

“INTELLECTUAL PROPERTY AND CITIES”

General Session

by

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Intellectual Property-Related Pitfalls Awaiting City Attorneys

In this increasingly technology-driven environment, nearly every human-made product contains at least one part that is or should be subject to the legal protection of intellectual property law – whether a chemical, a mechanical part, an electronic part, a computer chip or software. Likewise, many professional services retained by corporations, municipal or private, employ someone’s intellectual property rights in performing the job or manufacturing the deliverables. Beneath all these transactions lie potentially enormous legal liabilities that parallel the budget of a department of a major city. The purpose of this article is to help City Attorneys recognize 1) common pitfalls leading to potentially significant intellectual property liabilities, and 2) intellectual property rights commonly overlooked by cities.

In general, “intellectual property” includes patents (utility, plant, design), trademarks, copyrights, right of publicity, trade secrets, know-how and *sui generis* rights. In this paper, we will focus on the more common forms of intellectual property: (1) patents, (2) copyrights, and (3) trademarks. The more esoteric rights are left for another day. This paper should be read in conjunction with the accompanying presentation materials that discuss what the three forms of intellectual property are and why cities should care about them. However, the following basic definitions will be helpful for purposes of this paper. Utility or use patent law protects *useful, new and non-obvious inventions*.¹ Copyright law protects *original, creative writings on a tangible medium*.² Trademark law protects *anything that is used to distinguish the source of goods or services so as to protect goodwill*.³

Here are the more common pitfalls to watch out for:

1. INADVERTANT GIFTING OF RIGHTS

a. Failure to Perfect Titles in or Register IP. Intellectual property is a form of (personal) property and transferable under various federal and California statutes.⁴

¹ See the U.S. Patent Act, 35 U.S.C. §§ 1 et seq. & 37 C.F.R. Ch. I.

² See Copyright Act, 17 U.S.C. §§ 101 et seq. & 37 C.F.R. Ch. II.

³ See Cal. Trademark Act, Cal. Bus. & Prof. Code §§ 14200 et seq., Cal. Unfair Practices Act, Bus. & Prof. C. §§ 17200 et seq., and Lanham Trademark Act, 15 U.S.C. §§ 1051 et seq. & 37 C.F.R. Ch. I.

⁴ The U.S. Copyright Act of 1976 (Title 17 of the U.S.C.) and Patent Act of 1952 (Title 35 of the U.S.C.) explicitly treat copyrights and patents as transferable personal property. California statutes treat

Protection of taxpayers' property, tangible and intangible, is a legal duty of our clients and the advising city attorneys. Further, some of the intellectual property ("IP") could be valued in millions of dollars in worth and/or licensing royalties.

Because, unlike real property and other forms of personal property, protecting a piece of city's intellectual property requires legal counsel to take timely, proactive and affirmative legal filings, failure to do so could result in loss of a client's intellectual property permanently and inadvertently gifting the rights to a third party (most often a contractor). Such legal filings and actions typically include:

- (1) For patents, keeping the discovery or invention from public disclosure and filing necessary application with the U.S. Patent and Trademark Office ("USPTO") no later than one year from the public disclosure, if any;
- (2) For copyright-protected materials, registering with the U.S. Copyrights Office within the statutory period in order to qualify for heightened statutory damages and award of attorneys' fees, which are excellent enforcement tools under 17 U.S.C. 504(c); and
- (3) For trademarks, registering with the USPTO and/or the California Secretary of State before opportunists gain statutory presumptive advantage by registering the mark first.

b. Incomplete Vendor Contracts as to IP Ownership. Cities often fund entirely or substantially the design, development and/or construction of certain deliverables (*e.g.*, new software, design of a state-of-the-art sewer treatment system, etc.). In these cases, it is fair and equitable for the funding city to own the intellectual property rights created, since it funds the creation of the IP "from scratch." But because ownership of the tangible deliverables does not automatically result in ownership of the intangible intellectual property in the deliverables, cities could lose the accompanying intellectual property rights in the deliverables, unless the contract so stipulates.

Therefore, to avoid gifting of the intellectual property to the vendor in a contract where a city funds entirely or substantially the creation of a new IP, the contract must stipulate city's ownership of any intellectual property created by the vendor (and its subcontractors) in performing the contract. Further, if a license is required for the city to use vendor's pre-existing IP (*e.g.*, vendor's proprietary software), the contract must clearly state the granting and scope of the license. It is most desirable to obtain from vendor a perpetual, irrevocable, royalty-paid up license in these scenarios.

Note what I refer to as the "Sliding Scale" rule: The higher percentage of the total development costs a city pays in creating the new IP, for example, a piece of software; the more it should own the IP rights therein. If a vendor insists on owning the IP rights in the newly created software, the city should only pay a low percentage of the development costs, which is tantamount to a license fee.

trademarks, trade names and good will as property and transferable, see, among others, Cal. Bus. & Prof. C. §§ 14102 & 14401, and Cal. Civ. C. § 655.

c. Forgoing Fair Market License Fees. A third party who uses city's intangible IP (*e.g.*, software, patents, trademarks, photographs, etc.) should compensate the city for the use at fair market royalty rate, as the city would charge fair market rent for third party use of a piece of city's tangible property, a parcel for instance. The royalties should help deflate the development costs that the city has paid. The contract price should be lowered accordingly.

When a city is the licensor, licensee should pay a fair royalty. For example, when a publisher requests to publish a collection of vintage photographs (to which the city owns the copyright), the publisher is requesting, in effect, a copyright license from the city. The city may and should charge fair market fees for the copyright license. In the case of software, the fair market rate would be the license fees charged for a piece of comparable software. Absent justification, forgoing the license fee or "rent" in these cases could be seen as gifting of public fund legally, or by a city controller, or by the press, or all of the above.

Another common scenario where a city unintentionally foregoes its licensing royalty is in the customer merchandises and entertainment sectors. Often city trademarks are used without permission (*i.e.*, a license) in merchandises (on die cast police car or helicopter models, for examples), video game or movies. When use of a city trademark in films or video games is not pervasive, the producers may argue "fair use." Trademark use in die cast models is normally not considered a fair use, however. When the use in a film or video game is not a fair use, fair compensation to the trademark owner is expected in those industries. In practice, fair use or not, the film/game producer often would rather obtain a "clear title" from the mark owner in order to distribute the film or game without any "cloud," than saving money. Universities have long collected an annual stream of considerable trademark licensing royalties.

Other areas in which cities are compensated for use of their IP's include reprinting of various city's written materials (protected by copyright) by text book publishers and the use of trademarks of established events, such as the Los Angeles Marathon logo and trademarks.

2. UNNECESSARY LIABILITY EXPOSURE

a. Contributory Infringement in Competitive Bidding Process. Intellectual property infringement does not require intent to violate other's IP rights. But if the violation is intentional or willful, once proven, the infringer would be subject to treble damages and award of attorneys' fees. Therefore, in terms of liability exposure, intellectual property infringement ranks the same as that for claims under RICO violation (Title 18 U.S.C. 1961) and civil rights violation under Title 42 U.S.C. 1983. As a consequence, the national average litigation cost to defend a patent infringement lawsuit to jury trial was \$800,000 to one million dollars as of a few years ago.

A city can unwittingly open itself to a claim of contributory IP infringement, particularly patent, in the way it drafts a Request for Proposal ("RFP"). For example, by providing a design drawing in an RFP for vendors to respond, a city may in effect cause others to infringe on a patent held by a third party, who claims the design infringes on his/her patent. Patent infringement claims and interruption to business could well ensue. A more prudent approach is to list or state the engineering problems in an RFP and call for solutions. Alternatively, an RFP can state the functionalities of the deliverables desired by city and allow the respondents to come up with their proposals.

b. Incomplete Contract Provisions on IP Liabilities. To avert expensive lawsuits and hefty awards of damages, city contracts awarded to vendors should all contain the following basic provisions, at a minimum: (1) warranty of non-infringement by the vendor of others' IP rights, and (2) defend and hold harmless clauses against third-party IP infringement claims and lawsuits. See sample attached hereto.

c. Loan or Test Items from Vendors. Oftentimes, vendors would convince our clients to test or use their products "on loan" without a purchase and thus any written documents. This is a trap for the unwary. These products are often new, in development, and/or new competing products into existing market. Competitors are prone to use IP (especially, patent) infringement as a sword to snuff out budding competition by suing the vendor and our clients. Hence, it is prudent not to allow any use of pre-chase products without a loan agreement, containing the necessary indemnification clauses referred to in "b" above.

d. Failure to Do IP Rights Clearance. At times, city employees could use images, movie clips, materials taken from the Internet, without proper clearance from the IP rights owners. Albeit unintentional, the unauthorized use often is infringement, technically.⁵ Actions based on copyright and/or trademark infringement and even a violation of a person's right of publicity could follow in most cases of unauthorized use of materials taken from the Internet. Open-source software codes available online could open a city to copyright infringement lawsuits, if an information technology employee downloads the codes without complying with the restrictions and terms of the license. Open-source software should be handled with extra care due to the layers of licensing terms.

Therefore, a consistent IP rights clearance policy should be established and followed. Before using materials from the Internet or non-city sources, city employees should do a proper IP rights clearance.

3. PROTECTING GOVERNMENT FUNCTIONS

a. Patents Rights Created with Federal Grants. When a project is funded in part or in whole with federal grant, cities should take extra caution in complying with a web of complicated obligations related to any patents created by the project. As applied

⁵ Although a fair use defense may be argued in some cases, the finding of a fair use under copyright law is highly fact-dependent and uncertain until trial.

to cities, the governing statute is the Bayh-Dole Act (35 U.S.C. §§ 200-212) of 1980, as implemented by a set of code of federal regulations, and supplemented by two executive orders and one Office of Management of Budget circular.⁶

The impetus behind the Bayh-Dole Act is to promote use of useful patents (and thus the associated technologies) by private and non-profit concerns, having assumed or found the federal government did not have a good track record of exploiting new patents created with federal funds, as of 1980.⁷ Under the act, the grantee may elect to retain title to new patents created with the grant money but has an obligation to report any potential patentable matter to the federal government, so the federal government may exercise its march-in right⁸ to take the patent, if the grantee ends up squandering the right to perfect title.

Two key obligations are highlighted here, although readers are encouraged to read the cited law for other details. First, a set of standard patent rights provisions must be incorporated into all contracts between the grantee and its contractors (of all tiers). (See OMB Circular A-102 and 37 C.F.R. Sect. 401.14). Second, obligations of the grantee, such as that to disclose potential patents, should be “passed-through” to the grantee’s contractors (of all tiers). See 37 C.F.R. § 401.14(c). Not to violate the Bayh-Dole Act, cities should be vigilant in incorporating the applicable provisions, as violation of the act may result in severe consequences.

b. Third-Party IP Rights in CPRA Disclosure. The following are exemptions related to IP rights in the context of fulfilling cities’ obligations under the California Public Records Act (“CPRA”). However, liabilities might ensue if city incorrectly determined that the exemption(s) apply.

(1) “Trade Secrets” (Cal. Gov. Code § 6254.7(d))

Whether something is a trade secret is determined under the California Uniform Trade Secrets Act. See Cal. Civ. Sect. 3426.1(d) and the common law related thereto. If a city has determined some information is not a trade secret and, therefore, may be disclosed under the CPRA, a written notice to the purported trade secret holder/claimant is preferred to reduce potential liabilities from wrongful disclosure. It is then up to the trade secrets claimant to enjoin the pending disclosure in court.

(2) “Computer Software” (Cal. Gov. Code § 6254.9)

“Computer Software” includes “computer mapping systems, computer programs, and computer graphics systems.” (Sect. 6254.9 (b)). Note that a city may assert its own copyright holder’s standing to claim exemption

⁶ The Bayh-Dole Act (PL 96-517, Amendments to the Patent and Trademark Act of 1980) as codified in 35 U.S.C. §§ 200-212; 37 C.F.R. § 401 et seq.; E.O. 12591 Section (April 10, 1987) as amended by E.O. 12618 (Dec. 22, 1987); and OMB Circular A-102 (revised 10/7/94, as further amended 8/29/97).

⁷ Interestingly, the House Subcommittee on Technology and Innovation held a hearing in 2007 to assess the current implementation and improve on future implementation of the Bayh-Dole Act. (July 17, 2007, “Bayh-Dole Act-The Next 25 Years” House Subcommittee Hearing.)

⁸ 37 C.F.R. § 401.14.

under this subsection, because the law makes no distinction between software owned by the city and others. In fact, the CPRA explicitly recognizes that software developed by cities is not public record and the software may be exploited by the city. (Sect. 6254.9 (a)). It may be further argued that not only software developed by a city but acquired by the city (*e.g.*, through vendor contract) falls under the protection of subsection (a). See 6254.9 (d).

c. Copyright and CPRA Co-Exist

Some might argue that production of copyright-protected materials by a city under the CPRA also grants a copyright license for the requester to commercially exploit the materials. This proposition is misplaced. First, if there is a conflict related to copyright holder's commercial interests, the federal copyright law governs over state conflicting law, because Congress has expressly pre-empted the field.⁹ Second, jurisprudentially, the CPRA is to guarantee free access to public documents and information by the public and not to usurp or diminish the commercial interests of copyright owners protected by copyright law.¹⁰ Third, the CPRA does not intend to impinge on the rights of a copyright owner.¹¹ Finally, if the copyright is owned by a non-city entity, the city would have no right to grant a license to materials, which it does not own the copyright to.

Therefore, production of copyright-protected materials under the CPRA does not grant a copyright license to the requester to commercially exploit the materials. (See sample notice re IP rights clearance). One may use the information obtained under the CPRA to further to goals of the statute. However, a copyright owner whose copyright-protected materials (*e.g.*, architectural plans) happens to be public records held by a city, does not lose any of his/her copyright interests by the city's production of the materials under the CPRA. The CPRA requester would infringe on those federally protected copyrights by exercising the exclusive rights of the copyright owner (*e.g.*, by reproducing and selling the plans to architects) without a license from the copyright owner.

d. GIS Maps (electronic version of the parcel boundary maps)

Some have claimed that one does not need to pay for a copyright license to commercially exploit the Geographic Information System information and maps, based on a 2005 California Attorney General Opinion (AG Opinion No. 04-1105, dated Oct. 3, 2005) ("Opinion"). That position seems to read more into the Opinion than the questions posed to the Attorney General's Office. The Opinion focuses on whether the GIS maps

⁹ See 28 U.S.C. § 1338(a).

¹⁰ See defense of copyright owner's interest in a CPRA request, by the Attorney General's Office (64 Op. Atty Gen. Cal. 186, dated Mar. 3, 1981), which states that production of materials under the CPRA is allowed as long as the production would not infringe upon someone's copyright. It also suggests situations of "fair use" exception to an infringement.

¹¹ When addressing an exemption for computer software, Section 6254.9(e) of the CPRA specifically states that "[n]othing in this section is intended to limit any copyright protections."

are public records and what fee should be charged in producing the GIS maps—all in the context of the CPRA.

The position that the Opinion did not diminish the copyright interests of the GIS maps owner, who happens to be the city that produces the electronic maps, is still valid. After all, if maps in printed form merit copyright protection, which is not debated, why would the same maps in electronic version lose their copyright protections?

e. Promoting Public Safety. Federal trademark and unfair competition laws may be used to bridge where state criminal laws end. The Lanham Act has been effective in bridging the gap. Several years ago, the City of Los Angeles faced proliferating Internet websites selling full-sized, counterfeit Los Angeles Police Department (“LAPD”) police badges, worldwide. The sales, if transacted in the State of California, were illegal. But they were not, supposedly. And federal laws have not reached into the conventionally state-controlled area of police power. Thus, the Lanham Act has been effective in promoting public safety by enforcing the trademark rights of the City of Los Angeles in the LAPD marks.¹² As a result, sales of fake LAPD police badges online have been dwindling markedly. See attached sample cease-and-desist letter for reference.

f. Control of Official Documents Cities may use trademark law to promote where one area of the copyright law ends. Because “black letter law” is in public domain (for good policy of promoting unrestricted dissemination to the public) and no one owns the copyright thereto, control and update of the latest version of the code can present problems to cities or the authoring agency. To solve the potential problem, cities can brand and/or create a name (along with its logo) for its codes, charter and official publications in order to control the official version of the documents. For instance, since 2003 there have existed the “Official Los Angeles Municipal Codes,” “Official Los Angeles Administrative Codes,” and the “Official Los Angeles Charter.” These names are used in conjunction with the City Seal, which is a trademark of the City. All together, the name plus the City Seal form another composite trademark. Although many can reproduce the black-letter law (but not the annotations, which remain copyright protected) of the codes, only the city may use that “brand name” created and thus maintain the accuracy and control of the content.

g. Loss of Patent Rights to Employees. Because under federal law, patents may only be issued to the inventors, employers rely on IP rights assignment in employment contract to capture its rights in patentable matters created by its employees on its behalf. If the collective bargaining agreement between a city and its employees, which is analogous to the labor contract in Corporate America, does not contain the patent rights assignment and related shop rights, for instance, the city may end up in the situation of City of Cocoa, Florida. In 2002, the city litigated against its employees over

¹² Particularly cited is 15 U.S.C. Section 1125.

ownership of a patent that deodorizes drinking water. At the end, the taxpayers of the city in practice lost the economic value of the patent valued at \$300M.¹³

Subject to restrictions of the California Labor Code,¹⁴ carefully drafted assignment clauses would allow cities to capture what is properly and equitably theirs or the taxpayers'.

As discussed, attention to the foregoing liabilities and foregone city intellectual property assets should greatly improve our city-clients' standing in maximizing their IP assets and minimizing their IP liabilities.

¹³ "Have Brain, Will Invent: Who Owns Your Inventions?" by Hammond and Gunderman, THE ROCHESTER ENGINEERS (Mar 2006).

¹⁴ Cal. Lab. Code Section 2870 prohibits employee assignment of inventions that was "developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for inventions that either:(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or (2) Result from any work performed by the employee for the employer."

1. SAMPLE WARRANTY AND IP INDEMNIFICATION PROVISIONS
(Technology Contracts)

INTELLECTUAL PROPERTY AND DELIVERABLES INDEMNITY.

a) Statement of Indemnity. Contractor agrees that from and after the Effective Date it shall fully indemnify, defend and hold harmless the Department, the Board, and its and their affiliates, officers, directors, agents, employees, customers and assigns (the "Indemnified Parties") from and against any and all claims, losses, liabilities, damages and costs (including attorneys' fees and court costs) arising from or relating to any Deliverables or arising from or relating to any claim, demand, threat, suit or proceeding by any third party regarding the Deliverables, including without limitation any claims of injury to persons or property, or of intellectual property infringement or misappropriation, by any third party. The Department shall notify Contractor promptly of any third party claim in connection with the foregoing, shall cooperate reasonably with Contractor in connection therewith (at Contractor's expense), in the defense or settlement of the foregoing. The Department shall have the right at its own expense to be represented in any action related to the foregoing by counsel of its own choice, and shall cooperate reasonably with Contractor with respect to such litigation.

b) Control. In Contractor's defense of the Department, negotiation, compromise, and settlement of any foregoing infringement or misappropriation action, the Department shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals therefrom, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

WARRANTIES.

a) Deliverables. Contractor hereby represents and warrants that the Deliverables (including without limitation all Hardware and Software, but not including Services) shall materially conform to their corresponding Specifications (including without limitation all Documentation) in normal use for a period of three (3) years from the date of their acceptance by the Department. In the event of any breach of the foregoing warranty, the Department shall promptly notify Contractor, and Contractor shall immediately either replace or, if commercially reasonable, repair such non-conforming Deliverables, and provide the same immediately to the Department. Any failure of Contractor to carry out the foregoing in a manner reasonably satisfactory to the Department, may, at the Department's option, be considered a material breach of this Agreement for purposes of SECTION 13 ("TERM AND TERMINATION"). Any such repaired or replaced Deliverables shall continue to have the balance of their warranty period as hereinabove stated; provided, however, that such warranty period shall in no event be less than ninety (90) days.

b) Services. Contractor represents and warrants that Contractor shall perform the Services in a professional and workmanlike manner, in accordance with the best practices of Contractor's industry, and in material conformity with corresponding Specifications (including without limitation all Documentation). In the event of any breach of the foregoing warranty, the Department shall promptly notify Contractor, and Contractor shall immediately re-perform the non-conforming Services. Any failure of Contractor to carry out the foregoing in a manner reasonably satisfactory to the Department, may, at the Department's option, be considered a material breach of this Agreement for purposes of SECTION 13 ("TERM AND TERMINATION").

c) General. Contractor represents and warrants that: (i) Contractor has full power and authority to enter into this Agreement and the person signing the Agreement on Contractor's behalf has been duly authorized and empowered to enter into this Agreement; (ii) the Deliverables shall not contain any materials which are unlawful, defamatory, libelous, threatening, abusive, racist, vulgar, harassing, pornographic or obscene; (iii) Neither the Deliverables (including without limitation the provision of Services) nor any element thereof, infringes or shall infringe or misappropriate the intellectual property rights of any third party, including without limitation any patent, copyright, trademark or trade secret rights; (iv) the Deliverables shall not be subject to any restrictions, including without limitation any liens, mortgages, pledges, security interests, encumbrances, or encroachments; (v) Contractor is not under, and shall not enter into any, obligation or obligations inconsistent with the provisions of this Agreement; and (vi) Contractor shall not violate any law, statute, ordinance, or regulation in the course of its performance under this Agreement.

d) Viruses. Contractor represents and warrants that it has exercised and shall exercise its most diligent efforts to ensure that no viruses, "Trojan Horses", "Worms" or other damaging, dangerous or objectionable code (collectively, "Viruses") are included with the Deliverables. If at any time a Virus may be found to exist in or have emanated from the Deliverables, or any electronic data, information or report generated thereby, Contractor agrees, at its sole expense, to exercise its most diligent efforts (including but not limited to providing appropriate replacement products, software, installation, and diagnostic testing) to remove such Virus within five (5) days of Department's notice.

Sample of IP Ownership Clauses

OWNERSHIP OF WORK PRODUCTS AND INTELLECTUAL PROPERTY

Unless otherwise provided for herein, all Work Products originated or prepared by CONTRACTOR or its subcontractors of any tier under this Contract shall be and remain the property of the CITY for its use in any manner it deems appropriate. Work Products are all works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas matters and combinations thereof, and all forms of intellectual property. CONTRACTOR hereby assigns, and agrees to assign, all goodwill, copyright, trademarks, patents, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared by CONTRACTOR under this Contract. CONTRACTOR further agrees to execute any documents necessary for the CITY to perfect, memorialize, or record the CITY'S ownership of rights provided herein. The provisions of _____ shall survive expiration or termination of this Contract.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of the CITY

Any subcontract entered into by CONTRACTOR relating to this Contract, to the extent allowed hereunder, shall include a like provision for work to be performed under this Contract to contractually bind or otherwise oblige its subcontractors performing work under this Contract such that the City's ownership rights of all Work Products are preserved and protected as intended herein. Failure of CONTRACTOR to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject CONTRACTOR to damages paid to the CITY and the imposition of any and all sanctions allowed by law, including but not limited to termination of CONTRACTOR'S contract with the CITY.

LICENSE FOR CONTRACTOR'S INTELLECTUAL PROPERTY

For all intellectual property that are not originated or prepared by CONTRACTOR or its subcontractors under this Contract, CONTRACTOR hereby grants and will cause others to grant CITY (including its agents and consultants) a royalty-paid, perpetual, irrevocable license to use such property internal to the CITY.

Sample Indemnity Provisions re Trade Secrets

Indemnity provision when proposer submits a Trade Secret to the Los Angeles World Airports ("LAWA") . . .

All documents submitted in connection with the Proposal may be subject to disclosure as required by the California Public Records Act (California Government Code Section 6250 et seq.) (hereinafter referred to as "CPRA") or the Ralph M. Brown Act (California Government Code Section 54950 et seq.). Proposal submissions will become the property of LAWA.

The Proposer must identify, in writing, trade secrets or other proprietary information (hereinafter collectively referred to as "Proprietary Information") that the Proposer claims are exempt from disclosure pursuant to the CPRA. The Proposer must include one additional unbound copy of the Proposal with the Proprietary Information totally blacked out or removed from the text.

The Proposer who claims such an exemption must also state in the Proposal that, "Proposer undertakes and agrees to defend, indemnify and hold harmless LAWA from and against all suits, claims, and causes of action brought against LAWA for LAWA's refusal to disclose Proprietary Information to any person making a request pursuant to the CPRA. Proposer's obligations herein include, but are not limited to, all attorney's fees (both in house and outside counsel), costs of litigation incurred by LAWA or its attorneys (including all actual, costs incurred by LAWA, not merely those costs recoverable by a prevailing party, and specifically including costs of experts and consultants) as well as all damages or liability of any nature whatsoever arising out of any such suits, claims, and causes of action brought against LAWA, through and including any appellate proceedings. Proposer's obligations to LAWA under this indemnification provision shall be due and payable on a monthly, on-going basis within thirty (30) days after each submission to Proposer of LAWA's invoices for all fees and costs incurred by LAWA, as well as all damages or liability of any nature."

Failure to identify Proprietary Information and indemnify LAWA exactly as stated above will constitute a waiver of a Proposer's claim that any material contained within the Proposal is Proprietary Information.

If LAWA receives a CPRA request for the Proposal, and LAWA determines that the Proposal, including any Proprietary Information, is subject to disclosure under the CPRA, then LAWA shall notify the Proposer of the request and its intent to disclose the Proposal. The Proposal shall be released by LAWA as required by the CPRA unless the Proposer timely obtains a court order prohibiting such release.

Sample provisions in RFP re Trade Secrets

Marking requirements in RFP proposals . . .

H. Disposition of Proposals and Disclosure of Information

All proposals submitted in response to this RFP will become the property of the City and will be a matter of public record subject to the State of California Public Records Act (California Government Code Section 6250 et seq.).

Proposals made in response to this RFP may contain technical, financial, or other data whose public disclosures could cause substantial injury to the proposer's competitive position or constitute a trade secret. To protect such data from disclosure, the proposer should specifically identify the pages of the proposal that contain confidential information by properly marking the applicable pages and inserting the following notice in the Cover Letter of the proposal. Failure to include such a statement will constitute a waiver of a proposer's right to exemption from disclosure.

"NOTICE: The data on the pages of this proposal identified by an asterisk (*) or marked along the margin with a vertical line, contain information which are trade secrets and/or whose disclosure would cause substantial injury to the proposer's competitive position. The Proposer requests that such data be used only for the evaluation of its proposal, but understand that disclosure will be limited to the extent that the City determines is under federal, state, and local law. The proposer will indemnify the City and its officers, employees, and agents, and hold them harmless from any claim or liability and will defend any action brought against them for their refusal to disclose copyrighted material, trade secrets, or other proprietary information to any person making a request therefor.

The Proposer agrees to assume and pay for all costs incurred by the City, including attorneys' fees awarded by the court, if the proposer requests the City to resist disclosure of material provided to the City by the proposer, provided the City determines the said materials are exempt under federal, state, and local law."

In proposals containing proprietary information, proprietary paragraphs and/or other data should be clearly marked as noted above. The Proposer must include one additional unbound copy of the proposal with the confidential material totally blacked out or removed from the text so that one copy is available as public material. In accordance with Public Records Act, this information may, upon request, be released to the public.

The City assumes no responsibility for disclosure or use of unmarked data for any purpose. In the event properly marked data are requested, the Proposer will be advised of the request and may expeditiously submit to the City a detailed statement indicating the reasons it has for believing that the information is exempt from disclosure under federal, state, and local law. This statement will be used by the City in marking its determination as to whether or not disclosure is proper under federal, state, and local law. The City will exercise care in applying this confidentiality standard but will not be held liable for any damage or injury that may result from any disclosure that may occur.

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League of California Cities
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**Intellectual Property “Disclaimer”
of City of Los Angeles
on
Materials Released Under CPRA**

“Enclosed materials are provided pursuant to the California Public Records Act (Gov. Code Sections 6250 et seq.). No copyright and/or trademark licenses have been conferred herein by the City of Los Angeles for any intellectual property owned by the City of Los Angeles or other third parties. Use of the materials may be subject to U.S. and international copyright and trademark laws. Where applicable, users of the materials are responsible for obtaining the licenses from respective right owners in order to commercially exploit the materials.”

Sample Cease-and-Desist Letter Asserting Trademark Rights Federally

RE: Unauthorized Use of City of Los Angeles Trademarks

Dear Mr. ____:

It has come to the attention of the Los Angeles City Attorney's Office that Executive Resources Group is selling through its website <<http://www.?????.badges.com>> Los Angeles Police Department ("LAPD") badges and "Venice" Police Department ("Venice") badges bearing the City of Los Angeles Seal (the "Infringing Products"). The use of the City Seal, LAPD marks, and the LAPD Badges ("City Marks") for commercial purposes by your company is unauthorized and constitutes trademark infringement. The City of Los Angeles hereby demands that your company immediately cease and desist the infringing acts. Further, please immediately provide the name and contact information of the supplier and/or manufacturer of the Infringing Products.

The City of Los Angeles Seal, the term LAPD, and the LAPD badges, insignias, and logos are trademarks of the City of Los Angeles. Because your company is not authorized to use the marks for any purpose, your use of the City Marks on both the LAPD and "Venice" badges constitutes trademark infringement and dilution of the marks under the law, including but not limited to the Lanham Act, 15 U.S.C. § 1125. In addition, your unauthorized use of the LAPD mark and LAPD Badge mark also violates and/or causes others to violate §§ 52.23, 52.27 of the Los Angeles Municipal Code ("LAMC"), relating to Public Safety. Further, Section 63.108 of the LAMC protects the City Seal against use by private entities. These violations subject your company to all remedies provided under the law, including preliminary and permanent injunctive relief, compensatory damages equal to all profits, or treble profits based upon your exploitation of the City Marks.

By this letter, the City demands that you immediately cease and desist from further use of the City Marks and inform this office in writing that you have ceased all use of such marks. To resolve this matter expeditiously, the City hereby demands that you immediately:

1. (a) cease and desist the offer for sale and sale of all Infringing Products by immediately removing such products from the <<http://www.?????.badges.com>> website; (b) provide a detailed inventory of all Infringing Products; and (c) provide your written assurances that the Infringing Products will be stored in a secure location during the duration of our discussions and not be returned to your supplier(s) or sold;
2. Provide all transactional documents evidencing your procurement, manufacturing, purchase and/or sale of the Infringing Products including but not limited to production records, purchase orders, invoices, bills of lading, sanitized invoices, indemnification agreements, representations of authenticity/origin, correspondence and/or notes taken with supplier(s) and distributor(s), brochures, offerings and advertisements;
3. Provide the name, address and telephone numbers of the manufacturers, supplier(s), and/or distributor(s) of the Infringing Products;
4. Provide the name, address, and telephone numbers of all Internet Service Providers which you or your company have retained in connection with the sales of any products bearing the City Marks;

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6. Agree to pay the City those profits attributable to your sale of the Infringing Products, together with the attorney's fees and other costs that the City has incurred in connection with this matter.

Because this matter also impacts on public safety, the City seeks an expeditious resolution of this matter. Please contact me immediately but no later than August _____ to discuss and resolve the issues.

Very truly yours,

PHILIP H. LAM
Intellectual Property Counsel

Some Useful Websites . . .

www.USPTO.gov for trademarks and patents

<http://www.copyright.gov/> for copyrights

<http://www.networksolutions.com/whois/index.jsp> to identify registrant of (website) domain names

Suggested Treatises . . .

1. "MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION" (4th Ed., 7 volumes), by J. Thomas McCarthy (Thomson West, 3/2008) [subscription rate at \$2,503 as of march 2008].
2. "CHISUM ON PATENTS" (26 volumes) by Donald S. Chisum (Mathew Bender) at [subscription rate at \$3,385 as of march 2008].
3. "NIMMER ON COPYRIGHT" (10 volumes) by Melville Nimmer 1963-1985 & David Nimmer 1985-present (Thomson West, 3/2008). [subscription rate at \$1,885 as of march 2008].
4. "MILGRIM ON TRADE SECRETS" by Roger M. Milgrim (Thomson West). [subscription rate at \$1,659 as of march 2008].

SELECTED ARTICLES OF INTEREST

WATER-RELATED TECHNOLOGIES

1. “California’s Thirst for R&D,” Christian Science Monitor (August 22, 1006)
<<http://www.csmonitor.com/2006/0822/p01s03-uspo.html>>
2. “Carlsbad Seawater Desalination Project Given Permit,” North County Times (August 16, 2006)
<http://www.nctimes.com/articles/2006/08/17/news/coastal/13_01_088_16_06.txt>

OPEN SOURCE MOVEMENT

3. “IBM Unveils Roadmap for Open Source Beyond Linux,” Grid Today (August 15, 2006)
<<http://www.gridtoday.com/grid/810760.html>>
4. “The People Own Ideas!” Technology Review of MIT (June 2005)
<http://www.technologyreview.com/read_article.aspx?ch=specialsections&sc=security&id=16351&pg=1>