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We'd love to hear from you. Feel free to send us your questions or feedback.

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### **HAVE YOU CONDUCTED A 2014 YEAR-END IP ASSESSMENT?**

Year-end assessments are common in the business community. They are important to take stock of the current year status and make any necessary adjustments for the upcoming year. So, as you plan your financial, tax, estate planning, pension and other year-end assessments, please do not ignore your intellectual property. You should be assessing the following:

**Trademarks:** Have you introduced new products or services or adopted new brands, slogans or logos for your existing products or services? If so, have you sat down to think about what brands, slogans and logos should be registered with the United States Trademark Office and which are appropriate to use as unregistered marks? Have you conducted clearance searches to make sure your new brands, slogans and logos do not infringe the preexisting rights of others? Are you monitoring the market place to determine if competitors are using confusingly similar brands, slogans or logos or using your brands, slogans and logos in an inappropriate manner to compete against you? Have you registered your new marks? Are you current in maintaining your federal registrations?

**Copyrights:** Have you developed a new product that includes text, software, graphic images, video or audio? If so, these things are protected from copying and use by others under US Copyright law. Have you taken the relatively simple and inexpensive step of registering your copyrights with the US Copyright Office? Do you have the proper agreements in place with employees, and more importantly, outside vendors, so that the copyrights are owned by your company immediately upon their creation? Are your customers in compliance with their licenses to your products? Are you in compliance with the licenses you signed regarding third-party products?

**Trade secrets:** Your secret and proprietary products and processes may be what separates you from your competitors and gives you the competitive edge necessary to thrive in the market place. Have you assessed who has had access to those secrets during the past year? Do you have the proper agreements in place to protect your ownership in those trade secrets and protect their secrecy and value? Do you know whether customers or competitors are attempting to reverse engineer your trade secrets?

**Confidentiality Agreements.** It is common for companies to sign non-disclosure and confidentiality agreements when trade secrets, confidential information or merely non-public information is exchanged. Have you requested these agreements when exchanging or providing access to this type of information? Are you, and your employees, in compliance with the non-disclosure agreements you signed in the past? Many of these agreements have sunset dates when information and documents must be returned or destroyed. Are those dates calendared? Have you followed up with other contracting parties to ensure that they have returned or destroyed your confidential information?

These are important issues that cannot be ignored or left to chance. Year-end is a convenient time to take stock to make sure you are doing the things necessary to protect your valuable property and to remain in compliance with your contractual duties owed to others. If you would like our help in any of these matters, please contact the Intellectual Property Group at Kerr Russell. ~Robert J. Pineau

## **UNDERSTANDING SOFTWARE LICENSE AGREEMENTS**

Modern business could not function without software created by third parties. While some software may be specially commissioned by a business, most software we use is “off-the-shelf” such as Excel, Acrobat, Outlook, and SAP. While we often speak informally of “buying” software, the vast majority of software used in business applications is licensed, not purchased. These licenses significantly restrict the end-user’s rights in the licensed software.

Most off-the-shelf software licenses are executed through a “click-wrap” license agreement, which requires the user to click an “accept” button before proceeding to install the software. How many of us actually read those long, boilerplate click-wrap licenses before we click “accept”? Unfortunately, too few of us take the time. When the software comes from an established company, such as Microsoft, we may feel more comfortable that the software will work as promised. But what about software from less well known sources?

While the user (the licensee) has no ability to negotiate the terms of a click-wrap license agreement, the licensor often retains the right to unilaterally change the applicable terms and conditions. In addition, most click-wrap license agreements disclaim any warranties and severely limit the licensee’s right to recover any damages caused by the software, including damages for lost profits. Thus, even if the licensed software destroys the host computer or server, or loses or corrupts company data, the licensee has little recourse. Courts have held click-wrap agreements to be binding even if the user does not read the terms of the license.

Most software license agreements limit the number of machines on which the software may be installed (or in the case of a server, the agreement will limit the number of users that are permitted to access the software). Many click-wrap license agreements permit the licensor to perform an audit of the licensee’s business to confirm that no unlicensed versions of the software are being used. Audits can be extremely disruptive. Violation of these limitations can lead to significant liability, including hefty penalties for copyright infringement.

At a minimum, any user of click-wrap software needs to read and understand the click-wrap license. To the extent possible, all software license agreements should be negotiated with the licensor, even click-wrap licenses. When negotiation is not possible, businesses should protect themselves by only licensing proven software from reputable software vendors. For advice on any of these issues, please contact the Intellectual Property Group at Kerr Russell. ~Max Sneyd

## **HOLIDAY MESSAGE FROM KERR RUSSELL**

We wish you a joyful holiday season and a prosperous 2015. Please call on Kerr Russell for any of your intellectual property or other business law needs. ~Kerr Russell.



*For more information about these and other intellectual property issues, please contact*

*our Intellectual Property Group at 313-961-0200*

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