

# IP Issue-Spotting Checklist for Commercial Transactions Lawyers

*Practical considerations regarding trademarks, copyrights, trade secrets, publicity rights, and proprietary data for supplier, partner, and client contracts. Patent considerations are not addressed herein, so if relevant, please consult with patent counsel.*

## 1. Universal IP Issue-Spotting (applies to all deals)

**Background IP vs. Foreground IP** – What IP will be provided and created in furtherance of the relationship?

- Define each party's pre-existing IP vs. IP created under the contract.
- Clarify ownership and required cross-licenses.
- Improvements & derivatives: who owns? who may use? any grant-back license?
- Third-Party IP: who licenses? Sublicense requirements? Derivative ownership?
- Feedback: who owns? Who may use? any grant-back license? Confidentiality considerations?

**Thoughtful Definitions** – Create deal-specific definitions instead of using templated provisions.

- Precise definitions for 'Intellectual Property', 'Confidential Information', 'Deliverables', 'Derivatives', 'Open Source Software', 'Trade Secrets'. Avoid over/under-inclusion.
- Jurisdictional differences: If the agreement spans multiple countries, clarify how definitions apply in each relevant jurisdiction.
- Technology Evolution: Consider how definitions will apply to future technologies or business models that may arise during the agreement's term.
- Third-Party IP: separate vs inclusive of party definitions?

**License grant hygiene** – Prepare licenses that appropriately reflect the nature of the relationship.

- For every inbound/outbound right: specify scope (what), field of use (how), territory (where), term (when), exclusivity, sublicensing/assignment, revocability, and media/formats.
- Usage controls & limitations: quantity/seat limits, APIs, environments, test/dev vs. prod, offline/embedded copies.
- Compliance levers: audit rights, usage reporting, approvals, style guides.
- Antitrust/competition: contemplate competition concerns related to exclusive license

**Restrictions** – What restrictions should be imposed to adequately protect the Background and Foreground IP?

- Expressly state prohibited acts: reverse engineering, decompilation, modification, removal of notices, competitive use, mining/training, AI training on party data, and creation of confusingly similar assets.

**Attribution Requirements** – Specify how and where credit must be given for use or ownership of IP.

- Specify how marks, copyright notices, credits, and proprietary legends must be displayed, and where.

**Records & Audit** – Define the obligations required of the licensee and specify the rights afforded to the licensor in order to ensure compliance with the license terms and mitigate intellectual property risks.

- Usage tracking, quality control evidence, specimen retention, Open Source Software (“OSS”) component lists, and audit cooperation.

## 2. Trademarks

**Which trademarks are involved?** – Identify all source identifiers used in the agreement.

- Identify each side’s registered/unregistered word marks, logos, names, taglines, trade dress, and domain/social handles used in the relationship.
- Ownership and Registration: Are the trademarks registered, in what jurisdictions, and who owns them? Does the Agreement cover jurisdictions where the marks are not registered? If so, does the owner have use-based rights there? If not, do additional applications need to be filed or searches conducted to assess risk in those jurisdictions?
- Scope of Protection: What goods/services are covered under the trademark registration? Are they sufficient to cover the uses contemplated in the agreement?
- Infringement Risks: Could use of the trademarks in the transaction infringe third-party rights?

**Outbound licensing:** What licenses does the counterparty require to meet agreement requirements?

- Scope of Licensed Use: What goods/services and territories are covered by the license?
- Quality Control Requirements: Are there standards or approvals required for use of the trademark?
- Evolution of future use cases — Address how trademarks may be used in new or unforeseen scenarios as the relationship or technology evolves.
- Post-Termination regulatory and policy requirements — Outline obligations for trademark usage and compliance after the agreement ends, including meeting relevant regulatory standards.
- Indemnification – IP owner should provide sufficient indemnities for IP infringement claims from third-parties for use contemplated within the agreement
- Affiliate, Subsidiary, & Partner Use — Specify whether and how affiliated entities, subsidiaries, or partners are permitted to use the trademarks under the agreement. Brand Guidelines: Are there specific rules for how the trademark must be displayed or used?

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**Inbound licensing:** What licenses must your company obtain to benefit from the partnership or meet agreement requirements?

- define appropriate license scope;
- require quality control and adherence to brand guidelines;
- address inspection rights, corrective action plans; should failure to satisfy quality controls be deemed a material breach?
- Prior approval rights: How will prior approval for trademark use be managed?
- Reversion of Rights: Do rights revert automatically if certain conditions aren't met? License conditions vs. contractual obligations?

**Jointly or newly created marks:** Assign party responsibilities for new marks created under the Agreement, whether created by one party or jointly.

- Ownership Structure: Is the mark jointly owned, or does one party hold title with shared rights? Avoid unintended joint ownership. Make sure the owner licenses to the other party.
- Use and Control: Who controls how the mark is used, and are there agreed brand standards?
- Exit or Termination: What happens to the mark if the relationship ends—can one party continue using it?
- Registration & Maintenance Obligations: define prosecution/maintenance responsibilities
- Clearance & Indemnification: define clearance/conflict checks responsibilities and indemnification/liability issues
- Jurisdictional Issues: Are there differences in how joint ownership is treated across relevant jurisdictions?

**Co-Branding:** What obligations need to be defined in a co-branded setting.

- Placement & Prominence: Specify where marks should appear. Set size and visibility rules.
- Look-and-feel: Require brand-aligned design.
- Approval: Define trademark use approval process.
- Takedown: Allow removal of noncompliant materials.
- Moral-turpitude Termination Rights: Permit termination for damaging conduct.
- **Goodwill Preservation:** Maintain the intangible value associated with a brand's reputation, name recognition, and customer loyalty.
- use statements that all goodwill accrues to owner
- prohibit alteration that may impair distinctiveness.

**Policing & enforcement:** Identify party responsible for overseeing and addressing harm to trademarks from third-party actions.

who monitors; notice/standing to act; cost-sharing; settlements (consent agreements, coexistence).

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**Registration:** Identify party responsible for complying with registration to preserve trademark rights

- registration and maintenance responsibilities
- fee payment obligations
- license recordation requirements

**Termination unwind:** Clearly outline post-termination obligations to ensure an orderly separation process.

- address sell-off periods for inventory, de-branding obligations, and deletion of digital assets.

### 3 Copyright.

**Deliverables & ownership** – Defines what is being created or provided under the agreement and who will own the resulting copyright (and other IP rights).

- Clear Definition of Deliverables: Are the deliverables precisely described? Ambiguity can lead to disputes.
- Ownership of IP: Who owns the IP in the deliverables—creator, client, or a third party?
- For commissioned works: work-made-for-hire where legally available plus present assignment (as a backup) of all IP and assistance with filings.
- Work-for-hire limits: in the U.S., only for employees acting in scope or specific statutory categories—use assignment back-up language.
- Acceptance/testing: acceptance criteria and cure process; source material delivery (e.g., source code, design files) if needed.

**Pre-existing & third-party materials** – What content, software, or other expressive subject matter will be exchanged as part of the deal?

- Require disclosure and license of any embedded third-party/stock content, fonts, data, or SDKs; obtain necessary sublicenses and maintain attribution notices.
- Pre-existing materials: grant to the other party a non-exclusive license as needed to use the deliverables (and vice versa).

**License scope & modalities** – Identify the type of license required and whether limitations are or should be imposed.

- Define permitted uses, territory, duration, exclusivity, revocability, payments, transferability.
- Clarify media, formats, object vs. source code, SaaS access vs. on-prem, number of users/devices, APIs, and environment limitations.
- Sublicensing/transfer: permit as necessary for affiliates, contractors, cloud providers; require flow-downs.

**Derivatives & improvements** – Address rights and restrictions related to modifications, enhancements, or adaptations of existing intellectual property created during or after the term of the agreement.

- Watch out for how derivatives are defined under contract  
Ensure proper right to create derivatives is incorporated into license
- Post-term use of derivatives?
- Should there be an obligation to share derivatives back to the original copyright owner?

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- State who may create and own derivatives and improvements
- Address plug-ins, templates, and configurations.

**Moral rights & integrity** – Consider whether moral rights of creators can restrict how copyright-protected works could be used or modified.

- Determine whether there is a need for waivers/consents (especially non-U.S.) for attribution, integrity, and withdrawal rights
- Allow reasonable edits and translations.
- Jurisdictional Differences: Are moral rights recognized and enforceable in relevant jurisdictions?
- Impact on Commercial Use: Could moral rights interfere with the licensee’s intended use or modification of the work?

**Open Source Software (OSS)** – Would incorporation or use of OSS frustrate the business goals of the licensee.

- OSS use should be disclosed, inventoried and assessed for risk exposure
- license compliance (copyleft triggers)
- notices requirements: Are there specific requirements for crediting original authors?
- source-code offer obligations: Are there obligations to disclose source code or modifications?
- vulnerability management.
- Copyleft risk: avoid combining with proprietary code in ways that impose reciprocal licensing; require approval for strong-copyleft components.
- Third-Party OSS Use: Are vendors or partners using OSS in ways that could affect your client’s IP or obligations?
- Compatibility with Proprietary Software: Can OSS be integrated without affecting proprietary IP rights?

**Data sets & databases** – Are data sets and databases afforded copyrights under relevant jurisdictions under the deal?

- Copyright may protect selection/arrangement; • address database rights in the EU/UK;
- define scraping/mining limits.

**Generative AI outputs** – How could the incorporation of AI outputs into Deliverables and other Foreground IP impact business goals?

- Authorship and Ownership: Can AI-generated content be copyrighted, and who owns it—the user, developer, or no one? Regardless, may want to clarify ownership/licensing of AI outputs in contracts.  
Training Data Risks: Was the AI trained on copyrighted material, and could outputs infringe third-party rights?

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- License Terms of AI Tools: Do the terms of use for the AI tool grant sufficient rights to use, modify, and commercialize outputs?
- Indemnification and Liability: Are there protections in place if outputs infringe thirdparty rights?
- Use in Derivative Works: Can AI outputs be incorporated into other copyrighted works without violating rights?
- Training: Should AI system provider be able to train off the AI input and output? Who should have access to the trained or finetuned AI models?

## 4. Trade Secrets

**Definition & scope** – How should trade secrets be defined in the context of the deal?

- Express identification vs broad definition (aligned with Defend Trade Secrets Act (DTSA))
- Confidential Information: should it be incorporated in the confidential information definition; potential consequences if not addressed separately?

**Licensing Scope:** What licensing scope and contractual controls should be imposed to preserve confidentiality and prevent unauthorized use

- Reasonable measures – Marking, access controls/least privilege, encryption, NDAs, clean rooms, and secure development practices to preserve trade secret status.
- Vendor/affiliate flow-downs; background checks for high-risk roles; security audits/certifications where appropriate.
- Sublicensing and Assignment: Can the licensee share the trade secret with third parties?
- Monitoring and Audit Rights: Can the disclosing party verify compliance with use and disclosure terms?

**Permitted use & disclosures** – clearly defining how trade secrets may be used and under what conditions they can be disclosed helps preserve their legal status and prevent unintended loss of protection

- Purpose limitation; no reverse engineering/decompilation; no benchmarking publications without consent.
- Residuals clauses: decide whether to allow memory-based use; if allowed, carve out source code and highly sensitive info and require ethical walls.
- Independent development: safe harbor with documentary proof; no implied restrictions beyond written terms.
- Disclosure to Third Parties: Are disclosures allowed, and only under strict conditions (e.g., NDA, need-to-know basis)?
- Internal Access Restrictions: Are access controls in place to limit exposure within the organization?

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**DTSA whistleblower notice** – Defend Trade Secrets Act (DTSA) requires contracts to include notice of whistleblower immunity, and failure to do so can limit the availability of exemplary damages and attorney’s fees in trade secret litigation.

Include 18 U.S.C. § 1833(b) immunity notice in agreements with employees/contractors to preserve exemplary damages/fees.

**Incident response & remedies** – expressly defining duties and responsibilities of parties and those that have access to the trade secret critical to protecting the value of the information, preserving legal rights, and supporting swift enforcement.

- Post-Incident Cooperation: Are there obligations to assist in investigations or legal proceedings?
- Response Protocols: Is there a defined process for investigating and responding to suspected misappropriation?
- Notification Requirements: Are parties obligated to promptly report any breach or unauthorized disclosure?
- Containment Measures: Are steps outlined to prevent further exposure or misuse?
- Legal Remedies: Are injunctive relief, damages, or other enforcement options specified?

**Exit obligations** – Define exit obligations after the transaction ends to preserve trade secret status.

- Return/secure destruction certifications, continuing confidentiality, and rights to audit compliance post-termination.
- Return or Destruction of Materials: Are trade secret materials required to be returned or securely destroyed?
- Certification of Compliance: Must the receiving party certify that all trade secret materials have been deleted or returned?
- Ongoing Confidentiality Obligations: confidentiality obligations should survive termination, and continue for the life of the trade secret
- Access Termination: Are access rights to systems or data containing trade secrets promptly revoked?

## 5. Rights of Publicity (Name/Image/Likeness (NIL))

**Identify Content with Publicity Concerns** – Should content containing the name, image, likeness or other protected persona (e.g. voice) would be part of the deal?

- Use & Scope Limitations: editorial vs. commercial use; paid ads, packaging, in-product, case studies, social media, training datasets.
- Consents/Releases: Obtain written consent for use of name, image, likeness, voice, signature, and persona. Define media, territory, term, exclusivity, and compensation.

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- - Minors & sensitive groups – Parental/guardian consents; additional school or labor-law requirements; archival/education exceptions.
- Union & talent guild issues** – Determine whether any talent is a member of unions or guilds as it may trigger specific contractual, usage, and payment obligations?  
SAG-AFTRA/AFM/ACTRA rules, reuse fees, session reports, and buyout limitations where applicable.  
Usage Restrictions: Are there limits on how and where the talent’s likeness can be used?
- Residuals and Royalties: Are payments due for reuse or extended use of publicity materials?
  - Approval Processes: Are there union-mandated approvals for scripts, edits, or promotional use?
  - Jurisdictional Compliance: Do union rules vary by region or production type?
  - Strike or Labor Action Risks: Could union activity affect the ability to use or promote content?
  - Recordkeeping and Reporting: Are there obligations to report usage or pay union fees?
- Advertising/endorsement compliance** – Would use of NIL trigger advertising regulatory and legal compliance requirements?
- FTC endorsement guides: clear and conspicuous disclosures for paid endorsements/affiliates; no misleading claims; retain substantiation.
- Synthetic media & cloning** – Are there scenarios where AI or other technologies could be leveraged to replicate or generate content that could infringe upon an individual’s publicity rights?
- Prohibit deepfakes/voice or face cloning without explicit consent;
  - require watermarking/disclosure where synthetic media is used.

## 6. Proprietary Data Adjacent to IP (Excluding Personal Data)

**Data ownership & Control**– Defines who holds legal rights to the data and/or controls its use.

- Is ownership clearly assigned or retained? Should it be?
- Does the agreement distinguish between raw data and derived data?
- Should usage data be treated differently?

**Data Licensing:** What rights and licenses are necessary to utilize the data received in furtherance of business objectives?

- What uses are permitted (e.g., internal, commercial)? • Are there any authorized user limitations
- Are sublicensing rights included?
- Geographical restrictions
- Is the license exclusive or non-exclusive?

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- Does it include the creation of derived data?

**Usage Rights & Restrictions** – Define how the data can be used during and after the relationship terminates.

- Are there restrictions on commercializing derived data?
- Is attribution of data source required?
- Can the data be aggregated and anonymized and used outside the scope of the Agreement?

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- Are access protocols and limitations defined?
- Location and store limitations?
- Is access time-limited or revocable?
- Are technical or security standards required?
- AI Training Prohibitions

## 7. Risk Allocation & Enforcement

**Representations & Warranties** – What assurances are necessary regarding the IP to give comfort to your client in the deal

- Ownership
- rights to license
- non-infringement to the party's knowledge or absolute
- freedom to operate (patents)
- OSS compliance
- no malicious code
- compliance with laws (advertising, export, privacy).

**Indemnities** – Does the indemnification section adequately allocate liability exposure to appropriate parties for third party claims?

- Tailor to IP claims: duty to defend, control of defense, settlements, exclusions (specs, combinations, older versions), and sole remedy provisions.

**Insurance** – Should the counterparty carry insurance that covers IP-related risks?

- Require IP infringement coverage (media liability, cyber, tech E&O) with minimum limits and additional insured status.
- Are minimum coverage amounts specified?
- Is proof of insurance required periodically?

**Limitation of liability** – Are liability caps appropriate for the deal or should IP claims and losses be uncapped?

- Consider carve-outs or higher caps for IP breaches, confidentiality, data security, and publicity rights violations.
- Is liability limited to direct damages only?

**Remedies for Breach** – What remedies should be available if a contract is breached?

- Are injunctive relief and specific performance permitted?
- Are liquidated damages or termination rights included?
- Express acknowledgment that breach of IP/confidentiality/brand guidelines may cause irreparable harm warranting injunctive relief.

*This checklist is a practical aid and does not constitute legal advice. Adapt to the governing law, industry standards, and your client's risk posture.*