



Reputation Injury and Communications Liability Insurance

Protecting Your Company Against Copyright and Trademark
Infringement and Communications Lawsuits



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What is intellectual property and why does it matter?



Intellectual property, together with a communications strategy, gives an organization its identity and image. In addition, organizations derive significant royalty revenue through their interests in intellectual property. For example, trademarks and service marks—components of a company’s intellectual property—help establish and protect an organization’s brand identity, while copyrights protect interests in published works, including those electronically produced.

What’s involved? Suppose a freelance writer for a manufacturing company uses another’s copyrighted research material in an article prepared for the company’s internal newsletter. Could the manufacturer be sued by the owner of the copyrighted material for injunctive relief and royalties?

Yes.

Or, what if a wholesaler of nutritional products sells private health information about individuals obtained from its retailing franchisees. Could those individuals bring a class action suit against the wholesaler seeking injunctive relief to prevent any further disclosure of this information?

Absolutely.

Today, successful companies are highly protective of their intellectual property and, as a result, an intellectual property lawsuit can quickly become the downfall of those that don’t have the proper insurance protection.

Can you afford an intellectual property lawsuit?

Companies that want to succeed in today's brand and image-intensive market must learn how to manage intellectual property assets. This core competency has become an imperative for small to mid-sized companies considering the financial burden of intellectual property lawsuits—the cost to litigate one of these lawsuits is often more than \$1 million.

Help is on the way. Chubb's Reputation Injury and Communications Liability (RICL) product is a third party liability insurance policy that supplements traditional commercial general liability insurance. RICL protects against the costs associated with lawsuits alleging copyright and trademark infringement, libel, slander, product disparagement and violation of the rights of privacy and publicity (such as the commercial misappropriation of a famous person's name or likeness), whether or not in advertisements.

RICL is part of Chubb's suite of integrated liability products, including our hallmark *Customary* General Liability and our Errors & Omissions and Umbrella liability contracts. In tandem with a well-managed intellectual property risk management and licensing program, Chubb's RICL product can help mitigate the financial risks associated with your intellectual property and communications initiatives.

What's at stake?

Recently, it has been estimated that the value of intellectual property owned by S&P 500 companies is \$3.4 trillion. With so much at stake, your intellectual property initiatives can easily expose you to risks that could put you in a vulnerable position. What can go wrong?

- Your company, an emerging technology component manufacturer, introduces a new product name. A national firm sues your company for trademark infringement because your new product name is similar to its trademarked name.
- You are a retailer, selling your products online, and you post pictures of well-known cartoon characters on your Web site. The creators of the cartoon characters discover this unauthorized use of their copyrighted material and sue your firm.
- Your organization sponsors a golf tournament that is attended by celebrities. A public relations agent takes pictures of the celebrities for use in your promotional literature. One of the famous people sues for royalties on the basis of violation of his right of publicity.

If your firm is put on the defensive—accused by another company of infringing on its intellectual property rights—do you have the resources to defend against a costly lawsuit attacking your assets? Small to mid-sized firms may be especially disadvantaged if the adversary is larger and financially stronger. These firms may be forced to settle, rather than risk being embroiled for years in a prohibitively expensive legal battle.

An ounce of prevention

Historically, companies believed that a general liability (GL) policy helped protect them from the financial devastation of intellectual property and communications lawsuits. However, copyright and trademark infringement protection under the GL is usually limited to only certain types of infringements and only if committed in advertisements. This is not sufficient protection for most companies in today's information and image-intensive marketplace. Further, GL insurance will only defend against claims for actual damages, not against claims seeking injunctive relief to stop the use of copyrighted, trademarked or other communications materials.

The Internet's continued growth has greatly increased exposure to trademark and copyright infringement claims, as well as to claims of online defamation, disparagement and privacy or publicity violations. From data mining to Web site linking, you face a host of new risks that need to be managed. And, those risks are not limited to the United States, they're worldwide. For instance, if your firm hosts a banner ad with a service slogan and that slogan is found to be similar to a French company's long-established slogan, then your firm could be at risk of an international intellectual property lawsuit.

Multimillion-dollar court awards provide clear warning that an intellectual property lawsuit can decimate your bottom line. As a consequence, it's no surprise that shrewd ownership of your own intellectual property, and proper respect for the intellectual property of others, have emerged as critical issues in today's fast-paced and image-dependent environment.

In the past, Fortune 500 companies were the ones primarily concerned about intellectual property and communications issues. Today, these issues are moving downstream—and threatening the livelihood of many small to mid-sized organizations. Chubb is a leader in developing intellectual property and communications liability insurance products, specifically addressing the needs of these small to mid-sized organizations.

Why choose Chubb?

Chubb understands intellectual property and communications liability issues. We've been helping our customers manage their intellectual property and communications risks for more than 20 years. Our underwriting specialists, located in branches throughout the world, have the breadth and depth of knowledge needed to evaluate and keep pace with these highly complex and rapidly changing risks. These specialists know how Chubb's RICL product can help protect your organization from its unique intellectual property and communications liabilities.

Intellectual property lawsuits are often quite complicated, requiring highly experienced and knowledgeable claim professionals. Chubb's dedicated intellectual property claim professionals understand intellectual property laws and the related issues. They have the expertise to properly manage even the most difficult loss scenarios. This translates to speed and effectiveness in handling every claim for the best possible outcome.

When you purchase insurance, you expect your insurance company to uphold its promise to pay. Chubb has built a strong reputation for paying claims fairly and swiftly, setting us apart from most other insurance providers. We have earned high ratings for financial stability from A.M. Best, Moody's and Standard & Poor's, all leading independent evaluators of the insurance industry.

To learn more about Chubb's Reputation Injury and Communications Liability insurance, contact your agent, broker or local Chubb underwriter.

Policy Highlights

RICL is offered as part of Chubb's suite of integrated liability products, including our *Customary General Liability*, and our Errors & Omissions and Umbrella liability insurance policies.

RICL will defend you against claims seeking damages, as well as defend you against claims seeking injunctive relief, in connection with:

- Copyright infringement (except for computer code)
- Trademark infringement
- Libel and slander
- Product disparagement
- Violation of the rights of privacy and publicity

Policy Features

The following features are automatically included in Chubb's RICL product:

- Primary insurance protection
- Dovetails with your general liability and umbrella liability protection
- Duty to defend, including defense of injunctive relief actions
- Offense-based trigger (not claims-made)
- Global protection
- Significant limits to meet your business needs

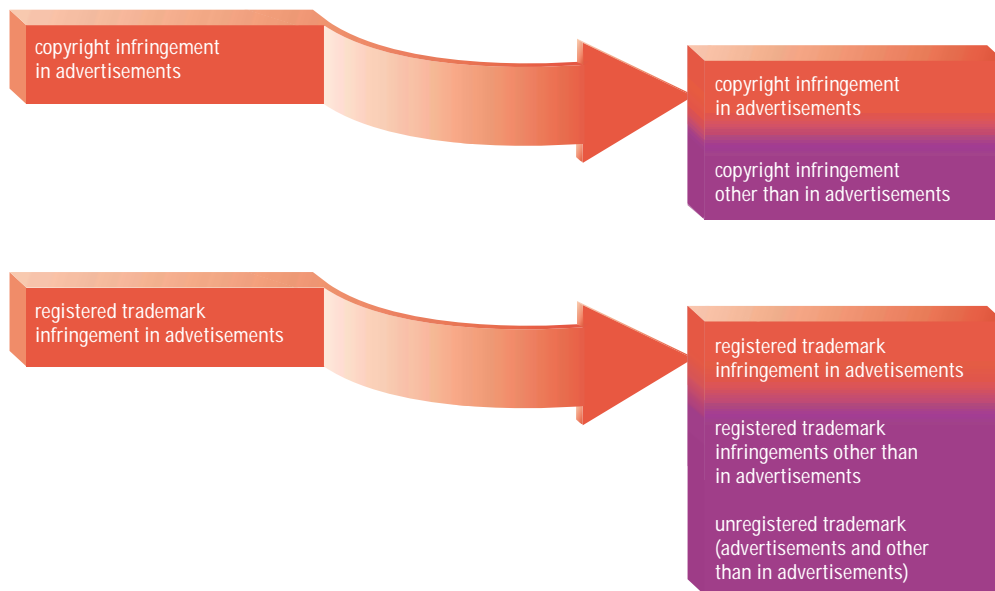
Who Is Protected

- Named insured and subsidiaries
- Newly acquired or formed organizations (for acts after acquisition)
- Directors, officers and stockholders in their role as such
- Partners, members and managers in the case of partnerships, joint ventures and limited liability companies
- Employees within their scope of employment

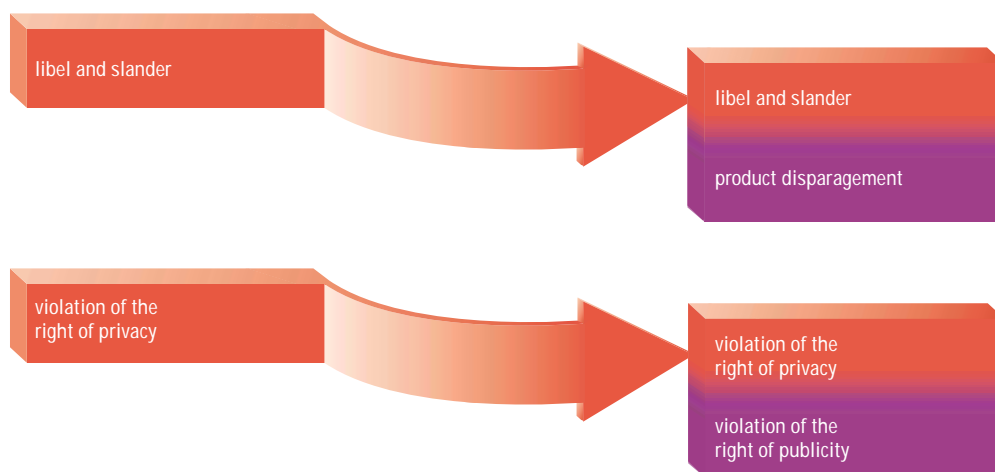
Customary General Liability

Reputation Injury & Communications Liability

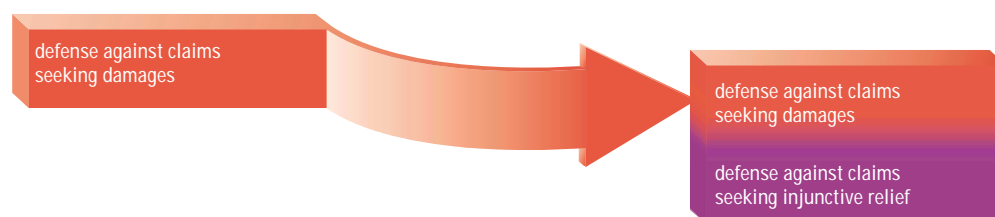
Intellectual Property Protection



Communications Protection



Investigation and Defense



Chubb refers to the member insurers of the Chubb Group of Insurance Companies: Federal Insurance Company, Pacific Indemnity Company, Great Northern Insurance Company, Vigilant Insurance Company, Northwestern Pacific Indemnity Company, Texas Pacific Indemnity Company, Chubb Custom Insurance Company, Chubb Indemnity Insurance Company, Chubb Insurance Company of New Jersey, Executive Risk Indemnity Inc., Executive Risk Specialty Insurance Company. Not all insurers do business in all jurisdictions.

This literature is descriptive only. Actual coverage is subject to the language of the policies as issued.

