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Intellectual Property Quarterly Newsletter

A Quarterly Insight on Intellectual Property in State Government

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CHIP Shots™

Critical Holdings in Intellectual Property

- PETA loses copyright suit brought on behalf of a monkey.
- A battle is brewing in the bucolic Sacramento foothills over the use of the Apple Hill trademark.
- The U.S. Supreme Court will decide whether simply applying for a copyright satisfies the prerequisites for bringing an infringement action.

State Launches Intellectual Property Newsletter

This is the second issue of the DGS intellectual property newsletter. The inaugural issue introduced readers to the statewide IP program while this and subsequent issues will focus attention on the specific IP needs of state agencies. These topics will include discussion of IP ownership issues, the use of materials found on the Internet, and similar IP issues facing state government.

For more information about these topics, please visit our website at:
www.dgs.ca.gov/OLS/Programs/IP.aspx

What is intellectual property?

Intellectual property (IP) is a legal term that refers to creations of the mind, including an idea, invention or process.

There are four main categories of IP:

- **Copyrights:** pictures, audio and video recordings, maps, publications, Web page content
- **Patents:** inventions, processes
- **Trade secrets:** methods, techniques, processes
- **Trademarks:** names, logos, symbols, identifying marks

Common examples in state government:

- Flex Your Power
- Slow for the Cone Zone
- California Grown
- Save our Water

Who owns a copyright?

State agencies often enter into contracts where an independent contractor prepares written materials for the state. It is important to understand that the state does not necessarily own the rights to these materials even though the contract is publicly funded.

Once an original work is fixed in a tangible medium, the copyright becomes the property of the author who created it. There is an important exception to this principle that is commonly known as the “work made for hire” doctrine.

Under this doctrine, these materials can become the property of the hiring party if certain steps are taken. In California, however, application of the “work made for hire” doctrine can be problematic because an independent contractor may be deemed an employee for certain insurance purposes if the doctrine is invoked.

Given these problems, the IP Advisory Group recommends that a state agency use a copyright assignment with independent contractors in order to establish ownership of a work.

A copyright assignment should be used in combination with ownership provisions in the underlying contract and a Nondisclosure Agreement. Examples of these documents may be found on the DGS IP web portal:
<http://www.dgs.ca.gov/ols/Programs/IP.aspx>.

I can use that, can't I?

Stop! That Power Point Presentation could cost the state \$150,000 or more! The Internet is a goldmine of information and images collected from a variety of sources. Internet materials are an attractive resource for state employees who may want to use photographs in a Power Point presentation or in the design of an agency web site. Nevertheless, the technical ease of copying photographs from the Internet does not create a legal right to do so.

Although these materials, including photographs, may be readily accessible, most information and images on the Internet are owned by others. It is quite easy to violate the IP rights of these owners by using photographs or other content from the Internet without appropriate permission and attribution.

Violating the rights of those who own content on the Internet can have serious ramifications. For example, if a work is registered with the U.S. Copyright Office, the unauthorized, willful use of the work can lead to an award of up to \$150,000 in statutory damages for each violation. Protected works do not need to be registered in order for significant liability to arise.

Some materials on the Internet are available for general, non-commercial use through a license such as a Creative Commons license. Even so, the license permitting use of such materials has specific requirements that must be followed.

As a result, it is imperative that state agencies understand the risks and obligations associated with using Internet materials. To this end, it is recommended that state agencies seek out the assistance of in-house legal counsel when deciding whether to use images or materials taken from the Internet.

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DGS can help state agencies

The U.S. Bureau of Economic Analysis has recognized that IP is a valuable asset. As guardians of the public trust, we all have an obligation to protect those assets. DGS is here to help state entities fulfill that obligation.

As of 2012, DGS was given the authority under statute to help state agencies and departments manage and protect their intellectual property assets. DGS will do so through the initiation of a multi-phase statewide outreach program. Not only is it the law, but appropriately managing intellectual property benefits governmental entities and helps avoid unnecessary legal battles associated with the improper use of IP.

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To Trademark or Not to Trademark

When deciding whether to register a trademark, agencies should ask the following questions:

- Does the mark further the goals, vision, and mission of the state agency?
- Will a failure to register lead to potential loss of control over the mark?
- Will private use of the state mark lead to an unwanted association between the state agency and the user?
- Will private use lead to an improper appearance of state sponsorship or endorsement?
- Will private use of the mark cause a state agency to be associated with unwanted or undesirable messages?