WOMBLE BOND DICKINSON

What's Law Got to Do With It?



February 6-7, 2024
GTCC Conference Center



What's Law Got to Do With It?

Artificial Intelligence & Marketing

Product Performance Claims

Fair Use of Trademarks and Comparative Advertising



Jack B. Hicks
Partner
Greensboro, NC

t: +1 336.574.8050

e: jack.hicks@wbd-us.com



Taylor Ey, CIPP/US, CIPP/E Partner Research Triangle Park, NC

t: +1 919.484.2306

e: taylor.ey@wbd-us.com

With teams located across the US and the UK we bring an international perspective and extended jurisdictional reach to a wide range of client needs





Our legal capability

Sectors

- Energy & Natural Resources
- Financial Services
- Healthcare
- Insurance
- Life Sciences & Pharmaceuticals
- Manufacturing
- Real Estate
- Retail & Consumer
- Technology
- Transport
- Wealth Management

- ✓ Furniture, Home Furnishings
- ✓ Commercial & Specialty Textiles
- ✓ Building Products
- ✓ Lighting
- ✓ Automotive
- ✓ Aerospace
- ✓ Others



What's Law Got to Do With It?

Artificial Intelligence & Marketing





Welcome!

AI Generated Opening Joke

 Why don't we ever see furniture advertise itself?

 Because they always have 'table' manners and 'chair-ish' the silence!



Artificial Intelligence – Coming Tsunami?

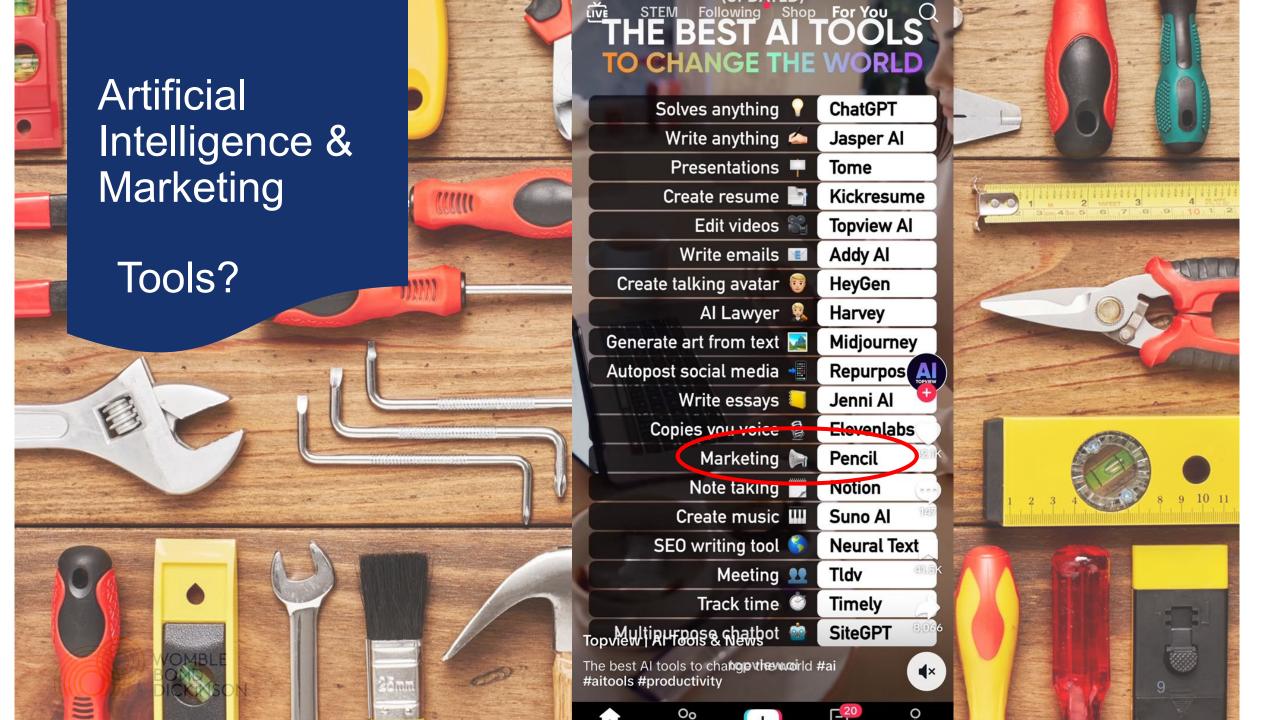


Artificial Intelligence & Marketing

 Generative AI: Computer science creates intelligent machines capable of learning and improving from experiences, understanding complex concepts, and executing tasks autonomously."

Marketing Uses?

 Al can be used for data analysis, predictive modeling, customer segmentation, personalization, and automated content generation.



Artificial Intelligence & Marketing

Thompson
Partners with
Leslie Carothers
to Bring AlDesigned Sink to
Market
Jun. 28, 2023

Al in Furniture Industry? "This is a sink design I conceptualized in Midjourney and which the Thompson family's metalsmithing artisans have made out of solid copper in real life - using the same tools and techniques passed down to them since the 16th century."

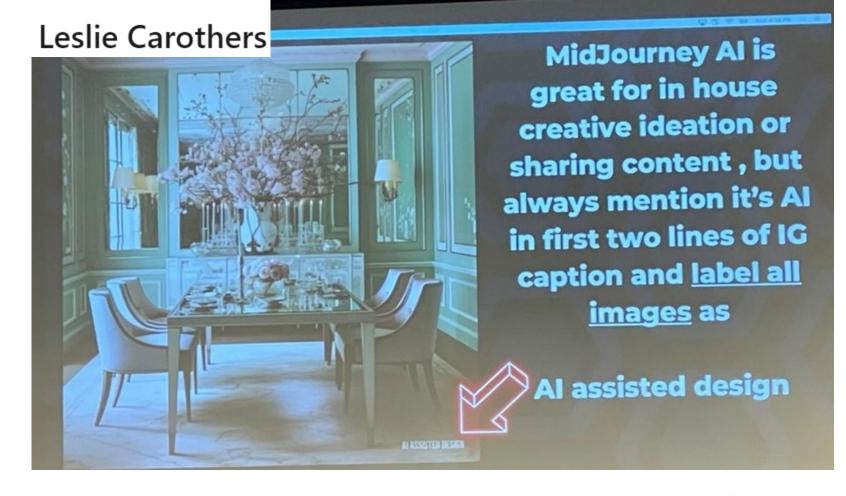






Artificial Intelligence & Marketing

Al in Furniture Industry?



Top 40 Most Inspiring Women In Home, As Named By HFN Magazine (@lesliemcarothers) • Instagram photos and videos





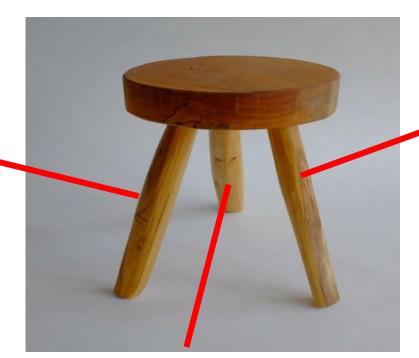
Artificial Intelligence & Marketing - Legal

Use and Prosper

A "must" tool for all businesses

Prompts

Avoid sensitive information in prompts



Protecting your product not likely

Laws (most) not protecting AI-generated content

Caution!

Al-generated content may be owned by others! (check insurance)

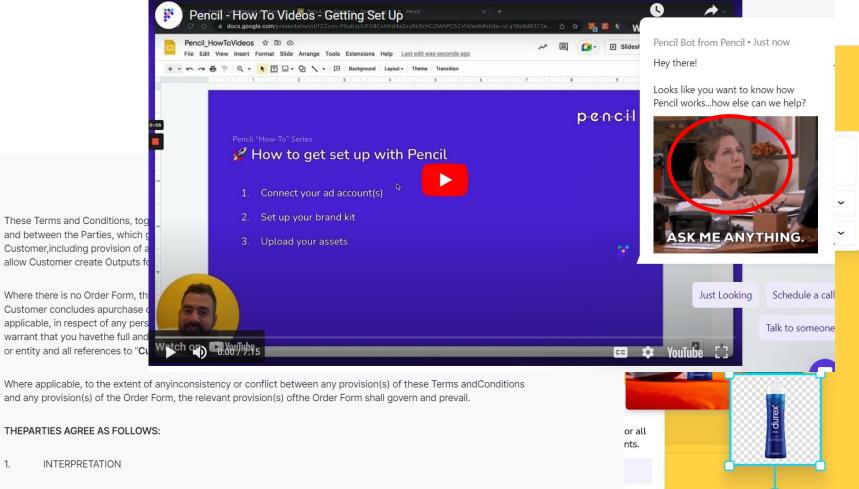


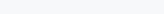


Enterprise

Library

Artificial Intelligenc Marketing

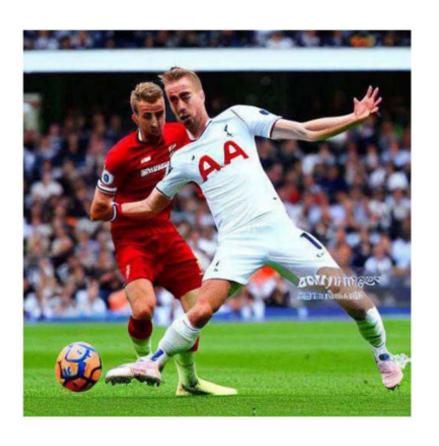




- INTERPRETATION
- The following definitionsapply to this Agreement (including its recitals, above):
- "Authorised Brand"means the relevant authorised brand in respect of which Customeris permitted under this Agreement touse the Platform and the Services, which is as identified by Customer in theordering process for a subscription or, where applicable, set out in the relevant Order Form.
- "AuthorisedUsers" means those of Customer's employeesor other staff who are authorised from time totime byPencil to usethe Platform under this Agreement via certain of the Workspace(s)allocated to the Authorised Brand, and provided usernames, passwords and other necessary credentials by Pencil for the purpose ofaccessing and using those Workspace(s) via the Platform ("AccessCredentials")



Alleged Copyright Infringement





Getty Images (US), Inc. v. Stability AI, Inc.

Court: D.Del. | Civil

Action #: 1:23-cv-

00135-JLH



Alleged Copyright Infringement (cont'd)

The New York
Times Company
v. Microsoft
Corporation et al

Court: <u>S.D.N.Y.</u> |
Civil Action
#: <u>1:23-cv-11195-</u>
SHS



Output from GPT-4:

many of America's other global companies — aren't nearly as avid in creating American jobs as other famous companies were in their heydays.

Apple employs 43,000 people in the United States and 20,000 overseas, a small fraction of the over 400,000 American workers at General Motors in the 1950s, or the hundreds of thousands at General Electric in the 1980s. Many more people work for Apple's contractors: an additional 700,000 people engineer, build and assemble iPads, iPhones and Apple's other products. But almost none of them work in the United States. Instead, they work for foreign companies in Asia, Europe and elsewhere, at factories that almost all electronics designers rely upon to build their wares.

"Apple's an example of why it's so hard to create middle-class jobs in the U.S. now," said Jared Bernstein, who until last year was an economic adviser to the White House. "If it's the pinnacle of capitalism, we should be worried."

Apple executives say that going overseas, at this point, is their only option. One former executive described how the company relied upon a Chinese factory to revamp iPhone manufacturing just weeks before the device was due on shelves. Apple had redesigned the iPhone's screen at the last minute, forcing an assembly line overhaul. New screens began arriving at the plant near midnight.

A foreman immediately roused 8,000 workers inside

Actual text from NYTimes:

many of its high-technology peers — are not nearly as avid in creating American jobs as other famous companies were in their heydays.

Apple employs 43,000 people in the United States and 20,000 overseas, a small fraction of the over 400,000 American workers at General Motors in the 1950s, or the hundreds of thousands at General Electric in the 1980s. Many more people work for Apple's contractors: an additional 700,000 people engineer, build and assemble iPads, iPhones and Apple's other products. But almost none of them work in the United States. Instead, they work for foreign companies in Asia, Europe and elsewhere, at factories that almost all electronics designers rely upon to build their wares.

"Apple's an example of why it's so hard to create middle-class jobs in the U.S. now," said Jared Bernstein, who until last year was an economic adviser to the White House.

"If it's the pinnacle of capitalism, we should be worried."

Apple executives say that going overseas, at this point, is their only option. One former executive described how the company relied upon a Chinese factory to revamp iPhone manufacturing just weeks before the device was due on shelves. Apple had redesigned the iPhone's screen at the last minute, forcing an assembly line overhaul. New screens began arriving at the plant near midnight.

Can you own what you ask to be Generated?

Generally, NO

But...

- Plaintiff, Li, used Stable Diffusion to generate a photorealistic image of an Asian woman
- Shared on social media
- Defendant Liu, a blogger, published the image, removing username and watermark
- Li sued for copyright infringement
- Beijing Internet Court ruled in Li's favor
- Ordered defendant to apologize publicly, pay ¥500
 (\$72) in damages and cover ¥50 (\$7) in court fees

<u>Li v Liu Beijing Internet Court 20231127, as reported</u>
https://patentlyo.com/patent/2023/12/artificial-intelligence-copyright.html





Can you own what you ask to be Generated?

Court recognized Li as the legal rights-holder, having contributed the necessary "intellectual input" through choices of models, prompts, parameters, and final image selection.

Li v Liu Beijing Internet Court 20231127





Sports Illustrated's parent company, The Arena Group, announced it has ousted Sports Illustrated Fallout CEO Ross Levinsohn, the latest in a string of firings allegedly related to the company's reported use of artificial intelligence to produce content on its website.

attr

The news comes two weeks after tech and culture site Futurism reported the sports publication appeared to be publishing articles written by AI and using headshots from an Al marketplace—without disclosing it to their readers—with many of the articles filled with errors. After initially denying the report, The Arena Group said the articles were product reviews and licensed content from an external, third-party company. Listen to an interview with the journalist who broke

the news here.



by

What's Law Got to Do With It?

Product Content & Performance Claims





Many ways that product information is seen by purchaser

Must Dos

Want to Dos

Don't Dos







Many ways that product information is seen by purchaser

MUST DO

Follow Labeling Laws







Many ways that product information is seen by purchaser

MUST DO

Follow Advertising and Marketing Law Basics in print and online







Many ways that product information is seen by purchaser

MUST DO

Follow Social Media Platform Requirements

Disclose partnerships with the branded content tag

Ensure brand transparency with the paid partnerships label, which can be applied to any branded content in feed, stories, Reels, and live.

From Instagram's brand creator requirements page: https://business.instagram.com/ad-solutions/branded-content





Many ways that product information is seen by purchaser

WANT TO DO

Generate Sales

Promote the Product

Capture the Feel





Many ways that product information is seen by purchaser

WANT TO DO

Use packaging or advertising materials to showcase product quality, usability, durability, etc.

- Sofa packaging may say: "Highly Durable, Premium Leather Upholstery, Comfortable Foam Cushions."
- "Our table is constructed from solid wood which ensures a lifespan of 20 years."







News I Markets I Reader Rankings I Classifieds | Video | Events I Issues | Adver

DO NOT DO!

False Claims

Misleading Claims

Disparage Others



Home > Industry News > Real wood or laminate? Flooring maker accused of misleading advertising claims

Real wood or laminate? Flooring maker accused of misleading advertising claims

Bobby Dalheim // Senior Editor of Case Goods and Global Sourcing // November 17, 2023



NEW YORK – A panel of the **National Advertising Review Board** (NARB), a self-regulator of the advertising industry, recommended that a flooring manufacturer discontinue the claim "Wood Without Compromise" from its laminate flooring product line.

Mohawk Industries sells a laminated/laminate flooring product under the brand name "RevWood." Its core layer consists of high-density wood fiberboard, typically made from southern yellow pine chips combined with resin to create, which is described by Mohawk, an extremely durable surface that is more dent-resistant than hardwood.

Advertising for the product was challenged by the Decorative Hardwood Assn. earlier this year. In August, the National Advertising Division (NAD) – a division of NARB – urged Mohawk to discontinue the claim that its product features wood. Mohawk appealed that decision to the NARB. The group ruled in agreement with NAD, saying "Wood Without Compromise" is likely to mislead consumers and recommended that it be discontinued.

The panel based its conclusion on several findings, including:

- · The taglines' misleading use of the word "wood" since RevWood does not have a wood wearable surface.
- Mohawk's failure to demonstrate that initial consumer confusion resulting from the misleading nature of its slogan is later overcome during the process of selecting flooring or by later references on its website to the term "laminate."
- Mohawk's use of the "Wood Without Compromise" tagline with the brand name "RevWood" a brand name that contains the word "wood" thereby compounding the misleading nature of the slogan.



Many ways that product information is seen by purchaser

DO NOT DO!

Fail to Monitor Endorsements and Testimonials

PART 255—GUIDES CONCERNING USE OF ENDORSEMENTS AND TESTIMONIALS IN ADVERTISING

Authority: 38 Stat. 717, as amended; 15 U.S.C. 41-58.

Source: 88 FR 48102, July 26, 2023, unless otherwise noted.

- § 255.0 Purpose and definitions.
 - (a) The Guides in this part represent administrative interpretations of laws enforced by the Federal Trade Commission for the guidance of the public in conducting its affairs in conformity with legal requirements. Specifically, the Guides address the application of section 5 of the FTC Act, 15 U.S.C. 45, to the use of endorsements and testimonials in advertising. The Guides provide the basis for voluntary compliance with the law by advertisers and endorsers. Practices inconsistent with these Guides may result in corrective action by the Commission under section 5 if, after investigation, the Commission has reason to believe that the practices fall within the scope of conduct declared unlawful by the statute. The Guides set forth the general principles that the Commission will use in evaluating endorsements and testimonials, together with examples illustrating the application of those principles. The examples in each section apply the principles of that section to particular factual scenarios but do not address every possible issue that the facts or principles might implicate. Nor do the Guides purport to cover every possible use of endorsements in advertising. Whether a particular endorsement or testimonial is deceptive will depend on the specific factual circumstances of the advertisement at issue.





Many ways that product information is seen by purchaser

DO NOT DO!

Environmental Claims

62124 Federal Register/Vol. 77, No. 197/Thursday, October 11, 2012/Rules and Regulations

X. Recycled Content

The final Guides include minor changes to the 1998 guidance for recycled content claims.32 Like the 1998 Guides, they provide that marketers should make such claims only for materials that were recovered or otherwise diverted from the waste stream, either during the manufacturing process (pre-consumer) or after consumer use (post-consumer).33 Additionally, the final Guides continue to advise marketers to qualify claims for products or packages only partially made from recycled material.34 The Commission, however, slightly revises Examples 11 and 12 to recognize alternative auto recyclers.35

XI. Renewable Energy

A new sectic claims adv. making unque to the energy claims based derived from fossil fuels. Fig. 36 1 section clarifies that marketers may make such claims if they purchase renewable energy certificates ("RECs") to match their energy use. Fig. 37 Additionally based on the

claims by such marketers are deceptive.³⁹

XII. Renewable Materials Claims The final Guides include a new

section on renewable materials claims.40 Similar to the renewable energy guidance, this section advises that consumers likely interpret renew materials differently than p intend. Accordingly, the advise that unless substantiation reasonabl v their us.41 The final xample of one way animize the likelihood .ed implied claims, such as ole, degradable, and made with cycled content. Specifically, they suggest that marketers specify the material used and why the material is renewable.42 Additionally, the Guides state that marketers should further qualify these claims for products containing less than 100 percent renewable materials, excluding minor,

incidental components.⁴³ XIII. Areas Not Addressed by Final

PART 260—GUIDES FOR THE USE OF ENVIRONMENTAL M CLAIMS cure of the and substantiation of marketing claims. a principles. eneral environmental benefit aims. ∠60.5 Carbon offsets. Certifications and seals of approval. Compostable claims. 260.8 Degradable claims. 260.9 Free-of claims. 260.10 Non-toxic claims. 260.11 Ozone-safe and ozone-friendly claims. 260.12 Recyclable claims. 260.13 Recycled content claims. 260.14 Refillable claims. 260.15 Renewable energy claims. Renewable materials claims. 260.17 Source reduction claims. Authority: 15 U.S.C. 41-58.

§260.1 Purpose, scope, and structure of

Trade Commission's current views

(a) These guides set forth the Federal

about anxironmental alaims. The guides

the guides.





Many ways that product information is seen by purchaser

DO NOT DO!

Environmental Claims

Federal Register/Vol. 77, No. 197/Thursday, October 11, 2012/Rules and Regulations 62124

X. Recycled Content

The final Guides include minor changes to the 1998 guidance for recycled content claims.32 Like the 1998 Guides, they provide that marketers should make such claims only for materials that were recovered or otherwise diverted from the waste stream, either during the manufacturing process (pre-consumer) or after

claims by such marketers are deceptive.39

XII. Renewable Materials Claims

The final Guides include a new section on renewable materials claims.40 Similar to the renewable energy guidance, this section advises that consumers likely interpret renew materials differently than p intend. Accordingly, th

PART 260—GUIDES FOR THE USE OF ENVIRONMENTAL M CLAIMS

> cure of the and substantiation of marketing claims. a principles.

eneral environmental benefit

Carbon offsets.

Certifications and seals of approval.

Compostable claims. Degradable claims.

Free-of claims.

Non-toxic claims.

Recyclable claims.

Recycled content claims.

Refillable claims.

Renewable energy claims.

Renewable materials claims. 260.17 Source reduction claims.

Authority: 15 U.S.C. 41-58.

§260.1 Purpose, scope, and structure of the guides.

(a) These guides set forth the Federal Trade Commission's current views about anxironmental alaims. The guides

\$5.5 million total FTC settlements with Kohl's and Walmart challenge "bamboo" and eco claims, shed light on Penalty Offense enforcement | Federal Trade Commission

https://www.ftc.gov/business-guidance/blog/2022/04/55-million-total-ftc-settlements-kohls-and-walmart-chal... Ozone-safe and ozone-friendly

...described them with terms like "sustainable," "highly renewable," and "environmentally...seal that linked people to

a "Sustainability at Kohl's" ...



A new sect claims adv. making ung claims based aerived from section clarifies that fossil fuels.36 marketers may make such claims if they purchase renewable energy certificates ("RECs") to match their energy use.37 Additionally, based on the

XIII. Areas Not Addressed by Final

renewable materials, excluding minor,

ouggest that marketers specify the

state that marketers should further

qualify these claims for products

containing less than 100 percent

incidental components.43

material used and why the material is

renewable.42 Additionally, the Guides



Many ways that product information is seen by purchaser

DO NOT DO!

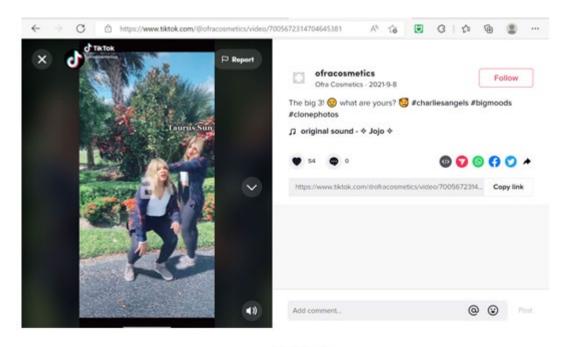
Greenwashing: false or excessive promotion as "environmentally friendly"

- "100% natural materials" (when not true)
- "Wood harvested from renewable resources" (without proper certification)
- Look at product and packaging!



DO NOT DO

Forget to ask permission for thirdparty content





"As another example, as shown in Figure 4 below, OFRA Cosmetics exploited Sony Music's "Independent Women, Pt. 1" by Destiny's Child (famously featured as the lead single on the soundtrack for the hit 2000 film "Charlie's Angels) in a video captioned "#charliesangels," featuring an influencer reenacting the signature poses associated with the film. The influencer's poses and dances are choreographed to correspond to the featured Sony Recording, indicating that the music is integral to the post."

From Complaint and Jury Demand in Sony Music, et al. v. OFRA Cosmetics, LLC, et al., 0:23-cv-62073 (S.D. Fl.).



What's Law Got to Do With It?

Fair Use of Trademarks and Comparative Advertising



Trademarks

What is a trademark?

Work, Design, Symbol, Sound, Smell that serves as source identifier



Trademarks?

What is a trademark?

APPLE® for computers

LA-Z-BOY® for furniture

IKEA® for furniture









Trademarks

Fair Use of Trademarks

Refers to certain situations where someone can legally use another's trademark without their permission, for instance, for descriptive or comparative purposes.





Trademarks

Fair Use of Trademarks - Comparative Advertising

DO

Comparisons should be truthful, verifiable, and should not deceive or mislead customers.

The use of the trademark should be limited to what is necessary for identification or comparison.



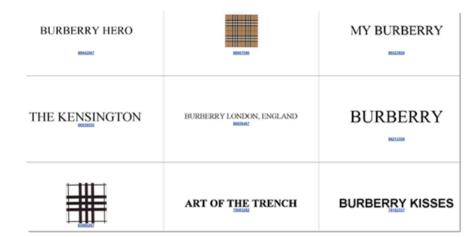
DON'T

The use should not be derogatory or harmful to the reputation of the trademarked product.

Trademark must not create consumer confusion about the source or endorsement of products.







U.S. Registration No. 3679828 (Principal Register – §2(f))





Registered Repeating-Pattern Marks

Example 1

U.S. Registration No. 3826587 (Supplemental Register)







Wordmark

Status LIVE REGISTERED

Goods & IC 020: Furniture, including beds, bedsteads and bedroom furniture;

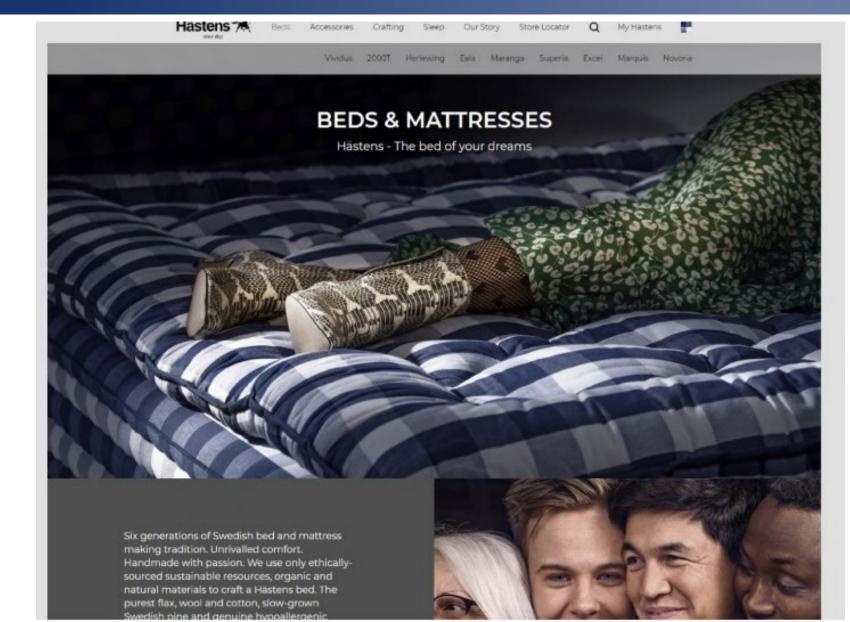
[..

Class 020, 024

Serial 77765085

Owners Hastens Sangar AB (CORPORATION:

SWEDEN)





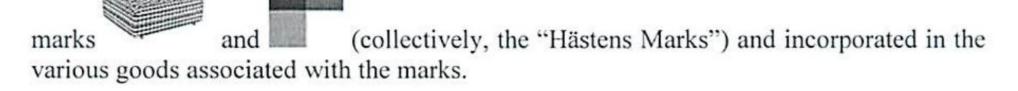








During my time at Kluft, I became very familiar with the premium brands in the industry, especially the products of Hästens Sängar AB ("Hästens Sängar") and its distinctive trade dress represented by its iconic oversized blue and white check design comprised of equally sized and spaced squares, which are on average no smaller than 5 x 5 cm, in varying shades of blue and white in a distinct arrangement, including that within the





The mark consists of four squares forming a larger square in the colors blue and white, one solid blue, one solid white, and two mixtures of alternating blue and white.











-4-AMENDED COMPLAINT

Title	Civil Action #	Case Type	Court	Filed On	Docket	Terminated
The Garrigan Group LLC v. Hastens Sangar AB	3:22-cv-00003	Trademark	N.D.Tex.	2022-01-03	2023-01-18	2023-01-18
Smart Deals, Inc. et al v. HASTENS SANGAR AB	0:22-cv-61575	Trademark	S.D.Fla.	2022-08-24	2022-11-22	-
Hastens Sangar AB v. Caitlin Wilson Design, LLC	5:20-cv-00280	Trademark	N.D.Cal.	2020-01-13	2021-03-03	2021-03-03
Hastens Sangar AB v. E.S. Kluft & Company, Inc. et al	3:17-cv-01772	Copyright Trademark	N.D.Cal.	2017-03-30	2017-12-07	2017-12-07











-4-AMENDED COMPLAINT

Plaintiff Coco & Dash is a small retail store in Dallas, Texas that sells home accessories.

Id. ¶ 3. In 2019, Coco & Dash decided to market a sofa with the buffalo-check pattern, which it had custom built and delivered for sale in its Dallas store:







Likelihood of Confusion?

Hastens?





Confidential Settlement Litigation in TX and CA cases "dismissed with prejudice"

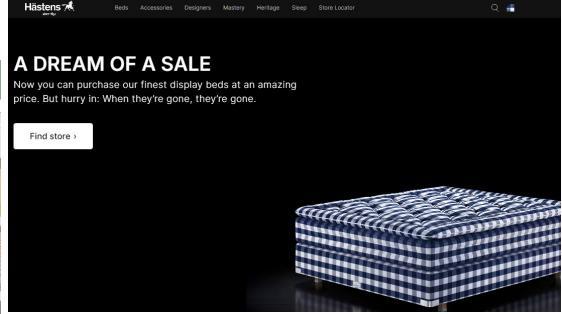
COCO & DASH

HOME

HOME SHOP V THE STORE C & D INTERIORS DESIGN STUDIO

ONE OF THE BEST DESIGN SHOPS IN TEXAS - PAPER CITY 2023





Questions?



About the Speakers



Jack B. Hicks Partner Greensboro, NC

t: +1 336.574.8050

e: jack.hicks@wbd-us.com

Jack's practice includes managing complex IP matters, from Federal and State litigation to international patent and trademark filing strategies. The leader of Womble Bond Dickinson's Manufacturing Industry Sector, he represents a diverse group of manufacturing and services providers, with a focus on the furniture, outdoor recreation. apparel, food and beverage, nanotechnology and aerospace industry sectors. Jack brings a client's perspective in particular to patent matters. Prior to becoming an attorney, Jack was a design engineer on airborne radar and optics applications of a major aerospace company. Learn more.



Taylor Ey, CIPP/US, CIPP/E Partner Research Triangle Park, NC

t· +1 919 484 2306

e: taylor.ey@wbd-us.com

Taylor works with clients to identify strategies to protect their intellectual property rights when licensing to others or to navigate use of intellectual property owned by others, including brand and logo licenses and software license agreements. She prepares and negotiates contracts to document these IP-focused business understandings.

Taylor also counsels clients on advertising, data privacy and data security matters. She often works on matters at the intersection of advertising and data privacy, where companies want to use personal data to achieve business-to-business or business-toconsumer marketing objectives. Taylor advises companies preparing for or responding to data incidents in compliance with applicable data security and data breach notification laws, whether the incident involves employee data, consumer data, or company proprietary information. Learn more.





"Womble Bond Dickinson," the "law firm" or the "firm" refers to the network of member firms of Womble Bond Dickinson (International) Limited, consisting of Womble Bond Dickinson (UK) LLP and Womble Bond Dickinson (US) LLP. Each of Womble Bond Dickinson (UK) LLP and Womble Bond Dickinson (US) LLP is a separate legal entity operating as an independent law firm. Womble Bond Dickinson (International) Limited does not practice law. Please see www.womblebonddickinson.com/us/legal-notices for further details.

Information contained in this document is intended to provide general information about significant legal developments and should not be construed as legal advice on any specific facts and circumstances, nor should they be construed as advertisements for legal services.

