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Introduction
NYSE Euronext's IP challenges

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NYSE Euronext® is a leading operator of financial markets in Europe and the United States and a provider of comprehensive trading technologies. The company's exchanges trade equities, futures, options, fixed-income and exchange-traded products. NYSE Euronext's equities markets – the New York Stock Exchange®, NYSE Euronext, NYSE Amex®, NYSE Alternext® and NYSE Arca® – represent one-third of the world's equities trading and the most liquidity of any global exchange group, with approximately 8,000 listed issues (excluding European structured products) from more than 55 countries. NYSE Euronext recently announced its planned merger with Deutsche Borse which, pending regulatory approval, will expand this scope and create a world leader in equities and derivatives trading.

With this prominent role in the global financial services industry comes a plethora of IP issues, ranging from the mundane to the unique. NYSE Euronext's focus on intellectual property as a core asset creates opportunities and challenges. In addressing these opportunities and challenges, NYSE Euronext strives to apply its stated corporate strategy by "innovating with purpose, collaborating productively, engaging clients and thinking broadly".

Establishing best practices

Like other companies, NYSE Euronext deals with IP issues on a day-to-day basis, managing a portfolio of over 160 issued and pending patents in more than 13 countries and hundreds of trademarks worldwide at various stages of application and maintenance. The company constantly evaluates trademark, patent, copyright and database right opportunities for its products and services, taking precautions to protect its confidential information and trade secrets, and educating its employees about maximising the value of intellectual property to the company and its shareholders. Over the past two years, NYSE Euronext has created a senior level IP Rights Committee to address complicated and/or high-profile decisions relating to intellectual property and has conducted onsite employee IP training in five countries.

In addition, NYSE Euronext periodically holds online 'innovation events' to solicit employee ideas about a wide-range of topics. These events are organised and monitored by an innovation committee, and IP generation and protection are integrated into the process. Overall, these events have been successful in promoting innovation and productive collaboration.

While these efforts are not particularly groundbreaking, NYSE Euronext believes that they are an integral part of a strong IP practice. In addition to reinforcing and instilling corporate strategy, NYSE Euronext demonstrates that it is also dedicated to providing its employees with the information and tools necessary to allow them to maximise the value of their efforts for the global organisation. With widespread awareness about IP issues and well-established IP policies and practices in place, NYSE Euronext can dedicate more time and resources to addressing and overcoming the more complicated challenges associated with creating and protecting its intellectual property, such as how best to leverage its status.

Protecting an icon

Unlike many companies, NYSE Euronext boasts among its IP assets a number of famous marks that require a nuanced approach to enforcement and protection. By way of example, the New York Stock Exchange (NYSE®) name, the image of the NYSE trading floor, the image of the NYSE façade and the audio for The Opening Bell® and The Closing Bell® are all protected trademarks and, as a result of the NYSE's rich history and critical role in financial markets, are recognised around the world even by non-English speakers.

The NYSE is an iconic US institution. Founded in 1792 through the Buttonwood Agreement, the NYSE is in its third century of facilitating trading. Today, the NYSE is the only stock exchange listed in the Fortune 500, while also listing 81% of the Fortune 500 companies. In addition to large, established companies, in recent years the NYSE has gained a market share in listing new, technology-based companies.

As a result of this iconic status, images of NYSE's trading floor and façade are projected daily by network and cable news in connection with reports about the performance of the markets or of the individual stock of a company of interest. On a particularly volatile day on the markets, you can almost be guaranteed to find an online or print image of a floor broker holding his head in his hands on the NYSE trading floor. The NYSE façade and trading floor are also popular images for book covers, greeting cards and film sets.

Although any public misuse of trademarks poses risks, most companies benefit from positive public exposure, and the NYSE is no different. For example, The Opening Bell and The Closing Bell, which signify the start and end of trading each day on the NYSE, are also used as opportunities for listed companies, celebrities and public figures to celebrate anniversaries and accomplishments or to recognise historic events. Celebrities from rappers and Olympic athletes to Pulitzer prize-winning authors have all participated in these events. Notable visitors to the NYSE include Ronald Reagan, Nelson Mandela, Chinese Premier Wen Jiabao, actress Sarah Jessica Parker, basketball phenomenon LeBron James and Olympic gold medallist Michael Phelps. Telecasts of The Opening Bell and The Closing Bell are retransmitted around the world.

However, there is a tension between the benefit that a company receives from public exposure and the need to restrict use of trademarks in order to protect one's rights in such marks. Should a company consistently object to unlicensed uses of its trademarks or target its objections towards non-favourable uses only? What company doesn't want to be a household name? For example, Johnson & Johnson would naturally want a mother to think immediately of Band-Aids® when her son skins his knee, but in order to maintain ownership of that trademark, Johnson & Johnson polices use of that mark and carefully refers to that product as 'Band-Aid® Brand Adhesive Bandages'. Similarly, Kimberly-Clark takes great care in identifying its well-known facial tissue as 'Kleenex® Facial Tissues', lest its trademark become the next aspirin, escalator or zipper. It is a delicate balancing act and one that NYSE Euronext is focused on navigating successfully.

In order to make enforcement decisions, NYSE Euronext must distinguish between uses that constitute fair use and those that might cause dilution or create the risk of a mark becoming generic. The NYSE's marks are probably most vulnerable for genericity from widespread misuse in the mass media – for example, use of the phrase 'closing bell' to refer to events other than the official end of the trading day at the NYSE, or a picture of the NYSE façade as a generic reference to activity 'on Wall Street'. However, many uses of NYSE Euronext marks fall into the category of fair use, as they are used by legitimate news sources reporting on relevant current events and the performance of the financial markets. Preventing infringing uses requires strong relationships with media outlets to encourage them to use NYSE or NYSE Euronext and associated trademarks in their properly trademarked form. NYSE Euronext's legal, communications and marketing groups work closely together to identify potential problems and determine appropriate remediation.

Interestingly, NYSE Euronext's perceived role in the financial services industry can make taking enforcement actions more difficult. Perhaps because the various exchanges operated by NYSE Euronext are so closely watched as the centre of market activity in their respective jurisdictions, or because NYSE Euronext operates in such a highly regulated industry, NYSE Euronext is often perceived as being a government agency and not as the publicly traded company that it is. While most companies would be lauded for responsible brand protection, we have frequently been criticised for our enforcement activities by those who are unfamiliar with the niceties of IP law and who believe that the NYSE brand is a public asset to be used without consent. Just recently, for instance, NYSE Euronext was criticised by some when it attempted to prevent online use of an image of the NYSE façade in connection with a story relating to alleged criminal activity by an unrelated broker dealer. Clearly, the use of the trademarked image of the façade in connection with an unrelated negative event could have the effect of tarnishing NYSE Euronext's reputation, but critics claimed that this was an inappropriate position for NYSE Euronext to take. A challenge for the NYSE is to communicate clearly that in addition to its public responsibility to maintain a stable and liquid market, it is a public company like any other and is thus entitled to IP protection to preserve and serve the interests of its shareholders.

Innovating with purpose

In addition to the unique challenges described above relating to IP protection, and in keeping with its corporate strategy, NYSE Euronext seeks to identify ways to increase the value of its IP assets and to maximise how it leverages such assets.

It may be counterintuitive, but in some cases, NYSE Euronext has determined that the best way to leverage an

IP asset is to make it widely available. For example, as an organisation with public responsibilities, the NYSE encourages the media to drive public dialogue about the markets and the NYSE's role. Indeed, the NYSE facilitates tapings of news anchors for network and cable television. The NYSE has no interest in quashing proper media usage of its registered trademarks. To the contrary, the perception of the NYSE as an active supporter of the financial services community is core to its values and reputation.

Other examples of innovation relating to how NYSE Euronext leverages intellectual property can be found in its NYSE Technologies™ business. NYSE Technologies is the commercial technology division of NYSE Euronext and provides transaction, data and infrastructure services and end-to-end trading solutions to buy-side and sell-side firms, as well as to third-party exchanges and their trading communities. As a provider of managed services and licensed products, NYSE Technologies is maximising the value of NYSE Euronext's technologies by providing these best-of-breed solutions to the trading community. Third-party exchanges license the same state-of-the art technology on which NYSE Euronext operates its own equities and derivatives trading platforms. These smaller exchanges may not have the resources to devote to developing their own proprietary systems, but through a licensing and services agreement with NYSE Technologies, they benefit from NYSE Euronext's efforts and expertise.

While the majority of NYSE Technologies' services and products are offered under a standard commercial licensing model, NYSE Technologies is also "thinking broadly" and exploring new ways to leverage its assets and make them more readily available for traditional and non-traditional applications. As an example, NYSE Technologies is in the process of evaluating an open source model for one of its key proprietary messaging technologies, MAMA™ API.

Open sourcing is not a new concept, but it has not yet been widely adopted in the financial services space and is still subject to criticism by many who believe that software ownership should be coveted. Most open source models grant rights to allow an entity (eg, an end user or developer) to access the source code to a piece of proprietary software and to use, copy, modify and create derivative works of the source code on a royalty-free basis. 'Open source' does not mean that the software is in the public domain or is no longer protected by copyright, but rather that the rights which the copyright holder has in the software are licensed pursuant to a broad public licence. By making the source code for MAMA widely available under a public licence, NYSE Technologies hopes to encourage innovation in the messaging space beyond what NYSE Euronext can accomplish on its own internally. NYSE Technologies would also continue to offer software support and will continue to work with end users and developers to identify ways to apply MAMA for new implementations.

Comment

NYSE Euronext's intellectual property is viewed as a core and valuable asset. As a result, NYSE Euronext devotes time and resources to making intelligent and informed decisions around intellectual property. It is crucial for NYSE Euronext to strike a balance between protecting its valuable IP assets and leveraging them for the broader benefit of the financial services community. While all companies should take care in maintaining their IP portfolios, this endeavour has added complexity when the company serves in a public capacity as a regulating entity and has iconic status. NYSE Euronext prides itself in managing these obstacles and in doing so in a manner consistent with its broader corporate strategy.

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Ms Parkhurst has extensive experience in technology law, IP transactions and outsourcing, including in the drafting and negotiating of complex information technology and business process outsourcing agreements, software development, licence and maintenance agreements, IP licence agreements and internet site development, hosting and maintenance agreements.