undertaking, to ensure they align with your business and intentions.

appear in a license agreement. A release may be useful, for example, when you capture an interview in a video recording and you want to use that recording in a documentary.

absent that authorization. Licenses are typically longer than releases because they cover more detailed provisions specific to the nature and scope of rights being granted.



A license often states both obligations and restrictions on your licensee, which are enforced mainly through contract law. For instance, your license may restrict the licensee from removing your organization's name from materials, or from trying to discover or reverse engineer the secrets that make your inventions work or your methods effective, or from making public any information that you consider confidential and private about your organization and its activities, or from using your trademark in connection with unrelated activities.

A license often has a section describing which parties take on which risks. How those risks are distributed can

depend on what other benefits the parties are receiving. For instance, if the license is being given for free, then you might disclaim any liability if the IP you are licensing is inaccurate, doesn't work as the licensee expected, or even infringes on some third party's rights. But if your licensee is paying you for the use of your IP, then a licensee may request that an organization provide assurances, backed by legal obligations, regarding the licensed IP.

Licenses must be tailored to the nature and type of IP being licensed and to your nonprofit's business strategy and risk profile. An attorney should assist you with this.

HOW CAN I USE THE IP OF OTHERS?

RECORDINGS OF PEOPLE

In addition to working with written materials, your organization may seek to create films such as documentaries that educate the public on particular issues. Such films may involve interviews with public officials and community members to capture their views on an issue. This

makes use of the interviewee's unique image or likeness, so you should ask the individual to sign a release. This release should state, among other things, that the interviewee waives his or her rights in the recording, agrees to your use of the recording in the project you described to them



(or even for any reasonable purpose associated with your nonprofit mission), waives any rights to receive any royalties,

and waives all rights to object to your use of the recording or its content for your project.

MATERIALS FROM OTHER INDIVIDUALS OR GROUPS

If you want to use materials from another organization, you should contact that organization and ask for permission to use the material in accordance with your plans. This may involve a license that gives you rights to use the material for free, or in exchange for payments that can be negotiated.

For excerpts of longer published works such as books or articles, the copyright marking (such as “©2020, NYLPI, Inc.”) often indicates who is claiming the copyright in the work so that you may contact the owner to obtain a license for your uses.

Other materials, such as images, clip art, sounds, recordings and the like, may have been obtained online without keeping track of the source or potential owner. In these cases, you may try to find the work online, where it may be accompanied by licensing language that may permit your intended uses or suggest a contact for obtaining those rights. The Creative Commons (discussed in greater detail below) has made a number of copyright licenses available

online at <https://creativecommons.org/licenses/> and <https://creativecommons.org/share-your-work/>.

There may be instances where you can lawfully use the information of another organization that would otherwise be considered a trade secret. To the extent information is generally known within your industry or the information has already been made public in a patent or patent application, you may use that information in development of your own work. Additionally, if the trade secret information was easily duplicated, it may also be free for use. Finally, even if information is in fact a trade secret, you may still have a viable defense if you can show that you independently developed the information for your own work. In order to determine if your use of another party’s information is appropriate, you should consider discussing these issues with a lawyer.



What if I'm not sure where the material came from?

If you're not sure who the copyright owner is, then you should consider removing that work and replacing it with owned or licensed material. For instance, there is a great deal of material online that is made available under standard licensing terms, such as Creative Commons licenses, that permit others to take and use materials for noncommercial

or commercial use, with or without the ability to modify the works and sometimes without an obligation to attribute the author or creator. For instance, you can use Google Images to search not just for an image but also filter the results to display only images coded for use under one of these permissive public licenses. Be sure to check that Google correctly identified the license terms for that image.

MATERIAL WITH THE NAME OR LOGO OF ANOTHER ORGANIZATION

If your materials contain the branding of a different organization, such as a name or logo, and you do not have authorization to use that branding, then you should avoid

using the material until you have secured the right to use the branding. Otherwise, you may be liable for trademark infringement.

CREATIVE COMMONS

Creative Commons is a non-profit organization that makes it easier for people to share their creative and academic work, as well as to access and build upon work by others, in a globally-accessible and legal manner. The organization has released several copyright-licenses, known as Creative Commons licenses, free of charge to the public. The Creative Commons website (creativecommons.org) features

a search tool whereby you can search over 300 million images. It is also possible to search to see whether videos, for example, are subject to a Creative Commons license through sites such as YouTube. For example, after you run a video search on YouTube, select "Filter," and under "Features" it is possible to select "Creative Commons."



SOCIAL MEDIA

Social media opens the door to using the intellectual property of others. Businesses should be proactive in minimizing potential threats resulting in the use of others' IP on social media, including through training for employees. Sharing an image, song, video, or document, on social media is increasingly easy, and may seem commonplace. Nevertheless, sharing an "original work of authorship fixed in any tangible medium," that has been created by another can give rise to a violation of copyright law (unless you have the owner's permission to do so). Similarly, intentionally or even unintentionally associating your own business with another business, or their products or services, may give rise to a claim of trademark infringement if it may mislead

consumers. There may be exceptions where it is permissible to use the IP of another on social media. For example, copyright law allows for the "fair use" of certain copyrighted material without securing the owner's permission for purposes such as criticism, comment, news reporting, teaching, scholarship, or research. However, this exception is not absolute. Trademark law likewise recognizes "fair use" under provisions that are comparable to copyright, and permits non-misleading, non-confusing uses of the trademarks of others in certain circumstances for purposes of fair competition (*i.e.*, comparative advertising) or free speech. Ordinarily, however, to use protected content you must either own the work or have a license to use it.

I'VE CLEARED MY RIGHTS IN MY MATERIALS. DO I NEED TO DO ANYTHING ELSE?

The process of examining the material you are using, determining who owns the intellectual property rights, and determining whether you have rights to use the material, is called a "rights clearance analysis." Once you've done this, you now have a better idea of what you own and the level

of risk in using the materials, such as copying, distributing, presenting or training on the materials, or even licensing your materials for use by others in furtherance of your mission. Although it is often hard or impossible to eliminate all risk in using the proprietary materials of others, this



process will help you and your nonprofit's board determine whether the risk is acceptable to your organization. An attorney can advise you about the level of risk you are exposed to, and may provide suggestions about how to reduce that risk.



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