

February 11, 2015
Dear Members:
Welcome to the
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Open Source Licenses 101, the Good, the Bad and the Ugly

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2024 State Bar of Nevada Intellectual Property Conference
September 13, 2024

SPEAKER BIO

- Eric has had an interest in electronics since he was a child. This led to Eric majoring in electrical engineering at Lafayette College. Eric is also a graduate of the Capital University Law School.
- Eric has been practicing law in Nevada since 1996. He spent about the first seven years of his legal career handling the following types of litigation: construction defect, insurance defense, general construction litigation, insurance bad faith, personal injury (including product liability) and medical malpractice.
- Before opening his current practice, over the course of about fifteen years, Eric worked in house for several different Nevada-based gaming manufactures handling, amongst other legal issues, intellectual property legal issues.
- Eric is a registered patent attorney with the United States Patent and Trademark Office and licensed to practice law in three other states (Illinois, Nebraska, and Pennsylvania) besides Nevada. Presently, Eric works for ERIC ABBOTT LAW PLLC practicing primarily in: technology transactions (including SaaS and IP licensing), commercial contracts, IP analysis, employment law, and M&A.

MY PERSPECTIVE

- Trenches of justice.
- 200 open-source modules figure out if there are any possible material issues.
- M&A context. Software is an asset in divisible parts.
- Looked at no differently than buying a herd of cattle and trying to see if there are any infected cattle and whether any of those cattle are at risk for infecting the herd.
- Sometimes the rancher wants to look at their cattle to make sure that they are doing things to reduce risk of infection.

GOALS TODAY

- Have a basic understanding of the tech in software, and IP law to issue spot the existence of potential open-source license issues.
- Seminar assumes that the attendee knows very little about how computers operate.
- Provide you with some tools to help you achieve the above when sitting at your desk. These tools include the ability to issue spot, and some information so that you can educate yourself on each topic.
- Due to time constraints, I try to spend time drilling into only those issues that are less obvious. Case law and detailed open-source licenses can be reviewed in detail on the attendee's own time. I also try to address what happens most of the time.
- Caution: Today's seminar is only a high-level overview of a part of the legal and technical issues in open-source licenses. You can't learn how to do handle these issues in one hour.

NOT COVERING AI

- AI is cool now.
- This stuff is more of a potential problem in the trenches of software justice.

AT THE END OF THE SEMINAR

- Ability to say we may have a problem, and we need further investigation. Especially when business says move forward.
- Wanna litigate- got a lot of reading to do. Sorry.
- Ability to talk intelligently about the legal problems at a business level.
- The cases and details are here to be referenced later by the attendee.

Roadmap- 101 Level Presentation Topic Breakdown.

- What is open-source software and its cousin freeware?
- Some top places where open-source software can come up.
- Basic computer science concepts so that you can understand the subject matter of these agreements.
- Basics of copyright law.
- Basics how the license can become a contract- shrinkwrap, clickwrap, and scrollwrap.
- Good open-source licenses- **permissive**.
- Bad open-source license- free for only personal use.
- Ugly open-source license- **copyleft** including the VIRAL variants.
- Not discussing: low probability stuff like patent law; and every permutation of these licenses (there are thousands).

What is Open-Source Software?

- **Copied Intelligence-** software made publicly available (on the Internet usually) without charge but its use is restricted to varying degrees. The restriction is detailed in a license which is a contract.
- **Cousin- Freeware-** no licenses/no restrictions. Also copied intelligence.
- The global authority (not legal) on the topic:
<https://opensource.org/>

Nevada Supreme Court's Thoughts

- “Particularized identification is especially important when source code is claimed as a trade secret because an **individual's source code may be largely derived from open-source code**, which is generally known and available to the public.”
Fortunet, Inc. v. Coronel, 2024 Nev. Unpub. LEXIS 636, *9, 2024 WL 3841864 (Nev. 2024).
- Trade Secret can include computer code NRS 600A.030(5). Uniform Trade Secrets Act enacted in Nevada and 47 other States (except NY and NC).

Where does open-source exist?

50 MIN

- According to respected industry leader Synopsys (sellers of Black Duck software which scans for open source) 96% of code bases contain open source.

<https://www.synopsys.com/blogs/software-security/open-source-trends-ossra-report.html>

- Based on my past M&A experience:
 - 100%- any computer software that connects to the Internet.
 - 100%- any computer software that uses basic outputs like email, PDFs, charts, etc.
- Old Tech- even pre-Internet boom. Connect to something else-example 1996 and later cars OBDII scanner.

TOP PLACES WHERE THIS ISSUE COMES UP

- Where's the beef? Are you all hat and no cattle?- Does the seller of the software in a M&A context actually own the IP in the software- usually the copyrights and the trade secrets plus any other state created rights (e.g. NRS Chapter 603- unfair trade practices).
- Gaming- One example. NGCB's Technology Division's Associated Equipment Approval Request form requires information regarding the identity of both: the holder of any copyrights; and the designer and developer of the software.
<https://gaming.nv.gov/uploadedFiles/gamingnv.gov/content/forms/ManufacturersRequestforReview.pdf>
- In an M&A context does the software “infect” the seller's data- transfer ownership or allow for public dissemination.
- Software license- licensor not liable for third party software.

Basic Tech Slide 1- What is Software?

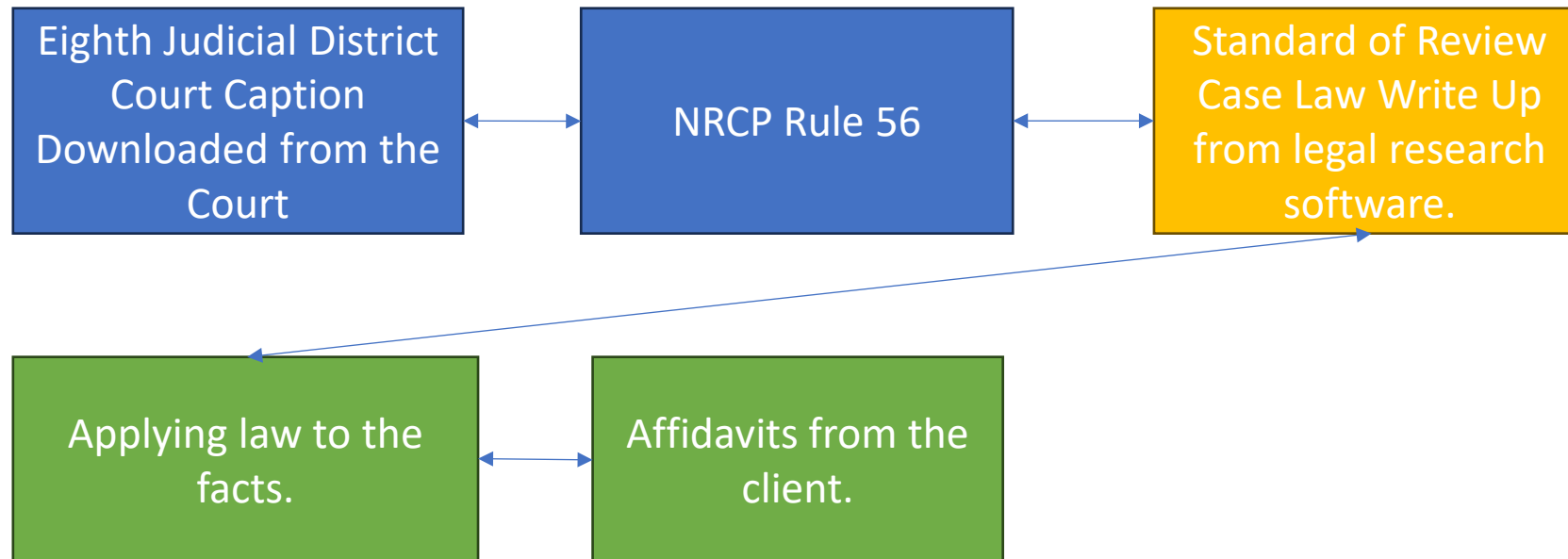
Software is a collection of instructions and data that tell the computer how to work. Computer software includes [computer programs](#), [libraries](#) and related non-executable [data](#), such as [online documentation](#) and/or [digital media](#). Computer hardware and software each require each other. Neither can be realistically used on its own. Software is written in high level computing languages and the resulting computer code is called source code. A compiler (a piece of software) or interpreter takes the source code and translates the source code into object code which is written in machine language. Generally, a computer's software modules exist as "object code" which are linked together into an executable version and is accessed through various interfaces such as graphic user interfaces ("GUI") located on a display screen (e.g. a monitor, screen on a mobile device, and a laptop top screen). The interface can be displayed as an icon. Here are some example icons for application programs: the computer software for browsing the internet licensed under the trademark of a stylized "E", the word processing software sold under the trademark W, or an app icon on a smart phone.

Basic Tech Slide 2- Software modules, who owns what?

Each software module performs a function. A company's modules will generally fall into the following multiple categories: (1) proprietary (authored by the company); (2) open source which is free, downloaded from the Internet and subject to written licenses which can be nice (**permissive**), super friendly (**freeware**), nasty (**copyleft**), or in between; (3) commercially licensed (developer platforms like .Net from Microsoft); or (4) resold which is a form of commercial license where the cost of the software is passed through to the licensee.

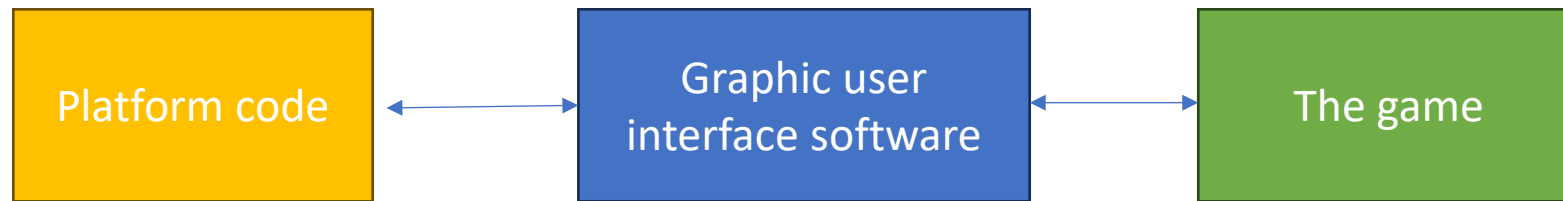
Basic Tech Slide 3- Illustration of Software Modules Using a Motion for Summary Judgment as an Example.

Green blocks are proprietary. Blue are open source or freeware. Yellow are commercial. Lawyer gets paid for the green, and for also putting together the blue, yellow, and green into a motion which performs a function.



Basic Tech Slide 4- 100,000 Foot Hypothetical Illustration of Software Modules.

- Software to display a video game on a video game platform/phone/tablet.



- For a “reseller” the green becomes yellow or blue. The “reseller” may not own any IP except the right to sublicense. The eminence front of IP.

Basic Tech Slide 5-Resources to decipher to buzzwords in technospeak.

- Udemy- take a class on how to program Python. www.udemy.com
- MIT Open Courseware- <https://ocw.mit.edu/>
- You Tube- <https://www.youtube.com/>
 - Some select YouTube channels:
 - Super Basic and Short Videos: <https://www.youtube.com/@Fireship>
 - Basic Videos: <https://www.youtube.com/@TechWorldwithNana>
 - More Advanced:
 - <https://www.youtube.com/@Computerphile>
 - <https://www.youtube.com/@ComputerScienceTutor>
 - <https://www.youtube.com/@gkcs>
 - Basics of System Design (understand why clients use the cloud):
 - <https://www.youtube.com/watch?v=SqcXvc3ZmRU>
 - <https://www.youtube.com/watch?v=xpDnVSmNFX0>
 - If you know nothing about computers:
 - <https://www.youtube.com/watch?v=y2kg3MOK1sY>
 - Super basic coding in under 5 minutes:
 - <https://www.youtube.com/watch?v=N7ZmPYaXoic>

Basic Law for Open-Source Licenses.

- Copyrights.
- Contract formation.
- Not discussing patent infringement- 35 USC § 271(a).

Since the US Supreme Court Alice case from 2014 regarding subject matter eligibility, there are roadblocks in getting software patents in the US, and also makes enforcing software patents more difficult. They can exist, so the license should be there.

If you have a spare eight hours and a nice bottle of aspirin, then you can learn about Alice in detail starting here:

<https://www.uspto.gov/patents/laws/examination-policy/subject-matter-eligibility>

- Why would somebody spend the money and time patenting something that they are giving away for free?

Ask Elon Musk

US Copyright Basic Rules One Minute Drill.

- Great free resource 1396 pages: <https://www.copyright.gov/comp3/docs/compendium.pdf>
- Under 17 USC §102(a), the subject matter of copyright is: “original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include”
- Must be independently created (i.e. not copied) and have some minimum degree of creativity. See *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 347 (1991).
- Computer program literal elements in object code (machine readable) or source code (human readable) can be copyrighted.
- Non-literal elements related to software such as control flow, data flow, user interface, module nesting etc. can be copyrighted.
- Software documentation such as manuals, specifications, and instructions can be copyrighted.
- Exists without registration. Registration required to file a lawsuit.

Open Source is Basically Worldwide and so are Copyrights

- Berne Convention on copyrights- US contracting party as well as about 180 other countries:
https://www.wipo.int/wipolex/en/treaties/ShowResults?search_what=C&treaty_id=15
- Three basic principles:
 - (a) Works originating in one of the Contracting States (that is, works the author of which is a national of such a State or works first published in such a State) must be given the same protection in each of the other Contracting States as the latter grants to the works of its own nationals (principle of "national treatment") .
 - (b) Protection must not be conditional upon compliance with any formality (principle of "automatic" protection).
 - (c) Protection is independent of the existence of protection in the country of origin of the work (principle of "independence" of protection). If, however, a Contracting State provides for a longer term of protection than the minimum prescribed by the Convention and the work ceases to be protected in the country of origin, protection may be denied once protection in the country of origin ceases.
- <https://www.wipo.int/treaties/en/ip/berne/>

The Basic Rights of a Copyright Owner **40 MIN**

17 USC § 106

“Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.”

OWN A COPY OR HAVE A LICENSE

- 17 USC 109(a): Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord....
- In a world where licensing agreements are "ubiquitous," "license agreements, rather than sales, have become the predominate form of the transfer of rights to use copyrighted software material." *Apple, Inc. v. Psystar Corp.*, 658 F.3d 1150, 1155 (9th Cir. 2011). In practice, because "the first sale doctrine does not apply to a licensee," *id.*, licensing arrangements enable software companies to restrict initial licensees [***1262] of software from selling their licensed copies of the software to downstream users.
- Broadly construed, the licensing exception in the software context [**16] could swallow the statutory first sale defense. We have recognized, however, that some purported software licensing agreements may actually create a sale. *See Vernor*, 621 F.3d at 1111; *Augusto*, 628 F.3d at 1180. To determine whether there is a legitimate license, we examine whether "the copyright owner (1) specifies that the user is granted a license; (2) significantly restricts the user's ability to transfer the software; and (3) imposes notable use restrictions." *Vernor*, 621 F.3d at 1111. Where these factors aren't satisfied, the upshot is that the copyright holder has sold its software to the user, and the user can assert the first sale defense. *See Augusto*, 628 F.3d at 1180-81.

Adobe Sys. v. Christenson, 809 F.3d 1071, 1078, 2015 U.S. App. LEXIS 22818, *15-16, 117 U.S.P.Q.2D (BNA) 1257, 1261-1262, Copy. L. Rep. (CCH) P30,869

OWN A COPY

- Can you just copy it and put it in a million widgets?
- Can you just give it to a friend or sell it? Used DVDs, video game disks.
- Important uses is when the software is DISTRIBUTED- multiple copies. 1000s of pickup trucks, 1000s of blood pressure monitors, 1000s of people using an APP, 1000s of people using websites or the cloud.

CONTRACT ACCEPTANCE

- Click I AGREE after reading (scrollwrap) or not reading (clickwrap)- a contract for a license?
- More common for open-source- shrinkwrap or buried in the code (.txt file) or on a website somewhere. How can that be a contract?
- Implied License:

The Copyright Act permits copyright holders to grant non-exclusive copyright licenses by implication. But whether a copyright holder has properly granted another [*832] a nonexclusive license by implication is a matter of state contract law, provided that the state law does not conflict with the Copyright Act or its underlying policies.

*See Foad Consulting Group, Inc. v. Musil Govan Azzalino, 270 F.3d 821, 831-832, 2001 U.S. App. LEXIS 23402, *27, 60 U.S.P.Q.2D (BNA) 1656, 1663, Copy. L. Rep. (CCH) P28,340, 2001 Cal. Daily Op. Service 9259, 2001 Daily Journal DAR 11640 (9th Cir. 2001).*

Contract Acceptance Electronically- Federal

Federal- 15 USC § 7001- § 7006

<https://www.law.cornell.edu/uscode/text/15/chapter-96/subchapter-l>

BE CAREFUL- CERTAIN STATE LAWS CAN OVERRIDE THE FEDERAL. STATUTE HAS EXCEPTIONS.

15 USC § 7001 (a)

Notwithstanding any statute, regulation, or other rule of law (other than this subchapter and subchapter II), with respect to any transaction in or **affecting interstate or foreign commerce**—

- (1) a signature, contract, or other record relating to such transaction may not be denied legal effect, validity, or enforceability solely because it is in electronic form; and
- (2) a contract relating to such transaction may not be denied legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation.

15 USC §7006(5)- The term “electronic signature” means an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record.

Contract Acceptance- Nevada (Uniform Electronic Transactions Act)

- Uniform Act- Every State except New York.

<https://www.uniformlaws.org/committees/community-home?CommunityKey=2c04b76c-2b7d-4399-977e-d5876ba7e034>

- NRS Chapter 719

<https://www.leg.state.nv.us/division/legal/lawlibrary/nrs/NRS-719.html>

- Like Federal, watch the exceptions. Uniform Commercial Code one example (NRS 719.200(2)(b)).

Nevada's Statute Details Part 1

- NRS 719.100 “Electronic signature” defined. “Electronic signature” means an electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.
- “I AGREE” count?
- Reading a computer program before using it? We will get into the details of that later.

Nevada's Statute Details Part 2

NRS 719.220 Use of electronic records and electronic signatures; variation by agreement

1. The provisions of this chapter do not require a record or signature to be created, generated, sent, communicated, received, stored or otherwise processed or used by electronic means or in electronic form.

2. The provisions of this chapter apply only to transactions between parties each of whom has agreed to conduct transactions by electronic means. **Whether the parties agree to conduct a transaction by electronic means is determined from the context and surrounding circumstances, including the parties' conduct.**

3. A party that agrees to conduct a transaction by electronic means may refuse to conduct other transactions by electronic means. The right granted by this subsection may not be waived by agreement.

4. Except as otherwise provided in this chapter, the effect of any of the provisions of this chapter may be varied by agreement. The presence in certain provisions of this chapter of the words "unless otherwise agreed" or words of similar import does not imply that the effect of other provisions may not be varied by agreement.

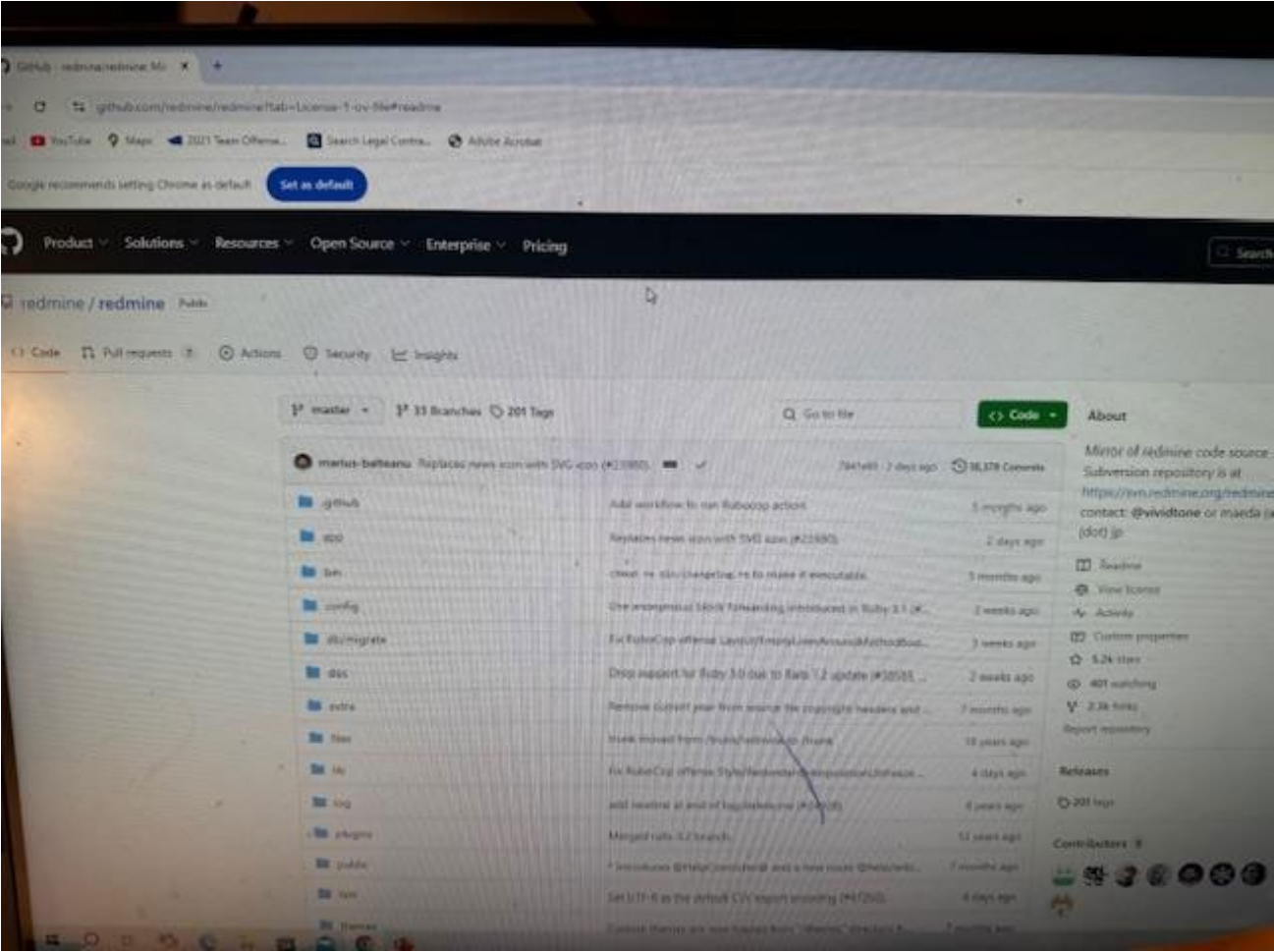
5. Whether an electronic record or electronic signature has legal consequences is determined by the provisions of this chapter and other applicable law.

NRS 719.230 Application and construction: Promotion of uniformity. In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

NRS 719.240 Legal recognition of electronic records, electronic signatures and electronic contracts.

1. A record or signature may not be denied legal effect or enforceability solely because it is in electronic form.
2. **A contract may not be denied legal effect or enforceability solely because an electronic record was used in its formation.**
3. If a law requires a record to be in writing, an electronic record satisfies the law.
4. If a law requires a signature, an electronic signature satisfies the law.

PROCESS/ELECTRONIC MEANS- GITHUB



18,378 Commits

5 months ago

2 days ago

3 months ago

2 weeks ago

3 weeks ago

2 weeks ago

7 months ago

18 years ago

Mirror of redmine code source - Official Subversion repository is at <https://svn.redmine.org/redmine> - contact: @vividtone or maeda (at) farend (dot) jp

Readme

View license

Activity

Custom properties

5.2k stars

401 watching

2.3k forks

Report repository

Shrinkwrap- I did not click I agree

- OLD DAYS- AOL DISKS, SOFTWARE BOUGHT IN A STORE
- Printer Cartridge Case-
 - “We hold that the contract on its face appears to be enforceable based on the district court's findings that consumers (1) have notice of the condition, (2) have a chance to reject the contract on that basis and (3) receive consideration in the form of a reduced price in exchange for the limits placed on reuse of the cartridge. The contract permits Lexmark to restrict the use of its patented item and gives Lexmark a legal basis for asserting its ability to enforce its restriction. Therefore, ACRA has not raised a triable issue of fact that Lexmark's advertising statements as to its Prebate program are false, mislead or tend to deceive consumers [**18] or that they constitute a form of unfair competition. *See Day*, 63 Cal.Rptr.2d at 59-60.”
Ariz. Cartridge Remanufacturers Ass'n v. Lexmark Int'l, Inc., 421 F.3d 981, 988, 2005 U.S. App. LEXIS 18753, *17-18, 77 U.S.P.Q.2D (BNA) 1995, 2000 (9th Cir. 2000)

9th Circuit Shrinkwrap Cases Part 2

30 MIN

- “In *Wall Data*, we considered a software manufacturer's claim that a sheriff's department had violated the terms of its shrink-wrap license, click-through license, and volume license booklets, and infringed the manufacturer's copyright, by installing software on 6,007 computers when the department was licensed to install the software on only 3,663 computers. 447 F.3d at 773-75. We defined a "shrink-wrap license" as "a form on the packing or on the outside of the CD-ROM containing the software which states that by opening [**15] the packaging or CD-ROM wrapper, the user agrees to the terms of the license." *Id.* at 775 n.4. In connection with upholding an evidentiary ruling by the district court, we stated that such licenses are enforceable in California, *id.* at 782, citing *Lozano v. AT&T Wireless*, 216 F. Supp. 2d 1071, 1073 (C.D. Cal. 2002).¹ We did not address the question whether the license created a contract; rather, we held that the sole issue to be resolved at trial was whether the sheriff's department violated the terms of the [*1287] software licenses, and therefore the district court did not err in declining to provide an instruction on contract formation. *Wall Data*, 447 F.3d at 786.” In light of this limited analysis, *Wall Data* at most stands for the proposition that a shrink-wrap license of intellectual property is enforceable in California. This prediction of how California courts would rule is not untenable: Where a notice on a package states that the user agrees to certain terms by opening the package, a court could reasonably conclude, consistent with California contract law, that the user has a duty to act in order to negate the conclusion that the consumer had accepted the terms in the notice. This principle does not help Samsung, however. Even if a license to copy software could be analogized [**16] to a brochure that contains contractual terms, the outside of the Galaxy S4 box did not notify the consumer that opening the box would be considered agreement to the terms set forth in the brochure. *Cf. id.* at 775 n.4. Under these circumstances, California's general rule that silence or inaction does not constitute acceptance is binding. Accordingly, *Wall Data* does not support Samsung's argument that Norcia was bound by the brochure contained in the Galaxy S4 box.”

Norcia v. Samsung Telcoms. Am., LLC, 845 F.3d 1279, 1286-1287, 2017 U.S. App. LEXIS 956, *14-16, 91 U.C.C. Rep. Serv. 2d (Callaghan) 768, 2017 WL 218027 (9th Cir. 2017)

What happens if you breach a copyleft open source license- breach of contract state law?

Unanswered in Nevada. But, for contract issues, since at least 1911, in Nevada we go to common law by statute:

NRS 1.030 Application of common law in courts. The common law of England, so far as it is not repugnant to or in conflict with the Constitution and laws of the United States, or the Constitution and laws of this State, shall be the rule of decision in all the courts of this State.

“Rather, courts must interpret the common law in light of relevant conditions, which ‘are not the conditions which existed when the United States Constitution was adopted, or when Nevada gained statehood, or even when NRS 1.030 was first enacted, but conditions which exist today.’” Rupert v. Stienne, 90 Nev. 397, 528 P.2d 1013, 1017 (Nev. 1974).

Del Webb Cmtys., Inc. v. Partington, 652 F.3d 1145, 1155, 2011 U.S. App. LEXIS 14778, *23, 80 Fed. R. Serv. 3d (Callaghan) 66 (9th Cir. 2011)

Nevada Supreme Court has Used the Second Restatement on Contracts for Guidance in the Past

See *Certified Fire Prot. Inc. v. Precision Constr. Inc.*, 128 Nev. 371, 283 P.3d 250, 2012 Nev. LEXIS 79, 128 Nev. Adv. Rep. 35, 2012 WL 3241194 (Nev. 2012)

INTERESTING NEVADA SUPREME CASE ON SOFTWARE

Discusses employee claiming conversion, breach of contract claim and other claims regarding allegations that employer stole software developed during employment.

*See Carter v. Nev. Sys. of Higher Educ., 2020 Nev. App. Unpub. LEXIS 312 *136 Nev. 791 (Court of Appeals 2020).*

Where California and Nevada have Similar Laws, Nevada Courts will look to California Law for Guidance

Shapiro v. Welt, 133 Nev. 35, 389 P.3d 262, 2017 Nev. LEXIS 1, 133 Nev. Adv. Rep. 6 (Nev. 2017)

Argument in Nevada- Where there is no statute California also looks to the Common Law of England

Cal Civ Code § 22.2. Common law as rule of decision

The common law of England, so far as it is not repugnant to or inconsistent with the Constitution of the United States, or the Constitution or laws of this State, is the rule of decision in all the courts of this State.

California Cases 1

2017 Northern District of California Case applying California law suggests that monetary damages (including reasonable royalty) are available for breach of an open-source license.

See Artifex Software, Inc. v. Hancorn, Inc., 2017 U.S. Dist. LEXIS 147637, 2017 WL 4005508

California Cases 2

Discussion of Breach of Contract versus copyright for open-source licenses for GPLv2 copyleft license. See *Software Freedom Conservancy, Inc. v. Vizio, Inc.*, 2022 U.S. Dist. LEXIS 87115, 2022 WL 1527518 (CD CA 2022).

Federal Law- Injunction for Breach of an Open-Source License

“Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material. As the Second Circuit explained in *Gilliam v. ABC*, 538 F.2d 14, 21 [***1842] (2d Cir. 1976), [**20] the "unauthorized editing of the underlying work, if proven, would constitute an infringement of the copyright in that work similar to any other use of a work that exceeded the license granted by the proprietor of the copyright." Copyright licenses are designed to support the right to exclude; money damages [*1382] alone do not support or enforce that right. The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition. Indeed, because a calculation of damages is inherently speculative, these types of license restrictions might well be rendered meaningless absent the ability to enforce through injunctive relief.”

Jacobsen v. Katzer, 535 F.3d 1373, 1381-1382, 2008 U.S. App. LEXIS 17161, *19-20, 87 U.S.P.Q.2D (BNA) 1836, 1841-1842, Copy. L. Rep. (CCH) P29,620 (Fed. Cir. 2008)

BREACH OF CONTRACT CLAIMS BE CAREFUL OF PREEMPTION ARGUMENTS

Copyright (Federal) versus Contract (State)

*See Versata Software, Inc. v. Ameriprise Fin., Inc., 2014 U.S. Dist.
LEXIS 30934 (WD TX 2014)*

THE BEST OPEN-SOURCE LICENSE

20 MIN

FREWARE- no restrictions.

GOOD OPEN-SOURCE LICENSES #1- MIT

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BSD 2 clause

<https://opensource.org/license/bsd-2-clause>

BAD OPEN-SOURCE LICENSES

- Free for personal use. Must pay for commercial use.
- Sometimes, software that was once free for all uses, changes.
- If the software author has their own website and sells something, then there is a decent chance that what is thought of as free requires a license if commercially used.
- Examples:
<https://www.anaconda.com/blog/anaconda-commercial-edition-faq>
- Usually tis but a scratch that can usually be fixed with a credit card and \$20.

UGLY OPEN SOURCE- WHY CAN COPYLEFT BE UGLY?

- Usually applies when code is distributed- e.g. in a product that a customer can use. Whether a SaaS product (online only) counts or not depends on the license. Gotta read it. Will show you things to look for. The super viral (rare) does not have to be distributed.
- Like cancer, one copyleft licensed module can infect other modules. That could include one library file- some file that performs a basic function.
- With an infection your clients' source code can be required to be available publicly. No trade secret maybe 😞. Value as an asset in a M&A transaction could go down 😞.
- How does infection occur? See next slide!

EXPLANATION HEADER FILES LIBRARY FILES

GOTTA UNDERSTAND THE DIFFERENT FILES TO UNDERSTAND INFECTION

LIBRARY FILES PERFORM FUNCTIONS LIKE ASSOCIATES

CLIENT =USER

REALATIONSHIP PARTNER = HEADER FILE

IP Associate = Library file #1

ERISA Associate = Library file #2

Litigation Associate = Library file #3

Bankruptcy Associate = Library file #4

THE INFECTION

- Source Code has to be compiled to work on a computer. The result is object code- non-human readable stuff.
- Remember **OBJECT CODE** also has copyright protection.
- When compiled top two methods called linking:
 - **Static Linking**- One monolithic executable created, everything (including header files, library files). Generally, very bad: (1) could be a derivative work; and (2) under copyleft this work is now a **covered work** or a **work based on the program. Much more likely to be a problem.**
 - **Dynamic Linking**- the executable does not contain the library files, libraries can be updated without disturbing core executable. **The issue depends on the license, and the copyleft module being used.**

SOME COMMON COPYLEFT LICENSES

- <https://www.gnu.org/licenses/gpl-3.0.en.html>
- <https://www.gnu.org/licenses/old-licenses/gpl-2.0.html>
- <https://www.gnu.org/licenses/old-licenses/lgpl-2.1.html>
- <https://www.mozilla.org/en-US/MPL/2.0/>
- <https://www.mongodb.com/legal/licensing/community-edition>

(free edition- SUPER VIRAL database software- pay for commercial edition based on volume of data stored can be a six-figure issue for companies with a lot of data).

I DO NOT LIKE SUMMARIZING- NEED TO READ THEM.

UGLY OPEN SOURCE LICENSES COPYLEFT TERMS TO UNDERSTAND PART 1

10 MIN

- GREEN/RED FLAGS- depending on the license terms
 - USE AS A TOOL**- software that can be used to (develop, test, analyze, or maintain a computer program or its documentation). Stuff that does not leave the building like programming language software, test software etc. If a customer has access, probably not- distributed. If it is a tool, then it is probably operating by itself- the software in a bubble. Not a tool- then could be RED (distributed). Look at the LINKING and other issues. Some tools are given away by hardware companies (Texas Instruments) to make the use of their products easier.
 - NOT MODIFIED**- used source code as is. Modified, then you have read the license to see what is RED.
 - NOT FORKED**- forked is when a developer takes a copy and uses it to write their own. Forked, you may have RED, read the license. Derivative work?
All three green, should be OK most of the time.
Not green, read the license could be RED.

UGLY OPEN SOURCE LICENSES COPYLEFT-TERMS TO UNDERSTAND PART 2

- What happened to yellow?
- Yellow = RED- **could be a material issue.**
- Clients do not pay for essays on each piece of software.
- RED means: “If the Company is distributing any software which contains Bad Module, then the Company, under the terms XYZ license, may be required under the terms of the XYZ license to distribute all source code of the Company that is distributed (including proprietary source code). [Yellow- XYZ License is unclear on this issue]. We believe that this distribution requirement in the XYZ License is the most material risk to the Company. Client should seek clarification.....

HOW TO FIND THE LICENSE

- <https://github.com/>

Sometimes not easy with common names like jedi.

- Google
- Your client/target
- Black Duck type software- the duck is not a lawyer although sometimes people think it is. The duck will tell you the applicable license. Think of the duck like a law clerk- tries hard, no law license, knows something- you have legal duty to check.

OTHER BAD STUFF THAT CAN HAPPEN/HAS HAPPENED

- <https://www.gpl-violations.org/> Activist. Company can get bad reputation. The website lists some past lawsuits in Germany over GPL.
- FSF v. Cisco Systems Inc.
[https://en.wikipedia.org/wiki/Free_Software_Foundation, Inc. v . Cisco Systems, Inc.](https://en.wikipedia.org/wiki/Free_Software_Foundation,_Inc._v._Cisco_Systems,_Inc.)
- SCO-LINUX disputes
https://en.wikipedia.org/wiki/SCO%E2%80%93Linux_disputes

CONCLUSION

- Final note- The owners of these copyrights are all over the world, so the laws of the US may not apply, and your client may get hauled into some inconvenient forum.
- Thank you!
- Questions, stop by afterwards or call/email me:
eric@ericabbottlaw.com or 702-720-9803.

Artificial Intelligence and Professional Responsibility

Sheri Thome, Esq.

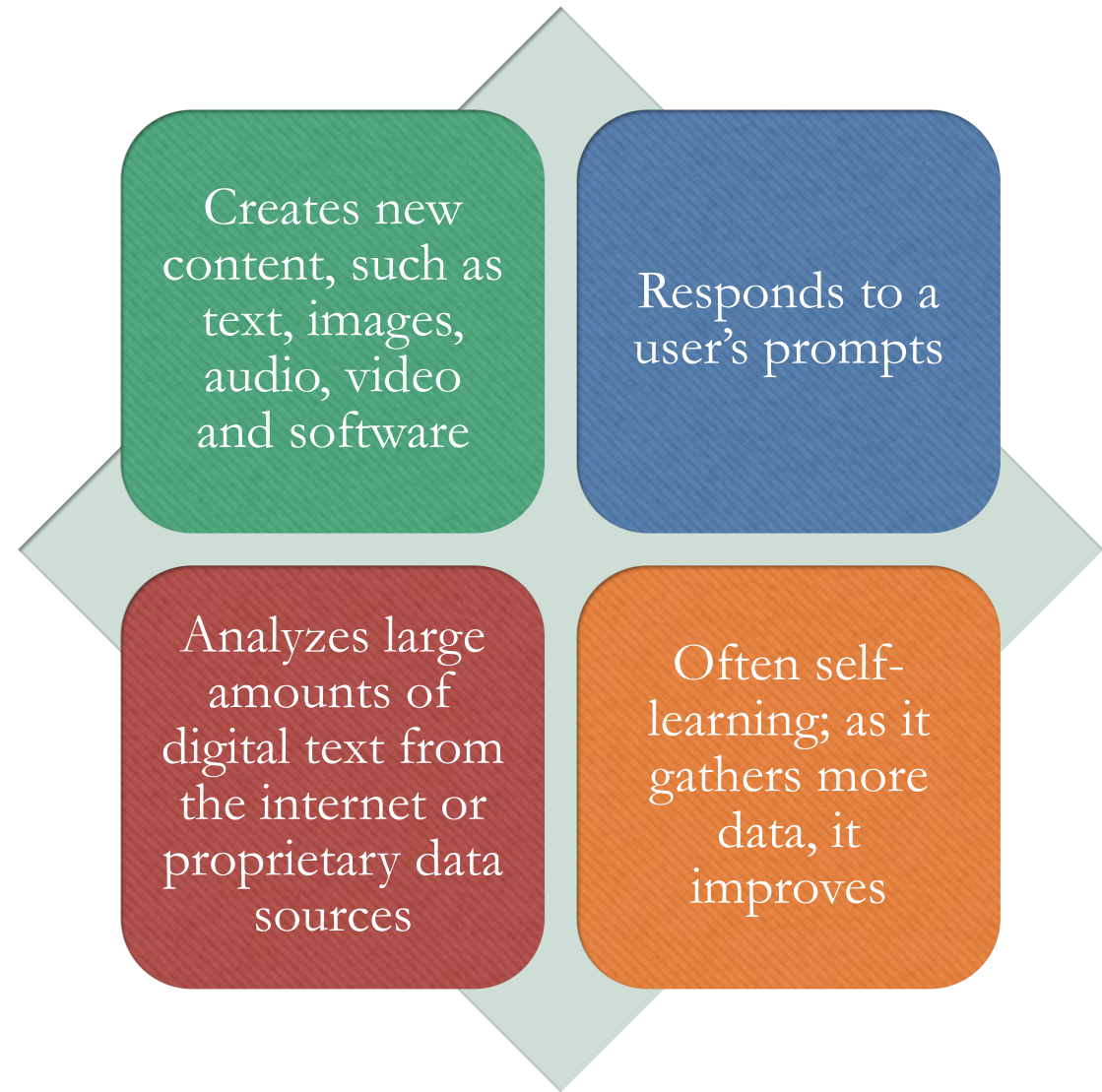
Wilson Elser Moskowitz Edelman &
Dicker LLP



AI: Past and Future Uses

- Legal Research
- E-Discovery
- Litigation Analysis
- Due diligence in large transactions
- Drafting contracts/briefs
- Summarizing large stores of information quickly
- Time Entry/Practice Support
- Acting as virtual lawyers/paralegals

Generative AI



Intersection with the Rules of Professional Conduct—What Issues Do We See?

- Accuracy/Competence
- Confidentiality
- Disclosure to clients/others
- Charges for AI generated work
- Independent professional judgment
- Supervision
- Bias
- Constantly changing technology and standards

EFFORTS TO REGULATE

- State Bar Opinions
- Federal Court Guidelines in Various Districts
- State Court Guidelines in Various States
- ABA Task Force on Law and Artificial Intelligence
- Lawsuits!

COMPETENCE—Model Rule 1.1

- A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.
- A lawyer must understand the benefits and risks associated with the technology used to deliver legal services to clients.
- Lawyers may achieve through self-study, associating with another competent lawyer, or consulting with one who has sufficient expertise in the relevant field.

How do I
become
competent?
Do I have to
be an
expert?



You need to have a reasonable understanding of the capabilities and limits of the technology.



Monitor recent developments



Learn about the tools offered



Attend continuing education programs



Consult with those in the field (vendors)

Issues with GAI and Competence

- Hallucinations (17%-33% of the time)
- AI tools are only as good as their source data
- AI tools may not understand the meaning of what is generated or its context

Hallucination (2022)

- “Cases in Nevada supporting whether a business is vicariously liable for the criminal acts of its employees” (Chatgpt)

As an AI language model, I don't have real-time access to legal databases or the ability to browse the internet. However, I can provide you with some general examples of cases from various jurisdictions that demonstrate the potential for vicarious liability on businesses for the criminal acts of their employees.

One notable example is the case of Doe v. Starbucks Corp., which occurred in Nevada in 2013. In this case, a Starbucks employee sexually assaulted a customer outside of the store. The court held that Starbucks could be held vicariously liable for the criminal acts of its employee because the assault occurred within the scope of the employee's duties and the employer's business interests.

Another relevant case is Miller v. Shugart, which took place in Nevada in 1984. In this case, an employee of a trucking company caused a fatal accident while driving a company truck. The court found that the employer could be held vicariously liable for the employee's criminal conduct because the employee was acting within the scope of his employment at the time of the accident.

These cases illustrate that in certain circumstances, Nevada courts may impose vicarious liability on businesses for the criminal acts of their employees. However, it is important to consult with a qualified attorney who can provide you with specific and up-to-date information about Nevada law and any recent cases that may have established or clarified the principles of vicarious liability in the state.

Hallucination (2024)

- “Cases in Nevada supporting whether a business is vicariously liable for the criminal acts of its employees” (Chatgpt4)
- Here are some key cases and principles related to vicarious liability for criminal acts in Nevada:
 - Lee v. GNLV Corp. (2001): This case highlights that for an employer to be held vicariously liable for an employee's criminal acts, the criminal act must be related to the employee's duties and performed in the course of employment. The Nevada Supreme Court clarified that criminal acts which are purely personal and not connected to the scope of employment generally do not impose liability on the employer.
 - Johnson v. State of Nevada (1997): This case addressed the scope of employment in the context of criminal acts. The court found that the employer was not liable because the criminal acts were outside the scope of employment and were not related to the employee's job duties. This case reinforces the requirement that there must be a connection between the employee's criminal actions and their employment for vicarious liability to apply.
 - Stewart v. Thortons (1996): In this case, the court explored the boundaries of vicarious liability by examining whether the employer could be held liable for the employee's actions during a criminal act. The decision emphasized that vicarious liability does not extend to acts that are strictly personal and not related to the performance of job duties.

“What is the citation for Johnson v. State of Nevada?”

- “I apologize for any confusion earlier, but it appears there may have been a misunderstanding. I cannot find a case titled Johnson v. State of Nevada (1997) that specifically addresses vicarious liability for criminal acts of employees.”
- Chat then refers us to a legal research database like Westlaw, LexisNexis or consulting with a legal professional.

Incomplete Source Data Leads to Skewed Results

- Reliance on databases in which the training data has redacted or missing information could lead the AI to draw incorrect inferences.
- AI cannot necessarily capture the nuances of specific cases, thus may fail to grasp the importance of certain facts.
- Legal terminology may not be consistently defined, leading to confusion.
 - Ex: Query about “liability” could be answered differently depending upon whether AI is sourcing from tort law, contract law, or another area of law.
- Jurisdictional coverage will impact results.
- Outdated legal databases affect the results obtained.

Incomplete Source Data Leads to Skewed Results

- Scenario: A lawyer is drafting a commercial lease agreement for a client using an AI-powered contract drafting tool. The tool relies on a large dataset of existing lease agreements.
- Incomplete AI Source Data: The AI's dataset includes many lease agreements from previous years but lacks data on a recent change in the zoning law in the city where the property is located. The new zoning law requires all new commercial leases to include a clause that mandates compliance with specific environmental regulations for businesses operating in certain zones.
- The Mistake: The lawyer relies on the AI to generate a lease agreement template. Since the AI's dataset is incomplete and does not include the updated zoning law requirements, the template it generates does not contain the necessary environmental compliance clause.
- Prompt: "Can you give me a concrete example of a mistake a lawyer could make in drafting a contract because the AI is using incomplete information?" (Chatgpt4)

Lack of Context

- Scenario: A lawyer is preparing a legal brief for an appeal involving a complex contract dispute. The AI tool they are using to assist with drafting the brief generates legal arguments based on a vast database of prior case law and briefs.
- Incomplete AI Context: The AI tool generates arguments based on general principles from similar cases but does not have access to or cannot fully integrate critical details specific to the lawyer's case. For instance, the AI overlooks a key fact: the contract in question contains a unique clause that significantly alters the interpretation of a standard legal principle.
- The Mistake: The AI generates a draft brief that argues the case based on general contract law principles without accounting for the specific clause. The lawyer, trusting the AI's output, fails to revise or supplement the argument to emphasize this critical clause that could change the outcome in favor of their client.
- Prompt: Can you give me a concrete example of a mistake a lawyer could make in drafting a brief with AI because the AI does not have complete context? (Chatgpt4)

How do we address?

- Independent verification and review of output
- The extent will depend upon the tool:
 - Ex. Contract review (AI summarizing lengthy contracts): No need to review all, but should choose a subset to compare to the summaries generated to check accuracy
 - Ex. Litigation brief (AI drafts): All case cites must be checked for accuracy and current standing, as required by the Rules and applicable court rules
- What AI cannot do: give legal advice to clients, negotiate clients' claims or perform other functions requiring a lawyer's judgment or participation

Related Rules

- **MRPC 3.1 Meritorious Claims and Contentions:** A lawyer shall not bring or defend a proceeding, or assert or controvert an issue therein, unless there is a basis in law and fact for doing so that is not frivolous....
- **MRPC 3.3 Candor toward the Tribunal** (in relevant part): A lawyer shall not knowingly make a false statement of fact or law to a tribunal or fail to correct a false statement of material fact or law previously made to the tribunal by the lawyer; or fail to disclose to the tribunal legal authority in the controlling jurisdiction known to the lawyer to be directly adverse to the position of the client and not disclosed by opposing counsel...

Meritorious Claims/ Candor

- Courts have sanctioned lawyers for citing non-existent cases, some in very public fashion.
- 2023 Case in NYC: Monetary sanctions and media attention
- Courts are starting to issue guidelines as to how AI should be used and disclosed, and others are considering similar rules.
- Many state bars have formed task forces to formulate rules on use and disclosure of AI.
- The ABA's recent opinion discusses all of these issues and gives some guidance.

Meritorious Claims/ Candor

- California: Practical Guidance for the Use of AI
- District of Columbia: Ethics Opinion 388
- Florida: Opinion: 24-1
- Kentucky: Ethics Opinion KBA E-457
- Michigan: Judicial Ethics Op, JI-155 and AI for Attorneys—FAQs
- Minnesota: Working Group on AI Report
- Missouri: Informal Op. 2024-11
- New Jersey: Preliminary Guidelines on Use of AI
- New York: Formal Op. 2024-5
- Pennsylvania: Joint Formal Op. 2024-200
- Texas: Taskforce Interim Report
- Virginia: Guidance on Generative AI
- West Virginia: JIC Adv. Op. 2023-22, Ethics Op. 24-01

CONFIDENTIALITY—Model Rule 1.6

- **MRPC 1.6 Confidentiality** (in relevant part): A lawyer shall not reveal information relating to representation of a client unless the client gives informed consent, the disclosure is impliedly authorized in order to carry out the representation or the disclosure is permitted by other provisions of the rule.
- Lawyers must make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of the client.

Issues with Confidentiality

- When inputting information relating to a client into a GAI tool, a lawyer must evaluate the risks that the information will be disclosed to or accessed by others outside the firm.
 - **Or even others inside the firm who will not adequately protect the information from improper disclosure or use because they are not aware that the information originated with a client.**
- Tools are so different that this becomes a fact driven inquiry and will depend upon the client, matter, task and tool used.

Issues with Confidentiality

- External database learning from the internet (Chatgpt) vs. Internal database (running only on firm data)
- Until recently, much of the focus was on the database used for the learning, and the thought has been if the AI tool works only within your firm database vs. the internet at large, you can protect confidentiality.
- ABA Opinion

ABA on Confidentiality

- Warns that self-learning tools raise the risk that information relating to one client's representation may be disclosed improperly **EVEN IF THE TOOL IS USED EXCLUSIVELY BY LAWYERS AT THE SAME FIRM.**
- Information relating to one client's representation may be input into the tool and then later revealed in response to prompts by lawyers working on other matters, who then share that output with other clients, etc.
- Inputting client information into the tool could reveal information to those who may be walled off.
- Inputting client information into the tool could inadvertently reveal client confidences.

ABA on Confidentiality

- “Accordingly, because many of today’s self-learning GAI tools are designed so that their output could lead directly or indirectly to the disclosure of information relating to the representation of a client, a client’s informed consent is required prior to inputting information relating to the representation into such a GAI tool.” ABA Ethics Opinions, Formal Opinion 512, July 29, 2024.
- Informed consent is required—which is more than boilerplate language in an engagement agreement.

ABA on Confidentiality—Informed Consent

- The lawyer's best judgment must be explained as to why the GAI tool is being used, why it is beneficial, specific information about the risk, the kinds of client information that will be disclosed, and the ways in which others might use the information against the client's interests.
- ABA acknowledges that it may be difficult to assess the risks, but cautions that all lawyers should read and understand the Terms of Use, privacy policy, and related contractual terms and policies of any GAI tool they use or consult with an expert; may need to consult with IT experts as well.

ABA on Confidentiality—Informed Consent

- Informed consent is not required when a lawyer will not be inputting information relating to the representation, such as in generating ideas.

COMMUNICATION—MODEL RULE 1.4

- **MRPC 1.4 Communication** (in relevant part): A lawyer shall reasonably consult with the client about the means by which the client's objectives are to be accomplished.
- The lawyer must explain matters to the extent reasonably necessary to permit a client to make an informed decision regarding the representation.
- The facts of each case will determine whether Rule 1.4 requires lawyers to disclose their GAI practices or obtain informed consent.

When must you disclose the use of GAI?

- If asked by the Client, you must disclose.
- If required by the engagement agreement or outside counsel guidelines, you must disclose.
- If required by Rule 1.4 (Confidentiality), you must disclose and obtain informed consent as necessary.
- If the use of a GAI tool is relevant to the basis or reasonableness of your fee, you must disclose.

When must you disclose the use of GAI?

- When the AI's output will influence a significant decision in the representation, you must disclose. Ex: tool evaluates litigation outcomes or jury selection.
- When a client is hiring a lawyer for particular expertise, skill or judgment, a client may need to know when the lawyer is relying on an AI tool to assist.
- The engagement agreement is the logical place to start, per the ABA, subject to the more specific requirements of confidentiality.

SUPERVISION: MODEL RULES 5.1, 5.3

- **MRPC 5.1 Responsibilities of Partners, Managers and Supervisory Lawyers and MRPC 5.3 Responsibilities Regarding Nonlawyer Assistance**
- A partner (or other managers)..shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurances that all lawyers in the firm conform to the Rules of Professional Conduct.
- Supervisory lawyers must supervise subordinate lawyers and nonlawyer assistants to ensure that they conform to the rules.

What can we do to properly supervise?



Establish clear policies regarding permissible use



Make reasonable efforts to ensure that the firm's employees comply



Ensure subordinates are trained on ethical and practical use of the tools and risks



Training can include basics, capabilities and limitations, ethical issues and best practices

What About Outside Vendors?



Reference checks



Credentials verification



Understanding vendor security policies



Familiarity with hiring practices and conflict check systems



Confidentiality agreements



Review earlier opinions regarding cloud computing and outsourcing data storage and collection

FEES: MODEL RULE 1.5

- **MRPC 1.5 Fees** (in relevant part): A lawyer shall not make an agreement for, charge, or collect an unreasonable fee or an unreasonable amount for expenses. Among the factors considered are the time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly.
- A lawyer must communicate to the client the basis on which the lawyer will charge for fees and expenses, and either before or within a reasonable time of commencing the representation. At times, it is required to be in writing.

FEES: MODEL RULE 1.5

- **ABA:** If a lawyer bills by the hour and it takes the lawyer 15 minutes with the use of GAI to prepare a brief, a lawyer may charge for the 15 minutes to input the information and the time the lawyer expends to review the draft for accuracy and completeness.
- Same list of factors are considered in a contingent or flat fee representation. A lawyer cannot charge an unreasonable fee for the amount of work performed.
- **NV:** August 2024 Supreme Court opinion regarding flat fees directs that such fees must be placed into trust pending earning of the fees by performing the agreed upon work.
- Cannot charge clients for lawyer's inexperience; thus may not charge a client to learn about how to use a GAI tool or service that the lawyer will use for other clients; if a client explicitly requests that a specific tool be used, billing for it may be appropriate.

Other Uses: Rules Implicated

- **MRPC 5.5 Unauthorized Practice of Law** (in relevant part): A lawyer shall not assist another in the unauthorized practice of law.
- **MRPC 7.3 Communications with Prospective Clients** (in relevant part): anti-solicitation provisions concerning direct contact with prospective clients and disclaimers that must be included in certain communications

Resources

- Bloomberg Law: In Focus: Artificial Intelligence
- ABA Ethics Formal Opinion 512, July 29, 2024, Generative Artificial Intelligence Tools

Comments/Questions?



THANK YOU

- Sheri.Thome@wilsonelser.com



Operating Internationally Under the Current Patchwork of National Exceptions and Limitations to Copyright (with an AI Angle)

Plus: Nevada IP Statistics

Marketa Trimble

Samuel S. Lionel Professor of Intellectual Property Law
William S. Boyd School of Law, University of Nevada, Las Vegas
marketa.trimble@unlv.edu

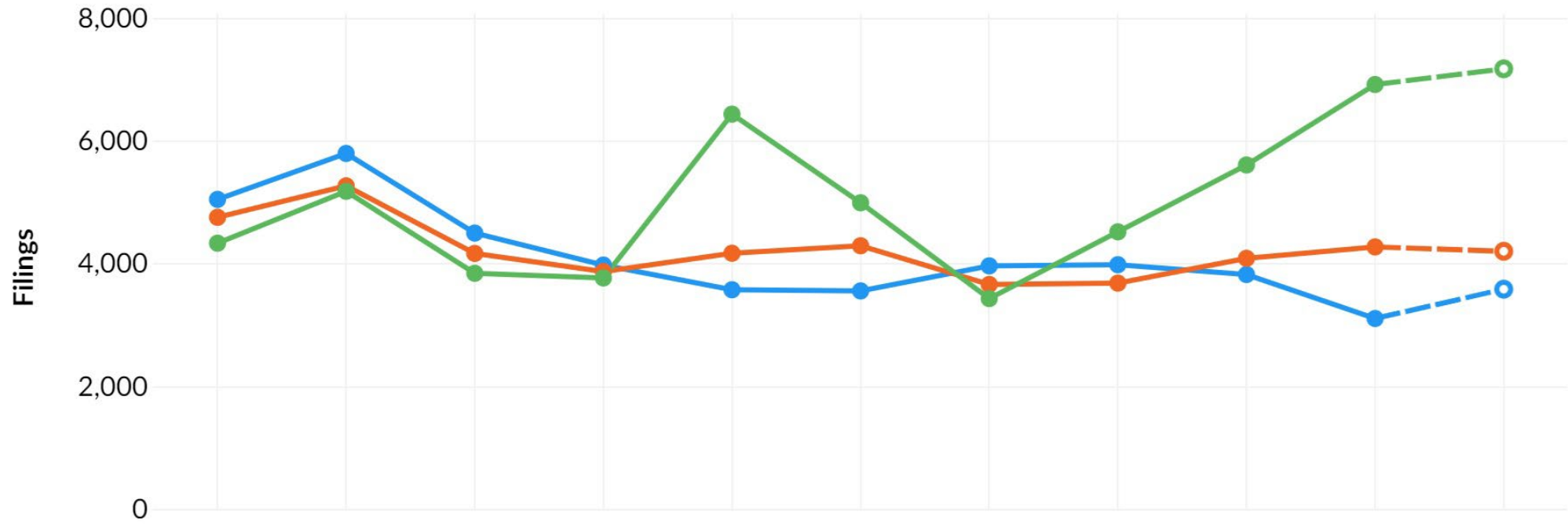
2024 Intellectual Property Conference | Intellectual Property Law Section of the State Bar of Nevada
September 13, 2024

NEVADA IP STATISTICS



Patent, Trademark, and Copyright Cases Filed in All U.S. Federal District Courts Between January 1, 2014, and August 31, 2024

Case Filings

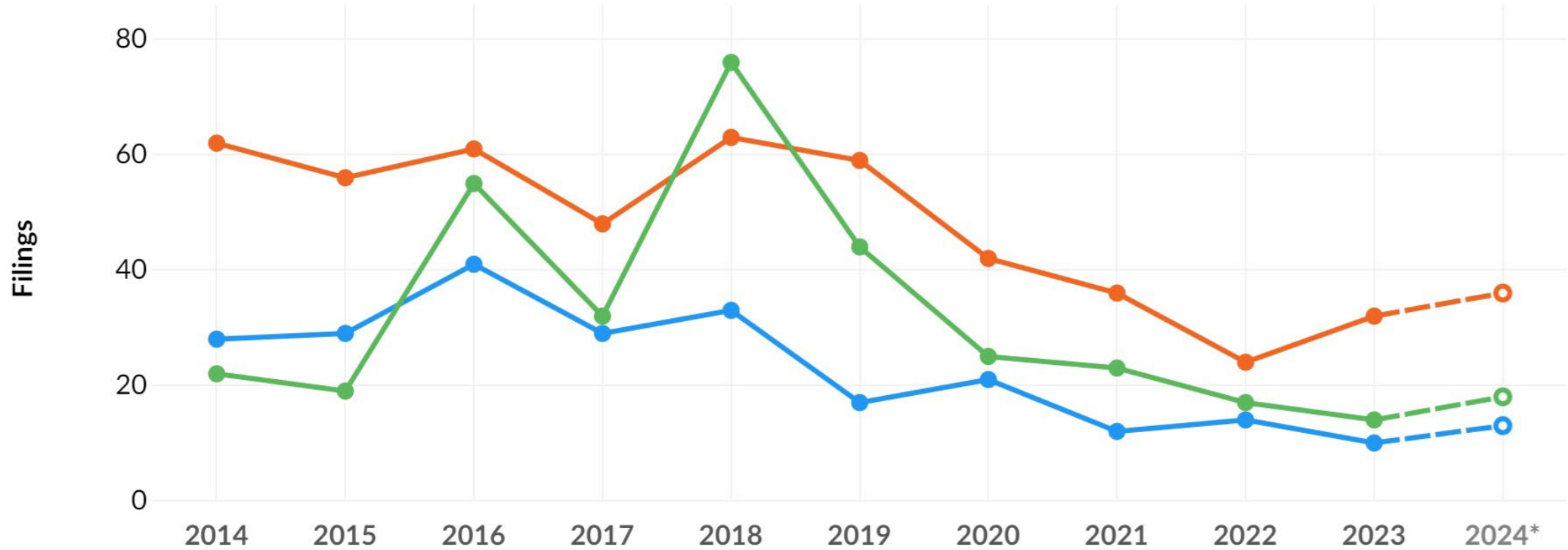


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
● Patent	5,056	5,805	4,507	3,985	3,583	3,564	3,972	3,991	3,831	3,114	2,465
● Trademark	4,764	5,277	4,175	3,879	4,178	4,300	3,669	3,691	4,095	4,281	2,815
● Copyright	4,342	5,188	3,851	3,775	6,446	5,001	3,439	4,527	5,617	6,929	5,062

* 2024 numbers are year-to-date. Open dots are full-year estimates.

Patent, Trademark, and Copyright Cases Filed in the U.S. District Court for the District of Nevada Between January 1, 2014, and August 31, 2024

Case Filings



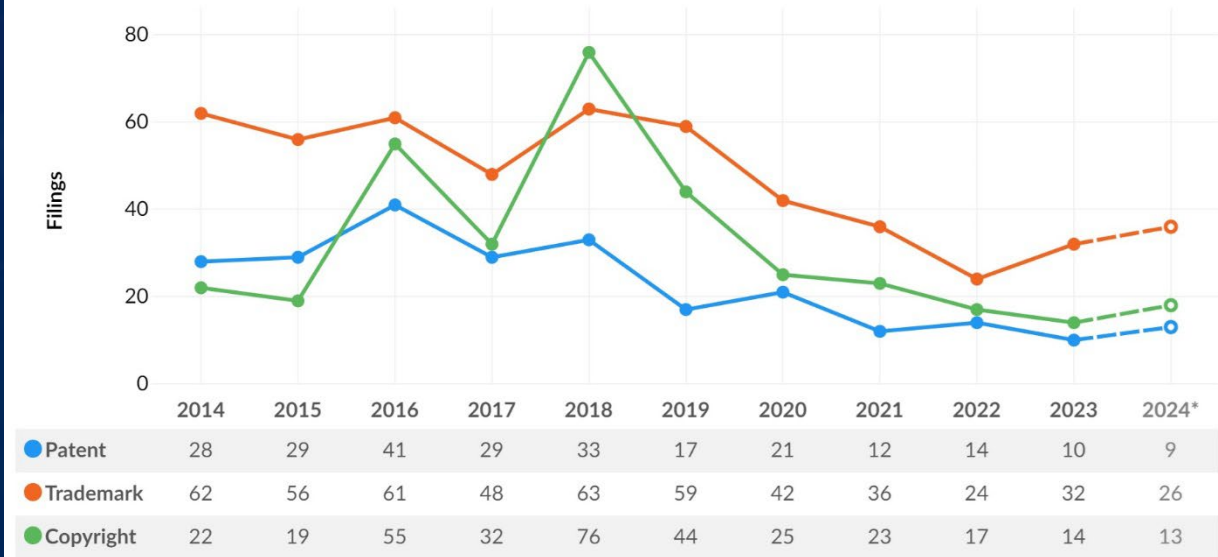
● Patent	28	29	41	29	33	17	21	12	14	10	9
● Trademark	62	56	61	48	63	59	42	36	24	32	26
● Copyright	22	19	55	32	76	44	25	23	17	14	13

* 2024 numbers are year-to-date. Open dots are full-year estimates.

Nevada only

Patent, Trademark, and Copyright Cases Filed in the U.S. District Court for the District of Nevada Between January 1, 2014, and August 31, 2024

Case Filings

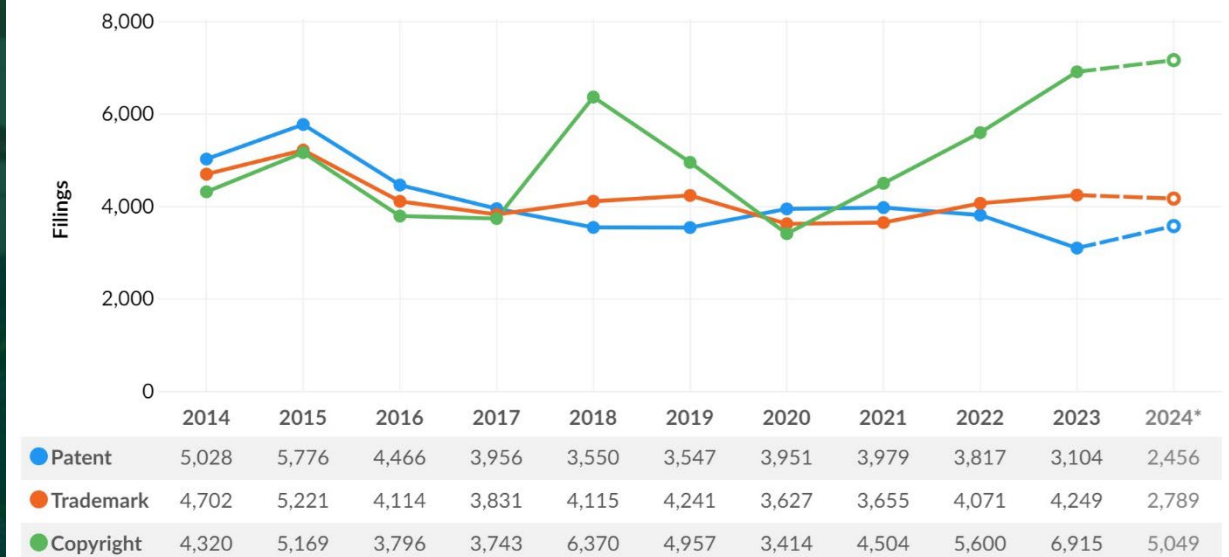


* 2024 numbers are year-to-date. Open dots are full-year estimates.

U.S. without Nevada

Patent, Trademark, and Copyright Cases Filed in All U.S. Federal District Courts except for Nevada Between January 1, 2014, and August 31, 2024

Case Filings

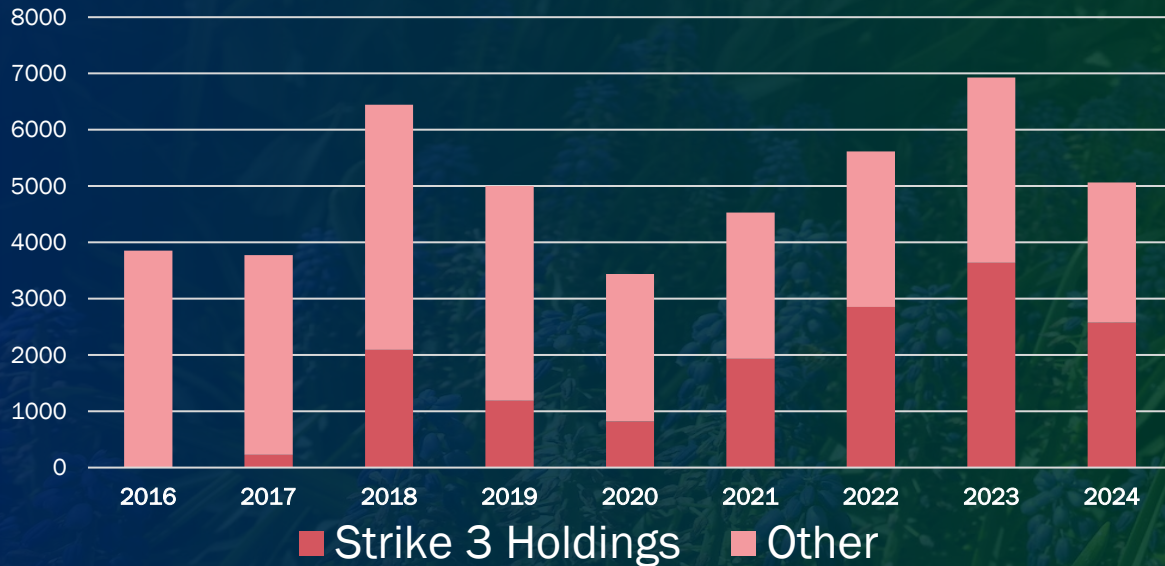


* 2024 numbers are year-to-date. Open dots are full-year estimates.

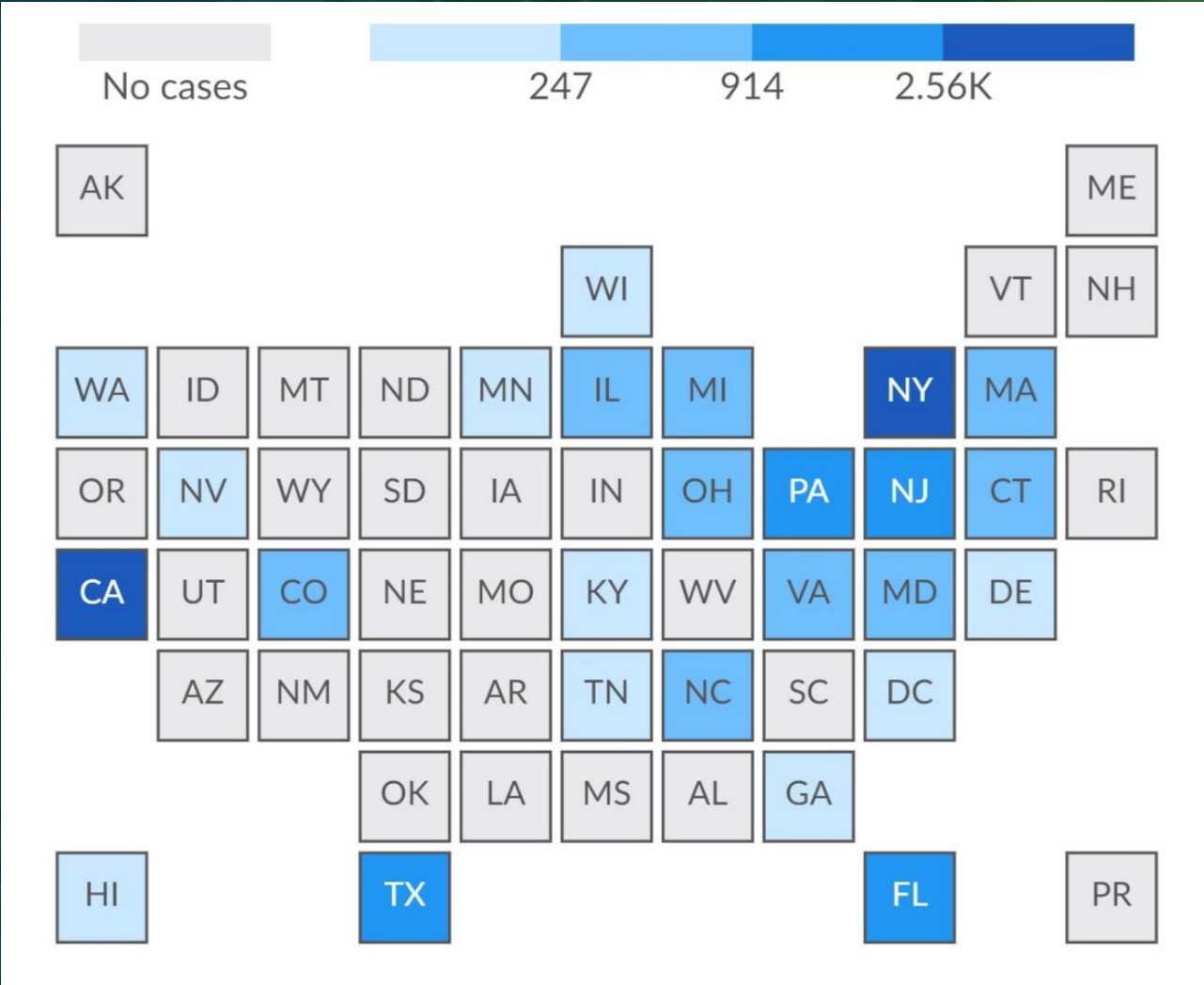
Copyright Cases Filed by **Strike 3 Holdings, LLC** in All U.S.
Federal District Courts
Between January 1, 2014, and August 31, 2024



Copyright Cases Filed in All
U.S. Federal District Courts
Between January 1, 2016,
and August 31, 2024



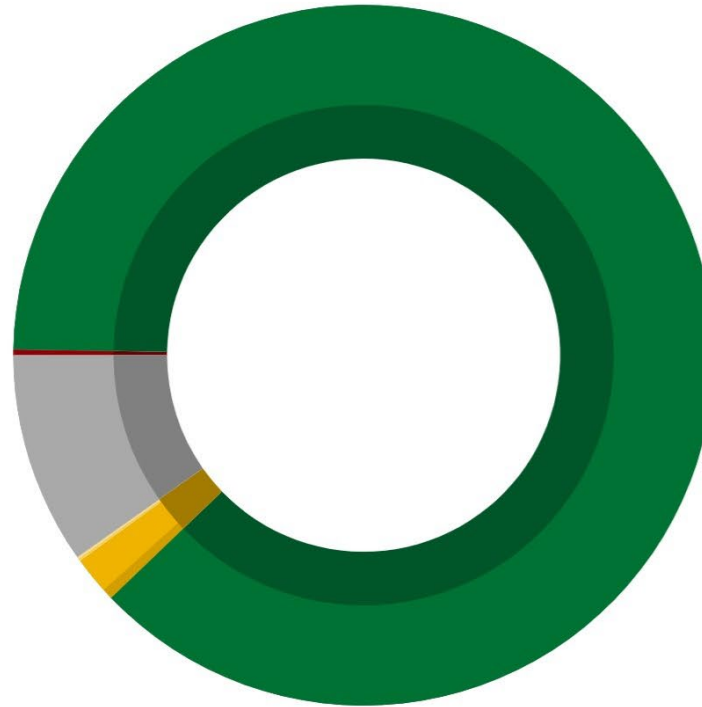
Copyright Cases Filed in All U.S. Federal District Courts by **Strike 3 Holdings, LLC**, Between January 1, 2016, and August 31, 2024



Case Resolutions in Copyright Cases Filed in All U.S. Federal District Courts

by **Strike 3 Holdings, LLC**,
Between January 1, 2016, and August 31, 2024

Claimant Win	40	0%
Default Judgment	36	0%
Consent Judgment	4	0%
Judgment on the Pleadings	0	0%
Summary Judgment	0	0%
Trial	0	0%
Judgment as a Matter of Law	0	0%
Decision on Bankruptcy Appeal	0	0%
Claim Defendant Win	1	0%
Default Judgment	0	0%
Consent Judgment	0	0%
Judgment on the Pleadings	0	0%
Summary Judgment	1	0%
Trial	0	0%
Judgment as a Matter of Law	0	0%
Decision on Bankruptcy Appeal	0	0%



Likely Settlement	13,416	88%
Likely Settlement	13,415	88%
Class Action Settlement	1	0%
Procedural Resolution	370	2%
Contested Dismissal	0	0%
Dismissal	73	0%
Consolidation	260	2%
Severance	0	0%
Interdistrict Transfer	16	0%
Intradistrict Transfer	18	0%
Stay	2	0%
Multidistrict Litigation	1	0%
No Case Resolution	1,496	10%
Open Cases	1,492	10%
Remaining Federal	0	0%
Other	4	0%

Patent, Trademark, and Copyright Cases Filed in the U.S. District Court for the District of Nevada Between January 1, 2022, and August 31, 2024

District Judges

James C. Mahan (D.Nev.)	36	25%
Gloria Maria Navarro (D.Nev.)	27	18%
Cristina Dionne Silva (D.Nev.)	19	13%
Richard Franklin Boulware II (D.Nev.)	18	12%
Jennifer Anna Dorsey (D.Nev.)	15	10%

5 Other Judges

Top Law Firms Representing Plaintiffs

Dickinson Wright

Lewis Roca Rothgerber Christie

Snell & Wilmer

Holley Driggs

Harris Law Office (702law.com)

Top Law Firms Representing Defendants

Greenberg Traurig

Weide & Miller

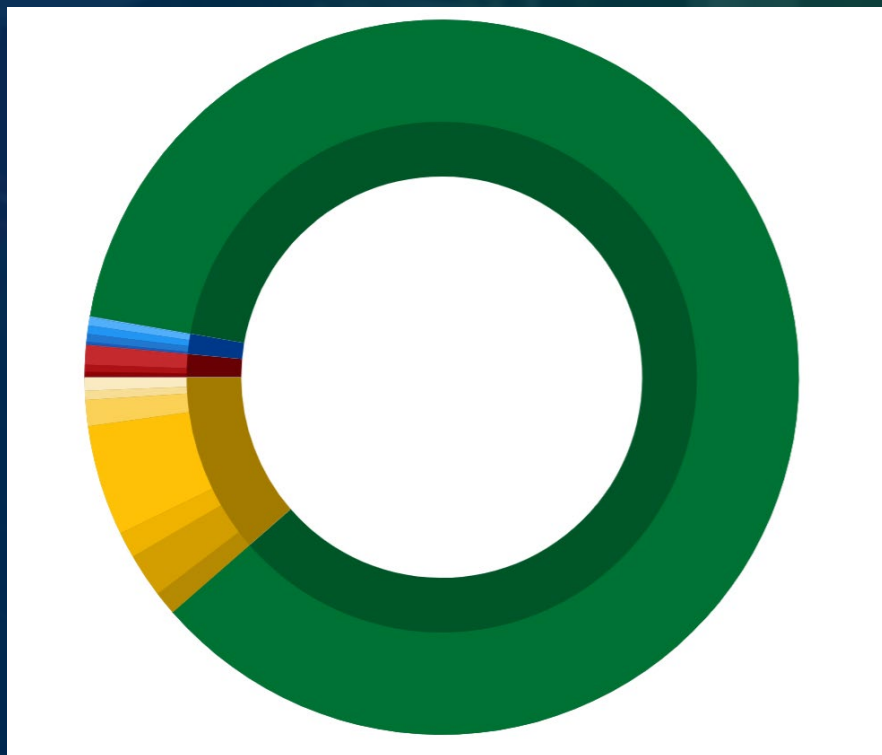
Howard & Howard

Brownstein Hyatt Farber Schreck

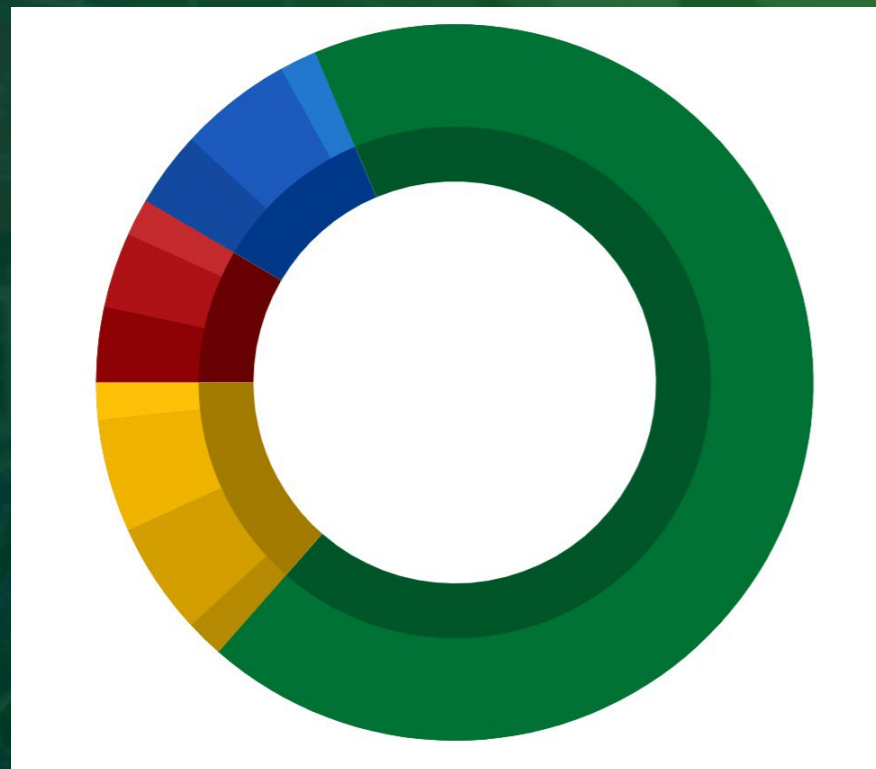
Dickinson Wright

Patent Cases Terminated Between January 1, 2021, and August 31, 2024

Eastern and Western Districts of Texas



District of Nevada



Claimant Win

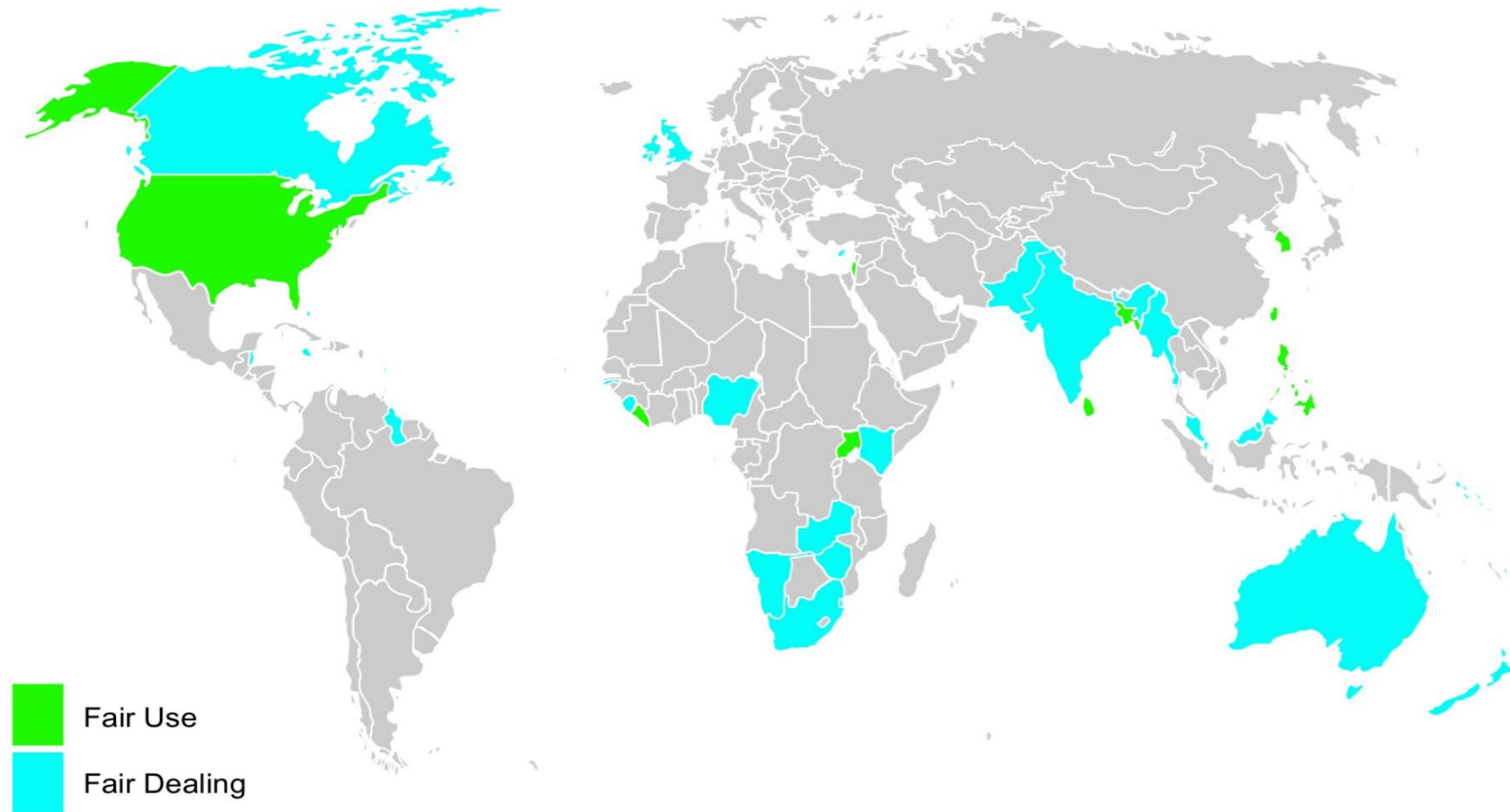
Claim Defendant Win

Likely Settlement

Procedural Resolution

**OPERATING INTERNATIONALLY UNDER THE CURRENT PATCHWORK
OF NATIONAL EXCEPTIONS AND LIMITATIONS TO COPYRIGHT
(WITH AN AI ANGLE)**

Fair Use and Fair Dealing Around the World



Based on Band & Gerofi, *The Fair Use/Fair Dealing Handbook*; map prepared by Amy Bulgrien.

EXCEPTIONS AND LIMITATIONS TO COPYRIGHT

- The application of exceptions and limitations in single-country transactions
 - A library in country A wants to reproduce a scientific article and provide the reproduction to a researcher in country A
 - **Is there an exception to copyright in A that covers the acts?**
- The application of exceptions and limitations in multi-country transactions
 - A library in country A and a library in country B each wants to reproduce and provide a reproduction of a scientific article to researchers in A and B, respectively
 - **Are there identical or similar exceptions to copyright in A and B that cover the acts in the same manner?**

EXCEPTIONS AND LIMITATIONS TO COPYRIGHT

- The application of exceptions and limitations in cross-border transactions
 - A library in country A wants to reproduce and provide a reproduction of a scientific article to researchers in country B
 - **Which exception to copyright applies – country A's or country B's – if any?**
 - **Does it address the issue if the exceptions in A and B are identical?**
- AI as an example
 - A company obtains copyrighted works in country A and then trains its AI and/or deploys its AI tool in another country (or other countries, or globally)
 - Even if any of the acts are copyright-infringing in any of the countries, licensing could address the issue
 - But it is unlikely that licensing could resolve all of the issues, particularly retrospectively

AI & COPYRIGHT IN THE UNITED STATES

Copyright + Related Lawsuits v. AI Companies

ND California



Kadrey v. Meta; Chabon v. Meta
Huckabee v. Meta
Judge Chhabria



In re OpenAI ChatGPT Litigation
(Tremblay, Silverman, Chabon)
Judge Araceli Martínez-Olguín



Nazemian v. NVIDIA Corp.
Dubus v. NVIDIA Corp.
Judge Tigar



O'Nan v. Databricks, Mosaic ML
Makkai v. Databricks, Mosaic ML
Judge Breyer



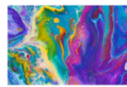
Bartz v. Anthropic
Judge Alsup



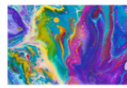
Concord Music. v. Anthropic
Judge Lee



Doe 1 v. Github, Microsoft, OpenAI
Judge Tigar



Sarah Andersen v. Stability AI,
Deviant Art, Midjourney, Runway AI
Judge Orrick

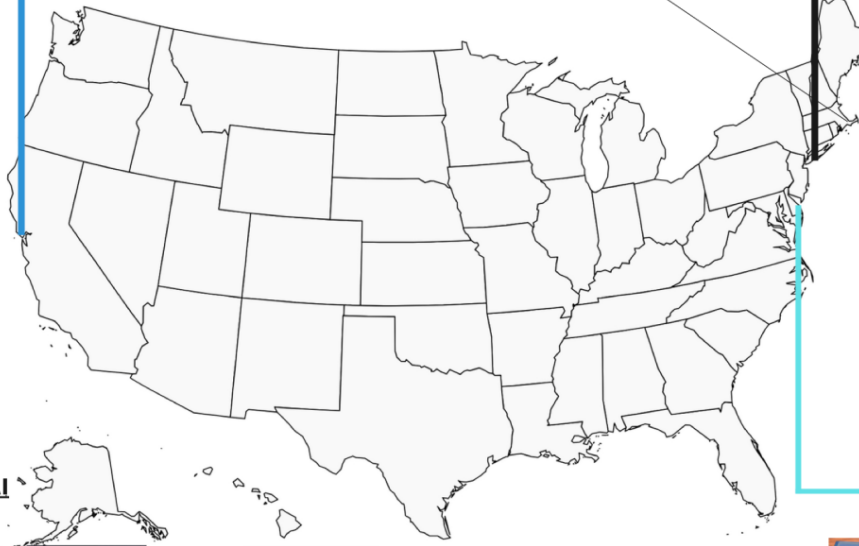


Zhang v. Google
Judge Lee

D. Mass.



UMG Recordings v. Suno, Inc.
Chief Judge Saylor IV



SDNY



Authors Guild v. OpenAI,
Microsoft

Also: Alter, Basbanes

Judge Stein



Huckabee v. Bloomberg

Judge Garnett



New York Times v. OpenAI

Daily News v. Microsoft

Judge Stein



Center for Inv. Rep. v OpenAI,

Judge Stein



Raw Story v. OpenAI

Judge McMahon

Intercept v. OpenAI

Judge Rakoff



UMG Recordings v. Uncharted

Labs d/b/a Udio

Judge Hellerstein



Lehrman v. Lovo* no (C) claim

Judge Oetken

Delaware



Thomson Reuters v. ROSS Intell.

Judge Bibas



Getty Images v. Stability AI

Judge Hall



Vacker v. Eleven Labs

Judge Andrews



J.L. v. Alphabet, Google

Judge Lee



Millette v. OpenAI* no (C) claim

Millette v. Google*

Millette v. NVIDIA*

Judge Donato

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TDM EXCEPTION IN THE EUROPEAN UNION

- DSM Directive
 - Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market
- Text & data mining (TDM) exception for scientific research (Art. 3)
- Exception or limitation for (any other) TDM (Art. 4)

TDM EXCEPTION IN THE EUROPEAN UNION

- Text & data mining (TDM) exception for scientific research (Art. 3)
- An exception to copyright
 - “for reproductions and extractions,”
 - “made by research organisations and cultural heritage institutions,”
 - “for the purposes of scientific research,” and
 - “works or other subject matter to which they have lawful access.”

TDM EXCEPTION IN THE EUROPEAN UNION

- Exception or limitation for (any other) TDM (Art. 4)
- An exception or limitation
- “for reproductions and extractions,”
- “lawfully accessible works and other subject matter,” and
- “for the purposes of text and data mining,”
- **UNLESS** “expressly reserved by their rightholders in an appropriate manner, such as machine-readable means in the case of content made publicly available online.”

CURRENT APPROACHES I

- **An internationally uniform exception**
 - Marrakesh Treaty (national exception)
 - TDM exception in the EU DSM Directive
- **Mutual recognition of national exceptions**
 - EU Orphan Works Directive
- **Mutual recognition with national verification**
 - Marrakesh Treaty (cross-border exchange)

CURRENT APPROACHES II

- **Localization**
 - EU SatCab Directive
 - EU DSM Directive (cross-border teaching)
 - EU Portability Regulation
- **Private ordering**
- **Delocalization by brute force**
- **Technological solutions**

INTERNATIONAL DEVELOPMENTS

- Berne Convention, TRIPS, WIPO Treaties
- Marrakesh Treaty
- Global South countries' initiatives
- Libraries & archives
- 44th Session of WIPO's SCCR

Operating Internationally Under the Current Patchwork of National Exceptions and Limitations to Copyright (with an AI Angle)


Plus: Nevada IP Statistics

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2024 Intellectual Property Conference | Intellectual Property Law Section of the State Bar of Nevada
September 13, 2024





Intellectual Property Law Conference
State Bar of Nevada Intellectual Property Law Section
September 13, 2024

US & Foreign Tax Planning for International IP

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University Professor & Counselor at Law



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During over 45 years of practice, he has been Senior Partner with law firm Morgan, Lewis & Bockius, National Partner with Ernst & Young, and graduate school Professor in the US, Brazil, China and France

He is a graduate of Amherst College and Harvard Law School and has authored six books and approximately 50 articles on international finance, investment and taxation

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Key Topics*

- US Federal Tax Benefits for IP
 - Foreign Income
- Likely Future Developments

***Any advice contained in this communication (including any attachments) does not constitute a formal opinion of the author or her/his Firm and is not intended or written to be used, and cannot be used, for the purpose of (a) avoiding or reducing penalties that may be imposed by the U.S. Internal Revenue Service or any other governmental authority or (b) promoting, marketing or recommending to another party any transaction or matter addressed herein**



US Federal Tax Benefits for IP

- You can amortize and deduct costs to develop or acquire several types of IP, qualify for tax credits for such expenditures, or receive reduced capital gain taxation on dispositions of IP, by paying attention to special federal tax rules. These are too lengthy to cover in these slides, but are listed on separate hard copy of next slide's US IP Taxation charts and briefly summarized in separate hard copy of my recent GPSLA Blog.
- Please note that energy-related tax credits and deductions under the Inflation Reduction Act of 2022 generally are not based on IP costs. However, owners of Qualified Energy Technology placed in service after 2024 may be eligible for 5-year MACRS depreciation deductions.

US Federal Tax Benefits for IP (cont'd)

IP DEVELOPMENT [See also additional separate hard copy Charts]

IRC SECTION	RE-SEARCH (&/OR SOFTWARE DEVT.)	PATENT &/OR PATENT-ABLE IP	COPY-RIGHT &/OR COPY-RIGHT-ABLE IP	T/M OR T/N	TRADE SECRET	DOMAIN NAME	GOOD-WILL DEVT.
1. IRC S. 162 deduction					X		X
2. IRC S. 263 and <i>Indopco</i> (U.S. S. Ct. 1992) capitalization		X	X	X			
3. IRC S. 263A capitalization			X				
4. IRC S. 174 current or 5-year deduction [rev. 2022+]	X (incl. s/w devt. by analogy)						
5. IRC S. 41 tax credit	X						
6. IRC S. 197 15-year amortization				X			
7. IRC S. 167 useful life or 15-year safe harbor amortization		X	X			?	



Foreign Income

- In 2017 Congress lowered the tax rate for US corporations' foreign-derived intangible income (FDII). This effectively reduced the federal tax rate on certain foreign sales and service income to 13.125%, rather than the regular 21%, to encourage US corporations to export directly more goods and services, and to locate more intangible assets in the US.
- This can avoid US tax complications from using Controlled Foreign Corporations and other offshore companies to exploit IP.
- If such foreign companies are used by a US corporation to exploit IP, their global intangible low-taxed income (GILTI) may be taxed by US at 10.5%.

Foreign Income (cont'd)

- However, BEPS and OECD Pillar 1 will allow countries where foreign-held IP is used to allocate taxable income to that country. This is because allocation of income from IP should be based on functions and risks assumed in a particular country, not solely on legal ownership of IP in another country.
- Free zones can continue to be exempt from corporate income tax so long as they meet an adequate substance requirement, which is likely to be modeled on existing OECD economic substance requirements.
- OECD Pillar Two proposes a global minimum tax of 15% on corporate income: if a group has operations in a country where the tax is lower, a so-called top-up tax can be imposed by the holding company jurisdiction or by others.



Likely Future Developments

- US House has considered restoring previous business tax benefits such as 100% Bonus Depreciation as well as generous tax credits for Research expenses. However, to date the US Senate cannot seem to adopt these - please watch for such developments after November 2024 elections!
- OECD principle allowing other countries to levy a top-up tax in the amount of the shortfall in 15% minimum tax can mean that a US (or other) business that uses US tax credits and deductions to fall below the minimum tax rate can be taxed by other countries on its global income, thereby eliminating the economic benefit of US tax savings. This conflicts with US's sovereign constitutional power to tax its own taxpayers at whatever rates it wishes, including by providing US tax credits and deductions, and US has indicated that it cannot join this broad new principle - please watch for further developments to resolve this conflict!



Thank You!

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Preliminary Draft 12/2015 revised 2022

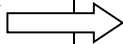
INTELLECTUAL PROPERTY: U.S. INCOME TAXATION

DEVELOPMENT

IRC SECTION	RE-SEARCH (&/OR SOFTWARE DEVT.)	PATENT &/OR PATENT-ABLE IP	COPY-RIGHT &/OR COPY-RIGHT-ABLE IP	T/M OR T/N	TRADE SECRET	DOMAIN NAME	GOOD-WILL DEVT.
1.IRC S. 162 deduction					X		X
2.IRC S. 263 and <i>Indopco</i> (U.S. S. Ct. 1992) capitalization		X	X	X			
3.IRC S. 263A capitalization			X				
4.IRC S. 174 current or 5-year deduction [rev. 2022]	X (incl. s/w devt. by analogy)						
5.IRC S. 41 tax credit	X						
6. IRC S. 197 15-year amortization				X			
7.IRC S. 167 useful life or 15-year safe harbor amortization		X	X			?	

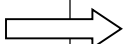
DISPOSITION BY CREATOR/DEVELOPER

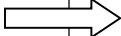
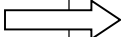
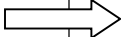
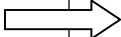
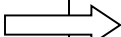
IRC SECTION	PATENT	COPY-RIGHT	SOFTWARE	T/M OR T/N	TRADE SECRET	DOMAIN NAME	GOOD-WILL DISP.
1.Sale of substantially all rights v. license	Incl. sep. geographies or fields of use	Incl. sep. media of expression					
2.IRC S. 1221 capital asset	X	Only for self-created musical works					
3.IRC S. 1231 quasi-capital asset	X	(non-individual creator)					
4.IRC S. 1235 capital gain for individual patent creator	X (exc. to 25% or > r/p; <u>or</u> to employer per empl. agrt.)		X				
5.IRC S. 1245 ordinary income recapture of depreciation or amortization under S. 167 or 197	X						
5. IRC S. 1239 ordinary income on sale of S. 167 or 197 property to 50% or > r/p	X						

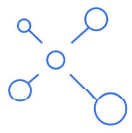
6.IRC S. 1253 ordinary income on T/M or T/N sale with retained powers or pyts. contingent on use				X			
7.IRC S. 453 installment sale (v. open transaction reporting)*	X 						

*Query: Tax treatment of IP development progress payments to creator by licensee?

ACQUISITION

IRC SECTION	PATENT	COPY-RIGHT	SOFTWARE	T/M OR T/N	TRADE SECRET	DOMAIN NAME	GOOD-WILL ACQ.
1. IRC S. 263 capitalization (including Facilitation costs)	X 						
2. IRC S. 197 15-year amortization	X if acq. with trade or bus.	X	X (excl. off-the-shelf)	X	X	X if functions as a TM	X
3. IRC S. 167 useful life or 15-year safe harbor amortization	X if acq. sep., use s/l or income forecast or var. cont. method		X off-the-shelf (36 mos.)			?	
4. IRC S. 168 5-year depreciation			X if bundled with hardware				
5. IRC S. 179 expensing as alt. to S. 167; or S. 168			X off-the-shelf; or bundled with hardware				
6. IRC S. 1253 current deduction				X if cont on sale			

				or use			
7. IRC S. 162 deduction if non-exclusive license v. sale	X						
8. IRC S. 338(g) election taxed to buyer in stock acquisition	X						
9. IRC S. 338(h)(10) election taxed to seller in stock acquisition	X						
10. IRC S. 336(d)(2) & S. 362(e) limits on importing asset losses in a taxfree transfer to corp.	X						
11. IRC S. 197 loss disallowance	X						



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INTELLECTUAL PROPERTY TIPS

US TAX-SAVINGS FOR YOUR INTELLECTUAL PROPERTY

SEPTEMBER 19, 2023 BY JOHN FORRY NO COMMENTS



Intellectual Property

Are you a business using intellectual property – such as software, trade secrets, trademarks or tradenames, copyrighted materials, patents, or other intellectual material? Strategies for US tax-savings for your intellectual property may add substantial value to your business!

Strategy 1

Take advantage of special federal tax deductions and tax credits, as well as capital gain tax rates, for intellectual property (IP).

You can amortize and deduct costs to develop or acquire several types of IP, qualify for tax credits for such expenditures, or receive reduced capital gain taxation on dispositions of IP, by paying attention to special federal tax rules. The challenge here is that over the years Congress' interest in different types of IP has fluctuated– as such the allowable tax benefits associated with various types of IP will frequently differ! Here are brief summaries which omit several technical rules and exceptions:

General Rules

The US Supreme Court decided in 1971 that expenditures which create or enhance a separate and distinct asset – including an item of IP – generally cannot be deducted from income but must be capitalized and amortized by deduction over the useful life of the asset. The Court in 1992 extended this treatment to expenditures which give rise to future benefits, not just to a separate and distinct asset. However, this treatment can be and has been altered by Congressional statutes covering specific assets or expenditures – for example, many US research and experimentation expenditures are required beginning in 2022 to be amortized over five years, unless more immediate deductions are permitted by new legislation.

As noted in several examples below, dispositions of IP are often taxed as capital gains, whether in lump-sum sales or as installment sales which can spread-out taxable gains to the seller. However, such treatment often does not apply for sale to a related party owned more than one-half by the seller.

Software

Expenditures for software research or development may qualify for deduction in the year spent under pre-2022 rules for which tax returns are open or amortized over five years, or qualify for tax credits of up to 20% of such expenditures (plus certain state tax credits).

Acquisition of software may qualify for immediate expense deduction or be amortized and deducted over 36 months for off-the-shelf software or 15 years. Alternatively, software license royalties are deductible currently.

Disposition of software by an individual creator may be taxed at capital gain rates.

Trade Secrets

Expenditures which create trade secrets generally are part of ordinary and necessary deductible expenses. Acquisition of trade secrets may be amortized by deductions over 15 years.

Disposition of trade secrets may be taxed at capital gain rates (except on recapture of amortized deductions).

Trademarks and Tradenames

Expenditures to create – or to acquire – a trademark or tradename generally may be amortized over 15 years.

Disposition of a trademark or tradename may be taxed at capital gain rates (except on recapture of amortized deductions). However, such treatment often will not apply where the disposition is subject to seller's retained powers over acquiror's use or includes payments contingent on acquiror's use of the mark or name.

Copyrighted Materials

Expenditures to create – or to acquire – copyrighted material generally may be amortized over 15 years.

For an individual creator, disposition of copyrighted material may be taxed at capital gain rates only for self-created musical works. For a non-individual creator, most dispositions of copyrighted material used in its trade or business can qualify for capital gain treatment. This treatment may even apply to a separate acquisition limited to one or more media of expression, rather than all rights. (However, in any case capital gain treatment does not apply to recapture of amortized deductions.)

Patents

Expenditures to develop a patent generally may be amortized over 15 years.

A patent acquiror may amortize its cost over 15 years or – in the case of a patent acquired separately and not as part of a trade or business acquisition– over a shorter useful life calculated by a permitted method. Alternatively, royalties under a non-exclusive license may be deducted currently.

Disposition of substantially all rights in a patent – or just all rights within a separate geographical area or field of use – may be taxed at capital gain rates (except on recapture of amortized deductions). However, this treatment does not apply for sale to a related party owned more than one-quarter (rather than one-half) by the seller.

Other IP

Domain names: While a domain name's initial reservation and renewal costs are often quite modest, the perceived value of a domain name may increase substantially based on markets to which it relates. Disposition may be taxed at capital gain rates and – if the name functions as a trademark – an acquiror may amortize its price over 15 years.

Goodwill: Similar to expenditures which create trade secrets, expenditures which create business goodwill generally are part of ordinary and necessary deductible expenses.

Disposition of goodwill – generally as part of a trade or business disposition – will ordinarily be valued as the residue of total business sale proceeds, less proceeds allocated to acquire other assets of the business. (This is best done by the parties in their disposition agreements, otherwise they may well use different allocations, which may trigger tax audits.) Such goodwill disposition proceeds are generally taxed as additional capital gain, with the acquiror amortizing such goodwill over 15 years.

Additional Strategies:

In a subsequent blog, we will describe two additional Strategies providing IP tax-savings for businesses operating across multiple US states or across international borders.

Hi, I'm Lara the Lawyer who Loves Law.

Chief Pontificator, Brand Geek

Lara@Brandgeek.net



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Single Class TM Apps

Protecting the herd . . .



or milking the cow?



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But first, a question . . .

Would you rather leave the State in which you now live, never to return, or be unable to travel more than 150 miles from your current home?

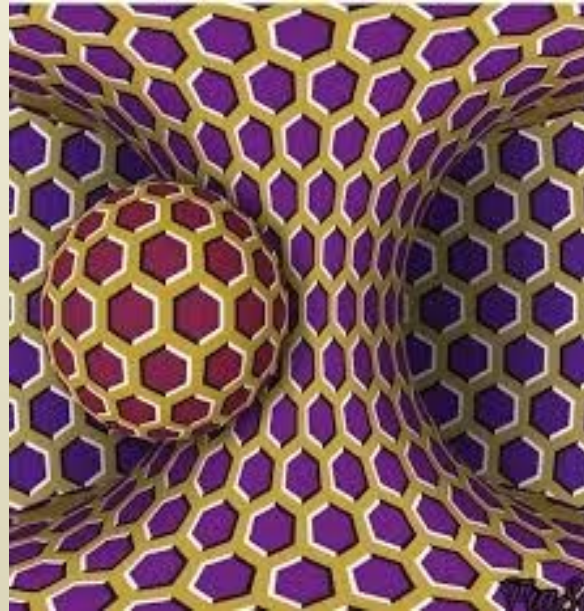


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and another . . .

Spinning or Stationary:



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and another . . .

Facing forwards or looking sideways:



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Thinking differently about TM filings

Keep 'Em Separated

1. Prosecution & maintenance
2. Enforcement & defense
3. Commercialization & transfers



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Prosecution and Maintenance

KISS – Keep It Simple, Silly

- a. Use
- b. Evidence
- c. Person with knowledge



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Enforcement



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Defense



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Commercialization

What & Who



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Transfers

Who & What



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Keep 'Em Separated

DIVISIBILITY!



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Class 16: Printed appointment books; blank journal books; printed daily planners; printed diaries; envelopes; stationery folders; loose leaf binders; printed notebooks; printed notepads; paper clips; paper; paperweights; rubber stamps; stationery; art prints; children's arts and crafts paper kits; ballpoint pens; chalk; colored pencils; printed coloring books; printed composition books; craft paper; crayons; drawing rulers; dry erase writing boards and writing surfaces; felt pens; framed art pictures; highlighting markers; markers; painting sets for children; pen and pencil cases and boxes; pencil erasers; pencil sharpeners; pencils; pens; stencils; bookmarks; printed magazines in the field of in the field of entertainment, games, gaming, television, and motion pictures; printed books featuring stories, games, and activities for children; printed children's books; printed children's activity books; printed children's interactive educational books and magazines; printed coffee table books in the field of entertainment, games, gaming, television, and motion pictures; printed art books in the field of entertainment, games, gaming, television, and motion pictures; printed books in the field of entertainment, animation, comic books, games, gaming, television, and motion pictures; printed comic books; printed flashcards; printed graphic novels; printed novels; printed postcards; printed posters; printed activity books for adults in the field of entertainment; series of printed fiction books; printed story books; decorative paper centerpieces; gift bags; gift boxes; gift wrapping paper; printed greeting cards; non-magnetically encoded gift cards; paper cake decorations; paper lunch bags; paper napkins; paper party decorations; party goodie bags of paper or plastic; printed invitations; bumper stickers; printed calendars; collectible printed trading cards; decals and stickers for use as home décor; decals; money clips; plastic shopping bags; sticker books; stickers; temporary tattoo transfers



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Class 18: All-purpose carrying bags; all-purpose sport bags; athletic bags; backpacks; beach bags; book bags; briefcases; duffel bags; fanny packs; handbags; knapsacks; luggage; messenger bags; overnight bags; pocketbooks; purses; satchels; shopping bags made of leather, mesh and textile; tote bags; traveling bags; waist packs; luggage tags; pet clothing; umbrellas; wallets



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Class 21: Beverage glassware; beverage ware; coffee cups; cookie jars; cups; dinnerware; dishes; drinking flasks; drinking straws; lunch boxes; mugs; salt and pepper shakers; sports bottles sold empty; tea sets; bottle openers; coasters not of paper or textile; containers for household use; corkscrews; figurines and busts made of china, ceramic, crystal, earthenware, glass, and porcelain; piggy banks



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Class 25: Clothing, namely, aprons, bathrobes, beachwear, belts, blouses, bottoms, cloth bibs, coats, cover-ups, dresses, gloves, hoodies, infant wear, jackets, jerseys, joggers, namely, jogging bottoms and jogging tops, jogging suits, leggings, loungewear, mittens, pajamas, parkas, pants, ponchos, pullovers, raincoats, rainwear, rash guards, scarves, shirts, shorts, skirts, skorts, sleepwear, snow suits, socks, suspenders, sweaters, sweatpants, sweatshirts, swimsuits, swimwear, t-shirts, ties, tops, underwear, vests, zip-up hoodies; headwear, headwear, namely, beanies, caps, earmuffs, hats, headbands, skull caps, and visors; costumes for use in children's dress-up play; costume accessories, namely, novelty headwear with integrated wigs; Halloween and masquerade costumes; cosplay costumes; footwear



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Class 35: Promoting public recognition and awareness of creative and artistic developments in the fields of entertainment, animation, comic books, science fiction, fantasy, and popular art; advertising, marketing and promotion services; entertainment marketing services, namely, marketing, promotion and advertising in the fields of entertainment, film, television, television and film characters, music, and celebrities; promotional services, namely, providing a website promoting multimedia entertainment content, films, television shows, and special events; promoting awareness of the entertainment industry and films, television programs, television and film characters, comic books, animated films and television series, and music



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Class 38: Broadcasting services rendered through radio, television, cable and satellite systems and via the Internet; broadcasting of multimedia entertainment content, films, television shows, and televised live events; streaming of audio and visual content on the Internet; video-on-demand transmission services; audio and video broadcasting; providing an online forum where users can post ratings, reviews, and recommendations of movies and television shows and on events and activities in the field of entertainment and education; radio program broadcasting



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Class 41: Entertainment services in the nature of development, creation, production, distribution, and post-production of motion picture films, television shows, television specials, and multimedia entertainment content; entertainment services in the nature of organizing and conducting exhibitions, conferences, festivals, and conventions in the fields of entertainment, film, television, television and film characters, comic books, animation entertainment, music, and celebrities; arranging, organizing, conducting, and hosting social entertainment events; organizing and conducting community festivals featuring music, art, food, film, television, theater, drama, dance, live musical performances, speakers, celebrity appearances, and cultural exhibitions and activities; provision of entertainment information via a website; providing online non-downloadable video clips and multimedia digital content containing audio, video, artwork, and text from and related to film, television, television and film characters, comic books, animated films and television series, music, and celebrities; entertainment services in the nature of live theatrical, musical and comedic performances; fan clubs; providing information, reviews, and recommendations regarding movies and television shows via a website and video-on-demand transmission services; providing entertainment services via a global communication network in the nature of online non-downloadable game software;



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NETFLIX GEEKED 90873485

Class 41 con't:: radio entertainment services, namely, radio programs in the field of entertainment; production and distribution of radio programs and sound recordings; entertainment services, namely, providing podcasts in the field of entertainment and entertainment information; Providing interactive, experiential and immersive audience participation events and recreational activities for social entertainment purposes, namely, in obstacle courses, shows, live music experiences, live interactive treasure hunt games, drive-in and walk-through interactive special events in the field of motion pictures and television shows, special events at an amusement park, and annual holiday special events; presenting live cosplay entertainment events; entertainment services, namely, providing online computer, electronic and video games; providing temporary use of non-downloadable interactive games; online interactive entertainment, namely, providing films and television shows in which viewers can influence the storyline; providing interactive, multiplayer game services for games played over the Internet, namely, providing online multiplayer video games; providing entertainment services via a global communication network in the nature of online non-downloadable game software; providing websites featuring a wide variety of general interest entertainment information relating to video games, motion picture films, television show programs, musical videos, television and film characters, comic books, animated films and television series, celebrities, related film clips, photographs, and other multimedia materials; multimedia publishing of software and games; multimedia publishing of interactive computer and video game programs and software; providing online non-downloadable magazines, journals and newsletters in the field of computer games, video games, online computer games and general entertainment



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Margaritaville

How many USPTO records for the MARGARITAVILLE trademark / service mark?

- A. ~40
- B. ~100
- C. ~400
- D. ~1000



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MARGARITAVILLE

157 LIVE USPTO records for MARGARITAVILLE, 151 of which are single Class

75001464 : 41 fan club; 42 books

77090776: 39 watercraft rental; 41 surfboard & body board rental; 43 beach chair rental; 45 beach towel rental [cancelled]

75238314: 16 stickers [cancelled]; 25 t-shirts

75978354: 38 online radio; 41 production of radio programs; radio programming

74015895: 25 apparel; 42 nightclub, gift & souvenir stores

75651815: 18 bags; 20 beach & deck chairs; 21 coolers, water bottles, foam drink holders; 24 beach towels; 25 apparel; 28 sports equipment [cancelled]



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IDEAS CHANGE EVERYTHING

Single Class, Many Apps



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IDEAS CHANGE EVERYTHING

Class 41: Arranging, conducting and facilitating educational conferences, seminars, and events in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, and global issues; educational and entertainment services, namely, providing online non-downloadable videos featuring talks and lectures in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, and global issues; providing a website featuring blogs and non-downloadable publications in the nature of newsletters and articles in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, and global issues; providing recognition and incentives by the way of awards to demonstrate excellence in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues



Protecting the Brands that are Changing the World.®



IDEAS CHANGE EVERYTHING

Class 41 con't: , environmental issues, and global issues; educational services, namely, providing incentives to support prize-recipients' wishes and positively change the world, to foster innovation and creativity, sponsorship, support and collaboration, and to demonstrate excellence in the fields of technology, entertainment, design, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, global issues, and related non-business fields through the issuance of awards; providing information relating to the organizing of educational seminars and conferences; providing online newsletters in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, and global issues via email; educational and entertainment services, namely, a series of television programs in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, and global issues; educational and entertainment services, namely, providing podcasts, radio programs and webcasts, on topics in the fields of technology, entertainment, design, business, science, mathematics, culture, arts, education, communications, the humanities, media and journalism, sports, self-improvement, language, health, social issues, political issues, environmental issues, and global issues; production of podcasts



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IDEAS CHANGE EVERYTHING

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Protecting the Brands that are Changing the World.®





Cultural Responsibility in Trademarks and Branding

Presented by:

CALEB L. GREEN – Dickinson Wright PLLC | Las Vegas

Updated September 2024

Caleb L. Green

Attorney, Dickinson Wright PLLC

Caleb is an Intellectual Property Strategist and Technology attorney. His primary areas of practice include intellectual property law, cyber-security and data protection laws, entertainment law, and technology. Caleb's experience revolves around trademark prosecution, intellectual property litigation and enforcement, intellectual property management, corporate due diligence, and data protection compliance. He helps clients understand complex technical and legal issues and advises them on protecting their intellectual property.



What is a Trademark?

A trademark is a word, phrase, symbol, or design, sound, or a combination thereof, that identifies and distinguishes the source of the goods of one party from those of others.

Examples of Trademarks

Google

Microsoft



IBM



Walmart



Bank of America

Strength of the Mark

- Generic -



- Descriptive -



- Suggestive -



- Arbitrary -



- Fanciful -



Securing Trademark Rights

No Registration

- Common law (use in commerce without registration)

Registration

- Federal Registration (USPTO)
 - Filing Fee: \$275-\$350
 - Average Time: 15-24 months
- State Registration (Secretary of State)

Trademark processing wait times



We are currently examining **new applications** submitted between:

February 06, 2024 - February 20, 2024

For average Trademark wait times, see the tables below.

The tables below show the average wait times for new applications and each stage of the examination or registration process.

Trademark Protection

- It is the responsibility of the trademark owner to make sure his/her/its mark is not being used improperly or without authorization
 - Policing
 - Licensing/quality control
 - Keep from becoming generic
 - Make sure to emphasize a difference (e.g., Escalator, Aspirin, Velcro)

What Trademark is NOT?

- It is not a patent.
 - Razor invented by King C Gillette. Application filed in 1901.
 - Electronic Device. Application filed in 2011 by Apple.
- It is not a copyright.
 - Novel
 - Movie
 - Song
 - Computer program source code

<https://deadspin.com/nfl-washington-commanders-trademark-dan-snyder-harris-1850476849>

All the good names are already taken

The two other Commanders' uses in sports are the Commanders Classic, a game contested between Air Force and Army's football teams. **The other involves a long-time fan of the team who filed for "Washington Wolf Commanders" and "Washington Space Commanders" patents in August 2021, which obviously precedes the Commanders' filing date.** Snyder would've never stated publicly that he never got his first, second, or third choice to name the then-Washington Football Team after the Redskins' moniker was finally trashed in 2020. The efforts of a random actuary from Virginia may have successfully blocked Snyder from some more desirable team names, per sports attorney Dan Lust. The already-trademarked choices include Red Wolves, Tribe, Redtails, Renegades, Herald, and Justice, which are all better fits than the Commanders.



Caleb Green @Iamcalebgreen · May 27

Cries in intellectual property law

That is not what patents to do



Jonathan Robe @RobeJonathan · May 26

Replying to @RobeJonathan

Like what is this??

Without having the terms Commanders patented, the team may have a harder time taking knock-off merchandise down from non-NFL websites. The next step for Washington is likely an appeal to the decision. Patents are issued at large to confuse from products that aren't real, but are advertised as similar or exact. It's unclear who would think a college football game between two of the three FBS service academies and a long-standing NFL franchise would be the same thing. To whoever you are, get your head checked. Same with any confusion about the terms "Space Commanders" or "Wolf Commanders" instead of boring-old Commanders. The fan who owns the trademarks told The Washington Post in 2020 he wouldn't stand in the way of any name the franchise wanted to have.

<https://www.latimes.com/business/story/2022-05-11/mickey-mouse-copyright-expiration-disney-under-attack-republicans>

Crucially, Disney also still holds trademark patents on Mickey Mouse, which do not expire. Although a copyright keeps other companies from replicating the Mickey Mouse image, a trademark ensures that other companies can't use the Mickey Mouse image in a way that might suggest their products are made by Disney.

For the record:

12:12 p.m. May 12, 2022: An earlier version of this article incorrectly referred to Disney's trademark protection on Mickey Mouse as a trademark patent. Disney holds trademark rights to the Mickey Mouse character, not patents.

TACO TUESDAY (2019)

TACO TUESDAY

Word Mark

TACO TUESDAY

Goods and Services

(ABANDONED) IC 009. US 021 023 026 036 038. G & S: Downloadable audio/visual works

(ABANDONED) IC 035. US 100 101 102. G & S: Advertising and marketing services provided by means of indirect methods of marketing communications, namely, social media, search engine marketing, inquiry marketing, internet marketing, mobile marketing, blogging and other forms of passive, sharable or viral communications channels

(ABANDONED) IC 038. US 100 101 104. G & S: Podcasting services

(ABANDONED) IC 041. US 100 101 107. G & S: Online entertainment services, namely, providing a website featuring non-downloadable videos, and social media posts in the field of sports, entertainment, current events and popular culture

Standard Characters Claimed

(4) STANDARD CHARACTER MARK

88579771

August 15, 2019

1B

1B

(APPLICANT) LBJ Trademarks, LLC LIMITED LIABILITY COMPANY DELAWARE 3800 Embassy Parkway Suite 360 Akron OHIO 44333

Howard J. Shire

TRADEMARK. SERVICE MARK

PRINCIPAL

DEAD

March 12, 2020



DW TACO TUESDAY (2019)

LeBron James Tried to Trademark 'Taco Tuesday,' but Got Swatted Away

The United States Patent and Trademark Office said that the phrase was “commonly used in everyday speech.”

He said that in refusing to trademark the phrase because it was common, the office had essentially offered what Mr. James wanted all along: protection from liability if he used “Taco Tuesday” in certain projects, like podcasts and other media.

NBA

LeBron James' 'Taco Tuesday', and the oddest trademark attempts in sports

Do you like Taco Tuesday? So does LeBron. So much he wants to own it.

By [James Dator](#) | Updated Sep 12, 2019, 9:07am EDT

White Lives Matter Trademark Application (2022)

Two Black Men Own the ‘White Lives Matter’ Trademark

Civic Cipher, a racial justice-focused radio show ran by two Black men in Arizona, was given the trademark to "White Lives Matter"

BY TOMÁS MIER

OCTOBER 31, 2022



White Lives Matter Trademark Application (2022)

On November 8, 2022, an allegation of use was filed with a specimen of use and declaration that the mark had been used in commerce as early as October 16, 2022.

The CNN interview aired in early November 2022.



TACO TUESDAY (2023)

The fight for Taco Tuesday

On May 16, Taco Bell launched a [petition](#) to release the trademark of "Taco Tuesday", because the restaurant wanted the phrase available for anyone who wants to use it "to make, sell, eat, and celebrate tacos."



 **TODAY** ON THE SHOW SHOP WELLNESS PARENTS FOOD

 **TODAY** all day 

NEWS

The 'Taco Tuesday' war is over: Taco Bell wins fight to liberate trademark from rival

The decision comes after Taco Bell filed a legal petition in May to challenge the trademark.

Consider a Trademark Clearance Search

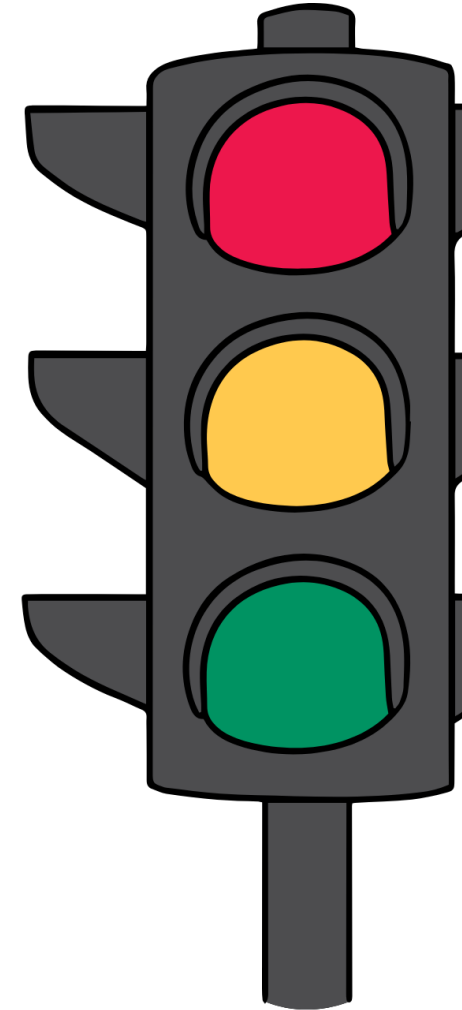
- Helps you identify problems, such as confusion with existing marks
- Saves you the expense of applying for a registration that you will not receive because a similar mark exists
- Search results may show if your mark was found to be too generic or descriptive in other applications and therefore might be difficult to protect

How Important is a Trademark Clearance Search?

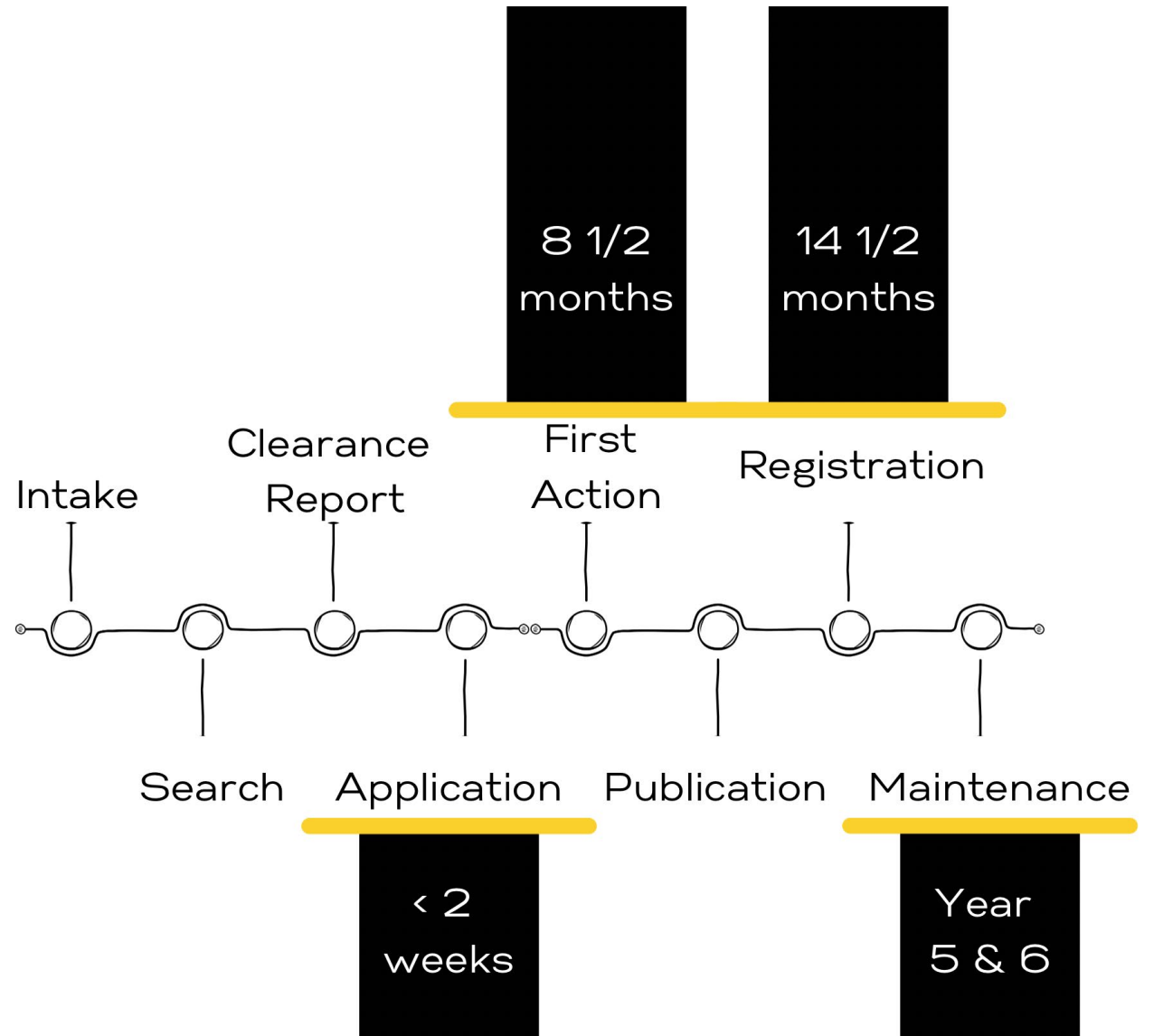
rebrand

first action likely
a refusal - OA

no impediments
to registration



The Trademark Process... In A Perfect World





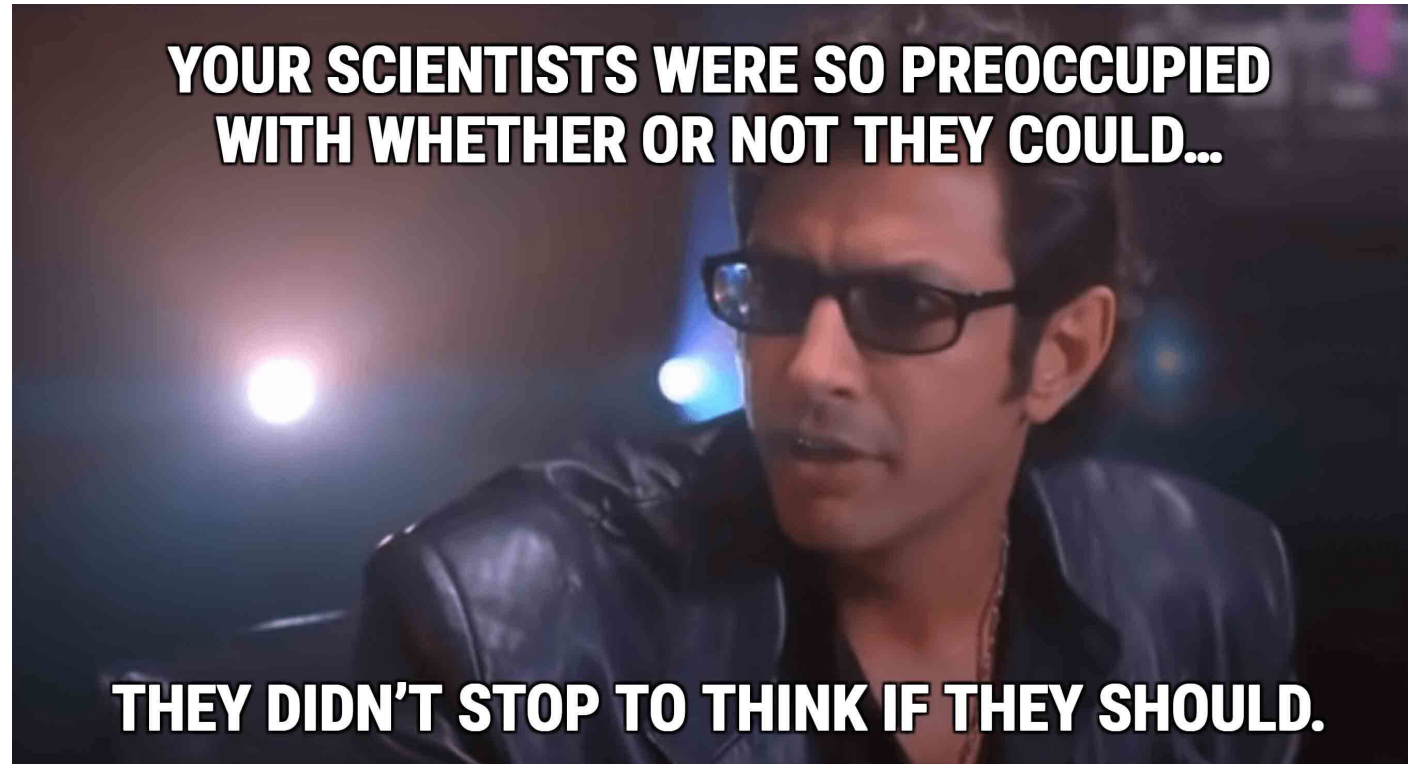
BAYOU BARBIE

Mark For: BAYOU BARBIE™ trademark registration is intended to cover the categories of clothing, namely, shirts, sweatshirts, jackets, socks, underwear, tank tops, shorts, pants, jeans, belts, hats, shoes, bathing suits, cover ups.

Consider a Trademark Clearance Search – Culture Considerations

- Meanings in different languages
- Consider the spelling/misspellings
- Does the mark have any historic/cultural significance (e.g., holidays, special meanings in certain countries or cultures)
- Consider any existing filings (or absence of previous filings)
- Consider existing or prospective legal or PR issues
- Consider public statements made concerning DEI
- Remember the public does not understand trademark law like lawyers do

Consider a Trademark Clearance Search – Culture Considerations



Walmart is committed to addressing these issues both within our walls and beyond. We have the resources, the talent and the will to do this. So, while today we pause to remember, tomorrow we will continue to act, because equity and justice are worth fighting for and working for. Our country cannot achieve its potential until we've faced these issues and overcome them, together.



We're listening. We recognize that we have not done enough, and we are dedicated to doing more. We are close to finalizing our commitments to ensure our people, most importantly our Black employees, are heard, supported and involved in solutions. We are working very closely with our employee resource group Progressive Soles and a coalition of Black leaders, and we are united in making progress. Together we're establishing quantifiable goals focused on immediate action and long-term impact, internally and externally. We will hold ourselves accountable for change. We firmly believe that together is the only way to move forward.



Adidas Drops Trademark Dispute With Black Lives Matter

The German sportswear company challenged the trademark application on Monday, saying it was “confusingly similar” to its three-stripe logo. Within 48 hours, it reversed course.

 [Share full article](#)  



Adidas did not say why it was reversing its opposition to the trademark application from the Black Lives Matter Global Network Foundation for a logo featuring three stripes. Photo by Spencer Platt/Getty Images

Michael B. Jordan Is Sadly On The Internet's Bad Side For Cultural Appropriation

Uh-oh. Michael may have gotten himself into some hot water.



by [Vanessa Jackson](#)
BuzzFeed Staff

[View 258 comments](#)



Michael B. Jordan has stepped into the beverage game and introduced his new rum brand, J'Ouvert.



Kevork S. Djansezian / Getty Images

J'Ouvert

Word Mark	J'OUVERT
Translations	The wording "J'OUVERT" has no meaning in a foreign language.
Goods and Services	(ABANDONED) IC 033. US 047 049. G & S: Alcoholic beverages, except beer; Distilled spirits; Rum-based beverages; Rum
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	90210764
Filing Date	September 25, 2020
Current Basis	1B
Original Filing Basis	1B
Published for Opposition	April 6, 2021
Owner	(APPLICANT) Shaffer, Louis Ryan INDIVIDUAL UNITED STATES 78 Orchard St, #2B New York City NEW YORK 10002
Type of Mark	TRADEMARK
Register	PRINCIPAL
Live/Dead Indicator	DEAD
Abandonment Date	January 2, 2023

Consider a Trademark Clearance Search – Social Considerations

- Consider any political or social ties
- Consider the socio-political climate (current and prospective)
- Consider any existing filings (or absence of previous filings)
- Consider existing or prospective legal or PR issues
- Consider public statements made concerning DEI
- Remember the public does not understand trademark law like lawyers do (#RememberTacoTuesday)

Hard Candy Tried To Trademark #MeToo — & The People Won

KHALEA UNDERWOOD
JANUARY 19, 2018, 6:30 AM

Despite the fact that Jerome Falic, CEO of Falic Fashion Group (the company that owns Hard Candy) promised to donate the profits to #MeToo, the backlash was swift on social media. (It's worth noting here that unlike #TimesUp, which donates funds to legal action on behalf of men and women filing against abusers, #MeToo is not connected to an organization.) "The trademark for [#metoo](#) is really disappointing and out of line," a user commented on the brand's [latest Instagram post](#). "Would love to see you donate profits of things inspired by women but profiting off of the campaign is disrespectful. and a LOT of women are victims and relate to [#metoo](#) why should they have to be reminded through makeup? you should've just donated..."

Q & A

IP Ethics Update

Skadden

2024 Update

9/13/2024

Presented by Douglas R. Nemeo



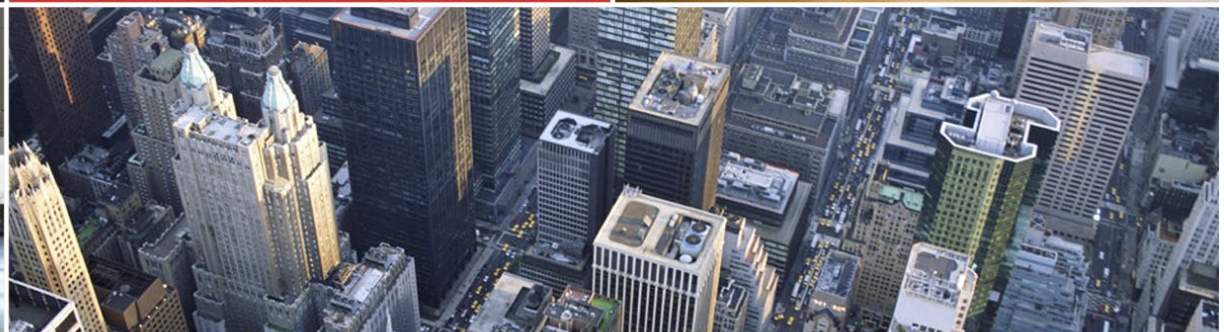
1,700
attorneys



21
offices



50+
practices



Beijing / Boston / Brussels / Chicago / Frankfurt / Hong Kong / Houston / London
Los Angeles / Munich / New York / Palo Alto / Paris / São Paulo / Seoul
Shanghai / Singapore / Tokyo / Toronto / Washington, D.C. / Wilmington



Douglas R. Nemec

Partner, Co-Chair

Intellectual Property Litigation

New York Office

T: 1.212.735.2419

douglas.nemec@skadden.com

Douglas R. Nemec concentrates on intellectual property litigation and related counseling, including providing intellectual property advice in connection with corporate transactions. Mr. Nemec has litigated numerous cases in a wide range of technologies, from pharmaceuticals and other chemicals to IT and electronics. He has particular experience in life sciences matters, including patent litigation under the Hatch-Waxman Act. Mr. Nemec also is registered to practice before the U.S. Patent and Trademark Office, where he represents clients in proceedings before the Patent Trial and Appeal Board and other matters.

1 Where Are They Now?

2 Generative AI

3 Too Cute by Half

4 Assorted Bad Acts

1 Where Are They Now?

Judge Pauline Newman, U.S. Court of Appeals for the Federal Circuit



Introduction

- **Allegations**

- In March 2023, it was alleged that Judge Pauline Newman was “unable to discharge all the duties of office by reason of mental or physical disability”, resulting in a Special Committee formed to investigate.

- **Investigation/Proceedings**

- The Committee determined that Judge Newman be removed from the argument calendar and that she receive a medical examination.
 - » Judge Newman refused to accept service of orders and comply with the medical testing.
- In May 2023, Judge Newman filed a lawsuit against the Chief Judge and others in the District Court for the District of Columbia to halt the investigation into her health
 - » Judge Newman claims that the investigation violates her constitutional rights and denies that there are legitimate concerns about her mental and physical capacity

- **Suspension**

- On September 20, 2023 Judge Newman was suspended from hearing any case for one year due to her refusal to comply with medical testing.
 - » The Judicial Council stated that it chose to suspend Judge Newman’s case assignments because of her lengthy delays in issuing opinions.

Judge Pauline Newman, U.S. Court of Appeals for the Federal Circuit

Case Updates

- In February 2024, the federal courts' Committee on Judicial Conduct and Disability upheld the one-year suspension of Judge Newman.
- Judge Newman submitted her own medical testing in a litigation brought against the Judicial Council in an attempt for a preliminary injunction to allow her to hear cases again.
 - The D.C. judge, Christopher Cooper, largely threw out the case, stating he lacked jurisdiction.
 - Judge Cooper stated that the Federal Circuit's actions fell within Congress's intent for enforcing the Judicial Conduct and Disability Act.
 - » Judge Cooper doesn't believe Judge Newman should be allowed to circumvent the Act by coming to another court.
 - Judge Newman is still allowed to pursue claims that the Judicial Conduct and Disability Act is unconstitutional.
 - The case is currently on appeal to the D.C. Circuit.



Judge Pauline Newman, U.S. Court of Appeals for the Federal Circuit

Case Updates

Suspension Renewal

- On September 6, 2024 Judge Newman's suspension was extended for another year due to her refusal to submit for medical testing.
- Judge Newman's attorneys filed a brief arguing against the extended suspension and highlighted the following:
 - Judge Newman's suspension is already the longest in U.S. history.
 - Suspending a judge from hearing cases when the judge is not subject to impeachment proceedings is "entirely unprecedented".
 - The brief argued that the Judicial Council can either let Judge Newman begin hearing cases again or tell Congress that she should be impeached.



Judge Pauline Newman, U.S. Court of Appeals for the Federal Circuit

Case Updates

- Judge Newman still refuses to follow the court's medical testing orders a year later.
- Despite suspension, there's still a chance for Judge Newman to return to court should she decide to comply with and pass the requested medical exam.
- The personal animosity between Judge Newman and the colleagues she felt betrayed by seems to be the focus instead of the merits of the case.
 - Judge Newman has been very vocal about the lack of communication and support from her colleagues who brought forward the suspension.
 - Prior to the suspension, Judge Newman was considering stepping down. However, the actions of her colleagues inspired her to stay on the bench as long as possible.



Latham & Quinn Emanuel's Joint Representation in a Patent Infringement Case

Trustees of Columbia University in the City of New York v. Gen Digital, Inc.

Introduction

- Quinn Emanuel was held in contempt for not complying with a 2022 order from a Virginia federal judge calling out a joint representation conflict
- Quinn was representing both the software company, NortonLifeLock (now Gen Digital), and a key witness, Marc Dacier (Norton's former employee)
 - Quinn repeatedly told Dacier he would not need to testify at trial. At the same time, Quinn falsely claimed that Dacier was unwilling to travel from his current home in Saudi Arabia to testify at the trial in Virginia.
 - Dacier's testimony would have been harmful to Norton's case.
- Judge Hannah Lauck, E.D. Virginia, almost tripled the amount of damages Norton owed Columbia University.
 - The jury's verdict was increased from \$185 million to \$600 million.

Latham & Quinn-Emanuel's Joint Representation in a Patent Infringement Case

Trustees of Columbia University in the City of New York v. Gen Digital, Inc.

Latham

- Latham joins Quinn Emanuel in being held accountable by Judge Lauck for perceived unethical behavior.
- In the court opinion Judge Lauck stated that, as Norton's second lead counsel, Latham, "poured fuel on the fire" and that "the pattern of questionable conduct thus outlasted Quinn's direction of the litigation."
- Latham's attorneys have been called out for hiding key communication concerning an expert that was central to the pretrial misconduct dispute.
-

Latham & Quinn-Emanuel's Joint Representation in a Patent Infringement Case

Trustees of Columbia University in the City of New York v. Gen Digital, Inc.

Case Updates

On September 4, 2024 Quinn and Norton again urged the Federal Circuit to overturn the \$600 million patent infringement verdict, with both stating the holding has serious flaws.

- Quinn stated that, “the district court thus erred not only in identifying a conflict of interest for Quinn Emanuel, but also by jumping directly to the conclusion that Quinn Emanuel could not ethically represent both parties as a result.”
- Norton’s reply brief focused on the merits of the infringement case, arguing that:
 - Columbia’s patents should have been invalidated for claiming an abstract idea.
 - The finding that the infringed patents was based on an incorrect claim construction and that the \$600 million judgement improperly included damages tied to software that Norton’s foreign customers purchased outside the U.S.

- Richard Liebowitz is well-known for filing about 2,500 individual copyright lawsuits, mainly representing photographers, and being repeatedly disciplined.
- In the Southern District of New York in 2019, Judge Furman remarked when ordering sanctions:
 - “[I]t is no exaggeration to say that there is a growing body of law in this District devoted to the question of whether and when to impose sanctions on Mr. Liebowitz alone.”
 - *Rice v. NBCUniversal Media, LLC*, No. 19-cv-447, at 1 (S.D.N.Y. July 10, 2019) (collecting cases).



Richard Liebowitz delivering his presentation "How to Protect The Copyrights of your Published Work" at OPTIC 2019.

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https://commons.wikimedia.org/wiki/File:Richard_Liebowitz_OPTIC_New_York_June_2019.jpg

- **His alleged conduct includes, among other things:**
 - Failing to meet deadlines or attend hearings;
 - Failing to comply with court orders (e.g., ordering mediation);
 - Lying in sworn declarations (e.g., claiming that no settlement demand was made when one was in fact made);
 - Misstating the date of his grandfather's death when seeking to excuse his absence from a hearing;
 - Concealing the lack of a copyright registration; and
 - Falsely claiming that he had served a defendant when seeking a default judgment.



Richard Liebowitz delivering his presentation "How to Protect The Copyrights of your Published Work" at OPTIC 2019.

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https://commons.wikimedia.org/wiki/File:Richard_Liebowitz_OPTIC_New_York_June_2019.jpg

- **In 2022, he was suspended from practice in the Southern District of New York for 4 years upon consent for violating many rules:**
 - 3.3(a)(1) knowingly making a false statement of fact or law to a tribunal or failing to correct a false statement of material fact or law previously made to a tribunal;
 - 3.4(c) disregarding or advising the client to disregard a standing rule of a tribunal or a ruling of a tribunal made in the course of a proceeding;
 - 8.4(c) engaging in conduct involving dishonesty, fraud, deceit, or misrepresentation;
 - 8.4(d) engaging in conduct that is prejudicial to the administration of justice; and
 - 8.4(h) engaging in conduct that adversely reflects on his fitness as a lawyer.
- **He filed a declaration “admitting to the charges, and consenting to the Committee on Grievances entering an order of suspension for a period of four years, nunc pro tunc to November 30, 2020.”**
 - SDNY found a “pattern and practice of failing to comply with court orders and making false statements to the court in 14 federal lawsuits, in violation of the” Rules of Professional Conduct.



Richard Liebowitz delivering his presentation "How to Protect The Copyrights of your Published Work" at OPTIC 2019.

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- **Finally, in March of 2024, the NY Supreme Court, Appellate Division, Second Department, disbarred him.**
 - He did not oppose reciprocal discipline and requested that it be in line with that imposed by SDNY, a suspension nunc pro tunc to November 30, 2020.
 - NY State imposed disbarment instead, noting that “when the sanction in the [foreign jurisdiction] deviates substantially from this Court’s precedent, [it has] departed from the general policy of deference and imposed a more severe penalty where warranted.”
 - It found that “[u]nder the totality of the circumstances, including the considerable pattern and practice of failing to comply with court directives and making false statements to the court ... a disbarment is warranted.”



Richard Liebowitz delivering his presentation "How to Protect The Copyrights of your Published Work" at OPTIC 2019.

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https://commons.wikimedia.org/wiki/File:Richard_Liebowitz_OPTIC_New_York_June_2019.jpg

2 Generative AI

Power & Prevalence of Generative AI Tools is Raising Numerous Ethical Questions

- **Example of AI-Generated Content:**
 - *Can you very briefly describe fair use, citing a seminal case?*
 - Fair use is a legal doctrine that allows limited use of copyrighted material without permission from the rights holder, typically for purposes like criticism, commentary, news reporting, teaching, or research. The seminal case *Campbell v. Acuff-Rose Music, Inc.* (1994) clarified that even commercial uses could qualify as fair use if they transform the original work and do not excessively harm its market. The Supreme Court emphasized considering four factors: the purpose and character of the use, the nature of the copyrighted work, the amount used, and the effect on the market.
 - *Generated with ChatGPT, using OpenAI's GPT-4o Response is unedited and unmodified.*



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- *The images in this section are also generated with AI, including the above.*

ABA Formal Opinion 512 – Generative Artificial Intelligence Overview and Generative AI



- **Formal Opinion 512 Issued on July 29, 2024**
 - Generative AI (“GAI”) tools are those that can “create various types of new content, including text, images, audio, video, and software code in response to a user’s prompts and questions.”
 - These tools are “a *rapidly* moving target,” and the ABA opinion offers “general guidance for lawyers attempting to navigate this emerging landscape.”



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- *The images in this section are also generated with AI, including the above.*

ABA Formal Opinion 512 – Generative Artificial Intelligence

Duty of Competence

- **Lawyers should understand the capabilities and limitations of GAI tools.**
- To “competently use a GAI tool” for a client, a lawyer “must have a reasonable understanding of the capabilities and limitations” of the tool.
- This is “not a static undertaking” given the “fast-paced evolution” of the tools.
- For example, current “GAI tools lack the ability to understand the meaning of the text they generate or evaluate its context” and can produce “ostensibly plausible responses that have no basis in fact or reality.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence Duty of Competence

- While useful as a “springboard or foundation for legal work,” “lawyers may not abdicate their responsibilities by relying solely on a GAI tool to perform tasks that call for the exercise of professional judgment.”
- Lawyers “should become aware of the GAI tools relevant to their work so that they can make an informed decision” as to their use.
- In the future, “it is conceivable that lawyers will eventually have to use them to competently complete certain tasks for clients.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence

Duty of Confidentiality

- **Be aware of the risks of disclosing client information to a GAI tool.**
- Not only must lawyers “evaluate the risks that the information will be disclosed to or accessed by others outside the firm” but also consider the risk of disclosure to those “*inside* the firm who will not adequately protect the information from improper disclosure or use.”
- For example, a GAI tool could disclose information to others inside a firm who are “unaware of the source of the information and that it originated with a client of the firm,” and who then include it in materials for other clients or in public filings.



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ABA Formal Opinion 512 – Generative Artificial Intelligence

Duty of Confidentiality

- This risk is particularly high with “self-learning” GAI tools, as “even if the tool is used exclusively by lawyers at the same firm,” the information could later be “revealed in response to prompts by lawyers working on other matters.”
- Lawyers should endeavor to understand how a GAI tool uses information input into it by reviewing the “Terms of Use, privacy policy, and related contractual terms and policies” for the tool.
- Lawyers “may need to consult with IT professionals or cyber security experts to fully understand these terms and policies as well as the manner in which GAI tools utilize information.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence

Duty of Communication

- **When necessary given the risks, obtain informed consent from the client before using a GAI tool.**
- At a minimum, lawyers “must disclose their GAI practices if asked by a client how they conducted their work” or if otherwise asked or required by the client.
- The “facts of each case will determine” if the rules require a lawyer to, even without a request, “disclose their GAI practices to clients or obtain their informed consent to use a particular GAI tool.”
- For example, “clients would need to be informed in advance, and to give informed consent, if the lawyer proposes to input information relating to the representation into the GAI tool.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence

Duty of Communication

- Similarly, consultation about the use of a “GAI tool is also necessary when its output will influence a significant decision in the representation,” such as its use to “evaluate potential litigation outcomes or jury selection.”
- Lawyers should consider, among other things, the “importance to a particular task, the significance of that task to the overall representation, [and] how the GAI tool will process the client’s information.”
- If the lawyer is hired for their “particular skill and judgment,” the undisclosed use of a GAI tool could violate the “client’s reasonable expectations regarding how the lawyer intends to accomplish the objectives of the representation.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence Duty of Candor

- **Meritorious Claims and the Duty of Candor**
 - Even “an unintentional misstatement to a court can involve a misrepresentation,” such as by citing cases that do not exist based on the output of a GAI tool.
 - “Some courts have responded by requiring lawyers to disclose their use of GAI” or keep records of prompts, for example in standing orders in some federal courts.



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ABA Formal Opinion 512 – Generative Artificial Intelligence

Duty of Supervision

- **Duty of Supervision**
 - “Managerial lawyers must establish clear policies regarding the law firm’s permissible use of GAI.”
 - Similarly, “supervisory lawyers must make reasonable efforts to ensure that the firm’s lawyers and nonlawyers comply with their professional obligations when using GAI tools.”
 - This could include training on the “basics of GAI technology, the capabilities and limitations of the tools, ethical issues in use of GAI and best practices for secure data handling, privacy, and confidentiality.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence Reasonable Fees

- **Efficiency gains from using GAI tools may necessitate changes in fee structure.**
- “GAI tools may provide lawyers with a faster and more efficient way to render legal services to their clients, but lawyers who bill clients an hourly rate for time spent on a matter must bill for their actual time”
- If “using a GAI tool enables a lawyer to complete tasks much more quickly than without the tool, it may be unreasonable under Rule 1.5 for the lawyer to charge the same flat fee when using the GAI tool as when not using it.”



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ABA Formal Opinion 512 – Generative Artificial Intelligence Reasonable Fees

- For GAI tools that “functions similarly to equipping and maintaining a legal practice,” such as for checking grammar, lawyers “should consider its cost to be overhead” and not charge the client for it without a disclosure to them in advance.
- For in-house tools, a firm may have “made a substantial investment in developing” the tool, and “may agree in advance with the client about the specific rates to be charged” for using the tool.
- A lawyer may “not charge a client to learn about how to use a GAI tool or service that the lawyer will regularly use for clients because lawyers must maintain competence in the tools they use.”



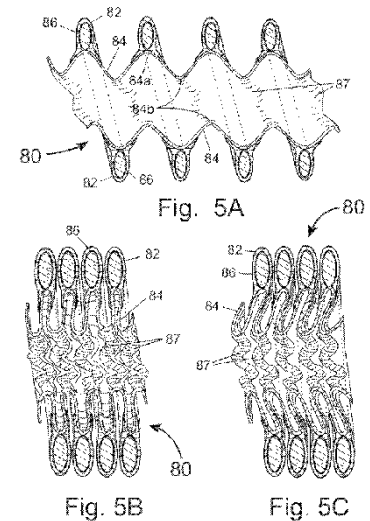
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3 Too Cute by Half

Tristar and Telebrands

Can you license a dying patent and invalidate it to nullify past damages?

- **Tristar sued Telebrands and other competitors for patent infringement in 2015 over a flexible hose product.**
- The parties litigated the case over several asserted patents for nearly a decade.
- Alleged damages accrued throughout this period, with three of them expiring by 2023.
- In 2022, with the lawsuit still pending, a separate dispute arose between Tristar and the original patentee about whether exclusive license to the patents was still valid.
- **Under that cloud, Telebrands acquired an exclusive license to the asserted patents.**



Can you license a dying patent and invalidate it to nullify past damages?

- Telebrands used its newly obtained exclusive license to the patents to file a petition with the patent office for an ex-parte reexamination.
- It allegedly hoped to use its new position as the “patent owner” to cancel the claims by amendment and eliminate past damages. It

Patent Owner submits the present Statement on the substantial new question of patentability pursuant to 37 C.F.R. § 1.530(b) in response to the December 20, 2023 Order Granting Request For *Ex Parte* Reexamination of the ‘076 Patent. By the present Statement, Patent Owner has provided claim amendments canceling claims 1-18 of the ‘076 Patent. No new matter has been added.

Accordingly, for the avoidance of doubt, Patent Owner explicitly cancels all enforceable claims of the ‘076 Patent.

- Tristar found out after the proceeding had been instituted, and Telebrands had already asked the patent office to cancel every claim of the patents.

Tristar and Telebrands

Can you license a dying patent and invalidate it to nullify past damages?

- **Tristar then filed four petitions with the patent office in February alleging that this scheme was unethical, that Telebrands should have mentioned the cloud over its title and explained the litigation.**
- *“This reexamination proceeding ... presents a substantial threat to the integrity of the patent system. [Tristar] respectfully submits that [Telebrands] and its counsel are wrongfully leveraging the Patent Office’s ex parte reexamination proceedings in an effort to procure the cancelation of patent rights that have been (and remain) the subject of multiple litigations for over a decade—litigations in which [the patent owner], and Tristar, as exclusive licensee, are asserting the [patents] (as well as the patents that are subject to the other above-referenced reexaminations) against Telebrands.”*

1
EX PARTE
REEXAMINATION CERTIFICATE

THE PATENT IS HEREBY AMENDED AS
INDICATED BELOW. 5

AS A RESULT OF REEXAMINATION, IT HAS BEEN
DETERMINED THAT:

Claims **1-18** are cancelled. 10

* * * * *



Tristar and Telebrands

Can you license a dying patent and invalidate it to nullify past damages?

- The patent office rejected the notion that Tristar had any authority to file a paper and intervene in the proceeding, and cancelled the claims.
- *“The February 5, 2024 petition appears to be an attempt by a third party to intervene in the prosecution of the present reexamination proceeding. However, the petition fails to set forth any authority that would permit the Office to enter and consider the third party’s petition in the present reexamination proceeding. Neither the reexamination statute nor the regulations promulgated pursuant thereto provide authority for entry of the February 5, 2024 petition.”*

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REEXAMINATION CERTIFICATE

THE PATENT IS HEREBY AMENDED AS
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Claims **1-18** are cancelled. 10

* * * * *



Can you license a dying patent and invalidate it to nullify past damages?

- **In May, Tristar sued Telebrands and their counsel, Jeffrey L. Snow, alleging tortious interference, fraud, conspiracy, and attempted monopolization.**
- It alleged that Telebrands and its counsel misled the patent office in violation of their duty of candor and good faith.

211. Telebrands and Snow owed a duty of candor and good faith to the Office in the Reexaminations at least pursuant to 37 C.F.R. § 1.555 and 37 C.F.R. § 11.303(d).

Tristar and Telebrands

Can you license a dying patent and invalidate it to nullify past damages?

- It alleged that they misled the patent office by purporting to be the patent owner, and misled the assignor and by informing them that the assignment would not interfere with past damages and ongoing litigation.

207. Telebrands and Snow were aware that the statements regarding Telebrands' ownership of the '448, '076, '944, and '057 Patents were false, at least because Telebrands was aware that Tristar possessed a right of first refusal to purchase the patents and because Telebrands never acquired the rights to recover for infringement of the patents at issue in the already-pending litigation.

188. Upon information and belief, as part of that scheme, at least in October 2022 and September 2023, Telebrands knowingly falsely represented to RTC that RTC's execution of the 2022 Telebrands Agreement and the 2023 Telebrands Assignment, respectively, would not interfere with Tristar and RTC's ability to pursue the Consolidated Actions or the Delaware Action or to recover past patent infringement damages from Telebrands in those actions.

- This litigation is ongoing

4 Assorted Bad Acts

In re PersonalWeb

Attorneys Fees in Patent Litigation

- **PersonalWeb was ordered to pay \$5,187,203.99 in attorneys' fees in a multi-district litigation involving Amazon's S3 technology under 35 U.S.C. § 285.**
- The Federal Circuit affirmed, finding that:
 - PersonalWeb's infringement claims related to Amazon S3 were objectively baseless and not reasonable when brought because they were barred due to a final judgment [in an earlier action];
 - PersonalWeb frequently changed its infringement positions to overcome the hurdle of the day;
 - PersonalWeb unnecessarily prolonged this litigation after claim construction foreclosed its infringement theories;
 - PersonalWeb's conduct and positions regarding [its cases against customers] were unreasonable; and
 - PersonalWeb submitted declarations that it should have known were not accurate.



“Attorneys' fees under § 285 are not a penalty for losing a patent infringement suit.”

In re PersonalWeb

Attorneys Fees in Patent Litigation

- **The Federal Circuit applied the standard from *Octane Fitness*, explaining:**
 - An exceptional case is “simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated;”



“Attorneys' fees under § 285 are not a penalty for losing a patent infringement suit.”

In re PersonalWeb

Attorneys Fees in Patent Litigation

- **In previous litigation addressing the same S3 product, PersonalWeb had stipulated to dismissal with prejudice, back in 2014, but now attempted to sue customers as well:**
 - “After claim construction in the [prior case], PersonalWeb stipulated to dismissal with prejudice of all of its claims against Amazon and its S3 product, stating that PersonalWeb stipulates ‘that all claims’ in the Texas Action should “be dismissed with prejudice”
 - “But years later in 2018, PersonalWeb asserted the same patents from the Texas Action—the True Name patents— against the same accused infringing technology from the Texas Action— Amazon S3. The only difference was that PersonalWeb accused Amazon's customers of infringement.”



“It is well-settled that this final judgment operated as an adverse adjudication on the merits of PersonalWeb's infringement claims.”

In re PersonalWeb

Attorneys Fees in Patent Litigation

- It explained that *Kessler* applied to any ‘final judgment,’ even one that was voluntary:
 - “In *Kessler*, the Supreme Court reasoned that, after a ‘final judgment’ of non-infringement in favor of the accused infringer *Kessler*, allowing follow-up suits by the patentee against *Kessler*'s customers over the noninfringing product ‘will be practically to destroy *Kessler*'s judgment right.’”

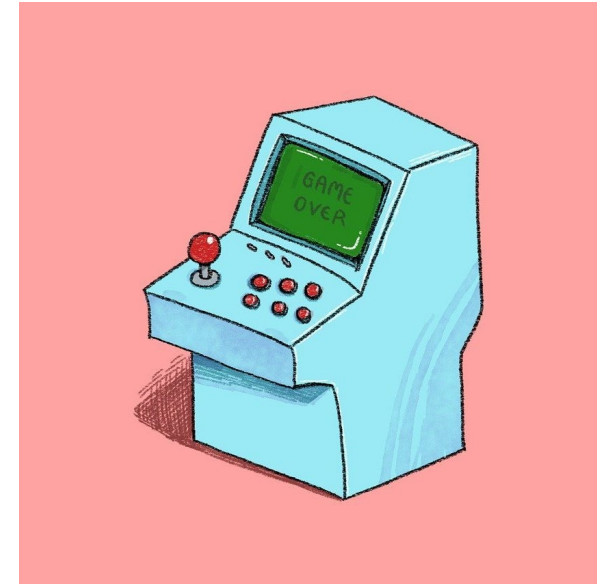


“It is well-settled that this final judgment operated as an adverse adjudication on the merits of PersonalWeb's infringement claims.”

In re PersonalWeb

Attorneys Fees in Patent Litigation

- It also agreed that the District Court had not abused its discretion with respect to its findings about PersonalWeb's litigation conduct:
 - Its infringement theories changed radically, emphasizing one component one day, and arguing that this was an independent argument another.
 - Despite an adverse claim construction, PersonalWeb refused to stipulate to non-infringement and continued to litigate the case despite an obligation to "continually assess the soundness of pending infringement claims."
 - It represented that one customer's case was representative of its infringement theories as to the other customers but maintained its suit against the others after the representative customer case dismissed at summary judgment.
 - It filed declarations stating that the earlier actions only related to certain functionality, when in fact the declarants themselves had addressed other functionality.

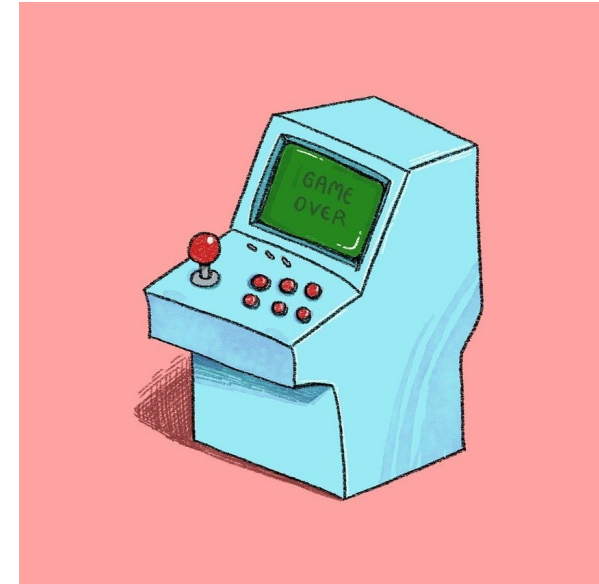


“PersonalWeb litigated this case with ‘obfuscation, deflection and mischaracterization.’”

In re PersonalWeb

Attorneys Fees in Patent Litigation

- **It concluded:**
 - “The district court lived with this case and its counsel for years. It thoroughly reviewed the totality of the circumstances to find that this case both lacked ‘substantive strength’ and was litigated in an ‘unreasonable manner.’”



“PersonalWeb litigated this case with ‘obfuscation, deflection and mischaracterization.’”

Recommended Reading: ABA Formal Opinion 508- The Ethics of Witness Preparation

The formal opinion covers a variety of important topics for witness preparation, including remote technologies.

- What Preparatory Conduct is Ethical?
 - Remind the witness that they will be under oath
 - Emphasize the importance of telling the truth
 - Explain that telling the truth can include a truthful answer of “I do not recall”
 - Provide context for the witness’s testimony
- Unethical Pre-Testimony Coaching
 - Examples of unacceptable witness coaching include:
 - Programming a witness’s testimony
 - Knowingly violating sequestration orders
 - Encouraging a witness to present fabricated testimony.

Recommended Reading: ABA Formal Opinion 508- The Ethics of Witness Preparation

- Unethical Conduct During Witness Testimony
 - Misconduct in Remote Settings
 - Allegations of misconduct in remote proceedings have been addressed by regulators and the judiciary.
 - » A lawyer has been disciplined for providing a client with answers to questions while off camera during a remote proceeding.
 - Remote coaching, like its historical antecedents, puts the perpetrating lawyer at risk of adjudicative rebukes and court-ordered sanctions, as well as disciplinary sanctions.
 - Systemic Precautions for Addressing Such Misconduct
 - A starting point for systemic precautions to prevent and detect incidences of problematic remote coaching.
 - » Skillful cross-examination
 - » Court orders directing uninterrupted testimony
 - » Motions to terminate or limit a deposition or for sanctions
 - » Inclusion of protocols in remote deposition orders, scheduling orders, and proposed discovery plans
 - » Administrative orders governing the conduct of remote depositions
 - » Inclusion of remote protocols in trial plans and pretrial orders
- Conclusion
 - “It is prudent for lawyers and adjudicators to consider prophylactic measures designed for use in remote proceedings to prevent and detect incidences of unethical coaching conduct.”

Judge Kathleen Ryan

Oakland County, Michigan Judge Recorded as a “New Racist”

- Oakland County Probate Judge **Kathleen Ryan** was removed from the bench this month, according to press reports, based on racist remarks.
- She was recorded by a staff member who says he had faced harassment from her.
- The recordings were published by local media:



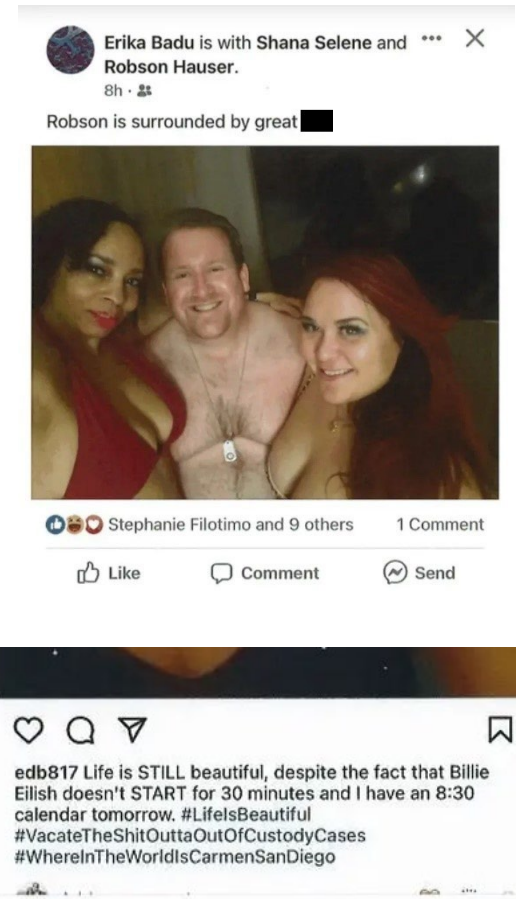
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abc DETROIT

Las Vegas District Court Judge Erika Ballou

Judge Censured for Hot Tub Photos and Social Media Posts



- Las Vegas District Court Judge Erika Ballou made national news after posting a two photos of herself on social media.
- One photo showed her in a hot tub with two public defenders, captioned “Robison [one of the public defenders] is surrounded by great [redacted].”;
- In another photo she showed herself and included the tag “VacateTheShitOutOfCustodyCases.”
- Judge Ballou consented to public censure and agreed to take an online course in judicial ethics and social media.

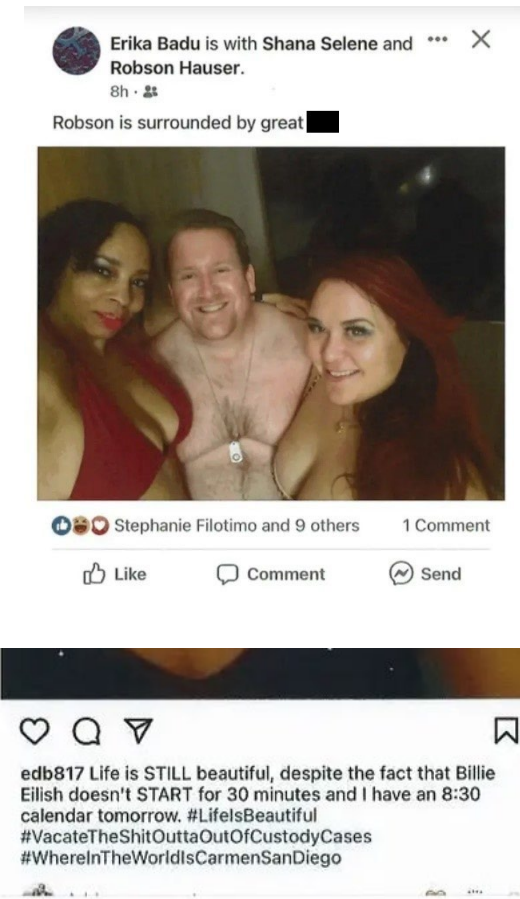


Las Vegas District Court Judge Erika Ballou

Judge Censured for Hot Tub Photos and Social Media Posts



- She admitted to violating Canon 1, Rules 1.1 and 1.2; Canon 2, Rules 2.1 and 2.4(C); and Canon 3, Rule 3.1(C) of the Revised Nevada Code of Judicial Conduct:
 - requiring the Respondent to act at all times in a manner that promotes public confidence in the independence, integrity and impartiality of the judiciary and avoiding impropriety and the appearance of impropriety (Rule 1.2)
 - requiring Respondent's duties of judicial office, as prescribed by law, to take precedence over all of Respondent's personal and extrajudicial activities (Rule 2.1)
 - requiring Respondent to not convey or permit others to convey the impression that any person or organization is in a position to influence the Respondent (Rule 2.4(C))
 - requiring Respondent to not participate in activities that would appear to a reasonable person to undermine the Respondent's independence, integrity, or impartiality, or either of these rules, in her capacity as a district court judge (Rule 3.1(C))
- **She stipulated to these violations, and in her stipulation consented to public censure and agreed to take an online course in judicial ethics and social media.**





Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates