POWERHOUSE POINTS

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Massachusetts Lawsuit Over Black Lives Matter Masks Shows When it Comes to Employees' Self-Expression, Consistency is Key

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The Court's Decision

In a recent decision in the US District Court for the District of Massachusetts, Plaintiffs, consisting of a class of current and former employees of Defendant Whole Foods Market, Inc. ("Whole Foods", owned by Amazon.com, Inc. ("Amazon"), collectively, "Defendants") alleged that defendants violated Title VII of the Civil Rights Act of 1964 by discriminating and retaliating against employees for wearing Black Lives Matter ("BLM") masks and other attire. Plaintiffs alleged that disciplining employees for wearing BLM masks constituted unlawful racial discrimination and that discipline of employees for opposing the policy constituted unlawful retaliation.

The lawsuit further alleged that Whole Foods maintained a company-wide dress code policy (the "Policy"), prohibiting employees from "wearing clothing with visible slogans, messages, logos, and/or advertising that were not Whole Foods-related." Plaintiffs alleged the Policy was rarely enforced, that is until plaintiffs began wearing BLM masks and other attire in June 2020. "For instance, employees wore items with LGBTQ+ messaging, National Rifle Association messaging, the anarchist symbol, the phrase 'Lock Him Up,' and other non-Whole Foods messaging," the court noted. Plaintiffs further alleged that "[e]ven in connection with masks specifically, Whole Foods has not strictly enforced the policy, permitting at least one employee to wear a SpongeBob SquarePants mask."

Whole Foods denied the allegations and moved for dismissal, saying Plaintiffs failed to state a discrimination claim because they did not allege that Whole Foods "disciplined or discharged any employees because of their race or applied the Policy differently based on any employee's race" and that Plaintiffs failed to state a retaliation claim because they "did not identify an actionable protected activity."

In response, Plaintiffs stated that by selectively enforcing the Policy to target and suppress BLM messaging, "Whole Foods discriminated against Black employees, and other employees associating with and advocating for Black employees, in violation of Title VII and that Whole Foods retaliated against employees for continuing to wear BLM apparel and otherwise protesting the Policy, which constitutes protected activity."

Powerhouse Points

- Consistently-applied employment policies are key for employers to avoid this type of litigation.
- A recent federal lawsuit in the District of Massachusetts examines the intersection of the Black Lives Matter movement and Title VII.
- The court's opinion, which dismissed most of the claims against the defendant–employer, analyzed whether the dress code policy at issue had a disparate impact on certain employees and was therefore discriminatory.
- The court concluded that Title VII does not apply to free speech in a private workplace.

Whole Foods responded that Plaintiffs' "failure to allege that Whole Foods took any particular action specifically because of the race of any particular employee [was] fatal to their discrimination claim" and that "protesting was directed at a broad social injustice, not Whole Foods' enforcement of the Policy, and, therefore, was not a protected activity."

Ultimately, the court dismissed all discrimination claims and all but one retaliation claim.[1] "Putting aside the wisdom or fairness of defendants' decision to aggressively discipline employees for wearing BLM attire, particularly when defendants purportedly allowed employees to wear clothing with other messaging, inconsistent enforcement of a dress code does not constitute a Title VII violation because it is not race-based discrimination," the court stated. "Title VII does not protect free speech in a private workplace."

The court noted the plaintiffs came from a variety of racial backgrounds and did not allege that Whole Foods or Amazon treated Black employees who wore BLM masks any differently than non-Black employees who wore them and thus held there was no discrimination based on race. The court also rejected the "associational discrimination theory" the Plaintiffs attempted to use to "to bypass the plain language of Title VII." This theory asserted that Whole Foods discriminated against Black employees and other workers associating with and advocating for Black employees in violation of Title VII, but the court rejected this, stating, "A Plaintiff advancing an associational discrimination claim . . . still must allege that they were discriminated against on the basis of race, rather than on the basis of race-related messaging." The court illustrated the distinction by highlighting cases in which associational discrimination did occur, for example, in one case in which Plaintiffs were white women who alleged that they were discriminated against because they defended and supported their Black co-workers, who, themselves, were being subjected to race-based mistreatment (*e.g.*, use of racial slurs, racial graffiti).

The court summed it up as follows, "because no Plaintiff alleges that he or she was discriminated against on account of his or her race or that he or she was discriminated against for advocating on behalf of a co-worker who had been subject to discrimination, Plaintiffs have failed to state a claim for discrimination under Title VII." Likewise, most of the retaliation claims were dismissed because "the Amended Complaint d[id] not provide enough information to support the inference that each individual plaintiff wore a BLM mask in 'opposition' to perceived discrimination and was then disciplined for doing so."

The employees plan to appeal the decision.

Key Takeaways and Policy Considerations

Employers should note that consistently applied policies are key in any workplace setting. This is the best practice for all employment policies, but especially in the enforcement of policies that implicate self-expression and free speech and in light of the tumultuous political climate the country now faces. Plaintiffs alleged that Whole Foods inconsistently disciplined employees who strayed from the Whole Foods-only related dress code policy. Employers are urged to consistently apply dress-code policies to avoid politically-charged litigation.

Even though the court held this policy did not directly violate Title VII, the issues it implicates walk a fine line that consistently-applied rules likely could have avoided. There are many considerations – business, legal, moral, ethical, workplace culture, etc. – to balance when crafting employment policies and practices, but one thing remains clear: all employees must be treated the same in all aspects of employment.

The decision is *Frith v. Whole Foods Market Inc., D. Mass.*, No. 20-cv-11358.

If you have any questions about the decision or any aspect of their articles on the subject, please contact Jennifer M. Huelskamp (jhuelskamp@freeborn.com). ■

[1] The court did permit one of the plaintiff's retaliation claims to proceed, noting that she was terminated after filing charges with the Equal Employment Opportunity Commission and the National Labor Relations Board.

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An Effective Antitrust Compliance Program: Guidance from a Recent Criminal Prosecution

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An antitrust violation can be costly for a company. It can subject the company to criminal fines. Executives may even be sentenced to jail. If the company does business with a federal or state agency, it may be subject to debarment, prohibiting the company from being awarded government business. It may have to make restitution to the victims of the violation. And the company may be subject to civil treble damage class actions. Finally, an antitrust violation can do significant damage to a company's reputation.

An antitrust compliance program can significantly avoid or ameliorate such costs. An effective one may be able to prevent an antitrust violation from occurring in the first place. Even if there has been a violation, an effective program may uncover it promptly, allowing the company to report the violation to the Department of Justice Antitrust Division. If the company is the first to report such a violation, it may qualify for the Antitrust Division's leniency program and may not be subject to criminal prosecution. Furthermore, under the leniency program, the company may be subject to only single damages and not the treble damages available in a civil class action. Such damages would also be based on the company's own volume of commerce, rather than joint and several liability for damages caused by the entire industry that would apply absent the leniency program.

What is an effective antitrust compliance program? A deferred prosecution agreement entered into in January 2021 between the Antitrust Division and a Georgia ready-mix concrete company provides some insight into the government's thinking.

Powerhouse Points

- An effective antitrust compliance program should be incorporated in a company's business practices and internal controls.
- Tone at the top is critical.
- Senior management must be held accountable.
- The importance of the antitrust compliance program should be reflected in the company's employee evaluation, incentive, and compensation systems.
- Antitrust compliance training should be tailored to the company's business.

On January 4, 2021, the government filed a complaint charging the ready-mix concrete company with criminal violations of the antitrust laws. The case, *United States v. Argos USA LLC*, No. 4:21-CR-00002-RSB-CLR (S.D. Ga. Jan. 4, 2021), alleged per se price fixing, bid rigging, and market allocations. The government also filed a deferred prosecution agreement. The agreement contains provisions regarding an antitrust compliance program that provides some insights to what the Antitrust Division believes is an effective program.

First, the agreement notes that the company committed to continuing to maintain or to develop a compliance program that is "reasonably designed to prevent antitrust violations."[1] The agreement elaborates that the program should be incorporated into the company's "business practices and reinforced through appropriate internal controls tailored to the company's business."[2] What does this mean? An example could entail a company's involvement in various industry trade associations or standard setting bodies. An appropriate and tailored internal control would require employees seeking to attend meetings of such attendance and to justify the need to attend. In addition, employees attending such meetings could be required to obtain antitrust compliance training focused on such organizations. Another example would be a prohibition on company employees with pricing responsibility having communications with employees of competitors regarding future pricing of competitive goods. Although such communications are not necessarily unlawful or anticompetitive, the practice is sufficiently risky to be prohibited by the company except in limited controlled circumstances.

The deferred prosecution agreement also requires the company through its senior leadership to foster a culture of compliance. Guidance for the meaning of this requirement can be found in the Department of Justice Manual, which contains "Principles of Federal Prosecution of Business Organizations" (DOJ Principles).[3]

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[1] *Argos*, No. 4:21-CR-00002-RSB-CLR, Dkt. 4 at 33.

[2] *Id.*

[3] Justice Manual at JM 9-28.200, available at https://www.justice.gov/jm/jm-9-2800-principles-federal-prosecution-business-organizations

The DOJ Principles focus on the so-called "tone at the top" of the company. They call for consideration of management's positive and negative actions. The positive actions consider how well upper and middle management have conveyed the company's ethical principles and demonstrated adherence by example. In terms of negative conduct, the issue is whether managers have "tolerated greater compliance risks in pursuit of new business or greater revenues" and "encouraged employees to act unethically to achieve a business objective, or impeded compliance personnel from effectively implementing their duties."[4]

Two examples of negative "tone at the top" come to mind. The first is the statement by the former president of Archer Daniels Midland Co. quoted by the Seventh Circuit in its review of the sentence of an executive convicted of price fixing: "Our competitors are our friends. Our customers are the enemy."[5] The second is from the report by outside counsel for the Wells Fargo independent directors. The report indicated that a compliance officer for the community bank unit tried to prevent the CEO and Board of Directors from obtaining data that they requested showing the number of employees terminated for fraud.[6]

The DOJ Principles also ask prosecutors to consider whether the company has surveyed employees to gauge whether they perceive senior and middle management to be invested in compliance.

The deferred prosecution agreement expressly requires that senior management be held accountable for failures in the compliance program.[7] This requirement dovetails with the requirement in the agreement that "[t]he importance of antitrust compliance will be reflected in the Company's employee evaluation, incentive and compensation structure."[8]

This requirement is also discussed in guidance regarding compliance programs issued by the Department of Justice Criminal Division. The Criminal Division Compliance Guidance gives as an example of such incentives as "personnel promotions, rewards, and bonuses for improving and developing a compliance program."[10]

But this provision also requires disciplinary action for misconduct as well as failures in the program. In terms of misconduct, the Criminal Division Compliance Guidance indicates that appropriate disciplinary action should apply not only to the employee involved in the misconduct, but also those with oversight responsibility and those with supervisory authority over the business area where the conduct occurred.[11] Disciplinary action could run the gamut from warning letters to the claw back of previously awarded bonuses.

The deferred prosecution agreement also requires that the company maintain or develop an antitrust training program that reflects the specific risks for the company. For example, construction companies often form joint ventures with other construction companies to bid on large projects that a single company alone could not perform. For such companies, training should be specifically designed under the requirements of the *Argos* deferred prosecution agreement to train participants in such joint ventures to avoid "spillover." Such conduct would be communications between employees of competing participants in the joint venture about the business and projects of each company beyond the scope of the joint venture.

The deferred prosecution agreement requires the company to "conduct regular monitoring and auditing of its antitrust compliance program to ensure that the program is fully implemented and followed."[12] This requirement is a significantly diminished version of the audit and monitoring requirement found in compliance guidance from both the Criminal Division and the Antitrust Division. The *Argos* deferred prosecution agreement focuses on auditing and monitoring the compliance program. The compliance guidance found in both the Criminal Division and the Antitrust Division suggests that a company should monitor and undertake audits of its business to detect whether antitrust violations have occurred.[13]

4 *Id.* at 9.
5 *United States v. Andreas*, 216 F.3d 645, 650 (7th Cir. 2000).
6 https://www.wellsfargo.com/assets/pdf/about/investor-relations/presentations/2017/board-report.pdf (last visited February 7, 2021).
7 *Argos*, 4:21-CR-00002-RSB-CLR, Dkt. 4 at 33.
8 *Id.* at 35.
9 U.S. Department of Justice Criminal Division, Evaluation of Corporate Compliance Programs, Guidance Document, available at https://www.justice.gov/criminal-fraud/page/file/937501/download [hereafter "Criminal Division Compliance Guidance"].
10 *Id.* at 12.
11 *Id.* at 16.
12 *Argos*, No. 4:21-CR-00002-RSB-CLR, Dkt. 4 at 35.
13 See Criminal Guidance at 145. See also U.S. Department of Justice Antitrust Division, Evaluation of Corporate Compliance Programs in Criminal Antitrust Investigations (July 2019) available at https://www.justice.gov/atr/page/file/1182001/download [hereinafter "Antitrust Division Compliance Guidance"] at 10.

Consistent with the idea of monitoring and auditing the company's compliance program, the *Argos* deferred prosecution agreement requires procedures to address failures of the compliance program, including to make revisions to the program and to communicate the revisions to the company's employees.[14]

The deferred prosecution agreement also requires that the company have in place a system for employees to report potential antitrust violations anonymously.[15] This system must also provide employees with guidance as to antitrust issues.[16]

Finally, the deferred prosecution agreement requires the company to engage in a risk-based review of its compliance program and its internal controls to identify the areas in its business with the greatest antitrust risks and design its compliance programs to be responsive to them.

Given the importance of antitrust compliance programs to help companies avoid antitrust violations, the deferred prosecution agreement entered into this past January between the Department of Justice and Argos USA LLC provides important insights into what the Antitrust Division considers to be an effective program. ■

14 *Argos*, 4:21-CR-00002-RSB-CLR, Dkt. 4 at 35.
15 *Id.*
16 *Id.*

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You Don't Know What You've Got Until It's Gone: Helping Your Clients Protect Their Intellectual Property Assets

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Powerhouse Points

- IP assets can be categorized into four different types.
- Patents protect an implementation of an idea.
- Copyrights protect the expression of an idea.
- Trademarks protect consumers by identifying the source of a product or service.
- Trade secrets protect valuable information that is not generally known to others.

When you look around a business, it's easy to see the hard assets: products and equipment that could be lost, damaged, or stolen. Your clients would be foolish not to protect them, and there are some obvious ways to do it. For example, they can lock things away or, for smaller things, require employees to wear uniforms without pockets to reduce theft.

While hard assets are important, companies routinely are under-protected in an equally critical area. These are their soft assets, such as intellectual property (IP) and know-how. IP and key employees account for a large percent of many businesses' value. In fact, they represent nearly all of the value in a number of technology-centered companies. Failing to understand and protect the ideas and processes your clients' businesses create, and the customers they serve, could jeopardize their organizations' futures.

As many of us are general practitioners, it is sometimes useful to have a handful of high-level tools to use to get our clients on the right path to protecting their IP. This article walks you through the four types of IP: patents, trademarks, copyrights, and trade secrets. It also shares steps your clients can take—

some legal and many common sense—to reduce their vulnerability and prevent their companies from becoming cautionary tales.

Protecting Your Company's Inventions and Ideas

Let's start with patents. A patent is a government license for a product or process that allows a company or person to prevent others from using or selling the patented article for a certain amount of time.[1] In exchange for this license, the owner must publicly disclose the product or process.[2] Here are 10 steps you can take to start protecting your inventions or ideas.

1. **Make it clear you own the invention or process.** Your employees need to know that while they are working for your company, anything they invent is *company* property.[3] This should be spelled out in their employment agreement.[4] The best-case scenario is to have employees sign an agreement when they join your business. However, if you didn't have an appropriate process in place when employees came on board, you can still prepare one and have them sign it later.

   The language you choose is very important. You need to ensure that your company has a right to own any inventions assigned to it. To make that clear, employees' agreements should "assign all rights" to inventions to the company.[5] This is not to be confused with having "an *obligation* to assign all rights." In the latter case, if the employee who created the invention moves to another company—and hasn't yet assigned the rights—then he or she may be legally able to bring that information to the next employer.[6] You can easily avoid this risk just by using the correct language.

2. **Have employees keep a "notebook."** All of your employees who are involved in developing patentable products or processes should have a place where they record and date their ideas. This is particularly true of engineers and technical people.

   A traditional approach is to have a notebook where these items are recorded. Then someone else at the company can review the notebook, agree that this was the person's idea, and attest to the date of invention.[7] The goal is to have a written record witnessed by a non-inventor employee to protect the company in case of litigation.

   This remains a valid process. With the proliferation of electronic devices, however, more tech-savvy employees are lured to the use of smartphones, tablets, etc. As this happens, companies need to be aware of and take action to avoid entries being modified later, or employees walking out the door with these ideas. You should ensure there are safeguards to the system and, appropriately, treat these ideas as trade secrets (which are discussed more fully later).[8]

3. **Regularly analyze ideas.** You need a process to review the new ideas and concepts your employees create. If not, your company will just have a pile of ideas with dates that never amount to anything actionable. This process not only allows others to see the great ideas employees have developed, but it also makes it easy for them to discuss whether there is an opportunity to obtain a patent. This activity may be formal or informal, but it must be part of your business routine.[9] There is more than a legal concern here. From a business perspective, you need to validate whether or not it's worthwhile to expend the resources to go through the patent process for a particular invention.[10] It's also not a bad idea to keep apprised of your employees' progress.
4. **Evaluate competitors' patents.** One goal of looking at competitors' patents is to make sure you're not infringing on these and exposing the company to costly litigation. This allows you to determine if you need to secure a license for a product or activity *before* you face a lawsuit.[11]

   Patent review also has additional business benefits. You get to see the ideas that have inspired your peers to take action. Knowing this may spark your people's imagination, too, and take you in a new direction. It can also reveal ideas in expired patents that you can use. In addition, you learn areas that are not currently covered by patents, which can then be used in your own patent strategy.[12]

   Expired patents may also be reviewed for business advantages. Depending upon when the other company's now-expired patent was issued, technology may have changed and made a product, process, or service possible—or cost-effective—when it wasn't before. This gives you an opportunity to leverage another company's work for your benefit.

5. **Determine if an idea is worth patenting.** Determining if a patent application should be filed may sound simplistic, but before you initiate a patent application, consider if what you are patenting (1) actually is patentable and (2) has enough market value, before getting too far down the line.[13] On the first point, a good place to start is to search for similar types of patents. You don't need a lawyer for this (but you can use one and/or obtain an advisory opinion from your lawyer regarding patentability). Both Google and the U.S. Patent and Trademark Office (USPTO) have excellent databases you can access.[14] For the second point, it's important to remember that what might be interesting to you may not have enough value in the marketplace to warrant this expenditure.

However, there is another consideration: litigation. It's generally less expensive to go through the patent process than it is to go to court—although getting a patent can be a pricey prospect. Obtaining a patent for your invention can allow you to enforce a patent you believe others infringe, or to reduce the risk of others taking you to court for infringing upon their IP.

6. **Decide if your idea serves you better as a patent or a trade secret.** There are times when it makes sense to keep something a trade secret rather than patent it.[15] We'll discuss trade secrets in the next section. For now, it's useful to know that important types of trade secrets include *designs or processes with real value, which only your company can do*, and which can't be easily reverse-engineered by someone else. This is not to be confused with *a product you sell*, which someone can take apart to understand how it works.

7. **Know who owns what when circumstances change.** When involved with third parties, you need to agree on who will own all of the patents and any other IP that springs from the relationship—particularly when it's over. Some arrangements will have a natural ending date. Others will be open-ended. Still others may not have an amicable end. Your initial contract should cover all of these possibilities.[16]

8. **Keep it secret until it's time to patent.** Until you're ready to file the application, be careful with whom you discuss patentable inventions. It also helps to have a policy on this that you share with employees. There are plenty of sad stories of companies that shared information when they shouldn't have and saw their patentable opportunities snatched away by opportunists. There are also situations where a company's early sales efforts only served to later invalidate its patent.[17]

9. **Know when to use provisional patents.** Provisional patent applications allow you to stake out your invention up to a year before actually filing a patent application. The catch is that you need to be thorough in the disclosure of your idea (which will not be made public while you decide whether you want to proceed with the application), because the ultimate patent will *only* cover what's disclosed in the provisional patent.[18]

10. **Consider the geographic areas related to your patent.** Think about where in the world you do business and where your competitors are located. Then determine the territories where your patent needs to be protected. You don't want to spend the money to get a patent in Europe if you're only marketing a product in the U.S.—when only filing there should be adequate.[19]

    In addition, be aware that patents are only protected in the territories where they are issued. This means other countries, such as China, do not enforce U.S. patents. If you send a product for manufacturing or sell your product in China but don't have a Chinese patent, you don't have the same options for keeping competitors from using your invention.

Protecting Your Trade Secrets

A trade secret can be information—including a formula, pattern, compilation, or program—or a device, method, technique, or process. It must have two qualities: (1) it has actual or potential economic value because it isn't generally known and is not easily understood or replicated by others; and (2) the company that uses it must make reasonable efforts to maintain its secrecy.[20]

To successfully sue another party for misappropriating a trade secret requires that you prove two points. The first is where the people got access to the information. The second is that they should have known the information was confidential, and they acquired it without the company's permission.[21]

Here are 10 ways you can start strengthening the protection of your company's trade secrets:

1. Store information on your trade secrets in a *physically secure place*. Whether these are paper or computer files, they should not be easily accessed by unauthorized individuals.

2. Clearly *identify and label* trade secrets. Here are three examples of the wording you could use:
    - This information is proprietary to ABC Company and shall not be duplicated, used, or disclosed. It also can't be reproduced without written permission.
    - Confidential and proprietary information of ABC Company. Do not disclose outside the company.
    - ABC Company Confidential—Do Not Copy

3. Have all employees read and sign *confidentiality or nondisclosure agreements*.

4. *Limit the distribution of materials* containing trade secret information—and don't let employees leave physical copies lying around.

5. Have a document *destruction program*.

6. *Limit access to trade secret materials*. This includes placing things like machines and prototypes in walled-off or fenced-in places. Also require employees to sign out physical materials or documents. Maintain passcodes and logins to computers or areas of the network that house this information.

7. Hold regular meetings to *remind employees of their obligation* to protect trade secrets. You can even use meetings on other topics as opportunities for reminders on this.

8. *Lock out computer features* that permit employees to save information to external drives. Also, prevent access to online services such as Google Drive, Dropbox, etc. In addition, have a policy about the use of instant messaging and/or chat programs and sharing information on trade secrets. Comments there can be "scraped" by third parties looking for confidential data.

9. Conduct *exit interviews and collect devices* on which employees may have stored confidential information. These include smartphones, laptops, hard drives, thumb drives, etc.

10. Be *careful when choosing and dealing with outside contractors and vendors* who will need access to trade secret materials. Make sure to address the protection of all of your IP up front in any contract.

Protecting Your Trademarks

Recognizable signs, designs, or expressions can be trademarked. Trademarking is used to identify a product or service as coming from a specific source.[22] Putting a trademark on something shows that you have taken the extra step to protect your claim to it. The following five actions can help to ensure your trademarks are in order.

1. **Make it fanciful.** Try to make your mark unusual. For example, "Apple" has nothing to do with either computers or making records, but it is memorable, so it has supported strong brands for the computer maker and the Beatles. On the other hand, some trademarks are closely aligned with or suggest what the item is. These can be harder to legally protect.[23]
"Bacon Salt" is a great example: a name that exactly described its product. Because this was a relatively generic term, it would have been difficult to obtain a trademark on it. To ensure that the company's unique new product could be marketed and identified in a protectable manner, the owners took action to strengthen their brand identity beyond just that product. First, they used the two founders' initials to show it was their product. Second, they created an original piece of art (in the shape of a pig) that was paired with the initials and the product name. Because these two strategies differentiate J&D's Bacon Salt, the trademark was stronger—and the product is distinguished in the marketplace. It also doesn't hurt that J&D's Foods went out and secured the internet address baconsalt.com.
2. **Use TM or SM right away.** Start incorporating these marks into your art immediately. This is free and something that doesn't require you to work with an attorney first.[24] When you're ready, you may file your application for a registered trademark online with the USPTO. The process is likely to take some time.

   Once you apply the TM or SM, you indicate to the world that your brand is a trademark associated with your business. Protection, however, will only extend to the field (i.e., industry) and geography of your use. This means if you only operate in a single state or locality, the protection may not extend beyond that place without registering the mark.

   Local protection is still useful. There are instances in which local businesses are permitted to use a mark that was later adopted by a large national or international entity. This is the case for Burger King in Mattoon, Illinois. Here, a privately operated store called Burger King does business independently of the large national chain, based on earlier actual use of the name there. But the exclusive right to the name for the Mattoon restaurant only extends for a 20-mile radius around that town.

3. **Conduct a search before using or filing for a new mark.** You want to make certain no one else is already using the mark (or something very similar). While this seems like a no-brainer, you would be surprised at the number of companies that don't bother to check and wind up paying filing fees to the USPTO only to later discover the desired mark is already taken.[25] It's simple and doesn't cost much. Start with a Google search and then move on to search the databases publicly available at the USPTO's website.[26]

4. **Monitor your trademarks.** As your portfolio of trademarks expands, it is important to adopt a system or process to ensure your registrations are maintained and renewed.[27] Lawyers often can be helpful in setting up these systems for you and/or maintaining your portfolio. After going through the time, effort, and expense of obtaining a trademark, the last thing you want to do is let it lapse. This risks someone else coming in and taking away your identity—or additional costs to reinstate the trademark.

5. **Make sure others use your mark correctly.** This means more than ensuring third parties are licensed to use your mark and presenting it in the right colors, sizes, and typefaces. You also want to know that they are maintaining a high level of quality that supports your brand value and leaves a strong positive impression in the market.[28]

Protecting Your Copyrights

Copyrighting an original work gives the creator exclusive rights during the creator's lifetime, plus 70 years.[29] It's important for your employees and those in work-for-hire (independent contractor) situations to know that their copyrightable work will be owned by the company.[30] Here are five key ways to help control your copyrighted material.

1. **Mark the materials that you and your employees create with a © and the date.** Since 1978, copyright protection in the U.S. and many other jurisdictions has been automatic—regardless of how the work is marked.[31] The best practice is to use a © and the year it was created.[32] If you want to pursue infringement claims in federal court, however, you will need to register your copyright first. Pursuing claims in federal court allows you to seek statutory damages and attorney fees. Statutory damages mean you receive remuneration for every copy that was illegally used or sold.

2. **Have agreements in place.** Make it clear that copyrighted materials are being created on a work-for-hire basis and are owned by the company. Have employees and independent contractors sign this agreement.

3. **Get full value for copyrighted materials.** This is particularly important when resale of the work is contemplated. In the case of *Kirtsaeng v. John Wiley & Sons*, a young man from Thailand came to the U.S. to study mathematics.[33] While here, he learned that English-language editions of his textbooks could be purchased in Thailand for much less than the same versions in the U.S. He asked friends and family in Thailand to purchase copies and send them to him. He then sold the books in the U.S. and kept the profits.

   The publisher sued for copyright infringement. Despite winning the case in the trial court and the U.S. Court of Appeals for the Second Circuit, the ruling was overturned by the U.S. Supreme Court. The justices explained that regardless of where a work is manufactured, if it is made with the permission of the owner, U.S. copyright law entitles the purchaser to sell that work to another.

   So companies—particularly when they operate globally—should make sure they get the full value of any sale of a copyrighted work. That is likely the only bite at the apple they will get.

4. **Know what rights you're giving to another.** Copyrights—like other IP rights—are made up of a number of different rights, such as the right of use and the right to disseminate. Understand what these are and what you are allowing another party to do when you assign a copyright or part of a copyright to it.

5. **Pay close attention when software is involved.** You will want to secure the source code—by registering it secretly with the Library of Congress—and obtain copyrights. This is important, once again, because infringement allows you to collect damages for every copy sold.

Protecting All Your Assets

Now that you know the areas where you can guide your clients most easily, the next thing to do is to get them to act. At a minimum, encourage your clients to start (if they have not already) (1) regularly analyzing patentable ideas, (2) keeping trade secrets in a secure place, (3) using appropriate marks for branding and logos, and (4) marking materials with a © and the date.

That said, it can be hard to know how well your client's current practices are protecting their organizations and where they are at risk. In addition, many facets of IP protection are more opaque and complex. For both of these situations, it makes sense to work with specialized IP counsel. Doing that can actually save you and your clients time, money, and frustration, and reduce the chances people will infringe on your clients' IP—or at least everyone can work together to ensure those who do infringe pay the price for it.■

[1] Innova/Pure Water, Inc. v. Safari Water Filtration Sys., 381 F.3d 1111, 1115 (Fed. Cir. 2004) ("It is a bedrock principle of patent law that the claims of a patent define the invention to which the patentee is entitled the right to exclude.").

[2] Enzo Biochem, Inc. v. Gen-Probe Inc., 323 F.3d 956, 970 (Fed. Cir. 2002) ("[T]he public must receive meaningful disclosure in exchange for being excluded from practicing the invention for a limited period of time.").

[3] Edward L. Raymond Jr., Annotation, *Construction and Effect of Provision of Employment Contract Giving Employer Right to Inventions Made by Employee*, 66 A.L.R.4TH 1135, at § 2(a) (1994).

[4] 8 DONALD S. CHISUM, CHISUM ON PATENTS § 22.03 (2020).

[5] DDB Techs., L.L.C. v. MLB Advanced Media, L.P., 517 F.3d 1284, 1290 (Fed. Cir. 2008) ("Applying federal law, we have held that whether an assignment of patent rights in an agreement such as the one in this case is automatic, requiring no further act on the part of the assignee, or merely a promise to assign depends on the contractual language.").

6 Arachnid, Inc. v. Merit Indus., Inc., 939 F.2d 1574, 1580 (Fed. Cir. 1991) ("[The] consulting agreement was an *agreement to assign*, not an assignment. Its provision that all rights to inventions developed during the consulting period 'will be assigned' . . . does not rise to the level of a present assignment of an existing invention, effective to transfer all legal and equitable rights therein . . . .").

7 Medichem, S.A. v. Rolabo, S.L., 437 F.3d 1157, 1170 (Fed. Cir. 2006) ("[A]n unwitnessed notebook is insufficient on its own to support a claim of reduction to practice.").

8 Lisa A. Dolak, *Patents without Paper: Proving a Date of Invention with Electronic Evidence*, 36 HOUS. L. REV. 471 (1999).

9 *See generally* LOUIS M. BROWN ET AL., THE LEGAL AUDIT: CORPORATE INTERNAL INVESTIGATION § 8:107 (2020) (protection of new interests).

10 William Elias II & Kirk Teska, *Managing the High Costs of Patents: Tips for Getting the Most from Your Patent Committee*, 23 ACC DOCKET 31 (May 2005).

11 ERIC BENSEN, U.S. PATENT OPINIONS AND EVALUATIONS § 7.02 (2020).

12 *Id.*

13 Lawrence A. Stahl & Robert H. Fischer, *Establishing an Intellectual Property Program*, 23 No. 3 INTELL. PROP. & TECH. L.J. 19 (March 2011).

14 *See* GOOGLE PATS. SEARCH, https://www.google.com/?tbm=pts (last visited Jan. 12, 2021); *Search for Patents*, U.S. PAT. & TRADEMARK OFF., https://www.uspto.gov/patents/process/search/index.jsp (last modified Aug. 31, 2020).

15 Andrew Beckerman-Rodau, The Choice Between Patent Protection and Trade Secret Protection: A Legal and Business Decision, 84 J. PAT. & TRADEMARK OFF. SOC'Y 371, 371–72 (2002).

16 1 CLARENCE H. RIDLEY ET AL., COMPUTER SOFTWARE AGREEMENTS: FORMS AND COMMENTARY § 6:1 (2020) (decision-making chart for ownership rights in a research and development collaboration).

17 Mauri Aven & Nicole Bashor, *7 Ways to Minimize the Risk of Losing Patent Rights Through Disclosure*, 37 ACC DOCKET 38, 39 (Sept. 2019).

18 4 JOHN GLADSTONE MILLS ET AL., PATENT LAW FUNDAMENTALS § 15:5 (2d ed. 2020) (benefit of filing dates of earlier filed provisional applications).

19 5 ROBERT L. HAIG, SUCCESSFUL PARTNERING BETWEEN INSIDE AND OUTSIDE COUNSEL § 68:29 (2020) (foreign filing decisions).

20 [1] ROGER M. MILGRIM & ERIC E. BENSEN, MILGRIM ON TRADE SECRETS § 1.01 (2020).

21 4 id. § 16.01.

22 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 4:3 (5th ed. 2019) ("trademark" and "technical trademark").

23 *Id.* § 3:5 (informational words and slogans).

24 3 *id.* § 19:148 (use of "TM" or "trademark" with goods or services).

25 *Id.* § 19:6 (search of marks preparatory to application or selection).

26 *Search Trademark Database*, U.S. PAT. & TRADEMARK OFF., https://www.uspto.gov/trademarks-application-process/search-trademark-database (last modified May 7, 2020).

27 3 MCCARTHY, *supra* note 22, § 19:142 (renewal of registrations).

28 Id. § 18:48 (effect of naked licensing).

29 7 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 302 (2019).

30 1 *id.* § 5.03.

31 2 *id.* § 7.16.

32 *Id.* § 7.08.

33 568 U.S. 519 (2013).

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NLRB Hearings to Proceed Virtually, Despite Litigants' Exceptions

Tae Y. Kim, Attorney

In May of 2020, the National Labor Relations Board ("NLRB") announced that it would no longer postpone unfair labor practice hearings due to COVID-19, and that effective on June 1, 2020, these hearings could now take place virtually.[1] However, since the NLRB's announcement, multiple respondents have opposed having virtual hearings. Several of these respondents argued that virtual hearings would deny them due process under Section 102.38 of the NLRB's Rules and Regulations, which states that "[a]ny party has the right to appear at the hearing in person, by counsel, or by other representative . . . ." *William Beaumont Hosp.*, 370 NLRB No. 9 (Aug. 13, 2020); *XPO Cartage, Inc.*, 370 NLRB No. 10 (Aug. 20, 2020). These respondents also argued that "the video technology will compromise the trial judge's ability to assess witness demeanor; prejudice the [r]espondent[s]'[] ability to examine and cross-examine witnesses; create issues with introducing documentary evidence; result in delays in witness availability; suffer from witnesses' inability to access suitable technology; and/or be beset with technical glitches." *William Beaumont Hosp.*, 370 NLRB No. 9.

Powerhouse Points

- Labor practice hearings have resumed, but can now take place virtually
- The NLRB's decision has given respondents even more uncertainty because requires respondents show concrete concerns, but the decision only increases ambiguity for respondents.
- Respondent's counsel should assess the impacts of a virtual labor practice hearing on its case.

In rejecting these arguments, the NLRB ruled that "the right to appear in person is the right to appear at a hearing at all, not the right to be physically present in a hearing room." *Id.* The NLRB based its decisions on Section 102.121 of its Rules and Regulations, which allows it to "liberally construe[] the rules to effectuate the purposes and provisions of the Act," and thus its "discretion to order videoconference hearings in unfair labor practice cases, upon good cause based on compelling circumstances and under appropriate safeguards, directly advances the Act's central goal of resolving unfair labor practice disputes without inordinate delay." *Id.* (internal quotations omitted)

The NLRB also took the position that those respondents "fail[ed] to show that advances in current videoconferencing technology will not be able to address many, if not all, of its procedural concerns," the "the trial judge has the discretion to

determine whether the case is too complex; cumbersome; or witness, document, and fact-heavy to be heard remotely," and that the respondents concerns were speculative. *Id.* Further, The NLRB ruled that "to the extent the [r]espondent has a concrete, not speculative, concern that cannot be ameliorated by the videoconferencing technology, or other pretrial accommodations or stipulations among the parties, the [r]espondent may raise it to the trial judge in the first instance, or on exceptions to the Board pursuant to Section 102.46 of the Rules and Regulations, in the event the [r]espondent receives an adverse ruling." *William Beaumont Hosp.*, 370 NLRB No. 9; *see also XPO Cartage, Inc.*, 370 NLRB No. 10.

The NLRB's position that respondents can raise non-speculative issues that cannot be "ameliorated" with "pretrial accommodations or stipulations" is particularly interesting, considering that respondents in NLRB hearings oftentimes litigate in the dark because they are not entitled to any pretrial discovery. *See N.L.R.B. v. Robbins Tire & Rubber Co.*, 437 U.S. 214, 236 (1978). Without the NLRB or the other opposing party (e.g., a union) being required to provide respondent's counsel any pre-trial discovery or accommodations, the only time respondent's counsel will be able to question the NLRB's witnesses and review documentation pertaining to those

[1] NLRB hearings are its equivalent to state and federal court trials, and in many ways are conducted similarly, except (as explained further below), in regards to pre-trial discovery.

witnesses—or even know who the NLRB will call as a witness at trial—is at trial. This puts respondent's counsel in a difficult place to argue what "concrete" concerns a virtual trial will present.

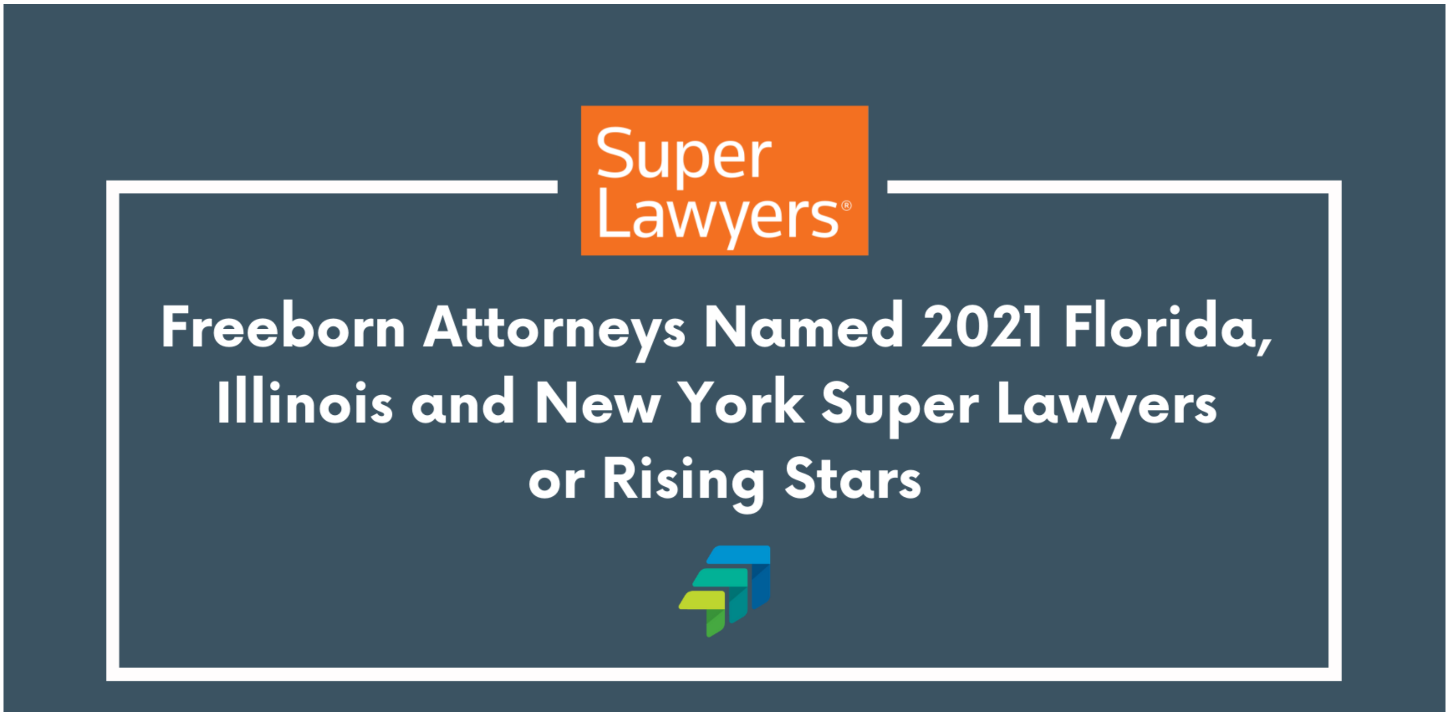
For now, the NLRB's decision creates a spectrum of potential outcomes. In the worst case scenario, virtual trials will exacerbate the inequities respondents' counsel have; in the best case scenario, virtual trials will force the litigants to compromise and conduct some sort of pretrial discovery that will facilitate a smoother trial. In the interim, respondent's counsel must take important care to assess the impacts that a virtual hearing will have on its case and plan accordingly. ■

Tae Kim is an Associate in the Firm's Chicago office and a member of the Litigation Practice Group.Tae focuses his practice on litigating complex matters concerning labor and employment, corporate governance, banking, securities, real estate, the Uniform Commercial Code, and intellectual property.

IN THE NEWS

Partner Erin McAdams Franzblau Provides Insight in Society for Human Resource Management Article on Refusal to Work

Freeborn Labor & Employment Partner Erin McAdams Franzblau recently provided guidance in a Society for Human Resource Management (SHRM) article entitled, "Employers in Wait-and-See Mode over Possible DOL Guidance on Refusal to Work." The feature shares insight for employers that are waiting to see whether the U.S. Department of Labor (DOL) will issue information requested by President Joe Biden clarifying that workers who refuse unsafe working conditions can still receive unemployment insurance. Erin provides details on the intricacies involved when employees refuse to work. To read the full article, click **here**.



Freeborn & Peters LLP is pleased to announce that 21 of the firm's attorneys have been named Super Lawyers or Rising Stars in Florida, Illinois and New York for 2021.

"We are very proud of our attorneys who have been recognized by Super Lawyers as among the top highly experienced and up-and-coming attorneys in Florida, Illinois and New York," said Freeborn Co-Managing Partner William E. Russell "This accolade comes as a result of our attorneys' hard work and dedication to the firm and our clients."

Following are the Freeborn Partners in Florida listed as 2021 Super Lawyers, along with their recognized practice areas:

- Lawrence P. Ingram, Managing Partner of the Tampa office (Professional Liability: Defense)
- Jason P. Stearns (Intellectual Property Litigation)

Following are the Freeborn Partners in Illinois listed as 2021 Super Lawyers, along with their recognized practice areas:

- Roger H. Bickel (Legislative & Governmental Affairs)
- Gia F. Colunga (Business Litigation)
- Jeffery M. Cross (Antitrust Litigation)
- Shelly A. DeRousse (Bankruptcy: Business)
- Joseph L. Fogel (Business Litigation)
- Michael D. Freeborn (Business Litigation)
- Andrew L. Goldstein (Intellectual Property)
- David C. Gustman (Business Litigation)
- Elizabeth L. Janczak (Bankruptcy: Business)
- Matthew J. O'Hara (Business Litigation)
- Steven D. Pearson (Insurance Coverage)
- Adam C. Toosley (Construction Litigation)
- Eileen B. Trost (Estate & Probate)
- Michael D. Whitty (Estate & Probate)

In New York, the following Partner, along with her recognized practice area, is listed as a 2021 Super Lawyer:

- Kathryn T. Lundy (Employment & Labor)

In Florida, the following attorneys, along with their recognized practice areas, are listed as 2021 Rising Stars:

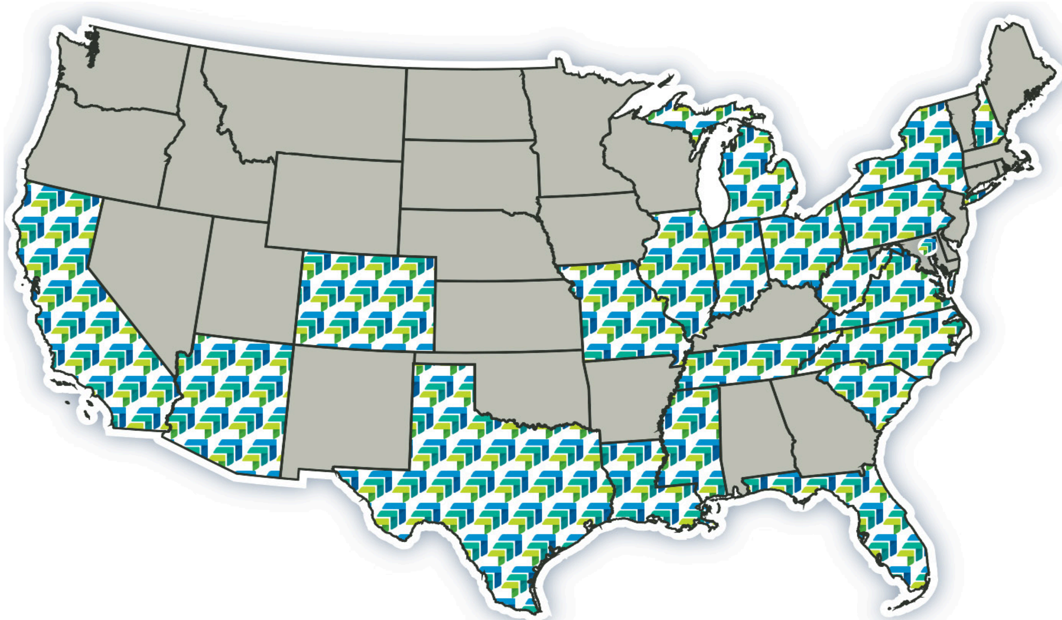
- Christina Flatau, Attorney (Business Litigation)
- Melissa B. Murphy, Partner (Business Litigation)

In Illinois, the following attorneys, along with their recognized practice areas, are listed as 2021 Rising Stars:

- Richard T. Kienzler, Partner (Business Litigation)
- Harry Leipsitz, Attorney (Real Estate)

Only the top 5 percent of lawyers in each state are named Super Lawyers. No more than 2.5 percent of lawyers in the states are selected as Rising Stars, who must be 40 years old or younger or have been in practice for 10 or fewer years. Published by Thomson Reuters, Super Lawyers determines its rankings through independent research, peer nominations and peer evaluations. The Florida and Illinois Super Lawyers and Rising Stars lists are published in the *Florida Super Lawyers* and *Illinois Super Lawyers* magazines, respectively, as well as in regional magazines and newspaper supplements in Florida, Chicago and New York. The lists also are distributed to attorneys and ABA-accredited law school libraries.

RECENT LITIGATION BY STATE



HIGHLIGHTED WINS

- A team of Freeborn attorneys, in partnership with the National Immigrant Justice Center, prevailed on behalf of a pro bono client in an asylum trial against the government's robust efforts to deport our client back to Cameroon. The client fled Cameroon after the military arrested and tortured her because of her political identity, and for participating in a peaceful protest against the marginalization and unjust treatment of Southern Cameroon. Even after she fled, the military continues to search for and threaten her, so she cannot return for fear she will be imprisoned or murdered. The client was recently granted protection in the U.S.

- Secured summary judgment on behalf of closely held corporation in contentious breach of fiduciary duty claim.

- Obtained reversal of an unfavorable decision on appeal, resulting in case going back to trial court for decision on trial regarding avoidance of fraudulent transfers under Pennsylvania state law.

- Successfully prevailed on motion to dismiss a breach of contract claim with prejudice on behalf of client North Carolina company. Plaintiff claimed that under its business brokerage agreement, it was entitled to a commission when defendant client completed an internal company restructuring. The court found that while the transaction at issue may have qualified as a commission triggering transaction, plaintiff's claim was defeated by defendant's evidence and dismissal was warranted with prejudice because plaintiff failed to comply with Supreme Court Rule 191(b). Plaintiff's motion to reconsider was denied. (*Circuit Court of Cook County, Illinois*)

- Successfully dismissed 7-count complaint containing claims of breach of fiduciary duty, conspiracy, and violations of the Illinois Securities law, as well as defeated a motion for reconsideration of the dismissed claims, in a lawsuit involving members of a local start-up company. (*Circuit Court of Cook County*)

- Successfully handled two related legal malpractice cases involving both trustee and receiver issues which were vigorously litigated by plaintiff for almost three years. Plaintiff claimed the amounts in controversy were above seven figures, but on the eve of the first trial, the plaintiffs voluntarily dismissed both cases with prejudice, with our client paying nothing. (*Florida Circuit Court*)

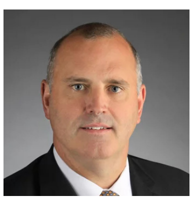
- Obtained emergency preliminary injunction and temporary restraining order on behalf of client, Paragon Insurance Holdings, LLC, enjoining Allied World Insurance Company from its attempt to both terminate a Program Management Agreement with Paragon and take Paragon's protected trade secret client and customer renewal information impacting the insurance placements of over 950 wineries and breweries across the country insured under a nationwide specialty insurance program. *Paragon Insurance Holdings LLC v. Allied World Insurance Company*, No. 19 cv 7238 (S.D.N.Y. 2019).

ABOUT FREEBORN'S LITIGATION POWERHOUSE®

With more than 90 litigators, Freeborn's Litigation Practice Group brings both bench strength and deep experience to each client matter. Known as a Litigation Powerhouse®, we are 'litigators first' and our philosophy is to prepare cases to be tried. Even when settlement is appropriate, we believe our trial-ready approach provides the best ultimate outcome.

Each of our litigators are trained, first and foremost, to understand our client's business and their goals for litigation. Within the context of their goals, our focus is obtaining the best result possible for their business. Our success is based on knowledge of the process and our ability to efficiently organize and prepare our cases. Whether the litigation requires a single lawyer or a team of 20, we are trial-ready lawyers, equipped to provide client-focused results.

MEET THE EDITORS



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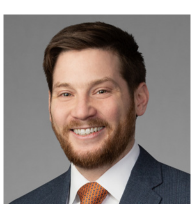

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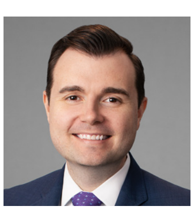

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Offices in Chicago, Ill.; New York, N.Y.; Richmond, Va.; Springfield, Ill.; and Tampa, Fla.

Over 140+ attorneys across five offices

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5

Five distinct Practice Groups: Litigation, Corporate, Real Estate, Bankruptcy and Government and Regulatory Law

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