




Selected Readings 06



UNDERSTANDING
PROPERTY LAW

SECOND EDITION



John G. Sprankling



LexisNexis

Chapter 6

INTELLECTUAL PROPERTY

SYNOPSIS

- § 6.01 Introduction
- § 6.02 Copyrights
 - [A] Overview
 - [B] Copyright Requirements
 - [1] Generally
 - [2] Originality
 - [3] Work of Authorship
 - [4] Fixation
 - [C] Rights of Copyright Owner
 - [1] Nature of Rights
 - [2] Duration of Rights
 - [D] Infringement
 - [1] Standards for Infringement
 - [2] Defenses
 - [3] Remedies
- § 6.03 Patents
 - [A] Overview
 - [B] Patent Requirements
 - [1] Generally
 - [2] Patentable Subject Matter
 - [3] Utility
 - [4] Novelty
 - [5] Nonobviousness
 - [C] Rights of Patentee
 - [1] Nature of Rights
 - [2] Duration of Rights
 - [D] Infringement
 - [1] Standards for Infringement
 - [2] Defenses
 - [3] Remedies
- § 6.04 Trademarks
 - [A] Overview
 - [B] Trademark Requirements
 - [1] Generally
 - [2] Distinctiveness
 - [3] Non-Functionality
 - [4] First Use in Trade
 - [C] Rights of Trademark Owner
 - [1] Nature of Rights

- [2] Duration of Rights
- [D] Enforcement of Rights
 - [1] Infringement
 - [a] Standards for Infringement
 - [b] Defenses
 - [c] Remedies
 - [2] Dilution
 - [3] Cybersquatting
- § 6.05 Rights in News: *International News Service v. Associated Press*
- § 6.06 Rights of Publicity
 - [A] Nature of Rights
 - [B] Critique

§ 6.01 Introduction

Early common law provided little protection for intellectual property. Suppose O creates an innovative pattern for a shirt. After O sells several hundred shirts, his competitor C begins selling the same pattern of shirt at a lower price. At common law, O had no recourse; C could imitate O's pattern freely. As Learned Hand summarized in *Cheney Brothers v. Doris Silk Corporation*,¹ absent some special common law or statutory right "a man's property is limited to the chattels which embody his invention." Thus, C cannot steal O's shirts; but C can use O's design.

Why? Much of the answer stems from judicial reluctance to recognize ideas as property at all, reflecting a societal mind set that equated property with interests in land and other tangible objects. A shirt could be property, but not the idea for the shirt. Modern authorities sometimes defend the traditional rule with a wholly different argument: it encourages competition, which in turn lowers prices for consumers.² Yet the flaw in this approach is obvious: it discourages creative effort.

Even today, in theory, the general common law rule is that property rights cannot exist in an idea.³ But, over the last three centuries, the law has substantially eroded this traditional rule.⁴ Today, the law recognizes three main types of intellectual property: copyrights, patents, and trademarks; all are largely or exclusively governed by federal statutes. In addition, modern common law also recognizes various forms of intellectual property in special situations, most notably property rights in news and in celebrity status.

¹ 35 F.2d 279, 280 (2d Cir. 1929).

² See, e.g., *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

³ See *Joyce v. General Motors Corp.*, 551 N.E.2d 172 (Ohio 1990).

⁴ For example, England began protecting copyrights in 1710 with the enactment of the Statute of Anne.

§ 6.02 Copyrights

[A] Overview

The heart of American copyright law is found in the Constitution, which authorizes Congress “[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”⁵ A copyright is effectively the grant of a limited monopoly that serves important public purposes. As the Supreme Court has explained: “It is intended to motivate the creative activity of authors . . . by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.”⁶

Modern copyright law is governed by federal statutes, interpreted by a growing body of federal case law. A parallel system of state common law copyright protection existed for many years, but was preempted by federal law in 1978. The United States is a party to the two major copyright treaties—the Berne Convention and the Universal Copyright Convention—and has accordingly modified federal law to ensure consistency with these international standards.

[B] Copyright Requirements

[1] Generally

Federal law provides copyright protection for “original works of authorship fixed in any tangible medium of expression.”⁷ Thus, three elements must be established: (a) originality; (b) a work of authorship; and (c) fixation.

Traditionally, a fourth element was vital. The owner of the work was also required to give notice of the copyright, typically by placing her name, date of first publication, and a copyright symbol (e.g., ©) on the work. However, the notice requirement was eliminated when the United States joined the Berne Convention; thus, works published after February, 1989 need not bear any notice.

The copyright owner will often register the copyright with the federal Copyright Office, but registration is not necessary for a valid copyright. Still, there are certain advantages to registration. For example, it establishes the prima facie validity of the copyright. Most importantly, registration is required before the owner may sue for infringement.

⁵ U.S. Const. art. I, § 8.

⁶ *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). As the Constitution suggests, the dominant justification for copyright law is utilitarian—it provides an incentive for useful labor. At the same time, some scholars argue that copyright is also grounded, at least in part, in natural law theory.

⁷ 17 U.S.C. § 102(a).

[2] Originality

To meet the originality requirement, the work must (a) be an independent creation of the author and (b) demonstrate at least some minimal creativity. Suppose A writes a novel about the American Revolution. Independent creation simply means that the author must create the work, rather than merely copy the work of another; A meets this test because she created the work. Only a small quantum of creativity is required for originality, so A's novel will suffice. On the other hand, short phrases such as titles or slogans do not reflect sufficient creativity for copyright protection.

Compilations and derivative works—works that use preexisting data or material—may be copyrighted if they display sufficient creativity. The leading case in this area is *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*⁸ Plaintiff Rural, a local telephone company, gathered information from its customers and published this data in a phone book for the region. Feist copied the information without Rural's permission and published its own competing phone book. The Supreme Court noted that the names, locations, and phone numbers of subscribers could not be copyrighted, because they were facts—and thus were not “original.” It recognized that a “factual compilation” might display sufficient creativity in the selection and arrangement of facts to qualify for copyright protection. But Rural's book, which merely listed the subscribers in alphabetical order with locations and phone numbers, was a “garden-variety white pages directory, devoid of even the slightest trace of creativity.”⁹

[3] Work of Authorship

A federal statute lists eight types of “works of authorship,” but this list is illustrative, not exclusive. The eight basic types are: (a) literary works; (b) musical works; (c) dramatic works; (d) pantomimes and choreographic works; (e) pictorial, graphic, and sculptural works; (f) motion pictures and other audiovisual works; (g) sound recordings; and (h) architectural works.¹⁰ Computer programs are specially covered as a type of literary work.¹¹

However, copyright protection does not extend to any “idea, procedure, process, system, method of operation, concept, principle, or discovery.”¹² Why not? First, an idea or principle—like other facts—is not protected by the law. A central theme in copyright law is the *idea-expression* distinction.¹³ Copyright protects the form in which an idea is expressed, not the

⁸ 499 U.S. 340 (1991).

⁹ *Id.* at 380. See also *Mid America Title Co. v. Kirk*, 59 F.3d 719 (7th Cir. 1995) (applying *Feist* test, title insurance commitment was not sufficiently original). But see *Rockford Map Publishers, Inc. v. Directory Serv. Co.*, 768 F.2d 145 (7th Cir. 1985) (map entitled to copyright protection).

¹⁰ 17 U.S.C. § 102(a).

¹¹ *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983).

¹² 17 U.S.C. § 102(b).

¹³ See, e.g., *Baker v. Selden*, 101 U.S. 99 (1879) (idea for bookkeeping system was not protected by copyright).

idea itself. Thus, while the text of an author's novel about the American Revolution is protected, the historical facts about the Revolution are not. Second, functional or *utilitarian* works—such as procedures, processes, systems, and so forth—are governed by patent law, not copyright law.¹⁴

[4] Fixation

The Constitution only authorizes copyright protection for the “writings” of authors. The Supreme Court has interpreted this term to cover “any physical rendering of the fruits of creative intellectual or aesthetic labor.”¹⁵ Accordingly, copyright law requires that a work be fixed in a tangible medium. Thus, poet G, who writes her poem down on paper meets the fixation requirement, while poet H, who merely says his poem aloud, does not.

[C] Rights of Copyright Owner

[1] Nature of Rights

The heart of copyright protection is the right to exclude others from using the work in certain ways. The copyright owner may generally prevent all others from: (a) reproducing the work; (b) creating derivative works; (c) distributing copies of the work to the public; (d) performing the work publicly; (e) displaying the work publicly; and (f) performing the work by digital audio transmission.¹⁶ For example, if A owns the copyright to a novel, B may not reproduce copies of the book without A's consent. However, A might voluntarily sell B a *license* to publish the book.

Under narrow circumstances, one may obtain a *compulsory license* which allows the use of certain copyrighted works without owner consent, in return for the payment of royalties set by statute. Suppose C composes and performs a new song, which is then placed on a compact disk and sold to the public. Because recordings of “nondramatic musical works” are subject to compulsory licensing, D may record and sell his own version of the song, without C's consent, so long as he pays the required royalties.

It is important to understand that a global copyright does not exist. The federal copyright laws only provide copyright protection within the United States. Accordingly, an author must satisfy the copyright requirements of each nation where she seeks protection.

¹⁴ See *OddzOn Prod., Inc. v. Oman*, 924 F.2d 346 (D.C. Cir. 1991) (Copyright Office's refusal to register copyright for “KOOSH ball” was proper because ball is a utilitarian object).

¹⁵ *Goldstein v. California*, 412 U.S. 546, 561 (1973).

¹⁶ 17 U.S.C. § 106. In addition, the Visual Artists Rights Act of 1990, 17 U.S.C. §§ 101, 106A, and 113, provides two special protections for creators of fine art: (1) the right of attribution (including the right to claim authorship of the work); and (2) the right of integrity (including the right to prevent distortion, mutilation, or other harmful modification of the work).

[2] Duration of Rights

How long does copyright protection last? The answer to this question is complex. Because Congress has periodically increased the duration of copyrights for new works, it is necessary to know when the particular work was created and, for works created before 1978, whether the copyright term has been renewed.

For works created on or after January 1, 1978, the general rule is that the copyright extends for the lifetime of the author plus 70 years; renewal of the term is not possible. So if F completes a painting in 2008 and dies in 2025, the copyright ends in 2095. One major exception to the basic rule is the *work made for hire*, that is, a work made either in the course of an employee's job duties or a special type of work that is commissioned by another party (e.g., an instructional text).¹⁷ Copyright protection for a work made for hire lasts for 95 years from the first publication, or 120 years from creation, whichever is less.

[D] Infringement

[1] Standards for Infringement

To prevail in an infringement action, a copyright owner must prove: (a) he holds a valid copyright in the work; (b) the defendant copied the work; and (c) the copying was an "improper appropriation." In addition, the distributor of a product capable of both lawful and unlawful use may be liable when third parties use the product to infringe a copyright.¹⁸

It is often difficult to prove copying. Accordingly, the plaintiff usually relies on evidence to show that (1) the defendant had *access* to the work and (2) the defendant's work is *similar* enough to the original work to show copying. In general, where the plaintiff has strong proof of access, less similarity is required; and where similarity is readily apparent, less proof of access is needed.

To prove the final element—improper appropriation—plaintiff must show that the defendant copied so much of the original work that the two works are substantially similar.¹⁹

[2] Defenses

The *fair use* doctrine is the most important defense to infringement claims—and also the most confusing area of copyright law. In a nutshell,

¹⁷ See, e.g., *Community for Creative Nonviolence v. Reid*, 490 U.S. 730 (1989) (sculpture was not work made for hire); *Carter v. Helmsley-Spear, Inc.*, 71 F.3d 77 (1995) (sculpture was work made for hire).

¹⁸ See *MGM v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005).

¹⁹ See, e.g., *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 122 (2d Cir. 1930) ("A comedy based on conflicts between Irish and Jews, into which the marriage of their children enters, is no more susceptible of copyright than the outline of *Romeo and Juliet*."); see also *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001) (finding substantial similarity between the novel *Gone With the Wind* and a fictional work called *The Wind Done Gone*).

the doctrine allows “reasonable use” of copyrighted material without the owner’s consent. Whether a particular use is reasonable under the circumstances turns on a number of factors, including four set forth by statute: (a) the purpose and character of the use; (b) the nature of the copyrighted work; (c) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (d) the effect of the use on the potential market for the copyrighted work.²⁰ The defendant’s intent, the First Amendment protection for free speech, and other factors may also be relevant.

At bottom, the fair use doctrine seeks an appropriate balance between two goals: protecting the copyright owner’s monopoly and allowing the public to benefit from minimal use of the work. Broadly speaking, the doctrine tends to protect *transformative* uses—uses that rely on the copyrighted work as raw material to create new and different works.²¹ As the Supreme Court expressed it, “the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.”²² Thus, if K writes a new novel, the doctrine would permit L to quote short passages in her published review of the book. But fair use does not allow someone to simply reproduce and sell all of a copyrighted work; so L could not print and sell copies of K’s book.

[3] Remedies

The successful plaintiff may obtain several remedies: (a) an injunction against further infringement; (b) impoundment and destruction of all infringing copies; and (c) damages. The plaintiff may choose to recover either the actual damages suffered (plus the profits made by the infringer) or damages set by statute.

§ 6.03 Patents

[A] Overview

Like copyright, patent protection originates in the Constitution’s authorization for Congress “[t]o promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”²³ Also like copyright, patent protection is governed exclusively by federal law, in the form of statutes and interpretative case law. However, international principles increasingly affect domestic patent law. In particular, the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”), part of the treaty

²⁰ 17 U.S.C. § 107.

²¹ See, e.g., *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001) (fair use). But see *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1994) (not fair use).

²² *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

²³ U.S. Const. art. I, § 8. This rationale is, of course, purely utilitarian. Some scholars suggest that patent protection is also justified under natural law theory.

framework creating the World Trade Organization, has required all WTO members to adopt the same patent standards on various issues, such as the duration of patent rights.

The property rights of a patent owner (called a *patentee*) are limited. In order to obtain a patent, the applicant must publicly disclose enough information to allow others “skilled in the art” to make and use the invention. Competitors may use this data to create new, non-infringing inventions. Moreover, once the patent term ends, others may freely manufacture and sell the formerly-patented invention, thus reducing the cost to consumers.

[B] Patent Requirements

[1] Generally

Any person who “invents or discovers any new and useful process, machine, manufacture, or any composition of matter, or any new and useful improvement thereof” may obtain a patent.²⁴ The case law interpreting this standard has identified four necessary elements: (a) patentable subject matter; (b) utility; (c) novelty; and (d) nonobviousness.

Unlike copyright or trademark protection, which can arise without any government action, a patent must be approved by the U.S. Patent and Trademark Office (PTO). So suppose that inventor K has created a new device, which meets the four basic patent requirements. She must now file a patent application with the PTO, which includes the *claims* (the specific words used to describe the scope of the invention), a written description, and drawings of the invention, all of which are so “full, clear, concise, and exact” that a skilled person could make and use the invention.²⁵ After appropriate examination of the application, the PTO will issue the patent.

[2] Patentable Subject Matter

Only four types of inventions can be patented: a “process, machine, manufacture, and or any composition of matter.”²⁶ A *process* is essentially a technique or method of doing something; the inventions that fall in the other three categories, usually called *products*, are tangible physical objects. Thus, for example, an idea cannot be patented; but a process or product utilizing that idea may qualify for protection. Similarly, the laws of nature and physical phenomena are not patentable.

The Supreme Court explored the scope of patentable subject matter in *Diamond v. Chakrabarty*,²⁷ where a microbiologist sought a patent for a live, genetically-engineered bacterium; the bacterium had the ability to break down crude oil, making it potentially useful to mitigate the effect

²⁴ 35 U.S.C. § 101.

²⁵ 35 U.S.C. § 112.

²⁶ 35 U.S.C. § 101.

²⁷ 447 U.S. 303 (1980).

of oil spills. The Court noted that natural phenomena were not patentable: “[A] new mineral discovered in the earth or a new plant found in the wild is not patentable subject matter. Likewise, Einstein could not patent his celebrated law that $E=mc^2$ nor could Newton have patented the law of gravity.”²⁸ However, it stressed that the bacterium was qualitatively different—“a nonnaturally occurring manufacture or composition of matter—a product of human ingenuity.”²⁹

[3] Utility

An invention must be useful in order to qualify for a patent.³⁰ That is, it must provide some type of actual benefit. The amount of benefit provided is irrelevant. This requirement is satisfied by the vast majority of inventions sought to be patented; almost by definition, a rational person would normally not seek a patent for an entirely useless device. However, the issue sometimes arises where scientists working in biotechnology, chemistry, or related fields have created a new substance or process, but have not yet discovered a use for it. The Supreme Court responded to such a situation in *Brenner v. Manson*,³¹ with the comment that: “Until the . . . claim has been reduced to production of a product shown to be useful, the metes and bounds of that monopoly are not capable of precise delineation. . . . [A] patent is not a hunting license.”

[4] Novelty

Consistent with its goal of encouraging creative effort, the patent system only protects the inventor who has created a new or *novel* device. In other words, one may not secure a patent on another’s invention.³² In order to determine novelty, the PTO compares the invention with the *prior art*—that is, devices, patents, or publications that existed before the invention was created. Novelty is absent if the prior art contains “every element” of the invention and enables “one skilled in the art to make” it.³³

Closely related to novelty is the doctrine of statutory bar, which concerns events that occur *after* the date of invention but *before* a patent application is filed. Suppose that P invents a new device in 2007, thus meeting the novelty requirement. In 2008, Q independently creates the same device and describes it in a published scientific journal the same year. If P seeks a patent in 2010, her application will be denied due to a statutory bar. In general, if an invention is patented by another, or described in a printed

²⁸ *Id.* at 309.

²⁹ *Id.* See also *Moore v. Regents of the University of California*, 793 P.2d 479 (Cal. 1990) (involving patent for human cell line).

³⁰ 35 U.S.C. § 101.

³¹ 383 U.S. 519, 534-36 (1966).

³² See 35 U.S.C. § 102(a), (e), (f). This approach, usually called the “first-to-invent” standard, differs markedly from the international norm. In most nations, a patent is issued to the first inventor to file an application, even if another person was the “first-to-invent.”

³³ *PPG Industries, Inc. v. Guardian Industries Corp.*, 75 F.3d 1558, 1566 (Fed Cir. 1996).

publication, more than one year before the inventor files a patent application, the application will be denied.³⁴

[5] Nonobviousness

An invention which is obvious cannot be patented. The test is whether the differences between the invention and the prior art are such that the invention “would have been obvious at the time . . . to a person having ordinary skill” in the subject area.³⁵ In *Graham v. John Deere Co.*,³⁶ the Supreme Court identified four criteria to be considered in this analysis: (a) the scope and content of the prior art; (b) differences between the prior art and the claims at issue; (c) the level of ordinary skill in the pertinent art; and (d) “secondary considerations” such as commercial success of the invention, whether the invention meets “long felt but unresolved needs,” and failures by other inventors. In practice, nonobviousness is usually the most difficult element for a patent applicant to meet.³⁷ As the Supreme Court conceded in *Graham*, “[w]hat is obvious is not a question upon which there is likely to be uniformity of thought.”³⁸

[C] Rights of Patentee

[1] Nature of Rights

The patentee holds a negative right—the ability to prevent other people from making, using, or selling the invention within the United States. A patent issued by the PTO has no force or effect outside of this country. Thus, an inventor must file a separate patent application in each nation where she seeks patent protection. Of course, issuance of a patent does not itself allow the owner to begin selling the invention, because other regulatory approvals may be necessary.

[2] Duration of Rights

The standard term for a patent is 20 years from the date the patent application is filed. Suppose K files her application in 2007 and the PTO issues the patent in 2009. Between 2007 and 2009, K has no patent protection.³⁹ Once issued, K’s patent endures from 2009 until 2027. A patent cannot be renewed. Thus, in 2027, K’s invention enters the public domain.

As a practical matter, however, most patents end before the expiration of the 20-year term. In order to keep a patent in effect, the inventor must

³⁴ See 35 U.S.C. § 102(b), (d). Abandonment is also a basis for denial. 35 U.S.C. § 102(c).

³⁵ 35 U.S.C. § 103.

³⁶ 383 U.S. 1, 17 (1966).

³⁷ See, e.g., *Anderson’s-Black Rock, Inc. v. Pavement Salvage Co., Inc.*, 396 U.S. 57, 63 (1969) (combination of existing components was “not an invention by the obvious-nonobvious standard”).

³⁸ *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966).

³⁹ Thus, merely placing the phrase “patent pending” on a device has no legal significance. It merely signals that a patent application has been filed.

periodically pay maintenance fees to the PTO. Because most patents are not commercially viable, inventors often stop paying these fees; when this happens, the patent lapses.

[D] Infringement

[1] Standards for Infringement

A person is liable for *direct infringement* if he “makes, uses, offers to sell, or sells any patented invention within the United States” or if he imports such an invention into the United States, without the consent of the patentee.⁴⁰ It is not necessary to prove that the defendant intended to infringe another’s patent, or even that he knew such a patent existed. *Indirect infringement*—in effect, aiding and abetting direct infringement—is also actionable, but here the defendant’s intent to induce or contribute to infringement must be proven.

Assuming that a sale or other covered activity is proven, infringement analysis proceeds in two steps. First, the court examines the scope of the claims in the plaintiff’s patent application. Next, it compares the *claims* to the defendant’s *device* to determine whether they are either (a) identical or (b) so similar that any differences are insubstantial;⁴¹ if so, the defendant is liable for infringement, absent a special defense.

[2] Defenses

Although a patent is presumed to be valid, the defendant can avoid liability by proving the patent to be invalid. Misuse—which occurs when the patentee attempts to improperly extend the patent in order to monopolize the market for an unpatented component—is also a defense. Finally, the standard equitable defenses of estoppel and laches apply in an infringement action.

[3] Remedies

The basic remedy for patent infringement is a permanent injunction which prohibits the infringing activity. In addition, the successful patentee receives compensatory damages, measured by either his lost profits or a reasonable royalty, whichever is larger. The trial court has discretion to award up to three times the amount of compensatory damages, depending on the circumstances of the case.

⁴⁰ 35 U.S.C. § 271(a).

⁴¹ See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722 (2002) (discussing second prong, the “doctrine of equivalents”).

§ 6.04 Trademarks

[A] Overview

A *trademark* is any “word, name, symbol, or device” used by a person “to identify and distinguish his or her goods” from those sold by others, and “to indicate the source of the goods.”⁴² A word, name, symbol, or device used to identify or distinguish services is a *service mark*, and is largely governed by the same rules as a trademark.⁴³

As these definitions indicate, trademark protection has two main purposes. First, it ensures that consumers are not misled or confused about the origin of goods and services. Second, it encourages the trademark owner to provide quality goods or services by allowing him to “reap the financial, reputational-related rewards” that they generate.⁴⁴

Trademark law is a subdivision of unfair competition law, which mainly consists of common law. Thus, the historic foundation of trademark protection is state common law, unlike copyright and patent law, which arise from federal statutes. However, this common law foundation has been supplemented by the Lanham Act, which creates a federal trademark registration system and provides a variety of federal remedies for infringement. In addition, federal law has expanded traditional trademark law principles in two specialized areas: dilution and cybersquatting.

[B] Trademark Requirements

[1] Generally

Three requirements are necessary for trademark protection: (a) distinctiveness; (b) non-functionality; and (c) first use in trade. The trademark owner may elect to register the mark under the federal Lanham Act, but registration is not required for validity. Many states also provide optional registration systems.

As a practical matter, the vast majority of trademarks are registered under the Lanham Act because of the resulting benefits. For instance, the owner of a registered mark is entitled to bring an infringement action in federal court. In addition, a registered mark is presumed to be valid, so the plaintiff claiming infringement does not have the burden of proving validity. Finally, registration is deemed to be constructive use of a mark throughout the United States, which may expand the geographic protection that the mark receives.

⁴² 15 U.S.C. § 1127.

⁴³ Trademark law also protects *trade dress*—that is, the manner in which a product or service is packaged. See, e.g., *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001).

⁴⁴ *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 164 (1995).

[2] Distinctiveness

A mark must be *distinctive*—that is, it must allow the goods and services of one person to be distinguished from those of another. Under the Lanham Act, marks are grouped into four categories, in order of strength: (a) arbitrary or fanciful; (b) suggestive; (c) descriptive; and (d) generic.

An *arbitrary* or *fanciful* mark is one that, standing alone, suggests nothing about the nature of the product or service. For example, “Kodak” is a fanciful mark—one wholly invented by its holder. A *suggestive* mark, in contrast, uses existing words or symbols, but requires imagination to determine the nature of the products or services involved (e.g., “Coppertone” for suntan lotion). The marks in both categories are considered inherently distinctive. Thus, they may be registered without any proof that they have acquired secondary meaning, as discussed below.

A *descriptive* mark is one that describes some aspect of the product or service (e.g., “Play-Doh” for children’s clay). This type of mark does not qualify for protection unless it has acquired a *secondary meaning*—that is, unless the public comes to associate the mark with a particular source for a certain product or service. For example, in *Qualitex Co. v. Jacobson Products Co., Inc.*,⁴⁵ the Supreme Court held that the use of a color (green-gold) on dry cleaning press pads could be a trademark, because it had attained secondary meaning. The Court reasoned: “It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes. . . . And, for that reason, it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.”⁴⁶

Finally, a *generic* mark—one that is frequently used to refer to a type of goods or services (e.g., “Jelly Beans”)—cannot qualify for any protection, because it cannot serve to distinguish their origin.⁴⁷

[3] Non-Functionality

The second requirement is non-functionality. Patent law provides intellectual property protection for useful or *functional* inventions. Thus, if an aspect of a product is exclusively functional, it cannot be protected by trademark law; instead, any protection must be found under patent law. The Supreme Court explained in *Qualitex* that a product feature is functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”⁴⁸

⁴⁵ 514 U.S. 159 (1995).

⁴⁶ 514 U.S. 159, 164 (1995).

⁴⁷ See, e.g., *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) (“shredded wheat” was generic).

⁴⁸ *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 165 (1995).

[4] First Use in Trade

Finally, the mark must be actually *used in trade*—a bona fide use in marketing goods or services in the ordinary course of business. At common law, the first person to use a mark in trade in a particular geographic area secured protection for the mark within that region. This meant, of course, that another person was free to use the mark in a different region.⁴⁹

The Lanham Act somewhat narrows this requirement by mandating that the mark must be “used in commerce” in order to qualify for federal registration; this means that goods bearing the mark must be actually transported or sold. However, the Lanham Act expands the geographic scope of protection because federal registration is deemed to be *constructive use* of the mark throughout the United States, as noted above. Suppose A first uses a mark in New York in 2008 and obtains federal registration in the same year; if B tries to use the same mark in Oregon in 2009, A can enjoin B’s use, even though A has never used the mark in Oregon.

[C] Rights of Trademark Owner

[1] Nature of Rights

In general, the trademark owner holds the exclusive right to use the mark inside the United States in connection with his goods or services. Thus, he may bar competitors from using that mark—or one that is confusingly similar—in a manner that may mislead consumers. The antidilution and cybersquatting laws, as discussed below, are modern additions to this basic protection.

International law is moving slowly toward a truly global trademark system. The United States took a significant step in this direction when it joined the Madrid Protocol. Under this Protocol, one who owns a trademark registered in the United States may file a single application for trademark protection within the boundaries of all other Protocol signatories—now more than 65 nations.

[2] Duration of Rights

At common law, an owner may continue to use the mark forever, unless it is abandoned or forfeited. However, federal registration endures only for ten years, at which time it must be renewed; an infinite number of renewals are available.

⁴⁹ See, e.g., *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916).

[D] Enforcement of Rights

[1] Infringement

[a] Standards for Infringement

In order to prevail in an infringement action under the Lanham Act, the plaintiff must prove: (a) he holds a valid mark; (b) the defendant has used “in commerce” a copy or imitation of the mark; and (c) the defendant’s use is “likely to cause confusion, or to cause mistake, or to deceive.”⁵⁰

The central issue in most infringement cases is the final element—likelihood of confusion.⁵¹ In other words, would an “appreciable number of ordinarily prudent consumers”⁵² be confused into thinking that the defendant’s goods or services are related to the plaintiff’s mark? In answering this question, courts consider a number of factors, including: (a) the similarity of the marks; (b) the strength of the plaintiff’s mark; (c) the similarity of the two parties’ goods or services; (d) any evidence of actual confusion; and (e) the defendant’s intent.

[b] Defenses

A variety of affirmative defenses are available to the defendant in an infringement action, including abandonment of the mark,⁵³ fair use,⁵⁴ and the traditional equitable defenses (e.g., laches, unclean hands).

[c] Remedies

The most common remedy is an injunction against further infringement. Alternatively, especially where the risk of confusion is minor, a court may instead require the defendant to use a disclaimer in connection with his goods or services (e.g., “Not connected with ___”). The court may also award a monetary judgment, usually equal to the defendant’s profit, plus any other compensatory damages suffered by plaintiff and costs; in the case of willful infringement, the court may award treble damages. Finally, the court may order the seizure and destruction of goods bearing the infringing mark.

[2] Dilution

In 1995, Congress adopted the Federal Trademark Dilution Act, which prohibits the dilution of a famous mark under certain circumstances.⁵⁵ In

⁵⁰ 15 U.S.C. § 1114(1)(a).

⁵¹ See, e.g., *Packman v. Chicago Tribune Co.*, 267 F.3d 628 (7th Cir. 2001) (finding no likelihood of confusion); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987) (same).

⁵² *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978).

⁵³ See, e.g., *Silverman v. CBS, Inc.*, 870 F.2d 40 (2d Cir. 1989) (finding abandonment).

⁵⁴ See, e.g., *Packman v. Chicago Tribune Co.*, 267 F.3d 628 (7th Cir. 2001).

⁵⁵ Most states also provide antidilution protection by statute. See, e.g., *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482 (10th Cir. 1987) (discussing New Mexico’s antidilution statute).

this context, *dilution* means “lessening the capacity of a famous mark to identify and distinguish goods and services,” in the absence of any actual competition with that mark or any likelihood of confusion.⁵⁶ Thus, the owner of a famous mark may obtain an injunction against another person’s use of that mark in commerce, if the use (a) begins after the first mark has become famous and (b) causes dilution of the famous mark.⁵⁷

For example, in *Panavision International, L.P. v. Toeppen*,⁵⁸ defendant Toeppen created a web site using the domain name “Panavision.com,” which featured a picture of the city of Pana, Illinois. Plaintiff, holding the registered trademark to the name “Panavision,” sued for trademark dilution and secured an injunction. The Ninth Circuit noted that defendant’s web site diluted the value of the trademark because potential customers of Panavision “will be discouraged if they cannot find its web page by typing in ‘Panavision.com,’ but instead are forced to wade through hundreds of web sites.”⁵⁹

[3] Cybersquatting

The 1999 Anticybersquatting Consumer Protection Act directly confronted the growing problem of cybersquatting on the Internet. *Cybersquatting* occurs when a person registers the domain name of a well-known trademark in order to profit from the mark, either by selling the domain name to the trademark owner or diverting business from the owner. Under federal law, a trademark owner may sue anyone who, acting with bad faith, registers or uses a domain name that is (a) identical or confusingly similar to a distinctive mark or (b) identical, confusingly similar to, or dilutive of a famous mark.⁶⁰

§ 6.05 Rights in News: *International News Service v. Associated Press*

Under limited circumstances, the common law protects mere information, regardless of its form. The leading case is *International News Service v. Associated Press*,⁶¹ where plaintiff Associated Press complained that defendant International News Service was pirating and reselling the news that plaintiff had gathered. The articles that plaintiff distributed to its customers could be copyrighted, but not the information they contained. Stressing that defendant was appropriating material that plaintiff had acquired through the investment of labor, skill, and money, and was thus “endeavoring to reap where it has not sown,” the Supreme Court held that

⁵⁶ 15 U.S.C. § 1127.

⁵⁷ 15 U.S.C. § 1125.

⁵⁸ 141 F.3d 1316 (9th Cir. 1998).

⁵⁹ *Id.* at 1327.

⁶⁰ 15 U.S.C. § 1125(d).

⁶¹ 248 U.S. 215 (1918).

plaintiff had a temporary “*quasi* property” right in its news for so long as the news retained commercial value.⁶²

Dissenting, Justice Brandeis restated the traditional common law view: “The general rule of law is, that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—become, after voluntary communication to others, free as the air to common use.”⁶³ Consistent with this sentiment, later courts have generally refused to extend the *INS* approach beyond the narrow context of “hot news.”

§ 6.06 Rights of Publicity

[A] Nature of Rights

The last fifty years have witnessed the evolution of a new form of intellectual property: a celebrity’s right of publicity. In most jurisdictions, an actor, politician, or other famous person has a property right to the exclusive use of his name and likeness for financial gain.⁶⁴ For example, if L renames his liquor store “George W. Bush’s Liquor Store,” George Bush could sue to enjoin this unauthorized use of his name.⁶⁵

Some courts have extended this protection to the more amorphous concept of a celebrity’s “identity” or “persona.”⁶⁶ An example is *White v. Samsung Electronics America, Inc.*,⁶⁷ where Vanna White, co-host of the television game show *Wheel of Fortune*, claimed that defendant’s advertisement appropriated her identity. It showed a robot (with hair and attire similar to White’s) next to a copy of the *Wheel of Fortune* game board, with the legend “Longest-running game show. 2012 A.D.” Even though White’s name and likeness were not used, the Ninth Circuit concluded that her right

⁶² *Id.* at 239, 242. For an analysis of this decision, see Douglas G. Baird, *Common Law Intellectual Property and the Legacy of International News Service v. Associated Press*, 50 U. Chi. L. Rev. 411 (1983). See also *National Basketball Ass’n v. Motorola, Inc.*, 105 F.3d 841, 845 (2d Cir. 1997) (holding that *INS* doctrine still protects against misappropriation of “hot news” under limited circumstances).

⁶³ *International News Serv. v. Associated Press*, 248 U.S. 215, 250 (1918) (Brandeis, J., dissenting).

⁶⁴ *But see* *Maritote v. Desilu Productions, Inc.*, 345 F.2d 418 (7th Cir. 1965) (family members of Al Capone could not recover for appropriation of his name and likeness by company that produced television show about his life).

⁶⁵ See, e.g., *Martin Luther King, Jr. Center for Social Change v. Am. Heritage Prods*, 296 S.E.2d 697 (Ga. 1982); *State of Tennessee ex rel. Elvis Presley Int’l Memorial Found. v. Crowell*, 733 S.W.2d 89 (Tenn. Ct. App. 1987). Cf. *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977) (under Ohio law, right of publicity allowed entertainer who performed “human cannonball” act to recover damages from television station that aired videotape of act without permission).

⁶⁶ See, e.g., *Midler v. Ford Motor Company*, 849 F.2d 460, 463 (9th Cir. 1988) (extending protection to unique voice of Bette Midler, because “[a] voice is as distinctive and personal as a face . . . [t]o impersonate her voice is to pirate her identity.”).

⁶⁷ 971 F.2d 1395 (9th Cir. 1992).

of publicity had been invaded because the robot figure would remind a reasonable viewer of White.⁶⁸

[B] Critique

Recognition of a celebrity's right of publicity presents troubling questions. All creative effort builds on the foundation of the past. As the definition of intellectual property is extended to encompass more of that foundation, we may impair creativity in the future. As Judge Kozinski observed in a later chapter in the *White* saga, "[o]verprotection stifles the very creative forces it's supposed to nurture."⁶⁹

Another concern is interference with freedom of speech. Famous people are part of the fabric of American culture and history. Even as the scope of protected intellectual property expands, the right of free speech contracts.⁷⁰ In *Martin Luther King, Jr. Center for Social Change v. American Heritage Products*,⁷¹ for example, the Georgia Supreme Court held that the defendant could not manufacture and sell plastic busts of Dr. Martin Luther King, Jr. A concurring justice wondered—and rightly so—whether this rule would prohibit other uses of King's name or likeness, such as a portrait for the state capitol, a statue for a local park, or a book about his life.⁷²

⁶⁸ See also *Wendt v. Host International, Inc.*, 125 F.3d 806 (9th Cir. 1997) (suggesting that defendant appropriated the identities of former cast members of the television show *Cheers* by placing robots based on their likenesses in airport bars modeled on the *Cheers* set).

⁶⁹ *White v. Samsung Electronics America, Inc.*, 989 F.2d 1512, 1513 (9th Cir. 1993) (Kozinski, J., dissenting).

⁷⁰ One example of an attempt to reconcile the First Amendment with the right of publicity is *Comedy III Productions, Inc. v. Gary Saderup, Inc.*, 21 P.3d 797, 810 (Cal. 2001), where the California Supreme Court held that the First Amendment did not allow an artist to create and sell shirts bearing the likenesses of the Three Stooges; the court reasoned that an artist's work was protected by the First Amendment "inasmuch as it contains significant transformative elements or . . . the value of the work does not derive primarily from the celebrity's fame."

⁷¹ 296 S.E.2d 697 (Ga. 1982).

⁷² *Id.* at 708–09 (Weltner, J., concurring).