



Inspiring appreciation and respect for intellectual property

Alyssa J. Devine, Founder of Purple Fox Legal, reminds us of the core values rooted in intellectual property and the importance of encouraging consumers to favor strong brands and protected assets.

Intellectual property is the most valuable resource in the world.¹ Intangible assets comprise more than 90% of total assets on the balance sheets of S&P 500 companies.² But what does "intellectual property" mean and why should we inspire a greater appreciation for its worth and the protection it offers? This is the question intellectual property attorneys must answer for the courts, their clients, and society at large.

Intellectual property is all around us. Most people see, hear, and experience it both in the physical and digital worlds more times in a day than they realize. Intellectual property is important to both companies and individuals for three reasons: first, it enhances consumer protection; second, it incentivizes fair competition; third, it shapes culture and societal perceptions.

1. Protecting consumers

One of the functions trademarks serve is to ensure that unfair competition is minimized. Modern trademark law is based on a mixture of consumer protection and unfair competition principles. Trademarks are intended to serve as source indicators for a specific good or service. As much as they incite fair competitive practices, trademarks prevent consumers from being misled and decrease their search costs when contemplating purchases. To further these goals, the likelihood of confusion test came to fruition.³ This test is the standard for trademark infringement and uses 13 factors to determine whether the

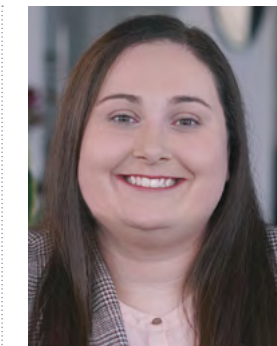
average consumer would be confused by two competing trademarks.

Trademark law also protects consumers through the principle of acquired distinctiveness. Word marks are measured using a scale of distinctiveness.⁴ From weakest to strongest, the five categories of distinctiveness are generic, descriptive, suggestive, arbitrary, and fanciful. Generic marks cannot be protected at all due to the need to use words for their plain meaning. Descriptive word marks are ineligible for legal protection unless they acquire secondary meaning in the minds of consumers over time.⁵ This means that the trademark needs to be used for several years before consumers can automatically recognize that trademark and distinguish it from other trademarks for similar goods and services.

Publicity rights are another type of intellectual property that protects consumers from being misled. The right of publicity is best defined as a state-based intellectual property doctrine that provides an individual's right to control the commercial use of any feature or indicia that "unequivocally identifies" them.⁶ Publicity rights are often mistakenly associated exclusively with famous individuals because legal disputes involving this legal doctrine frequently involve celebrities, including those who are deceased.⁷ However, this is not accurate as Meta, formerly known as Facebook, discovered in 2011.⁸

Facebook was created in 2004 and became one of the most popular user-generated content platforms.⁹ Facebook CEO Mark Zuckerberg built the company by generating revenue through advertising to its users and argues that "[a] trusted referral is the Holy Grail of advertising."¹⁰ However, in 2011, Facebook's "Sponsored Stories," the Holy Grail of its advertising practices, went a step too far, resulting in a right of publicity class action lawsuit.

Facebook's "Sponsored Stories" displayed a Facebook user's "name, profile picture, and an assertion that the person 'likes' the advertiser, coupled with the advertiser's logo" on another Facebook user's page. Once a Facebook user "liked" a specific product or service, that action was shared with an average of 130 other Facebook users in the form of "Sponsored Stories," which appeared alongside Facebook's paid advertisements. This practice gave users the impression that their Facebook friends endorsed a product or service. Once this practice was discovered, a number of Facebook users filed suit alleging that Facebook unlawfully misappropriated their names, images, and likenesses in paid advertisements without obtaining their consent. The class action complaint demonstrated the plaintiffs' tangible property interest in their publicity rights by citing Facebook COO Sheryl Sandberg who stated the value of a "Sponsored Story"



Alyssa J. Devine

Résumé

Alyssa J. Devine, Founder and Managing Attorney of Purple Fox Legal, created a unique law firm brand as a reflection of her appreciation for entrepreneurship and passion for intellectual property. Uniquely positioned to assist her clients, Alyssa is not only a lawyer but has also earned an M.B.A. from Indiana University. Purple Fox Legal is based in Nashville, Tennessee, where Alyssa's practice focuses on business, trademark, copyright, and right of publicity law.

advertisement was "at least twice and up to three times the value of a standard Facebook.com advertisement without a friend endorsement" and as well as data gathered by a well-respected marketing research firm. *Farley v. Facebook* is one of the first modern cases that acknowledges how technology enables third parties to unfairly profit from both famous and non-famous individuals' publicity rights and shows why every individual should be cognizant of intellectual property rights.

¹ <https://ipo.org/wp-content/uploads/2013/04/ipmarketplace.pdf>.

² <https://anderson-review.ucla.edu/boom-of-intangible-assets-felt-across-industries-and-economy/>.

³ *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973).

⁴ *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

⁵ Trademark Manual of Examining Procedure § 1216.06 (July 2022); J. Thomas McCarthy, 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:1 (5th ed. 2021).

⁶ Jonathan L. Faber & Wesley A. Zirkle, *Spreading its Wings and Coming of Age: With Indiana's Law as a Model, the State-Based Right of Publicity is Ready to Move to the Federal Level*, 45 RES GESTAE 31, 38 n.42 (2001) (citing Ind. Code § 32-36-1-7 (2001) (defining "right of publicity" as the name, voice, signature, photograph, image, likeness, distinctive appearance, gestures, or mannerisms of an individual)); J. Thomas McCarthy & Roger E. Schechter, RIGHTS OF PUBLICITY AND PRIVACY § 2:3 (2d ed. 2020) ("[T]he right of publicity is not restricted to 'celebrities.'"); J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 28:1 (5th ed. 2019) ("The right of publicity is the inherent right of every human being to control the commercial use of his or her identity"); *Farley v. Facebook, Inc.*, 830 F.Supp.2d 785 (N.D. Cal. 2011) (explaining how Facebook's primary revenue streams from using unpaid Facebook members as unknowing spokespersons for various goods and services); *Motschenbacher v. R. J. Reynolds Tobacco Co.*, 498 F.2d 821, 825 n.11 (9th Cir. 1974) (stating "the appropriation of the identity of a relatively unknown person may result in economic injury or may itself create economic value in what was previously valueless."); see also A Bill to Protect Ladies, H.R. 8151, 50th Cong. (1888) (introducing a federal bill "to prohibit the use of likenesses, portraits, or representations of females for advertising purposes without consent in writing").

⁷ J. Thomas McCarthy & Roger E. Schechter, RIGHTS OF PUBLICITY AND PRIVACY § 2:3 (2d ed. 2020) ("[T]he right of publicity is not restricted to 'celebrities.'"); see generally Loren Cheri Shokes, *Life After Death: How to Protect Artists' Post-Mortem Rights*, 9 HARV. J. SPORTS & ENT. L. 27 (2018).

⁸ *Farley v. Facebook, Inc.*, 830 F.Supp.2d 785 (N.D. Cal. 2011) (explaining how Facebook's primary revenue streams from using unpaid Facebook members as unknowing spokespersons for various goods and services).

⁹ <https://www.usatoday.com/story/tech/2022/07/25/when-was-facebook-created/10040883002/>.

¹⁰ *Farley v. Facebook, Inc.*, 830 F.Supp.2d 785, 799 (N.D. Cal. 2011).



2. Promoting fair competition

Trademark law also serves to minimize unfair competition without overburdening market entrants. For example, whether a website domain had acquired distinctiveness was recently reviewed by the US Supreme Court.¹¹ In this case, the US Patent and Trademark Office refused registration for “Booking.com” in relation to online travel reservation services and cited that generic trademarks were ineligible for federal trademark registration. However, disagreeing with the US Patent and Trademark Office’s categorization of the domain name, the US Supreme Court found that the addition of “.com” to “Booking.com” positioned its classification on the distinctiveness spectrum to be descriptive, not generic. Additionally, evidence demonstrated that consumers easily distinguished “Booking.com” from other trademarks offering similar services. The US Supreme Court held that because “Booking.com” was descriptive and had acquired distinctiveness, the US Patent and Trademark Office should issue its registration. This case symbolizes the delicate balance between the purpose of trademark law and the rights of businesses and is a must-read for entrepreneurs.

Like trademarks, trade secrets incentivize fair business practices. Trade secrets are information that has quantifiable value due to not being known to competitors or the public and that is reasonably protected by the owner to maintain its secrecy. Misappropriating trade secrets may result in both civil and criminal liability.

The Coca-Cola formula is perhaps the most famous trade secret in the world, and this is for good reason. The Coca-Cola Company brand is worth over \$100 billion,¹³ and the company makes significant investments to prevent infringement and misappropriation of its intellectual property. Unfortunately, Coca-Cola’s confidential documents and unreleased products were stolen and almost sold to Pepsi for \$1.5 million by former Coca-Cola employees in 2006.¹⁴ Once Pepsi executives received the offer, they promptly notified the FBI, which apprehended the former Coca-Cola employees. A district court judge sentenced former Coca-Cola employees to multiple years in prison and required them to pay \$40,000 restitution.

3. Shaping culture and society

People want more human interaction as technology evolves.¹⁵ They want to purchase from brands that they connect with. They want experiences and stories.¹⁶ This is why brands such as The Lumistella Company are incredibly popular.

The Founders of The Lumistella Company developed The Elf on the Shelf® to recreate their family tradition and childhood memories involving “a magical elf who visits families and

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shares their adventures with Santa each night.”¹⁷ This desire transformed into a media franchise and became a Netflix animated series in 2020. While utilizing intellectual property to educate and connect with its target audience, The Elf on the Shelf® franchise speaks to the value of how storytelling and experiences shape our culture.

Dispelling misconceptions

Despite its unquestionable importance, understanding intellectual property is often clouded by misconceptions that contribute to its underappreciation.

One such misconception is that if money is not generated by using others’ intellectual property, then infringement cannot occur. This is patently false and has caused a plethora of problems for intellectual property owners seeking to enforce their rights.

Another common misconception is that intellectual property primarily benefits large corporations and excludes smaller players. This fallacy is perpetuated by large corporations’ advanced understanding of and greater visibility in leveraging intellectual property, but individuals and small businesses can also benefit. The hurdle is in identifying the different types of intellectual property and prioritizing which ones to protect and utilize, given the finite resources of individuals and small businesses.

Inspiring appreciation and respect

To foster a greater appreciation for intellectual property and demonstrate the consequences of failing to respect others’ intellectual property, a multifaceted approach is necessary. Education, awareness, and ethics each play a crucial role in nurturing a culture that values and respects intellectual property.

Recognizing and celebrating innovators and creators with awards, grants, and public acknowledgments not only rewards those who contribute to society but also highlights the value of intellectual property. Encouraging individuals to consider the ethical implications of using or sharing copyrighted material without permission can help in fostering a culture of appreciation. Ethical behavior also extends to businesses by encouraging fair competition and protection of trade secrets.

As the most valuable resource in the world, intellectual property is instinctively intertwined with our professional and personal lives. Trademarks, trade secrets, publicity rights, and copyrights collectively symbolize the foundation of consumer protection, fair competition, and culture. These intangible assets protect the creations of the mind, incentivizing companies and individuals to invest in research, development, competition,

and creative endeavors. To ensure intellectual property’s continued vitality, it is crucial for intellectual property attorneys to take the helm and begin a movement to inspire greater appreciation for the value of intellectual property.



“Education, awareness, and ethics each play a crucial role in nurturing a culture that values and respects intellectual property.”

¹¹ *Patent and Trademark Office v. Booking.com B.V.*, 591 U.S. (June 30, 2020).
¹² National Conference of Commissioners of Uniform State Laws, *Uniform Trade Secrets Act With 1985 Amendments* § 1(4) (1985), available at https://higherlogicdownload.s3-external-1.amazonaws.com/UNIFORMLAWS/e58f1ga0-6a5e-c90f-67c1-ac1f747ad47b_file.pdf?AWSAccessKeyId=AKIAVRDO7IEREB57R7MT&Expires=1697654763&Signature=XUorS1DIDtCxJlDAfLgOeooJWk4%3D.
¹³ <https://www.marketingweek.com/coca-colarecovers-top-10-global-brand-status/>.
¹⁴ https://www.theguardian.com/media/2006/jul/07/marketingandpr.drink?CMP=share_btn_link%27.
¹⁵ <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-great-consumer-shift-ten-charts-that-show-how-us-shopping-behavior-is-changing>.
¹⁶ <https://business.adobe.com/au/blog/perspectives/people-more-loyal-to-brands-that-care-about-them>.
¹⁷ <https://lumistella.com/about-us/>.

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