

Know Your Rights!

Warning! You Could Be Risking Your Livelyhood, Your Security and Even Your House!

Don't Get Caught By Ignorance – The Courts Don't Care If You "Didn't Know" You Were Doing Something Wrong.

**Read Every Word Of This Interview...
Right Now!**



Michael Ambrosio



Attorney Mike Young

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Michael Ambrosio

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About the author...



Michael Ambrosio

Michael Ambrosio has been doing business on the internet since 1999. He cut his teeth as a web host, starting not one, but TWO successful web hosting businesses. He also started a script installation business, installing scripts for some of the biggest names on the internet,

Michael is also the author of several ebooks, and the developer of several programs and scripts as well. Some of Michael's sites and products include:

- [PLR Dominance](#) – No experience required. Learn how you too can change Private Label Rights into your own personal “cash on demand” system. Dominate Your Niche Today!
- [Database Backup Generator](#) – Is there any reason why you're not backing up your database of names, email addresses, customer information? This is the heart of your web business. DON'T wait until you lose it. Back it up NOW!
- [You Cant Block This](#) – Finally: A popup creator that creates “unblockable” popups. But not just ordinary popups. These you'll have to see to believe...
- [MrOverDeliver](#) – MrOverDeliver really over delivers! This site is loaded with ebooks, scripts, programs, Private Label Content and much more! It's free to join...
- [Butterfly Riches](#) – Find out how these marketers found success or took themselves to new heights by using and applying Butterfly Marketing concepts and tools. You'll be amazed by what they have to tell you. And it's free to join!

Michael continues to build his business by learning from other marketers, and also helps many other marketers make their first dollars on-line. He also has developed a knack for buying private label content and turning them into his own products, then selling them on-line.

Michael enjoys playing raquetball, cooking, walking, reading, the internet and his family. He is the father of four children and lives in upstate New York.

Do You Know Your Rights? You'd Better...

Do you work with private label rights (plr)? How about resell rights (rr) and master resell rights (mrr)? Have you seen those "your rights" list that come with them? You know...

[Yes] Can be resold.
[Yes] Can be packaged.
[Yes] Can be given away.
[Yes] Can be offered as a bonus.
[No] Includes private label rights.
[Yes] Can be added to paid membership sites
[No] Can be offered through auction sites.
[Yes] Can sell Resale Rights
[No] Can sell Master Resale Rights
[No] Can sell Private Label Rights
[No] Sales materials included

How well does this protect you? Does it protect you at all? Would you bet your house on it? Whether you know it or not, you COULD be betting your house on it right now.

I am not telling you this to scare you. I simply want to call your attention to what so many people take for granted.

True story...one morning I got an email from a respected marketer selling a package of PLR/MRR ebooks, complete with sales letters, graphics, and everything. It even had one of those lists of rights. This list of rights clearly stated you have FULL rights to resell everything – including the PLR and MRR.

Knowing a good deal when I see one – and because of the person selling the package – I bought it and then immediately put up a web page to resell the package.

By the end of the day I received an email telling me that the package did NOT come with rights and that they were "stolen" from a private membership site. So, I have to immediately take down the sales page.

But I got lucky. The person who actually owned the rights and I knew each other by reputation and occasional emails. He understood I didn't "take" them. So he did NOT require I either pay him for the sales or give refunds. I just had to stop selling it.

He could have sued. And if he could prove copyright ownership, I would have been slapped around pretty good.

Like I said – don't let this stop you from dealing in these products. Just be very diligent in checking what you buy and what you sell. Confirm your rights with the owner – which may be different than the person you bought from. Do business smartly and protect yourself.

That little brush with a potential copyright infringement suit led me to talk with Mike Young, attorney. Some of what he told me was real eye openers. So I decided to interview him on PLR, MRR, RR products and how to protect yourself.

This PDF has an accompanying audio file which you can listen to and download from here: [Audio Interview](#)

Begin: Mike Young Interview (44:32)

Mike Ambrosio: Hi, welcome. This is Mike Ambrosio. In recent years, along with the popularity and growth of things like private label rights, resale rights and master resale rights, there also tends to be a lot of confusion about your actual rights to some of these products. There's a lot of potential pitfalls if you use these products incorrectly.

What I've done is I've tapped the legal mind of Michael Young, who is an attorney. I interviewed him and I grilled him for a good 45 minutes. We talked a lot about the different rights, what you should look for and some of the potential pitfalls and drawbacks. With the right protection, you can protect yourself and avoid some of these problems.

Before we get into this interview, let me give you some background about Michael Young. With an advanced international law degree from Georgetown University, he has more than 13 years of real-world legal experience. Mike Young helps Internet marketers like you stay out of legal trouble with the government, avoid lawsuits and protect your assets.

Not just a lawyer, Mike's been working with computers for more than 27 years. In fact, he says his first computer was an Atari 400 with 8 kb of RAM. He's pretty much dating himself there. He started representing Internet businesses back in 1996. Mike's goal for you is to feel peace of mind after you've discovered the secrets to building a sound, online business. You can find out more about Mike at his website, MikeYoungLaw.com.

Before we get started with the actual interview, there is one quick disclaimer I'd like to put in here for you. The information provided by attorney Mike Young is general in nature, should not be construed to be formal legal advice, or the formation of a lawyer/client relationship. It is not a substitute for legal advice. Consult an attorney to address specific legal issues.

Without further ado, let's get on with the interview. Welcome. Tonight, we've got with us Mike Young, who's an attorney. I'm going to let Mike tell a little bit about himself. Mike, why don't you tell our listeners who you are, and what it is that you do.



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Mike Young: What I do is I help Internet marketers stay out of legal trouble with the government, avoid lawsuits and protect their assets, particularly when they're moving either online into business, or they're already exclusively online doing business. I've been involved with computers for nearly all my life. My first one was an Atari 400.

Ambrosio: I remember those.

Young: There was not much RAM in those days. As far as Internet business was concerned, I started when I was in law school, working in BBSs and that type of thing, and I finally migrated over to the Internet, and started representing Internet businesses back in 1996. I've got an advanced international law degree from Georgetown, so that's been able to give me an additional flavor as far as nuances of working here locally, but also dealing with the issues that come across doing transactions with people who are obviously not in the United States.

Ambrosio: That's quite an extensive background, which is one of the reasons why I wanted to get you on tonight. My site that you're speaking to is "PrivateLabelDominance." I teach people how to take private-label rights products and help them create their own products out of them. There are always a lot of questions about the type of packages people buy and the rights that come with them.

There seems to be a lot of confusion in what's right and wrong, and I see quite a bit of that. That's what we're going to touch on tonight. Let's start very basically. Can you give us a brief description of what you see as the difference between resale rights, master resale rights and private label rights as we use them in the Internet marketing industry?

Young: What I've found that is interesting with this when I deal with clients, and I'm usually trying to get somebody out of trouble after the fact, is you could ask 50 different people doing Internet marketing what each one of those terms means, and they'll come up with a different definition. As a general rule, here's what I tend to find people's attitudes are for those different terms.

Resale rights mean that if I buy the package, I can turn around and sell them to somebody else. Master resale rights mean that if I buy the package, I can turn around and sell them to somebody else, and give them the right to sell them to somebody else as well. Private label rights mean I can do anything with them.

I can change the names on it. I don't have to do anything. It's as if I owned it, or as if I had written it from scratch. It's all mine. Now, that's what the general perception is by a lot of my clients as to what these terms mean. As a practical matter, nine times out of ten if not more, that's absolutely false.

Ambrosio: I can tell you there's always a lot of confusion with this. For example, when you purchase private label rights to a product, let's just say there's no specific agreement. A lot of times, they'll include a "read me" text on some terms or whatever you want to call them. Do you have rights to them other than changing them and reselling them as your own product, or do you automatically have resale rights to that as well?

Young: No, you don't. In fact, the last thing you want to do is get into a dispute with somebody over what it means, and what you're basically relying upon is the sales letter with which they pitched it to you. I look in horror at some of these PLR sites, when you go to them and it says, "You have PLR rights." What does that mean? Very often, the term resale is not even used. It's certainly not an automatic thing.

Ambrosio: I was kind of curious about that. I get a lot of questions about that from people that I talk to and quite frankly, it's never been that clear to me, too. That's a good thing to make people understand. Just because it says private label doesn't mean you have the rights to resell it. When you buy private label rights to something that doesn't have resale rights, typically that means to me that I can change it and sell it as my own, but only as a product, not as something that comes with resale rights.

Young: That is generally the case. What happens is somebody gets a notion that they want to sell something. They've created content. Usually, they've outsourced it to somebody in India or whatever, and they decide that they're going to go into the PLR business. When they do it, the quality suffers. We're talking about people that

are just venturing into it, but really don't know what they're doing.

They've heard these terms, and they decide, in their own minds, what they think the term means, and they go out and say, "I'm giving you PLR rights." It's very dangerous, because if you're the buyer, what exactly are you buying? What you think you're buying very often isn't what you're actually buying.

Ambrosio: That brings up an interesting question. You've seen in this industry for a while that they get sold, resold and resold again. If you don't have any accompanying documents saying who originally wrote this or who originally produced this material, how does somebody go about proving that I'm the originator of that content and I never gave resale rights to that? How can you protect yourself as an author of this stuff?

Young: As an author of it?

Ambrosio: Yes, because this just happened recently. In fact, in the last couple of weeks, a package of private-label rights products went out, and inside was one of those little documents that say, "You have all these rights. You can even resell the resale rights." That's great. Two days into the sale, an email arrives that says, "That's wrong. You don't have rights to do that." The response was, "There's a document here that says I can." How do you know? Is there really no way to know?

Young: I think a good rule of thumb for a representative owner of PLR stuff is for them to file for the compilations. Say they've a compilation of documents that they're going to put together as a PLR package. In the United States, they should file for a copyright for them to the United States Copyright Office.


I think the current price is \$45 for a compilation. It'd be very easy to verify that in fact, the person is the copyright owner, because they were the ones that originally filed when they created the content to begin with, before they started selling it.

Ambrosio: I didn't realize it was that inexpensive.

Young: It is that [inexpensive for copyrights](#), yes. Most people take a look at it and say, "I can't do this because I'm going to have to copyright each article," and that type of thing, but it's the general rule, if you're doing packages. I advise many of my clients that if you're doing a package of these things as PLR rights, there's really no sense in going out there, taking the package, dividing it up into each different article and registering it as separate, individual works, when you can in fact register them as a compilation with the [U.S. Copyright Office](#) for \$45.

Ambrosio: That's very good advice. Since we're talking about these rights, if you bought packages or any private label products in the recent past, they seem to come with a text file that has a list of yeses and nos, or do's and don'ts. You know what I'm talking about. You can give this product away. You can rebrand it. You can call it your own, or whatever.

It's just a basic "read me" text. How much does that actually protect you and does it at all? Can somebody come back later and say, "I changed my mind. I don't want to give you those rights, so now you have to take those all down"? Are you protected in that regard?



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Young: The rights are only as good as the person who's selling them to you. If I go steal somebody's content, for example, all their PLR stuff, and I sell them to you tomorrow, and I say, "You have these rights for them," that doesn't really give you the rights. You've got a defense against it, because obviously, I stole it.

In fact, any damages you might have, you would obviously say to the extent that you had any damages, it was my fault, and I should be liable for it. Basically, when I'm purchasing something from somebody, or you're purchasing PLR stuff from somebody, it's a contract between the two of you.

As part of the contract, you're agreeing to the terms and conditions of what you're buying. Somebody can't go back after the fact and say, "Oh, no. I changed my mind. You no longer get these," because they sold them to you and they have the rights. They've sold you the rights. They can't turn around and say, "Oops, I didn't really mean to."

It's very hard to get that overturned in court. It's something called a lateral mistake, and the courts kind of frown on that. You're the one who drafted it. You're the one who sold it. If you didn't mean it, then you took the money.

Ambrosio: That's a good point. Again, those little "you have rights" documents in there, they tend to be sometimes very scant, and sometimes there's not even a person's name or website address on there. That's why I bring this up, because it seems to me that there's a lot that you're leaving yourself open to in a case like that. I think doing your due diligence, and maybe going so far as to consult an attorney of your own to check up on things before you use some of these products might be a good idea.

Young: Absolutely. For example, if you're buying rights from somebody and they don't appear to be the owners of it, simply ask them, "Do you have the copyright for it, and if you don't, who does?" That's a very good way of nailing down the trail of this, particularly with duplicate

content being out there, and obviously people who just grab content and are selling it without any rights to do so.

Ambrosio: That actually brings up my next question, which is when you buy a private label ebook or article, and they allow you to claim authorship such that you can put your name on it, does that also allow you to claim the copyright, as well?

Young: No, that's kind of interesting, too. Unless you've got a physical document that transfers the copyright to you, in most instances, the language I've seen now simply says, "I'm giving you permission to put your name on it. This practical matter I own, and here's the copyright."

I created it and I will allow you to sell it. You can put your name on it. I'll give you an example. There are some very prominent copy writers that will do work, and they will do anywhere from 100% to 200% increase in the fee on the work if you actually want to own the copyright for the work.

Ambrosio: Actually, I guess if you're going to hire somebody, whether it's to write articles for you or ghostwrite an ebook for you, do you own the copyright to what you purchase from somebody, for example, on an Elance type of situation?

Young: Absolutely not, unless you've got a written work for hire agreement that specifies that it is, in fact, work for hire and that you actually do possess the copyright stuff, that the person who is creating them for you is agreeing that they're relinquishing and transferring all rights to it as part of the agreement to be hired.

Ambrosio: That's good to know, because I recently had an ebook written for me and I made sure that was in there just because of that. That's very interesting, because I've had stuff written before without really going to that extent, and when I started really getting into private labeling, it started bringing up these questions in the back of my mind.

Again, these are types of subjects that nowadays, way too many people just don't take into consideration, myself included. It's something that I'm trying to remedy for myself and anybody that I try to teach about private label. If you are going to rewrite something, is there any kind of a point, percentage or number that says, "You've written enough now to call it original," and at that point, claim a copyright?

Young: No, it's just on a case-by-case basis. Here's the key issue. Facts and ideas cannot be copyrighted. So in any type of article, you're going to have certain key facts and ideas. What you need to do is express them in your own words when you're rewriting them. Changing the first sentence or every other sentence, or flipping two paragraphs really doesn't cut it.

Ambrosio: That's a good piece of information. There have been instances in the past where I've seen that kind of stuff, and that's kind of why I thought I'd better throw that question in there. I'm dealing with teaching people how to make something "their own." I want to make sure that we have at least a basic understanding of what we're getting into in terms of potential legal issues down the road if we're not careful, don't do our homework and ask the right questions.

I'm glad we covered that. Now, let's come back to private label packages again. These days, you buy a package of stuff. They come with pre-written sales pages and images. I've seen people get really smacked around by the sites where you can purchase images and the rights to them. They have really strict guidelines. If you buy a package with these images in it, does that mean you automatically get rights to these images?



Young:

No, it does not. In fact, you need to be very careful, even if the package says you have the rights. Once again, you should confirm that you do. You can insert a copyright when you create something, an original work, such as an article or image. You automatically have certain legal rights by having virtue of creating that.

You don't need to have the little "c" with the circle around it. That's what you put on there to assert it, but it automatically applies in the United States by virtue of having created it. You are the copyright owner. To protect yourself and get additional rights, as a general rule, you want to go ahead and register it, so you have a registered copyright at the Copyright Office in D.C.

That provides you a lot of strengths under the U.S. Statues, as far as what you can do if somebody infringes upon your images or your articles. Just because you see something out there that doesn't say copyright on it, or you get it in a package and you assume, you really need to pin it down because there are people out there who actually bait you with it.

It's almost a disreputable thing, but I've known of instances where people have created articles, documents and images, and have made it relatively easy for people to borrow them because they're so attractive. Once they were borrowed, they went out there and started saying, "You've infringed. Pay up or I'm going to sue you." Legally, they had every right to do so. As a practical matter, it was like extending the carrot to the rabbit.

Ambrosio:

Yes, I've heard of that before. Knock on wood, I've never been a victim of that. Again, that's the kind of thing that's really made me look at my own stuff that I've been putting out and saying, "Well, I bought that image in a package. I probably don't have rights to it." I have switched direction now to the point where I'm starting to buy my images from sites that give you rights with it and download the documents to go along with it.

I've heard of it, too, where sites will change their terms and now they'll come back to you for more money. That's actually an interesting question, since we're talking about it. I've heard about sites where you download the rights that say you can use this as long as you don't rebundle it, package it and put it on a website as templates for sale, and then they change their terms. Can they come back to you later and look for more money?

Young: No. There's actually, believe it or not, a principle law that was made relatively famous in the United States that had something to do with ships and a crew. The ship captain paid the crew the wages they'd agreed upon, and while they were out at sea, the crew said, "We're out here. If you want your ship to go back to port, you have to pay us more money."

Well, the captain agreed to it, and once they got to port, they ended up going to court. The long and short of the story is that the court said, "You had the benefit of the bargain. There was already an agreement in place here. You can't go around after the fact and renegotiate and demand more money afterwards."

This case is about 150 years old, but the same legal principle applies to what we're talking about today. You can't turn around after you've sold something and say, "My mistake. I've changed the terms. Now, give me more money."

Ambrosio: That's good to know. It's so tough with images because typically you don't find a copyright notice on an image or even if you buy a package. They were big there for a while, these master resale rights on 5,000 images. You open them up and wonder how someone could sell the rights to these when some of these are obviously not created by the person who's selling the package. It becomes a really dangerous thing, I think.

Young: It is. In fact, there is a very famous copy writer who recently passed away, Gary Halbert. He was a direct marketer. Many Internet marketers are very familiar with him. There was a gentleman who was out there

posting on the boards about how he was collecting all of Gary Halbert's work and he was going to put them on a website and sell them.

What do you think Mr. Halbert would say about this? You don't own the rights to them just because you can collect them out on the Web. The same principle applies to images. Just because you can find them doesn't mean they're yours. It's not a finders, keepers kind of thing.

Ambrosio: That's a really glaring reason why, if you don't know what you can do with these things, you should consult an attorney. This is a very big reason for that. Maybe that was the guy's intent, and he really didn't understand or know. He thought he was doing people a favor, and make a few bucks at the same time.

That's the danger of the Internet in general, I think. People think that if you can see it, it's there for the taking. I'll copy and save it to my hard drive, and it's all mine. That's just not the case. Hopefully, an interview like this will help to get the message across to some people.

Young: What's even funnier in this case, is that he actually had a website that you could go to and download his stuff for free, but he had a nasty copyright notice on it. It said, "If you take this, I'm basically going to sue you if you go out there, bundle my stuff up and try to do something with it." If you wanted to use it, you could go to his site and use it for free.

Ambrosio: That's very good work, too. I know exactly where the site it, and I've been reading his stuff for quite a while. He does have a nasty copyright on there. Let's go back to talking about copyrights and what your rights are with private label products. If you buy a package of articles, and you turn them into an ebook, you change a little bit of the text, but for the most part, it's as-is. You just put it into an ebook fashion. Does presenting it differently now than in the original form, does that change the rights to that at all to you?

Young: I don't think so. It would have to be a substantive change for it to actually occur. For example, if you wrote an article on something, and I transformed it into a hip-hop song, and I was trying to sell it, I could argue in court that it was such an ignoble use of the article that you wrote that nobody could even imagine that could have been done. I could argue, in fact, that I have a copyright for it, even though I'm using the same language that you had written and that type of thing.

As a general matter, just rearranging things, putting it in a different type of compilation really doesn't do it. You really need to create original work. For example, if you've got what some people consider to be the branding rights, if that's been given to you, then feel free to slap your name on it if you've actually bought the rights to do so.

Ambrosio: One of the reasons I thought of that question is thinking back to public domain works. People make a lot of money with public domain and works that no longer have a copyright. What they do is put in a foreword or a chapter in the front, and then put in their own copyright on that. Is that something that you can do if it's a public domain document?

Young: Yes, that is something that you can do, but there needs to be some substantive contributions to it, so it is in fact a new work. You see that a lot of times with Napoleon Hill's stuff. Many self-improvement type documents have had the older versions go into the public domain. You've seen people go through there.

I'm not recommending that all of Napoleon Hill's stuff is public domain. Don't get me wrong. In fact, they're very vigorous at enforcing their copyrights, the foundation that owns them. I believe at least one of the original versions of one of his books is in the public domain now, and people continue to put a forward on it, put a little analysis in it, reformat it, and put it out. It is substantively a new book.

What we are talking about here, which makes it not as much of an issue for what we're talking about today is by virtue of the fact that it is in the public domain. That means there is no longer a copyright on it protecting it. That's the key difference.

Ambrosio: That's very important. Just as a refresher, many people probably already know this, but what would make something lose a copyright or a copyright expires? Is there a timeframe or a date?

Young: There are a bunch of complicated dates that you can go through. It's too much to go through. Your eyes would glaze over. I don't know if you want to promote another product. I know Yanik Silver's got a very good product on it that gives a brief overview as to what is and what is not public domain.

If somebody wanted to go through that, I would highly recommend picking up a copy of that if they're in the United States. Anything generated in 1922 and before is automatically public domain if published in the United States. But what that doesn't mean is something that was published and then republished.

You can't pick it up and then turn it around and use the reprint. That's where a lot of people get into trouble. For example, if I found a Napoleon Hill book that was printed in 1905 (I don't know if there is such a thing), it would be in the public domain, because it's prior to 1922.

Basically, what's happening here is I've taken a look at it, it looks wonderful, but I happen to have found a reprint that you had done last year. You've got your copyright on it. I can't pull out the part that's Napoleon's and try to use it, because I've got a problem. Very often, what I recommend to clients is, if they're going to do that, reprint it.

Reprint parts of a public domain book to intentionally not only change the format, but also imbed certain things in it to make it unique, so that you're able to tell if somebody ripped off your new version of the book. In

fact, you may want to misspell the first word on every 15 pages or something.

Ambrosio: Something that's a tell-tale, that you can automatically tell.

Young: Yes, something that makes it easy for you, and only you, to figure out what exactly had gone on here when suddenly you find the identical book being sold by a competitor.

Ambrosio: That's interesting. I like that idea. It's smart. I know map companies do that all the time. They'll put in streets that don't exist, or take out streets that do exist as a tell-tale to see if other map companies are copying them. I'm surprised I didn't think of that before. I have another question for you on resale or master resale rights to a product.

This is always in debate in the forums, and so I'd like to get a little clearer picture of it. If I own the master resale rights or the resale rights to a product, can I impose restrictions on people who buy them and say, "Okay, minimum price has to or should be \$10 or I'll revoke your master license"? Is that legal or even advisable?

Young: It's a gray area, and I strongly discourage clients from doing that by virtue of certain federal laws that can apply, and also numerous state laws, depending on what's going on as far as setting minimum prices are concerned. I really frown upon advising anybody to set a minimum price that somebody must sell something for.

Suggested price is another story. Look at automobile dealers that use a manufacturer's suggested retail price. That's the model I recommend that clients do. As far as the where and how is concerned, I have no problems with reasonable restrictions on that.

For example, I have some clients who, because of moral obligations, do not want their stuff sold on sites that have adult content. It is perfectly legitimate, if I've

created a book or article content, to put a restriction on it if I'm selling it, that I don't want it on an adult website.

Ambrosio: That makes sense, too. I certainly wouldn't want anything that I do on an adult site, or a hate site. I can see that. That's good to know, that I can at least impose that type of restriction.

Young: Obviously, you can say where, too. There are situations where you can do geographic licenses for it. You may want to have the United States, Canada, the African continent even divided down to South Africa, and Australia. That's very common, as well, where your license is restricted to geographic areas.

Ambrosio: That's interesting. I didn't know we could do that.



Young: In fact, it's usually part of larger packages, particularly if you're creating courses and that type of thing and perhaps with upsells and coaching programs, where you have a license fee that's paying you some substantive money to the exclusive rights to sell there.

In fact, I'll give you a common example online, as far as a particular niche. For example, if you were doing eBay. You could have an exclusive licensee to do all of your stuff on eBay, and that could even be further divided down to people who could only sell on eBay in the United Kingdom, only eBay in China, only eBay in the United States and so forth.

Ambrosio: That's pretty common outside the Internet. I've seen that you have this territory or that territory. I guess it would kind of be the same thing. Let's talk about putting terms and disclaimers on your site. This is something you see when you peruse a site that's just coming online—they glaringly omit it. I did it myself for years. Would you say that's important? What types of legal documents should we say that you need to see as

a minimum on an Internet marketing or basic ebook site?

Young: I guess for a basic ebook site, it depends on what the content of the ebook is. If it has anything to do with business opportunity, for example, how to retire, how to invest, how to buy real estate or anything of that nature, you're going to need additional disclaimers that you would not have if the book was on how to raise pet chinchillas or how to groom your cat.

When you get into things, the major concern is the U.S. Federal Trade Commission. What they do not want is deceptive misrepresentations out there where the consumer does not know what they're buying, and that they've been misled into thinking that what they're purchasing is actually something other than what it is.

You see that a lot with anything to do with health and wealth. Those are the two kickers where one needs to be extremely careful with what's on there. At a bare minimum, if you're not dealing with those things, terms and conditions of use and a privacy policy would be the absolute bare minimum.

That's obviously not something that I recommend to clients, but if somebody couldn't afford anything else, then that would be what I would recommend that somebody get on their site. Obviously, if they were going into the content that we're talking about and deal with wealth or health, then in addition to that, there would need to be disclaimers relating to those.

That includes testimonials. The Federal Trade Commission is really cracking down on that at this point in time. In fact, they fined four weight loss companies \$25 million for misrepresentation back in January of this year.

Ambrosio: Wow! That's big dollars. We've seen the FTC come after some Internet marketers. One of the more well-known ones was Frank Kern. I forget the product, but they came after him for wording on his sales page, making earnings claims like, "You can make this much money

or that much money." That's the kind of thing that I would recommend people stay away from, quoting, "You can make \$10,000 a month if you just follow my plans step by step." That can get you in trouble, can't it?

Young: Yes, but putting testimonials on there is one thing that I highly encourage people to do. If you have people who made \$10,000 a month, put them on there, but you need to make disclaimers to make sure that the person who's looking at the site knows that that's atypical and not representative. Not every person that buys is going to make the \$10,000.

Ambrosio: That's very important, because that's something I see a lot of new people coming online either don't have it or they find out that they should, and now it comes to the next question. I can't afford an attorney to write me these documents, but I know this great piece of software or this wonderful site where I can get it for \$20 or for free. How much protection can one expect from a type of product or site like that?

Young: It's buyer beware, actually. There's a relatively infamous case in the Internet marketing community this past year, where a gentleman was selling a web generation software that would generate the documents for you, and apparently he borrowed the forms from an attorney without the attorney's permission.

The attorney proceeded to go out there to people who were using it and basically said, "Pay up or I'll sue you." There were many Internet marketers who were burned by that. It was unfortunate, because they had no idea when they bought the package. They assumed the forms they were buying were actually something that they had the right to use because they had bought the software package.

Ambrosio: It goes back to what we spoke about earlier. How do you know the originator or copyright? You've got to be careful with a lot of this stuff or it can come back to bite you later.

Young:

I'm a bit biased on it, because I'm putting together my own package now. Whether one goes to me or not, for full protection, these are the ones I advocate that one get. If you're doing any affiliate work, you need an affiliate agreement. If you have anything to do with email, you need to have an anti-spam policy.

If there are any possibilities whatsoever of any type of copyright infringement, have a Digital Millennium Copyright Act notice, which allows these people not only to contact you if they believe you've infringed on a copyright with your website, but also to contact your Internet service provider.

You need an earnings disclaimer if you're doing any type of business opportunity type of things or any types of things involving money and representations. You need an external links policy so that you're limiting your liability for links. For example, you put a link on there to a website.

If that site goes out of business and a porn site comes along, scoops up the name and puts a bunch of adult images on there, do you really want to be liable for any damages? You've been recommending someone go over to it, and they've clicked through. Their 13-year-old kid has a click through from what appears to be an innocuous thing over to a porn site just because you didn't have time to update the link before it changed over.

You need a privacy policy, obviously, and terms and conditions of use. You'll want to have licensing agreements to the extent that you're doing it for ebooks or software you're selling down. You should have your licensing policies there on the page, and in addition to that, with the website, if in fact you're running a membership site, you should have a membership license agreement in place.

This should make very clear the rights of the person who uses the content of your site, what they are and what they are not. For example, if you have a membership site and you provide a lot of content, if

somebody downloads it all, suddenly you're looking on eBay and you see they're selling it.

If you don't have the right documents in place, you really are limiting your ability to go after them because they're going to point to it and say, "I paid my membership dues. I had access to the content. Who says I can't sell it?"

Ambrosio: That's interesting, because I have several membership sites, and I've never even heard of a membership license agreement. I just learned something very valuable on this phone call. See, this is why you've got to keep digging and talk to the right people. Now we have an outline of some of the things you can and can't, should and shouldn't do, and a list of the types of legal documents you should have on your page.

You said you're coming out with something. What can you recommend for my listeners here about a product or service where they can at least get a start at protecting themselves?

Young: As far as my product is concerned?

Ambrosio: Sure.

Young: I'll have more information on that on my website at MikeYoungLaw.com in a couple of weeks. I'm presenting it at a seminar and after that, I'll be releasing it to the public and it will be available at that time. It will contain 17 key documents including the ones I just identified and described to you in our last little bit of conversation.

It will be easy, fill-in-the-blank templates that one can use, with a 50-site website license so you can use them on up to 50 websites without infringing on anything. It's actually original content because I created them personally.

Ambrosio: Look at that. This is perfect. I'll probably be one of your first customers. You've mentioned some of these documents that I don't have. I use another popular

piece of software/creator. Not the one that was in all that controversies. It's from another attorney online, and I didn't see quite this many documents in his package, although he didn't update it for a while. That's probably why.

Things change so fast on the Internet. What protects you today can change tomorrow, so I personally think, and this is something I'm learning from my own experience, having a knowledgeable attorney in your corner always is a big help. If you're going to buy this type of product, make sure you always stay updated with the author. Make sure you have all the latest stuff.

There are a lot of ways to protect yourself today, and some of it's a bit pricey, but not all of it is. Some of it you can do yourself. I think it's foolish today for people not to at least take some steps to protect themselves. Is there anything you want to add to our conversation? I've learned a lot in the last 40 minutes or so. I may have missed something because I'm not an attorney, so if there's anything important you'd like to share, feel free.

Young: I would like to emphasize that when in doubt, always try to get proof of the copyright. If the person who's selling the product doesn't have proof that they own the copyright for it, then be very hesitant to do business with them. If they don't own it, they should be able to point to it directly up the line and say who's got it so they can trace it back, and you'll know what you have is good.

It's kind of like having a pedigreed dog, for example. If I go to you and want to buy a pedigreed German Shepherd, I want to make sure what the papers say, that they actually go back, so it's actually is a German Shepherd and I'm not ending up with something that is half Chihuahua, if that makes sense.

Ambrosio: It does. It makes perfect sense.

Young: There are a lot of these things that you can do yourself and save some money. For example, go to

Copyright.gov, and you can do your copyrights yourself. You can pay an attorney to do it, but I'm advising you that once you learn the system, it pretty easy to do them yourselves, rather than paying an attorney every time.

When in doubt for a lot of the Internet stuff, don't just rely on a business attorney. If you do have a problem, go to somebody who has a reputation within the Internet marketing community that actually knows what's going on. Too often, you see it that people go out there and simply because they do business law, you assume that they do Internet law.

A lot of these guys who are very good at business law can't even do their own email. They have their kids do it and access it for them at home.



Ambrosio: That's very important. Since we're talking about business, this wasn't on my list of questions, but it just came to mind. I'll throw it out there really quickly. You can touch on it or not. It's up to you. When it comes to being in business on the Internet, another thing I've learned because this was me when I started out, becoming incorporated or anything like that, and how that can affect you if you get yourself in a little trouble.

The other question is, is that one of the things that you can do on one of the do-it-yourself websites like LLC.com or something like that? Would you find that is something that is going to protect somebody?

Young: You can do it yourself. In fact, I just set one up today. Of course, I'm an attorney. You can do them yourselves. For example, you can go to the department of state online and set up your own. I'm licensed in Pennsylvania. They have the License Bureau and the Department of State there. It's the same thing.

You can go there and set up your own, you can pay a service to do them, or you can go to an attorney to do it. Actually, a good CPA will more often than not be able to do it in most states for you at a fraction of the cost, as part of doing business for you, if you have a good accountant. It will vary by state, what a CPA can and cannot do.

In most states, a CPA can and will do it, and will do it, oftentimes, for less than a business attorney will charge you to do it. There are filing fees regardless of when you're setting it up for an entity. I am seeing it right now that the flavor of the day, and generally speaking, I'm licensed to practice law, I highly recommend the limited liability companies.

There also used to be chapter S corporations. From a tax standpoint, they're pretty much treated the same way in most states, and from a liability standpoint, they're pretty much treated the same way in most states. The big difference between the two of them is there is a lot less paperwork with a liability company than there is with a subchapter S corporation.

You're not sitting around holding director's meeting, shareholder's meetings and all that stuff, which is kind of silly when you're the only shareholder or it's you and a spouse or partner, and there's one other person sitting there, holding a meeting, and voting on things as a board of directors or that type of nonsense. You can eliminate a bunch of that with the limited liability company.

Ambrosio: I definitely think people should consider it. I just did that about a year ago, and that was after being online for five years and doing business, not realizing it. The computer and Internet connection is right there. Why do I need to be a business? Again, it's one of those things you don't want to learn the hard way. It gets really important that people understand. That's why I wanted to bring that last question up.

Young: In many states, they can even go after your house or car if they get a judgment against you and you don't have that shield in place. Who wants to essentially put together a business, find out they've lost in a copyright infringement case, don't have the money to pay it, and have the sheriff out there levying on their house or car to find out it's going to be sold to satisfy the judgment?

Ambrosio: That wouldn't make me too happy, and I know it wouldn't make my wife too happy. I don't bring this stuff up because I want people to be afraid of doing business, but I really think that it's important, when you're looking at your computer and you think you're just typing stuff. Again, sometimes it's hard if you've never been in business, it's hard to relate the fact that if you're selling something online or you're creating a product and selling it, you're doing business.

You're in business, and you can get yourself in hot water, like you just said, if you're not protecting yourself. I think people should understand that. Of course, if anybody has any questions, you can always go to MikeYoungLaw.com, and Mike can find a way to help you out.


Young: Absolutely. If I can't, I can refer you to somebody who can.

Ambrosio: That wraps things up. I really do appreciate you taking the time. You've enlightened a few things for me and for our listeners. I advise people to download this to your iPod and listen to it from time to time, or print out the transcript that you'll find right beside it. At the very least, put some of these ideas into your head about what you need to do to protect yourself. When in doubt, talk to an attorney. Mike, thank you very much for taking the time out to talk to us.

Young: Thank you for having me. I'm delighted to help.

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