

PROTECTING YOUR CREATIONS IN THE HOSPITALITY INDUSTRY

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AREAS TO COVER

- Trademarks & Trade Dress
- Copyrights
- Licensing and Franchising

AREAS TO COVER

- Trademarks, Trade Dress & Trade Secrets
- Hospitality and the Metaverse
- Copyrights
- Licensing and Franchising
- Patents and Non-Practicing Entities

TRADEMARKS IN HOSPITALITY

What is a trademark

- Anything capable of indicating source, origin, sponsorship, or affiliation
 - Word
 - Name
 - Symbol
 - Device
 - Colors
 - Sounds
 - Scents

TRADEMARKS IN HOSPITALITY

Why clear trademarks before use

- Company adopts trademark for a restaurant
- Company spends money on signage, menus, website, and domain
- Company gets ready to open third location in anticipation of a franchise program

TRADEMARKS IN HOSPITALITY

Why clear trademarks before use

- Company receives a cease-and-desist letter from a third party who began using the mark a year before Company's use
- Company is faced with extensive legal fees and risk
- Company has to rebrand, buying new signage, collateral, etc.
- It could have been avoided with a search

TRADEMARKS IN HOSPITALITY

Why register a trademark

- Company begins using a mark
- Company files an intent to use application before commencing use thereby establishing priority
- Other users are now on notice

TRADEMARKS IN HOSPITALITY

Why register a trademark (continued)

- The registration is *prima facie* evidence of the validity of the registered mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark throughout the United States;
- The registration provides constructive notice of the registrant's claim of ownership of the mark throughout the U.S., meaning that as of the date of registration, no one can claim to have begun to use the mark in ignorance of the registrant's prior use;

TRADEMARKS IN HOSPITALITY

Why register a trademark (continued)

- The pending application and registration are readily searchable by others, which may prevent a problem before it occurs;
- In a dispute, the registration provides access to the federal court system, which can be important;
- In a dispute, the registration may entitle the registrant to recover attorney's fees from the opposing party;

TRADEMARKS IN HOSPITALITY

Why register a trademark (continued)

- The registration may entitle the registrant to undertake a seizure action against counterfeit goods using the U.S. Marshall;
- The registration can be used to block the importation of infringing goods by U.S. Customs authorities; and
- The registration can be used as collateral if needed and is easily transferable.

TRADEMARKS IN HOSPITALITY

Why separate a trademark from the owner of a single restaurant

- Company obtains investors in a single restaurant
- Restaurant is successful
- Company wants to scale up and out restaurant and potentially franchise
- Investors get the windfall of the growth

TRADE DRESS – HOSPITALITY

Trade Dress Basics

- Trade dress can be a valuable business asset, signifying a company's:
 - Products or services
 - Reputation and goodwill

TRADE DRESS – HOSPITALITY

Trade Dress Basics

- Trade dress may include features such as:
 - Size
 - Shape
 - Color or color combinations
 - Texture
 - Graphics
 - Particular sales techniques

TRADE DRESS – HOSPITALITY

Trade Dress Basics

- Trade dress may include features such as:
 - Product/service packaging
 - Product/service design
 - Color
 - Business exteriors and interiors
 - Sounds and scents

TRADE DRESS – HOSPITALITY

Trade Dress Basics

- The physical elements of a business may also qualify for trade dress protection.
- A restaurant's trade dress may include the shape and general appearance of its exterior, signage, floor plan, décor, menu, equipment, servers' uniforms, and other physical features.

TRADE DRESS – HOSPITALITY

Two Pesos Importance

- “Trade dress that is inherently distinctive is protectable under § 43(a) without a showing that it has acquired secondary meaning, since such trade dress itself is capable of identifying products or services as coming from a specific source.”

TRADE DRESS – HOSPITALITY

Two Pesos Facts

- 1978 – Taco Cabana opened a chain of restaurants in San Antonio, Texas with distinct decorative features
 - Interior: artifacts, bright colors, paintings and murals, overhead garage doors to separate indoor and outdoor patio areas
 - Exterior: festive and vivid color scheme, top border paint and neon stripes, bright awnings, and umbrellas

TRADE DRESS – HOSPITALITY

Two Pesos Facts (continued)

- 1985 – Two Pesos opened Mexican restaurants in Houston and Austin, Texas with similar trade dress to Taco Cabana
- 1986 – Taco Cabana entered the Houston, Austin, Dallas and El Paso markets where Two Pesos already had restaurants
- 1987 – Taco Cabana sued Two Pesos for trade dress infringement

TRADE DRESS – HOSPITALITY

Two Pesos Holding

- Supreme Court held that Two Pesos had deliberately infringed on Taco Cabana's inherently distinct trade dress

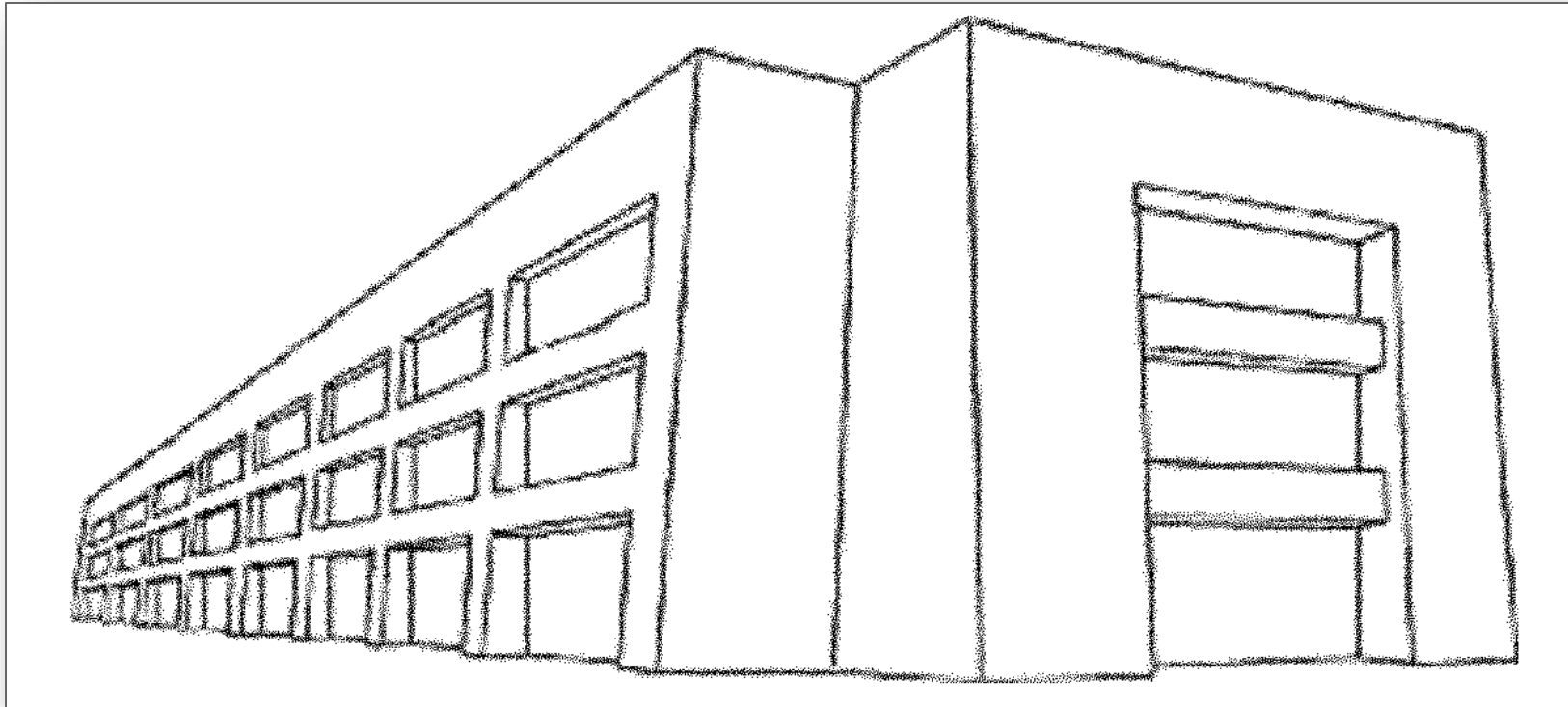
TRADE DRESS – HOSPITALITY

Trademark Registration No. 2,927,318 for the Historic Hotels of Richmond



TRADE DRESS – HOSPITALITY

Trademark Registration No. 2,908,230 for Baymont Inns



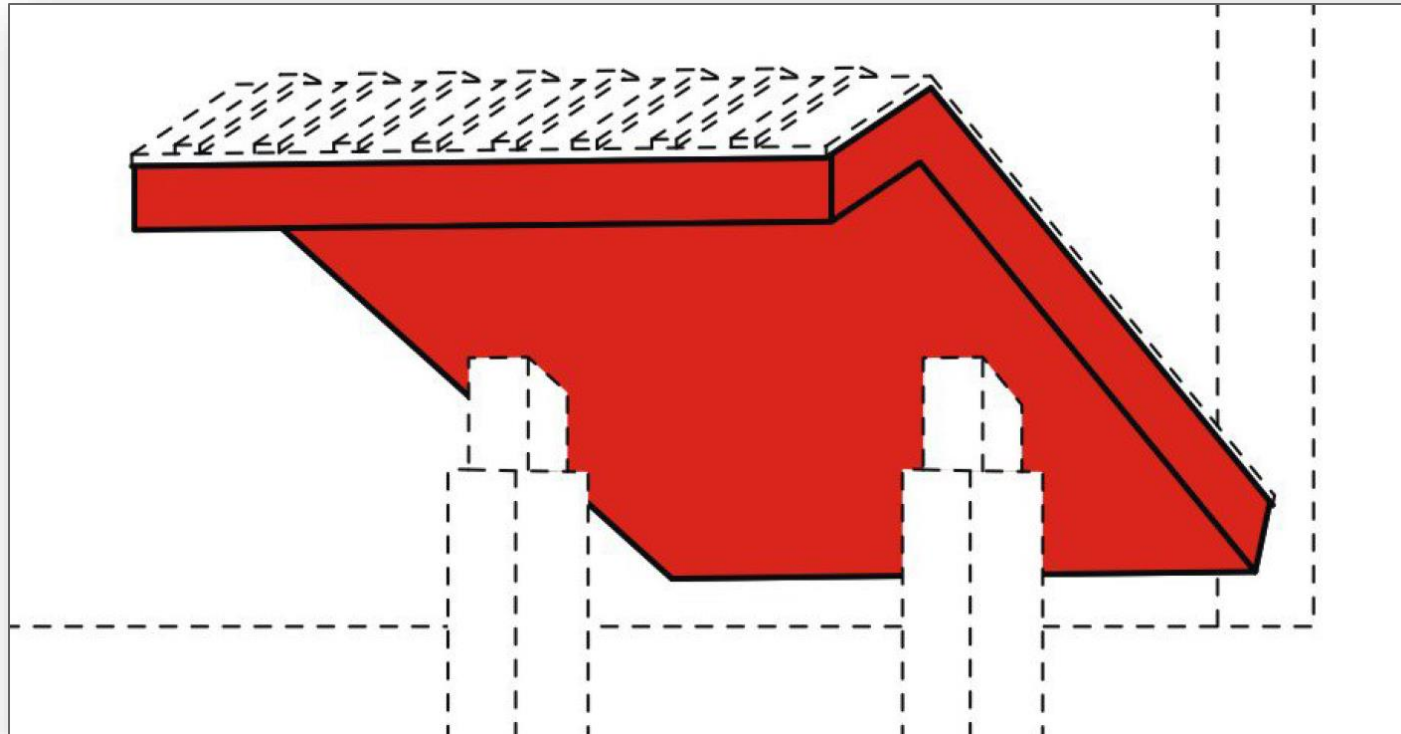
TRADE DRESS – HOSPITALITY

Trademark Registration No. 2,183,112 for Jamestown Operating Company



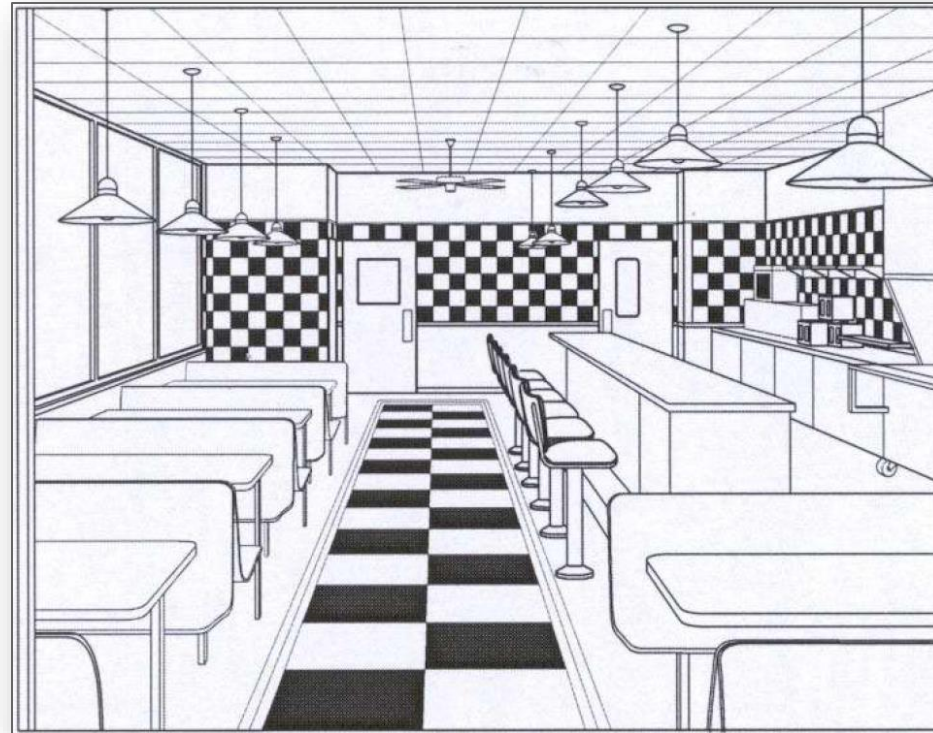
TRADE DRESS – HOSPITALITY

Trademark Application Serial No. 85/596,931 for RRI Financial, Inc.



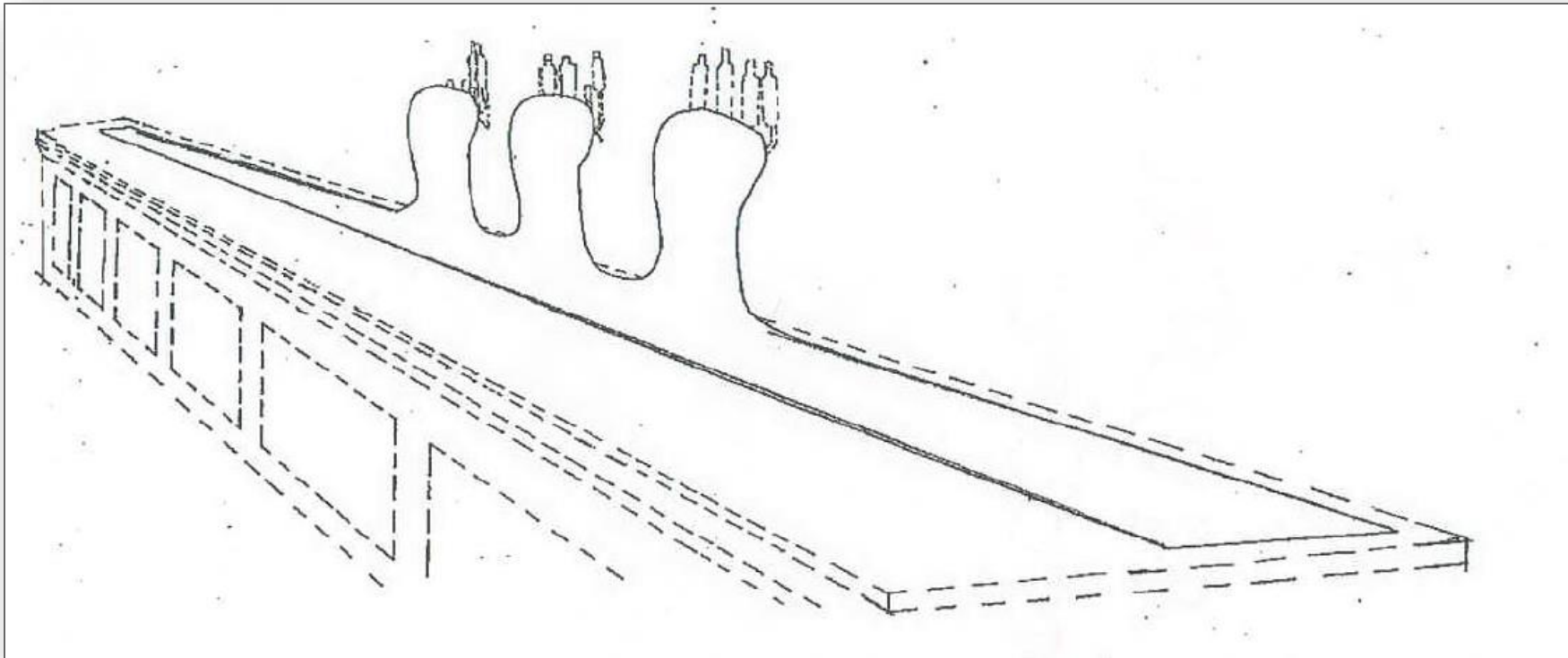
TRADE DRESS – HOSPITALITY

Trademark Registration No. 3,150,142 for Huddle House, Inc.



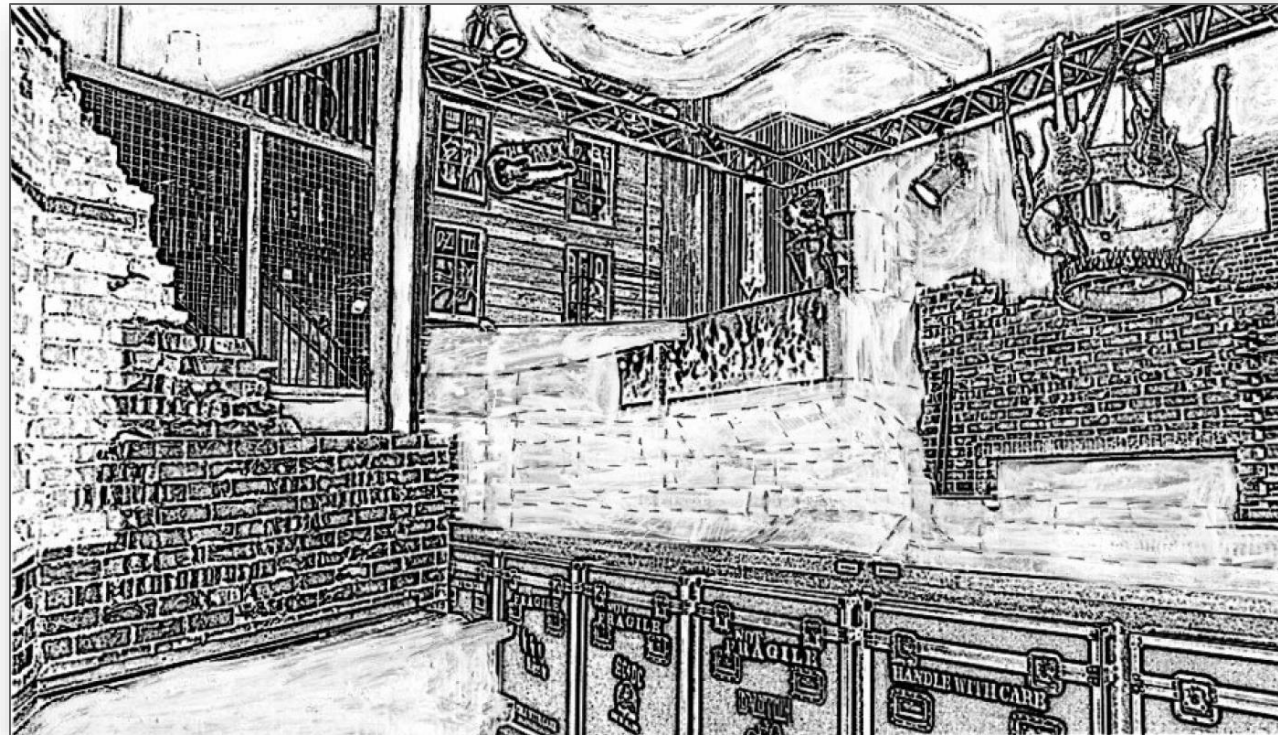
TRADE DRESS – HOSPITALITY

Trademark Registration No. 3,300,324 for Al Copeland (also known for Popeye's)



TRADE DRESS – HOSPITALITY

Trademark Registration No. 3,581,930 for Keep Rockin', LLC.



TRADEMARKS IN ADVERTISING

Taco Bell seeks to cancel Taco Tuesday registration

- 1989 – Taco John’s was granted a trademark to “Taco Tuesday”
- 2023 – Taco Bell filed legal petitions to cancel the trademark, arguing it is a common term that should be “free for all restaurants to use”
- “Failure-to-Function” – USPTO generally refuses to register trademarks that convey a widely used message or expression based on how the proposed phrase is perceived by the public

TRADEMARKS IN ADVERTISING

1-800 Contacts Inc. v. JAND Inc., d/b/a Warby Parker

No. 21-CV-6966 (PKC), 2022 WL 2316181 (S.D.N.Y. June 27, 2022)

- Defendant's purchase of Plaintiff's trademark for keyword search terms and re-directing using ads does not constitute infringement
- Comes on the heels of S.D. N.Y. decision that 1-800 Contacts' series of suits on question was not anti-competitive

TRADE SECRETS – HOSPITALITY

What is a Trade Secret

- Customer and supplier lists
- Pricing strategies
- Manufacturing and production methods
- Formulations
- Equipment
- Recipes

TRADE SECRETS – HOSPITALITY

Why Protect Trade Secrets

- Competitive advantage
 - KFC (75+ years)
 - Coca-Cola (130+ years)
- Protect what is critical to your business
- Time and resources spent for development and production
- Civil and criminal remedies for trade secret theft (three percent of GDP in global north)

HOSPITALITY AND THE METaverse

Size of Metaverse

- 3D, immersive, interconnected digital network that stimulates reality
 - Internet is “browsed”
 - Metaverse is “lived in”
- Projected to reach \$828.95 billion market size by 2028 with 700 million users worldwide by 2030
- Gaming, sporting events, shopping, concerts, work, and exercise

HOSPITALITY AND THE METaverse

Brand Use in Metaverse

- Unique opportunities to commercialize branded experiences
- Reach new audiences
- Deeper engagement with customers
 - Panera Bread: filed an application to register “Paneraverse” for downloadable virtual goods and virtual restaurants for entertainment
 - McDonald's: filed trademark applications to allow users to order virtual food or order real food for delivery in physical world

HOSPITALITY AND THE METaverse

What to Do in the Metaverse

- Establish metaverse presence
- Ensure compliance with existing laws
- Review IP portfolio
 - 1) Are descriptions in existing registrations broad enough to cover the metaverse?
 - 2) Are additional protections needed?
- Monitor metaverse developments
- Enforce Intellectual Property rights in the metaverse

COPYRIGHTS- HOSPITALITY

Register Your Materials

- Anything that a competitor will copy
- Your menus, website, etc.
- Your internal and external if original

COPYRIGHTS- HOSPITALITY

Make Sure You Own Your Collateral

- Copyrights are owned by the creator unless there is an agreement to the contrary
- Make sure when you hire someone to create, you own the copyrights

COPYRIGHTS- HOSPITALITY

Make Sure You Know the Source of Your Materials

- If you copy a photo or article, you are infringing the copyright
- The digital watermark will give you away
- If you remove the digital water mark you are committing copyright infringement
- If that work is registered, you will be on the hook for attorneys' fees, lost profits, your profits, statutory damages

HOSPITALITY AND LICENSING

The Perils of Licensing in the Hospitality Industry

- Make sure your license includes a quality control provision
- Otherwise, you will abandon your mark

HOSPITALITY AND LICENSING

The Perils of Licensing in the Hospitality Industry (continued)

- A trademark license in some states creates a franchise relationship
- A franchise relationship creates a myriad of legal obligations

PATENTS– HOSPITALITY

Nonpracticing Entities (NPEs)

- NPEs make money by threatening companies with patent infringement
- The cost of litigation is so great that the accused settles

PATENTS– HOSPITALITY

Nonpracticing Entities (NPEs) (continued)

- NPE's are targeting hospitality companies and hotel chains over technology relating to booking software engines

DATA- HOSPITALITY

CRM and Reservation System

- Data is the new gold
- There is so much data in restaurant services
- CRM data
- Reservation data
- Make sure you have rights to the data

CONCLUSION

Q&A DISCUSSION

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