
Intellectual Property: 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*

Trade Secrets

- 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)

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 trademark
- Reputable companies have been known to alert police when someone offers to sell them a stolen trade secret

Trademarks

- “Protect words, names, symbols, sounds, or colors that distinguish goods and services from those manufactured or sold by others and to indicate the source of the goods. Trademarks, unlike patents, can be renewed forever as long as they are being used in commerce.” (from USPTO web site)
- Identifies certain brands
- Prevent confusion (deliberate or otherwise) about the brand

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)
- 👉 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.

Trademarks and the Internet

- 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.XYZ.COM for on-line ordering services in the field of clothing. Specimens of use consisting of an advertisement that states ‘visit us on the web at www.xyz.com’ do not show service mark use of the proposed mark.” (USPTO Examination Guide 2-99)
- **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. . .

Cybersquatting

- 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 USC 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

Internationalization Issues

- 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”
- The Cyrillic equivalent to the English CCCP is *КККП*—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

Trademarks and Advertising

- 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?

Uber

- 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?

Trademarks and Free Speech

- 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”?

Criticism is OK

“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

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

License Issues: Web Sites

- 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>)

Twitter: Copyright

“[Y]ou grant us a worldwide, non-exclusive, royalty-free license (with the right to sublicense) to use, copy, reproduce, process, adapt, modify, publish, transmit, display and distribute such Content in any and all media or distribution methods (now known or later developed). You agree that this license includes the right for Twitter to provide, promote, and improve the Services and to make Content submitted to or through the Services available to other companies, organizations or individuals for the syndication, broadcast, distribution, promotion or publication of such Content on other media and services”

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>)

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