

New York Law Journal

NEW YORK, MONDAY, AUGUST 18, 2008

MUNICIPAL LAW

BY JEFFREY D. FRIEDLANDER

Safeguarding the City's Intellectual Property

Over the years, the city has accumulated valuable rights in symbols or logos, databases and other forms of intellectual property created by or on behalf of city agencies. These rights are safeguarded primarily through legal protection accorded by the trademark, copyright and patent laws.

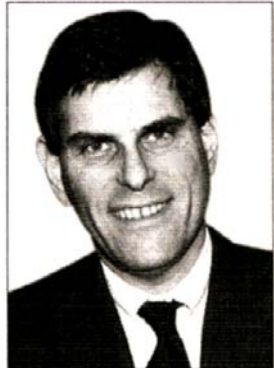
The use of the city's intellectual property was monitored and managed mainly by individual agencies, without a coordinated effort to maximize the value of this resource for the people of the city until 2003, when use of city intellectual property was substantially reorganized and the Law Department assumed a major role in protecting the city's intellectual property and advising city agencies in such matters.

The Law Department's work on intellectual property matters ranges from city logos on T-shirts to this summer's Waterfalls in New York harbor.

In 2003, the Bloomberg administration created the New York City Marketing Development Corp. (MDC) in order to centralize management of the city's intellectual property. MDC was established as a local development corporation pursuant to §1411 of the Not-for-Profit Corporation Law, with the task of generating new revenue for the city through an enhanced licensing program and other projects involving the use of the city's intellectual property, and increasing tourism and job creation in the city by promoting the city's "brand" around the world.

MDC was instrumental in negotiating the city's agreement with the Snapple beverage company, in which the city agreed to promote the sale of Snapple products on city property in return for Snapple's commitment to feature the city's "brand" in its advertising outside the city, as well as other programs to foster the marketing and use of the city's intellectual property.

MDC, in cooperation with the Law Department, also negotiated the city's agreement with Cemusa Inc., which holds the franchise for the city's coordinated street furniture, including bus stop shelters, newsstands and public pay toilets. Under that agreement, the city receives revenue of approximately \$50 million annually and has obtained distinctive new structures for public use. In addition, the agreement allows the city to place advertising, valued at over \$16 million in the current year, on Cemusa-owned media outside the city, and, further, to place advertising on 22 percent of all bus stop shelters and newsstands within the city. In addition to the substantial revenue generated by the



franchise, the advertising opportunities that it makes available to the city provide a cost-free platform for the display and promotion of the city's intellectual property and its marketing efforts.

Although the creation of MDC resulted in improved representation of the city's interests in this area, its operations overlapped with those of NYC & Company, a not-for-profit entity with which the city had a contract for tourism-related services, and NYC Big Events, an arm of NYC & Company devoted to attracting large-scale events to the city.

It became clear that these functions could be performed more effectively if combined in a single entity. By an agreement effective in 2007, NYC & Company assumed management of the city's intellectual property and performs for the city the marketing and licensing services previously performed by MDC. NYC & Company continues to perform its other functions, unrelated to its contract with the city, as a tax-exempt membership organization that promotes the interests of the city's tourism industry.

At the time MDC was established, the Law Department began to assume a greater role in representing the city in matters relating to its intellectual property, and is now primarily responsible for such matters.

Three divisions of the Law Department share in this responsibility:

- the legal counsel division represents city agencies in trademark, copyright and patent registrations and advises city agencies in the use of the intellectual property of the city and of other parties;
- the affirmative litigation division represents the city in actions to enforce the city's intellectual property rights; and
- the contracts and real estate division works with NYC & Company in the negotiation and granting of concessions and entering into other agreements relating to the use of the city's intellectual property.

In all such matters, Law Department attorneys cooperate closely with the counsel's office of NYC & Company.

Trademark Prosecution

• **And Advice on Trademark Rights.** The city, like other persons and entities, is legally entitled to own federal trademark registrations¹ and to prosecute infringement actions.² The Law Department seeks protection for trademarks or logos of city agencies and for names, logos or designs that identify city program initiatives.

BY JEFFREY D. FRIEDLANDER

Safeguarding the City's Intellectual Property

The legal counsel division currently maintains approximately 150 pending federal, state and foreign applications and registrations for city trademarks. These include federal registrations for agency names, acronyms and/or designs such as the Police and Fire department designs, the NYPD and FDNY acronyms, the Fire Department Maltese Cross design, the Taxi and Limousine Commission design, the Parks Department leaf logo and signage used for Central and Prospect parks, the Film Office agency logo and the Made in New York logo, the Sanitation Department design and the Department of Transportation design.³ The division also provides advice to City Hall, mayoral agencies and NYC & Company regarding the adoption and use of new word or design marks that the city may wish to protect under federal, state or foreign law. This advice includes searching and clearance for new marks or designs; filing initial applications with the U.S. Patent and Trademark Office (PTO) or working with foreign counsel to file applications in selected jurisdictions; responding to objections or oppositions raised by the PTO or to a third party which feels it will be harmed by a city registration; and performing all filings necessary to maintain and renew previously issued registrations. Similarly, the division responds to cease and desist letters and to complaints that may be directed to the city by third parties claiming priority of rights with regard to a particular word, phrase or design.

Principal Register filings and registrations with the PTO enable the city to take advantage of all of the benefits of registration that other juridical entities are entitled to, including treble damages and recovery of attorney's fees in federal court in the event of infringement;⁴ registration constituting prima facie evidence of the validity of the registered mark and the registrant's exclusive right to use the registered mark;⁵ obtaining incontestable status after five years' continuous use;⁶ and registration with customs officials to stop importation into the United States of articles bearing counterfeit marks.⁷

Copyright Registrations

The Law Department, again acting through its legal counsel division, prepares and files copyright applications for various city publications, computer databases and other works.⁸ City-owned registrations include the city's Green Book directory; a City Planning tax lot and block map database and other compilations developed by the Department of City Planning;⁹ and the city's current Zoning Handbook.¹⁰ The legal counsel division also filed, on behalf of the Mayor's Fund to Advance New York City, the copyright application for the recently published history of the New York City Law Department by Professor William Nelson.¹¹

Registration of copyright in city-owned or city-authored works enables the city, like other authors or copyright proprietors, to bring actions in federal court and to recover monetary damages, including statutory damages and

attorney's fees in appropriate cases, for copyright infringement.¹²

In addition to preparing filings, the legal counsel division responds to inquiries from city agencies as to whether the city's own use of materials is permissible under the Copyright Act or will constitute an infringement for which an injunction may issue or for which damages may be claimed. Such questions, which may turn on whether a particular proposed city use of copyrighted material is sheltered by a statutory exclusion or safe harbor under the Copyright Act, most frequently arise in the areas of education curricula; the city's use of footage or other materials in programming and transmission over the city's cable television channels; inclusion of printed or published materials in training or other materials being prepared by city agencies; and rights and clearances for use in advertising or other media by the city. In addition, the legal counsel division reviews and advises on requests for permission or clearance for reprinting or reuse of important archival materials, photography holdings, artworks and other works that are owned or controlled by the city.

The Law Department has also, in an amicus brief submitted in a case decided by the U.S. Court of Appeals for the Second Circuit, contributed to the discussion of how the exclusive rights given a copyright owner under federal law may be reconciled with the disclosure requirements of New York's Freedom of Information Law (FOIL) when a government record enjoys copyright protection.¹³ In that case, the court, agreeing with the position urged by the city and the appellant Suffolk County, concluded that FOIL does not prevent a state or local government agency from obtaining copyright protection for its records to the extent permitted under the Copyright Act, and that a member of the public who obtains access through FOIL to government records protected by copyright must use those materials consistent with their copyright protection. *Id.* at 192-193.

Licensing, Other Transactions

NYC & Company, by contract with the city, operates a merchandise licensing program for various city agency marks, including those of the Police, Fire, Transportation and Parks departments, the Taxi and Limousine Commission and the Mayor's Film Office. The legal counsel division, among its activities relating to intellectual property, provides legal support for this program.

Licensed products include toys and playthings, apparel, housewares and jewelry. Some of these products are subject to particular regulatory frameworks that must be taken into consideration by division attorneys in devising licensing agreements, including requirements of the Consumer Product Safety Commission for children's toys, playthings and requirements of the Federal Trade Commission for certain types of product labeling. Each piece of licensed merchandise is provided with a uniquely numbered hologram affixed to it,

BY JEFFREY D. FRIEDLANDER

Safeguarding the City's Intellectual Property

which is intended to deter unlawful copying and counterfeiting.

Certain contracts or projects let by city agencies may require the licensing of intellectual property as part of the transaction. In such matters, the analysis, drafting and negotiation of licensing terms are performed by attorneys of the legal counsel division in cooperation with attorneys of the contracts and real estate and economic development divisions. Licensing and other intellectual property issues figured prominently in the city's recently completed coordinated street furniture franchise, which involved negotiations concerning the ownership and design of street structures that were intended to be wholly original and not reproduced elsewhere by the franchisee.

Other contracts entered into by city agencies, such as the agreement last year with Verizon for development of an enhanced 911 system, result in acquisition by the city of copyrighted or other proprietary technology and require Law Department attorneys to provide, among other things, legal analysis and advice regarding representations and warranties made in relation to intellectual property.

Public Art Projects

In recent years, the city has sponsored or hosted large-scale public art projects and has commissioned other works requiring specialized legal advice in licensing and related matters. These works include the Gates project by Christo and Jeanne-Claude, displayed in Central Park during the winter of 2005, and the New York City Waterfalls project by Olafur Eliasson, presented with the Public Art Fund and currently on view at four sites on the East River. Among the issues raised by these projects are ownership of the artwork involved; the city's ability to reproduce and transmit photographs or other imagery of the artworks for governmental, economic development and/or tourism related purposes; public forum and related First Amendment issues raised by installation of such works on city property; liability concerns raised by the complexity and scope of these projects; and coordination and permitting issues where multiple agencies may have jurisdiction over different aspects of a work or its installation.

Similarly, the city often commissions artworks developed specifically for installation on city sites or receives such items as a donation. The legal counsel division has recently advised on artworks to be installed in local parks as part of several downtown improvement initiatives, including the terms of commissioning or accepting the donation of a work of art.

Enforcing City's IP Rights

In addition to assisting in the creation and use of the city's intellectual property through legal advice and the drafting of agreements, the Law Department, through its affirmative litigation division, protects the city's interest in its intellectual property by engaging in a variety of litigations. To this end, the affirmative litigation division works closely with the New

York City Police Department in investigating and prosecuting manufacturers, distributors and vendors of counterfeit merchandise bearing the city's trademarks.

In the past several years, there have been a number of arrests of vendors and distributors and seizures of counterfeit merchandise within the city and at various points of entry into the United States. The affirmative litigation division has also successfully prosecuted a number of civil trademark infringement actions against third parties who were using the city's trademarks without permission or beyond the bounds of a trademark license.¹⁴ The city has recovered hundreds of thousands of dollars as a result of such actions.

The city carefully monitors the Internet, including eBay and other electronic auction sites, for unlicensed merchandise bearing the city's trademarks. The city also enforces its trademark rights by, among other things, monitoring Internet domain name filings and domestic and international trademark filings for the use of confusingly similar marks. The legal counsel and affirmative litigation divisions cooperate closely in such enforcement efforts, sending cease and desist letters as soon as a new domain name is registered or an application for registration of a trademark is filed that contains one of the city's trademarks or a confusingly similar variation.

Most third parties agree to transfer domain names to the city at cost, and on only one occasion, has the city had to engage in litigation to secure a domain name. As a result of such efforts, the city has acquired hundreds of domain names containing the FDNY and NYPD acronyms, which the city uses to redirect Internet traffic to other sites operated by the city.

In one trademark infringement case, attorneys of the affirmative litigation division sued a Florida-based franchise company that was using a confusingly similar variation of the city's registered NYPD shield design to promote a chain of police-themed pizzerias.¹⁵ The suit was settled under an agreement imposing restrictions that prevent the franchise from doing business in the tri-state area and require the prominent use of disclaimers alerting consumers that the chain is not affiliated with or endorsed by the New York City Police Department.

In addition to its work with trademarks, the affirmative litigation division prosecutes civil actions involving other types of intellectual property owned by the city. For example, division attorneys brought a copyright infringement action against a third party who claimed that it had independently created a computer database that was virtually identical to one created and copyrighted by the Department of City Planning, called "Bytes of the Big AppleTM Tax Block and Tax Lot Base Map Files in DXFTM Format," which the city licenses to third parties.¹⁶ The city prevailed on a partial summary judgment motion on liability, the court finding that the defendant's implausible claim of independent creation led to an "ineluctable conclusion of wholesale copying."¹⁷

BY JEFFREY D. FRIEDLANDER

Safeguarding the City's Intellectual Property

Affirmative litigation attorneys also defend the city from claims of copyright and patent infringement. They often prevail in such cases or settle for small amounts on the ground that the city's use of the material in question was a fair use or nonactionable de minimis infringement.¹⁸ In one recent case, the city was sued for patent infringement for using a forcible entry training door at its FDNY training academy which had been fabricated by one of its active firefighters. The training door allegedly infringed upon the patent for another training door that had been invented by a different firefighter.¹⁹

The city argued, among other things, that it had a shop right defense, which entitled it to a perpetual royalty free license to use the door, since the door had been developed and refined by the plaintiff while he was employed as a firefighter at the FDNY academy. The city settled the case for a small amount and obtained a royalty free license to continue to use the door at the FDNY training academy.

Conclusion

The work of Law Department attorneys in intellectual property matters, together with the work of NYC & Company on behalf of the city, substantially augments the city's revenues and, perhaps more important, promotes the city's name and reputation in the United States and in the world. In that way it benefits not only the city itself but also its residents and businesses.

Jeffrey D. Friedlander is first assistant corporation counsel of the city of New York. Howard Friedman, deputy chief of the contracts and real estate division, Katherine Wunningham, senior counsel in the legal counsel division, and Gerald Singleton, senior counsel in the affirmative litigation division of the law department, assisted in the preparation of this article.

1. 15 U.S.C. §1127; see, e.g., *NASA v. Record Chem. Co.*, 185 U.S.P.Q. 563 (T.T.A.B. 1975); *In re U.S. Dept. of the Interior*, 142 U.S.P.Q. 506 (T.T.A.B. 1964); U.S. Patent and Trademark Office Manual of Examining Procedure (TMEP) §§803.01, 803.03(f).

2. *City of Philadelphia v. EMI Earthmate Inc.*, 04-CV-1904 (E.D. Pa. Oct. 5, 2004).

3. See, e.g., Reg. Nos. 3,061,459 (City of New York Police Department design); 3,014,363 (NYPD); 2,606,740 (FDNY); 3,026,049 (FDNY); 3,075,308 (Fire Department City of New York design); 3,191,341 (FDNY Maltese Cross design); 3,122,929 (Parks Department leaf design); 3,386,271 (Parks Department leaf design); 3,157,793 (City of New York Mayor's Office of Film, Theatre and Broadcasting design); 3,210,153 (Made in NY design); 3,325,845 (Made in NY design); 3,065,742 (City of New York Department of Sanitation design); 3,245,202 (City of New York Department of Sanitation design); and 3,350,450 (New York City DOT design).

4. 15 U.S.C. 1117.

5. 15 U.S.C. §1057(b).

6. 15 U.S.C. §§1115(b); 1065.

7. 15 U.S.C. §1124. This advantage can be significant where extraterritorial enforcement of a governmental entity's marks is desired.

8. Such applications do not include certain types of government works, including publicly prepared statutes, rules, codifications and judicial decisions, which have been held by the courts to be unprotected by the Copyright Act. *Wheaton v. Peters*, 33 U.S. (8 Peters) 591 (1834); *Banks v. Manchester*, 128 U.S. 244 (1888); *Building Officials & Code Adm. v. Code Tech. Inc.*, 628 F.2d 730, 735-36 (1st Cir. 1980).

9. See, e.g., TX0006587501 (March 29, 2007) (Bytes of the Big Apple Pluto, release 06C, City of New York Department of City Planning).

10. TX006376313 (April 3, 2006) (Zoning Handbook, City of New York Department of City Planning).

11. William E. Nelson, "Fighting for the City: A History of the New York City Corporation Counsel" New York: New York Law Journal, 2008.

12. For example, claims of infringement may not be brought in the absence of a certificate of federal registration. 17 U.S.C. §§408(a), 411(a), 501(a). Remedies for infringement, including statutory damages, profits, losses, attorney's fees and seizure of infringing materials, are not available for periods when a work is not registered. 17 U.S.C. §§502-506, 509.

13. *County of Suffolk, New York v. First Am. Real Estate Solutions*, 261 F.3d 179 (2d Cir. 2001).

14. E.g., *City of New York v. NY Fire & Police Uniforms Inc.*, 06 CV 2385 (RMB) (S.D.N.Y.); *City of New York v. New York Firefighter's Friend Inc.*, 05-CV-6843 (RO) (AJP) (S.D.N.Y.); *City of New York v. Jay Joshua*, 06CV 2354 (KMK) (S.D.N.Y.); *City of New York v. City Merchandise Inc.*, 05 CV 9813 (GBD) (S.D.N.Y.); *City of New York v. Albert Elovitz Inc.*, 04 CV 2787 (DC) (S.D.N.Y.).

15. *City of New York v. New York Pizzeria Delicatessen Inc.*, 05 Civ. 2754 (RMS) (S.D.N.Y.).

16. See *City of New York v. GeoData Plus, LLC*, 03-CV- 3560 (DLI) (VVP) (E.D.N.Y.).

17. *Id.* (Opinion and Order, Sept. 28, 2007).

18. See, e.g., *Holman v. City of New York*, 07CV9684 (SAS) (S.D.N.Y.).

19. *Power Jamb LLC v. City of New York*, 08 CV 0431 (AJP) (S.D.N.Y.).