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Digital, Inc.

Operator: Just a reminder, today's conference is being recorded. Welcome to this ACC Webcast.

Eric, please go ahead.

Eric Riess: Good morning, or good afternoon, depending upon where you are. Welcome to the webinar. There are three attorneys that will be conducting this webinar this morning. There are – as I understand there are 243 registrants for this webinar. That doesn't surprise me in the least, as we have an extensive copyright and trademark practice. We believe that every business out there, if it has a name – if it has employees – if it has customers – if it has secret formulas – if it has competitors, or a Web site – they are in need of copyright protection. They are in need of trademark protection.

What this webinar will cover, we hope, are some basic questions that we are asked many times over, by the bulk of our clients regarding copyright. And we hope that these questions will answer many of the questions that you have. For individual questions, the webinar participants there is a chat box on the lower left hand corner of your screen. You are certainly welcome to type in the questions and hit your send button to make sure that we see the questions. And certainly, if we have time at the end of the webinar, or during the course – we shall make every attempt to answer those questions.

If you have follow-up questions, or any questions that don't get answered, feel free to contact one of the participants. And we will make sure that your questions get answered. The last thing we want are questions unanswered.

The three attorneys are Ken Sprang. Ken is a Senior Vice President and General Counsel and Secretary of Onlt Digital, Inc., which is an international interactive advertising and Web site development company. Onlt is a virtual company. And Ken lives and works in the Washington, D.C., area. Ken is also an adjunct Professor of Law at Catholic University of America Columbus School of Law.

Also on the phone are Harvey Yusman. Harvey Yusman is a Partner of mine at Greensfelder, Hemker & Gale. He is an expert in copyright matters, and in trademark matters. He is a member

of my corporate department. Our intellectual property is a part of our corporate department, because our intellectual property primarily services our corporate clientele.

I am Eric Riess. I'm the Manager of the Corporate Department at Greensfelder, Hemker & Gale. And also an owner of the firm.

How we are going to go through this webinar this morning is Ken has very expertly drafted for me and for Harvey, a set of questions that really encompass about 90 percent of the everyday questions that we get, from clients like you guys, with regard to copyrights. And Ken is going to at first ask those questions. And I know what some of you are thinking. We've all sat in seminars where the person next to you asks questions that are completely irrelevant to your practice or what you have going on. But Ken has spent some really good time, and from assessing the last couple of years of copyright questions – Ken has really developed a nice set. And I think it'll answer a lot of the questions that participants probably have on their mind.

After that – after Harvey and Ken go through those questions, Harvey has prepared approximately 17 slides. Harvey will take us through those slides, covering the information that was not covered in answering Ken's questions. Those slides are available to you, under – I think it's item six, under your links about half way up the screen, on the left hand side. And you can all print those off, as pdf files.

I ask that at the conclusion of the webinar, you get on your Webcast evaluation – also under your links button, and fill out the short evaluation, before you sign off. With that said, Ken I'm going to turn it over to you. And have you go through your outstanding list of questions for Harvey.

Ken Sprang: OK, thanks, Eric.

Eric Riess: Yes.

Ken Sprang: Harvey you know a lot of us now have internal software developers develop various programs for companies. And of course, we also publish things from time to time. And so, if an employee of my company writes software, or writes a manual, or something of that sort, who owns the rights to that manual or software?

Harvey Yusman: Ken, the basic rule in copyright law is that the creator, or developer – the work itself, in this case, the software program or the manual is the author and owns the copyright. Now the exception that we're looking at, with respect to your question, is a two-prong test. If the creator, or developer of the software or the manual, or any work, for that matter is a true employee, under the true legal sense of employee – in other words, do we provide them with space – do we provide his tools to work – do we pay his withholding tax – that sort of thing. Just the general common law test of an employee.

If in fact, the person does meet that test, and the work is created within the scope of his employment – even if he creates the work at home at night, then the work becomes what we call a work made for hire. And the owner of the copyright embodied in the work, becomes the employer in that instance.

Ken Sprang: Well, now if ...

Eric Riess: Ken if I, if I ...

Ken Sprang: I'm sorry.

Eric Riess: If I could, you know probably participants, in this webinar have read about the Wal-Mart case. This – you know the person, or the entity that creates the work owning the rights in the work, you know this can be a screwed-up, for lack of a better legal term, by firms with very large

legal departments like Wal-Mart has. Wal-Mart recently found out that unless you get a simple assignment of the copyright, in for Wal-Mart's case, 15,000 hours of video tapes of internal meetings, those video tapes belong to – you guessed it – the creator of the video tape and not Wal-Mart. Those video tapes are now being sold, by the vendor that Wal-Mart canned, to plaintiff's attorneys, who are suing Wal-Mart. So it can be a real big, got you.

Ken Sprang: So if we do find things out – if there's an independent contractor providing those kinds of services. How do we protect ourselves then against the problem that Eric's raised?

Harvey Yusman: Sure, what we do on that one Ken is if the work is formed out, so to speak – what we would need is we would need an assignment, from that independent contractor. And the assignment can be very, very simple. And what we're looking for again, is a two-prong test. We want the entire write talent interest in and into the work itself. And stated the same, but separately the copyright embody therein. In other words, if we don't have the assignment of the copyright embody therein, but merely the work, all we bought, when we paid the independent contractor for his creation and development is a non-exclusive license to use that work. And we'll talk about that in a few moments, when we talk about the exclusive rights of copyright. But obviously, if we don't own the exclusive rights embodied in copyright, it doesn't give us much. Other than that non-exclusive license.

Ken Sprang: OK, thank you.

Harvey Yusman: Now there is one exception that I just want to make clear, under the work made for hire. We can also include a commissioned work done by an independent contractor. But it has to meet one of the 10 types of works that are in the statute. And then prior to the commencement of the work itself, the parties have to agree in writing that the work is a work made for hire. We don't rely on those 10, because they're pretty far out in left field, as far as the average corporation's concerned.

In other words, just giving examples. We've got things like contributions to a collective work – instructional tests – an atlas – test answers to a test – those sorts of things. So we don't really rely on that. We go more towards the assignment, just to make sure that there's a clarification of everybody's intent.

Eric Riess: And Harvey, this can be as simple, as a one-page assignment form. Correct?

Harvey Yusman: That's right. Again, the only two real issues we look for is the assignment of the entire write talent interest, in and into the work itself. And the copyright embodied therein.

Eric Riess: So when webinar participants – their company is hiring ad work to be created ...

Harvey Yusman: Yes.

Eric Riess: ... a Web site work to be created ...

Harvey Yusman: Same thing ...

Eric Riess: ... photographs of their own building, for gosh sake ...

Harvey Yusman: That's right.

Eric Riess: ... they'd better get that assignment?

Harvey Yusman: That's right. Any kind of work that's created by an independent contractor.

Eric Riess: And the best time to get the assignment is before you paid the invoice. Once you pay the invoice, you lose leverage.

Ken Sprang: That's right, that's right. Yes, and obviously we actually build and develop Web sites. And I see a number of contracts, from some of our clients, where they state that the work will be treated as a work made for hire. Now given that that's a statutory definition, does that do the trick, or is ...

Harvey Yusman: No, we see that all the time. And I don't think that's a very safe clause to rely on. Because again, if it doesn't meet that statutory definition, whatever you say is not going to make much of a difference. What we would say on there is that they want to treat it like a work made for hire. We always say that in lieu thereof, if it's not established, as a work made for hire under the statute – we specifically put this in our contracts, that at that point and time they do assign the entire write talent interest into the work, and the copyright embodied therein. It's kind of a fallback clause, and you see that a lot.

Ken Sprang: OK, that's helpful.

Harvey Yusman: Yes.

Ken Sprang: One of the questions that arises, I think for a lot of us is where the lines are drawn, among the various kinds of intellectual property.

Harvey Yusman: Yes.

Ken Sprang: The use of copyright, trademark, and so on.

Harvey Yusman: Sure.

Ken Sprang: Like for example, you have a company name – we'll say that's out of the ordinary. For example, our company is Onlt Digital, Inc.

Harvey Yusman: Sure.

Ken Sprang: And so, we have a logo that's designed and we have the name. Is that called trademark stuff, or does it straddle the copyright/trademark piece? Or where does that line ...

Harvey Yusman: No, that would be – depending again how you're using the corporate name, versus the logo itself. Now, when I refer to the logo, I refer to the design that may be used to accompany the word mark. In other words, if the mark itself contains something other than just letters, or words or phrases, then we would call it the mark and it's a company design.

Now, again depending on how you use that. If you use the company name, and it connotes the company, it connotes the entity then it's going to be either a corporate name, or a fictitious name. What we call a trade name. If you use the name itself to promote and advertise your services, like on your Web site, as an example – then it's going to be a service mark. And the same thing with the design of the logo.

Harvey Yusman: The trademark is used to brand a specific product, and set apart your product, from another person's product. The service mark is used to promote your services, and again set apart your services, from another company's services. Whereas the copyrights, is embodied in a work that's the expression of the work itself. It has nothing to do with the brand, or promoting the services. So you may have both copyright and trademark, within the same product.

In other words, if you – you may be copy running the source code, over a computer program that you all develop. And then you're going to box that computer program and distribute it for sale.

And it may be marketed, under a specific brand name. So in that instance you'd have the copyright protection of the source code, and you'd have the trademark protection of the brand name of the computer program itself.

Eric Riess: Harvey and Ken, if we could stay up on these questions that are coming in from the participants. Someone has asked for the citation to the Wal-Mart case. Well, you'll find that there are plenty of cases, where plaintiff's lawyers are buying these video tapes. But if you take a look at the April 9 Wall Street Journal there's an expanded article on this – "Wal-Mart's Vendor Selling the Videotapes of Wal-Mart's Internal Meetings." That's the April 9 Wall Street Journal.

Or, you can get on your Google browser, enter Wal-Mart and enter videotape and the word copyright and you will get an eyeful. Go ahead, guys.

Ken Sprang: OK, the one other thing on the same stream then, when I see a Web site – how does – does one register at the Web site and copyright the Web site itself?

Harvey Yusman: Usually we don't register the Web site, because of the substantial changes. But at the bottom of at least the initial page of the Web site, we strongly suggest that you put the copyright notice on that Web site to claim copyright ownership, in the Web site itself. Now the name across the top of your Web site that's probably going to be your service mark. And then within the Web site, you may or may not have photographs, and you may or may not have text. Those are going to be separate copyrights.

Ken Sprang: And then when you do get the copyright, how long is the protection?

Harvey Yusman: If an individual is the owner of the copyright, it's his life, plus 70 years. If it's a joint ownership of individuals of the copyright, it's going to be the 70 years, after the last of the joint owner dies. If it's a work made for hire, and it's a corporation that owns the copyright, it's either going to be – it's the shorter – if it's either going to be 95 years, from the publication, or 120 years from creation of the work – the shorter of. And we can certainly get into that in a few minutes, if you'd like.

Ken Sprang: That's very helpful.

Harvey Yusman: I do want to just emphasize the fact that one specific work may or may not have different types of intellectual property embodied therein. The example we used a moment ago was a computer program. But we see that a lot on an old toy, as an example. You may have the visual aspects – a three-dimensional visual aspects of a toy, under copyright protection. And then the toy is sold, under a specific name or brand. So that would give you trademark protection. And you certainly want to acquire protection, on both of those matters.

Ken Sprang: Then if you've got a copy of it and it's under that protection – now is it costly to register a copyright?

Harvey Yusman: No, on the registration itself – let me get some exact figures here for you all here. Right now, if you file an application at the copyright office – a paper application is \$45, which is pretty reasonable.

Ken Sprang: OK.

Harvey Yusman: The copyright office is in a testing mode, but they're taking applications to test, where you can file electronically. Sooner, or later you'll be able to file with the copyright office is electronically. If you do that now, the filing fee is \$35. If you file by paper, it's running about eight months to get a registration certificate. Although the registration relates back to the day the application's received, at the copyright office. So it'll still take eight months to get it. If you file electronically, it's cut down to about four months.

Eric Riess: And ultimately Ken, a legal department – no matter what its size should be able to get trained, by its outside counsel, or train itself. We do this routinely, in just getting our clients to go ahead on the copyrights that they want to register. They do it themselves. We don't do it. They do it for themselves.

Ken Sprang: That actually is my next question. So that's helpful. You anticipated it. Do I have to then register – all right like the – like a friend of mine was saying that I own it from the time I create it. So do I have to register? Or is it an advantage of registration?

Harvey Yusman: There's a couple of advantages. And the short answer is he's correct. You don't have to register it. The copyright attaches, as soon the work itself is created in a tangible form. In other words, you can't copyright just ideas, or concepts. That's why you never want to sit across a table, at lunch from a buddy, and tell him all about an idea you have for a new movie. Because again, you can't copyright, or protect that concept through that idea.

But once that concept, or idea is reduced to a tangible form then that copyright attaches. Who owns the copyright? You know we're back to, "Is it a work made for hire, or is it an independent contractors – has it been an assignment?" The simple answer is that the copyright does in fact attach, as soon as the work is created.

Now, the advantage of registration is a couple fold. Number one, in the United States registrations are prerequisite to enforcement. In other words, you can run around claiming ownership of that copyright, but to enforce the copyright, in federal court, as an example, you have to have a registration. What we do there is instead of taking eight months for a certificate, there's an expedited procedure you can use in the copyright office, where you can get a registration back again, in about seven working days. Or, you can go into court and waive your certificate. But again the registration's a prerequisite to enforcement.

Harvey Yusman: Probably more important though, because what a lot of people will do is they'll wait and register – depending on how important the work is to them – they'll wait and register once they see, God forbid, there's a likelihood of an infringement. The problem is if you wait, if the registration is made within three months, after publication – kind of a safe harbor area – you're allowed to ask for statutory damages and attorney's fees, as opposed to going into court and trying to prove actual damages and not get attorney's fees. So the litigators tell me that that's a real nice tool to have. And obviously, you can't get that, unless you register a published work, within that three months.

And the statutory damages are pretty good damages – run anywhere from 750 to \$30,000. Another item of registration, which may or may not interest a lot of people – dependent of if you do any foreign work – we see a lot of that with toys and jewelry coming from overseas. If you have a copyright registration, you can record that registration, with U.S. customs. And U.S. customs will act as your policeman. And they'll protect against any importation of infringing works. And again, we see that a lot, in jewelry and toys from the Hong Kong area.

Ken Sprang: I assume that it's best for us to do international work. Do we have to register our marks in ...

Harvey Yusman: I'm sorry, Ken, would you repeat that please?

Ken Sprang: Certainly.

I assume that there's someone who sell products internationally, and then have to register as well in those countries. The Customs office can protect us domestically?

Harvey Yusman: That's correct.

Ken Sprang: And if we do business abroad, we have to register in those countries?

Harvey Yusman: Copyrights you usually don't have to register in a foreign country. Depending if the foreign country is a member of the Berne Convention or, the Universal Copyright Convention. In most countries you don't register. Just like you don't register in the U.S. Again, the exception is to enforce your copyright ownership and ask for statutory damages. And you don't have that in foreign countries.

You do in trademarks now and, I don't want to get too far off base here. But the trademarks, the countries do stand on their own. You do have to register in all the individual countries. And there are – there's a couple glaring exceptions to that. The European Union is one registration for about 27 countries. And the Madrid Protocol is the same way. Otherwise, each country stands on its own.

Eric Riess: And Ken and Harvey, let's spend about four more minutes on Ken's questions, if we can squeeze ...

Harvey Yusman: Sure, sure.

Eric Riess: ... them in. And then I'd like, Harvey, you to move on to the slides. There are people anxious to see slides.

Ken Sprang: Yes, actually, I have two other questions. One is, what happens if you have a collection of things? For example, assume I'm a stock photo company, I sell ...

Harvey Yusman: Yes.

Ken Sprang: ... I sell stock photos ...

Harvey Yusman: Yes.

Ken Sprang: ... and I have a collection of photos. Do I have to register each and every photograph. Or can I do a collection and register that?

Harvey Yusman: Well, there's a way to do a group registration at the copyright office. And depending on what the work really is, you're going to get into a couple different tests. Specifically, on the photographs, as an example, if all the photographs were taken by the same photographer and, they were all published in the same calendar year and, they all have the same copyright claimant, you can register one form. For a photograph that would be Form VA, which stands for visual arts, and then there's a form that they call a GR form and, I think it slash CP, and that's for the group registration. You file them both simultaneously. And again, you can do that in one fell swoop. And you get the same kind of questions from people that have newspaper columns or, periodicals or, whatever. But the tests are a little bit different.

Ken Sprang: Because I was thinking that there are people who publish on a regular basis that would be costly and ((inaudible)) as a shortcut.

Harvey Yusman: Sure, sure. And you're certainly correct. When it comes to those kinds of items, there is a group registration.

Ken Sprang: And actual my final question and, it's one I've seen raised a number of times, actually, on the small law department let's served, is the use of other people's material. For – so, for example, if I wanted to put link on my Web site to somebody else's Web site or, if I saw a really great concept from a broker, an article or something and can I use – I want to say if you distribute

internally, giving full credit, can I do that? Can I use that material to teach my material to teach my people internally?

Harvey Yusman: Probably not. Probably not, Ken, and I'll tell you why. What I tell people to look at – and, I know Eric does the same, is if you start pulling material off a client's – and, this is just a general answer then we can get into some specifics. But if you start pulling material off a competitor's Web site or, a third party Web site, if you will, the way the courts are looking at this now – and, it's a moving target, but, again, the way they're looking at it now is the fact that it's really nothing more than electronic advertising. In other words, if you saw somebody's article or, somebody's trademark in the newspaper on writing somewhere, do you think you can just start using it? And the answer is probably no, of course not.

And I think when you start pulling items off a Web site, it's the same thing only it's electronic. Now, if you get into fair use or, its clip art, that sort of thing, you know, sure, then you can start using it.

Eric Riess: Well ...

Ken Sprang: So I can't use it internally with clip art or an excerpt from an article or, that sort of thing.

Harvey Yusman: No, just putting the attribution – or, a lot of people ask that question, Ken. It's a good question. A lot of people think if they attribute the ownership to somebody else and they're not charging for the use, or whatever – it's a not for profit use, that that's OK. And it's not. The answer is definitely not.

Ken Sprang: I learned a lot, Harvey, I appreciate that. So in line with Eric's timetable, let me turn over it you, then the slides.

Eric Riess: Thank you, Ken. Hey, Harvey, before you hit the slides, a couple of questions.

Harvey Yusman: Sure.

Eric Riess: One that popped into mind is, how does Miller use Budweiser's symbols in their competitive ads? How do they get away with those sorts of things?

Harvey Yusman: Well now, that's a trademark question. And we can certainly touch base on that for a few moments.

The difference between comparative advertising – and, that's really what they're doing. You can certainly use comparative advertising if you use somebody else's trademark. But that in point in time, you got to be right. Because the lawsuit coming from the Miller people would be, well, we don't think you're right. So you're infringing on our trademark and you're not using it as comparative advertising.

Another way to do it is if you used a mark in the descriptive sense. You can certainly use someone's trademark in a descriptive sense as opposed to comparative advertising.

Eric Riess: And one more question from the participants before you go into your slides.

We've received the question that when someone on their Web site or other copyrighted material is giving the copyright notice, what date, Harvey, are they supposed to be using?

Harvey Yusman: That was certainly one of my slides. But we can talk about that now, sure. That's no problem at all.

The date on the copyright notice is the year of first publication. And we'll talk about the definition of publication in a moment, but that's what that date is.

Eric Riess: With that, go ahead with your slides, Harvey.

Harvey Yusman: OK.

We'll go ahead with the slides. Some of these slides is going to contain material that we've already talked about. So we'll go relatively fast.

The first one is the exclusive rights that are embodied in a copyright. The term copyright is an aggregate term and, it embodies these kinds of exclusive rights. In other words, if I won the total copyright of a work, then I've got the right to exercise any of these exclusive rights. I think the first two are pretty easy to understand. Reproduction and distribution.

The adaptation and derivation is pretty important to the extent that if somebody is creating an electronic version of something from paper or, a book to a movie is an example or, a translation, which would be an adaptation or, a derivation. In other words, it's based upon a preexisting work. So some third party can't come along and say, well, I'm going to make a movie out of your book because it's not the same thing. Mine's a movie and yours is a book. Well, that's not right. If we own the copyright to that book and, we haven't licensed or, given away, the right of adaptation or derivation, that third party would be infringing our copyright. In other words, any infringement of any of the exclusive rights is an infringement of a copyright.

Now, any of these exclusive rights can be licensed or transferred as a bundle or, separately.

The next is protected rights. Or protected works. And I think the literary work is what most people are familiar with. And that's a form TX if you go to the copyright office – and, by the way, that Web site is copyright.gov. And it's a very, very useful Web site. All the forms are online. A lot of information's online. And it's Title 17 of the U.S. Code if anybody wants to pull that code. But the literary works are the most obvious works to corporations. That's all your brochures, that's all your written text. Your computer programs, everything.

The pictorial, graphic and sculpture's probably the next one down that has any importance to a corporation. That would be, you know, some part your photos for your catalog, would be your pictorial copyright. Some people have training films, that's the same type of thing.

The unprotected works and, this flows from one of Ken's original questions. If the work isn't fixed in a tangible form and, it's just a concept. Then it can't be protected. Examples of scientific or historical facts, which can't be protected. Lease surrendered ((inaudible)) in a movie. That's a historical fact. Nobody can protect that. What the movie makers are protecting in that instance is they're protecting the expression of that fact. The way it's expressed on the screen. Or, the way it's expressed in a book even.

The third one, the method, systems and processes. That can not be protected by copyright. That's protected by patents. Another example would be titles. Can't protect a copyright in a title. You see television shows, the way they protect the television show is they trademark the title. But they trademark the series. Not each individual title of the show, itself. The entire series is what they're protecting in that instance.

Ken Sprang: Harvey, does that mean that I could take say, a great idea that I read about or, saw in a film or something, maybe been a business idea, and grabbing – use it myself, as long as I'm not reproducing the work.

Harvey Yusman: The title of the film, you said?

Ken Sprang: No, not the title of the film. Let's say, for example, that I – there's some method of doing something that I read about in a book or, see in a film or something. And I go out and I do lectures on that material or, I use it in my own company. Is that not infringement of any kind at all, then?

Harvey Yusman: Well the methods and the systems and processes are protected by patent. I'm not so sure I understand question. I'm sorry, Ken.

Ken Sprang: Sure. Let's see. I read a book and I think there are some great ideas in the book. And I go out on a lecture circuit and, I start teaching those ideas. That I read in somebody else's book. I never put it in print but, I just verbalized the ideas. Can I do that?

Harvey Yusman: No.

No. If the book bears the copyright, if you start verbalizing those ideas you're going to get into the adaptation, derivation issue.

Ken Sprang: OK. OK. Thank you.

Eric Riess: Hey, Harvey, to keep up with some of the webinar registrant's questions, I see another couple of questions that we see quite often.

Harvey Yusman: Yes.

Eric Riess: All right?

The first one is with regard to copyrighting software code.

Harvey Yusman: Yes.

Eric Riess: There's a question as to the best practices or, the type of practices to protect both trade – to protect the trade secrets that are embodied in software code. What are some of the things that we've done.

Harvey Yusman: Well, a lot of people don't want to register the source code if it's embodied in the copyright program only because they're afraid that it's a – that it becomes public once the copyright is issued, once the registration is issued. And to a certain extent that's correct. Now, at the copyright office – again, if you go online, there's specific forms, specific circulars to computer programs. But you're allowed to redact certain portions of that source code. So you're not really showing the entire source code is a public record at the copyright office. Now, obviously, if you keep the source code secret and it's a – then you got a completely different type of intellectual property protection.

But there is a lot of trade secrets involved. Where people don't want the items to have any kind of public record.

Ken Sprang: So we cover the registration with or, in lieu of the registration we use the trade secret act of your particular state plus, confidentiality agreements and that sort of thing with your employees, correct?

Harvey Yusman: That's right. That's right.

Ken Sprang: OK.

Harvey Yusman: That's right. And most of the time source codes are kept under escrow agreements, anyway.

Ken Sprang: Explain that will you, Harvey.

Harvey Yusman: Yes. Well, you know want to give that source code to somebody who bought your computer program or, who licensed your computer program. You keep that source code separately. And most of the time you either keep it yourself or, you'll keep it under an escrow if a fact that it's sooner or later going to be given to the licensee. But while the licensee doesn't have any use of that source code, so you can't make any change to the computer program.

Ken Sprang: Two other questions that the webinar registrants want to address before you move on with the slides.

One question, are employment agreement releases effective to transfer the copyright from the employee who created it, to the employer. And again, I'm not sure what they mean by employment agreement releases. But you need actual assignment language don't you, Harvey?

Harvey Yusman: You do. And what they may be speaking of is in lieu of just assuming that we've got an employee and, we've got a scope of employment to be able to claim a work made for hire. What we do more often than that is an actual employment agreement where that kind of agreement is directed into the agreement, initially.

Harvey Yusman: You know, at that point in time we're not relying on what may or may not be. It's very, very specific.

Eric Riess: And the final question before you move on at least, Harvey. With regard to sites – that we've got a question with regard to a social networking site, where they post folk's pictures, participants' pictures and bio or, other information on the site. Those are done with consent, I assume, Harvey. And many times that consent is built into the terms and conditions of the Web site itself?

Harvey Yusman: That's correct. That's correct. I think you're really treading on dangerous ground if there's no consent.

Eric Riess: OK. And that's acceptable though that the Web site could have as acknowledgement of consent via the internet? Is that true?

Harvey Yusman: Oh, I think so. As long as it's very, very specific on what you're doing with those photographs and how long they're going to be up.

Eric Riess: Good. All right. With that, I turn it back over to you to advance through the slides, Harvey.

Harvey Yusman: Well, the next couple of slides I think we've spoken about. The creation, the ownership slide and the duration. We can certainly go back if anybody has any specific questions.

Ken Sprang: On the ownership, Harvey, to your question – issue that Eric raised. Do I understand with regard to the employment agreement then? That I can have the employee enter into an agreement at the time of employment and, what she or she agrees that everything is assigned to the employer.

Harvey Yusman: That's correct.

Ken Sprang: So I can prospectively assign, if you will?

Harvey Yusman: That's correct. And that's certainly a safe harbor.

Ken Sprang: OK.

Harvey Yusman: Now the publication. The reason that definition is an important definition is, again, that's the date in the copyright notice which we'll come up to in a moment here in the notice itself. And then, also, that's the date where we start talking about the running of the three months for the claim to statutory damages and attorney fees on any kind of an infringement suit, by way of registration. So that definition does become important to us for a couple different reasons.

The next slide, the notice to – of the claim to copyright. That's pretty specifically tells us what the notice is. The capital C with the, again, the year of first of publication. And the ABC gives the owner of the copyright. If the work is unpublished which, obviously, goes back to the definition of publication, go ahead and use the notice – the second notice you see under there, the unpublished work notice. In lieu of the capital C encased in the circle, a lot of times you'll see people using the word copyright or the – or the COPR abbreviation. And that's fine.

But what you want to remember there is if your company does any kind of distribution overseas, that as an example, the Universal Copyright Convention and, most other treaties, do not recognize the alternative form. So do use the capital C encased in the circle. Again, if you have any kind of foreign distribution.

Now what we tell people is right underneath the copyright notice, in other words in the first line under the C encased in the circle with the date and the owner, we use the words all right reserved. That's not part of the notice itself. But the reason we do that is those are the exclusive rights that we talked about a few moments ago. The reproduction, the distribution, the adaptation, the display and performance right. So you want to get that in there. The notice is not required by law any longer.

But again, we tell people to use that notice because it does a couple things. Number one, it avoids the defense that an infringer may use for innocent infringement. Now, what innocent infringement does is that doesn't avoid the infringement itself, but it limits the penalty. As an example in the statutory damages that were from 750 to \$30,000 short of willfulness, the innocent infringement damages are, I think, a maximum of about \$200. So it's a big, big difference.

The copyright notice also identifies the owner and, certainly indicates the claim to the copyright. So that notice is – we think, is very, very important. Even though it's – again, by law, it's not required.

The next slide, transfer of ownership. By definition a transfer of ownership is – has to be all or any of the exclusive rights that we talked about. Again, reproduction, distribution, adaptation and so on. A non-exclusive license isn't considered a transfer of ownership under copyright law. But the transfer itself – again, if it's for any or all of the exclusive rights of a license or, the actual transfer of ownership, it also has to be in writing.

Now, we can record the transfer of ownership. And if you're buying another company or, buying another company's assets and – through some sort of a merger or acquisition and, there's an intellectual property involved and, some of it is copyright in addition to the trademarks, maybe and or patents. You want to record the transfer at the copyright office. And you can record the transfer by title. And that's whether or not the work is registered. So you want to keep that in mind. And always record if it's important that you're deemed to be the owner of that – the copyrighted material.

The advantages of recordation at the copyright office are pretty clear. Most people aren't too concerned about perfecting the security interest. Usually it's the bank that cares about that. But it does give us not only constructive notice but, probably more importantly is the establishment of the priority between conflicting transfers. That could be very, very important if there's ever an issue.

Registration we talked about for a few moments. So again, unless anybody has any specific questions, that's probably not worth taking much more time with.

Ken Sprang: It's important to remember, Harvey, that every corporation is creating or, having created for it every week, certainly, if not every day, copyrighted material. And ultimately the best practice is – are to establish a process through which you identify what is important enough, what is core enough to register. And also, that you establish practices so that are owning what you believe that you own in the first instance.

The number one mistake, Harvey, that we've been seeing, not just with Wal-Mart but, with others, including a hotel chain we represent who had a photograph taken of its own San Antonio hotel only to find out that it couldn't use it for anything other than specifically what it bought that photograph for. The number one mistake are that corporate practices are not in place to get the assignments, get the transfers, get the ownership of the material in the first place.

Ken Sprang: So are you saying then that even with companies say, with in house counsel, that managers that are not getting these materials, even if their in house counsel, for review and so, these kinds of mistakes occur.

Eric Riess: Yes, Ken. They just – you know, it's like everybody's practice whether it's in house or in a firm. You've got 24 hours in the day, and if you have a spouse and children and, a life outside of work, you've only got so many hours to devote to work, it just gets overlooked. It gets overlooked.

Even with practices in place, the practice of the consistent following of the procedure are – simply gets overlooked. And then, the other end of it you've got business folks sometimes making the contracts for ad copy or, what have you. And they're just not following the procedure because either they don't know it or, they're just not very good at following procedures. They're more about getting the deal done.

Harvey?

Harvey Yusman: No, I think that's a very, very fair statement. We do see that a lot. The ownership of the copyright and, the work itself, is probably one of the main issues that we run up against.

Ken Sprang: So it sounds like as in house counsel we should be particularly mindful of that. And if we don't have procedures in place, at least get those in place even though, as you suggested, sometime can may be overlooked.

Harvey Yusman: I think that's right. And a couple of the issues that we've been seeing lately that pertain to something I think in house counsel's probably going to run into or, should be well aware of, is we've seen a lot of letters from BMI Broadcast Music, not out of their New York office but, out of their national office. And what they're doing is they seem to chasing an awful lot of companies saying, look, you're playing our licensed music in your public areas, and you're violating the exclusive right of performance when you do that. So either stop or, we're going to – we want you to execute a license to be able to play that copyrighted music.

A couple other examples we've seen lately is some corporations are starting to show home – not home movies but, movies to their employees, on company premises, or play music, hire bands at company picnics or parties. And that's all violation of the exclusive right of performance. So you've got to be very, very careful when you do that. Even though you're not charging for that – for the showing of that movie, it doesn't make any difference at all.

Eric Riess: And Harvey and Ken, the other thing that we've been dealing with. We have clients that'll say hey, look, how can – if the ((inaudible)) is already out of the bond, how can we go correct this stuff?

Well, with regard to employees we're not asking them to sign non-competes. We all that if we go in term and ask for a non-compete and, we don't give additional consideration, which we may have a problem. And for that matter, an employee who hasn't signed a non-compete doesn't want to sign one mid stream anyway.

What we're talking about are confidentiality agreements, trade secret agreements and assignments, which all employees – or, work made for hire provisions, all employees should be willing in the first place. And if they're not willing to sign it, then you probably have a problem with that employee, anyway.

With regard to third party vendors, the trick is always if you've had ad copy done and, you don't want that ad copy to be sold to somebody else, maybe your competitor, and, you realize that you don't own that ad copy, you didn't get an assignment and, advertising companies are notorious for excluding that language from those standard agreement.

If, you know, if you've already paid their invoices, you might have lost leverage. But if you have an ongoing relationship with that advertising company or, other third party vendor, then, certainly, you have leverage. You want to do more business with us, let's go clean our house up and get some very simple assignments signed so we do own that stuff. Our own law firm years and years and year ago, saw a competitor that we had an advertising company develop for us. Luckily, we had the assignment signed so we were able to go back and tell the competitor that's ours. And the advertiser had no right to resell to you. But without the assignment, that advertiser does have a right to do so.

Harvey, let's finish your slides. And then, we've got a number of questions to address.

Harvey Yusman: Sure.

I think that was the last of the slides, the registration slide if anybody has any specific questions about registration itself. But again, it's a very, very simple process. And if you go online to the copyright.gov Web site it really does track it right through.

Eric Riess: Harvey, with regard to – there's been a question to explain a little bit more about what you mean by fair use. Could you ...

Harvey Yusman: Sure.

Eric Riess: ... could you explain that?

Harvey Yusman: Sure.

A lot of people think that under the concept of the doctrine of fair use, they can use someone else's copyrighted material.

And to a certain extent you can but, usually, you can't. And the reason we take a real hard look at that concept of fair use, is what you're telling the world is, look, we know we're infringing. Like a license, we're know we're infringing but, with a license you're allowed to infringe within what we call the four corners of the agreement. With fair use, you're saying hey, we're infringing, but our defense is it was fair use so, if we're wrong, we lose on the fair use concept, all the other side has to do is prove their damages. So it's a very, very dangerous concept to use without a little bit of study.

The real purpose of fair use, that where you see it used most often, is if somebody writes an article and criticizes somebody else's article. If it's purely criticism, if it's news reporting, if it's scholarship or research, if it's teaching to a certain extent, that purpose will probably the carry the

fair use ball with some other qualifications. In other words, each one of those purposes alone – or, each one of the factors alone isn't conclusive. But all of them have to be taken as a whole. As an example, character abuse is one of the factors. Is it commercial or, is it non profit educational. Again, that's not going to be conclusive on its own. But obviously, if it's non profit and it's educational, you're more likely to be able to claim fair use.

A second one which is very, very important, especially in the teaching field, is the amount of the work that's used. In other words, if I take three lines from a 20 chapter book I'm probably OK. It's probably considered pretty de minimus. If I copy 19 of the 20 chapters, I probably have a problem. Another one of the factors is the economic affect on the copyright owner. I will tell you that as soon as you start using someone else's work, there is a presumption of unfair exploitation.

But again, the economic effect is important. If the book is out of print, you're going to carry your burden a heck of a lot easier than if the book is in print. Attribution in this instance makes no difference at all. And attribution doesn't make it fair use.

Eric Riess: Then, what about companies that in their product brochure, for example, reference a competitor's product, maybe for comparison purposes. But they still acknowledge the origin of that product, et cetera?

Harvey Yusman: That's fine. Again, if it's used strictly for comparative purposes and, that's where you get into the comparative advertising and trademark law, you're going to be OK. But in copyright law, that's not going to help you out.

Eric Riess: And if we, as a company, are advertising products obviously manufactured by other facts but, they're for sale with us, then, generally, if they're listed in our brochure we list it really, through a license, from the manufacturer who authorized us to sell those goods. Is that right?

Harvey Yusman: Sure. A lot of times you'll see in the weekly advertisements for a supermarkets or, department stores, they'll list a specific brand for sale, on sale, even. And it – depending on who owns that brand, you may see a tag line that says such and such is a registered trademark of such and such. And then, again, that would be by contract on what they're looking for.

Eric Riess: Harvey, is there a state copyright registration much like there is a state trademark registration?

Harvey Yusman: No. Copyright is 100 percent federal.

Eric Riess: OK.

And with regard to – I don't want to get too off, but this was part of the question. With regard to a state trademark registration, what kind of protection does that give if much at all?

Harvey Yusman: Sure. On a federal trademark registration, as opposed to a state registration – I'm going to back into this if you don't mind.

On a federal registration what the registrant – the rights that the registrant receives is constructive use, nationwide, even if his use isn't in the specific geographical area. And that's something that can go a long way for you to be able to claim that federal use.

Eric Riess: So someone in Maryland can prevent someone in California from using it even though there not they're in California, yet?

Harvey Yusman: That's correct.

Now, what a state registration does is it's really no more than a public record of common law rights. A non-registered use of a trademark, you do have certainly common law rights. What those common law rights say is look, if I've used this trademark in a specific geographical area, and I was first even if you come in and register it two years later, you can not keep me from using that trademark in that geographical area. And the date – the important date that is the date of the federal application assuming it matures into a registration. Those are common law rights. You receive those by priority use. Period.

Now, what a state registration does is it merely gives you a public record of those common law rights. So your secretary's going to start looking through drawers trying to prove you used the trademark 10 years ago, as an example. But you really don't get that much more than you get by using your common law rights. So it certainly isn't magical.

Eric Riess: Right. Cheaper but doesn't give you much.

Harvey Yusman: Doesn't give you much. That's right. That's right. And sometimes it's not cheaper because sometimes if you're selling your products in six or seven different states, being contiguous or not, the filing fees and the maintenance fees may be the same or, more excessive than a federal registration.

Eric Riess: And Harvey, we have a question on what if we use a small amount of copyrighted information without getting permission from the copyright owner. I guess that's a – is there a dominium role on ((inaudible)).

Harvey Yusman: Well, there is, but, again, that's just one of the factors. And each one of them is not conclusive on their own. They've got to be taken as a whole. But that certainly a factor that we look at is the dominium nature of what you're taking out of context.

Eric Riess: Very good.

I'm going through these questions. I'm looking for one or two good ones. I want – I see that the webinar is about concluding. I want everyone to remember that those are free, as if this was a seminar, they are free to send their questions to either Harvey, H-L-Y at greensfelder.com, or myself, E-R-R at greensfelder.com and have your questions answered. I don't want any question to go unanswered. You're also free to call us, 314-241-9090, since these questions are being answered for free, all I ask is that you don't ask us a book of questions but, you ask us a type of question that would typically be asked during a seminar. But feel free to do that.

Ken, do you have any follow up questions?

Ken Sprang: I see a couple of others that's come in about things like in-house training materials. We developed in-house training materials – and, actually, that goes to one of my earlier questions, should we then label them as copyrighted and then register them? Or, should we assume – or, is that sort over the top in terms of ((inaudible)).

Harvey Yusman: I would definitely register those training films. Well, let me back up. I would definitely put the copyright notice on those training films in case any of them get out. That way you can track any copies at all. Because, again, depending who the owner of those training films are, whether it's employees and it's all employ – all work made for hire, or you bring in independent contractors for a portion of those training films, you certainly – number one, you want to get the ownership into the corporate name. But number two, you want to put that notice of copyright on there to show the world you are claiming that copyright and those training films. Whether or not you register it, you know, how important is it? It's, you know, it's \$35, it's \$45, it's, you know, it's pretty darn cheap to do.

Ken Sprang: Right.

Harvey Yusman: I wouldn't register every single one-page brochure that you print.

Ken Sprang: Right.

Harvey Yusman: But again, depending on the level of protection you're seeking, the training film certainly is copyrightable. Sure.

Ken Sprang: And I assume the same would be true of hard copy materials? If I do teaching materials or – well, a good example, many of us will do anti-trust presentations.

Harvey Yusman: Sure.

Ken Sprang: And if we have that material as providing that guidance, then I assume those copyrights you said, that's the situation at the time I create it, it would well perhaps then to put the C encased in the circle and then, the decision to register or not is kind of a case by case decision if I understand it correctly.

Harvey Yusman: I think that's correct, Ken. And what we do here in our firm is when our attorneys present papers at different seminars, is we put the copyright notice right on the material that's printed in the book. Then, the compilation of all different materials by all the different attorneys that speak at the seminar is usually owned and claimed by bar association. So there's a copyright in the compilation of all the articles but, the individual articles, themselves, also have their own copyright.

Eric Riess: Well, with that said, Harvey, Ken, I notice it's the top of the hour. I did notice a number of trademark questions. Please feel free to forward those trademark questions, as well. Harvey and I have put together a branding which covers trademark and copyright. We've put together a branding portfolio, a slide show, for anyone who asks of it, we will be glad to forward this branding pamphlet to you as well, that covers some of these trademark questions that I see popping up.

With that, Ken, Harvey, thank you so much. Everyone, once you go through and rate the webinar through the evaluation, you are free then to log off. Thanks again, guys, it's been great.

Harvey Yusman: Thank you, Eric.

Ken Sprang: Thanks, Eric.

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