

Trade Secrets and Trademarks



Patents versus Trade Secrets

- Patents are about openness: the inventor trades a detailed description for a limited-term monopoly
- Sometimes, you don't want to disclose details
- The solution is a *trade secret*

- An industrial process, etc., that is kept secret, e.g., the formula for Coca Cola
- No time limit to force disclosure
- If you reverse-engineer one or otherwise (legitimately) learn it, you may practice it
- The precise opposite of a patent

Is Some Information a Trade Secret?

- The extent to which the information is known outside the claimant's business
- The extent to which it is known by employees and others involved in the business
- The extent of measures taken by the claimant to guard the secrecy of the information
- The value of the information to the business and its competitors
- The amount of effort or money expended by the business in developing the information
- The ease or difficulty with which the information could be properly acquired or duplicated by others

(From https://www.law.cornell.edu/wex/trade_secret)

The Pfizer Allegations

- Pfizer alleges that a soon-to-be-former employee stole 12,000 confidential documents and uploaded them to Google Drive
- They went to lengths to protect their data: policies prohibit “unauthorized devices”, software to disable USB ports on company laptops, technology to monitor uploads to cloud providers, forensic analysis of Pfizer-owned devices, etc.
- Employees are required to sign NDAs
- The complaint stresses the value of the allegedly stolen information
- In short, it meets most of the criteria outlined above

Learning a Trade Secret Legitimately

- Reverse-engineering—it's legal to try to figure out the formula for Coke
- The owner can accidentally disclose it
- But stealing or hacking a trade secret, or inducing a former employee to disclose it, is not legitimate
- *Sometimes*, if the owner doesn't take suitable precautions, e.g., insisting that employees sign non-disclosure agreements (NDAs)

Trade Secrets Aren't Always Patentable

- Customer lists
- Business strategies
- Or something that isn't novel or non-obvious—including software

Civil and Criminal Penalties

- Misappropriation of a trade secret can be a crime
- There is also civil recourse: you can sue someone who improperly obtains your trade secret
- Reputable companies have been known to alert police when someone offers to sell them a stolen trade secret
- (In the Pfizer case, the company is asking for an injunction barring the ex-employee from using or disclosing the information, and to pay Pfizer's expenses)

- “A trademark can be any word, phrase, symbol, design, or a combination of these things that identifies your goods or services.”
[USPTO web site](#)
- Identifies certain brands
- Prevent confusion (deliberate or otherwise) about the brand

Types of Trademarks

- A word or phrase, e.g., Twitter®
- A graphic, e.g., the McDonald's® “golden arches”
- A combination, e.g., the word “Nike” with their “swoosh”

Stronger and Weaker Trademarks

Strong A made-up word, e.g., “Exxon”®

Arbitrary An ordinary word used in a different context than is obvious, e.g., “Apple”® for computers (as opposed to for an orchard)

Suggestive Implies something about the product but isn’t directly descriptive, e.g., “Coppertone”®

Descriptive Describes your product, rather than alluding to its properties; usually unacceptable

Unacceptable Generic descriptions of what you do, e.g., “Cameras”

Defending Trademarks

- Companies must defend their trademarks or they can be lost
- Examples: “thermos” (321 F.2d 577 (2d Cir. 1963)) and “yo-yo”
- Might Google and Xerox face that problem? (The Supreme Court recently declined to hear a challenge to Google’s trademark)

Trademark Law is Complex

- Only Corning can make pink fiberglass insulation (774 F.2d 1116 (Fed. Cir. 1985))
- 👉 They've been doing so since 1956, and had major advertising campaigns (featuring the Pink Panther) stressing the color
- Louboutin has a trademark on red-soled shoes—but only when the rest of the shoe is a contrasting color; anyone's red shoe can have a red sole
- (Yes, there are serious restrictions on when one can trademark a color. . .)

Limitations on Trademark Scope

- Trademarks are limited by geography—“Joe’s Frabjous Pizza” can exist in New York and San Francisco simultaneously
- Trademarks are limited by field of discourse: Delta Airlines, Delta Faucets, Delta Porter Cable tools, etc.
- But “famous” trademarks are protected throughout the U.S.
- Key issue: will people be confused? Would “McBurgers” infringe McDonald’s trademark? Almost certainly.

Registering Trademarks

- You don't have to register a trademark; in that case, protection is limited to the geographic area where you are using it in commerce
- You can register a trademark in some states, but that only provides protection in that state—if you expand your business, you'll need a new registration
- Federal registration: protection throughout the US, right to sue in Federal court, right to use the ® symbol, etc.

 The federal registration puts others on notice

Avoiding Confusion

- Again: the point is to avoid consumer confusion
- While there are official categories, the real issue is consumer confusion
- Problems can arise when a business expands its focus

Apple Corps v. Apple Computer

- In 1967, the Beatles created a holding company, Apple Corps; Apple Records, their record label, was a subsidiary
- Apple Computer was created in 1976—but a computer company isn't in the music business, is it?
- Once upon a time, it wasn't. . .
- There was a suit, settled out of court

Music Hardware and Software in Apple Computers

- Apple Computer added an advanced sound chip
- Apple Corps sued again, and again
- Eventual outcome: Apple Corps had the right to anything where “the principle content is music”; Apple Computer could sell devices “to reproduce, run, play, or otherwise deliver such content”
- And the iTunes store with the apple-shaped logo? Yup, another suit
- This time, Apple Computer won in court
- Two issues: consumer confusion and the contract that they two companies had signed

- What's a geographic limitation?
- What about the DNS?

Trademarks and the DNS

- The DNS is a tree—there's no way to search on two different limiting fields
- Only one company can have, e.g., `delta.com`
- `JoesFrabjousPizza.com` should resolve differently in New York than in San Francisco—and differently for food than for electronics
- It would be much harder to build a simple distributed database if one wanted to permit such queries
- “The DNS name space is a hierarchical name space derived from a single, globally unique root. This is a technical constraint inherent in the design of the DNS.” ([RFC 2826](#))
- A few companies (such as Google) do do location-based DNS responses, but the granularity probably doesn't match trademark law

DNS Lookups Are Context-Free

- A person looking for airline tickets won't be confused by power tools
- But the DNS doesn't know the user's mental context
- Even your browser (and Google) don't necessarily know it
- Many DNS lookups are done by and for automated processes far removed from explicit user requests
- The human notion of “confusion” simply doesn't work

Are Domain Names Trademarks?

- Under certain circumstances, domain names themselves can be trademarked
- But—the commercial use has to be more than just the address
- “The mark is WWW.ABC.COM for online ordering services in the field of clothing. A specimen consisting of an advertisement that states ‘visit us on the web at www.ABC.com’ does not show service mark use of the proposed mark.” [USPTO Examination Guide 1215.02\(a\)](#)
- amazon.com is a trademark, though

Infringing Trademarks via the DNS

- Who can register the domain `mcdonalds.com`?
- Before the hamburger company caught on, a journalist registered it—he asked people to email suggestions for the name via `ronald@mcdonalds.com`
- Yes, today that would likely be seen as infringement. . .

- Grab a trademarked name that you think someone might want, then offer to sell it to them
- Typosquatting—grab a name that's a typographical error away from a common DNS entry
- Barred in the U.S. under 15 U.S.C. §1125(d): “A person shall be liable in a civil action by the owner of a mark . . . [if] that person has a bad faith intent to profit from that mark . . . [and] registers, traffics in, or uses a domain name that . . . is identical or confusingly similar” (lots more)
- Sometimes used to spread malware
- In some cases, there is redress via ICANN's Uniform Domain-Name Dispute-Resolution Policy

- Who gets $\delta\epsilon\lambda\tau\alpha$.gr?
- What American word would infringe `cccp.ru`? Recall that “CCCP” is the abbreviation for *Soyuz Sovetskikh Sotsialisticheskikh Respublik*, and has the (English) sound value “SSSR”
- (That’s how USSR is spelled in Russian)
- The Cyrillic equivalent to the English CCCP is *KKKП*—does it infringe?
- Again—the issue is whether or not there is confusion

We Have Jurisdiction Problems Again

- The Internet doesn't understand borders
- Different companies' trademarks have different reaches
- Consumers don't always know what countries' sites they're browsing

Should We Have Names in the DNS?

- The phone system has survived without mnemonic names
- Today, our phones have address books—but browsers have bookmarks
- Often, people use search engines to find places anyway
- Do we really need these problematic names? Many people think they're more trouble than they're worth

- Google's ads work by selling "keywords"
- "When people search on Google using one of your keywords, your ad may appear next to the search results." (google.com)
- What if a company uses a competitor's trademark as a keyword for its own ads?

- We all know about Uber—actually, Uber Technologies—it “arranges” rides
- There’s an older Gainesville, FL, company named Uber Promotions; it mostly does event-planning—but that can include arranging transportation
- There was evidence of confusion
- The judge’s injunction required, among other things, that Uber Technologies—the famous ride-arranging company—ensure that search engines gave proper results in within that geographic area
- Is this feasible?
- Uber says they tried. . .

An International Legal Issue

- LVMH (the owner of Louis Vuitton) filed suit against Google in France
- LVMH won there
- Google appealed to the EU's European Court of Justice
- The court ruled in 2010 that (a) Google did not infringe simply by selling keywords, but must take down infringing ads after notification; (b) the advertisers could be liable; (c) Google could be liable if its business practices encourage infringement
- The suit was finally dropped in late 2014!
- Might other jurisdictions feel differently? If Google has to change `www.google.fr`, it's one thing; need they change `www.google.com` as well?

Counterfeit Goods

- If eBay sells counterfeit trademarked goods, are they liable?
- Tiffany sued in the U.S.; eBay won
- “the law is clear: it is the trademark owner’s burden to police its mark, and companies like eBay cannot be held liable for trademark infringement based solely on their generalized knowledge that trademark infringement might be occurring” (576 F. Supp. 2d 463 (2008))
- eBay lost in France to LVMH; the two finally agreed on a joint anti-counterfeiting campaign
- In Germany “the high court said while eBay couldn’t be held liable for damages [to Rolex], it had to monitor its site to prevent fakes from being sold once it had become aware of the problem” (bloomberg.com)

Several Issues

- What are the plaintiffs' real concerns?
- Trademark confusion?
- Counterfeit goods?
- Discount sales of luxury goods?
- All of the above?

Conduits or Creators?

- When are web sites passive conduits, as opposed to content owners?
- How much filtering is required?
- Does the law create a disincentive for partial filtering?

- Can you incorporate a trademark into a domain name critical of someone?
- Is `farmersinsurancegroupsucks.com` free speech or a trademark infringement?
- What about when `peta.org` took you to a page for “People Eating Tasty Animals”?

“The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

“(A) Any fair use, . . . including . . .

“(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.”

15 USC §1125

That Means that the .sucks Domain is Legal

- The whole purpose of the TLD is criticism
- 👉 A domain MyMegaCorp.sucks doesn't infringe the trademark of MyMegaCorp (but the content has to stick to opinion or documentable facts to avoid slander issues)
- However. . . Some see the existence of the TLD as a vehicle for extortion: companies will feel forced to buy their subdomain to protect it.
- Is that different from MyMegaCorpSucks.com?

Computers and Trademarks

- Technological choices don't agree with historic trademark principles
- Trademarks are being used in new ways—typo-squatting couldn't occur without the web, because people didn't normally type trademarks
- Computers are conduits, and have no judgment

Licenses

- Software (and ebooks and videos and music) are rarely sold; rather, people buy a license
- Also needed for: web sites to which users submit data
- These are all often called *EULAs*: End User License Agreements
- The license terms are thus quite critical
- What are they like?
- (Not that most people read them. . .)

License Issues: Selling Content

- Liability (or the lack thereof)
- What copies can be made, under what conditions?
- Other permitted or prohibited actions
- Other access the seller wants

- Copyright and user-generated content
- Data that must be provided
- What can be done with user data
- Other restrictions
- Liability

Twitter: Terms of Service

- “You may use the Services only if you agree to form a binding contract with Twitter”
- “You may not . . . access or search the Services by any means . . . other than through our currently available, published interfaces”
- Privacy policy: “We may receive information about you from third parties”
- Rules, e.g., no abusive behavior, no threats of violence, etc.
- Copyright
- Liability: “Your access to and use of the Services or any Content are at your own risk.”

(<https://twitter.com/en/tos>)

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Hardware-Bundled Microsoft Windows 10 License

- “The software is licensed, not sold. Under this agreement, we grant you the right to install and run one instance of the software on your device (the licensed device), for use by one person at a time”
- You may not “use or virtualize features of the software separately . . . use the software as server software . . . reverse engineer”
- “ No more than once every 90 days, you may designate a single user who physically uses the licensed device”
- “[Y]ou and we agree to binding individual arbitration . . . Class action lawsuits . . . aren’t allowed.”

(https://www.microsoft.com/en-us/Useterms/OEM/Windows/10/Useterms_OEM_Windows_10_English.htm)

The GNU Public License (GPL)

- Philosophical basis: software should be “free”—“free as in speech, not as in beer”
- The four “essential freedoms” for users: “(0) to run the program, (1) to study and change the program in source code form, (2) to redistribute exact copies, and (3) to distribute modified versions.”
(<http://www.gnu.org/philosophy/philosophy.html>)
- Note well: this is the philosophy of the *free software movement* started by Richard Stallman
- Accomplished by “copyleft”

Copyleft and the GPL

- Don't just release software into the public domain—such software can become part of proprietary products
- Instead, copyright it—but attach the GNU General Public License (GPL)
- The GPL requires you to give users: access to source code, the right to modify the code, the right to redistribute the code (including modifications), and the *requirement* that any redistribution be covered by the GPL as well
- (The details are complicated—see <http://www.gnu.org/licenses/gpl-3.0.html> and <http://www.gnu.org/licenses/gpl-faq.html>)

- A license intended to be added to documents or media (e.g., pictures)
- You can select different options: commercial or only non-commercial use, modifications allowed or not, and whether you want to ensure that other users impose the same conditions on folks to whom they've distributed the item
- Attribution is always required for CC licenses
- (My choice: non-commercial use only, but modifications are fine)

(<https://creativecommons.org/>)



- Must be credited to me
- Modifications are allowed
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Questions?



(Green-winged teal, Central Park, March 1, 2020)