

Who Owns the Project Name?

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Abstract

In the United States, ownership of trade marks can be bedevilling. A trade mark registration is not a grant of rights, only recognition of already-existing rights. A trade mark is owned by the first to use it and may only be registered by the owner.

However, there is no consistent rule or standard that courts apply when deciding disputes over ownership. Complicating matters further, U.S. trade mark law eschews the concept of joint ownership, considering it inconsistent with a trademark's role as a sole source identifier or assurer of quality. Thus, courts are in the position of having to identify a single owner of a trade mark using poorly defined law.

This article will review the various ways that courts have decided who owns a trade mark when there are two claimants. It will also provide guidance to free and open source software projects about how to best manage their project names so that a project has a clear claim of ownership and its project name is fully enforceable as a trade mark.

Keywords

Law; information technology; Free and Open Source Software; trade mark

Introduction

U.S. trade mark law is not well-suited to businesses that have decentralised decision-making models. Trade mark theory developed around the concept of a centralised process for the creation of product:

Of course, corporations, partnerships, joint ventures and marriages are combinations of individual persons. But when such an entity sells trademarked goods or services, control over quality and consistency is centralized. Someone is in control. A single decision results from internal study and discussion. Similarly, when a mark is licensed or franchised, the licensor or franchisor is a single entity controlling quality. A licensed mark indicates uniform quality. Uniform quality is produced by a single source of control.¹

Compare this concept to a free and open source software (FOSS) project, with its loose

¹ J. Thomas McCarthy, 2 McCarthy on Trademarks and Unfair Competition § 16:40 (4th ed. June, 2013 rev.).

management structure, many hands contributing to making the finished product, and generous permission to reproduce the software (that is, make a new product) granted by the FOSS copyright licence. This is a manufacturing model that traditional trade mark law has not seen.

And putting aside the difficulty created by the FOSS development model, even with traditional business models the courts have not settled on any single standard for deciding who the true trade mark owner is. A court may look for the answer strictly in transactional documents, or it may ignore the agreements and look at the question holistically.

So the wise FOSS project will take steps to ensure that, if challenged, despite the somewhat unorthodox management and product development method, under traditional legal doctrine the project name is indeed an indication of a sole source of software of a predictable quality. This article will provide advice on the steps a project can take to do that.

Note that this article is limited specifically to classic trade mark theory with respect to the fairly straightforward case of using the project name as a trade mark for software and promotional goods. A "project" is, of course, much more than software: it is members of a community acting both individually and collectively, a source code repository, a website and domain name, and many intangible assets and qualities. The ownership of these aspects of a FOSS project, as well as whether and how trade mark rights might apply to them, is outside the scope of this article.

The first part of this article reviews the legal theories that U.S. courts and tribunals have applied to decide questions of disputed ownership of trade marks. It covers the types of evidence that courts examine, then the role that the owner's business form plays. The second part of the article will give practical advice that, if followed, will well-position a FOSS project to demonstrate that it is the owner of a valid trade mark.

U.S. Law on Ownership of Trade Marks

The first section of this part will review a number of different legal doctrines that courts have applied in cases of disputed trade mark ownership. The following section will discuss the various types of legal entities that can own trade marks. We will end with a discussion of the potential for loss of trade mark rights under a theory known as a "naked licence."

Legal Theories for Deciding Trade Mark Ownership

In the United States, registration of a trade mark does not grant any substantive rights.² Instead, a registration has only an evidentiary function, serving as prima facie evidence of validity, ownership, and exclusivity of rights.³ Only the owner of a trade mark may register it⁴ and a registration can be cancelled if the registrant is not the owner of the underlying trade mark rights.⁵

So while in the United States ownership of a trade mark is not a right granted by registration, there is also no universally accepted legal doctrine for deciding who the owner of the trade mark is. Approaches can vary widely.

Some courts approach the problem as if the parties have two separate trade marks and decide who

2 *In re Int'l Flavors & Fragrances Inc.*, 183 F.3d 1361, 1366 (Fed. Cir. 1999) ("The federal registration of a trademark does not create an exclusive property right in the mark. The owner of the mark already has the property right established by prior use. The mark identifies and distinguishes the owner's goods from others. It also signifies the source and quality of the goods. These attributes are not established or granted by federal registration of the mark. The owner of a trademark need not register his or her mark in accordance with the Lanham Act in order to use the mark in connection with goods or to seek to prevent others from using the mark.").

3 Trademark (Lanham) Act of 1946 § 7(b), 15 U.S.C. § 1057(b) (2012).

4 *Id.* at § 1(a), 15 U.S.C. § 1051(a); *Chien Ming Huang v. Tzu Wei Chen Food Co. Ltd.*, 849 F.2d 1458, 1460 (Fed. Cir. 1988).

5 This is true only for the first five years after the trade mark is registered. *See infra* note 64-65 and accompanying text regarding trade marks that have become incontestable.

used theirs first,⁶ sometimes even where the parties have both submitted the same evidence as proof of first use.⁷ A court may apply several different theories to choose between the two: it may find that the losing party was a "related company"⁸ whose use was not for its own benefit but instead inured to the benefit of the winning party.⁹ It may instead find that the losing party was only an agent of the other party and thus developed no independent trade mark rights of its own.¹⁰ Or, a court might find that the losing party's use was not of a quality and scale to be considered "use in commerce" and so did not independently establish trade mark rights.¹¹

Alternatively, rather than looking at the problem as two marks and two owners, a court may instead recognise that there is a single, unitary property with two claimants to ownership. This means there are even more ways that the dispute might be decided.

A court may rely on private agreements between parties that allocate ownership of a trade mark.¹² Courts may instead look solely at who "controls" the use of the mark, that is, who is responsible for the nature and quality of the goods and services with which the mark is used.¹³

A more comprehensive approach has developed in the frequently occurring scenario of goods manufactured by one but marketed by the other.¹⁴ In this case, the doctrine is well settled. First, courts will look to any agreement between the parties regarding trade mark rights.¹⁵ There is also a

- 6 See, e.g., *Knights Armament Co. v. Optical Sys. Tech., Inc.*, 636 F. Supp. 2d 1283, 1296 (M.D. Fla. 2009) *aff'd*, 654 F.3d 1179 (11th Cir. 2011); *Lab. Corp. of Am. v. Schumann*, No. 3:06-CV-01566, 2009 WL 275859, at *4 (D. Conn. Feb. 4, 2009); *O.T.H. Enter., Inc. v. Vasquez*, Cancellation No. 9205056, 2012 WL 5196156, at *11 (T.T.A.B. Sept. 28, 2012); *Gallego v. Santana's Grill, Inc.*, Cancellation Nos. 92043152, 92043160 and 92043175, 2009 WL 4073531, at *4 (T.T.A.B. May 6, 2009).
- 7 *Knights Armament*, 636 F. Supp. 2d at 1296 (noting that both parties relied on the same documents, a purchase order, a request for quotation, and a statement of work, as proof of use); *100 Blacks in Law Enforcement Who Care, Inc. & 100 Blacks Who Care, Inc.*, Opposition No. 91190175, 2011 WL 1576733, at *2 (T.T.A.B. Apr. 12, 2011) (noting that both parties relied on the same web page as evidence of first use); cf., *Louisiana Athletics Down on the Bayou, L.L.C. v. Bayou Bowl Ass'n*, No. 11-303-BAJ, 2013 WL 2102354, at *3 (M.D. La. May 14, 2013) (noting that all materials attached to the plaintiff's trade mark application as proof of use were created by members of the defendant).
- 8 See Lanham Act § 5, 15 U.S.C. § 1055 (providing that use of a mark by "related companies" imputes to the owner of the mark as long as the owner is controlling the nature and quality of the goods and services).
- 9 See, e.g., *Estate of Coll-Monge v. Inner Peace Movement, Inc.*, 524 F.3d 1341, 1349 (D.C. Cir., 2008) (reversing district court decision that first use by defendant non-profit corporations was not a use by related companies for the plaintiff's benefit); cf. *Consumerinfo.com, Inc. v. Money Mgmt. Int'l, Inc.*, No. 07-04275 SJO (EX), 2008 WL 4183928, at *3 (C.D. Cal. Sept. 2, 2008) *rev'd on other grounds*, 374 F. App'x 696 (9th Cir. 2010) (in defendant's challenge to plaintiff's ownership of the mark, finding that plaintiff's parent was a related company of the its subsidiary so the parent's use inured to the benefit of the subsidiary).
- 10 See, e.g., *Asociación de Industriales de Puerto Rico v. MarketNext, Inc.*, No. 09-1122 (JAF), 2009 WL 793619, at *8-9 (D.P.R. Mar. 23, 2009).
- 11 *Louisiana Athletics*, 2013 WL 2102354, at *8 (plaintiff did not have his own separate use in commerce after he was no longer associated with the defendant); *Eat BBQ LLC v. Walters*, No. 12-71-GFVT, 2012 WL 5835679, at *5 (E.D. Ky. Nov. 16, 2012) (use of mark in email address, procurement of estimate for signs and emailing menu to other party in litigation did not establish use in commerce); *Knights Armament*, 636 F. Supp. 2d at 1296 (defendant's first public use of the mark was later than the plaintiff's); *Lab. Corp.*, 2009 WL 275859, at *4 (although the defendant thought of the mark, he did not have use independent from that of the plaintiff).
- 12 *Premier Dental Products Co. v. Darby Dental Supply Co., Inc.*, 794 F.2d 850, 854 (3d Cir. 1986) ("The ownership of a trademark as between a manufacturer and an exclusive distributor is largely determined by the parties' agreement"); see also *E & J Gallo v. Proximo Spirits, Inc.*, No. CV-F-10-411 LJO JLT, 2012 WL 273077, at *10 (E.D. Cal. 2012) (relying on an agreement between the manufacturer and distributor about ownership of the trade dress rights in a tequila bottle configuration); *Green v. Ablon*, No. 09-10937-DJC, 2012 WL 4104792, at *16 (D. Mass. Sept. 17, 2012) (deciding that an employment agreement not only vested ownership of new trade marks in the employer, but also assigned a pre-existing one to it).
- 13 See *Arredondo v. Arredondo*, No. 3:02-CV-2200 CFD, 2010 WL 4929250, at *6 (D. Conn. Nov. 30, 2010) *aff'd*, 460 F. App'x 59 (2d Cir. 2012) (citing *Liebowitz v. Elsevier Sci. Ltd.*, 927 F. Supp. 688, 696 (S.D.N.Y. 1996)).
- 14 "These relationships usually arise in one of two factual situations: either (1) the manufacturer licenses the distributor to use a trademark owned by the manufacturer, or (2) the distributor owns its own mark, sometimes called a 'private label,' which it affixes to the manufacturer's product before delivery." *Sengoku Works v. RMC Int'l*, 96 F.3d 1217, 1220 (9th Cir. 1991).
- 15 *Id.* But see *Premier Dental*, 794 F.2d at 854 (stating "While the parties' agreement is important in settling the question of ownership, it is not dispositive. The ownership of the product's goodwill must also be determined. The intent of the parties to create a perception that a particular firm is the legal entity standing behind the mark is not conclusive evidence of what the public actually did perceive but is circumstantial proof, absent evidence to the contrary, that what

presumption that the manufacturer owns the trade mark, but the presumption can be rebutted by considering (1) which party invented and first affixed the mark onto the product; (2) which party's name appeared with the trade mark; (3) which party maintained the quality and uniformity of the product; and (4) with which party the public identified the product and to whom purchasers made complaints.¹⁶ Although developed in the context of a manufacturer and a distributor, this approach has been extended to other types of relationships, like resellers¹⁷ and family disputes.¹⁸

Musical group names are disputed so often that this area has also developed a specialised doctrine. In these cases, quite contrary to the manufacturer-distributor arena, contracts assigning ownership of a group's name to a given party in the relationship may have little effect.¹⁹ Instead, a court will identify what quality or characteristic a group is known for, and then who controls that quality.²⁰

In an effort to create a more predictable method for deciding ownership disputes, this author has previously proposed a single framework that could be applied to all different types of ownership disputes, one that would take into account contractual expectation, responsibility for the quality of the goods and services, and consumer perception.²¹ The proposal has been acknowledged by several courts²² but has not been formally adopted.

Organisational Structure

As demonstrated, courts will apply different doctrines when deciding ownership cases, depending on how the parties frame the facts and choose which body of law they believe is most applicable. Further complicating matters, since a trade mark is an indivisible property, it means that a court must identify only one owner.²³ Any type of legally recognised organisation can own a trade mark,²⁴ but while some types of juristic persons, like corporations and limited liability companies, require an act of formation, others come into existence without any formal act at all.²⁵ Therefore, in

the parties intended to be the public perception was, in fact, their actual perception." (ellipses and brackets omitted)).

16 *Sengoku*, 96 F.3d at 1220.

17 *ZAO Grupa Predpriyatij Ost v. Vost Int'l Co.*, Opposition No. 91168423, 2011 WL 3828709, at *23 (T.T.A.B. Aug. 9, 2011).

18 *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821, 829 (9th Cir. 1997) (stating that manufacturer-distributor framework would apply to dispute between brothers each selling goods under the same brand); *Arredondo*, 2010 WL 4929250 at *5-6 (discussing factors in context of family business).

19 *Crystal Entm't & Filmworks, Inc. v. Jurado*, 643 F.3d 1313, 1323 (11th Cir. 2011) (holding that, despite three agreements stating that the promoter owned the band name, the band owned the name).

20 *Bell v. Streetwise Records, Ltd.*, 640 F. Supp. 575, 581 (D.Mass. 1986); see also *Kuklachev v. Gelfman*, 629 F. Supp. 2d 236, 254 (E.D.N.Y. 2008) (extending test to circus act); cf. *Cheng v. Dispeker*, No. 94 CIV. 8716 (LLS), 1995 WL 86353, at *4 (S.D.N.Y. Mar. 2, 1995) (describing two different tests for performance groups).

21 Pamela S. Chestek, *Who Owns the Mark? A Single Framework for Resolving Trademark Ownership Disputes*, 96 Trademark Rep. 681 (2006).

22 *LunaTrex, LLC v. Cafasso*, 674 F. Supp. 2d 1060, 1073 (S.D. Ind. 2009) (noting suggested test but deciding ownership based on corporate law principles); *C.F.M. Dist. Co. v. Costantine*, Opposition No. 91185766, slip op. at 30, n.44 (T.T.A.B. March 20, 2013), available at <http://ttabvue.uspto.gov/ttabvue/91185766-OPP-83.pdf> (noting article).

23 *Bell v. Streetwise Records, Ltd.*, 761 F.2d 67, 75-76 (1st Cir. 1985) (Breyer and Coffin, JJ., concurring) ("[W]e specify two mistakes that we believe the district court made. First, the court entered a decree that, in effect, left both plaintiffs and defendants free to use the trade name. Even if this result were fair as between the parties, it is not fair in respect to the public. It creates the very 'source' confusion that legal trademark, and tradename, doctrine developed to avoid. When arguing parties are, in a sense, both responsible for the success of a name, a court may find it difficult to decide which, in fact, 'owns' the name; the temptation may be great to say 'both own it' or try to 'divide' the name among them. The public interest, however, normally requires an exclusive award."); *Lunatrex*, 674 F. Supp. 2d at 1075 ("A trademark, however, is not divisible. If it were shared among the different splintered partners, the resulting confusion would destroy the value that each partner worked so hard to create.").

24 See Lanham Act § 45, 15 U.S.C. § 1127 ("The term 'person' and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term 'juristic person' includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.").

25 See Revised Uniform Partnership Act 1997 (stating that a partnership has been formed where there is "the association of two or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership"); *Comm. for Idaho's High Desert, Inc. v. Yost*, 92 F.3d 814, 819-20 (9th Cir. 1996) (noting that under federal law, an "unincorporated association" is "a voluntary group of persons, without a charter, formed by

pursuit of identifying a sole owner, the court may identify an entity that the litigants never intended to be the owner of the trade mark.

For example, in *LunaTrex, LLC v. Cafasso*,²⁶ various individuals joined together to enter the Google Lunar X Prize competition to land a robot on the moon.²⁷ They collectively picked the name "LunaTrex" for their team.²⁸ Things fell apart and two of the parties each created legal entities, "LunaTrex Inc." in Nevada and "LunaTrex, LLC" in Indiana.²⁹ Both filed applications to register the trade mark.³⁰ Once X Prize Foundation learned of the falling out, the LunaTrex team was suspended from the competition.³¹ The parties then sued each other for trade mark infringement.³²

The court framed the problem this way:

*The basic problem here is one that has arisen often in trademark law: a loose and informal group of people start a new band or another new venture, establish a new and valuable trademark, and then have a falling out. In the absence of a formal agreement, how does a court decide who controls the trademark?*³³

The court's solution here was a find that the main players had created a de facto partnership and the trade mark was an asset of the partnership.³⁴ Further, the partnership had broken up and, while normally partnership assets are distributed among the partners, the court acknowledged that a trade mark is not a divisible asset.³⁵ The court therefore granted both parties' motion for preliminary injunction and enjoined all parties from using the mark.³⁶

Another common problem is where an individual files a trade mark application in his or her own name, but the trade mark is used by an entity of which the individual is the sole owner. Lines get blurry when there is a single owner of a legal entity, so it can be hard to distinguish the acts of the individual from the acts of the entity.

For example, in *Restifo v. Power Beverages, LLC*,³⁷ an individual, Paul Kidd, filed the trade mark application in his own name but had his company grant the trade mark licence. The Trademark Trial and Appeal Board held in favour of Mr. Kidd's ownership, finding that the corporation was the alter ego of Kidd and therefore the corporation's acts were done at the behest and on behalf of

mutual consent for the purpose of promoting a common objective."). It may also be a "joint venture." *Shain Inv. Co., Inc. v. Cohen*, 443 N.E.2d 126, 129 (Mass. App. Ct. 1982) (describing a joint venture as "a partnership of a sort or, at least, it has many of its characteristics. It differs, however, from a partnership in that it is ordinarily, although not necessarily, limited to a single enterprise, whereas a partnership is usually formed for the transaction of a general business.").

26 674 F. Supp. 2d 1060 (S.D. Ind. 2009).

27 *Id.* at 1063.

28 *Id.*

29 *Id.* at 1067, 1069.

30 *Id.* at 1067-70.

31 *Id.* at 1069. The ban was until LunaTrex provided Google with clear evidence of the name and the team registration. It never did and so did not compete. Property, Intangible, LunaTrex Out of the Race (2011), <http://propertyintangible.com/2011/01/LunaTrex-out-of-race.html> (last visited June 4, 2013) (this author's reporting).

32 *Id.*

33 *Id.* at 1072.

34 *Id.* at 1073.

35 *Id.* at 1075.

36 *Id.* See also *Third Education Group, Inc. v. Phelps*, No. 07-C-1094, 2009 WL 2150686, at *4 (E.D. Wisc. May 15, 2009) (holding that defendant created name for use by voluntary association, not for himself personally); *Boogie Kings v. Guillory*, 188 So.2d 445, 448-49 (La. App.1966) (band was unincorporated association and ownership of the name was vested in the band, not any individual member).

37 Opposition No. 91181671, 2011 WL 5014028 (T.T.A.B. Sept. 21, 2011).

Kidd.³⁸ One treatise agrees with this approach,³⁹ however another court disagreed with the treatise and instead found that under state law, a corporation and its single shareholder remain distinct legal entities and the sole shareholder did not own the trade mark merely by virtue of her ownership of the corporation.⁴⁰

Loss of Ownership

To further complicate matters, a trade mark is vulnerable to invalidation if the trade mark owner is too lax in monitoring the quality of the goods or services with which the mark is used. The legal theory is a "naked licence," a doctrine that under U.S. law generally results in total loss of rights.

Different courts vary on the exact parameters of a naked licence, but the most unforgiving standard is that of the Court of Appeals for the Ninth Circuit as described in *FreecycleSunnyvale v. Freecycle Network*.⁴¹ The case defines a naked licence this way:

*Naked licensing occurs when the licensor fails to exercise adequate quality control over the licensee. Naked licensing may result in the trademark's ceasing to function as a symbol of quality and a controlled source. We have previously declared that naked licensing is inherently deceptive and constitutes abandonment of any rights to the trademark by the licensor. Consequently, where the licensor fails to exercise adequate quality control over the licensee, a court may find that the trademark owner has abandoned the trademark, in which case the owner would be estopped from asserting rights to the trademark.*⁴²

An individual started The Freecycle Network ("TFN") in 2003. The name comes from combining the words "free" and "recycling" and refers to the practice of giving an unwanted item to a

- 38 *Id.* at *4 ("Here, the corporations were essentially the alter egos of the individuals. Accordingly, we construe all relevant activities taken by the companies as having been done at the behest and on behalf of the individuals."). See also *Gaffrig Performance Indus., Inc. v. Livorsi Marine, Inc.*, Nos. 99 C 7778 and 99 C 7822, 2003 WL 23144859, at *11 (N.D. Ill. Dec. 22, 2003) (use of the mark by the corporation inured to the sole shareholder's benefit so he owned the mark); *Newton v. Brown*, Opposition No. 91174441, 2011 WL 810222, at *7 (T.T.A.B. Feb. 7, 2011) (trade mark was acquired by individual, not his company, and subsequent use by a number of companies he owned inured to his benefit).
- 39 2 McCarthy, *supra* note 1, at § 16:36 ("If a corporation is using a mark, then a principal officer and shareholder is not the 'owner.' It is presumed, however, that a real person who owns all the stock of a corporation controls the corporation so that use of the mark by the corporation inures to the benefit of the real person, who is presumed to be the 'owner' of the mark.")
- 40 *Taylor v. Thomas*, No. 2:12-CV-02309-JPM, 2013 WL 228033, at *6-7 (W.D. Tenn. Jan. 22, 2013). See also *Smith v. Coahoma Chem. Co.*, 264 F.2d 916, 919 (C.C.P.A. 1959) (holding that trade mark registered by individual was invalid when the trade mark was used only by companies of which he was part owner); *Paul Audio, Inc. v. Zhou*, Cancellation No. 92049924, 2011 WL 6780740, at *11 (2011) (holding that, "because [shareholder] Boning Zhou and [his company] Shenzhen Bao Ye Heng Industrial Development Company Limited are distinctly different entities, Baoning Zhou had never used the mark in his capacity as an individual, and the mark had always been used by Shenzhen Bao Ye Heng Industrial Development Company Limited, the company is the owner of the mark"); *American Forests v. Sanders*, Opposition No. 89370, 1999 WL 1713450, at *5 (T.T.A.B. Sept. 23, 1999) (finding that a trade mark application that was filed in the name of an individual when it was a partnership that had the bona fide intent to use the mark was void ab initio).
- 41 626 F.3d 509 (9th Cir. 2010).
- 42 *Id.* at 515-16 (Internal quotation marks and citations omitted). Note that the court says that the naked licence "may" result in the trade mark ceasing to function as a mark, but its analysis did not hinge on determining whether there had been a loss of distinctiveness. Rather, it was based on the owner's failure to perform adequate acts to control the quality of the goods and services. However, the Fifth Circuit has taken the position that a naked licence exists only where the trade mark has indeed ceased to function as a mark. *Exxon Corp. v. Oxxford Clothes, Inc.*, 109 F.3d 1070, 1079-80 (5th Cir. 1997). Some cases have also held that a naked licence is only a partial loss of rights. See, e.g., *Sheila's Shine Prods., Inc. v. Sheila Shine, Inc.*, 486 F.2d 114, 125-26 (5th Cir. 1973) (limiting abandonment through naked licensing to a specific geographic area); *Patsy's Italian Rest., Inc. v. Banas*, 575 F. Supp. 2d 427, 453 (E.D.N.Y. 2008) *aff'd*, 658 F.3d 254 (2d Cir. 2011) (limiting loss of rights to two restaurants, not all: "Realty has not engaged in conduct that necessitates a finding of total abandonment of all rights in the marks PATSY'S and PATSY'S PIZZERIA. Most crucially, Plaintiffs have failed to submit any evidence that the marks PATSY'S and PATSY'S PIZZERIA as used by the original East Harlem location have lost their significance as an indicator of the source of Defendants' pizzeria services.").

stranger, rather than disposing of it, so that the item can continue being used for its intended purpose.⁴³ Similar to many open source projects, the organisation didn't have a formal legal entity and operated through a democratic leadership structure.⁴⁴ Local volunteer groups would form through Yahoo! Groups and Google Groups.⁴⁵ The Freecycle Network had a website that provided a directory of member groups and resources for volunteers, including a section with etiquette guidelines.⁴⁶

The Freecycle Network operated under the "Freecycle Ethos" – a democratic leadership structure in which decisions were made through a process of surveys and discussions among volunteer moderators.⁴⁷ The local volunteer moderators were responsible for enforcing The Freecycle Network's rules and policies, but the moderators had flexibility in enforcement depending on the moderators' assessment of their local communities.⁴⁸ The moderators would collaborate on various matters, like whether they should limit listings to legal items only.⁴⁹

The defendant chapter FreecycleSunnyvale was licensed by email to use the Freecycle trade mark, with the instructions "just don't use it for commercial purposes."⁵⁰ Two years after FreecycleSunnyvale started, for reasons that are unclear, The Freecycle Network sent cease and desist letters to FreecycleSunnyvale.⁵¹

The Freecycle Network argued that its email prohibition on commercial use, the rule that the members "Keep it Free, Legal & Appropriate for All Ages," the "Freecycle Ethos," and the terms of use for Yahoo! Groups were an adequate exercise of control over the use of the mark, but the Court of Appeals disagreed.⁵² It found that The Freecycle Network "engaged in naked licensing and consequently abandoned the trademarks."⁵³ Note the plural "trademarks": the decision is about not only the word marks FREECYCLE and THE FREECYCLE NETWORK but also the highly distinctive design shown below:

43 *FreecycleSunnyvale*, 626 F.3d at 512.

44 *Id.*

45 *Id.*

46 *Id.*

47 *Id.*

48 *Id.*

49 *Id.* at 513.

50 *Id.*

51 *Id.* at 513-14.

52 *Id.* at 516-18.

53 *Id.* at 520.



FreecycleSunnyvale gives us a bottom threshold, an example when there is not enough control. As to how much control is enough, though, we are in the dark:

*We have stated that the standard of quality control and the degree of necessary inspection and policing by the licensor will vary. The licensor need only exercise control sufficient to meet the reasonable expectations of customers. However, because TFN did not establish any quality control requirements for its member groups, we do not need to decide what efforts to oversee a licensee's performance might meet a low standard of quality control.*⁵⁴

Further complicating matters, the validity of a mark for promotional goods may also rest on the validity of the mark for the primary goods. For uses that might otherwise be considered "ornamental," like on T-shirts, mouse pads or decals, a mark may nevertheless be considered distinctive for the promotional goods because it indicates a sponsorship relationship.⁵⁵ For example, the words "Mork & Mindy" on T-shirts was a trade mark use, understood to indicate sponsorship by a television show of the same name.⁵⁶ It therefore follows that, since the distinctiveness for promotional goods may rely on the distinctiveness for the primary goods, when the indicator fails to function as a mark for the primary goods, under the naked licensing doctrine it might likewise fail to function as a mark for the related promotional goods.

To Sum It Up

We have seen that trade mark decisions in court are fact-specific and involve the complex balancing of sometimes contradictory trademark goals. Depending on what doctrine a court may choose to apply, an agreement may matter, or it may not.⁵⁷ A registration may help, but it is not

⁵⁴ *Id.* at 519 (Internal quotation marks and citations omitted); see also *Eva's Bridal Ltd. v. Halanick Enter., Inc.*, 639 F.3d 788, 791 (7th Cir. 2011) ("Trademark law requires that 'decisionmaking authority over quality remains with the owner of the mark.' Restatement § 33 comment c. How much authority is enough can't be answered generally; the nature of the business, and customers' expectations, both matter.")

⁵⁵ *Go Pro Ltd. v. River Graphics, Inc.*, No. 01CV600JLK, 2006 WL 898147, at *4 (D. Colo. Apr. 5, 2006) (noting that marks can be both ornamental and source-indicating where they are used decoratively on T-shirts and the like but also identify a secondary source of sponsorship); see also Trademark Man. of Exam. Proc. § 1202.03 (Apr. 2013) (Allowing an applicant to show that a proposed mark that is used on the goods in a decorative or ornamental manner also serves a source-indicating function by submitting evidence that the proposed mark would be recognized as a mark through its use for goods or services other than those being refused as ornamental).

⁵⁶ *In re Paramount Pictures Corp.*, 213 U.S.P.Q. 1111 (T.T.A.B.1982).

⁵⁷ See *supra* notes 12 and 19 and accompanying text.

definitive.⁵⁸ A court may look solely at who "controls" the mark, or it may look more broadly at additional considerations like consumer perception.⁵⁹ A court may find that the parties themselves are in a legal relationship that they did not contemplate before the dispute arose, like agency or a partnership.⁶⁰

Sorting it out, the second part of this article will offer some guidance to open source projects that can help them maximize the likelihood that a court will be able to readily identify the project as the trade mark owner and reach a conclusion that there is a valid trade mark, no matter what doctrine is applied.

Managing the Project And the Name

Above we have discussed two topics: the acts of a trade mark owner and the organisations that perform them. But because in the United States trade mark ownership is a use-based system, a question of ownership is recursive: the entity that acts like the trade mark owner becomes, by its actions, the trade mark owner.

Nevertheless, we will separate the two topics for purposes of discussion. This next section will discuss what things a FOSS project can do to show its ownership of the mark and the following section will discuss what kind of legal entity the project might be.

The Acts of a Trade Mark Owner

As described above, courts will consider a number of factors when deciding who owns a trade mark: what the registration says,⁶¹ what any agreements say, who invented the mark, who first affixed the mark to the goods or services, which company's name appears on packaging and promotional materials with the trade mark, who exercises control over the nature and quality of the product, who paid for advertising and promotion, and to whom purchasers make complaints.⁶² Thus a project should optimise all these factors in its favour as much as possible.

The most legally significant step that a project can take is to register the trade mark. A registration is prima facie evidence of validity, ownership and exclusivity of rights.⁶³ After five years, these rights become "incontestable,"⁶⁴ which means that registration is conclusive 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 in commerce.⁶⁵ While, as noted above,⁶⁶ registration is only a recognition of trade mark rights rather than a grant of any substantive right, it nevertheless makes any challenge an uphill battle.

In addition, a project should adopt trade mark guidelines. They will serve as documentary evidence of many factors a court will consider, as will be described in more detail below.

The trade mark guidelines can serve the role of a written agreement allocating trade mark ownership.⁶⁷ It would be prudent to state expressly in the guidelines who the trade mark owner is

58 See *supra* notes 3-5 and accompanying text.

59 See *supra* notes 13-18 and accompanying text.

60 See *supra* notes 10 and 34 and accompanying text.

61 See *supra* note 3 and accompanying text.

62 See generally 2 McCarthy, *supra* note 1, at § 16:48.

63 Lanham Act § 7(b), 15 U.S.C. § 1057(b).

64 *Id.* at § 15, 15 U.S.C. § 1065. There are predicate conditions that must be met before a trade mark is incontestable and an affidavit of incontestability must be filed with the Patent and Trademark Office.

65 *Id.* at § 33(b), 15 U.S.C. § 1115(b). See also *Park 'N Fly, Inc v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198, 105 S. Ct. 658, 83 L. Ed. 2d 582 (1985) ("The incontestability provisions, as the proponents of the Lanham Act emphasized, provide a means for the registrant to quiet title in the ownership of his mark.").

66 See *supra* notes 2-4 and accompanying text.

67 Courts will consider any document that might contain a trade mark grant, expressly or impliedly. See, e.g., *Lingo v. Lingo*, 785 F. Supp. 2d 443, 451 (D. Del. 2011) (looking at a will for help in deciding trade mark ownership); *Nothing*

and that the use of the trade mark by project members or unrelated parties is use that inures to the benefit of the project, to aid in forestalling a claim that a third party use is independent of the project use. If the project itself expresses this understanding about the relationship between the trade mark and those who use it, and the party using the mark has expressly or implicitly agreed to the terms, it should predispose a court to come to the same conclusion.

Next is evidence of control. Note that this concept is used both to identify the owner of a mark and to determine whether there is a naked licence.⁶⁸ Of all areas related to ownership and validity of a mark, control therefore is the most significant: the project's ability to demonstrate that it actively supervises the nature and quality of the software helps solidify its ownership of the mark and avoid a claim of naked licensing.

First note that the control relates to the nature and quality of the product, not the characteristics of the trade mark itself.⁶⁹ Design guidelines for the logo form of the mark, advice on where to use the ® and ™ symbols, and instructions to use the trade mark as an adjective, not a noun, do not demonstrate that there is an exercise of control over the quality of the product, only how the trade mark should appear.

Cases that examine control do so on a case-by-case basis,⁷⁰ so there is no fixed list of steps to take to ensure that the owner of the trade mark is active enough in its oversight. As noted above, courts have only defined what is *not* good enough, not what *is* good enough.⁷¹ A court may consider who formulated the product,⁷² who trained employees,⁷³ whether products were inspected,⁷⁴ or who was responsible for the overall image of the service.⁷⁵

Heavy Inc. v. Levinson, No. 10 CV 03466 GBD, 2010 WL 4968137, at *4 (S.D.N.Y. Dec. 6, 2010) (holding that a lease amendment addressing registration of the trade mark for the restaurant name was not an agreement on the ownership of the name); *Norden Rest. Corp. v. Sons of Revolution in State of N. Y.*, 415 N.E.2d 956, 957 (1980) (holding lessor was the trade mark owner where the lease stated "The right to use the name 'Fraunces Tavern Restaurant' in connection with Tenant's business shall be limited to the restaurant business conducted in the premises and to no other business or location, and such right shall terminate upon the expiration or earlier termination of this Lease.").

68 This is not by happenstance; at least in the Courts of Appeal for the Second and Ninth Circuit both legal doctrines find their statutory basis in the same section of the Lanham Act, § 5. Section 5 states, in the context of use by a related company (i.e., a licensee), that "If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be." Lanham Act § 5, 15 U.S.C. § 1055. It therefore by its terms invokes control over the nature and quality of the goods as the hallmark of ownership. The Second and Ninth Circuits also cite § 5 as the basis for the naked licensing doctrine. See *Siegel v. Chicken Delight, Inc.*, 448 F.2d 43, 51 (9th Cir. 1971) ("The licensor owes an affirmative duty to the public to assure that in the hands of his licensee the trade-mark continues to represent that which it purports to represent. For a licensor, through relaxation of quality control, to permit inferior products to be presented to the public under his licensed mark might well constitute a misuse of the mark. 15 U.S.C. §§ 1055, 1127."); *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 367 (2d Cir. 1959) (stating that Section 5 imposes a control requirement so that there is not an abandonment through naked licensing).

69 *CNA Fin. Corp. v. Brown*, 922 F. Supp. 567, 574 (M.D. Fla. 1996) *aff'd*, 162 F.3d 1334 (11th Cir. 1998) ("In order for its family's use of the service marks to be deemed use by CNAF, CNAF must control not only the use of its marks, but also the 'nature and quality of the ... services' associated with the marks.").

70 In the context of naked licensing, "It is difficult, if not impossible to define in the abstract exactly how much control and inspection is needed to satisfy the requirement of quality control over trademark licensees." 3 McCarthy, *supra* note 1, at § 18:55.

71 See *supra* note 54 and accompanying text.

72 *Country Fare LLC v. Lucerne Farms*, No. 3:11CV722 VLB, 2011 WL 2222315, at *1, 9 (D. Conn. June 7, 2011) (holding that company that conceived of a proprietary mulch composition and had it manufactured by another company owned the trade mark).

73 *Arredondo v. Arredondo*, No. 3:02-CV-2200 CFD, 2010 WL 4929250, at *7 (D. Conn. Nov. 30, 2010) *aff'd*, 460 F. App'x 59 (2d Cir. 2012) (exercising control by training associates and managing the day-to-day operations of the facilities).

74 *E & J Gallo v. Proximo Spirits, Inc.*, No. CV-F-10-411 LJO JLT, 2012 WL 273077, at *10 (E.D. Cal. Jan. 30, 2012) (requirement that manufacturer deliver product "of the highest quality and in good and merchantable condition" and that the distributor performed chemical, sensory, and related analyses on every production lot and every bottling run was control of the nature and quality of tequila).

75 *O.T.H. Enterprises, Inc. v. Vasquez*, Cancellation No. 9205056, 2012 WL 5196156, at *9 (T.T.A.B. Sept. 28, 2012) (registrant owned the mark because he added unique characteristics such as lighting, costumes, musical arrangement and overall sound).

Note that a trade mark owner is not obliged to provide high quality goods or services, but simply must provide a quality of goods that is consistent and predictable:

*the chief function of a trademark is a kind of 'warranty' to purchasers that they will receive, when they purchase goods bearing the mark, goods of the same character and source, anonymous as it may be, as other goods previously purchased bearing the mark that have already given the purchaser satisfaction.*⁷⁶

Nor do the goods have to be identical but instead only within a range of predictable quality, adequate to meet consumer expectation.⁷⁷

Control over the nature and quality of FOSS, or any kind of software, has never been considered by a court. Nevertheless, there are a number of ways we can speculate that a FOSS project will be able to show that it exercises control. A software project can show that there are one or several canonical repositories for the software and all copies originate with a single source.⁷⁸ Therefore, for those repositories not within the project's control, the project will want to encourage those who provide any alternative repositories to indicate they are not the authoritative repository and where one can get the original code.

A project will also want to demonstrate its control over the quality of the goods by showing that it has a systematic quality control process used for creating the software. For example, a software project could show that only a limited few individuals, the committers, have the ability to decide what ultimately goes into the final product, thus ensuring consistent quality. If it is a project that requires assignment of copyright, it may be able to argue that the ownership of the entirety of the copyright in the software shows its control over the ultimate product. It might be able to demonstrate that a new version of the software will not be released if there are critical bugs.

The project must also be able to demonstrate that it controls the nature and quality of goods produced by others to avoid invalidation by naked licence. This is another role for the trade mark guidelines.

Some FOSS advocates have suggested using a "public" licence, i.e., a licence granted to anyone who complies with the conditions of the licence and which does not require execution, meaning that the licensee may be unknown. This kind of licence, however, seems to conflict with the prohibition on a "naked trade mark licence" because existing trade mark law does not recognise the possibility that a licensee may be unknown.⁷⁹ Thus, the concept of a public licence permitting use of a trade mark carries some risk and may provoke a court challenge.

However, in the author's opinion, there is no fundamental problem with the public licence concept. As noted, the concern of trade mark law is to ensure that the goods are of consistent quality. If the

76 1 McCarthy, *supra* note 1, at § 3:10; see also *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d Cir. 1986) ("For this purpose the actual quality of the goods is irrelevant; it is the control of quality that a trademark holder is entitled to maintain.")

77 *TMT North America, Inc. v. Magic Touch GmbH*, 124 F.3d 876, 886 (7th Cir. 1997) (citing *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 387 (5th Cir. 1977)) (Admittedly, licensing always entails some loss of control over product quality. If a licensor maintains reasonable control over product quality, however, consumers ultimately do rely upon the licensor's quality control. Absent a significant deviation from the licensor's quality standards, a licensor does not forfeit its trademark rights through licensing agreements."); Kevin Parks, "Naked" Is Not a Four-Letter Word: Debunking the Myth of the "Quality Control Requirement" in Trademark Licensing, 82 Trademark Rep. 531, 536 (1992) (explaining that a trade mark owner that manufactures its own goods can make goods of diverse quality without risking the trade mark).

78 Note that in *Freecycle*, discussed *supra* in notes 41-54 and the accompanying text, the FREECYCLE mark was used only for a service. In what may be a significant distinction, a FOSS project creates a product, software. Being able to point to a product with a canonical source should help a FOSS project distinguish its situation from the *Freecycle* case, even though there is some similarity in the management style of FOSS projects and the Freecycle Network.

79 See, e.g., *In re XMH Corp.*, 647 F.3d 690, 696 (7th Cir. 2011) (noting that, as a default, a trade mark licence is not assignable because of the need for quality control: the trade mark owner "will have picked his licensee because of confidence that he will not degrade the quality of the trademarked product").

conditions described in trade mark guidelines are clear enough that a licensee complying with the terms necessarily creates a product that will be of adequate quality and meet consumer expectations, then the policy basis for the naked licensing doctrine is not implicated.⁸⁰

We have examples in currently existing FOSS trade mark guidelines showing different ways projects handle permission to reproduce, modify and distribute software using their mark. For example, Mozilla, distributor of the Firefox browser and Thunderbird email client, permits use of its trade mark for the redistribution of copies of its software only if the software is unmodified.⁸¹ The Document Foundation, distributor of the LibreOffice office software suite, permits the use of its mark only for versions of the software in "substantially unmodified form," where "substantially unmodified" is software that is built from The Document Foundation source code with only minor modifications, such as enabling or disabling of certain features by default, translations into other languages, changes required for compatibility with a particular operating system, or bundling the software with additional fonts, templates, artwork and extensions.⁸² The OpenJDK project, which develops a free and open source implementation of the Java Standard Edition Platform, permits use of its trade mark for "a substantially complete implementation of the OpenJDK development kit or runtime environment source code retrieved from [an official website], and the vast majority of the Software code is identical to that upstream Original Software," with some exceptions.⁸³ OpenStack, a cloud computing project, provides for the use of the trade mark if the software passes a test suite.⁸⁴ Some projects take the safest route, which is to require a bilateral licence with anyone who wishes to use the trade mark for software.⁸⁵ There is no way to predict whether these licences would pass muster, but they do demonstrate an effort to ensure that the trade mark is used only for goods that consumers will perceive as having the same quality and functionality as the original product.

The trade mark policy should also cover use of the trade mark for promotional non-software goods, like T-shirts, mugs, decals and key chains. The standard for control over these types of goods, however, is probably more relaxed:

If a licensee uses the trademark of a beer or soft drink manufacturer on clothing or glassware, for example, prospective purchasers may be unlikely to assume that the

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- 80 *Doebler's Pennsylvania Hybrids, Inc. v. Doebler*, 442 F.3d 812, 823 (3d Cir. 2006) ("[L]icensing arrangements are permissible so long as the license agreement provides for adequate control by the licensor of the nature and quality of the goods or services."); *Arthur Murray, Inc. v. Horst*, 110 F. Supp. 678, 680 (D. Mass. 1953) (holding that the contract provisions that controlled licensee's method of operation were adequate to avoid a naked licence).
- 81 Mozilla Foundation, Mozilla Trademark Policy for Distribution Partners, v. 0.9 (DRAFT) (2012), <https://www.mozilla.org/foundation/trademarks/distribution-policy.html> (last visited May 31, 2013) ("You may distribute unchanged official binaries downloaded from mozilla.com to anyone in any way subject to governing law, without receiving any further permission from Mozilla Corporation. However, you must not remove or change any part of the official binary, including Mozilla trademarks.").
- 82 The Document Foundation, TDF/Policies & TradeMark Policy (2013), https://wiki.documentfoundation.org/TDF/Policies/TradeMark_Policy (last visited June 8, 2013); *see also* Sugar Labs, Trademark (2012), <http://wiki.sugarlabs.org/go/Trademark> (last visited May 31, 2013) (similar); ArchLinux, DeveloperWiki:TrademarkPolicy (2011), <https://wiki.archlinux.org/index.php/DeveloperWiki:TrademarkPolicy> (last visited May 31, 2013) (defining "remixes" as derivative works and permitting trade mark use for remixes with minor changes such as adding applications from the archives or removing default applications, but not removing or changing any infrastructure components).
- 83 OpenJDK, *OpenJDK Trademark Notice*, v.2011/11/11 (2011), <http://openjdk.java.net/legal/openjdk-trademark-notice.html> (last visited May 31, 2013).
- 84 OpenStack Cloud Software, *How To License The Powered By OpenStack Logo*, <http://www.openstack.org/brand/powered-by-openstack/> (last visited May 31, 2013) ("As of January 1st, 2012, your product must pass any Faithful Implementation Test Suite (FITS) defined by the Technical Committee that will be made available on <http://www.openstack.org/FITS>, to verify that you are implementing a sufficiently current and complete version of the software (and exposing associated APIs) to ensure compatibility and interoperability. Your product will be required to pass the current FITS test on an annual basis, which will generally require you to be running either of the latest two software releases." Note, however, that the test suite was not yet available at the identified website at the time of this writing).
- 85 *See, e.g.*, Perl Foundation, Perl Trademark, http://www.perlfoundation.org/perl_trademark (last visited May 31, 2013) (requiring specific permission to use trade marks for conferences and software).

*owner of the trademark has more than perfunctory involvement in the production or quality of the licensee's goods even if the manner of use clearly indicates sponsorship by the trademark owner. On the other hand, if the licensee's use is on goods similar or identical to those produced by the trademark owner, purchasers may be likely to assume that the goods are actually manufactured by the owner of the mark. Greater control by the licensor may then be necessary to safeguard the interests of consumers who may purchase the goods on the basis of the licensor's reputation for quality.*⁸⁶

There should nevertheless be some effort to have standards that will ensure consistent quality, like the use of vendors authorised by the project or specifications of level of quality for the promotional product.

The remaining facts that courts have looked at in ownership cases are of less weight, and will not save a situation where the owner has not controlled the quality of the goods and services. Nevertheless, the project can position itself to its best advantage by documenting the creation of any logos and ideally owning the copyright in the logo design.⁸⁷ It should document when the name was chosen, when the project had its first public visibility on a website or project hosting site, when the software was first made available in alpha, beta and general availability, and the users to which the software was made available.⁸⁸ A project's staffing of software support channels will also demonstrate its ownership of the mark.⁸⁹

Projects should discourage third parties from using the project trade mark in a way that might suggest that the third party has some kind of control or oversight over the project and ask them to disclaim any official relationship with the project.⁹⁰ Any in-kind contributions to the project, like placement of advertising,⁹¹ or the contribution of hardware or server space, should be documented, at least informally with an email, as a contribution for the benefit of the project. This will avoid any ambiguity about ownership, for example, because the software is hosted on hardware owned by someone else.

The author has created a Model Trademark Guidelines project⁹² that incorporates the above recommendations, and welcomes others' participation in the project.

Who is Performing the Acts

We have seen the steps a project should take to ensure that a court would reach a legal conclusion that the project owns the trade mark and that it is valid, i.e., not a naked licence. But the analysis begs the question – who, exactly, is the person or organisation that makes up the "project" that is performing these acts?

As described above,⁹³ any type of legal entity, from an individual, through partnership, unincorporated association and corporation, may own a trade mark. All are legally valid choices, so it becomes a question of what person, natural or juristic, is behaving like the trade mark owner?

86 Restatement (Third) of Unfair Competition § 33, cmt. c (1995); *see also Experience Hendrix, LLC v. Elec. Hendrix, LLC*, No. C07-0338 TSZ, 2008 WL 3243896 at *7 (W.D. Wash. Aug. 7, 2008) ("The type of quality control required to prevent abandonment varies with the circumstances").

87 *See supra* note 62 and accompanying text noting that who invented the mark is a factor. Owning the copyright in the logo means that the project will have full control over its use. Another option would be to take an exclusive licence, including to the exclusion of the logo designer-copyright owner, so that the owner cannot license it to others.

88 *See supra* note 62 and accompanying text noting that who first affixed the mark is a factor. What is considered a "use" in which trade mark rights first arise is a complicated legal question and outside the scope of this article. Note also that this information will be valuable if an ordinary trade mark infringement situation arises, since in the U.S. trade mark rights accrue to the first in time.

89 *See supra* note 62 and accompanying text noting that "to whom customers make complaints" is a factor.

90 *See supra* note 62 and accompanying text noting that who the packaging and promotional materials identify as the owner is a factor.

91 *See supra* note 62 and accompanying text noting that who paid for advertising or promotion is a factor.

92 Model Trademark Guidelines, <http://modeltrademarkguidelines.org> (last visited June 5, 2013).

93 *See supra* note 24 and accompanying text.

Initial Ownership

It may be that when a project starts one individual is the main decision-maker – he or she has written the bulk of the code, picked the name, and set up the source code repository and website. In this situation, the owner of the trade mark would fairly clearly be the individual.

It may be, instead, that the ownership of the mark vests in more than one person, for example, where two or more individuals collaborate equally to create the project. This, in theory, could be problematic because it may mean that the trade mark is not functioning as a mark, i.e., as a sole source identifier if there are two owners acting independently.⁹⁴ Nevertheless, where the individuals are contributing to the same codebase the risk is minimal since there is only one product.

Where individuals are acting in concert, they may, in fact, be considered a common law partnership or unincorporated voluntary association. Neither type of legal entity requires any filing or formal act to come into existence;⁹⁵ instead, they will exist because the law imposes legal structure on concerted acts.

Informal legal organisation is not uncommon. Courts have had to deal with trade mark disputes with many kinds of volunteer organisations, like church groups, charities and clubs. The typical scenario is that a group of individuals will come together to work on a common project or interest, have a falling out, and each then claim to own the name⁹⁶ – a scenario that can also arise with a FOSS project.⁹⁷

With FOSS projects, however, because there generally is some thought about project governance and perhaps documentation of it, the project may be better off than other types of organisations when a court is trying to identify the owner. A "benevolent dictator" model may mean that the so-called dictator owns the trade mark because he or she is the ultimate decision maker about the finished product.⁹⁸ A meritocracy model may indicate that it is a partnership or voluntary association that owns the mark.

But there is risk in leaving the question of who owns the mark for a court to sort out. If a FOSS project was challenged, an adjudicator may indeed find that the project (whether it is an individual, partnership or unincorporated association) is the owner of the project trade mark and prohibit the challenger from using the mark. If a FOSS project was unlucky, though, after a falling out it may find that there is a stalemate and no one will be allowed to use the name going forward.⁹⁹

94 2 McCarthy, *supra* note 1, at § 16:40, n.2.30 (disfavoring joint ownership).

95 See *supra* note 25.

96 See, e.g., *Gemmer v. Surrey Services for Seniors, Inc.*, No. 10–810, 2010 WL 5129241, at *20 (E.D. Pa. Dec. 13, 2010) (adopting magistrate's report and recommendation holding that senior centre, not the volunteer who thought of the name for and organized a charitable event, owned the trade mark for the event); *St. Denis Parish v. Van Straten*, Cancellation No. 92051378, 2011 WL 5014036, at *4 (T.T.A.B. Sept. 28, 2011) (same); *100 Blacks in Law Enforcement Who Care, Inc. & 100 Blacks Who Care, Inc.*, Opposition No. 91190175, 2011 WL 1576733, at *4 (T.T.A.B. Apr. 12, 2011) (deciding which of two factions of an organization was the owner of the trade mark).

97 For example, Tim Fox created the Vert.x project while at VMware. When he departed VMware for Red Hat, VMware demanded he turn over the Vert.x Github project, the Vert.x Google Group, the domain vertx.io and the Vert.x blog. Google Groups, An Important Announcement to the Vert.x Community (2013), <https://groups.google.com/d/msg/vertx/gnpGSxX7PzI/uRNAMtJaJJUJ> (last visited June 8, 2013). Ultimately everyone agreed to move the project to an independent owner, the Eclipse Foundation. Google Groups, Community: Please Make Any Objections Known! (2013), <https://groups.google.com/d/msg/vertx/WluY5M6RluM/gAvWftxSegUJ> (last visited June 8, 2013).

98 The Linux operating system is an example of a benevolent dictator model: one individual, Linus Torvalds, ultimately decides what is included in the Linux kernel. Linux Kernel Newbies, KernelDevViewpoint (2013), <http://kernelnewbies.org/KernelDevViewpoint> (last visited May 14, 2013) (describing how patches ultimately are added to the Linux kernel, with Linus Torvalds deciding what to merge). He also owns the U.S. trade mark registration. United States Patent and Trademark Office, Trademark Status Document and Retrieval, http://tsdr.uspto.gov/#caseNumber=74560867&caseType=SERIAL_NO&searchType=statusSearch (last visited June 5, 2013).

99 See, e.g., *LunaTrex, LLC v. Cafasso*, 674 F. Supp. 2d 1060, 1062 (S.D. Ind. 2009) (finding that, in the absence of an

It is therefore best to remove as much ambiguity as possible about who owns the trade mark, although still ensuring that the owner in name is acting like the owner in fact. In practical terms, this means that the project should publicly state who owns the mark, make it clear who may act on behalf of the trade mark owner, and allow only the owner to enter into agreements regarding the marks. For example, trade mark guidelines should name the owner and provide contact information for how to reach someone with authority to permit the use of the mark.¹⁰⁰

Another tripping point may be lack of clarity about who is in the legal position of trade mark owner and who is in the legal position of licensee. FOSS project trade mark guidelines typically do not differentiate between a licensed use – which is the kind of use that puts the trade mark at risk – and a referential use, or "nominative fair use,"¹⁰¹ which does not. Further, many project participants have a sense of ownership of the project and may behave as if they are the trade mark owner by setting up independent websites or making promotional goods. But where many people are behaving like the trade mark owner, a court may find that the many uses are not inuring to the project's benefit but rather are evidence of naked licensing. Ensuring that the trade mark guidelines are clear about which uses are pursuant to a licence,¹⁰² and ensuring that the use is described with enough detail that it will be considered a controlled use,¹⁰³ will increase the odds that a court will see the relationship between the project and the trade mark user as licensor-licensee rather than uses by "legal strangers"¹⁰⁴ that invalidate the trade mark.

Changes in Organisational Structure

Like any other kind of business, the answer to the question "who owns the mark" may not be the same over time as a project evolves. Throughout the project's growth and during any transitions, such as forming a corporation or adopting a formalised governance model, the project should be re-evaluating the factors a court will consider in deciding who owns the trade mark and act accordingly. For example, if the project transitions from a situation where the person who started the project approves all the commits to a more distributed commit authority, or a formal legal entity is created,¹⁰⁵ the project should re-evaluate who owns the trade mark and ensure that succession is clear, preferably through formal written agreement whether or not the trade mark is registered.

agreement, the trade mark was developed and used by a de facto partnership or joint venture, that all members of the partnership or joint venture were equally entitled to use the mark, and that none would be allowed to use it over the objections of the others; author cited); *Liebowitz v. Elsevier Sci. Ltd.*, 927 F. Supp. 688, 696 (S.D.N.Y. 1996) (noting that if the source is not uniquely plaintiffs or defendants, but some combination of their joint efforts, then the public would be confused by either party's independent production of journals without the other's input).

100 See, e.g., GNOME Foundation, Legal and Trademarks, <https://www.gnome.org/foundation/legal-and-trademarks/> (last visited June 2, 2013) (stating "One of the functions that the GNOME Foundation provides is to act as the legal owner for such GNOME project assets as the GNOME name and the GNOME foot. We must protect these trademarks in order to keep them. Therefore, we have some guidelines for their use and a standard agreement for user groups. These cover many common situations; if you need permission to use the GNOME trademarks in other ways or have other questions, please contact licensing@gnome.org").

101 "Nominative fair use" is where the defendant has used the plaintiff's mark to describe the plaintiff's product for the purpose of, for example, comparison to the defendant's product. This is contrasted with "classic fair use," where the defendant has used the plaintiff's mark to describe the defendant's own product. *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1150 (9th Cir. 2002).

102 The Model Trademark Guidelines, cited in note 92 *supra* take this approach.

103 See *supra* notes 76-86 and accompanying text.

104 *Midwest Fur Producers Ass'n v. Mutation Mink Breeders Ass'n*, 127 F. Supp. 217, 229 (W.D. Wis. 1954) ("Said defendant has over a substantial period of time consented to the use of such names by many who were legally strangers to it, and has and is, in effect, offering to license and licensing anyone to use said names upon the payment to said defendant of a stipulated royalty or fee. Such practice is an unlawful and improper use of a trade-mark or claimed trade-mark, and amounts to an abandonment of any trade-mark rights that might otherwise exist in any names so used, and creates an estoppel against the assertion of trade-mark rights.")

105 See, e.g., *Third Educ. Group, Inc. v. Phelps*, 675 F. Supp. 2d 916, 922 (E.D. Wis. 2009) (holding that under state law, because the parties intended the corporation to be a successor to the voluntary association, the association's property, including the trade mark, passed to the corporation).

However, just because an organisation is formed does not dictate a change of ownership of the trade mark. The new organisation must be the one now taking the actions of a trade mark owner and exercising true oversight of the software product and related promotional products and services.

Conclusion

A trade mark may be a FOSS project's most valuable asset, protecting the reputation and goodwill of the project and ensuring that users get the features and functions they desire. Courts already struggle with identifying the proper legal framework for identifying a trade mark owner. The business model for FOSS projects increases the potential for a legal decision against the project's favour because it is non-traditional, unfamiliar, and has an express grant of the right to make new copies of the product.¹⁰⁶

But a few fairly simple steps outlined above – registering the trade mark, adopting trade mark guidelines and presenting a consistent appearance as the trade mark owner – will reduce the likelihood of a challenge and a loss of rights.

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Licence and Attribution

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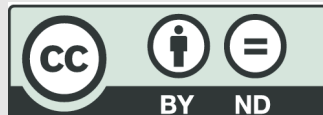
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¹⁰⁶ For an explanation of why a FOSS copyright licence is not a trade mark licence, see Pamela S. Chestek, *The Uneasy Role of Trademarks in Free and Open Source Software: You Can Share My Code, But You Can't Share My Brand*, 7 J. Intell. Prop. Law & Prac. 126, 129-30 (2012) (doi: 10.1093/jiplp/jpr197), reprinted in 102 Trademark Rep. 1028, 1034-37 (2012).