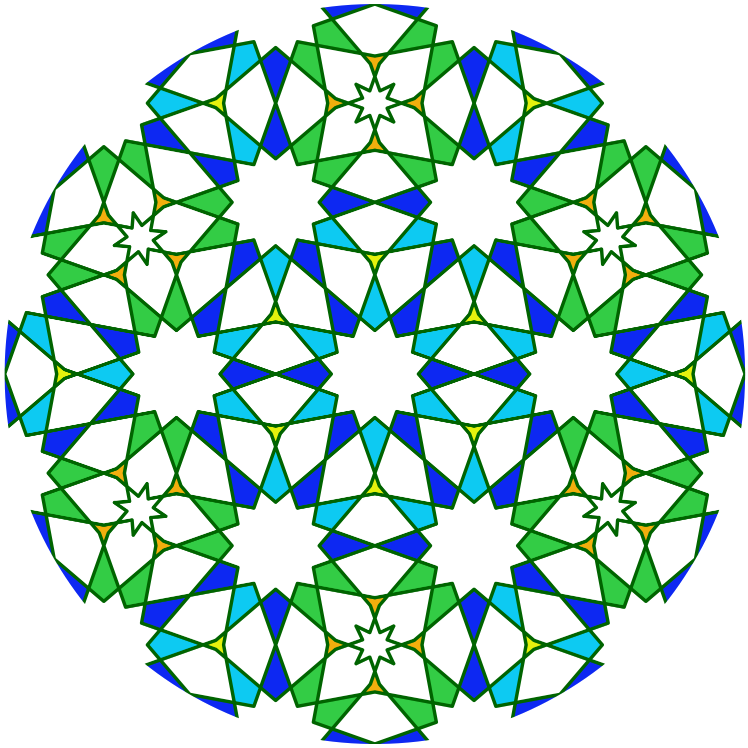

Information Property

Second Edition

James Grimmelmann

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Introduction

Information property consists of *private rights to prevent other people from using information*. This textbook provides a broad introduction to the bodies of law that create these rights, and a systematic way of thinking about legal problems involving the control of information.

The traditional name for this field of is "intellectual property," but I think that "information property" is more descriptively accurate. When you see the abbreviation "IP," I hope you will remember that the I can stand for "information" as well as for "intellectual."

If you are used to American casebooks, this book may strike you as eccentric. So a few words are in order on what this book does, and why.

A Textbook, not a Casebook

This textbook is a spiritual successor to my earlier casebook *Patterns of Information Law*. The reason for the change in genre is that I no longer believe that reading cases to extract their facts and holdings method is the best way to learn IP law at the survey level. I have nothing against casebooks as such; indeed, I have written several casebooks and I regularly I teach other doctrinal courses using the case method.

Instead, this is a point specifically about IP law. I believe that IP has a consistent deep structure, one that is visible in every IP field. What distinguishes these fields from each other are the ways in which they play inventive variations on the same few basic themes. Rather than slowly work outwards individual cases towards a broader view, I would rather put the themes front and center and then describe how they play out in individual cases in such full, clear, concise, and exact terms as to enable any student to become skilled in the art of recognizing and applying them.

Thus, this book contains very few extended case excerpts. The book discusses plenty of cases, but they are mostly there as vivid illustrations of the rules in action. There are a few exceptions, but they fall into one of three categories:

- First, some important doctrines are fact-intensive inquiries, such as trademark's multi-factor likelihood of confusion tests. Applying these tests is a craft that must be learned by doing, so I have included extended passages from cases in which courts do that job conscientiously.

- Second, some cases are so quotable that trying to summarize them would be gilding the lily. I cannot improve on Justice Holmes's statement of the aesthetic nondiscrimination principle in *Bleistein*, so I have not tried to.
- And third, some cases are such perfect discussion fodder that it makes sense to read them in the original. An example is *E.I. DuPont deNemours & Co. v. Christopher*, the famous aerial-espionage trade secret case. Almost everything you need to know about improper means is in there.

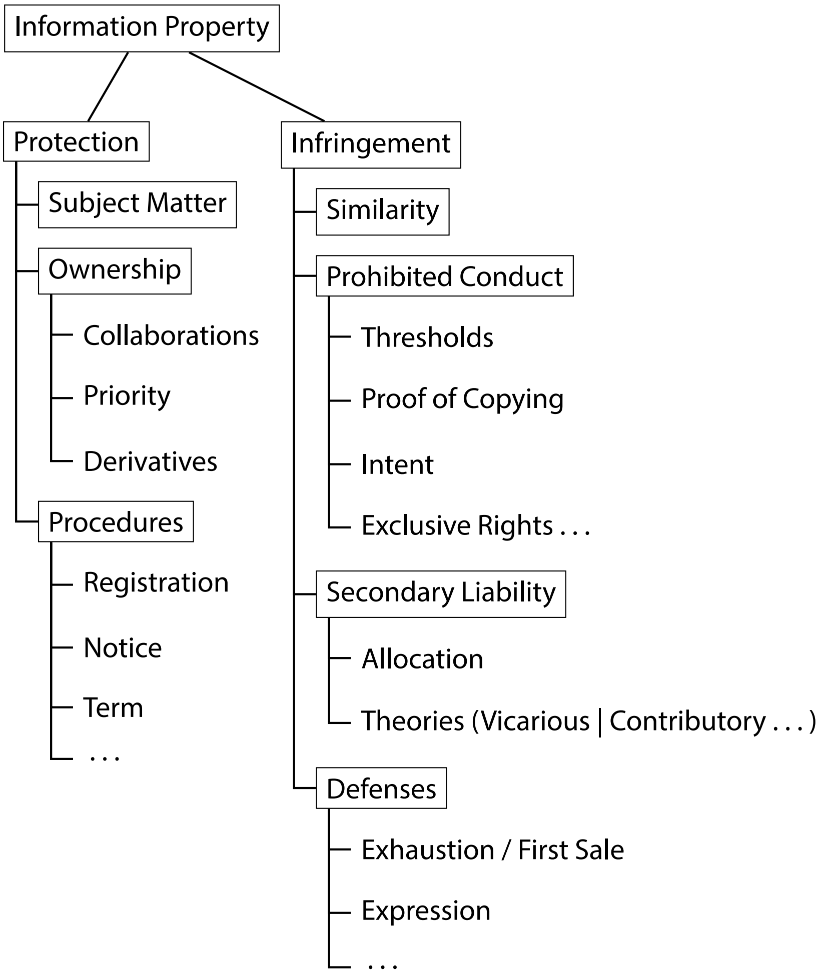
Instead, the skills this book emphasizes have to do with *solving legal problems*. Each chapter concludes with numerous questions and exercises. While I think the text hangs together on its own, I strongly urge you to work through them all. This book is designed to provide a structured framework for using IP law to solve legal problems, and plenty of practice in doing so. The questions and exercises are an essential part of building those skills.

A Taxonomy of IP

To make the internal logic of each IP field clearer, and to facilitate comparisons between them, I have imposed a rigorous structure on them.[1] The two basic issues for any form of IP are ***protection*** and ***infringement***. Both are required to find a defendant liable, which means that both are in play in every case.[2]

I subdivide protection into ***subject matter***, ***ownership***, and ***procedures***—roughly "what?", "who?" and "how?" Subject matter doctrines determine what kinds of information are protectable, ownership doctrines determine who (if anyone) actually has rights in protectable information, and procedural doctrines determine what they must do to obtain, maintain, and enforce those rights. In copyright, for example, subject matter includes *Feist*'s famous "modicum of creativity" and the idea/expression dichotomy; ownership includes joint works, works made for hire, and derivative works; and procedures include term, registration, deposit, notice, and fixation. Subject-matter doctrines tend to consist of a mixture of rule-like categorical exclusions and standard-like thresholds of protection, although the details vary immensely among IP areas.

1. The only exceptions are those fields, like geographic indications, discussed too briefly to bother with the full structure.
2. For more on the relationship between protection and infringement, see Mark A. Lemley & Mark P. McKenna, *Scope*, 57 William & Mary L. Rev. 2197 (2016).



Generic Outline of Every IP Field

Recurring issues within ownership include rules to allocate ownership within ***collaborations***, rules to assign ***priority*** among competitors, and rules for ***derivative*** creation that builds on others' information. The most common procedural issues involve ***registration***, ***notice***, and the ***term*** of protection.

I subdivide infringement into ***similarity***, ***prohibited conduct***, ***secondary liability***, and ***defenses***. Similarity doctrines compare the plaintiff's information and the defendant's; prohibited-conduct doctrines ask what the defendant did with that information. Important subtopics of prohibited conduct include ***threshold*** conditions like Lanham Act § 43(a)(1)(B)'s "in commercial advertising or promotion," ***intent*** requirements (or their absence), and ***proof of copying*** from the plaintiff. Secondary liability doctrines include the various theories by which one party can be held liable for another's infringement, as well as the ***allocation*** rules that decide which defendants' conduct should be analyzed as direct infringement and which as secondary.

Some IP defenses are idiosyncratic, like the compulsory mechanical license in copyright or the vestigial experimental-use defense in patent. But others display systematic consistency across almost all of IP. The ***exhaustion*** defenses, which define the interface between IP rights in information and personal property rights in tangible things, are especially revealing. While every IP field embraces the exhaustion principle, each puts characteristically different limits on it. Another cluster of common defenses protect ***expressive*** uses. Sometimes these limits are internal to the doctrinal logic of an IP field; sometimes they appear as separate defenses; sometimes they are explicitly stated as First Amendment requirements. Again, both the similarities and the differences are instructive.

For the most part, this book covers each of these topics for each IP field. The order varies a bit (the complexity and centrality of patent prosecution means it makes sense to address patent procedures before patent ownership), sometimes the divisions aren't worth insisting on (in trademark, similarity tests are just one factor in likelihood-of-confusion tests), and some areas omit one or more entirely (there are no meaningful procedural prerequisites to protection against false advertising). But these sections all more or less stick to this structure. These seven topics—subject matter, ownership, procedures, similarity, prohibited conduct, secondary liability, and defenses—suffice to give a reasonably clear account of how an IP field looks at the world.

I have also pulled out some subject-matter-specific parts of traditional IP fields to chapters dedicated to IP fields that more squarely address those subject matters. The most obvious example is that I defer useful articles in copyright and functionality in trademark until a separate design chapter, so that I can discuss them alongside design patent.

I have made every effort to make this book accessible to all, regardless of one's previous background in IP or technology. I regularly teach an IP survey course from this book to a mixed class of law students and non-law students. The law students include both JD students and LLM students, some of whom are American-trained and some of whom are foreign-trained, some of whom have had previous IP coursework, and some of whom have not. The non-law students include graduate students at the masters' and doctoral levels in computer science, information science, and business. I have not perfectly succeeded, but I have tried my best, and if you find places where you the book inappropriately assumes some piece of background knowledge, please tell me about them.

I have also done my best to make this book suitable for both classroom use and self study. I teach a survey course in which this book is the primary text; we spend a significant portion of our class time on the questions and problems. IP teachers, please feel free to use these problems as a source for your own discussions; IP students, please feel free to use this book as a supplement to your own studies.

A Word About Words

It is common to refer to IP law as giving IP owners "exclusive rights" over information. The phrase is right there in the Constitution, which empowers Congress to give "Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[3] But both words conceal controversial ambiguities.

"Exclusive" could mean that an IP ower can *exclude others* from using the information; this is the same sense as in a landowner's "right to exclude" trespassers. Or it could mean that they are the *only one* who has these rights; this is the same sense as in "the exclusive club of Grand Slam winners." IP rights are often exclusive in both senses, but this can lead to confusion over which sense is important in a given context. It can also lead to the incorrect assumption that IP rights are inherently always completely exclusive in both senses, but we will meet plenty of cases in which one or the other is missing. I will use the phrase throughout this book as a rough summary of the kind of rights that IP rights are, but the devil is always in the details.

"Rights" has a different problem. In IP law, it usually refers to the IP owner's *right to prevent others* from using the information. But the phrase by itself looks like it could also refer to the owner's *right to use the information* themselves. IP ownership often comes without this second kind of right: you could have a patent on an invention and still be unable to use the invention because someone else has a patent on a technology incorporated in it. The legal scholar Wesley Newcomb Hohfeld proposed to avoid this ambiguity by calling the first kind of right (to prevent someone else from doing something) a ***claim right*** and the second kind (to do something yourself free from someone else's (claim) right to stop you) a ***privilege***.[4] His point is exactly right, but his terminology hasn't stuck. Whenever I refer to an IP owner's "rights" in this book, I mean the first kind—to prevent others from using information—except where I clearly say otherwise.

Finally, the "property" in "intellectual property" is controversial. Some scholars think it falsely implies that all of the doctrines and rules that apply to physical property automatically apply without change to IP.[5] Instead, some of them say, IP is a form of regulation: a government

3. United States Constitution art. I § 8 cl. 8 (1789).
4. *See* Wesley Newcomb Hohfeld, *Some Fundamental Legal Conceptions as Applied in Judicial Reasoning*, 23 Yale L.J. 16 (1913); Wesley Newcomb Hohfeld, *Some Fundamental Legal Conceptions as Applied in Judicial Reasoning*, 26 Yale L.J. 710 (1917).
5. *E.g.,* Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 Tex. L. Rev.

grant of a monopoly over some information. Others think the exact opposite, that IP truly is property in every meaningful sense, and there is no justification for treating it any differently.[6] These issues are beyond the scope of an introductory survey textbook. For our purposes, "intellectual property" is the standard term of art, so we will use it.

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All of my own contributions to this book—including any original writing, edits to existing materials, and the selection and arrangement of those materials—are hereby made available for free reuse under the terms of the Creative Commons Attribution 4.0 International license. Please let me know if you are interested in adapting this book and would like access to its source code. I am always eager to learn about and learn from others' ideas.

Editing

My editorial technique is borrowed from *Sweeney Todd*: extensive and shocking cuts. These are pedagogical materials, not a legal brief. I have not put words in anyone else's mouth, but I have been unconcerned with the usual editorial apparatus of ellipses and brackets. I drop words from sentences, sentences from paragraphs, paragraphs from opinions—all with no explicit indication that anything is gone. I also reorder paragraphs and sometimes sentences as needed to improve the readability of a passage. My goal is to make it easy for the reader. If it matters to you what the original said, consult the original.

Similarly, I have been ruthless in pruning citations. Editorial conventions that make sense in briefs and opinions are not appropriate for teaching materials. Generally, I have kept citations in quoted materials only when the source being cited is important in its own right or when the citation is impossible to remove without great awkwardness. I have had no qualms about attributing to courts things they quoted other courts as saying.

1031 (2005).

6. *E.g.*, Adam Mossoff, *The Injunction Function: How and Why Courts Secure Property Rights in Patents*, 96 Notre Dame L. Rev. 1581 (2021).

Colophon

This book was typeset using the LaTeX document preparation system created and supplemented by Donald Knuth, Leslie Lamport, and many others. The citations are formatted using Charles Duan's Hereinafter package. The body text is set in Baskerville Neo, a modern revival by František Štorm of the classic transitional typeface designed by John Baskerville in the 1750s. Case excerpts and other quotations are set in a set in a contrasting typeface, John Sans, a grotesque sans-serif created by Štorm as a complement to Baskerville Neo. Section headings, running heads, and other occasional miscellany are set in Robert Slimbach and Carol Twombly's Myriad. The accent color, RGB `#B31B1B`, is Carnelian, a/k/a Cornell red. The cover design is a radially symmetric 12-fold Islamic pattern laid out using GeoGebra Classic 6 tutorial and pattern Sarah Brewer, based on a seed by Samira Mian. I am grateful to all of them for their work to promote the progress of science and useful arts.

I am a human and I wrote everything in here myself. Not the quoted passages or the images; those are obviously not mine. But the rest of the words are, and so are all of the typographic and design choices. I did not use an LLM to generate any of these. I did, however, have the assistance generative-AI in two ways. First, I have used Claude Opus 5 and Sonnet 5 as search engines to identify relevant sources and authorities (e.g., to help me find good articles to cite for and against the view that IP is "property"). Second, I have used these same services to debug and add features to the LaTeX code (e.g., using tabluar rather than proportional numerals in the table of contents). Of course, the ultimate responsibility for anything in here is mine alone.

This book in its present form was compiled for my Fall 2026 Intellectual Property survey course at Cornell Tech. I am sure that many errors and omissions remain. I welcome any comments, suggestions, or corrections and will try to incorporate them in future versions.

Acknowledgments

This book is dedicated to Aislinn Black, without whom it would not exist. Many other people have contributed to its development, knowingly or not. Please do not blame them for it.

I particularly want to thank the students at New York Law School, the University of Maryland, and Cornell University whom I have subjected to draft versions of this book over the years. They have been more patient with my pedagogical experiments than I had any right to expect, and they have gently pointed out many glitches and outright mistakes. At Cornell, Connor Flannery JD '23 and Angelina He JD '23 provided diligent research assistance. They helped set up the bibliographic database

of citations, checked the manuscript for typos and other mistakes, and hunted down illustrations. Others who have given corrections, provided materials, or made suggestions include Bryan Choi, Ralph Clifford, Elizabete Ludborza, and Brian Pyne. The Sawzie concept and photograph are by James Major.

Many scholars, teachers, judges, and lawyers have blazed trails through the overgrowth that is IP law; I have benefited from their work and I hope they will find in here the occasional useful shortcut or scenic detour. Although in places I respectfully disagree with the editorial choices of other IP casebooks, I have learned a great deal from them, especially when it comes to finding vivid cases.

I owe an immense debt to the Georgetown IP Teaching Resources database created and maintained by Rebecca Tushnet. Many of the images that adorn the pages of this book came from the Database, and I have also been significantly influenced by Tushnet's argument that IP teaching benefits from a multimedia approach.[7]

Changes in the Second Edition

The changes from the First Edition are comparatively slight. The most significant ones are that I have revised the coverage of secondary liability in patent and copyright in light of *Hikma Pharmaceuticals USA Inc. v. Amarin Pharma, Inc.* and *Cox Communications, Inc. v. Sony Music Entertainment*, respectively, added coverage of co-ownership and failure to police in trademark law, clarified the role of intent in trademark and advertisng law, and added a new section on some fun miscellaneous examples of identifier registries.

In Closing

This book is by no means the only way to think about IP law. It is, however, how I think about IP law. There is no fancy fare in this restaurant; I have set the table with the dishes I cook for myself at home. I hope that you enjoy your time dining here as much as I have enjoyed mine in the kitchen.

August 2026
James Grimmelmann
Cornell Tech and Cornell Law School
`james.grimmelmann@cornell.edu`

7. *See* Rebecca Tushnet, *Sight, Sound and Meaning: Teaching Intellectual Property with Audiovisual Materials*, 52 St. Louis U. L.J. 891 (2008).

1

Undeveloped Ideas

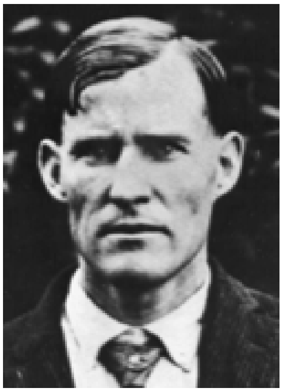
To understand intellectual property law, it is necessary to understand the problems it tries to solve. It is not always easy to see these problems clearly in our actual world, where IP rights are abundant. Arguments about whether novelists would still write books without copyright are counterfactual, because books are protected by copyright, and have been for hundreds of years.

One way to see a world without IP is to look back in time, at what our world was like before the development of modern IP law. We will do this repeatedly in this book: to see why a particular IP regime is thought necessary, we will look at the arguments made for its initial enactment. Sound-recording copyright responded to specific perceived failures in the business of making music; plant patents and plant variety protections respond to specific perceived failures in the business of growing things.

But another way to see a world without IP is to look around today at the *negative spaces* of IP. These are areas where, for one reason or another, IP laws do not apply.[1] Examples (some of which we will examine in more detail) include fashion designs, recipes, sports plays, stand-up comedy, magic tricks, and roller-derby nicknames. For its own good and sufficient reasons, IP law has decided to leave these negative spaces alone, which means we can examine what happens in them, like cell cultures growing in a Petri dish, to see what happens in a miniature world without IP.

This chapter deals with one particular such negative space: the submission of undeveloped ideas. These ideas, for various reasons, fail to qualify for protection under the various bodies of intellectual property law. And yet they still have value, which means there are rewards to be reaped by anyone who can create them and get them into the right hands. Ideas are interesting because it can be surprisingly hard for people who have information to sell it to people who can make use of it. This chapter

1. *See* Elizabeth L. Rosenblatt, *A Theory of IP's Negative Space*, 34 Colum. J.L. & Arts 317 (2011).



Floyd Collins (1887–1925)

Diagram of the cave where Collins was trapped

Victor Desny (1906–79)

Billy Wilder (1906–2002)

is a case study in *transactability*: why people pursue deals for ideas, why those deals can be hard to make, how people sometimes manages to surmount those obstacles and make deals anyway, and what can go wrong when they try.

A Arrow's Information Paradox

The year was 1949, and a D-list actor named Victor Desny had a crackerjack idea: someone should make a movie about the death of the caver Floyd Collins. Back in 1925, Collins had been exploring a cave in Kentucky when a rock fell on his leg, pinning him where he was and trapping him about 50 feet underground. At first, his friends were able to reach him from the cave's entrance, but then another cave-in made it too dangerous for them to continue. It took two weeks to dig a rescue shaft to reach him, but by then Collins had already died. Like the story of the Thai soccer team trapped in a cave in 2018, it was a media sensation, but with a tragic ending.

Like anyone else with a valuable idea, Desny had a choice to make. He could develop the idea himself, or he could sell the idea to someone else. Since Desny, like the vast majority of Americans in 1949, didn't have

Ace in the Hole theatrical poster

a movie studio of his own, or hundreds of thousands of dollars lying around, developing it himself was out of the question. So he picked up the phone and called the office of the director Billy Wilder at Paramount Studios. Wilder, one of the most commercially successful and critically acclaimed directors of Hollywood's "Golden Age," was responsible for classics including *Double Indemnity* (1945), *Sunset Boulevard* (1950), and *Some Like It Hot* (1960).

Desny's plan was that Wilder would direct a movie based on the Floyd Collins story, that Paramount would produce and distribute it, and that he would be paid for suggesting it. The plan almost worked. Wilder did direct a movie based on the Floyd Collins story. It was called *Ace in the Hole*, and it starred Kirk Douglas as a newspaperman who manipulates the story in ways that sell papers but (spoiler alert!) ultimately lead to the unfortunate caver's death. Paramount did release it. The movie was a commercial flop, taking in $1.3 million for the studio as against a $1.8 million budget, but its reputation has risen over time as its bleak perspective on the media has come to seem prescient. The only part missing, from Desny's perspective, was the part where he got paid. Wilder and Paramount never called him back, sent him royalties, or acknowledged his existence.

Desny's problem was that his big idea was an *idea* – a movie about Floyd Collins – and ideas are not protected by copyright, or by any other kind of IP. This means that anyone can do just what Wilder and Paramount did: use the idea without permission or payment, *even if they got the idea from someone else*. There are extremely good reasons that ideas are not protectable, but this negative space creates practical problems for people like Desny who have ideas and want to develop them. In the

Kenneth J. Arrow (1921–2017)

absence of a preexisting right to stop Paramount from using the idea for a movie about the tragic death of Floyd Collins, how can he negotiate with Paramount to sell it the idea to make a movie about the tragic death of Floyd Collins? As Justice Jesse Carter put it in a concurring opinion in *Desny v. Wilder*, the suit Desny filed once he realized that Paramount was making a Floyd Collins movie without him,

> It should also be borne in mind that writers have no way of advertising their wares – that, as is most graphically illustrated by the present opinion, no producer, publisher, or purchaser for radio or television, is going to buy a pig in a poke. And, when the writer, in an earnest endeavor to sell what he has written, conveys his idea or his different interpretation of an old idea, to such prospective purchaser, he has lost the result of his labor, definitely and irrevocably. And, in addition, there is no way in which he can protect himself. If he says to whomever he is permitted to see, or, as in this case, talk with over the telephone, "I won't tell you what my idea is until you promise to pay me for it," it takes no Sherlock Holmes to figure out what the answer will be![2]

This is *Arrow's Information Paradox*, named for the economist Kenneth Arrow, who pinpointed the problem.[3] Paramount wants to buy an idea for a hit movie, but it doesn't want to pay until it knows enough about the idea to know that it's a potential hit, and not an obvious flop. Desny wants to sell an idea, but he doesn't want to disclose it until he knows that he's going to get paid. The buyer wants to hear the idea first and then pay;

2. Desny v. Wilder, 46 Cal. 2d 715, 754–55 (1956).
3. Kenneth J. Arrow, *Economic Welfare and the Allocation of Resources for Invention*, *in* The Rate and Direction of Inventive Activity: Economic and Social Factors 609 (1962).

the seller wants to get paid first and then describe the idea. In Arrow's words:

> There is a fundamental paradox in the determination of demand for information; its value for the purchaser is not known until he has the information, but then he has in effect acquired it without cost.[4]

The seller of a hammer or an orange can put it on a shelf and let potential buyers inspect it; the seller of information has no such option. Information is different. As legal scholar James Boyle observes, markets need information about the commodities being bought and sold to work, but when information is itself the commodity being bought and sold, the usual logic breaks down.[5]

The problem is especially acute for creators who can't commercialize undeveloped ideas on their own. If you have an idea for an improved design for a stepstool, you might be able to rent a small workshop space and start cranking out stepstools. But if, like Desny, you have an idea for a movie that will cost $1.8 million to produce (about $18 million in 2021 dollars, adjusting for inflation), you need to partner with a movie studio to produce it. In an important sense, Desny and Paramount need each other, and yet the nature of information makes it hard for them to trust each other.

B Contract Law

Ideas may not protected as such, but that does not mean they are not protected at all. Even in a world without *intellectual property law*, there is still a baseline of *law*: property, contract, tort, criminal law, and so on all still apply. Paramount isn't allowed to send a squad of goons over to Desny's house to rough him up until he turns over his movie idea, any more than Desny is allowed to steal cash out of the safe on the Paramount backlot.

In particular, properly formed contracts are generally enforceable. Desny knew this. After he finished summarizing the story for Wilder's secretary and she promised to talk it over with the director, Desny emphasized that "I wrote the story and that I wanted to sell it," and the studio could use it only if they paid him "the reasonable value of it." She agreed, saying that if Paramount used it, "naturally we will pay you for it."

This was a contractual promise, or rather it wasn't, because under the American law of contracts, her promise was unenforceable. Reread

4. *Id.* at 615.

5. James Boyle, Shamans, Software and Spleens : Law and the Construction of the Information Society (1997).

Pre-computerization municipal bond certificate

the previous paragraph with your contract glasses on. Do you see the problem?

At the moment Wilder's secretary promised to pay, her promise was unsupported by consideration. Desny had already disclosed his idea for a movie about Floyd Collins. Paramount already had knowledge of the idea, which means that Desny wasn't giving anything up in exchange for the promise to pay, which made it an unenforceable gratuitous promise. As the court put it:

> The idea man who blurts out his idea without having first made his bargain has no one but himself to blame for the loss of his bargaining power. The law will not imply a promise to pay for an idea from the mere facts that the idea has been conveyed, is valuable, and has been used for profit; this is true even though the conveyance has been made with the hope or expectation that some obligation will ensue.[6]

The fact that Desny failed to contract around Arrow's Information Paradox doesn't mean contractual solutions are impossible. Desny tripped up on a technicality of consideration. Sellers who are more careful to dot their i's and cross their t's can avoid the traps of contract doctrine.

Consider the plaintiffs in *Apfel v. Prudential-Bache Securities, Inc.*[7] Their big idea was to computerize the trading of municipal bonds, which at the time circulated as paper certificates. This too was an idea unprotected by intellectual property law. (The plaintiffs attempted to get a patent, but were unsuccessful.) They approached Prudential-Bache,

6. *Desny*, 46 Cal. 2d at 739.
7. Apfel v. Prudential-Bache Sec., Inc., 81 N.Y.2d 470 (1993).

an investment bank, and negotiated a sale of the idea in exchange for ongoing royalties. It was a striking success. Prudential was the first underwriter to use a computerized platform, and the rest of the municipal bond market rapidly switched over to computerized records.

But in 1985, Prudential stopped paying royalties and asserted that the contract was void for lack of consideration because "the ideas conveyed by plaintiffs had been in the public domain at the time of the sale agreement and that what plaintiffs sold had never been theirs to sell." ("In the public domain" is the intellectual-property term of art for not being covered by any IP rights, so that anyone is free to do anything with the information.)[8] But New York Court of Appeals[9] upheld the contract in a 1993 opinion, finding that it was supported by consideration. To see why, consider the court's description of the contracting process:

> Initially, the parties signed a confidentiality agreement that allowed defendant to review the techniques as detailed in a 99-page summary. Nearly a month of negotiations followed before the parties entered into a sale agreement under which plaintiffs conveyed their rights to the techniques and certain trade names and defendant agreed to pay a stipulated rate based on its use of the techniques for a term from October 1982 to January 1988.[10]

Pay close attention to the sequencing of the negotiations. Where Desny "blurted out" his plot synopsis, Apfel and his partner first made Prudential sign a confidentiality agreement, under which Prudential promised *not* to use the idea without paying. This contract was supported by consideration: in exchange for the promise of confidentiality, Prudential got the plaintiffs to tell it about their idea for computerized bond trading. Before signing this agreement, Prudential would have been free to implement a computerized municipal bond system if it had designed one on its own. It gave up that right by promising not to use or disclose what the plaintiffs were about to show it in their 99-page summary. This meant that the second contract, the one in which Prudential actually agreed to pay royalties, was also supported by consideration. In that second contract, the plaintiffs gave Prudential the right to use the system again – the very system it had agreed not to use in the first contract.

Desny's mistake, then, was describing his movie idea *before* extracting the promise to pay for its use, or at least a promise not to use it without his permission. It's a bit frustrating that contract doctrine and idea-submission cases can turn on which of two sentences came first. But if you find that kind of legal hair-splitting infuriating, you should probably put this book down and find something else to do, because law is full

8. *Id.* at 474.
9. New York's highest court.
10. *Apfel*, 81 N.Y.2d at 474.

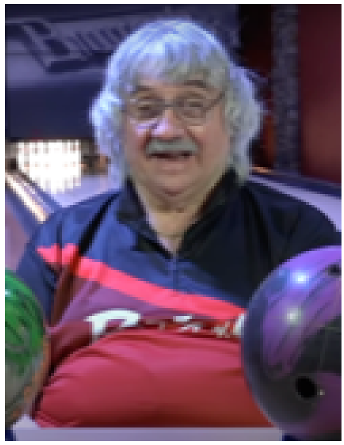
of such arbitrary distinctions. From a deal-maker's perspective, the best practice is simple. First, get the non-disclosure agreement (NDA) locked down. Then share the information. If the buyer likes it, it can pay the seller in exchange for a partial release from the NDA.

Problem solved, then? Not quite. What if the Prudential technologists who read through Apfel's pitch book discover that it merely rehashes the same basic idea their own group has been working on for two years? It might seem that this is fine: Prudential has gained nothing but it has lost nothing, either, and this is why payment is deferred to the second stage of negotiations. But Prudential has indeed lost something: it has made a contractual promise not to use Apfel's idea without paying. It can use its own design for a computerized municipal-bond trading platform, but it cannot use Apfel's design. This distinction breaks down when the two designs are similar. If Prudential goes ahead without paying, the ensuing litigation will turn on the issue of whether Prudential's design was not just *similar* to Apfel's idea, but in fact *copied* from it. These lawsuits are often fact-intensive and unpredictable, because they can turn on detailed questions of who knew what when.

Contract design can help with this problem, but not entirely solve it. Prudential's lawyers, anticipating the risk that signing an NDA with Apfel could lock Prudential out from using an idea it already had, will want to add a clause that they are free to use the idea in such circumstances. But Apfel's lawyers will object. If the idea really is new to Prudential, what's to stop Prudential from lying about already knowing the idea and then immediately turning around to implement it? They will want to add a clause that Prudential cannot use the idea at all, regardless of whether it had been copied from Apfel's disclosure or not. Prudential's lawyers will object that they cannot possibly promise not to use Apfel's idea without first knowing what it is. This dilemma should sound familiar: it is simply Arrow's Information Paradox in new clothes and a different haircut.

The *Apfel* court was able to sidestep this issue. Look again at the ordering of the deal. Prudential agreed to pay millions of dollars in exchange for the right to use an idea *it already knew*. If it thought the idea was worthless, it could have just walked away. When "the buyer knows what he or she is buying and has agreed that the idea has value, and the Court will not ordinarily go behind that determination."[11] This is another point in favor of the two-step contracting process. Provided that the parties trust each other enough to enter into a contract for an initial disclosure, the actual contract for use is made between parties who know what they are bargaining over and no longer face Arrow's Inforamtion Paradox. The hard part is getting to that point. Many companies have a blanket policy of refusing to look at unsolicited idea submissions; others

11. *Id.* at 478.



Maurice "Mo" Pinel (1942–2021)

impose terms that make it clear they have no obligations whatsoever.

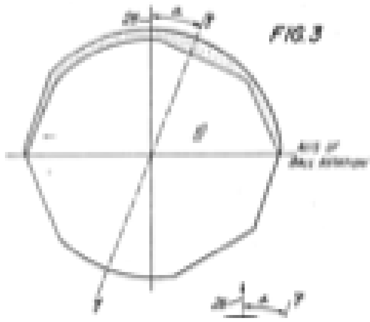
To summarize, even when there are no IP rights in information, it can still be valuable. It was worth Apfel's time to develop an idea for a computerized trading system, it was worth Prudential's time and money to implement it, and it was possible for them to agree on terms of sale (even if Prudential tried to weasel out of the deal later). For some kinds of information, at least, IP rights as such are not neceessary, and the world functions well enough without them. Ordinary contract law is good enough for some purposes.

C Intellectual Property Law

Here is yet another variation on the same basic pattern. Maurice "Mo" Pinel was convinced that making a bowling ball's heavy inside "core" asymmetrical would give it "an organic wobble that would bend it toward the pins over the final third of a lane."[12] After making a few prototypes and confirming that they worked, he approached potential business partners:

> Never lacking confidence, Pinel contacted several ball manufacturers in 1973 and proposed a deal: If they would sign a nondisclosure agreement, he'd brief them on his experimental results and help them design balls that would allow amateurs and pros alike to increase their strike rates. Company executives responded that they were willing to listen to Pinel's ideas, but he was the one who would have to sign a release affirming that noth-

12. Brendan T. Koerner, *One Man's Amazing Journey to the Center of the Bowling Ball*, WIRED, July–Aug. 2021, https://www.wired.com/story/one-mans-amazing-journey-to-the-center-of-the-bowling-ball/.



Pinel's asymmetrical design

Track Shark bowling ball

> ing he said was confidential. Miffed by what he saw as attempts to steal his ideas, Pinel veered away from a career in ball design.[13]

Arrow's Information Paradox, yadda yadda yadda, but pay attention to what happened later:

> Pinel drew up a variety of designs for asymmetric ball cores, then, in April 1990, filed a patent for his favorite. It was a bulbous hunk of polyester with both a central indention and a conic tail, and portions of it resembled the sides of an octagon. (The best visual analogy may be a top-down view of Master Chief's helmet in the video game Halo, but that's a gross oversimplification.) . . .
>
> Shortly after submitting his patent, Pinel received a call from Phil Cardinale, [who had] been hired to revive a financially troubled ball brand called Star Traxx, which he had renamed Track. He recalled Pinel's napkin sketches of unorthodox cores and invited him to help design a new Track ball. It was a one-time chance to test out whether his theories would hold up in the real world.
>
> Pinel seized the opportunity. He created a core based on the "tip-and-tail" concept he'd just applied to patent. The resulting ball, the Shark, flared even when a bowler didn't apply much spin at the moment of release.

Pinel's asymmetrical cores revolutionized bowling-ball design, and he went on to achieve fame and fortune as the designer of AMF's Sumo, Faball's Hammer 3D Offset, and other strikingly successful bowling balls.

The key difference in Pinel's story is his patent, No. 5,037,096. We will have much more to say about how patents work in the Patents chapter, but the core relevant fact is that no one can make, use, or sell a patent invention without the permission of the patent owner. If Track had manufactured the Shark without paying Pinel for permission, he could have

13. *Id.*

sued for royalties and an injunction to force Track to stop.

This "exclusive right" allowed Pinel to negotiate with Track in the first place. He could disclose the tip-and-tail asymmetric core to Track without worrying that Track would break off negotiations and manufacture it. Indeed, part of the patent bargain is that the details are published: Pinel could simply have sent Track a copy of the patent with a sticky note saying "Let's talk terms." At this point, Pinel and Track were in the same happy place as Apfel and Prudential post-NDA. They could focus on finding a mutually agreeable deal.

In other words, one justification for IP rights is that they can help to resolve Arrow's Information Paradox and make contracting over information feasible. They do so by preventing the recipient of information from using it. The buyer knows enough about the information to negotiate over it, but they are not free to do what they want with it. Paradoxically, this *ex post* restriction on what they can do with information can make them better off *ex ante*, because idea "men" of all gender identities will be more willing to start the negotiations in the first place, just like Pinel did once he had a patent.

D Obstacles to Copying

All three stories so far – Desny and Paramount, Apfel and Prudential, Pinel and Track – have involved contracts for the ***development*** of information-based products: a movie, a trading platform, a bowling ball. These are basically one-to-one contracts between someone with an idea and a company with the resources to develop that idea into a full-fledged product. Sometimes, this may be enough to commercialize an idea. But often, more is needed.

The final step for many information-based goods is sale to paying customers. Viewers bought tickets to see *Ace in the Hole*, municipal bond traders paid to connect to Prudential's system, and bowlers bought Sharks. These too depend on contract law; they involve contracts between a ***distributor*** like Paramount, Prudential, or Track and a relevant segment of the public.

If you have learned anything at this point from this chapter, you should now be asking whether and how Arrow's Information Paradox applies to the negotiations over *these* contracts. What is to stop viewers of *Ace in the Hole* from showing in their own movie theaters without paying royalties, or from making their own Floyd Collins movies? What prevents them from creating their own muni-bond trading platforms, or their own tip-and-tail asymmetrical-core bowling balls?

There are five kinds of answers to this question, one bad and four good. The bad answer is that the same contract-law techniques that work for development will also work for distribution. Just make every buyer of a Shark ball sign an NDA. That'll work, right? The theoretical enforceability of such contracts is almost beside the point. Suppose that Field Bowling Equipment releases a Killer Whale ball that is basically a Shark clone. Track has no contract with Field,[14] so it cannot sue Field for breach. The only way that contract law will help Track is if it can find and sue the specific buyer who leaked a Shark to Field, an infeasibly difficult task. The structure of contract law is not well suited to keeping control over information made available to a wide audience.

A better answer is that IP rights also work for disclosure to the public. Track has a patent – Pinel's patent, in fact – on the design of the Shark. That keeps Field, and anyone else, from making, using, or selling identical balls. Similarly, *Ace in the Hole* was protected by copyright; unlicensed exhibitions and too-similar ripoffs both infringe. Idea-submission cases are a specific negative space where IP protections do not apply, but frequently unprotectable ideas can be worked up into protectable products.

A second good answer is that some information is hard to copy from products based on it. In 1951, a viewer in a movie theater could not easily make a good replica of the film on screen. Theaters could screen *Ace in the Hole* without worrying that the thousands of people who saw it each week would make their own copies. All the theaters had to do was maintain reasonable security over the canisters containing the film reels, a much easier problem. This works better for some information than others: a Shark bowling ball is easy to cut open. Prudential's bond-trading platform is an interesting middle case. The trading platform revealed the general concept to any user, but the software implementing it remained on Prudential's computers, where users could not inspect the details.

A third good answer is that sometimes copying is fine because there are structural features of the product market that allow the creator to recoup their investment before copying becomes a problem. Movies take months or years to make and cost millions of dollars. Even leaving copyright law aside, by the time another studio could have produced and released its own Floyd Collins movie, *Ace in the Hole* would already have completed its initial theatrical run, on which its financial success hinged. Similarly, an electronic trading platform is complicated, expensive, and slow to create. Prudential's was already well-established by the time competitors had their up and running. Bond traders need to be on a trading platform with other traders, so network effects will tend to protect an established platform from later-arriving competitors. On the other hand, there are fewer such structural barriers in the bowling-ball market; a bowling ball is a relatively straightforward object.

A final good answer is that sometimes people who *could* practically

14. The technical contract term is that there is no "privity of contract" between them.

Joe Rogan confronting Carlos Mencia for copying other comedians' jokes (2007)

and legally copy a product will *choose* not to because there are informal non-legal social norms against doing so. Stand-up comedians, for example, enforce a norm against copying jokes, even though copyright law is mostly ineffective at protecting jokes.[15] Comedians who steal jokes poison their reputation among their peers and have a harder time getting gigs. These norms typically work better in tight-knit communities; it is safe to say that there is no widely-shared anti-copying norm among the entire population of the United States.

IP rights, then, can help solve a contracting failure in consumer markets for products based on information. Here, the contracting failures are more severe, because contract law itself is not so much help. But the structural features of these markets don't always mean that IP rights are necessary. The interior design of most new bowling balls – and there are a *lot* of new bowling balls – is not protected by any IP rights. Pinel's patent was relatively unusual.

E Innovation

The story so far is that some kinds of information-based products cannot be effectively commercialized through contract law alone. Imagine a world in which there is no IP and no technical, structural, or norm-based obstacles to copying. In this world, Paramount knows that as soon as it releases *Ace in the Hole* to theaters, pirates will make perfect copies and start showing them in other theaters.

The standard story about what happens next is that the price of tickets to watch *Ace in the Hole* will collapse. Movie tickets circa 1950 cost

15. Dotan Oliar & Christopher Sprigman, *There's No Free Laugh (Anymore): The Emergence of Intellectual Property Norms and the Transformation of Stand-Up Comedy*, 94 Va. L. Rev. 1787 (2008).

about 50 cents. Just to make up numbers, suppose that half of this amount (25 cents) consists of a movie theater's *operating costs* to keep the lights on, the floors clean, the projectionist paid, etc. The other half (25 cents) is paid out as *royalties* to Paramount. Since the authorized theater charges 50 cents a ticket, the pirate theater will charge 45 cents instead. The pirate theater will be packed while the authorized theater sits empty. Since it has to cover its operating costs, the authorized theater will cut its own price to 45 cents and tell Paramount, sorry, if you insist on the full 25-cent royalty, *Ace in the Hole* will play to empty houses. Paramount will grudgingly accept a reduced 20-cent royalty . . . but then the pirate theater will cut its ticket price to 40 cents, and the cycle will repeat until both theaters are screening *Ace in the Hole* at just above their breakeven point of 25 cents per ticket.

In economic terms, information goods like *Ace in the Hole* are ***non-excludable*** and ***non-rival***. Non-excludability is Arrow's Information Paradox: other than by keeping information secret, it is not possible to restrict access to it. A roller coaster is excludable. The ride attendant can ensure that only people who have paid for a ticket are allowed to ride. But information is non-excludable, because once the information is revealed to one other person, they can pass it along to anyone else they want. Non-rivalry means that any number of people can simultaneously make use of the same information. A roller coaster is rival, because it can only hold a few people at a time. But a movie is non-rival, because one person's entertainment doesn't detract from anyone else's. Non-excludability and non-rivalry together are what make price-cutting competition by copyists possible.

Theaters can survive as long as they cover their operating costs, but this state of competition is ruinous for Paramount, which paid $1.8 million to make *Ace in the Hole* in the first place. At a 25-cent royalty on a 50-cent ticket, it needs 7.2 million people to pay for admission to reach the point at which it breaks even on its investment. At a 0-cent royalty on a 25-cent ticket, Paramount will *never* recoup its investment, which means that if its executives are at all rational, they will get out of the movie business and get into something with more workable economics, like real-estate speculation or manufacturing surfboards, and *Ace in the Hole* will never get made.

Again, in economic terms, information goods like *Ace in the Hole* have high ***fixed costs*** to produce in the first place, but low or zero ***marginal costs*** to make additional copies of. One of the basic results of microeconomics is that competition drives the price of a good down to its marginal cost – like the two movie theaters cutting their ticket prices down to 25 cents. Paramount's royalty is an expense that the authorized theater but not the pirate has to pay, which it cannot sustain if the two have to compete. From Paramount's perspective, that royalty is necessary to make the movie in the first place, which means that *perfect competition is incompatible with producing high-fixed-cost information goods*.[16]

This, then, is the conventional utilitarian story of IP as a driver of creativity and innovation. Because information is non-rival and non-excludable, it will be copied freely by competitors unless IP law prevents them. And because information has high fixed costs and low marginal costs, it will not be produced in the first place unless this copying can be stopped. Exclusive rights in information provide an ***incentive*** for innovation by enabling creators to make a profit. This incentive is calibrated to consumer demand: the more the public is willing to pay for something, the greater the incentive to create it.

This story is persuasive *given its two assumptions*. They are (1) that there are no other barriers to copying, and (2) that the costs of innovation must be recovered by commercializing the results. We have seen above that (1) can fail: contract law, technology, market structure, and social norms can all sometimes limit copying. And as for (2), direct commercialization is not and has never been the only mechanism to finance creativity and innovation. It is one particular legal strategy, which supports particular business models. But there are other models that do not rely on the existence of exclusive rights. Here are some variations.[17]

- Media companies—books, movies, software, podcasts, etc.—are in the business of ***selling information***. Of course, there are numerous variations: "selling" includes rentals, subscriptions, advertising along with content, and so on. But the general idea is simple: customers are paying to get access to information itself.
- Many other companies—everything from auto manufacturers to restaurants—are in the business of ***using information***. They provide goods or services, and innovation lets them provide better goods or services more cheaply.
- In ***patronage***, an external sponsor wants information that doesn't already exist, so they pay someone to create it. This category includes grant funding, as when the National Science Foundation supports research on cancer genomics or a charitable arts foundation commissions a new play.
- In ***crowdfunding*** (in the style of Kickstarter or Patreon), a creator proposes a project and solicits funders. Sometimes it's closer to philanthropy, and sometimes it's closer to selling information or goods. But the interesting common thread is that the funders are

16. If you like, confirm to your satisfaction that this is still the case if Paramount owns and operates its own theaters.
17. This list is derived from Benjamin Reinhardt's list of eight "innovation channels": Benjamin Rein hardt, *Innovation Channels* (Oct. 19, 2018), https://benjaminreinhardt.com/innovation-channels/.

collectively catalyzing creativity by committing *in advance* to support it.

- Many people pursue ***passion projects*** based on their own intrinsic motivation. People who post stories on An Archive of Our Own or illustrations on DeviantArt generally have no expectation of direct financial return. They do it because they love to create, and to share with others.
- ***Open source*** projects, like the Linux operating system, are heavily supported by the volunteered efforts of participants. There are often elements of patronage (participants want the world to have high-quality software), crowdfunding (participants rely on each others' contributions to make the project feasible), and passion (participants enjoy their work and take pride in it).

Most real-world innovation and creativity is a hybrid of one or more of these channels, and it is common for projects to shift among them over time. Some passion software projects turn into open-source projects when the creator realizes they may be useful to others. An photographer supported by an philanthropic fellowship can still sell prints of her photographs. Grant-funded university research can be spun out into commercial startups, or a software business may decide to open-source its key product, both out of altruism and to attract outside developers with a stake in its success.

The point, for our purposes, is that *not all of these channels require exclusionary commercialization via IP rights*. Consider a Kickstarter for a new downloadable print-and-play role-playing-game. The 100 funders who kick in $50 each don't care whether other people also get to play. Indeed, a community of fellow players will make the game *more* fun from their perspective. As long as the game gets made, they consider their $50 well spent. There is still a version of Arrow's Information Paradox here: how is it that funders can trust that the game they are backing will be any good? But IP rights don't have to be the solution.

F Near Miss: Debt Collection

Thinking about IP as a system for controlling information often yields insight into non-IP bodies of law, and vice versa. Here is an example, in which the nature of information helps explain the dysfunctional dynamics of an industry.

Debt collection is a shady, high-pressure business. Collection agencies buy unpaid debts in bulk from lenders and from each other, usually for a fraction of the face value of the debts. What does it mean to "buy" debts? The buyer receives an assignment of the seller's right to collect the debt. But that assignment of a right to bring a collection action is practically useless without metadata: information about the debts. Thus, the buyer typically also receives a spreadsheet listing the debtors, their addresses, the amounts they owe, and perhaps some information about previous failed attempts at collection. Then the buyer goes to work, calling the debtor, sending letters, negotiating payment schedules or write-downs of the debt in exchange for partial payment, and threatening legal action and perhaps following through.

Unsurprisingly, debt collectors are known to use sharp tactics, including issuing unfounded legal threats, making repeated calls, trying to collect on debts that have been discharged in bankruptcy or where the statute of limitations has expired, and sometimes even intimating the possibility of violence. The federal Fair Debt Collection Practices Act (FDCPA) and numerous state laws try to prevent these abusive tactics. Here is another:

> Around the same time that Theresa was getting phone calls from a mysterious law firm, Siegel received an email from the owner of an agency that he had hired to do his collecting. The collectors at this agency were getting the same message from many debtors: We just paid off these accounts – to someone else. Siegel was both flummoxed and concerned. Was this the work of a renegade collector at one of his agencies who was collecting on his own and pocketing the cash? Or had the paper simply been stolen from his offices?
>
> The notion that a portfolio of debt could be stolen may seem improbable, but plenty of debt brokers are all too willing to sell "bad paper." Such brokers sometimes "double sell" or "triple sell" the same file to multiple unsuspecting buyers. Other times, a broker may sell paper that he does not own and obtained by nefarious means. I spoke at length with one debt broker from Buffalo, who told me that he had hired a hacker from China to break into a former client's email account and obtain his password. Once he had the client's password, the broker had access to his paper. He then simply took a portfolio and, subsequently, sold it to another buyer – who didn't know and didn't ask where it came from.[18]

This is not strictly speaking an IP problem. The right to collect an unpaid debt is a contract right, which functions as a kind of property when it is assigned from the original lender to a debt collector. And there is no copyright or other IP right in the metadata about debts, regarded as information. They are simply facts about the world, which no one can own. And yet the unrestricted copying of debt portfolios has unpleasant

18. Jake Halpern, *Paper Boys*, N.Y. Times, Aug. 19, 2014, https://www.nytimes.com/interactive/2014/08/15/magazine/bad-paper-debt-collector.html.

consequences for debt collectors and ruinous ones for borrowers. Because the spreadsheet is just information, it can be copied and circulate independently of the underlying debts it supposedly represents. Anyone who has a copy of the spreadsheet can start making high-pressure calls, whether or not they have the right to collect on the debts.

Instead, this is a problem of non-excludability. A buyer of a debt spreadsheet cannot be certain the seller will not turn around and sell it to someone else. Indeed, the seller may have sold it to someone else already. A lender cannot contract for a collection agency's aid without running the risk that the agency will copy and sell the spreadsheet. Hackers who can get their hands on a spreadsheet, or insiders who can leak one, can monetize it. Borrowers suffer the consequences of unrestricted copying.

Can this problem be fixed by introducing a new intellectual-property right? No, because *that right already exists*. A creditor has the exclusive right to be repaid on a debt. It is fraud to attempt to collect a debt you are not owed, as well as an FDCPA violation. So both the borrower and the actual owner of the debt already have a right against the misuse of a debt spreadsheet that has been severed from the underlying debts. A debt collector who sells a spreadsheet twice commits fraud as well; the hacker who steals a spreadsheet violates the Computer Fraud and Abuse Act. So there is plenty of law on point already.

It is the ease of copying debt spreadsheets that creates the opportunity for abuse, and the easy of copying is a problem inherent to information. In other words, this is the *kind* of problem that IP attempts to solve, but this *particular* problem is not one where IP will work. Keep both of these points in mind as you read the rest of this book.

Problems

Idea Submission Questions

1. If you think Victor Desny should have had some kind of exclusive right to the idea for a movie about Floyd Collins, can you explain why *Desny* should own the idea, rather than Floyd Collins's heirs, or the newspapers who reported the story?
2. Proctor & Gamble, the consumer-goods company that makes products such as Tide laundry detergent and Crest toothpaste, actively encourages idea submission through its Connect + Develop website. But the site's FAQ states, "For your protection and ours, we may decline to review your open innovation submission if it appears to lack intellectual property protection." Why would P&G insist on reviewing only patented ideas?
3. Test yourself: which of the six innovation channels require IP rights? Which of them do not? Are there any that depend on the

absence of IP rights?

4. How would you advise a debt-collection agency that is considering *buying* a debt portfolio to proceed so as not to fall prey to a double-sale scam? How would you advise a debt-collection agency that is considering *selling* a debt portfolio to proceed, given that the industry is rife with double-sale scammers? How would you advise a consumer who has received a debt-collection call from an agency she has never heard of? Is there a way to reform the industry to prevent these unscrupulous practices?

Bizarro World Problem

This chapter gives a glimpse of a world without IP laws. Suppose that you lived in such a world. A client comes to you with one of the following. How would you advise her to proceed?

- An idea for a movie about a stranded asteroid miner
- A 75,000-word novel about a boy who discovers that he is a wizard
- A new drug for treating heart disease, which will cost $100 million to test in humans
- An easier-to-hold design for a pipe wrench
- A process for producing pure aluminum from aluminum ore that reduces the cost by 85%
- A catchy song about taking revenge on a cheating boyfriend, recorded in the client's kitchen with lots of background noise
- A recut version of a popular action movie, which takes five minutes off the running time and makes it more suspenseful
- A trading strategy to exploit arbitrage opportunities in the municipal-bond market, which requires $10 billion in capital to exploit effectively
- A sketch for an elegant off-the-shoulder dress
- The perfect name for a laundromat

In light of your advice, consider what clients like yours will do in a world without IP. Which of these ideas will be shared with the public? Which of them will be created in the first place? Is this world better than ours, or worse?

Lego Problem

The Lego Group encourages fans to submit ideas for new LEGO sets. Fan-submitted ideas are posted to a website, where other fans can vote for their favorites. Ideas receiving 10,000 votes are reviewed by Lego Group employees, and the best ones are reworked for production and sale. Without looking at the Lego Group's actual terms, design a submission process and contractual terms for the idea submission site. Your goals are to attract high-quality submissions that will sell well, to engage LEGO's large and passionate fan community, and to avoid expensive and embarassing *Desny/Apfel*-style litigation. Consider:

- How, if at all, should the Lego Group compensate users who submit good ideas?
- Who should own the ideas that the Lego Group is interested in developing, to the extent the ideas can be owned at all?
- Who should own the ideas that the Lego Group *isn't* interested in developing?
- What should Lego do about submissions that incorporate third-party material, like vehicles from popular movies?
- What should Lego do about submissions that are copied from other submissions, or from other people's unsubmitted ideas?

2

Trade Secret

To understand why the law protects trade secrets,[1] it helps to understand why people keep trade secrets. Consider the the story of Greek fire, a semi-legendary superweapon of the middle ages. Apparently invented sometime in the 7th century, it was a kind of pre-modern napalm. Ancient and medieval chroniclers describe it as a burning liquid with the remarkable property that it couldn't be extinguished with water, making it a truly fearsome weapon against wooden ships. In the words of one 13th-century account:

> This was the fashion of the Greek fire: it came on as broad in front as a vinegar cask, and the tail of fire that trailed behind it was as big as a great spear; and it made such a noise as it came, that it sounded like the thunder of heaven. It looked like a dragon flying through the air.

In the 8th century the Byzantines used it to drive off Arab invasions, and they were still using it six centuries later. They recognized that the military edge that it provided was useless if their enemies acquired the secret of making it. Thus, they kept the details closely guarded. Only a few people knew the secret process to prepare it; soldiers who used it in battle didn't know how it was made. The Byzantines guarded it so closely, in fact, that knowledge of how to make it fire disappeared with the Byzantine Empire. The story goes that when the Fourth Crusade sacked Constantinople in 1204, the secret vanished in the chaos. The Empire never recovered, politically or militarily. We still don't know today how Greek fire was made.[2]

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1. The leading trade secret treatises are Roger M. Milgrim & Eric Bensen, Milgrim on Trade Secrets (2021); Louis Altman & Malla Pollack, Callmann on Unfair Competition, Trademarks, and Monopolies (2021); Melvin F. Jager, Trade Secrets Law (2021).
2. It still happens. A material code-named FOGBANK was used in W76 nuclear weapons. FOGBANK's composition was classified. So was its use. And so was the

Greek fire, as depicted in the Madrid Skylitzes, a 12th-century illuminated manuscript

This story illustrates three central lessons about secrets:

- Information gives a competitive advantage.
- That advantage can depend on secrecy.
- But secrecy is costly.

These facts are enough to justify the *practice* of trade secrecy; businesses keep secrets because there are things they don't want competitors to know. But they are not enough by themselves to justify trade secret *law*. At least four justifications rub elbows in the cases and commentary. Two are familiar from the previous chapter, and two are new:

- **Contracting**: Legal protection for trade secrets, like NDAs and patents, is a mechanism to resolve Arrow's Information Paradox. Trade secret law helps make it possible to negotiate for the disclosure of secret information.
- **Innovation**: Keeping secrets safe gives companies incentives to invest in creating valuable information in the first place.
- **Arms Race**: Unless trade secrets received legal protection, companies would inefficiently overinvest in self-help to protect them, and other companies would inefficiently overinvest in stealing them.
- **Competition**: Trade secret law deters unethical business practices and encourages companies to compete with each other fairly.

Doctrinally, trade secret law has deep common-law roots as a branch of "unfair competition" law. The older Restatement (First) of Torts reflects this common-law heritage. Over time, it has become more statutory and

process for making it. In 2000, a program to extend the service life of the existing stock of W76 warheads ran into trouble when it was discovered that the government no longer knew how to make FOGBANK. Most of the records of the manufacturing process had been discarded or destroyed, and most of the people who worked on it had retired.

more federal. The Uniform Trade Secrets Act (UTSA) has been adopted in some form by 47 states, and the modern Restatement (Third) of Unfair Competition generally parallels the UTSA. The federal Economic Espionage Act of 1996 (EEA) criminalized an important subset of trade secret misappropriation,[3] and the 2016 Defend Trade Secrets Act (DTSA) added a federal civil cause of action and an important seizure remedy.[4]

A Subject Matter

Not every secret is a *trade* secret. When one fifth-grader asks another to cross her heart and hope to die before revealing a bit of gossip about a mutual friend, this is not the kind of secret the courts will take an interest in. Trade secret law has traditionally policed this line using an ***economic value*** requirement. In the words of the Restatement (Third): "A trade secret is any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable … to afford an actual or potential economic advantage over others."[5]

1 Economic *Value*

There are actually two subtly different things going on in here. One of them is quantitative. The information must be "sufficiently valuable," which suggests that there is some threshold of value: information can be worth more or less, and only information worth more than 400 quatloos (or some other arbitrary value) can qualify as a trade secret. This is a ***threshold test***: information needs to clear a minimum level of something (value, creativity, fame, etc.) to be protectable.

The economic-value threshold could in theory serve a significant screening function, keeping the courts out of chump-change disputes. In practice, however, the threshold of value is so low it rarely matters. Quoth the Restatement (Third), "It is sufficient if the secret provides an advantage that is more than trivial."[6] When a plaintiff believes that a secret has sufficient value to be worth suing over, the courts almost never second-guess that belief.

2 *Economic* Value

The other way to look at this test is qualitative. Only information with an "economic" value that "can be used in the operation of a business" counts, which suggests that information with only non-economic value does not. This is a ***categorical test***: certain kinds of information are protectable, and certain other kinds are not.

3. Economic Espionage Act (1996) [hereinafter EEA].
4. Defend Trade Secrets Act (DTSA), 18 U.S.C..
5. Restatement (Third) of Unfair Competition § 39 (1995).
6. *Id.* § 39 cmt. e.

The Flag Building in Clearwater, Florida, which serves as Scientology's "spiritual headquarters"

Dennis Erlich holding a press conference

There was a time when the courts took an even narrower view: trade secrets were secret formulas, manufacturing plans, and other information about how to do something physically better. Customer lists, prospective marketing plans, and other information about the business side of the business weren't proper trade secret subject matter. That time has long since passed, and the Restatement (Third) takes a very broad view: trade secrets can relate either to "technical matters" or to "business operations."[7] The UTSA refers broadly to "information, including a formula, pattern, compilation, program, device, method, technique, or process."[8]

But there still is an outer limit here: information with no nexus to business is not a *trade* secret. The cases here are not many, but they are illuminating. Consider *Religious Technology Center v. Netcom On-Line Communications Services, Inc.* ("*RTC*"), in which the Church of Scientology sued Dennis Erlich, a dissident former minister who had posted various of its internal documents on the Internet.[9] The documents described in detail the highest and most secret doctrines of the Church and its belief system, and had typically been shared only with high-ranking Church officials and the innermost circle of initiates. The Church "considers it sacrilegious for the uninitiated to read its confidential scriptures," and Scientologists believe that exposure to this material can be dangerous, even fatal, for those who are unprepared.

The *spiritual* value of the Church's secrets is not quite the same as the *economic* value demanded by trade-secret law. But the court found a way. Religious and non-profit corporations, like their for-profit cousins, can do business, even if the accumulation of profits is not their ultimate aim. Just as they can own and use real estate for churches and offices, they can own and use information. Is this a *competitive* advantage? It is true that organized religions claim to answer to a different standard

7. *Id.*
8. Uniform Trade Secrets Act § 1.4 (1985) [hereinafter UTSA].
9. Religious Tech. Ctr. v. Netcom On-Line Commc'ns Servs., Inc. ("*RTC*"), 923 F. Supp. 1231 (N.D. Cal. 1995).

than marketplace success.[10] But they do compete with each other for worshippers, and for donations. Like a public-radio station offering a tote bag as an incentive to become a member, Scientology offers initiation into life-changing secret knowledge. That was enough of a competitive value for the court in *RTC*.

B Ownership

It is clear, uncontroversial, and unsurprising that the essential requirement for owning a trade secret is ***actual secrecy***: the information must not be widely known.

> "Trade secret" means information . . . that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use . . .[11]

This concept does triple duty. It defines when information is a trade secret at all, it makes priority a non-issue between multiple competitors with the same secret, and it allocates ownership within collaborations.

1 Actual Secrecy

All information is secret in the sense that some people know it and other people don't. And all information is public in the sense that everyone could discover it on their own, given enough time and effort. So the test that information is secret when it is "not . . . generally known to, and not . . . readily ascertainable by proper means by, other persons" asks *how many* people know the purported secret, and *how hard* it would be for the others to discover it.

Consider *Amoco Production Co. v. Laird*. John Clendenning, a geologist at Amoco, recommended that it commission a aerial microwave radar survey of a 13,000-square-mile area in Michigan, Ohio, and Indiana at a cost of $150,000.[12] The surveys indicated the likely presence of oil at two sites, but the estimated yield was beneath Amoco's threshold for commercial viability. A frustrated Clendenning sent a fax of a road map with the sites circled to his former neighbor William Laird, who was an oil entrepreneur. Amoco later decided to go ahead with the project, only to discover that Laird had already leased the sites. Litigation ensued.

10. Compare Acts 8:20 ("But Peter said unto him, Thy money perish with thee, because thou hast thought that the gift of God may be purchased with money.") with Abrams v. United States, 250 U.S. 616, 630 (Holmes, J.) ("[T]he best test of truth is the power of the thought to get itself accepted in the competition of the market.")

11. UTSA, *supra* note 8, § 1(4).

12. Amoco Prod. Co. v. Laird, 622 N.E.2d 912, 914 (Ind. 1993).

One of Laird's arguments was that the locations of the sites was not protectable as a trade secret because it was "readily ascertainable" by others. After all, anyone could look at (publicly available) U.S. Geological Survey data and commission their own (commonly used) aerial microwave radar survey and learn exactly what Amoco did.

But this argument is wrong, and the court rejected it. Anyone could have paid $150,000 to carry out a survey, but only Amoco did. Laird was free to commission his own survey, but he was not free to free-ride on Amoco's. The result would have been different if if Amoco had published the results of the survey in a scientific journal, or if a microwave survey cost $15 instead of $150,000. These differences would have made the location of the oil reserves "readily ascertainable."

Note also that to be secret, information must not be known to or ascertainable by *competitors*: "other persons who can obtain economic value from its disclosure or use." The general public is not able to read microwave radar survey data and know what it means, and most of us are not in a position to sink oil wells, either. But we are not the relevant audience. Amoco's competitors are other oil companies and independents like Laird, the survey gave Amoco a leg up on them, and they are the ones who would have to spend $150,000 on a survey and who know what to do with the results.

In addition to being a subject-matter case, *RTC* offers another look at when information is actually secret. Erlich argued, unsuccessfully, that the documents had already been made public, and so were no longer secret. For one thing, they had been filed as a declaration in another Scientology-dissident case, *Church of Scientology Int'l v. Fishman*,[13] and court filings are generally matters of public record. But while the *RTC* court agreed that full public accessibility would destroy trade secrecy, it noted that the *Fishman* court had promptly sealed the filing. If the filings had been widely copied during the period before they were sealed, then that would end their secrecy; but the fact that they *could have been* copied would not by itself put an end to their trade-secret status. This pragmatic approach is typical of trade-secret law.

2 Priority

Actual secrecy also resolves priority questions by allowing multiple independent parties each to have a trade secret in the same information. There is no requirement that a trade secret be unique; more than one person can have the same information and each has a valid and independent trade secret provided the other requirements are met. Thus, trade secret does not generally raise difficult issues about which of several competing claimants developed the information first. Regardless of the order, both

13. Church of Scientology Int'l v. Fishman, No. 91-6426 (C.D. Cal. 1994).

parties have protectable trade secrets in the information. If Laird had commissioned his own microwave survey, he would have had his own independent trade secret in the locations of the oil fields, and Amoco would have had a trade secret too. This logic breaks down only when the information is so "generally known" that it fails to qualify as a trade secret at all.

3 Collaborations

Actual secrecy also helps resolve questions of allocating ownership within collaborations. Two or more people working together can jointly own a trade secret.[14] Companies are a particularly common way to organize information ownership. The general default rule of agency and employment law is that the employer owns any valuable information created by employees in the scope of their employment, even if it results from the "application of the employee's personal knowledge or skill."[15] This default can be broadened or narrowed by contract. Thus, for example, an employer and employee can agree that the employee will own some or all of the information they create on the job.

Some employees use their employer's facilities to develop their own ideas, e.g., coming in after hours to use workshop tools, or running compute-intensive machine-learning models on the employer's computers. If these inventions relate to the employer's business, then the employer receives a ***shop right***. The employee owns the information, but the employer has an irreovocable, nonexclusive, royalty-free license to use it.

On the other hand, some employers attempt to claim ownership by contract of information created by employees during or even after their term of employment, regardless of whether it was part of their job duties. These provisions are enforceable in theory but can be litigation quagmires in practice. The Restatement (Third) explains:

> In some situations, however, it may be difficult to prove when a particular invention was conceived. The employee may have an incentive to delay disclosure of the invention until after the employment is terminated in order to avoid the contractual or common law claims of the employer. It may also be difficult to establish whether a post-employment invention was improperly derived from the trade secrets of the former employer. Some employment agreements respond to this uncertainty through provisions granting the former employer ownership of inventions and discoveries relating to the subject matter of the former employment that are developed by the employee even after the termi-

14. "Three may keep a secret, if two of them are dead." Benjamin Franklin, *Poor Richard's Almanack*, July 1735.
15. Restatement (Third) of Unfair Competition, *supra* note 5, § 42 cmt. e.

> nation of the employment. Such agreements can restrict the former employee's ability to exploit the skills and training desired by other employers and may thus restrain competition and limit employee mobility. The courts have therefore subjected such "holdover" agreements to scrutiny analogous to that applied to covenants not to compete. Thus, the agreement may be unenforceable if it extends beyond a reasonable period of time or to inventions or discoveries resulting solely from the general skill and experience of the former employee.[16]

4 Derivation

Suppose that A accuses B of misappropriating their trade secret. Can B defend by arguing that A has no right to complain because the trade secret actually belongs to X rather than to A?[17] In U.S. law on tangible property, the usual answer is "no": the court will deal only with the dispute among the parties before it, and will not allow the defendant to argue that some third party has even stronger rights than the plaintiff. Even an acknolwedged thief can be treated as owner enough to bring a lawsuit to recover property.[18] This rule is called "relativity of title" (a plaintiff only needs to have relatively better rights than the defendant, not absolutely good ones) or the "rejection of the *jus tertii*" (a Latin phrase meaning "the right of the third one"). Property law has strong reasons to embrace relativity of title as a way of making possession more secure, because only one person can have full possession and control of the property at a time. If B steals a car that A allegedly stole from X, B's theft deprives A of the use of the car, and that's an obvious and immediate harm fixing. If and when X shows up, the court can determine whether to give the car to them, but as between A and B the case is clear.

In intellectual property, the problem is a little different, because multiple parties might have possession and use of the information at the same time. The issue of whether A's alleged theft of information from X should block A's lawsuit against B is more of a true policy choice, and different

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16. *Id.* § 42 cmt. g.

17.

> "You're ripping us off," Steve [Jobs] shouted, raising his voice even higher. "I trusted you, and now you're stealing from us!"
>
> But Bill Gates just stood there coolly, looking Steve directly in the eye, before starting to speak in his squeaky voice.
>
> "Well, Steve, I think there's more than one way of looking at it. I think it's more like we both had this rich neighbor named Xerox and I broke into his house to steal the TV set and found out that you had already stolen it."

Andy Hertzfeld, *A Rich Neighbor Named Xerox*, Folklore.org (n.d.), https://www.folklore.org/A_Rich_Neighbor_Named_Xerox.html.

18. Anderson v. Gouldberg, 51 Minn. 294 (1892).

areas of IP give different answers. I think the best general name for this class of problems is ***derivation*** (the term used in patent law) or ***derivatives*** (the term used in copyright law).

In trade secret, this problem is usually dealt with in terms of standing to sue.[19] The UTSA says that a "complainant" (rather than an "owner") is entitled to recover damages for misappropriation.[20] This can lead to surprising results. In *Snyder v. Beam*, Snyder worked for Guardian Life Insurance until 2016; when he left, he took with him a list of 40,000 insurance brokers. Starting in July 2018, he worked for Beam Technologies. He shared the list with some other Beam employees, but after he was fired in November 2018, Beam continued to use the list without his permission. The court held that Snyder had standing to sue Beam for misappropriating his trade secret, even if the only reason he had the information in the first place was that he had misappropriated it from Guardian.[21] This is not a universal rule. The DTSA restricts standing to an "owner" of a trade secret,[22] and so do some other states' versions of the UTSA.[23] Under this language, Snyder was not the "owner" of a trade secret in the list and could not sue Beam. (This is a good reminder that "Uniform" laws can vary from state to state; research on the relevant jurisdictions' specific laws is always required.)

Snyder was about *wrongful* derivation; the rules are slightly different for *lawful* derivation, when the plaintiff holds a license to a a trade secret owned by a third prty. Here, both statutes and courts tend to be permissive. The DTSA, for example, defines "owner" to include a licensee,[24] and courts applying the UTSA generally allow licensees to sue when someone else takes the trade secret from them.[25]

C Procedures

The only procedural prerequisite to having a valid trade secret is making ***reasonable efforts*** to preserve its secrecy.

1 Reasonable Efforts

The UTSA provides that to be a trade secret, information must be "the subject of efforts that are reasonable under the circumstances to main-

19. *See generally* Charles Tait Graves, *Curiosities of Standing in Trade Secret Law*, 20 Nw. J. Tech. & Intell. Prop. 159 (2023).
20. UTSA, *supra* note 8, § 3(a).
21. *See* Snyder v. Beam, 147 F.4th 1246, 1261–62 (10th Cir. 2025) (Bacharach, J., dissenting in part) (explaining reasoning). Snyder lost on other grounds: the court held that he failed to take reasonable precautions with the list while employed at Beam. *Id.* at 1256–57.
22. Defend Trade Secrets Act (DTSA), 18 U.S.C. § 1836(b)(1).
23. *See, e.g.,* N.C. Gen. Stat. §§ 16–133.
24. DTSA § 1839(4).
25. *E.g.,* Advanced Fluid Sys., Inc. v. Huber, 958 F.3d 168, 179 (3rd Cir. 2020).

tain its secrecy."[26] Such efforts can involve a mixture of physical security like locks and guards, digital security like password policies and firewalls, confidentiality agreements, and compartmentalization of knowledge. Here is a summary of one company's precautions:

> RAPCO stores all of its drawings and manufacturing data in its CAD room, which is protected by a special lock, an alarm system, and a motion detector. The number of copies of sensitive information is kept to a minimum; surplus copies are shredded. Some information in the plans is coded, and few people know the keys to these codes. Drawings and other manufacturing information contain warnings of RAPCO's intellectual property rights; every employee receives a notice that the information with which he works is confidential. None of RAPCO's subcontractors receives full copies of the schematics; by dividing the work among vendors, RAPCO ensures that none can replicate the product.[27]

It is always possible to imagine even stronger efforts. (Indeed, the reasonableness of the owner's efforts will only be at issue in cases where they have failed.) But the test is "reasonable" efforts, not perfect security:

> This makes it irrelevant that RAPCO does not require vendors to sign confidentiality agreements; it relies on deeds (the splitting of tasks) rather than promises to maintain confidentiality. Although, as Lange says, engineers and drafters knew where to get the key to the CAD room door, keeping these employees out can't be an ingredient of "reasonable measures to keep the information secret"; then no one could do any work. So too with plans sent to subcontractors, which is why dissemination to suppliers does not undermine a claim of trade secret.[28]

Security is costly. Fences and firewalls cost money. They also make it harder for people to do their jobs, by keeping useful information under wraps. What is reasonable under the circumstances reflects a tradeoff between the costs and benefits of increased security.

But this leaves a puzzle. Why require reasonable efforts at all, given that they are costly? Why isn't the test simply efforts sufficient to maintain actual secrecy? Here are some possible theories:

1. Reasonable efforts are evidence of economic value. Businesses will not bother to make an effort to keep their weekly break-room donut orders secret, because this information is of no meaningful use to competitors.

26. UTSA, *supra* note 8, § 1(4)(i)(i).
27. United States v. Lange, 312 F.3d 263, 266 (7th Cir. 2002).
28. *Id.*

2. Reasonable efforts are evidence of actual secrecy. The fact that papers are kept under lock and key helps show that they are not widely available.
3. Reasonable efforts are evidence of misappropriation. (This one takes a little more thought to see.) If documents are not normally shared with subcontractors, it is less likely that a rival obtained them innocently from a subcontractor on a job site.
4. Reasonable efforts provide fair notice to potential defendants. If papers are stamped "CONFIDENTIAL," employees who handle them know they are dealing with information the company considers proprietary.
5. The reasonable-efforts requirement makes owners take reasonable efforts. Otherwise, they will be tempted to rely on expensive lawsuits when cheap five-dollar padlocks could have prevented the problem in the first place. Trade-secret law helps those who help themselves.[29]

Which of these strike you as persuasive?

2 [Registration]

There is no requirement that the owner of a trade secret register it as one with a government agency.There is no Department of Trade Secrets you could go to even if you wanted to try registering one. Trade secret protection subsists *automatically* in economically valuable secrets.

3 [Notice]

There is no notice requirement in trade secret law. Indeed, requiring detailed public notice of what information a business claims as a trade secret would defeat the purpose of having trade-secret law in the first place. All that is required is reasonable efforts.

Still, notice is not entirely absent. A business that does not warn employees and outsiders that it considers information confidential runs the risk that they will reasonable assume that it isn't, and reveal it to the world. So part of taking reasonable efforts is providing notice. Often that notice is implicit: a "no trespassing' sign and a guard at the gate do not say "what lies beyond this fence is a trade secret" in so many words, but they help convey that message.

Notice also comes up in trade-secret litigation. A plaintiff suing for trade-secret misappropriation must inform the court and the defendant what information it believes has been taken. Otherwise, there is no way the defendant could fairly mount a defense, or the court could make a

29. This list is adapted from Rockwell Graphic Sys., Inc. v. DEV Indus., Inc., 925 F.2d 174 (7th Cir. 1991) (Posner, J.).

rational ruling in the case. Of course, the plaintiff will be worried that suing will lead to precisely the outcome it is trying to prevent: the secret leaking out. As a result, protective orders to keep filings under seal and to prevent further disclosure are common in trade secret litigation.

4 Term

Trade secrets have no term limits; they can endure indefinitely. As long as the requirements to have a trade secret in the first place continue—economic value, actual secrecy, and reasonable efforts—so do the owner's trade-secret rights. As a result, trade secrets tend to end when they become either less-widely or more-widely known.

On the one hand, some trade secrets disappear without a trace because the information in them is no longer useful to the owner and so it no longer bothers to invest in keeping track of that information. (In the extreme case, when a business fails, it no longer bothers to invest in keeping track of anything.) As papers are shredded or old files deleted, they are forgotten entirely.

Other trade secrets disappear because they stop being secret. As technologies are reinvented, or leaked, or voluntarily disclosed, what used to be closely held becomes widely known. Ideas diffuse through an industry, and no one in the industry has a protectable trade secret in them.

D Infringement: Prohibited Conduct

The essence of trade secret misappropriation is to ***acquire*** a protected secret through ***improper means***, or to ***use*** or ***disclose*** a secret that was acquired through improper means or by "accident or mistake".[30]

1 Improper Means

The UTSA defines improper means to be "theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means."[31] The Restatement (Third) uses a similar list, but adds the catchall "other means either wrongful in themselves or wrongful under the circumstances of the case."[32] These definitions can be roughly divided into two types of wrongful conduct. On the one hand there is ***espionage***, which often involves theft, trespass, or computer hacking. On the other hand there is ***breach of confidence***, which often involves violating a promise to keep someone else's secrets.

30. UTSA, *supra* note 8, § 1; Restatement (Third) of Unfair Competition, *supra* note 5, § 40.
31. UTSA, *supra* note 8, § 1(1).
32. Restatement (Third) of Unfair Competition, *supra* note 5, § 43.

Modern view of the Beaumont methanol plant (now owned by OCI)

It is tempting to to conclude that "improper means" consist of torts (espionage) and breach of contract (breach of confidence), but this equation is a little too pat.

a Espionage

E.I. du Pont de Nemours & Co. v. Christopher
431 F.2d 1012 (5th Cir. 1970)

This is a case of industrial espionage in which an airplane is the cloak and a camera the dagger. The defendants-appellants, Rolfe and Gary Christopher, are photographers in Beaumont, Texas. The Christophers were hired by an unknown third party to take aerial photographs of new construction at the Beaumont plant of E. I. DuPont de Nemours & Company, Inc. Sixteen photographs of the DuPont facility were taken from the air on March 19, 1969, and these photographs were later developed and delivered to the third party.[33]

DuPont subsequently filed suit against the Christophers, alleging that the Christophers had wrongfully obtained photographs revealing DuPont's trade secrets which they then sold to the undisclosed third party. DuPont contended that it had developed a highly secret but unpatented process for

33. [Ed: "The appearance of the airplane at such an opportune moment [may have] suggested to DuPont that some kind of inside leak had tipped off the photographers (or their client) to the opportunity." Edmund Kitch, *The Law and Economics of Rights in Valuable Information*, 9 J. Legal Stud. 683 (1980).]

producing methanol, a process which gave DuPont a competitive advantage over other producers. This process, DuPont alleged, was a trade secret developed after much expensive and time-consuming research, and a secret which the company had taken special precautions to safeguard. The area photographed by the Christophers was the plant designed to produce methanol by this secret process, and because the plant was still under construction parts of the process were exposed to view from directly above the construction area. Photographs of that area, DuPont alleged, would enable a skilled person to deduce the secret process for making methanol. DuPont thus contended that the Christophers had wrongfully appropriated DuPont trade secrets by taking the photographs and delivering them to the undisclosed third party.

The Christophers argued both at trial and before this court that they committed no “actionable wrong” in photographing the DuPont facility and passing these photographs on to their client because they conducted all of their activities in public airspace, violated no government aviation standard, did not breach any confidential relation, and did not engage in any fraudulent or illegal conduct. In short, the Christophers argue that for an appropriation of trade secrets to be wrongful there must be a trespass, other illegal conduct, or breach of a confidential relationship. We disagree.

One may use his competitor’s secret process if he discovers the process by reverse engineering applied to the finished product; one may use a competitor’s process if he discovers it by his own independent research; but one may not avoid these labors by taking the process from the discoverer without his permission at a time when he is taking reasonable precautions to maintain its secrecy. To obtain knowledge of a process without spending the time and money to discover it independently is improper unless the holder voluntarily discloses it or fails to take reasonable precautions to ensure its secrecy.

In the instant case the Christophers deliberately flew over the DuPont plant to get pictures of a process which DuPont had attempted to keep secret. The Christophers delivered their pictures to a third party who was certainly aware of the means by which they had been acquired and who may be planning to use the information contained therein to manufacture methanol by the DuPont process. The third party has a right to use this process only if he obtains this knowledge through his own research efforts, but thus far all information indicates that the third party has gained this knowledge solely by taking it from DuPont at a time when DuPont was making reasonable efforts to preserve its secrecy. In such a situation DuPont has a valid cause of action to prohibit the Christophers from improperly discovering its trade secret and to prohibit the undisclosed third party from using the improperly obtained information.

In taking this position we realize that industrial espionage of the sort here perpetrated has become a popular sport in some segments of our industrial community. However, our devotion to free wheeling industrial competition must not force us into accepting the law of the jungle as the standard of morality expected in our commercial relations. Our tolerance of the espionage game must cease when the protections required to prevent another's spying cost so much that the spirit of inventiveness is dampened. Commercial privacy must be protected from espionage which could not have been reasonably anticipated or prevented. We do not mean to imply, however, that everything not in plain view is within the protected vale, nor that all information obtained through every extra optical extension is forbidden. Indeed, for our industrial competition to remain healthy there must be breathing room for observing a competing industrialist. A competitor can and must shop his competition for pricing and examine his products for quality, components, and methods of manufacture. Perhaps ordinary fences and roofs must be built to shut out incursive eyes, but we need not require the discoverer of a trade secret to guard against the unanticipated, the undetectable, or the unpreventable methods of espionage now available.

In the instant case DuPont was in the midst of constructing a plant. Although after construction the finished plant would have protected much of the process from view, during the period of construction the trade secret was exposed to view from the air. To require DuPont to put a roof over the unfinished plant to guard its secret would impose an enormous expense to prevent nothing more than a school boy's trick. We introduce here no new or radical ethic since our ethos has never given moral sanction to piracy. The marketplace must not deviate far from our mores. We should not require a person or corporation to take unreasonable precautions to prevent another from doing that which he ought not do in the first place. Reasonable precautions against predatory eyes we may require, but an impenetrable fortress is an unreasonable requirement, and we are not disposed to burden industrial inventors with such a duty in order to protect the fruits of their efforts. "Improper" will always be a word of many nuances, determined by time, place, and circumstances. We therefore need not proclaim a catalogue of commercial improprieties. Clearly, however, one of its commandments does say "thou shall not appropriate a trade secret through deviousness under circumstances in which countervailing defenses are not reasonably available."

Having concluded that aerial photography, from whatever altitude, is an improper method of discovering the trade secrets exposed during construction of the DuPont plant, we need not worry about whether the flight pattern chosen by the Christophers violated any federal aviation regulations. Regardless of whether the flight was legal or illegal in that sense, the espionage was an improper means of discovering DuPont's trade secret.

Questions

1. Look back at the four theories to justify trade secrets law at the start of the chapter. Which of them are most consistent with the court's

reasoning in *Christopher*?

2. It is the present day and your client is a major petrochemical company. It wants to learn as much as possible about a competitor's methanol plant, which is about to start construction. The client has proposed (a) flying a plane over the construction site, as in *Christopher*; (b) flying a five-pound drone 300 feet in the air above a public road adjacent to the site; and (c) buying commercially available satellite photos of the site. What is your advice?

Cases of accident or mistake are usefully thought of as espionage-adjacent. Stealing deal documents from an airplane seatmate's briefcase is acquisition through improper means, but reading through documents they left behind when they deplaned is acquisition through mistake.

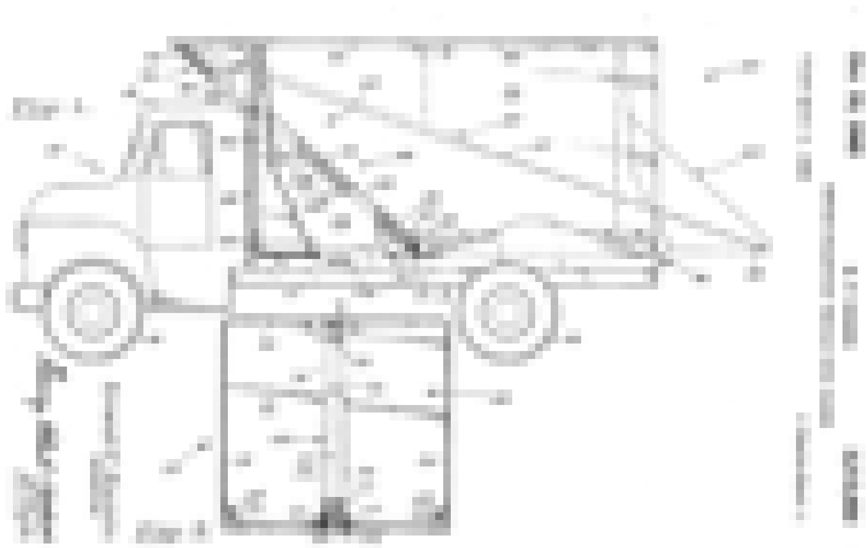
b Breach of Confidence

Turn now to the other prong of improper means, breach of confidence. *Kamin v. Kuhnau* is reasonably representative.[34] After a career as a knitting-mill mechanic, Ernest Kamin got into the garbage collection business in 1953. It was a fertile time for garbage-truck innovations, and Kamin soon had ideas about how to use hydraulic cylinders to lift garbage containers to the truck and compress garbage once inside. In 1955, he struck a deal with Richard Kuhnau to use Kuhnau's machine shop to experiment with truck designs and build prototypes.

The experiment was a success. By the summer of 1956, Kamin was taking orders for garbage trucks made to his improved design. Kuhnau set up another company to manufacture the trucks for Kamin. But after the first ten trucks, Kuhnau broke off the relationship in October 1956 and started making trucks on his own with a very similar design. Kamin sued, arguing that Kuhnau had misappropriated Kamin's trade secrets.

If Kamin and Kuhnau had explicitly contracted for nondisclosure, this would be an easy case. Indeed, there would be no need to invoke trade secret law; as in *Apfel*, contract law would suffice. But, like so many other business partners, they neglected the IP terms in their contracts. If Kuhnau had been Kamin's employee, this would also be an easy case. Employment law imposes a duty of loyalty on employees, and they breach that duty by using the employer's trade secrets for their own benefit.[35] But at no point did Kamin have the kind of direct control over the "manner and means" of Kuhnau's work that characterizes an employment relationship.[36] "Tenant" and "customer" are better descriptions of his role

34. Kamin v. Kuhnau, 374 P.2d 912 (Or. 1962).
35. Restatement of Emp. L. § 8.01 (2015).
36. Restatement of Emp. L. § 1.01.



One of Kamin's garbage-truck designs

than "employer"; Kamin rented space from Kuhnau, and then purchased completed trucks from him.

But trade-secret law is willing to imply duties of confidentiality, not just as a matter of fact, but as a matter of law. To quote *Kamin*:

> It is not necessary to show that the defendant expressly agreed not to use the plaintiff's information; the agreement may be implied. And the implication may be made not simply as a product of the quest for the intention of the parties but as a legal conclusion recognizing the need for ethical practices in the commercial world. In the case at bar the relationship between plaintiff and Kuhnau was such that an obligation not to appropriate the plaintiff's improvements could be implied. Kuhnau was paid to assist plaintiff in the development of the latter's idea. It must have been apparent to Kuhnau that plaintiff was attempting to produce a unit which could be marketed. Certainly it would not have been contemplated that as soon as the packer unit was perfected Kuhnau would have the benefit of plaintiff's ideas and the perfection of the unit through painstaking and expensive experimentation. It is to be remembered that the plaintiff's experimentation was being carried on, not on the assumption that he was duplicating an existing machine, but upon the assumption that he was creating a new product.[37]

Another common setting in which breach of confidence is important is

37. *Kamin*, 374 P.2d at 152—53.

failed negotiations. The plaintiff has an idea, and would like the defendant's help in commercializing it, and the situation unspools just as in the idea-submission cases (e.g., *Desny* or *Apfel*) except that when the plaintiff sues on a trade-secret theory, the courts will often find misappropriation even when there is no explicit NDA. If it is clear to both parties that the disclosure is being made for the purpose of negotiation, trade-secret law will treat the negotiations as a confidential relationship and protect against unauthorized disclosure or use. Just as the espionage prong of improper means builds on tort law but does not feel compelled to track it exactly, so too does the breach-of-confidence prong build on contract law, but without getting tangled up in the niceties of contract doctrine.

2 Acquisition, Use, and Disclosure

The three verbs "acquire," "use," and "disclose" cover the lifecycle of information: you acquire it, you use it for your own purposes, and then you disclose it to others.

Acquisition itself is to obtain the information. What makes trade secret misappropriation distinctively wrongful is the improper means or unfair circumstances under which this acquisition takes place (as discussed above). If you acquire information properly, you are free to use and disclose it as you wish. Under the Restatement of Torts, only use and disclosure were actionable, and only folllowing a wrongful acquisition. The modern approach is simpler and cleaner. Although acquisition is often harmless by itself, it creates a high enough likelihood of subsequent harm through use or disclosure that it is made actionable. There is no good reason that Du Pont should have to wait for the Christophers to give their photographs to their client before it can sue them.

To *use* a trade secret is to exploit the information for commercial gain. This requires something more than bare possession, and something less than full commercialization. For example, merely possessing misappropriated construction diagrams for a widget smelter is not use, but following them to build a smelter is, even if the smelter is never operated to make widgets. There is a ***commerciality*** threshold here: purely personal uses are probably not actionable on their own. Most cases hold that to possess or use a product *made using* a secret is not to "use" the secret itself. As one court memorably put it:

> One who bakes a pie from a recipe certainly engages in the "use" of the latter; but one who eats the pie does not, by virtue of that act alone, make "use" of the recipe in any ordinary sense, and this is true even if the baker is accused of stealing the recipe from a competitor, and the diner knows of that accusation. . . . A coach who employs [a stopwatch] to time a race certainly makes "use" of it, but only a sophist could bring himself to say that coach

"uses" trade secrets involved in the manufacture of the watch.[38]

To *disclose* a trade secret is to reveal the information to others. Disclosure can be private (the Christophers giving their photographs to their client) or public (Erlich posting the Scientology documents on the Internet). There is not a commerciality threshold for disclosure, as there was for use. Erlich had no profit motive for spilling Scientology's secrets, but the fact that he acted for principled rather than pecuniary reasons was no defense. Note that there are two kinds of harms here. One is that someone else might make unauthorized use of the information (e.g., the Christophers' client). The other is that the information might become no longer secret at all (e.g., the Scientology documents). Both are protected against, and both are part of the secret owner's measure of damages.

3 Intent

Generally speaking, liability for trade secret misappropriation requires that the defendant ***know or have reason to know*** that the information is a trade secret. Did the Christophers, strictly speaking, know that the layout of the methanol plant embodied trade secrets? Perhaps, perhaps not, but they certainly had reason to know, and that was enough.

There is a subtle timing issue here, because sometimes the knowledge that information is a trade secret arrives *after* the information itself. Think of a parts supplier who receives an email with their client's complete purchase-order database for the last quarter. If the recipient knows or has reason to know of the mistake, then the usual obligations attach. The supplier cannot undercut its competitors' prices or short their stock on the basis of what it learns. But other mistakes are harder for the recipient to spot.

Out of fairness, the UTSA says that if a recipient makes a "material change of position" before learning of the mistake, they are free of their trade-secret obligations.[39] Parties who have made substantial expenditures in the reasonable belief that the plans underlying their investment are not someone else's trade secret will not have the rug yanked out from under them retroactively. The Restatement (Third) accommodates a similar concern by saying that the recipient takes the information free and clear if "the acquisition was the result of the other's failure to take reasonable precautions to maintain the secrecy of the information,"[40] which sounds in reasonable efforts, rather than intent.

38. Silvaco Data Sys. v. Intel Corp., 184 Cal. App. 4th 210, 224 (2010).
39. UTSA, *supra* note 8, § 1(2)(C).
40. Restatement (Third) of Unfair Competition, *supra* note 5, § 40(b)(4).

E Infringement: Similarity

The prohibition on misappropriation through improper means includes an implicit requirement that the information the defendant obtained or used is the *same* information the plaintiff claims as a trade secret. There will be cases in which the defendant discloses or uses information, but it is not derived from the plaintiff's secrets.

1 Substantial Similarity

Although the issue is rarely framed this way in trade-secret law, the test for similarity is the same as in copyright: ***substantial similarity*** between the plaintiff's and defendant's information.[41] Here is a typical holding from a case dismissing a trade-secret claim on the basis of no substantial similarity, *Big Vision Private, Ltd. v. E.I. Dupont De Nemours & Co.*:

> Quite simply, Big Vision cannot demonstrate that its recyclable banners are substantially similar to DuPont's. The parties do not dispute that DuPont's recyclable banner products are not made by either lamination or coextrusion. None of DuPont's recyclable banner products use the three-layer structures tested at the Trials, the range of $CaCO_3$ tested at the Trials, or "minimal" amounts of Entira (to the extent it has been defined), since DuPont's products either use 100% or 0% Entira. Furthermore, DuPont's recyclable banner products are not printable with solvent ink. Thus, to the extent Big Vision's trade secret is discernible, DuPont's products implicate almost none of its elements.[42]

2 Proof of Copying

A recurring issue in IP areas that prohibit copying – as trade secret and copyright do – is proving that the defendant copied its information *from the plaintiff*. It is not trade secret infringement to independently come up with the same idea; indeed, it happens all the time. Unbeknownst to Kamin and Kuhnau, there were already hydraulic-press garbage trucks on the market in other parts of the country. This did not negate Kamin's trade secret. But if Kuhnau had seen one of those other trucks while on a business trip to Boston, it would not have been misappropriation for him to duplicate that truck – even if the design had coincidentally been close to Kamin's. Kuhnau infringed because he copied his design *from Kamin's* in breach of the duty of confidence he owed to Kamin.

Whether the defendant copied from the plaintiff is a factual question: either they did or they didn't. As such, proving copying is funda-

41. *See generally* Joseph P. Fishman & Deepa Varadarajan, *Similar Secrets*, 167 U. Pa. L. Rev. 1051 (2019).

42. Big Vision Priv., Ltd. v. E.I. Dupont De Nemours & Co., 1 F. Supp. 3d 224, 274 (S.D.N.Y.).

mentally an evidentiary question. Two kinds of evidence are particularly probative: proof that the defendant had ***access*** to the plaintiff's information, and proof that the defendant's information is ***similar*** to the plaintiff's. Access is relevant because it helps to make the theft story more plausible, and hence more likely. Similarity is relevant because it helps make the innocent alternative stories less plausible, and hence less likely.

For an example, consider *Grynberg v. BP, PLC*.[43] The plaintiff pitched ARCO on a variety of oil-development projects in Central Asia based on his research. Later, ARCO invested in two pipelines he proposed. He sued, alleging that ARCO had relied on his confidential research in pursuing these projects.

Grynberg had ready evidence of access; he had met with ARCO to discuss these two pipeline routes. But ARCO's counter-story of no copying was also strong. It had well-documented proof that it had planned its investments using a mixture of publicly available resources and "data rooms" in which it compiled (and carefully logged) more detailed research. Grynberg tried to undercut this counter-story by showing that there were such detailed similarities between his proposal and ARCO's pipeline projects that they could only have been copied from him. But the court was unpersuaded:

> ARCO did eventually make investments in Tengiz and the Caspian pipeline, which were among the investments that Grynberg had endorsed and relayed information about. However ARCO also declined to pursue other investments Grynberg had advocated, such as the Karachaganak oil field also in the area of mutual interest. Moreover nothing about ARCO's investments bears the markers of the Grynberg information in such a way as to justify inferring the use of that information. It is not as if ARCO built wells at particular locations previously suggested by Grynberg, worked primarily through contacts developed by Grynberg, or tied its investments to Grynberg's numbers in a suspiciously similar way. Rather, an oil company chose to invest in one of the largest oil fields in the world, in a manner different from that envisioned by Grynberg at the time he developed his proposed consortium. That it did so is unsurprising and does not evince the kind of suspicious similarity present in [previous cases].[44]

This is the opposite of *Big Vision*. There, there were insufficient similarities between the plaintiff's products and the defendant's secrets, even though there may have been copying. Here, there were sufficient similarities, but they were the result of coincidence, not copying.

43. Grynberg v. BP, PLC, No. 06 Civ. 6494 (RJH) (S.D.N.Y Mar. 30, 2011).
44. *Id.* at 8.

One last note. The kind of similarity needed to prove copying from the plaintiff is different from the kind of similarity needed to establish substantial similarity for misappropriation purposes. The former is evidentiary, the latter is substantive. Similarity to prove copying can be based on unprotected or trivial elements. A drafting error in the plaintiff's schematic diagrams that shows up in the defendant's product may be commercially insignificant but impossible for the defendant to explain away innocently. The drafting error proves copying, but other similarities will be needed to show substantial similarity.

F Secondary Liability

If a vice-president at MatrixCorp receives an email from someone calling themself Cypher offering to provide details of a computer graphics technology similar to one used by its competitor NeoCorp, can they take the deal? A moment's thought should suggest that the answer depends on how Cypher obtained the information. The general rule is that the obligation not to acquire, use, or disclose a trade secret obtained through improper means follows the secret downstream to subsequent parties as long as they know or have reason to know that the information reached them via an upstream misappropriation.[45] An email from a mysterious hacker is likely to put MatrixCorp on notice that the information was obtained by nefarious means.

G Defenses

The two most significant "defenses" to trade secret infringement are independent rediscovery and reverse engineering. I put "defenses" in quotation marks to emphasize that neither adds anything to the doctrines you have already seen. The defendant who establishes that she independently came up with the same information has actually defeated a crucial element of the plaintiff's case-in-chief: that the defendant stole the information *from the plaintiff*. Reflecting this, the Restatement simply excludes them from its definition of "improper means": "Independent discovery and analysis of publicly available products or information are not improper means of acquisition."[46] In addition, sometimes there are free-expression reasons or other important social policies to allow the disclosure of trade secrets.

1 Independent Rediscovery

Independent discovery needs little further discussion; it is nearly indistinguishable from ordinary research and development. In this context,

45. UTSA, *supra* note 8, § 1(2).
46. Restatement (Third) of Unfair Competition, *supra* note 5, § 43.

"independent" means independently of the misuse of a trade secret. Thus it is allowable "independent" rediscovery to mount your own search for information that your competitor has, which you have learned the existence of through permissible means. For example, if they are selling 99.95% pure widgetium, it is permissible to infer that they have a secret process for purifying widgetium, conduct research, and develop a purification process.

On the other hand, it is not "independent" rediscovery to use improperly obtained secrets to guide your search. If your competitor's VP of engineering offers asks for a $100,000 bribe to tell you what *not* to try in your widgetium-purifying research, your next call should be to their head of security or the FBI, not to your own R&D division. True, they are not selling you the secret process itself. But they are still passing along a trade secret in breach of a duty of confidentiality, and there is no way to launder that breach into an "independent" discovery.

2 Reverse Engineering

Reverse engineering is conventionally defined as "starting with the known product and working backward to divine the process which aided in its development or manufacture."[47] Courts sometimes add that the "known product" must have been obtained lawfully: it is no defense to argue that you reverse engineered the widget-making-machine you stole from your competitor's factory.

Why allow reverse engineering? For one thing, it reflects a policy of recognizing personal- property owners' rights over their things. If you buy it, you can break it down. In this sense, reverse engineering is trade secret's version of an exhaustion or first sale defense. If you buy a thing in the open market, you take it free and clear of any trade-secret rights.

Reverse engineering also promotes the same values as trade secret law itself. In the words of the Supreme Court, it is "an essential part of innovation" that "often leads to significant advances in technology."[48] It thus reflects a policy of balancing upstream and downstream innovation, limiting the former to promote the latter.

Remember that reverse engineering is a *defense* to infringement; the possibility of reverse engineering does not necessarily destroy the existence of a trade secret. Consider *United States v. Lange*.[49] Matthew Lange worked for Replacement Aircraft Parts Co., a/k/a RAPCO. As its name indicates, RAPCO made replacement airplane parts. Lange and others designed RAPCO's replacement parts by buying original parts, and then reverse engineering them:

47. Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974).
48. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 160 (1989).
49. United States v. Lange, 312 F.3d 263 (7th Cir. 2002).

RAPCO brake components

> Knowing exactly what a brake assembly looks like does not enable RAPCO to make a copy. It must figure out how to make a substitute with the same (or better) technical specifications. Aftermarket manufacturers must experiment with different alloys and compositions until they achieve a process and product that fulfils requirements set by the Federal Aviation Administration for each brake assembly. Completed assemblies must be exhaustively tested to demonstrate, to the FAA's satisfaction, that all requirements have been met; only then does the FAA certify the part for sale. For brakes this entails 100 destructive tests on prototypes, bringing a spinning 60-ton wheel to a halt at a specified deceleration measured by a dynamometer. Further testing of finished assemblies is required. It takes RAPCO a year or two to design, and obtain approval for, a complex part; the dynamometer testing alone can cost $75,000. But the process of experimenting and testing can be avoided if the manufacturer demonstrates that its parts are identical (in composition and manufacturing processes) to parts that have already been certified. What Lange, a disgruntled former employee, offered for sale [for $100,000] was all the information required to obtain certification of several components as identical to parts for which RAPCO held certification.[50]

Lange was arrested and charged under the federal EEA, which incorporates essentially the UTSA definition of "trade secret."[51]

In theory, anyone could do what RAPCO did: take an airplane part

50. *Id.* at 265.
51. EEA, *supra* note 3, § 1839.

and reverse engineer it. Thus, Lange argued, the designs he offered for sale were not actually "secret" in the first place. This argument failed. The key is that RAPCO actually invested the time and money to do the hard work of reverse engineering, and Lange didn't. Just like a dry-cleaning equipment salesperson who picks up the phone and laboriously builds a list of dry cleaners in a large metropolitan area, or an oil-exploration firm that conducts geological surveys, RAPCO acquired valuable information that others lack. As long as its competitors do not have ready access to that information, it qualifies as a trade secret. Lange was trying to sell them a shortcut to what RAPCO learned through hard work, and it is precisely that shortcut that trade secret law tries to prevent. Others are free to reverse engineer RAPCO's parts (just as it itself did), but they are not free to bribe Lange for the details.

3 Freedom of Expression

Free-speech concerns also weigh on trade-secret cases. *RTC* is a case in point; Scientology was using trade-secret law to silence its critics. At a high level, there is a stronger First Amendment argument for being allowed to *disclose* a trade secret (which necessarily involves speech) than for for *acquiring* one (which is often illegal in other ways) or for *using* one (which looks like purely economic conduct). Indeed, there is Supreme Court caselaw suggesting there is a First Amendment right (at least for the press) to publish information of public concern, even if it was obtained improperly. In *Bartnicki v. Vopper*, an unknown party illegally wiretapped a telephone call bweteen teachers' union officials discussing a threat to "blow off [the school board's] front porches."[52] The recording was mailed to a local activist, who gave it to a radio host, who played it on the air. The school board sued under the federal Wiretap Act and a state equivalent, which prohibited not just the interception of telephone communications (in trade secret terms, acquisition) but also the disclosure of intercepted communications.[53] The Supreme Court held that the activist and host were protected by the First Amendment:

> We think it clear that . . . a stranger's illegal conduct does not suffice to remove the First Amendment shield from speech about a matter of public concern. The months of negotiations over the proper level of compensation for teachers at the Wyoming Valley West High School were unquestionably a matter of public concern, and respondents were clearly engaged in debate about that concern.[54]

These First Amendment protections for disclosure, however, may not

52. Bartnicki v. Vopper, 532 U.S. 514, 519 (2001).
53. 18 U.S.C. § 2511(1)(a), (1)(c).
54. *Bartnicki*, 532 U.S. at 535.

reach trade secrets. In *Bartnicki*, the Supreme Court withheld judgment about the "the application of [wiretapping laws] to disclosures of trade secrets or domestic gossip or other information of purely private concern."[55] And in *DVD Copy Control Ass'n, Inc. v. Bunner*, the California Supreme Court drew on that language in a trade-secret case against Andrew Bunner, who posted the code for a program, DeCSS, that would let users decrypt DVDs and copy them to their computers. The association that controlled the copy-protection on DVDs sued him for trade-secret misappropriation. The court upheld a preliminary injunction against Bunner, explaining that the injunction "burdens no more speech than necessary to serve the government's interest in encouraging innovation and development" and "merely applies this venerable standard of commercial ethics to a constitutionally recognized property interest in information."[56]

Still, courts do sometimes find ways internal to trade-secret law to avoid imposing liability on defendants making expressive disclosures. Bunner won on remand. The court there held that DeCSS was widely available online, so the horse was already out of the barn, and the plaintiffs had not shown that Bunner was the one who opened the barn door by posting it first.[57]

4 Whistleblowing

In general, whistleblower laws protect employees (and sometimes others) from retaliation for complaining about illegal conduct, making it public, or bringing it to the attention of authorities. The details vary greatly and are based in different bodies of law, depending on the jurisdiction, the industry in question, the kind of misconduct, and the way in which the employee reports it. For example, employers may not fire or demote employees for reporting overtime violations or sexual harassment. An especially striking system is that the Dodd-Frank Wall Street Reform and Consumer Protection Act authorizes the Securities and Exchange Commission to award whistleblowers between 10 and 30 percent of the fines it recovers as a result of their reports—in some cases, tens or even hundreds of millions of dollars. The general policy of whistleblower laws is to *defeat* secrecy when it is being used to hide wrongdoing.

Enter trade secret law. Some information is a trade secret, but shouldn't be. Not only do companies use secrecy to hide unethical or il-

55. *Id.* at 533.
56. DVD Copy Control Ass'n, Inc. v. Bunner, 75 P.3d 1, 14 (Cal. 2003).
57. DVD Copy Control Ass'n Inc. v. Bunner, 10 Cal. Rptr. 3d 185 (Cal. Ct. App. 2004). Unsurprisingly, the DeCSS code is still available online. Similarly, in *RTC*, Erlich won because the documents might already have been public when he posted them, and Scientology couldn't prove that they weren't. The OT documents also remain widely available online.

legal business practices, they sometimes use threats of trade secret litigation to keep anyone from spilling the beans. The DTSA created a whistleblower defense. Not only does it carve out whistleblowing from DTSA liability, it preempts *all* trade-secret liability for whistleblowers who meet its criteria.

(1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—

(A) is made—

(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and

(ii) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.[58]

Note that this defense only applies to disclosures; it does not protect the acquisition of trade secrets by improper means, or the use of improperly-obtained trade secrets.

Problems

Flaming Moe's Problem

Moe Szyslak is the owner of Moe's Tavern, where the specialty drink is a "Flaming Moe." Moe mixes the drinks in a back room, then sets them on fire in front of customers.

1. Representatives from Tipsy McStagger's Good-Time Drinking and Eating Emporium meet with Moe to discuss licensing the recipe. As part of the negotiations, Moe tells them how it's made. Tipsy's breaks off talks and starts selling its own version. ***What result?***
2. A Tipsy's employee orders a Flaming Moe, pours it into a thermos, and uses a gas chromatograph to analyze its chemical composition. By so doing, he learns that the secret ingredient is cough syrup. ***What result?***
3. A Tipsy's employee goes to Moe's Tavern and bribes a bartender to tell her the formula. ***What result?***
4. Same facts as before, except that anyone who tastes the drink can recognize that it's cough syrup. The Tipsy's employee still bribes the bartender to tell them. ***What result?***

Locksmiths Problem

"Ace II" lock

Victor Fanberg

You represent the Chicago Lock Company, whose "Ace" series of locks is used in vending machines, burglar alarms, and other high-security settings. Ace locks use an unusual cylindrical key that requires specialized equipment to cut. Each lock has a serial number printed on it; the company uses a secret formula to translate the configuration of tumblers inside the lock into a serial number. The company's policy is that it will sell replacement keys only to the registered owner of a lock with a given serial number. All Ace locks and keys are stamped "Do Not Duplicate."

For years, locksmiths have known how to analyze Ace locks. After a few minutes poking at the lock with their tools, they can write down the configuration of pins and tumblers inside the lock. They can then go back to their toolkits and grind a replacement key, which will open the lock. If the locksmiths keep the configuration information on file, they can grind replacement keys in the future without needing to go back to the lock and analyze it again. Individual locksmiths have, for years, kept such files for their local customers.

Recently, Morris and Victor Fanberg, two locksmiths, published a book entitled "AA Advanced Locksmith's Tubular Lock Codes." They asked locksmiths around the country to send them lists of Ace lock serial numbers and the corresponding tumbler configurations. Based on that information, they were able to program a computer to reconstruct Chicago's secret formula. The book contains a table that shows how to turn an Ace serial number into a key configuration, which any locksmith with the proper equipment could then use to cut a key opening the lock with that serial number.

Because the serial numbers on Ace locks are frequently printed on the outside, Chicago is concerned that the publication of this book will undermine the security of Ace locks. It has asked you whether it can and should sue the Fanbergs for damages and to halt publication of the book, and whether it should make any changes to its procedures in the future.

58. Defend Trade Secrets Act (DTSA), 18 U.S.C. § 1833(a)(1).

Philadelphia Eagles coaching staff giving signals

Jeff Luhnow

What is your advice?

Sports Secrets Problem

In 2007, the New England Patriots football team videotaped the hand signals used by coaches for the New York Jets to send instructions to players on the field. Anyone in the stadium with a clear line of sight is able to see the signals. The National Football League's rules allow for such videotaping, but only from specific areas not including the areas the Patriots taped from (which had better views).

1. You work for the NFL Commissioner's office. Should you recommend that the Patriots or any of their players or employees be subjected to disciplinary action?
2. You work for the New York Jets. Should you sue the Patriots or any of their players or employees for trade secret misappropriation?
3. You are an Assistant United States Attorney. Should you seek an indictment of the Patriots or any of their players or employees for violating the Economic Espionage Act?

In 2011, the Houston Astros baseball team hired Jeff Luhnow as their new general manager. Previously, Luhnow had been an executive with the St. Louis Cardinals. While with the Cardinals, Luhnow and others build an extensive database with detailed statistical information about players and reports on prospective hires. When Luhnow moved to the Astros, several Cardinals employees went with him. Other Cardinals employees suspected that Luhnow might have helped design a similar database for the Astros. They guessed that he and the other ex-Cardinal employees might have used the same passwords for the new Astros system, a guess that turned out to be correct. The Cardinals employees logged into the Astros system using these passwords and examined some of the information in it.

1. You work for the Commissioner of Baseball's office. Should you recommend that the Cardinals or any of their employees be subjected to disciplinary action?
2. You work for the Houston Astros. Should you sue the Patriots or

any of their employees for trade secret misappropriation?

3. You are an Assistant United States Attorney. Should you seek an indictment of the Cardinals or any of their players or employees for violating the Economic Espionage Act?

3

Utility Patent

Utility patent law protects new and useful inventions.[1] In exchange for fully describing to the public how an invention works, its inventor receives the exclusive right to prevent anyone else from making, using, or selling it for twenty years. The process of applying for a patent is called ***prosecution*** or ***examination***, and it is administered by the United States Patent and Trademark Office (USPTO or PTO). The mainspring of this system is the ***claim***: a precise statement of the technologies over which the inventor asserts rights. The point of of patent prosecution is to generate appropriately clear claim language that covers (or "reads on") what the inventor actually invented. Patent infringement litigation then compares the patent's claims with the defendant's product or process. Claims are interpreted from the perspective of a "***person having ordinary skill in the art***" (or ***PHOSITA***), the hypothetical reasonable person of patent law.

Sources of Patent Law

In the United States, patent law derives from Congress's constitutional power to enact (certain kinds of) IP laws:

> The Congress shall have Power … To 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.[2]

The first Congress enacted a patent act in 1790. The current patent law is the Patent Act of 1952, as amended, codified as Title 35 of the United States Code. Within living memory, the America Invents Act of 2011, or

1. The leading patent treatises are Donald S. Chisum, Chisum on Patents (2021); R. Carl Moy, Moy's Walker on Patents (2021); Robert C. Faber, Faber on Mechanics of Patent Claim Drafting (2021).
2. United States Constitution, *supra* note 3, art. I § 8 cl. 8.

AIA, significantly modified patent ownership and procedures, so some discussion of both "pre-AIA" and "post-AIA" law is unavoidable.

Although its structure has shifted over time, the modern synthesis of patent law (appropriately enough) is an intricately interlocking doctrinal machine.[3] As we will see, patent law uses a handful of basic concepts—e.g., "prior art reference," "the person of ordinary skill in the art," and "equivalent"—again and again. The key to understanding patent law is to pay attention to these recurring concepts. The USPTO's Manual of Patent Examining Procedure (MPEP) is an invaluable reference for these, and on many other points of patent law and procedure.[4]

Since 1982, appeals in patent cases have been funneled through the Court of Appeals for the Federal Circuit.[5] Judges on the Federal Circuit are often appointed for their expertise in technology and patent law, and the court has developed an extensive body of patent caselaw. When researching a patent issue, pay close attention to what the Federal Circuit (and its predecessor court, the Court of Customs and Patent Appeals, or CCPA) has held.

Justifications for Patent Law

Why patent law?[6] Three stories are usually advanced, the first two of which should be familiar from trade secret law:

- Patent law serves an **innovation** function by giving incentives that enable investors to recoup their investment.
- It serves a **contracting** function by enabling inventors to commercialize their inventions without fear of being ripped off by business partners or imitated by competitors.
- It serves a **disclosure** function by requiring inventors to make public significant information about how their inventions work.

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3. "Looking at these cases is much like looking at a wonderful machine. But, of course, when looking at a beautiful piece of machinery that functions like a clock or like clockwork, the next question might be whether this wonderful precision instrument bears any relation to reality." Dan L. Burk, *Biotechnology in the Federal Circuit: A Clockwork Lemon*, 46 Ariz. L. Rev. 441 (2004).
4. U.S. Pat. & Trademark Off., Manual of Patent Examination Procedure (2020) [hereinafter MPEP]. Fair warning: the courts have not always agreed with the USPTO's interpretations.
5. The Federal Circuit's specialized docket also includes veterans' cases, monetary claims against the United States government, and some civil-service-protection cases.
6. "No economist, on the basis of present knowledge, could possibly state with certainty that the patent system, as it now operates, confers a net benefit or a net loss upon society. If we did not have a patent system, it would be irresponsible, on the basis of our present knowledge of its economic consequences, to recommend instituting one. But since we have had a patent system for a long time, it would be irresponsible, on the basis of our current knowledge, to recommend abolishing it." Fritz Machlup, An Economic Review of the Patent System (1958).

It is this third basis, with its emphasis on widespread sharing of the details of inventions, that gives patent law its distinctive character.

Patent Law and Trade Secret Law

Utility patent law is the yang to trade secret's yin. Where trade secret law keeps information shaded and hidden, patent law brings information out into open daylight. Where trade secret law is primarily state law with a thin federal overlay, patent law is almost exclusively federal.

But if patent and trade secret are polar opposites, they are also deeply interdependent. Patent law's public disclosure requirements make sense only against a backdrop in which secrecy is possible and undesirable. The timing of patentability, the allocation of ownership, and the eligibility of an invention for a patent at all are based on presupposition that inventors will keep their work secret until it is time to apply for a patent. For businesses, trade secret and patent are complementary strategies that often work hand-in-glove.

Initial Questions

1. Recall *Apfel*, the municipal-bond negotiation case. How would the negotiations have gone if Apfel and his business partner had held a patent?
2. Your client has a patent application pending for a new chemical formulation for a coating to make smartphone display glass more smudge-resistant. You estimate that there is an 80% chance that it will be granted and a patent will issue. How should your client approach negotiations with potential investors? Buyers?
3. You work for a bicycle manufacturer and have been approached by an inventor claiming to hold a patent on an improved arrangement of bicycle spokes that will reduce vibrations, who is interested in licensing the technology to you. How should you respond?
4. Recall Moe, the inventor of the Flaming Moe. Would Moe be better off trying to patent the formula for the Flaming Moe? Would society be better off if he did?
5. Trade secret law worries about preventing arms races between inventors trying to keep their inventions secret and imitators trying to steal the details of those inventions. Is this an important policy concern for patent law?

United States Patent [19]

Lukehart

[11] **Patent Number: 4,800,666**

[45] **Date of Patent: Jan. 31, 1989**

[54] **METHOD AND APPARATUS FOR TEMPORARILY IMMOBILIZING AN EARTHWORM**

[76] Inventor: **Loren Lukehart**, 4391 Greer, Boise, Id. 83703

[21] Appl. No.: **161,144**

[22] Filed: **Feb. 26, 1988**

[51] **Int. Cl.**[4] **A01K 97/02**

[52] **U.S. Cl.** **43/4**; 43/4.5; 43/55

[58] **Field of Search** 43/4, 4.5, 54.1, 55, 43/56, 57.1

[56] **References Cited**

U.S. PATENT DOCUMENTS

1,929,833	10/1933	Vanvuren	43/54.1
2,257,879	10/1941	Graham	43/55
2,507,319	5/1950	Peters	43/55
2,527,214	10/1950	Graves	43/55
3,193,966	7/1965	Lawson et al.	43/55
3,423,869	1/1969	Duerst	43/55
3,566,836	3/1971	Elfert	43/55

Primary Examiner—M. Jordan
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[57] **ABSTRACT**

Method and apparatus for immobilization of an earthworm **13** to facilitate the baiting of a fishing hook. To immobilize the earthworm, the earthworm is partially coated with sharp grained sand **11** having a grain size of less than 1/20th of an inch. The apparatus **10** for carrying out the method consists of rectangular container **12** and a reservoir of sharp grained sand **11** and cover **14.** Placing earthworm **13** in the apparatus **10** and allowing earthworm **13** to at least partially coat itself with sharp grained sand **11,** results in the temporary immobilization of earthworm **13.** Earthworm **13** is then impaled on the fishing hook by the fisherman. As soon a the baited hook is immersed in water, the sand is rinsed from earthworm **13** and it resumes wiggling.

3 Claims, 1 Drawing Sheet

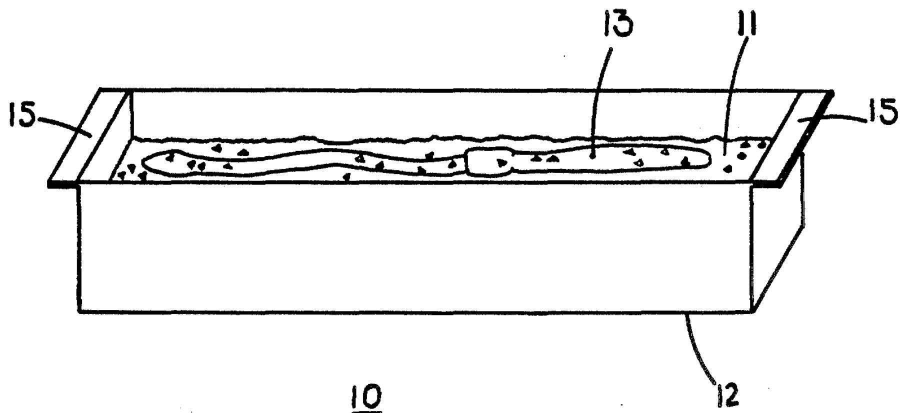


FIG. 1

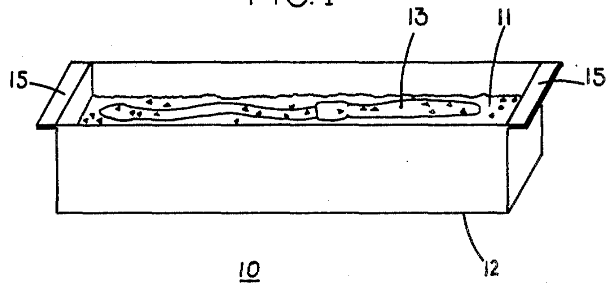


FIG. 2

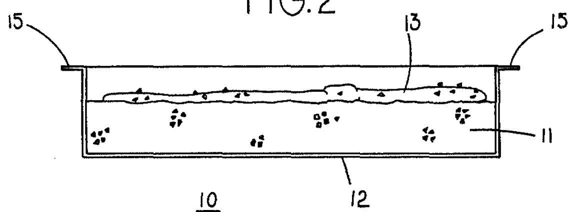
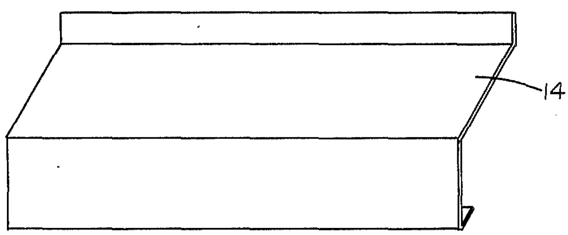


FIG. 3



METHOD AND APPARATUS FOR TEMPORARILY IMMOBILIZING AN EARTHWORM

BACKGROUND OF THE INVENTION

1. Technical Field.

This invention relates to the immobilization of live bait for use in fishing. In particular, the invention relates to a method and apparatus for the dewiggling of earthworms.

2. Background Art.

The use of live bait in fishing has long been known to be one of the most effective means for catching fish. The problem with live bait is that any creature has a natural tendency to resist the baiting process. A further complication in the specific case of earthworms is that they are naturally slimy. The ability of the earthworm to curl its body in almost any direction, connected with the fact that it is coated with slimy film, makes it extremely difficult for the fisherman to impale the earthworm with the fishing hook.

GRAHAM, U.S. Pat. No. 2,257,879, discloses a bait box having a compartment that is filled with a dry sand. The worm is dropped into the dry sand which adheres to the worm's body which makes it easier for the fisherman to hold onto the worm. The problem with the method is that the worm is still able to wiggle and curl its body, making it difficult for the fisherman to impale the worm on the fishing hook.

Accordingly, it is the object of this invention to provide a means for immobilizing an earthworm and thereby facilitating the impalement of the earthworm on a fishing hook by the fisherman.

DISCLOSURE OF INVENTION

These objects are accomplished by coating the earthworm with small sharp grained sand. Small sharp grained sand, as opposed to regular dry sand, has a dramatic affect on the worm's ability to curl its body.

A small rectangular container of sufficient length to harbor an earthworm is partially filled with sharp grained sand having a grain size equal or less than 1/20th of an inch. The rectangular container is also fitted with a removable cover which prevents sand spillage during transport. To dewiggle a worm, the fisherman has to simply set the worm in the rectangular container on top of the sharp grained sand. During the worm's natural locomotion process, the sand becomes partially imbedded in the earthworm and causes an immediate reaction wherein the earthworm completely relaxes. The earthworm is then effectively dewiggled and ready to be impaled onto the fishing hook.

Once the sand coated earthworm is immersed in water, the sand rinses free and the earthworm resume its normal wiggly character.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. **1** is a top perspective view of the container and sand reservior with a worm.

FIG. **2** is a sectional side view of the container and sand reservoir with a worm.

FIG. **3** is a perspective view of the container cover.

BEST MODE FOR CARRYING OUT INVENTION

Referring to FIGS. **1**, **2** and **3**, an apparatus for the immobilization of earthworms is generally designated as

10 and is illustrated in its preferred embodiment. The first and only step in the immobilization of an earthworm by the preferred method is to coat the earthworm with small sharp grained sand **11** having a grain size equal to or less than 1/20th of an inch by momentarily depositing earthworm **13** on sand **11**.

The preferred apparatus for the immobilization of an earthworm has a reservoir of sharp grained sand **11** having a grain size equal to or less than 1/20th of an inch, and a rectangular container **12** for housing the sand reservoir.

Sand reservoir container **12** is sized for transverse insertion into a standard bait box, not shown. Retainer lips **15** are attached to and extend perpendicularly out from the top edges of the ends of container **12**. Retainer lips **15** are sized for cooperative engagement with the top edges of the sides of the bait box, so that when container **12** is transversely inserted into a bait box it is held suspended above the bottom of the bait box which contains a mixture of live worms and humus material.

Cover **14** is contoured to provide for a seal for sand reservoir container **12** and is held in place by the lid of the standard bait box.

To immobilize earthworm **13**, one merely deposits earthworm **13** on top of sand **11**. During the earthworm's natural locomotion process individual grains of sand **11** become partially imbedded in earthworm **13** and causes an immediate immobilizing reaction in earthworm **13**. As a result earthworm **13** will rapidly straighten out and become immobilized. Since earthworm **13** is covered with grains of sand **11**, it is not only immobilized, but also easy to pick up and handle.

Once earthworm **13** has been impaled upon the fisherman's hook, not shown, and immersed in water, said **11** washes off earthworm **13** and earthworm **13** will resume wiggling.

While there is shown and described the present preferred embodiment of the invention, it is to be distinctly understood that this invention is not limited thereto but may be variously embodied to practice within the scope of the following claims.

Accordingly, what I claim is:

1. An apparatus for temporarily immobilizing an earthworm which comprises:

a container for housing the a reservoir of sand;

a reservoir of sharp sand having a grain size of 1/20th of an inch or less.

2. The apparatus of claim **1** wherein said container further comprises:

a rectangular shaped container for holding a reservoir of sand, said rectangular container having a length slightly less than the width of a standard bait box;

retainer lips attached to and extending perpendicularly from the ends of said rectangular container for cooperative engagement with the top edges of the sides of a standard bait box for transversely suspending and supporting the rectangular container within the bait box;

a cover for cooperative engagement with the rectangular shaped container for containing the sand.

3. A method for immobilizing an earthworm which comprises partially coating said earthworm with a sharp grained sand having a grain size equal to or less than 1/20th of an inch.

* * * * *

A Subject Matter

Section 101 of the Patent Act succinctly describes what kinds of inventions are eligible to be patented:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.[7]

As interpreted by the courts, Section 101 imposes two conditions on patentability: statutory subject matter and utility.

1 Statutory Subject Matter

It is customary to divide the world of things that can be patented into two categories: ***products*** and ***processes***. A product can be a "machine, manufacture, or composition of matter," a definition that includes mechanical, electrical, and electronic devices; chemical compounds; biological organisms; objects with useful shapes; and all manner of tangible things. A process is

> an act, or a series of acts or steps. A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing.[8]

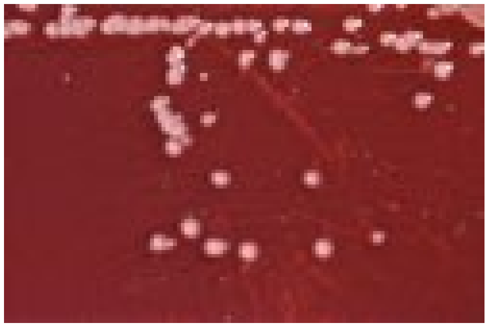
Thus, a patent can cover a tangible thing, like a system of gears, or it can cover an intangible process, like a method for removing impurities from aviation fuel. It can even cover both, but at any given moment—i.e., in any given claim—it covers one or the other. In addition, because Section 101 includes "any new and useful improvement thereof," improvements to already-existing things are patentable subject matter. These can consist of combining old things with other old things, or new uses of old things. The resulting patent is unsurprisingly called an ***improvement patent***.

This is an extremely wide scope. There is no field of technology and engineering that is left out. "Congress intended statutory subject matter to include anything under the sun that is made by man."[9]

So much for what can be patented. Now for what cannot.

First, patent law excludes anything that already exists. The use of the word "discovers" in Section 101 suggests that finding a thing, rather than creating it, is enough to qualify for a patent. But this is not the case. An invention must be "new," so only things "made by man" are patentable. "Thus, a new mineral discovered in the earth or a new plant found in the

7. 35 U.S.C. § 101.
8. MPEP, *supra* note 4, § 2106.
9. Diamond v. Chakrabarty, 447 U.S. 303, 309 (1980) (internal quotation omitted).



A *Pseudomonas* bacterium from the same genus as the one at issue in *Chakrabarty*.

wild is not patentable subject matter."[10] In *Diamond v. Chakrabarty*, the Supreme Court considered a microorganism that had been genetically modified to enhance its natural ability to break down crude oil:

> [T]he patentee has produced a new bacterium with markedly different characteristics from any found in nature and one having the potential for significant utility. His discovery is not nature's handiwork, but his own; accordingly it is patentable subject matter under § 101.[11]

Second, there are a few specific exclusions. One is for ***nuclear weapons***: "No patent shall hereafter be granted for any invention or discovery which is useful solely in the utilization of special nuclear material or atomic energy in an atomic weapon."[12] Another is for ***human beings***. "Notwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism."[13] In other words, one of the worst things in the world (nuclear weapons) and one of the best things in the world (people) are both unpatentable.

Third, The Supreme Court has interpreted the phrase "invents or discovers" as excluding "laws of nature, physical phenomena, and abstract ideas."[14] This one requires more discussion. Justice Thomas's opinion for the Supreme Court in *Alice Corp. v. CLS Bank Int'l*, decided in 2014, gives the standard test for these exclusions.

> First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, what else is there in the claims before us? To answer that question, we consider the elements of each claim both individually and as

10. *Id.*
11. *Id.* at 310.
12. 42 U.S.C. § 2181(a).
13. Leahy–Smith America Invents Act, Pub. L. No. 112-29, § 33(a), 125 Stat. 284, 340 (2011).
14. *Diamond*, 447 U.S. at 309.

> an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application. We have described step two of this analysis as a search for an "inventive concept"—i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.[15]

This test has become known as the "*Alice* two-step." In practice, almost any invention is in some sense based on laws of nature and other abstract ideas, so *Alice* step one is always satisfied and almost all of the action is at the second step.

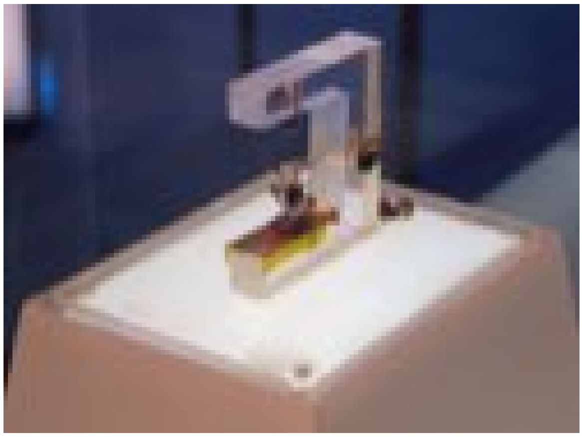
a Laws of Nature

The caselaw is full of statements like, "Einstein could not patent his celebrated law that $E=mc^2$; nor could Newton have patented the law of gravity."[16] But what would a patent on Newton's law of universal gravitation even look like? Objects are attracted to each other with a force proportional to the product of their masses and inversely proportional to the distance between them, regardless of what anyone does about it. No one has any control over whether they obey Newton's law of gravity or not, and the patent system has no hope of enjoining a defendant from obeying it. Nor does the law prevent people from writing about the law of gravity, or using Einstein's equation to do calculations. That's not the kind of thing that patent law ever does, for any kind of patent. And any claim that covered the use of the physical laws of nature would be blatantly non-novel; nature has already been following those laws for billions of years.

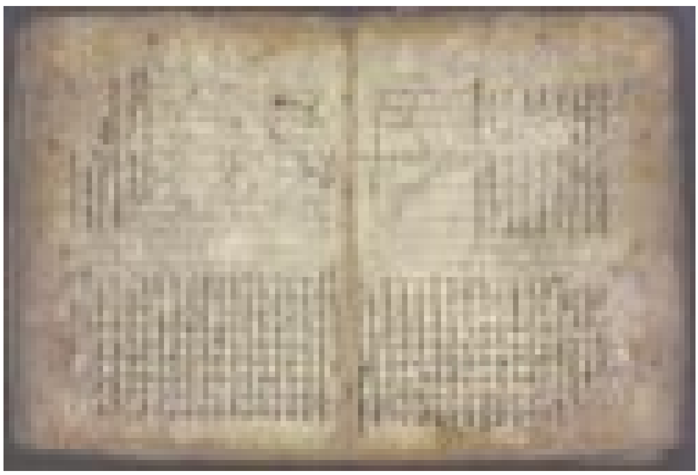
At the same time, the abstract-idea exclusion cannot be read too literally, because *all* patents are based on laws of nature. The first Bell Labs transistor patent (No. 2,502,488), the foundation of the entire computer industry, was based on the laws of electromagnetism and the physics of silicon-based materials with very slight impurities. The technology underlying every invention works at all because of laws of nature, which its inventors have recognized and applied.

Instead, the modern focus in the *Alice* two-step is on *preemption*: does a claim that involves an abstract idea "integrate the building blocks into something more," so that it leaves other applications of the idea free for others to use?[17] Thus, for example, "Archimedes [could not have] secured a patent for his famous principle of flotation by claiming a process con-

15. Alice Corp. v. CLS Bank Int'l, 134 S. Ct. 2347, 2355 (2014) (internal quotation omitted).
16. *Diamond*, 447 U.S. at 309.
17. *Alice*, 134 S. Ct. at 2354.



The first transistor, constructed in 1947.



A page from the earliest surviving manuscript (produced ca. 530 AD) of Archimedes's *On Floating Bodies* (published ca. 250 BC).

sisting of simply telling boat builders to refer to that principle in order to determine whether an object will float."[18]

A good example of this is approach is *Mayo Collaborative v. Prometheus Labs*. The patent there involved thiopurine drugs, a class of drugs used to treat autoimmune diseases like Crohn's disease.[19] Because biochemistry, people's bodies respond differently to these drugs, and "it has been difficult for doctors to determine whether for a particular patient a given dose is too high, risking harmful side effects, or too low, and so likely

18. Mayo Collaborative v. Prometheus Labs, 566 U.S. 66, 78 (2012). Archimedes's principle is that the buoyant force on an object in a liquid is equal to the weight of the liquid it displaces. Thus, objects that are denser than water sink, and objects that are less dense than water float.

19. *Id.*

ineffective."[20] Simplifying slightly, when a patient takes one of these drugs, their body starts to process it, causing a group of chemicals referred to as 6-TG to form in their bloodstream.[21] The patentees worked out a relationship between a patient's 6-TG levels and the likely effects of a thiopurine drug.

Diagram from U.S. Pat. No. 6,680,302 of metabolic pathways leading to 6-TG compounds

> More specifically, the patents—U.S. Patent No. 6,355,623 and U.S. Patent No. 6,680,302—embody findings that concentrations in a patient's blood of 6-TG [above 400 picomoles per 8×10^8 red blood cells] indicate that the dosage is likely too high for the patient, while concentrations in the blood of 6-TG metabolite [below 230 picomoles per 8×10^8 red blood cells] indicate that the dosage is likely too low to be effective.[22]

Claim 1 of the 623 Patent described a process based on this relationship:

> A method of optimizing therapeutic efficacy for treatment of an immune-mediated gastrointestinal disorder, comprising:
>
> (a) administering a drug providing 6-thioguanine to a subject having said immune-mediated gastrointestinal disorder; and
>
> (b) determining the level of 6-thioguanine in said subject having said immune-mediated gastrointestinal disorder,
>
> wherein the level of 6-thioguanine less than about 230 pmol per 8×10^8 red blood cells indicates a need to increase the amount of said drug subsequently administered to said subject and

20. *Id.* at 73.
21. Short for 6-thioguanine and its nucleotides.
22. *Mayo*, 566 U.S. at 74.

> wherein the level of 6-thioguanine greater than about 400 pmol per 8×10^8 red blood cells indicates a need to decrease the amount of said drug subsequently administered to said subject."

The plaintiff Prometheus, the exclusive licensee of these patents, sold 6-TG diagnostic tests. The Mayo Clinic and its laboratory used and sold its own 6-TG diagnostic test. Prometheus sued.

Justice Breyer's opinion for the Supreme Court held that this was an unpatentable law of nature, based on a close reading of the claim.

> First, the "administering" step simply refers to the relevant audience, namely doctors who treat patients with certain diseases with thiopurine drugs. That audience is a pre-existing audience; doctors used thiopurine drugs to treat patients suffering from autoimmune disorders long before anyone asserted these claims. In any event, the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.
>
> Second, the "wherein" clauses simply tell a doctor about the relevant natural laws, at most adding a suggestion that he should take those laws into account when treating his patient. . . .
>
> Third, the "determining" step tells the doctor to determine the level of the relevant metabolites in the blood, through whatever process the doctor or the laboratory wishes to use. As the patents state, methods for determining metabolite levels were well known in the art. . . . Thus, this step tells doctors to engage in well-understood, routine, conventional activity previously engaged in by scientists who work in the field. . . . The prohibition against patenting abstract ideas cannot be circumvented by adding insignificant post-solution activity.[23]
>
> Fourth, to consider the three steps as an ordered combination adds nothing to the laws of nature that is not already present when the steps are considered separately. Anyone who wants to make use of these laws must first administer a thiopurine drug and measure the resulting metabolite concentrations, and so the combination amounts to nothing significantly more than an instruction to doctors to apply the applicable laws when treating their patients.

Claim 1 is invalid because it preempts the field of 6-TG-based diagnostic tests. Restricted to specific diagnostic tests, or to particular changes in

23. "A patent lawyer walks into a barber shop. The barber takes a look at the lawyer for a bit, and then says, 'Ok, that'll be $20.' The lawyer responds, 'But you didn't cut my hair!' The barber replies, 'That's insignificant post-solution activity.'"Michael S. Kwun, *Alice Tells a Joke*, 19 Green Bag 2d 329 (2016). Unfair?

treatment based on their results, it might have been valid. (Or not: it might have failed for other reasons.) But instead the patent's drafters shot for the moon and made the claim's only difference from the prior art the correlations recited in the "wherein" step. Those correlations are clinically actionable—this is the entire point of the research program that led to their discovery—but Claim 1 does not claim any particular clinical action, only the abstract "indicat[ion]" of a "need" to change thiopurine-drug dosage. It thereby lays claim to all such clinical actions, now known or yet to be devised.

b Mental Processes

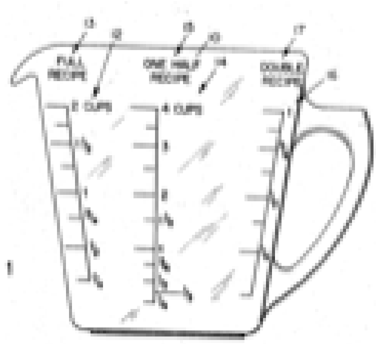
There is a longstanding rule—so fundamental that it is rarely spelled out as such—that ***mental processes*** are not patentable.[24] "[I]nventions directed to human thinking—that seek to generate or anticipate a human mental response—are ineligible subject matter."[25] This is the most fundamental reason why the liberal arts like music, poetry, and history are unpatentable. They "merely produce a desired state of mind."[26]

Attempts to patent mental processes as such are quite rare. Instead, a typical claim involves some device that exists outside of the human mind or some process with physical steps that take place outside of the human mind. These claims are fine as long as the device or process would be proper subject matter without a human in the picture. So, for example, whilte a new arrangement of explosives for a firework might be *useful* because people will think that resulting display is pretty, the arrangement of explosives itself is not a mental process.

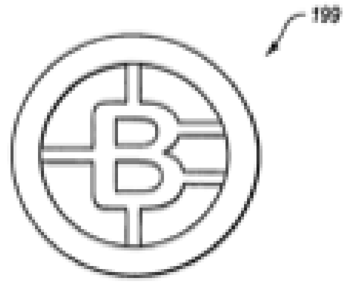
In other words, the inclusion of mental steps in a claim doesn't automatically *disqualify* the claim from being patentable. Instead, those steps are *disregarded* when considering the patentability of the claim. If the only new aspect of the firework is that observers will see it and believe that it is pretty, then the arrangement of explosives is unpatentable because it is not novel.

Similarly, it is fine to have a human in the loop as long as the human actually *does something* as a result, such as comparing two immunization schedules and then administering the lower-risk one.[27] The mental step of comparing the immunization schedules is still unpatentable subject matter. But what the human does as a result is different depending on the results of the comparison, and that is what is being claimed, and it is

24. Other patent systems make this limitation explicit. A European patent must be "susceptible of industrial application."Convention on the Grant of European Patents, §§ 52, 57, 1977.
25. Joseph Matal, *The Three Types of Abstract Ideas*, 30 Fed. Cir. Bar J. 87, 153 (2021).
26. *In re* Yuan, 188 F.2d 377, 381 (CCPA 1951).
27. Classen Immunotherapies, Inc. v. Biogen IDEC, 659 F.3d 1057 (Fed. Cir. 2011).



Patentable subject matter: U.S. Pat. No 3,530,722: Recipe measuring device



Not patentable subject matter: U.S. Pat. No 8.475,417: Assemblies for identifying a power injectable access port

proper subject matter.[28]

c Printed Matter

A closely related rule is the ***printed matter*** doctrine that "any information claimed for its communicative content" is patent-ineligible.[29] Applications of information may be patentable, and ways of recording and conveying it may be patentable. But information itself, whose value consists in getting people to learn from and think about it, is not patentable. The doctrine started with cases literally involving pieces of paper with things printed on them, such as *In re Reeves*, where the applicant claimed a chart with checklists for valuing buildings,[30] and *In re Russell*, where the applicant claimed a directory with names arranged phonetically,[31] but "has evolved over time to guard against attempts to monopolize the conveyance of information using any medium."[32]

As with mental processes, the inclusion of printed mater does automatically not render an invention unpatentable. Printed matter is proper subject matter when it is "functionally related" to the substrate it is printed on.[33] So, in *In re Miller* the printed markings were numbers on a measuring cup to make it easier for cooks to prepare a half or third of a recipe were proper subject matter.[34] Although the markings did not change how the measurement cup itself worked, a cook would select and use a cup differently based on them. But a component on an implantable medical access port indicating its flow rate was not functionally related

28. Can you see a way to put the holding in *Mayo* in terms of the mental-process exclusion?
29. C.R. Bard, Inc. v. Angiodynamics, Inc., 979 F.3d 1372, 1381 (Fed. Cir. 2020).
30. *In re* Reeves, 62 F.2d 199 (CCPA 1932).
31. *In re* Russell, 48 F.2d 668 (CCPA 1931).
32. *Angiodynamics*, 979 F.3d at 1381.
33. *Id.*
34. *In re* Miller, 418 F.2d 1392 (CCPA 1969).

because "mere marking of products . . . with information concerning the product, does not create a functional relationship.[35]

d Business Methods

By the late 1990s, the Federal Circuit had talked itself into an extremely broad view of patentable subject matter. For example, in *State Street Bank & Trust Co. v. Signature Financial Group*, it held that a "system that allows an administrator to monitor and record the financial information flow and make all calculations necessary for several mutual funds to pool their investment funds into a single portfolio" was proper subject matter because it yielded a "a useful, concrete and tangible result."[36]

This was, in the view of some, a ***business-method patent***: it prevented competing administrators from pooling mutual funds in the same way. Critics argued that business-method patents were problematic, because business-method patents could lock up an entire business model, taking patents too far from their technological roots and suppressing normal marketplace competition. Defenders argued that business-method patents supported valuable innovation, and besides, there was nothing in the Patent Act specifically excluding them.

The issue came to a head in the case of *Bilski v. Kappos*. Bernard Bilski and Rand Warsaw filed an application claiming a method of "managing the consumption risk costs of a commodity" by selling to consumers at fixed price and buying from providers at another fixed price.[37] For example, a broker could make contracts to buy coal from mines at $30 per ton and contracts to sell coal to power plants at $32 per ton, protecting the mines from the risk of sudden drops in the price of coal, and protecting the power plants from the risk of sudden spikes in the price of coal.

In 2010, the Supreme Court held that the hedging claim was an abstract idea.

- First, the Supreme Court narrowly held that there was no categorical rule against business-method patents as such.[38] Four Justices disagreed and would have held that "a series of steps for conducting business" was unpatentable *per se* because it was not a "process."[39]
- Second, the Federal Circuit had rejected Bilski and Warsaw's claim using a "machine or transformation" test under which process was

35. *Angiodynamics*, 979 F.3d at 1382.
36. State St. Bank & Tr. Co. v. Signature Fin. Grp., 149 F.3d 1368, 1371, 1373 (Fed. Cir. 1998).
37. Bilski v. Kappos, 561 U.S. 593, 615 (2010).
38. Indeed, some of the earliest U.S. patents involved what would today be called business methods. Patent X4,610, for example, was directed to "a detailed lottery system, including different ways to number tickets, and the order of determining winners and giving prizes." Michael Risch, *America's First Patents*, 64 Fla. L. Rev. 1281, 1322 (2012).
39. *Bilski*, 561 U.S. at 3232 (Stevens, J. concurring in the judgment).

proper subject matter if "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing."[40] Although this test looks hostile to business methods, it had a giant loophole. Instead of claiming an abstract business method for hedging transactions in commodities like coal, an inventor could claim the physical effects of the method in the world (e.g., delivering physical shipments of coal), or claim the physical implementation of the business logic (e.g., a computer system storing database records about coal purchases). The Supreme Court repudiated this focus on physical things. While the machine-or-transformation test was "a useful and important clue, an investigative tool,"[41] it "was not intended to be an exhaustive or exclusive test."[42]

- Third, the Court focused instead on the idea that a patent for an an abstract idea could preempt too much future innovation. "Allowing petitioners to patent risk hedging would pre-empt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea."[43] Other claims were "broad examples of how hedging can be used in commodities and energy markets,"[44] but "limiting an abstract idea to one field of use or adding token postsolution components [does] not make the concept patentable."[45]

Despite *Bilski*'s insistence that there is no *per se* rule against business-method patents, subsequent caselaw has been extremely hostile to financial-engineering patents like the ones in *State Street Bank & Trust* and *Bilski*. The Federal Circuit has invalidated patents on "a system of paying for remote purchases at a local store," "using statistical sampling to predict the behavior of financial markets," "an automated system for processing car loans through a clearinghouse," and "notifying a user that spending has reached budget limits," among many others.[46] So the dissenters may have effectively won the day; business methods are almost impossible to patent as such.

Similarly, *Alice* stands for the proposition that an otherwise-ineligible business method cannot be turned into a patentable process simply by doing it on a computer. The case involved a patent on a system for reducing settlement risk in a financial transaction, i.e., "the risk that only one party to an agreed-upon financial exchange will satisfy its obligation."[47]

40. *In re* Bilski, 545 F.3d 943, 954 (Fed. Cir. 2008).
41. *Bilski*, 561 U.S. at 3227.
42. *Id.* at 3226.
43. *Id.* at 3231.
44. *Id.*
45. *Id.*
46. Matal, *supra* note 25, at 103–07.
47. Alice Corp. v. CLS Bank Int'l, 134 S. Ct. 2347, 2352 (2014).

The Supreme Court held that it was unpatentable because the claims "simply instruct[ed] the practitioner to implement the abstract idea of intermediated settlement on a generic computer."[48]

Tax Planning Patent Problem

You are staff counsel to Representative Helvering (R-IA), who has read a number of newspaper articles on the growing phenomenon of "tax planning patents." These patents describe transactions designed to help a company reduce the taxes it owes. For example, one such patent describes dividing a real estate portfolio into a number of shares held as tenancies in common subject to a master lease, in which each holder receives guaranteed annual income and is subject to repurchase at fair market value at a specified date, such that the investments qualify for tax-deferred treatment under … you get the picture.

The Representative has asked you to help her think through the policy and legal issues these patents raise. She wants to know whether they are valid under current law and whether they're contributing to tax evasion. If they're problematic, she would like your suggestions on possible legislative fixes (either to the Patent Act or to the Internal Revenue Code).

Section 14(a) of the America Invents Act reads, "For purposes of evaluating an invention under section 102 [novelty] or 103 [nonobviousness], any strategy for reducing, avoiding, or deferring tax liability, whether known or unknown at the time of the invention or application for patent, shall be deemed insufficient to differentiate a claimed invention from the prior art." What do you think of this solution?

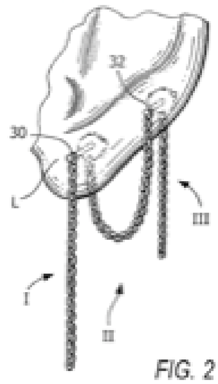
Diagnostic Test Problem

Your client, Biomarker Industries, is a major medical-device manufacturer and testing laboratory. It is considering creating a new testing kit for thiopurine drug effectiveness based on the 6-TG pathway at issue in *Mayo*, to be sold in bulk to hospitals. As part of the development process, Biomarker's research staff will conduct studies on the correlations of various other metabolites (see the diagram on page 81) and may discover new correlations. Advice Biomarker on the patent issues involved, including any infringement risks it may face, and its own ability to use patent law to protect its own innovations.

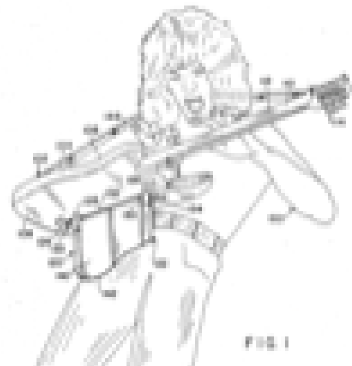
2 Utility

The utility requirement derives from the phrase "new and *useful*" in Section 101. If an invention has one use—even one—it satisfies the utility

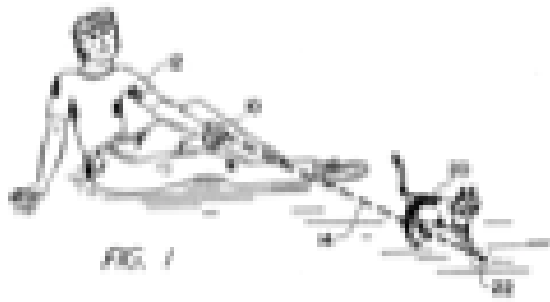
48. *Id.* at 2359.



U.S. Pat. No. 7,520,144: Single Earring Set for Double Pierced Ears



U.S. Pat. No. 4,656,917: Musical Instrument Support



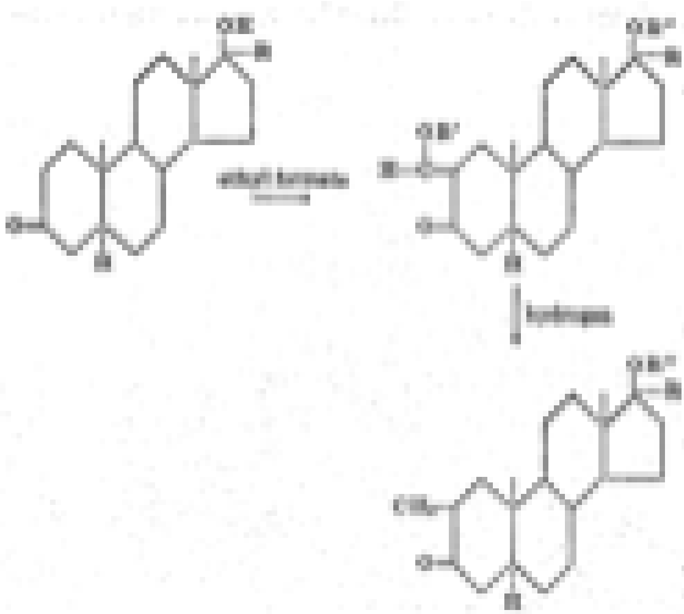
U.S. Pat. No. 5,443,036: Method of Exercising a Cat

requirement and the patentee can claim any and all uses.[49] An earring, a guitar rest for finger tapping, and a method for making a cat chase a laser pointer all easily pass the utility threshold.

a Specific and Substantial Utility

This expansiveness opens up a distinctive risk, however. Suppose that Coulomb Cars is developing a new battery for electric vehicles, but the prototypes keep bursting into flames. Undeterred, the Coulomb files a patent application anyway. When the USPTO objects that the design lacks utility, Coulomb replies that it is useful as an incendiary device for starting fires. The problem, from a public-policy perspective, is that Coulomb has cut in line ahead of others who are diligently working on similar battery designs. Giving Coulomb a patent would reward unproductive initial tinkering rather than the inventive work needed to make a functional battery.

49. MPEP, *supra* note 4, § 2107 ("An applicant need only provide one credible assertion of specific and substantial utility for each claimed invention to satisfy the utility requirement.").

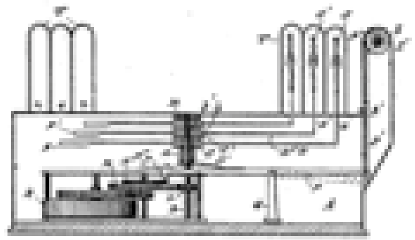


U.S. Pat. No 2,908,693: Process for the Production of 2-methyldihydrotestosterones

Thus, the USPTO requires that an invention have "specific and substantial" utility; it will reject "throwaway" utilities like using "a complex invention as landfill."[50] A specific utility is one that "provide[s] a well-defined and particular benefit to the public."[51]

This requirement has the most bite in the biological sciences, where the testing process can be lengthy. In *Brenner v. Manson*, the Supreme Court held that a process for making certain chemicals called 2-methyl-didihydrotestosterones lacked utility.[52] The process worked, in the sense that it produced the chemicals. But the chemicals themselves did not have a known utility. A similar chemical had been shown to inhibit tumors in mice, but there was also undisputed evidence that "minor changes in the structure of a steroid may produce profound changes in its biological activity."[53] The result of this doctrine is to require inventors in the biological sciences and other unpredictable arts to apply for patents *later*, once they have more evidence that their specific product has a real-world use. The MPEP contrasts "a therapeutic method of treating a known or newly discovered disease" (useful) and "[a]n assay that measures the presence of a material which has a stated correlation to a predisposition to the onset of a particular disease condition" (useful) with "[b]asic research such as studying the properties of the claimed product

50. *Id.*
51. *In re* Fisher, 421 F.3d 1365, 1371 (Fed. Cir. 2005).
52. Brenner v. Manson, 383 U.S. 519 (1966).
53. *Id.* at 532 n.19.



U.S. Pat. No. 410,981: Automatic Race Course

itself or the mechanisms in which the material is involved" (not useful).[54]

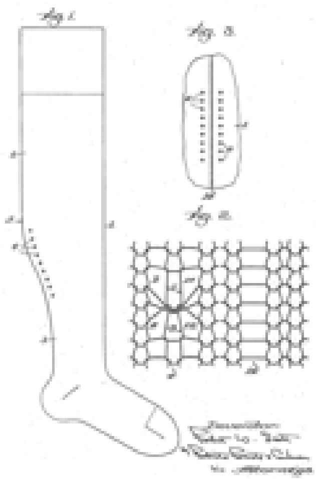
b Moral Utility

At one time, the doctrine of ***moral utility*** excluded from patentability inventions that are "injurious to the well-being, good policy, or sound morals of society."[55] In *Lowell v. Lewis* in 1817, Justice Story gave examples: "a new invention to poison people, or to promote debauchery, or to facilitate private assassination."[56] One line of inventions "to promote debauchery" consisted of gambling devices: e.g., in *National Automatic Device Co. v. Lloyd*, the court invalidated as immoral a patent on an " Automatic Race-Course" because its only known use was "to place them in saloons, bar-rooms, and other drinking places, where the frequenters of such places make wagers as to which of the toy horses will stop first."[57] Another consisted of sexual devices, which were illegal under many states' anti-obscenity "Comstock laws." And a third consisted of inventions that were in some way deceptive: e.g., a seamless stocking knit so that it had a line up the back resembling the seam in a (more expensive) fully-fashioned stocking.[58]

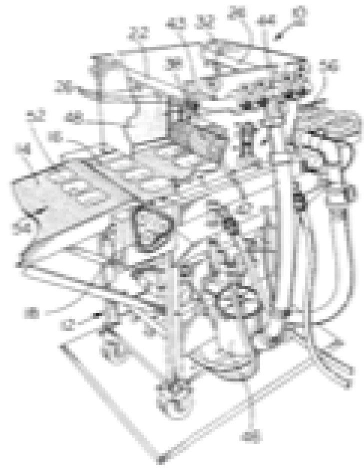
Over the course of the 20th century, all of these moral objections dropped away. Legalized gambling made it hard to say with a straight face that a gambling device was inherently immoral—and there was a substantial, heavily regulated industry eager to purchase improved slot machines. Most states have struck down or repealed their laws against sex toys, and legal culture is far less hostile to sexual pleasure.

The story of deceptive patents is the most interesting, because it was the last domino to fall. In the 1999 case of *Juicy Whip, Inc. v. Orange Bang, Inc.*, the Federal Circuit held that making one thing look like another thing that it is not counts as a valid utility. The case concerned a patent

54. MPEP, *supra* note 4, § 2107.01.
55. Lowell v. Lewis, 15 F. Cas. 1018, 1019 (C.C.D. Mass. 1817).
56. *Id.*
57. Nat'l Automatic Device Co. v. Lloyd, 40 F. 89, 89–90 (N.D. Ill. 1889).
58. Scott & Williams v. Aristo Hosiery Co., 7 F.2d 1003 (2d Cir. 1925).



U.S. Pat. No. 1,233,714: Seamless Stocking

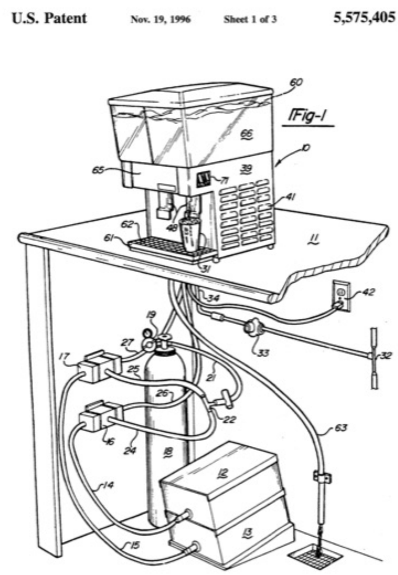


U.S. Pat No. 5,762,968: Method and Apparatus for Producing Imitation Grill Marks on Food Without Using Heat

Juicy Whip claiming "a post-mix beverage dispenser that is designed to look like a pre-mix beverage dispenser."[59] In a "post-mix" dispenser, the various ingredients (e.g. soda syrup, water, and carbonation) are combined only when the drink is being poured, but in a pre-mix" dispenser, a clear container on top holds the soda or slurpee that is dispensed through a spout below, so that people can see the drink before they buy it. A pre-mix dispenser is more appealing to consumers, but but bacteria can build up in the container, so it must be cleaned often. In the claimed invention, the container on top contains "a fluid that simulates the appearance of the dispensed beverage and is resistant to bacterial growth"; although the actual drink comes from a hidden series of tubes inside the machine, the machine "create[s] the visual impression that the [container] is the principal source of the dispensed beverage."[60]

The defendants argued, and convinced the trial judge, that this invention "lacked utility because its purpose was to increase sales by deception,"[61] i.e., by tricking consumers into thinking they were getting a drink from the container when they weren't. But the Federal Circuit disagreed, repudiating the older deceptive-use cases and holding, "The fact that one product can be altered to make it look like another is in itself a specific benefit sufficient to satisfy the statutory requirement of utility."[62] The invention does *something*, and whether that something is good or bad for those fortunate or unfortunate enough to be exposed to it is

59. Juicy Whip, Inc. v. Orange Bang, Inc., 185 F.3d 1364, 1365 (Fed. Cir. 1999).
60. *Id.*
61. *Id.* at 1366.
62. *Id.* at 1367.



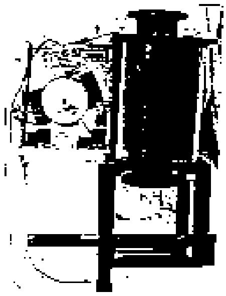
U.S. Patent No. 5,575,405: Post-Mix Beverage Dispenser With an Associated Simulated Display of Beverage

irrelevant.

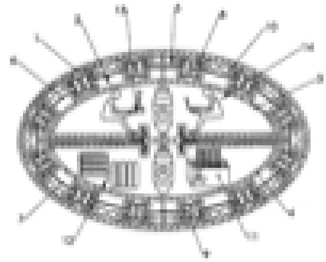
> The requirement of "utility" in patent law is not a directive to the Patent and Trademark Office or the courts to serve as arbiters of deceptive trade practices. Other agencies, such as the Federal Trade Commission and the Food and Drug Administration, are assigned the task of protecting consumers from fraud and deception in the sale of food products.

This view of the USPTO's remit echoes a distinctively late 20th-century view of the role of courts: they are not in the business of deciding what is good or bad, moral or immoral. Patents protect the patentee's *private* "exclusive" right to keep others from making and using the invention. They do not enforce *public* values like food safety or consumer rights.

Nothing now remains of Justice Story's categories of supposedly immoral inventions. Indeed, it is hard to think of any inventions whose uses are categorically immoral. An "invention to poison people" can be repackaged and sold as rodenticide. One inventor's "device to facilitate private assassination" is another's federally contracted weapons platform. Or take Juicy Whip's drink machine. The defendants argued that its use was to make a post-mix machine fraudulently imitate a pre-mix



Joseph Newman's prototype of an "Energy Generation System Having Higher Energy Output Than Input"



U.S. Pat. No. 6,960,975: Space Vehicle Propelled by the Pressure of Inflationary Vacuum State

one. But an equally plausible way of describing it is that it was useful for making a pre-mix machine safer by reducing the risk of bacterial contamination. That is an eminently moral use.

Sex Sells Problem

The year is 1930. Your client manufactures and sells devices for personal sexual gratification. Competitors have begun producing inferior knock-off versions of some of its best-selling products. Advise your client on whether and how it should seek patent protection.

c Operability

A rarely invoked restriction on utility is that the USPTO will reject inventions that it thinks are inoperable, i.e. "totally incapable of achieving a useful result."[63] It invokes this rule mostly in cases when the asserted utility is scientifically implausible.

> Examples of such cases include: an invention asserted to change the taste of food using a magnetic field, a perpetual motion machine, a flying machine operating on "flapping or flutter function," a "cold fusion" process for producing energy, a method for increasing the energy output of fossil fuels upon combustion through exposure to a magnetic field, uncharacterized compositions for curing a wide array of cancers, and a method of controlling the aging process.[64]

In *Newman v. Quigg*, the USPTO ordered the inventor of a purported perpetual-motion machine to produce a model for testing by the National Bureau of Standards. It failed, and the USPTO rejected his application.

63. Brooktree Corp. v. Advanced Micro Devices, Inc., 977 F.2d 1555,(Fed. Cir. 1992), 1571.
64. MPEP, *supra* note 4, § 2107.01.

But sometimes the USPTO issues a patent whose utility is extremely unlikely, such as one for a spaceship "able to move at speeds substantialy higher than the light speed in the ambient space." Does it matter if the USPTO occasional issues a patent on a device that violates the known laws of physics?

B Procedures

A patent has two jobs.[65] It must describe the scope of the owner's rights in the invention. This is the job of the claims. It must also disclose the invention in enough detail that others could (if not for the patent) make use of it. This is the job of the ***specification***. The process of patent prosecution is designed not just to check that the invention is substantively eligible to be patented, but also to ensure that the claims and specification adequately carry out their jobs.

A patent lawyer sees the world in terms of ***embodiments***: particular things that put an invention into practice. If I have a patent claiming "an insulated pizza box having side vents and racing stripes," then each pizza box with vents and stripes is a distinct embodiment. This box, which has three vents and red stripes, is an embodiment. That box, which has two vents and yellow stripes, is also an embodiment.

The specification only needs to describe a single embodiment; it has to explain how that embodiment works and what is new about it. The specification is written in ordinary English prose, together with drawings "where necessary for the understanding of the subject matter sought to be patented."[66] It may use technical terms that require years of education and experience to understand precisely, but the language itself is natural language.

Claims, on the other hand, describe *sets* of embodiments, and their purpose is to clearly distinguish those things that are covered by the patent from those things that are not. While the specification may describe what is new about the invention and why it is better than the prior art, the claims typically do not.[67]

1 Claims

To quote Giles S. Rich, one of the two principal drafters of the Patent Act of 1952[68] and later a judge on the CCPA and Federal Circuit:

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65. An example of a patent is included as an appendix at the end of this chapter.
66. 37 C.F.R. § 181(a). Patent drawing, like patent drafting, is a specialized skill. *See generally* 37 C.F.R. § 184 (describing requirements). For an entertaining set of examples see WHAT IS CLAIMED: A PATENT COLORING BOOK (Yvette Joy Liebesman ed., n.d.).
67. *See* Mark A. Lemley, *Point of Novelty*, 105 NW. U. L. REV. 1253, 1254 (2011).
68. The other was P.J. Federico, who worked for five decades at the USPTO, including as Examiner-in-Chief.

> The U.S. is strictly an examination country and the main purpose of the examination, to which every application is subjected, is to try to make sure that what each claim defines is patentable. To coin a phrase, *the name of the game is the claim*.[69]

Section 112(b) of the Patent Act requires patents to contain claims:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.[70]

a Claim Drafting

Claims typically follow a rigid format. For example:

> What is claimed is:
>
> 1. An apparatus for frobulating a thermozorp, comprising a frimble, a circular smorf plate, and a plurality of groozers attached to the frimble and to the smorf plate.
> 2. The apparatus of claim 1, wherein the smorf plate is positioned beneath the frimble.

It is usually said that each patent claim must be a single sentence, but as this example shows, it would be more precise to say that each claim is a single noun phrase, because the formulaic phrase "What is claimed is" (or close equivalent) is repeated only once at the start of the claims section of the patent.

Claim drafting is a specialized skill, and claim language is full of specialized vocabulary, used precisely. Here, "plurality" is a good example: it means "more than one." Other terms, like "thermozorp" and "frimble," are drawn from the specific technical field of the invention; patent attorneys must either know or be willing to learn how to use these technical terms of art precisely and accurately.

Each claim contains three parts:

- A ***preamble*** like "An apparatus for frobulating a thermozorp," which generally describes the claimed invention.
- A ***transition*** like "comprising."
- The ***body***, which sets out the details of the claim.

A claim is typically considered to be made of individual ***elements*** (or "limitations"). Here, claim 1 would probably be considered to have three elements: a frimble, a smorf plate, and groozers. There is no hard-and-fast rule on how claims are divided into elements, but punctuation is a good starting point.

69. Giles Sutherland Rich, *Extent of Protection and Interpretation of Claims — American Perspectives*, 21 Int'l Rev. Indus. Prop. & Copyright L. 497, 499 (1990).
70. 35 U.S.C. § 112(b).

Elements matter because the fundamental dogma of patent claims is that a claim covers (or "reads on") an embodiment if *every element* of the claim is present. A claim to "A, B, and C" is infringed by an embodiment with A + B + C, but not by one with only A + B. A device consisting of a frimble, a circular smorf plate, and six groozers can infringe Claim 1 above; the claim has three elements, each of which is present in the device. But a device consisting of a frimble and six groozers but no smorf plate cannot infringe: it is missing an element from the claim.

A claim can be narrowed by adding elements, because a claim only covers embodiments that have *all* of claim's elements. A claim to "A, B, and C" is broader and covers more embodiments than a claim to "A, B, C, and D" Devices that have A + B + C but not D will infringe the first claim, but not the second.

A claim can be broadened by using broader terms ("vehicle" rather than "automobile") or by listing ranges ("between five and ten" rather than "eight"); the claim covers *any* embodiments that fall within the term or range. Another broadening technique is to use an explicit list of alternatives:

> Alternative expressions are permitted if they present no uncertainty or ambiguity with respect to the question of scope or clarity of the claims. A "Markush" claim recites a list of alternatively useable species. A Markush claim is commonly formatted as: "selected from the group consisting of A, B, and C" . . . Inventions in metallurgy, refractories, ceramics, pharmacy, pharmacology and biology are most frequently claimed under the Markush formula but purely mechanical features or process steps may also be claimed by using the Markush style of claiming.[71]

Markush groups require great care and should be attempted only by trained professionals on a closed course.[72]

What if a device has all of the claimed elements, but also more? For example, an embodiment might have a frimble, a smorf plate, groozers, *and* a rotary turboencabulator. Whether this device infringes depends on whether the transition phrase is "open" (yes) or "closed" (no). As the MPEP explains:

> The transitional term "comprising", which is synonymous with "including," "containing," or "characterized by," is inclusive or open-ended and does not exclude additional, unrecited elements or method steps. In[73] the court held that a claim to "a safety ra-

71. MPEP, *supra* note 4, § 2173(05/)(h).
72. For example, the members of the group must belong to a recognized class that is known to have common properties.*Id.* § 2117(I)(I)(/)(A).
73. Gillette Co. v. Energizer Holdings Inc., 405 F.3d 1367 (Fed. Cir. 2005).

> zor blade unit comprising a guard, a cap, and a group of first, second, and third blades" encompasses razors with more than three blades because the transitional phrase "comprising" in the preamble and the phrase "group of" are presumptively open-ended. The transitional phrase "consisting of" excludes any element, step, or ingredient not specified in the claim. The transitional phrase "consisting essentially of" limits the scope of a claim to the specified materials or steps and those that do not materially affect the basic and novel characteristic(s) of the claimed invention.[74]

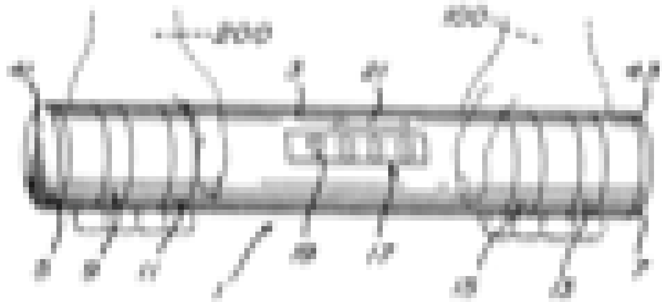
Thus, a device with A + B + C + D infringes on a claim to a device "comprising" A + B + C, but not on a claim to a device "consisting of" A + B + C.

Another recurring question is whether the preeamble limits a claim. Consider a device with a frimble, smorf plate, and groozers that is used to extrude fleebles. If the preamble is limiting, then this device does not infringe the sample claim because the claim covers only devices that frobulate thermozorps. But if the preamble is non-limiting, this device infringes, because it has all three claimed elements.

> In general, a preamble limits the invention if it recites essential structure or steps, or if it is necessary to give life, meaning, and vitality to the claim. Conversely, a preamble is not limiting where a patentee defines a structurally complete invention in the claim body and uses the preamble only to state a purpose or intended use for the invention.
>
> Perhaps a hypothetical best illustrates these principles: Inventor A invents a shoe polish for shining shoes (which, for the sake of example, is novel, useful, and nonobvious). Inventor A receives a patent having composition claims for shoe polish. Indeed, the preamble of these hypothetical claims recites "a composition for polishing shoes." Clearly, Inventor B could not later secure a patent with composition claims on the same composition because it would not be novel. Upon discovering, however, that the polish composition grows hair when rubbed on bare human skin, Inventor B can likely obtain method claims directed to the new use of the composition to grow hair.[75]

Claims can be either *independent* or *dependent*. A dependent claim refers to and incorporates by reference all of the elements of a previous claim, to which it then adds additional elements. Claim 1 above is an independent claim; claim 2 is dependent on it. A dependent claim is always narrower than the claim it depends on, because the additional elements mean it

74. MPEP, *supra* note 4, § 2111.03.
75. Catalina Mktg. Intern. v. Coolsavings.com, 289 F.3d 801, 808 (Fed. Cir. 2002).



U.S. Pat. No. 5,337,753: Heart Rate Monitor

covers fewer embodiments. A device with a frimble, a smorf plate, and groozers where the smorf plate is positioned above the frimble infringes on claim 1, but not on claim 2.

b Indefiniteness

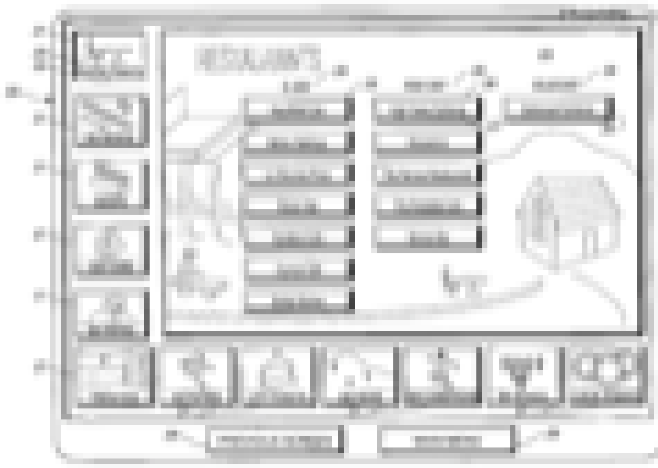
The ***definiteness*** requirement is the most important constraint on how patent claims are drafted. The test for indefiniteness comes from the Supreme Court's opinion in *Nautlius, Inc. v. Biosig Instruments Inc.*:

> [Section 112(b)] requires that a patent specification "conclude with one or more claims *particularly pointing out and distinctly claiming* the subject matter which the applicant regards as [the] invention." . . . We hold that a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.[76]

In *Nautlius*, the patent claimed a heart-rate monitor built into a hollow bar (e.g. in the handle of an exercise machine) with electrodes "mounted ... in spaced relationship with each other." On remand, the Federal Circuit held that this langauge was sufficiently definite. While the claim did not say how far apart the electrodes "in spaced relationship" were from each other (e.g. "one inch" or "six miles"), functional constraints on how they worked, as described in the specification, filled in the gap:

> For example, on the one hand, the distance between the live electrode and the common electrode cannot be greater than the width of a user's hands because claim 1 requires the live and common electrodes to independently detect electrical signals at two distinct points of a hand. On the other hand, it is not feasible that the distance between the live and common electrodes be in-

76. Nautlius, Inc. v. Biosig Instruments Inc., 134 S. Ct. 2120, 905 (2014).



U.S. Pat. No. 6,014,137: Electronic Kiosk Authoring System

> finitesimally small, effectively merging the live and common electrodes into a single electrode with one detection point.[77]

Most indefiniteness cases are to similar effect. It is fine if the claim covers a range of embodiments; inventors are allowed to draft broad claims. It is fine if the claim is susceptible to multiple interpretations; that is what claim construction is for. A definiteness problem arises only in the comparatively rare case when "the claims . . . fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention."

A good example of a claim over the line is *Datamize, LLC v. Plumtree Software, Inc.* The patent there disclosed a software program that allowed a person to author user interfaces for electronic kiosks. Its specification explained, "The authoring system enables the user interface for each individual kiosk to be customized quickly and easily within wide limits of variation, yet subject to constraints adhering the resulting interface to good standards of aesthetics and user friendliness." So far, so good; the specification is allowed to speak in generalities. But the relevant claim included a limitation that the customization allow "limited variation in its on-screen characteristics in conformity with a desired uniform and *aesthetically pleasing* look and feel." This, the court held, was indefinite:

> Here Datamize has offered no objective definition identifying a standard for determining when an interface screen is "aesthetically pleasing." In the absence of a workable objective standard, "aesthetically pleasing" does not just include a subjective element, it is completely dependent on a person's subjective opinion. . . .

77. Biosig Instruments Inc. v. Nautlius, Inc., 783 F.3d 1374, 1383 (Fed Cir. 2015).

> Major aesthetic choices apparently may include some aspect of button styles and sizes, window borders, color combinations, and type fonts. The written description, however, provides no guidance to a person making aesthetic choices such that their choices will result in an "aesthetically pleasing" look and feel of an interface screen. For example, the specification does not explain what factors a person should consider when selecting a feature to include in the authoring system. Left unanswered are questions like: which color combinations would be "aesthetically pleasing" and which would not? And more generally, how does one determine whether a color combination is "aesthetically pleasing"?[78]

A few claim-drafting techniques are used to avoid indefiniteness. One is the habit of using "a" the first time a noun is introduced in a claim but "the" thereafter (e.g., "*a* frimble . . . groozers attached to *the* frimble"). This is to avoid the problem of a so-called "lack of antecedent basis:

> The lack of clarity could arise where a claim refers to "said lever" or "the lever," where the claim contains no earlier recitation or limitation of a lever and where it would be unclear as to what element the limitation was making reference. Similarly, if two different levers are recited earlier in the claim, the recitation of "said lever" in the same or subsequent claim would be unclear where it is uncertain which of the two levers was intended.[79]

Freeny v. Apple Inc.

No.2:13–CV–00361–WCB, 2014 WL 4294505 (E.D. Tex. Aug. 28, 2014)

[Patent No. 7,110,744 described a single device that can communicate wirelessly with a variety of providers, such as hotel systems, vehicle parking systems, and toll systems, using multiple frequencies. It claimed:

> A communication unit connected to a public communication system [e.g., the Internet], the communication unit capable of detecting a plurality of wireless devices and servicing each of the plurality of wireless devices by providing access to the public communication system when the wireless devices are within a predetermined proximity distance from the communication unit, the communication unit comprising [various elements, including a] transceiver simultaneously communicating with at least two wireless devices with different types of low power communication signals.]

78. Datamize, LLC v. Plumtree Software, Inc., 417 F.3d 1342, 1350–52 (Fed. Cir. 2005).
79. MPEP, *supra* note 4, § 2173.05(e).

The final term in dispute for purposes of claim construction is the term "low power communication signals." The plaintiffs argue that the term "low power communication signals" should be construed to mean "signals having a power for transmission up to a maximum of several hundred feet." The defendant argues that the term is indefinite because the words "low power" are wholly lacking in specificity. . . .

Indefiniteness is a legal determination; if the court concludes that a person of ordinary skill in the art, with the aid of the specification, would understand what is claimed, the claim is not indefinite. For example, the term "substantially" has frequently been held not indefinite if a person of ordinary skill can discern from the claims and specification what the bounds of the claim are with reasonable certainty. [Cases cited found the terms "about 0.06," "substantially planar," "to increase substantially," "not interfering substantially," "relatively small," "substantially equal to," "closely approximate," and "about 5:1 to about 7:1" not indefinite.] On numerous occasions, district courts, including this court, have held similarly imprecise claim language not indefinite. [Cases cited found the phrases "substantially collimated," "roughly the same," "low frequency forces," "low hydroxyl ion content," and "low DC electrical voltage" not indefinite.] . . .

In light of the applicable caselaw, including the *Nautlius* case, the Court concludes that the term "low power communication signals" is not indefinite. The specification on several occasions refers to low power signals as those that do not communicate farther than a few hundred feet. *See., e.g.,* '744 patent, col. 32, ll. 29–31 ("low power wireless link ... does not typically communicate farther than about 300 feet"); col. 35, ll. 50–51 (detection range of "say several hundred feet"); col. 36, ll. 31–38 (wireless connection ranges "will vary from several hundred feet to only several feet"); col. 39, ll. 13–15 (transmissions possible "within several hundred feet" of a communication unit); col. 7, ll. 4–8 (transceiver capable of communicating "up to at least a predetermined proximity distance such as a hundred feet"); col. 13, ll. 49–52 (different signal strengths designed for detection at 500 feet and 20 feet); col. 16, ll. 49–51 (authorization distance set at 500 feet and 20 feet). Moreover, the plaintiffs' expert filed a declaration pointing to the references in the patent to infrared signals, 900 MHz signals, 1.8 GHz signals, and 2.4 GHz signals as examples of different types of low power communication signals. He explained that a common characteristic of such signals is the limited distance over which they can be transmitted, as discussed in the specification. One of ordinary skill in the art, he explained, would understand from reading the '744 specification that the claim term "different types of low power communication signals" means "different types of communication signals having a power for transmission up to a maximum of several hundred feet." The defendant has not submitted a contrary expert declaration on the issue of indefiniteness.

Accordingly, the Court concludes that the term "low power communication signals," viewed in light of the specification, would be understood by persons of skill in the art with reasonable certainty. The asserted claims in the '744 patent are therefore not indefinite. Furthermore, in light of the discussion of low power communications in the specification, the Court agrees with the plaintiffs that the term should be interpreted to mean "communication signals having a power for transmission of up to a maximum of several hundred feet."

Worm Patent Questions

Consider U.S. Patent No. 4,800,666, reproduced at the end of this chapter.

1. Who is Loren Lukehart? What was their role with respect to this patent?
2. Who is M. Jordan? What was their role with respect to this patent?
3. Who is Frank J. Dykas? What was their role with respect to this patent?
4. When was this patent application filed?
5. When did this patent issue?
6. Is this patent still enforceable?
7. What does this invention do, and how does it work?
8. What part of this patent is the specification? What part is the claims?
9. How many claims does this patent have? Are they product or method claims? How many are independent, and how many are dependent? What are their elements?
10. Are any of the claims indefinite?
11. If you wanted to find out more about this technology and other patents in the same field, where would you look?
12. Why did the inventor seek a patent for this technology? Was it worth it?

2 Disclosure

Section 112(a) of the Patent Act describes what a patent's specification must disclose:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth

> the best mode contemplated by the inventor or joint inventor of carrying out the invention.[80]

The Federal Circuit has held that this language creates three distinct requirements: ***enablement***, ***written description***, and ***best mode***.

a Enablement

The enablement requirement is what fundamentally distinguishes patent from trade secret. The key phrase is "in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same."[81] When the patent expires, everyone in the world will have the legal right to use the invention. The enablement requirement ensures that when they do, they will also have the practical ability to use it. In the meantime, even if they are legally prohibited from using the invention, they can still study the patent to understand how the invention works, building on the knowledge patent discloses.

This is the heart of the patent bargain: exclusive rights to the invention in exchange for explaining publicly how it works. The enablement requirement prevents inventors from writing overbroad claims that go too far beyond what they have actually contributed to society with their invention and disclosure.

Enablement is closely related to utility. An invention that lacks utility because it is not operable is typically also not enabled. An inventor who cannot even make the invention work themselves is unlikely to be able to describe it clearly enough for a PHOSITA to make it work.

The most common enablement issues arise when the inventor has successfully developed one embodiment (a ***species***) but writes a broader claim that covers numerous related embodiments (a ***genus***). The rule is that the specification must enable the *full scope of the claims*:

> If a patent claims an entire class of processes, machines, manufactures, or compositions of matter, the patent's specification must enable a person skilled in the art to make and use the entire class. In other words, the specification must enable the full scope of the invention as defined by its claims. The more one claims, the more one must enable.[82]

One way for a genus claim to fail to be enabled is when only some members of the claimed genus have the properties that make the invention new and useful. One of the crucial engineering problems was determining the best material for a filament.

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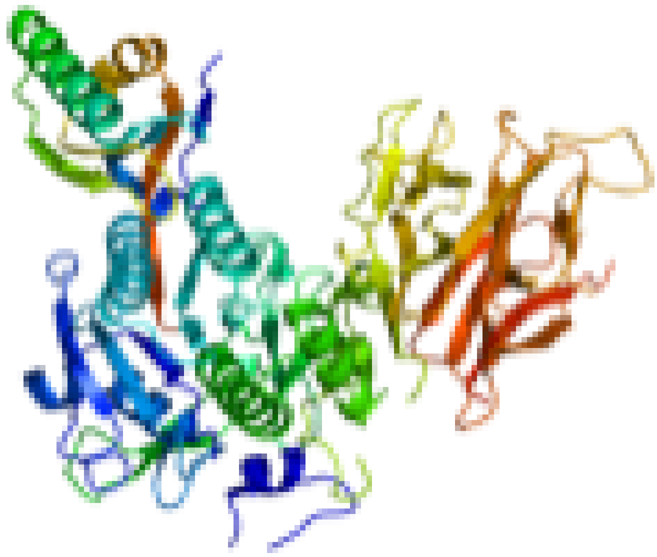
80. 35 U.S.C. § 112(a).
81. This section omits the word "having," so to be precise, we should call the PHOSITA a POSITA here.
82. Amgen Inc. v. Sanofi, 143 S. Ct. 1243, 1254 (2023).



The molecular structure of PCSK9.

Amgen Inc. v. Sanofi is a good modern example. A naturally-occurring protein called PCSK9 reduces the body's ability to remove harmful cholesterol from the blood. Amgen researched antibodies—other proteins—that could bind to PCSK9 in a way that inhibited its effects. It filed a patent application claiming antibodies that 'bind to specific amino acid residues on PCSK9," and block PCSK9's effects. Each antibody is defined by the sequence of amino acids that make it up, so Amgen filed a patent application describing the amino-acid sequences of 26 distinct antibodies that bind to PCSK9.

The Supreme Court held that this was not an enabling disclosure, because to find other antibodies that work, a POSITA would need to make numerous antibodies and then test them in the lab to see whether they bind to PCSK9 and block its effects.

> Think about it this way. Imagine a combination lock with 100 tumblers, each of which can be set to 20 different positions. Through trial and error, imagine that an inventor finds and discloses 26 different successful lock combinations.But imagine, too, that the inventor tries to claim much more, namely all successful combinations, while instructing others to randomly try a large set of combinations and then record the successful ones. Sure enough, that kind of roadmap would produce functional combinations. But it would not enable others to make and use functional combinations; it would instead leave them to random trial-and-error

> discovery.[83]

The issue here is the *unpredictability* of the required experiments. In the biological sciences, it is often difficult to predict whether a molecule will have desired properties without synthesizing it and testing it in living cells. In other fields, it is often easier to predict what an embodiment. As another court put it, “Even a considerable amount of experimentation is permissible, as long as it is merely routine or the specification provides a reasonable amount of guidance regarding the direction of experimentation.”[84]

Plastic Dye Problem

You are drafting claims for a patent application for an industrial dye that turns certain plastics an attractive shade of blue. Your client has tested it, with success, on PETE, HDPE, PEEK, and PVDC.According to the inventor, these are all “semi-crystalline” plastics; the dye has not yet been tested on “amorphous” plastics. How should you draft a claim to the dye?

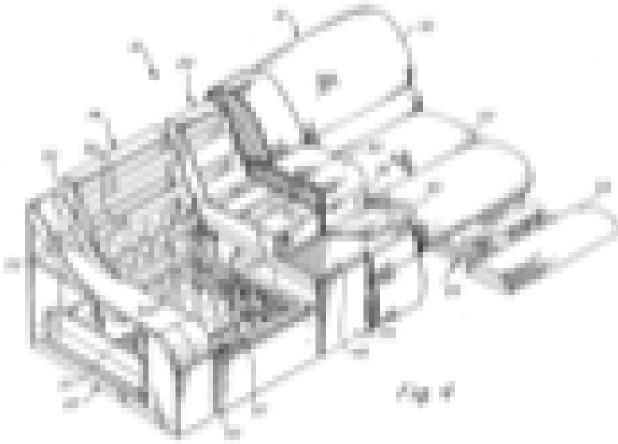
b Written Description

The written description requirement has no clear textual basis and it is not easy to explain how it works or why it exists. The Federal Circuit’s best attempt at articulating it is its *en banc* in *Ariad Pharmaceuticals, Inc. v. Eli Lilly & Co*:

> Specifically, the description must clearly allow persons of ordinary skill in the art to recognize that the inventor invented what is claimed. In other words, the test for sufficiency is whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.[85]

Perhaps a concrete example will help. In *Gentry Gallery, Inc. v. Berkline Corp.*, James Sproule described a sectional sofa with two independent recliners facing in the same direction, so that both people can watch TV without turning their heads.[86] This raised the design question of where to put the recliner controls, which would normally go on the exposed end of a sofa section. The patent claimed “a fixed console” located between the two recliners and “and a pair of control means, one for each reclining seat; mounted on the double reclining seat sofa section.”

83. *Id.* at 1257 (internal quotation omitted).
84. Wyeth & Cordis Corp. v. Abbott Labs., 720 F.3d 1380, 1386 (Fed. Cir. 2013).
85. Ariad Pharms., Inc. v. Eli Lilly & Co, 598 F.3d 1336, 1351 (Fed Cir. 2010).
86. Gentry Gallery, Inc. v. Berkline Corp., 134 F.3d 1473 (Fed. Cir. 1998).



U.S. Pat. No. 5,064,244: Reclining Sofa

A double-recliner sofa (*not* a Berkline) with a fold-down tabletop between the seats

These claims failed, the Federal Circuit held, because "the patent's disclosure does not support claims in which the location of the recliner controls is other than on the console."[87] More specifically,

> In this case, the original disclosure clearly identifies the console as the only possible location for the controls. It provides for only the most minor variation in the location of the controls, noting that the control "may be mounted on top or side surfaces of the console rather than on the front wall ... without departing from this invention." No similar variation beyond the console is even suggested. Additionally, the only discernible purpose for the console is to house the controls. As the disclosure states, identifying

87. *Id.* at 1479.

> the only purpose relevant to the console, "[a]nother object of the present invention is to provide ... a console positioned between [the reclining seats] that accommodates the controls for both of the reclining seats." Thus, locating the controls anywhere but on the console is outside the stated purpose of the invention. . . . Accordingly, when viewed in its entirety, the disclosure is limited to sofas in which the recliner control is located on the console.[88]

Note that this is not an enablement problem. There is nothing technically difficult about putting the controls in one place rather than another. So written description is doing some work that enablement does not.

Gentry Gallery also hints at why the Federal Circuit feels that written description is necessary. The inventor, James Sproule, does not seem to have had any thought that a double recliner with a console might put the controls somewhere else. From his point of view, the reason to have a console was to put the controls there. But then the defendant, Berkline, released a double-recliner sectional sofa with a cushion that could fold down to make a tabletop between the recliners, and Gentry wanted to argue that its claims covered Berkline's design. If the tabletop was a "console," then Berkline's sofa did indeed have a both a "fixed console" between the recliners and "a pair of control means" for the recliners. So written description polices attempts by inventors to stretch their claims to reach beyond what they actually invented.

c Best Mode

I will let the MPEP explain best mode:

> The best mode requirement is a safeguard against the desire on the part of some people to obtain patent protection without making a full disclosure as required by the statute. The requirement does not permit inventors to disclose only what they know to be their second-best embodiment, while retaining the best for themselves. . . . [89]
>
> Failure to disclose the best mode need not rise to the level of active concealment or inequitable conduct in order to support a rejection. Where an inventor knows of a specific material or method that will make possible the successful reproduction of the claimed invention, but does not disclose it, the best mode requirement has not been satisfied.[90]

The theory behind best mode is that it prevents inventors from engaging

88. *Id.*
89. How can a patent examiner tell whether an application discloses the best mode or the second-best mode?
90. MPEP § 2165

The screw-top salt shaker

in a whipsaw by obtaining a patent while keeping key technical details as a trade secret. Others can technically make and use the invention (as enablement requires), but the inventor retains as trade secrets enough operational details that anyone else's version will be a poor imitation of theirs.

In practice, however, determining what counted as the "best" mode turned out to be a litigation tarpit, leading to pressure on Congress to repeal the best mode requirement entirely. Instead, it split the difference.

> Section 15 of the Leahy-Smith America Invents Act (AIA) did not eliminate the requirement for a disclosure of the best mode, but . . . it amended 35 U.S.C. 282 (the provision that sets forth defenses in a patent validity or infringement proceeding) to provide that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable.[91]

So now, the USPTO can raise best mode objections to a patent application, but defendants cannot raise them in patent litigation.

Salt Shaker Problem

Assume that you represent the inventor of the first screw-top salt shaker. (In this alternate universe, prior art salt shakers were filled through a hole in the bottom.) Draft a claim for this new invention. Suggestions:

- What are the constituent parts of the screw-top shaker? Your claim will need to describe them and explain how they are related.
- Which features of the screw-top shaker are essential to its use? Which can safely be omitted?

91. MPEP § 2165

- Once the new screw-top shaker is publicly available, competing shaker-makers will try to invent around the patent. How can you make their job harder?
- Inventors in other industries may be inspired by the screw-top design. Can you make sure that your claim is not restricted to the one use your client has in mind?

3 Patent Prosecution

Patent has the most extensive and expensive procedures of any IP area. Unlike trade secret protections, which are effective immediately and with no procedural prerequisites, an inventor obtains patent rights only by completing an extensive application process at the USPTO and paying substantial fees. Terminologically, the USPTO engages in patent "examination" and the applicant engages in patent "prosecution."

Patent Examination

A complete application requires a specification, claims, and a signed oath by each inventor. The USPTO strongly prefers that applicants use its electronic filing system, EFS-Web; applications filed on paper require an additional fee. Once the USPTO receives the application, it will be assigned to a patent ***examiner*** with technical expertise in the patent's field (molecular biologists will not review aeronautical engineering patents, or vice versa). The examiner will compare the application to the relevant prior art (starting with any references identified in the application itself, but also conducting their own search).

After reviewing the application, the examiner will send the applicant a letter called an ***office action***, typically listing reasons the examiner believes particular claims are not patentable in their present form. The applicant can then amend the claims or present evidence to argue its case. The examiner will then issue another office action, and so on. This process continues until the examiner allows the (possibly revised) claims, the applicant withdraws the application, or the examiner issues a ***final*** office action (which the applicant can then appeal).

Applications are confidential when filed.[92] It is only ***publication*** of a patent or application that destroys trade secrecy, not the process of applying for a patent. A patent is published when it issues, so in this case the transition from trade secrecy to patent protection is automatic. A patent application is also published 18 months after its priority date (see below), subject to an exception for applications made only in the United States or other countries that do not publish patent applications. This looks like it can leave a gap between publication and issuance, which it

92. 35 U.S.C. § 122.

does—but a patent owner can retroactively recover a "reasonable royalty" from an infringer who had actual notice of a published application.[93]

Practice before the USPTO is and is not the practice of law. Patent examiners need technical training but do not need to have law degrees; indeed, some of them go on to law school after working at the USPTO. To be a patent *agent* who represents clients and files their applications with the USPTO, one must be admitted to the "patent bar," or more formally, registered to practice before the USPTO. This requires passing an examination on patent practice, substantially based on the MPEP. It also requires having a degree in a technical field; the USPTO's narrow definitions of which majors and courses are eligible is a notorious source of exclusion within patent law.[94] Not included: being a lawyer. One can be a patent agent without passing a state bar exam or attending law school. The USPTO enforces its own rules of discipline, and patent practice involves some distinctive ethical issues that attorneys who also are admitted to practice before the USPTO must be mindful of.

Priority Dates

Every patent application has a ***priority date***, which is of critical importance in determining whether it is patentable at all, when its term will run, and which of several competing applications has priority (hence the name). The priority date is normally its ***filing date***: the date that a complete application is filed. Thus, the priority date is often called the ***effective filing date***.

There are some twists on this rule, but they all follow a common theme: an application is entitled to priority based on when its *specification* was filed. Claims can be amended during prosecution without losing priority, but changes to the specification reset the priority date.

First, an inventor may file a placeholder ***provisional*** application.[95] Provisional applications have a specification, but are not required to have claims or inventors' oaths. They are not examined; the point of filing one is simply to reserve one's place in line by locking down a priority date. An applicant who files a provisional application has one year to file a corresponding regular nonprovisional application—i.e., repeating the same specification, adding claims and oath, and asserting priority based on the provisional. If they do, the nonprovisional application is given the earlier priority date of the provisional application it refers back to. If the applicant does not follow up within one year, it is treated as abandoned, and they lose the priority date.

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93. § 154(d).
94. *See* William Hubbard, *Razing the Patent Bar*, 59 Ariz. L. Rev. 383 (2017).
95. 35 U.S.C. § 111(b).

Second, sometimes an inventor may split up an application after filing. For example, if the examiner rejects some but not all of the application's claims, the inventor is on the horns of a dilemma: appeal the rejected claims and delay the entire application, or let those claims go and have the allowable ones issue now? Splitting the application up lets the inventor receive a patent now on the allowed claims, while continuing prosecution on the rejected ones. In other cases, the USPTO will determine that an application describes multiple distinct inventions, which should be prosecuted separately. A complex system of ***continuation***, ***continuation-in-part***, and ***divisional*** applications applies to these situations; each type has its own rules about what can and cannot be changed in the specification and claims, and what priority date each application is entitled to. Conversely, if the USPTO is concerned that multiple applications claim the same invention or an obvious variation of it, it may declare that the applicant is engaged in ***double patenting***, in which case the applicant will need to either amend the claims so they are no longer coextensive, or submit a ***terminal disclaimer*** promising not to enforce the second patent under specified circumstances. Understanding these options and their strategic consequences is a significant part of patent-prosecution practice.

Inequitable Conduct

Patent applicants have a duty of candor and good faith to the USPTO.[96] In particular, they must disclose any information they know "to be material to patentability." Typically and most importantly, this means calling the examiner's attention to any prior art references that might make the invention non-novel or obvious.

Mere failure to disclose relevant prior art is not automatically actionable. But intentionally deceiving the USPTO is, and can lead to a finding of ***inequitable conduct***, which renders the patent unenforceable. The Federal Circuit's leading case on inequitable conduct is *Therasense, Inc. v. Becton, Dickinson & Co.*:

> To prevail on a claim of inequitable conduct, the accused infringer must prove that the patentee acted with the specific intent to deceive the PTO. A finding that the misrepresentation or omission amounts to gross negligence or negligence under a "should have known" standard does not satisfy this intent requirement. In a case involving nondisclosure of information, clear and convincing evidence must show that the applicant made a deliberate decision to withhold a known material reference. In other words, the accused infringer must prove by clear and convincing

96. 37cfr156 at /a

> evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.
>
> Because direct evidence of deceptive intent is rare, a district court may infer intent from indirect and circumstantial evidence. However, to meet the clear and convincing evidence standard, the specific intent to deceive must be the single most reasonable inference able to be drawn from the evidence. Indeed, the evidence must be sufficient to *require* a finding of deceitful intent in the light of all the circumstances.
>
> This court holds that, as a general matter, the materiality required to establish inequitable conduct is but-for materiality. When an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art.[97]

Do not lie to the USPTO. Do not try to hide prior art from the USPTO. Inequitable conduct is invalidity in all but name.

Issuance

If and when the examiner agrees that an application's claims are patentable and the applicant pays the appropriate fees, the patent will ***issue***. The patent is given a number, and once a week—at the stroke of midnight, Eastern Time, between Monday and Tuesday—the USPTO posts the new patents to its Official Gazette for Patents. The patent becomes effective as of issuance, and the patentee receives the legal right to enforce their patent against others.

Formerly, the patentee would also receive the "letters patent" from which patents take their name: a fancy piece of paper with a gold seal signed by the director of the USPTO. But the USPTO discontinued this practice in 2023, and now issues all patents electronically, with a digital seal and signature.[98]

Judicial Review

Applicants can appeal rejections to the Patent Trial and Appeal Board (PTAB).[99] If the PTAB also rejects the application, the applicant can seek judicial review either before the Federal Circuit[100] or the Eastern District of Virginia.[101]

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97. Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276, 1290–91 (Fed. Cir. 2011).
98. USPTO Officially Transitions to Issuing Electronic Patent Grants in 2023, 88 Federal Register 12560 (Pat. & Trademark Off. 2023).
99. 35 U.S.C. § 134(a).
100. § 141.
101. § 145. The USPTO's headquarters are in Alexandria, Virginia, that's why.

Certified copy of U.S. Pat. No. 5,860,492

Post-Grant Proceedings

There are a bewildering variety of procedures available to review or modify patents once they have issued, and the menu has changed over time. The most significant in practice is **inter partes *reexamination*** IPR, which allows a third party to request that the PTAB review and cancel an issued patent because it is not novel or because it is obvious.[102] The USPTO has unappealable discretion whether or not to initiate an IPR once one is requested. If it does, the result is an adversary procedure before the PTAB, and the PTAB's decision to cancel (or not) a patent at the end of an IPR can be appealed to the Federal Circuit. Because an IPR gives patent defendants another bite at the apple to challenge a patent, they are not allowed to file an IPR request more than a year after being served with an infringement complaint. IPRs raise complicated preclusion and administrative-law issues, so be warned that tactical litigation decisions involving them can be highly consequential.

4 Notice

You have almost certainly seen products "marked" with a patent number. What's it doing there? Obviously, it can serve as a warning: don't even *think* about manufacturing these, because I will sue you and win." It might also be a kind of advertising, along the lines of old-style "patent medicines."[103] But most of all, it puts defendants on notice that the item

102. 35 U.S.C. §§ 311 *et seq.* Other notable post-grant procedures include ***reissue***, *id.* § 251, **ex parte *reexamination***, *id.* §§ 302 *et seq.*, and ***post-grant review***, *id.* §§ 321 *et seq.*
103.

Leatherman pocket tool bearing the marking "US PAT 4 238 862"

is patented, because providing notice is a requirement to obtain damages.[104] *Actual* notice—either through sending a letter saying "cut it out, this is patented" or by filing suit—is good enough. But so is *constructive* notice by marking an article with the patent claim. The Patent Act explicitly states that ***patent marking*** constitutes sufficient notice to recover damages for infringement immediately.

Originally, there was no patent-marking requirement. Instead, members of the public were expected to be aware of existing patents, if necessary by travelling to Washington, D.C., where the records were kept.[105] Through various amendments over the years, Congress added a marking requirement; under the 1952 Act the required marking consisted of the word 'Pat." or "Patent" and the patent number. The AIA expanded this to allow for "virtual marking,"in which the item or its packaging bears a URL where the patent number or numbers can be found.

For a time, the Patent Act prohibited ***false marking***, in which a company marks a product with a patent number that doesn't exist, is invalid, or doesn't cover the product. But because marking (like many other parts of the product pipeline) is sometimes an error-prone process, mistakes were inevitable. The Act allowed any person to sue the patent owner in a *qui tam* action on behalf of the federal government and recover up to

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> It may be in part that the word "patent" is used to stand in for "clever" or "cunning," and it certainly is true that "patented" is often central to that classic and powerful product-differentiation technique, "Kill-All's Patented Rat Trap." But it is also the case that having a patent means that one has a governmentally approved right coercively (through legal action) to exclude competitors from particular cost-cutting processes for a very long time (specifically seventeen years). The power of "our patented process" may inhere in this triple reference power, but the most important of the three may be to indicate this commercial rara avis, sole licit durability of a competitive advantage.

Arthur Allen Leff, Swindling and Selling: The Story of Legal and Illegal Con-games 127–28 (1976).

104. 35 U.S.C. § 287(a).

105. In 1836, the Patent Office burned down, along with all of its files. Oops.

$500 per offense, and in a 2009 case, the Federal Circuit held that this was $500 per item, which for a large manufacturing run could rapidly run into the many millions of dollars.[106] A brief flurry of false-marking lawsuits followed, and patentees complained about the legal risks. Thus, in the AIA, Congress eliminated the *qui tam* remedy; now only the federal government can recover the $500 statutory penalty.[107]

5 Term

Once a patent issues, it is valid for a term of 20 years from its filing date.[108] The details of what counts as the "filing date" for families of related applications are intricate, but two high-level rules of thumb are a good starting point. The first is that splitting an application (using a continuation, continuation-in-part, or divisional) does not reset the filing date; the whole family has the filing date of the initial application.[109] The second is that when a provisional application is followed up with a nonprovisional one, the filing date does reset: the term runs for 20 years from the filing date of the nonprovisional one.

There are also an intricate set of provisions for ***patent term adjustment***. If the USPTO fails to hit various deadlines during an application's prosecution (e.g., fourteen months from filing to issue a first office action), the applicant is generally entitled to an extra day of patent term for each day of delay.[110]

C Ownership

Now that we have cleared away the questions of *what* can be patented (almost anything, with a few exceptions) and *how* an inventor can obtain a patent (examination of the claims in an application making sufficient disclosure), we can turn to the densely interlocking rules that govern *who* is entitled to a patent and *when*. The basic concepts here are ***inventorship***, ***novelty*** and ***statutory bar***, and ***obviousness***. In outline form, inventorship determines who is an inventor entitled to file an application for patent,

106. Forest Grp., Inc. v. Bon Tool Co., 590 F. 3d 1295 (Fed. Cir. 2009).
107. 35 U.S.C. § 292(a). Congress retained an actual-damages remedy for parties who have suffered "a competitive injury" as a result of false marking, and it can sometimes be actionable under false-advertising law.
108. § 154(a)(2).
109. Do you see how this rule helps to prevent applicants from extending the patent term by repeatedly forking an application? And do you also see why some kind of double patenting doctrine might be needed to prevent evasion of the rule by an applicant who files a second and later application on the same invention?
110. 35 U.S.C. § 154(b). The USPTO has software to calculate the appropriate adjustment, but this software has bugs, so a diligent attorney should hand-check the adjustment calculations for any patent they are prosecuting or litigating.*See* Dinis Cheian, *I See Dead Patents: How Bugs in the Patent System Keep Expired Patents Alive*, XXXIII Fordham Intell. Prop., Media, & Ent. L.J. 1 (2022).

and the other requirements determine when they have done enough that their invention is actually patentable.

1 Inventorship

The Patent Act helpfully, if circularly, explains that the term "inventor" means "the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention."[111] In *Thaler v. Vidal*, the technologist Steven Thaler submitted an invention purportedly "created" by a system named DABUS.[112] The USPTO rejected the application, and the Federal Circuit agreed, explaining that "individual" unambiguously means a human being.

Today, any person can be an inventor, as "*Whoever* invents or discovers any new and useful [invention] may obtain a patent therefore . . . ."[113] But in 1858, following the Supreme Court's notorious and explicitly racist decision in *Dred Scott v. Sandford* that Black people could not be citizens,[114] the Attorney General issued a brief opinion that a new type of plow invented by an enslaved Black person named Ned could not be patented.[115] According to the opinion, as a non-citizen, Ned could not take the required inventor's oath. Because *Dred Scott* applied to all Black people, enslaved and free, the effect of the opinion was to completely bar Black inventors from obtaining patents. The Fourteenth Amendment, passed in the wake of the Civil War, reversed this restriction by declaring, "All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States . . . ."[116]

A person becomes an "invent[or]" within the meaning of Section 101, and thus entitled to obtain for a patent, when they ***conceive*** of the invention. The MPEP explains:

> Conception has been defined as "the complete performance of the mental part of the inventive act" and it is "the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention as it is thereafter to be applied in practice." Conception is established when the invention is made sufficiently clear to enable one skilled in the art to reduce it to practice without the exercise of extensive experimentation or the exercise of inventive skill. Conception has also been defined as a disclosure of an invention which enables one skilled in the art to

111. 35 U.S.C. § 100(f).
112. Thaler v. Vidal, 43 F.4th 1207 (2022).
113. 35 U.S.C. § 101 (emphasis added).
114. Dred Scott v. Sandford, 60 U.S. (19 How.) 393 (1857).
115. Invention of a Slave, 9 Op. Att'y Gen. 171 (1858).
116. United States Constitution, *supra* note 3, amend. 14 S 1. *See generally* Kara J. Swanson, *Race and Selective Legal Memory: Reflections on Invention of a Slave*, 120 Colum. L. Rev. 1077 (2020); Brian L. Frye, *Invention of a Slave*, 68 Syracuse L. Rev. 181 (2018).

> reduce the invention to a practical form without "exercise of the inventive faculty." It is settled that in establishing conception a party must show possession of every feature recited in the count, and that every limitation of the count must have been known to the inventor at the time of the alleged conception. Conception must be proved by corroborating evidence. In *Hitzeman v. Rutter*,[117] the inventor's "hope" that a genetically altered yeast would produce antigen particles having the particle size and sedimentation rates recited in the claims did not establish conception, since the inventor did not show that he had a "definite and permanent understanding" as to whether or how, or a reasonable expectation that, the yeast would produce the recited antigen particles. There must be a contemporaneous recognition and appreciation of the invention for there to be conception.[118]

To repeat, inventors' rights derive from conception; conception is what makes one an inventor.

The inventor need not have built anything or worked out the technical details at the moment of conception. The phrase "reduce the invention to a practical form" refers to another, and later stage of patent law's vision of the inventive process: ***reduction to practice***. That occurs when the invention has been made "in a physical or tangible form" and "sufficiently tested to demonstrate that it will work for its intended purpose."[119] If the inventor who "conceives" of an invention is described as though they were pregnant with it, then reduction to practice is the metaphorical "birth."

Some inventions are so simple that construction alone is a reduction to practice; in other cases (think of a candidate protein from *Amgen*), testing is required to know that the invention will work.[120] A patent application by itself is proof of conception, and is regarded as constructive reduction to practice of anything it describes, whether or not the invention works. Some patents even use "prophetic" examples, in which an inventor describes an embodiment they think will work but have not actually made. This practice can be particularly confusing for scientists who read patents and assume that people only publish the results of experiments they have carried out.[121]

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117. Hitzeman v. Rutter, 243 F.3d 1345 (Fed. Cir. 2001).
118. MPEP, *supra* note 4, § 2138.
119. *Id.* at 2138. Reduction to practice was much more important under pre-AIA law, but it is still important enough that you should know what it is.
120. Amusingly, the inventor need not know *why* the invention works, only that it does.
121. *See* Janet Freilich, *Prohphetic Patents*, 53 U.C. Davis L. Rev. 663 (2019).

Collaborations

Each person who contributes to the conception of at least one claim in a patent is a joint inventor. Everyone who does not is not.

> Inventors may apply for a patent jointly even though (1) they did not physically work together or at the same time, (2) each did not make the same type or amount of contribution, or (3) each did not make a contribution to the subject matter of every claim of the patent.[122]

That said, two people who work completely independently are not joint inventors. There must have been "some quantum of collaboration or connection." The MPEP gives as examples " collaboration or working under common direction, one inventor seeing a relevant report and building upon it or hearing another's suggestion at a meeting."[123]

Note that the rule for joint inventorship only applies to people who qualify as inventors in the first place, which means conception. Suggesting an idea for a result isn't enough; neither is taking someone else's idea and reducing it to practice. And an inventor who maintains "intellectual domination" of the work is still an inventor even if others made suggestions or a "skilled mechanic" did work that "does not require the exercise of inventive skill."[124]

Employers and Employees

When an employee creates a patentable invention as part of their job duties, the employee is the inventor and is the only person entitled to a patent.[125] That said, employees are frequently under a contractual duty to cooperate in the employer's efforts to obtain a patent in the employee's name and to assign their rights in the resulting patent to the employer. The most important difference in practice is simply that this duty is not the default. If the employer wants rights over employees' inventions, it must specifically require this as part of the employment contract.

Derivation

If one applicant passes another's work off as their own, that does not make them an inventor. The Patent Act handles such cases with a ***derivation*** proceeding. The plagiarized applicant can file a petition arguing that "an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner's application . . . without authorization."[126] If the PTAB agrees, it can substitute the correct

122. 35 U.S.C. § 116.
123. MPEP, *supra* note 4, § 2137.01.
124. *Id.* Note the circularity.
125. By contrast, trade secret vests the employer, not the employee, with ownership.
126. 35 U.S.C. § 135(a)(1).

inventors on any application or patent, or grant the derived-from inventor's application even though it was filed second.[127]

Davis Toys Problem

Your client, the Davis Toys corporation, has developed a working prototype of a wind-up car that dramatically shatters into eight separate pieces when it collides with something, and then can be reassembled easily to repeat the fun. The following people have been involved in some capacity with the production of the prototype:

- Andy Davis, the CEO, who asked the R&D department to "come up with a new action toy concept, maybe something with cars."
- Trixie Schaal, the head of R&D, who proposed the idea of a wind-up car that breaks and can be reassembled.
- Jessie Cusack, a toy designer, who sketched out the spring-loaded latch that causes the doors and hood to fly off when released. Cusack has since left the company under acrimonious circumstances.
- Buzz Allen, another toy designer, who worked up Cusack's sketch into an initial working prototype and oversaw the testing. Allen died of cancer earlier this year.
- Barbie Benson, a toy designer who used the commercially-available off-the-shelf 3D modeling tool Etch to create the precise configuration of eight distinct pieces. Benson input Allen's initial design specification into into Etch, which automatically used a complex machine-learning model to refine it into a specific set of parts that could be easily manufactured, while avoiding dangerous features like sharp corners.
- Gabby Hendricks, an eight-year-old, who conducted numerous play-tests with the prototype and showed the Davis employees what worked and what didn't.
- Rex Shawn, an intern, who suggested a design alteration to the latch after the initial version proved too fragile after repeated testing.
- Bo Potts, an artist, who created the red, orange, and white paint scheme on the prototype.

Davis has authorized the prototype for production. It will be shown at toy shows over the next year to gather initial orders.

You are preparing the utility patent application for the toy design. Who should you name as inventor or inventors on the application

127. *See, e.g.,* Glob. Health Sols. LLC v. Selner, 148 F.4th 1363 (Fed. Cir. 2025).

2 Priority: Novelty and Statutory Bars

Priority rules determine which of several competing claimants is entitled to an IP right. It is rarely as simple as "first in time" because what counts as "first" could be assessed in different ways. As we shall see, U.S. patent law mostly creates priority by preventing all but one—or sometimes all—of the potential claimants from obtaining a patent.

Under the present (post-AIA) Section 102, an applicant "shall be entitled to a patent unless" someone has done something that makes the invention not patentable. That something is called a ***prior art reference*** and it is said to ***anticipate*** the applicant's invention. Conceptually, any such rule raises three questions:

- What makes a prior art reference sufficiently *similar* to the applicant's "claimed invention" to make it unpatentable? If Alfie applies to patent an oven, Beth's previous work on metalworking is irrelevant to the novelty of Alfie's oven. Patent law has settled on a remarkably elegant test to capture this idea: the test for anticipation is simply the test for infringement. A claim is anticipated by a prior art reference if that reference would infringe the claim. "That which infringes, if later, would anticipate, if earlier."[128]
- Which kinds of *activities* count as prior art? The present Section 102 uses the words "patented, described in a printed publication, or in public use, on sale, or otherwise available to the public." These phrases are broad, but they do not exhaust the universe of human activity. If Alfie files for a patent on an oven of a type that Beth once built and then demolished without using or telling anyone else, Beth's secret use does not quality as prior art and will not stand in the way of Alfie's application.
- *When* must an activity have taken place to qualify as prior art? The present Section 102 uses the words "before the effective filing date of the claimed invention," so the patent applicant must not only think of the invention and make it work but must also make it to the Patent Office before anyone else goes public with the same idea. If Alfie invents in January and files in March but Beth publishes in February, Alfie is out of luck. This is one of the major changes in the America Invents Act: under pre-AIA law, Alfie's March application based off a January invention date would have been good enough. As we dig into the text of the AIA, we will see why it is said to create a rule of "first inventor to file."

Not coincidentally, these are the same kinds of questions one must also ask about *infringement*: what kinds of conduct are prohibited, what makes a defendant's use too similar, and when does it fall within the term of the

128. Peters v. Active Mfg. Co., 129 U.S. 530, 537 (1889).

plaintiff's rights? This symmetry is baked into patent law, as it is to many other fields of intellectual property law.

a Anticipation

We start with similarity. A prior art reference anticipates a claim if "each and every element as set forth in the claim is found, either expressly or inherently described" in that reference.[129] It must be a single reference, so a reference with elements A + B + C anticipates a claim to A + B + C. A pair of references, one with A + B and the other with C, do not. In this comparison, the elements must truly be the same. A claim to "a monkey" is not anticipated by a prior art reference disclosing other animals, like wolves and horses.

Every interesting claim covers numerous possible embodiments. It is anticipated by *any* of those embodiments, even one. In *Brown v. 3M*, a patent directed to addressing the Y2K problem claimed a system with data records in "at least one of two-digit, three-digit, or four-digit" formats.[130] It was anticipated by a system that used a two-digit format—just as a system using a two-digit format would have been covered by the claim for infringement purposes. The same is true for a claim to a genus. A claim directed to "an animal" is anticipated by a prior-art reference disclosing a monkey.

In the other direction, a prior-art reference disclosing a genus typically does not anticipate a claim to a species within that genus. A prior art reference disclosing "animals" does not anticipate a claim to "a monkey," as there are millions of types of animals. But this is not an ironclad rule, because sometimes a description of a genus is precise or detailed enough to also identify particular species within the genus, they are anticipated. As long as the claimed species is clearly identified, it doesn't matter if other species are also identified as well. "The tenth edition of the *Merck Index* lists ten thousand compounds. In our view, each and every one of those compounds is [anticipated by the *Merck Index*]."[131]

As an example of how anticipation works, consider *Titanium Metals Corp. of America v. Banner*.[132] In 1974, Titanium Metals applied for a patent on an invention by Loren Covington and Howard Palmer, consisting of an alloy (a mixture of metals) containing mostly titanium with small quantities of other metals. They determined the ranges of these various metals at which the alloy had various useful properties, particularly "corrosion resistance in hot brine." Thus, their Claim 1 read:

> A titanium base alloy consisting essentially by weight of about

129. MPEP, *supra* note 4, § 2131.
130. Brown v. 3M, 265 F.3d 1349 (Fed. Cir. 2001).
131. *Ex parte* A, 17 U.S.P.Q. 2d 1716 (BPAI 1990).
132. Titanium Metals Corp. of Am. v. Banner, 778 F.2d 775 (Fed. Cir. 1985).

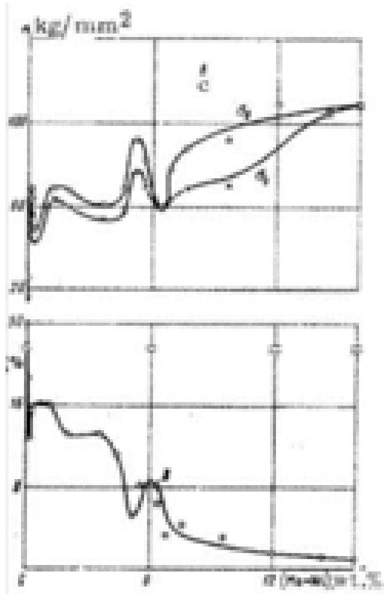


Figure 1c from Kalabukhova and Mikheyev

> 0.6% to 0.9% nickel, 0.2% to 0.4% molybdenum, up to 0.2% maximum iron, balance titanium, said alloy being characterized by good corrosion resistance in hot brine environments.

The court affirmed the USPTO's rejection of their claim over a three-page 1970 article by S.V. Kalabukhova and V.S. Mikheyev titled *Investigation of the Mechanical Properties of Ti-Mo-Ni Alloys*, published in a Russian scientific journal in 1970. The article contain a graph of the properties of alloys with molybdenum and nickel in a ratio of 1:3, and that graph had a data point for a 1% concentration of the molybdenum plus nickel. Doing out the math, this works out to .25% molybdenum and .75% nickel, both of which fall within the claimed ranges. That made it an anticipating reference, and thus Claim 1 failed.

Titanium Metals argued that the article did not describe the alloy's composition in so many words, which was true. No matter, it clearly disclosed the alloy itself; a POSITA looking at the graph would know that the data point described a mixture of titanium, molybdenum, and nickel matching the ranges in Claim 1's ranges. Titanium Metals also argued that the article said nothing about the alloy's corrosion resistance, which was also true. But the corrosion resistance was an ***inherent*** property of the alloy. Kalabukhova and Mikheyev described an alloy and that alloy had all of the claimed properties, including corrosion-resistance.

This example illustrates the symmetry of anticipation and infringement. If a metallurgist made an alloy in the same proportions described in the article it too would be corrosion-resistant in hot brine. The met-

U.S. Des. Pat. No. 289,855: Dual Compartment Bottle or Similar Article

allurgist could not defend against an infringement lawsuit by Titanium Metals by arguing, "I didn't know it was corrosion-resistant." It would be corrosion-resistant, whether the metallurgist appreciated it or not, and the same rule applies to anticipation. It falls within the claim terms for both anticipation and infringement purposes.

b Prior Art

Under post-AIA Section 102(a)(1), "A person shall be entitled to a patent unless the claimed invention was (1) *patented*, (2) *described in a printed publication*, or (3) *in public use*, (4) *on sale*, or (5) *otherwise available to the public* before the effective filing date of the claimed invention."[133] A good rule of thumb is that a document or use by a third party counts as prior art unless it was kept confidential enough to qualify as a trade secret.[134]

1 *"patented"*

U.S. patents are prior art as of the day they issue, no questions asked, end of story. It does not mater who filed the patent: the inventor or a third party.[135] Either way, it is prior art.

It is not always so easy to tell whether a foreign right is a "patent" within the meaning of § 102. For example, *In re Carlson* held that a German industrial design patent (a "Geschmacksmuster") counted as a patent for prior art purposes. At the time, a person could obtain a

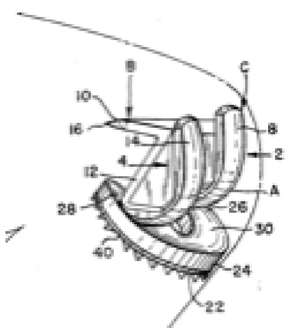
133. 35 U.S.C. § 102(a)(1) (emphasis and numbering added).
134. *See* Camilla A. Hrdy & Sharon Sandeen, *The Trade Secret Standard for Prior Art*, 70 Am. U. L. Rev. 1269 (2021).
135. If the inventor was also the inventor on the prior patent, they can split off a continuation or divisional application. A patent application is not prior art against itself.

Geschmacksmuster by depositing an application with a drawing, photograph, or sample in a local regional office in Germany. A general description of the design was published, but one had to travel to the regional office to view the design itself. *Held*, this was enough to make one prior art, even though "Geschmacksmuster on display for public view in remote cities in a far-away land may create a burden of discovery for one without the time, desire, or resources to journey there in person or by agent to observe that which was registered and protected under German law."[136] Such is life.

2 *"described in a printed publication"*

The emphasis in the "printed publication" test is on on the "public" part of of the phrase—whether the information has been shared widely enough that it should be regarded as having been effectively and irrevocably put into the public domain. Again, publications by the inventor themselves count, and so do publications by others.

The archetype of a printed publication is a scientific article, like the Kalabukhova/Mikheyev article in *Banner*. Other common printed publications include books, product brochures and manuals, and technical reports. There are three requirements for an alleged prior art reference to be a "printed publication." It must be printed, it must be published, and it must be enabling.



U.S. Pat No. 3,869,731: Articulated Two-Part Prosthesis Replacing the Knee Joint

What is "printed" is a straightforward threshold, but do not take the word too literally. Books and papers are printed, of course, but so are web pages, even though they are stored digitally rather than being "printed" on paper. The crucial quality is permanence. In *Regents of the University of California v. Howmedica, Inc.*, one of the inventors gave a lecture describing an artificial knee to a group of about 30 people at a medical association meeting.[137] His oral descriptions were not a printed publication, and neither were the slides he displayed, because each slide vanished as he proceeded to the next. [138] In other words, the "printed" part of the printed-publication requirement demands that what is shared publicly must be tangible and persistent.

The publication requirement is more pragmatic. It asks, in effect, whether a motivated POSITA could reasonably find it. Once again, the

136. *In re* Carlson, 983 F.2d 1032, 1034 (Fed. Cir. 1992).
137. Regents of the Univ. of Cal. v. Howmedica, Inc., 530 F. Supp. 846 (D.N.J. 1981).
138. What about the transparencies—the literal film "slides"— he projected the presentation from?

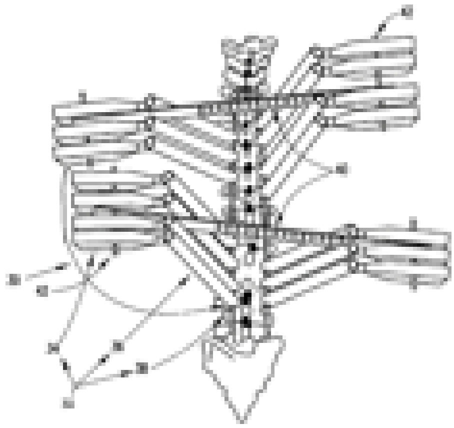
POSITA is the audience of patent law. Judge Learned Hand, in his typically pithy way, described the test as whether a disclosure "goes direct to those whose interests make them likely to observe and remember whatever it may contain that is new and useful."[139]

Almost anything "published" in the sense that books and articles are traditionally published is sufficiently public. The Kalabukhova/Mikheyev article cited in *Banner* was published in English translation in a journal distributed in the West. But even if it had only been distributed in Russia in its original Russian in Доклады Академии Наук СССР (Металлы) (i.e. the metallurgical journal of the Proceedings of the USSR Academy of Sciences),[140] it would still have been a printed publication. It was available to any member of the public including POSITAs, in a journal widely known among POSITAs to deal with the properties of alloys, and it was in fact distributed to numerous POSITAs.

One line of cases deals with obscure references; they are available for anyone who looks, but it is unclear whether anyone will know where to look. In *In re Cronyn*, three college students' undergraduate thesis were deposited in the Reed College library.[141] They were held not to be printed publications that anticipated their faculty advisor's patent application, because the theses were catalogued only on index cards filed alphabetically by author in a shoebox in the chemistry department.[142] But in *In re Hall*, a doctoral dissertation that was indexed in the main Freiburg University library catalogue was a printed publication.[143]

Another line of cases deals with documents that are circulated to limited audiences with ambiguous expectations of confidentiality. Internal corporate distributions with standard trade-secret protections (NDAs, confidential stamps, etc.) are not printed publications. But handing out a CD with a video on spinal surgery and a binder with printouts of slides to audiences of 20 and 55 surgeons was a printed publication.[144] An extreme example is *In re Klopfenstein*, where the inventors gave a presentation on preparing foods containing double extruded soy cotyledon fiber to a meeting of the American Association of Cereal Chemists.[145] They printed out their fourteen slides on a poster board, which was on display

139. Jockmus v. Leviton, 28 F.2d 812, 813–14 (2d Cir. 1928).
140. This was a prestigious journal, and important enough to be translated, which explains how the article wound up in the prior art search. This random Russian article was less random than it seems.
141. *In re* Cronyn, 890 F.2d 1158 (Fed. Cir. 1989).
142. "It was on display in the bottom of a locked filing cabinet stuck in a disused lavatory with a sign on the door saying 'Beware of the Leopard."' Douglas Adams, The Hitchhiker's Guide to the Galaxy (1979). Printed publication?
143. *In re* Hall, 781 F.2d 897 (Fed. Cir. 1986).
144. Medtronic, Inc. v. Barry, 891 F.3d 1368 (Fed. Cir. 2018).
145. *In re* Klopfenstein, 380 F.3d 1345 (Fed Cir. 2004).

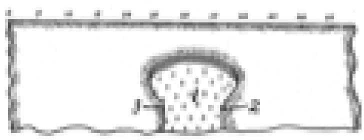


U.S. Pat. No. 7,670,358: System and Method for Aligning Vertebrae in the Amelioration of Aberrant Spinal Column Deviation conditions.

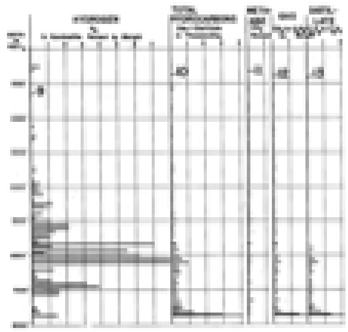
for two and a half days at the conference. The presentation by itself was not a printed publication, but the poster was. The court discussed factors including: (1) the length of the display (several days), (2) the expertise of the audience (high, as this was a conference in the field), (3) whether there were legal or professional expectations of confidentiality (no), and (4) the ease with which the information could be copied (the crucial advance was contained in only a few bullet points on double versus single extrusion).[146]

Finally, a printed publication is only an anticipating prior art reference if it is ***enabling***, i.e., it would enable a POSITA to carry out the claimed invention.[147] This makes sense. I should not be able to block all patents on quiet hovercraft by publishing an article saying, "wouldn't it be great if someone invented a quiet hovercraft?" For an example of an enabling printed publication, consider *Banner* again. Titanium Metals tried to argue that the article was not enabling. But there was nothing interesting to enable. Actually making the alloy of titanium, molybdenum, and nickel was not hard. The USPTO's expert testified that he knew at least three different ways to prepare the alloy.[148] Indeed, the patent application itself did not disclose how to make the alloy; it presumed that POSITAs would already know how.[149]

146. Does this analysis should remind you of the fact-intensive actual-secrecy and reasonable-efforts tests in trade secret? It should.
147. MPEP, *supra* note 4, § 2121.
148. The expert volunteered this information on cross-examination, which raises questions about Titanium Metals's trial strategy.
149. And if not . . . ?



U.S. Pat. No. 2,129,525: Geophysical Prospecting Method



U.S. Pat. No. 2,324,085: Geochemical Well Logging

3 *"in public use"*

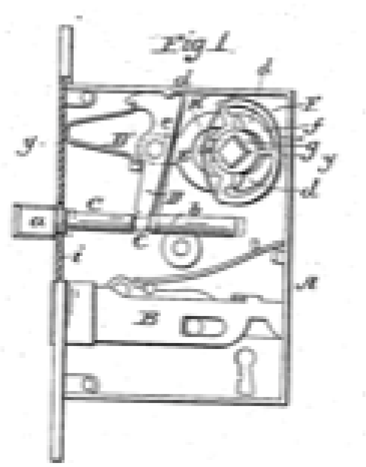
The public-use bar is different for uses by third parties and uses by the inventor themselves. In addition, some uses that are otherwise public do not count if they are necessary to test the invention, under the doctrine of ***experimental use***.

Use by Third Parties

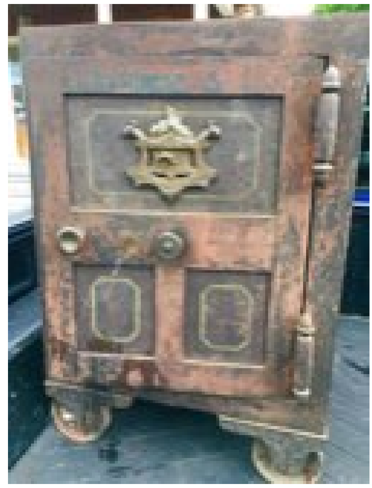
The "public" part of "public use" is important. What would otherwise have been public use by a third party will not be prior art if was has been carried on under conditions of affirmative secrecy sufficient to maintain a trade secret. In *Rosaire v. National Lead Co.*, two patents on searching for oil deposits by taking soil samples were invalidated in light of work previously carried on by a third party, Gulf Oil. "The work was performed in the field under ordinary conditions without any deliberate attempt at concealment or effort to exclude the public and without any instructions of secrecy to the employees performing the work."[150] In trade-secret terms Gulf Oil was not making reasonable efforts to maintain the secrecy of its drilling techniques. Whether or any member of the public had in fact observed Gulf's work in sufficient detail to learn how it worked, the fact that Gulf had not made rigorous efforts to exclude them was enough to make that work prior art.

Very occasionally, a third party will have made a use that was public but obscure. This "lost art" is treated as a public use as long as the information about how the invention worked was made public. Thus, in *Coffin v. Ogden*, a reversible door lock (i.e. one that could be installed in doors opening either to the left or to the right) was anticipated by a lock built by Barthol Erbe, who made three copies and demonstrated its workings to several others:

150. Rosaire v. Nat'l Lead Co., 218 F.2d 72, 74 (5th Cir. 1955).



U.S. Pat. No. 32,521: Lock and Knob-Latch



Wilder's Patent Salamander Safe, as described by U.S. Pat. No. 3,117: Improvement in Fire-Proof Chests and Safes

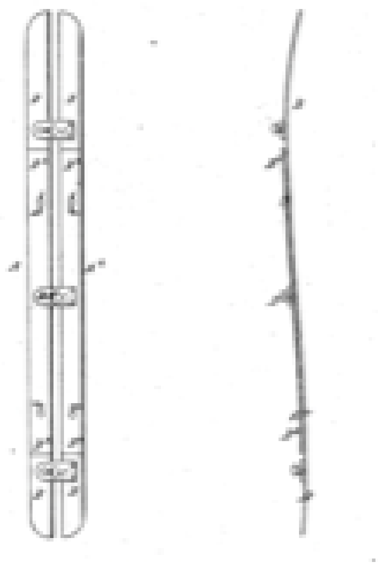
> It was known at the time to at least five persons, including Jones, and probably to many others in the shop where Erbe worked; and the lock was put in use, being applied to a door, as proved by Brossi. It was thus tested and shown to be successful.[151]

But in *Gayler v. Wilder*, a fire-proof "salamander safe" with an insulating layer of plaster was patentable. Another inventor, James Conner, had made and used a similar safe previously, but never tested it to confirm that it worked, or documented how it was built. The Supreme Court explained:

> For if the Conner safe had passed away from the memory of Conner himself, and of those who had seen it, and the safe itself had disappeared, the knowledge of the improvement was as completely lost as if it had never been discovered. The public could derive no benefit from it until it was discovered by another inventor.[152]

The difference is that Erbe both showed his lock to others and demonstrated how it worked, whereas Conner allowed others to see the safe but did not demonstrate its inner workings. So there may be a principle of "lost art," that public uses do not count when "knowledge of the improvement was as completely lost as if it had never been discovered."[153]

151. Coffin v. Ogden, 85 U.S. (18 Wall.) 120, 125 (1874).
152. Gayler v. Wilder, 51 U.S. (10 How.) 477(1851), 498.
153. Alan L. Durham, *Lost Art and the Public Domain*, 49 Ariz. St. L.J. 1257 (2017).



U.S. Pat. No. 56,345: Improvement in Extension Corset-Springs

Use by the Inventor

The public-use test is different, and draconian, as applied to the inventor's own activities. The reason is that if secret use does not count as public use, an inventor could use the invention in secret for years, and still apply for a patent at any time.[154] Thus, any commercial use by the inventor, *even a secret one*, is a public use that qualifies as prior art against the inventor's own application. Learned Hand again: "It is a condition upon an inventor's right to a patent that he shall not exploit his discovery competitively after it is ready for patenting. [If he does,] he forfeits his right regardless of how little the public may have learned about the invention."[155] Some of the cases treating the inventor's own activities as public use are extraordinary.

Take *Egbert v. Lippmann*, which involved an invention, developed in 1855, for an improved design of metal corset "springs" or "steels." For a modern analogy, think of the underwire in a bra: a structural element in a foundation garment, typically worn under other clothes, which must be rigid enough to provide support but flexible enough for comfort. Frances Lee and a friend had been complaining that their corset springs frequently broke. The inventor, Samuel Barnes, later Frances's husband, built two sets of more flexible springs by attaching pairs of metal strips with a connecting slot that let them slide a short distance without detaching. She wore them in her corsets for years, and on one occasion Frances

154. This ploy only works for certain kinds of technologies. Do you see which ones?
155. Metallizing Eng'g v. Kenyon Bearing & Auto Parts, 153 F.2d 516, 520 (2d Cir. 1946).

and Samuel took the springs out to show a friend how they worked. In 1866, near the end of his life, he applied for a patent, which she tried to enforce after his death.

This, the Supreme Court held, was public use. No matter that the springs were normally hidden from view:

> [S]ome inventions are by their very character only capable of being used where they cannot be seen or observed by the public eye. An invention may consist of a lever or spring, hidden in the running gear of a watch, or of a rachet, shaft, or cog-wheel covered from view in the recesses of a machine for spinning or weaving. Nevertheless, if its inventor sells a machine of which his invention forms a part, and allows it to be used without restriction of any kind, the use is a public one.[156]

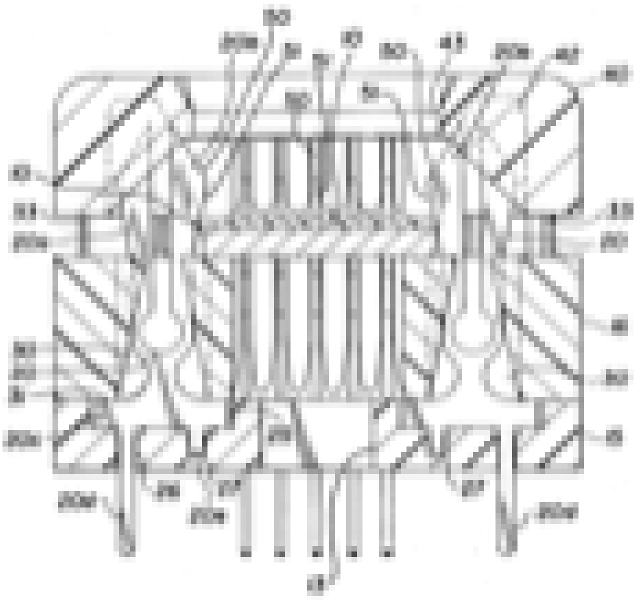
No matter that Barnes gave, rather than sold, the springs, and no matter that he gave them to his spouse.

> They were presented to her for use. He imposed no obligation of secrecy, nor any condition or restriction whatever. They were not presented for the purpose of experiment, nor to test their qualities. . . . The donee of the steels used them for years for the purpose and in the manner designed by the inventor. They were not capable of any other use. She might have exhibited them to any person, or made other steels of the same kind, and used or sold them without violating any condition or restriction imposed on her by the inventor.[157]

She did not, but she might have, and that was enough. Egbert was a person *other than the inventor*, so giving her a pair of springs was giving them up to the public.

Previous activity does not trigger the public-use bar unless the invention being used publicly was ***ready for patenting***. An invention that has been actually reduced to practice by making it and confirming that it works is ready for patenting. So is an invention that has been constructively reduced to practice by filing a sufficiently disclosed patent application. But an invention can also be ready for patenting when the inventor has prepared "drawings or other descriptions of the invention that [are] sufficiently specific to enable a person skilled in the art to practice the invention."[158] In other words, if the person *could* file an enabling patent on the basis of the descriptions they have produced, then their work is regarded as far enough along that the public-use bar can apply if they use it publicly. For example, *Pfaff v. Wells Elecs., Inc.* held that a computer

156. Egbert v. Lippmann, 104 U.S. 333, 336 (1881).
157. *Id.* at 337.
158. Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 67 (1998).



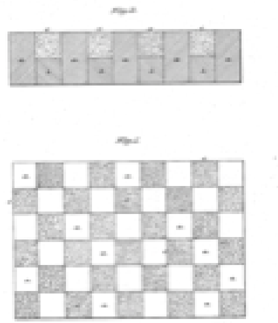
U.S. Pat. No. 4,491,377: Mounting Housing for Leadless Chip Carrier

chip socket was “ready for patenting” when the inventor’s engineering drawings were sufficient for his manufacturer to begin production.

Experimental Use

The major exception to public use is hinted at in the Supreme Court’s language in *Egbert* that the springs “were not presented for the purpose of experiment, nor to test their qualities. Inventions require work to reduce to practice, and frequently that work requires constructing and testing them under real-world conditions. But the public-use bar would treat these experiments as invalidating prior art. Unlike commercialization, which the inventor can at least plausibly delay, experimentation is necessary *to have something patentable at all*.” Thus, the doctrine of experimental use exempts any disclosures that are necessary to test the invention.

The classic experimental-use case is *City of Elizabeth v. American Nicholson Pavement Co.* Before asphalt became the material of choice for roads, wooden pavement was an occasional alternative to dirt or cobblestones. Samuel Nicolson developed a way of laying down wooden blocks in rows with gravel or tar filling in between. To test how his pavement performed, he paved a 75-foot stretch of a toll road in Boston in 1848, which a private corporation operated. Anyone who rode or drove along the road could see the top layer of the pavement. This would have been a public use under any of the cases above: open to the general public, in plain view, and commercialized. The Court explained:



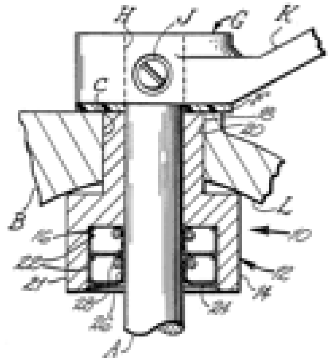
U.S. Pat. No. 11,491: Wood Pavement

Surviving Nicolson wood-block pavement in Philadelphia

> Now, the nature of a street pavement is such that it cannot be experimented upon satisfactorily except on a highway, which is always public.
>
> When the subject of invention is a machine, it may be tested and tried in a building, either with or without closed doors. In either case, such use is not a public use, within the meaning of the statute, so long as the inventor is engaged, in good faith, in testing its operation. He may see cause to alter it and improve it, or not. His experiments will reveal the fact whether any and what alterations may be necessary. If durability is one of the qualities to be attained, a long period, perhaps years, may be necessary to enable the inventor to discover whether his purpose is accomplished. . . .
>
> Whilst the supposed machine is in such experimental use, the public may be incidentally deriving a benefit from it. If it be a grist-mill, or a carding-machine, customers from the surrounding country may enjoy the use of it by having their grain made into flour, or their wool into rolls, and still it will not be in public use, within the meaning of the law.
>
> But if the inventor allows his machine to be used by other persons generally, either with or without compensation, or if it is, with his consent, put on sale for such use, then it will be in public use and on public sale, within the meaning of the law.[159]

For a modern example of (failed) experimental use, consider *Lough v. Brunswick Corp*. Steven G. Lough worked at a marina, designed an improved seal for outboard motors, and built six prototypes in 1986. One he put in his own boat; the others he gave to friends. In 1988, he filed a patent application. The court cited the following factors to evaluate whether a public use is experimental:

159. City of Elizabeth v. Am. Nicholson Pavement Co., 97 U.S. 126, 134–35 (1878).



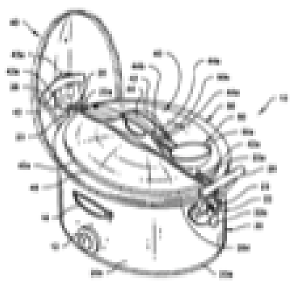
U.S. Pat. No. 4,848,775A: Liquid Seal for Marine Stern Drive Gear Shift Shafts

> [T]he number of prototypes and duration of testing, whether records or progress reports were made concerning the testing, the existence of a secrecy agreement between the patentee and the party performing the testing, whether the patentee received compensation for the use of the invention, and the extent of control the inventor maintained over the testing.[160]

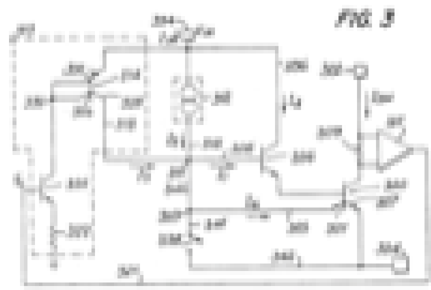
By these standards, Lough's use was not experimental. He kept no records; he did not inspect the seals after use; he did not supervise his friends' use; he failed to keep control over the seals (one was sold by his friend to a stranger); he did not require his friends to maintain confidentiality. The practice point is thus that the problem with Lough's testing was not that he gave his friends the invention to test; it was that he failed to maintain "some degree of control and feedback" when he did. Lough had good reason to test his prototypes, but there was no compelling reason he couldn't have engaged in an organized testing program, rather than just handing out prototypes like candy to his friends.

When does the period of allowable experimental use end? When the invention is reduced to practice—i.e., when the inventor knows that it works for its intended purpose. This makes a certain logical sense; once the invention is known to work, further testing is unnecessary. But it creates a trap for the unwary, because of the uncertainty in the timing about when the invention actually works. If you think that your use is experimental but a court later disagrees, your experimental use is now an invalidating public use.

160. Lough v. Brunswick Corp, 86 F.3d 1113, 1120 (Fed. Cir. 1996).



U.S. Pat. No. 7,947,928: Slow Cooker



U.S. Pat. No. 4,755,741: Adaptive Transistor Drive Circuit

4 "on sale"

The public-use bar and the on-sale bar are based on similar logic: commercialization. Putting something on sale is a way of commercializing it, just as using it can be.

Most sales are straightforward; if you send me money and I send you the thing, I have sold you the thing. One nuance is that the statute says "on sale" and not just "sold." As long as I am taking orders—even if I have not started shipping the goods or even manufacturing them in quantity—I have put the thing on sale within the meaning of Section 102. This can require some careful parsing of the dealings between parties. In *Hamilton Beach Brands v. Sunbeam Products*, the purchaser submitted an order for slow cookers with clips to seal the lid on, and the supplier responded with an acknowledgment saying it would begin production on receiving the purchaser's release. *Held*, on sale.[161] But in *Linear Tech. Corp. v. Micrel, Inc.*, the purchaser submitted an order and received an acknowledgment reading "WILL ADVISE ON PART # ORDERED–NOT BOOKED". *Held*, not on sale.[162]

Note that the "sale" must be a sale of goods embodying the invention, not a sale of rights in the invention itself (e.g. exclusive rights to market the invention). The line can be tricky where the two are not as obviously distinguishable as they are with ball bearings or snowplows. Thus, a standard "software license" typically triggers the on-sale bar because it comes with a copy of the software itself.[163] The sale need not be public—the statute reads "on sale," not "on public sale"—so even a secret commercial sale qualifies as prior art.[164]

Like public use, the on-sale bar also only applies to inventions that are ready for patenting. *Pfaff* was actually an on-sale case. Pfaff sent his engineering drawings to the manufacturer in March 1981, took a written

161. Hamilton Beach Brands v. Sunbeam Prods., 726 F.3d 1370 (Fed. Cir. 2013).
162. Linear Tech. Corp. v. Micrel, Inc., 275 F.3d 1040 (Fed. Cir. 2001).
163. *In re* Kollar, 286 F.3d 1326, 1331 (Fed. Cir. 2002).
164. *See* Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc., 139 S.Ct. 628 (2019).

order on April 8, 1981, and filled the order in July 1981. The invention was on sale as of April 8, because it was ready for patenting once he had the engineering diagrams, even though he hadn't yet made the sockets until later. (This was eleven days too early for Pfaff, who filed a patent application on April 19, 1982.)

The on-sale bar can bite inventors who are aggressive in marketing their inventions—or those in industries where the goods are sold up front but production takes a longer time. As with public use, the rationale has as much to do with encouraging inventors to file promptly as it does with testing whether the public actually has the knowledge disclosed in the patent.[165]

5 *"otherwise available to the public"*

The old Section 102 had a closed list of prior art categories. The open-ended language "otherwise available to the public" is new with the AIA. In the PTO's view:

> This "catch-all" provision permits decision makers to focus on whether the disclosure was "available to the public," rather than on the means by which the claimed invention became available to the public or whether a disclosure constitutes a "printed publication" or falls within another category of prior art.[166]

Prior Art Questions

1. Suppose that the Liu presentation had not been shown at the AACC meeting but instead been posted to Liu's personal webpage. Printed publication? What if Liu had emailed it to a mailing list for cereal chemists? Are there further questions you would want to ask before committing to an answer on either of these hypotheticals?
2. Is there a claim that the patentee's counsel in *Banner* could have drafted that would have captured the newly-discovered properties of the alloy (corrosion resistance in hot brine) without being anticipated by (Kalabukhova and Mikheyev 1970)?
3. From 1960 to 1972, the Acme Corporation sold the Bait-o-Matic, a grey egg-shaped plastic container containing sharp-grained sand

165. If your head is spinning at this point trying to keep track of the rules on public uses and sales, here is a law-reform proposal that might help. Jonathan S. Masur & Lisa Larrimore Ouellette argue that internal commercial uses by the inventor should be thought of as constructive *sales* rather than as *uses*, and that sales should only bar the party making the sale, while public uses should bar everyone. If you make those two adjustments, then the whole system snaps into place.*See* Jonathan S. Masur & Lisa Larrimore Ouellette, *Real-World Prior Art*, 76 Stan. L. Rev. 703 (2024).

166. MPEP, *supra* note 4, § 2152.02(e).

with a grain size of 1/25 of an inch designed to be used to immobilize earthworms. Which claims, if any, of the Lukehart worm-immobilizing patent (at the end of this chapter) are invalid because they were anticipated by the Bait-o-Matic?

c Priority

Now that we know what counts as a prior art reference, and whether a prior art reference anticipates a claim, we can consider the intricate (but not as intricate as they used to be) rules that govern *when* a reference comes before a claim so as to anticipate it.

The AIA's novelty provisions took effect on March 16, 2013. They apply to any applications filed on or after that date. Applications filed before that date are examined under the old pre-AIA rules. 2013 is far enough in the rear-view mirror that it is no longer important—at least in a IP survey—to learn the details of the pre-AIA "first to invent" system. But it is still useful to know the general basics of how it worked, because it sheds light on the post-AIA "first inventor to file" system.

1 *Pre-AIA*

Under the old Section 102:

> A person shall be entitled to a patent unless –
>
> (a) the invention was [prior art by someone else] before the invention thereof by the applicant for patent, or
>
> (b) the invention was [prior art by anyone] more than one year prior to the date of the application for patent, or . . .
>
> (g) before such person's invention thereof, the invention was made by another inventor who had not abandoned, suppressed, or concealed it. . . .

Old Section 102(a) was a ***novelty*** provision: it denied a patent where someone else engaged in activity showing that the applicant's invention was not novel when it was supposedly "invented." Old Section 102(b) was a ***statutory bar***: it denied a patent to an applicant who waited too long to apply. And old Section 102(g) was a true ***priority*** provision that dealt with the not-uncommon situation in which two parties independently came up with the same invention and neither of them generated prior art that would block the other's application.

All three of these ruled turned on when the applicant *invented* (i.e. conceived). Unlike the date that someone filed paperwork with the USPTO, establishing the date of invention requires a backward-looking evidentiary process. Lab notebooks, timestamps, correspondence, and other documents were all relevant and fair game. And it is not as though "the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention" is an event that has an objective existence in the world and can easily be localized in time.

Making matters even messier, the old Section 102(g) explicitly required the USPTO to consider the "reasonable diligence" of an inventor who was first to conceive but second to reduce to practice. Section 102(g) came in to play when multiple pending applications with different inventors were directed to overlapping inventions. The USPTO would initiate an ***interference*** proceeding in which the competing applicants would present evidence of their conception dates and diligence in reducing to practice. The following case shows some of the intricacies.

Morway v. Bondi

203 F.2d 742 (CCPA 1953)

[The case involved competing applications for a grease containing polyethylene glycol as an additive. Morway (appellants) conceived on or before April 12, 1945 and filed on December 27, 1946. Bondi (appellees) conceived on June 14, 1945 and filed on October 31, 1945.]

Thus, appellants, although first to conceive, were last to reduce to practice. If they are to prevail, they must affirmatively establish continuing and reasonable diligence in reducing to practice or reasonable excuse for failure to act. Such diligence must be shown from a date immediately prior to the time that Bondi conceived, on June 14, 1945, until reduction to practice by themselves as first conceivers.

The record shows the following activities by appellants:

- On June 7, August 1, August 15, and September 28, 1945, greases meeting the counts were prepared, and laboratory tests, such as the A.S.T.M. penetration test, were conducted on them.
- On October 2, 1945, Miss O'Halloran conducted a Ford Wheel Bearing Test on the grease prepared September 28.
- On December 26, 1945, a grease meeting the counts was prepared, and laboratory tests conducted on it.
- The record then shows further activities (mainly aimed at possible commercial exploitation of the grease in issue) in February, May, August, and November of 1946.

There was no activity at all between June 7 and August 1, 1945, thereby creating a hiatus of one and one-half months right at the outset of the critical period when Bondi entered the field. There is a further hiatus of one and one-half months, during the early part of the critical period, from August 15 to September 28, 1945, when there was no activity at all by Morway et al. It seems manifest from the above chronology that the activities by Morway et al. from early June 1945 to December 1946 were quite sporadic throughout that period.

In our opinion, the foregoing activities by appellants do not constitute reasonable diligence in reducing the invention to practice during the critical period.

Appellants have introduced testimony to the effect that the joint inventors herein and other assisting members of the research team which developed the grease of the issue counts had many other projects and duties. For example, there is testimony indicating that Mr. Morway's primary assignment at the time in question was the development of a carbon black lubricant; and that Mr. Beerbower's primary assignment was the development of a continuous process for manufacturing greases. When the party first to conceive voluntarily lays aside his inventive concept because he is engrossed in pursuit of other projects, this is generally not an acceptable excuse for failure to act diligently in reducing to practice. Clearly there may be circumstances creating exceptions to this rule, but we find no such circumstances in this record.

Morway et al. also seek to explain their lack of diligence by reference to wartime assignments which allegedly took first call on their time. In proper cases, war activities may reasonably excuse the first conceiver's failure to act diligently, but lack of diligence is not excused by a mere assertion that the applicant was engaged in war work. We fail to find in the record before us adequate evidence of such war activities as would excuse appellants' lack of reasonable diligence.

---

2 *Post-AIA*

The new Section 102 is beautifully simple, at least compared with what it replaced:

(a) A person shall be entitled to a patent unless—

(1) the claimed invention was [prior art] before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a [published patent or application that] names another inventor and was effectively filed before the effective filing date of the claimed invention.

(b) *Exceptions.* –

(1) A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

(A) the disclosure was made by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor. . . . ; or

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or

> another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor. . . .[167]

The heart of the change is in Section 102(a)(1): instead of rejecting an application when there was prior art before the applicant's *date of invention*, it rejects the application when there was prior art before the applicant's *date of filing*. A filing date is simple and easy to check. All the lab notebooks and correspondence can be tossed in the metaphorical trash; they are no longer needed to establish the date of conception, reasonable diligence, or reduction to practice.

Section 102(a)(2) then applies the same logic to priority between competing applications. Whichever has the earlier effective filing date has priority as against the other. Almost all of *Morway v. Bondi* is irrelevant; Bondi filed first, end of story. (Same result, but with much less effort.)

The AIA's proponents described it as harmonizing the United States with the rest of the world, where priority is assessed strictly on a first-to-file basis. But it qualifies the first-to-file rule in two important ways. First, Section 102(b)(1)(A) exempts *the inventor's own* disclosures for a year. If you publish a white paper on your invention on January 8, 2025 and file an application on January 8, 2026 your white paper is a "disclosure made 1 year or less" and is not prior art as against your application. But if you wait one more day to file, until January 9, 2026, the white paper is prior art and your invention is now forever barred.

Second, Section 102(b)(1)(B) provides that the inventor's own disclosures preempt *anyone else's* disclosure of the same material. That is, once your white paper on January 8, 2025 starts the one-year clock ticking, no one else can undercut your ability to file for a patent by releasing their own white paper on July 8. In effect, under the AIA, the first public disclosure of an invention (1) immediately bars anyone else from patenting the invention, and (2) starts a one-year clock ticking on the discloser's own ability to apply for a patent.

This system is not quite as rigid or as easy to apply as a true first-to-file system. But many groups who work with small and individual inventors argued that a pure first-to-file system is excessively harsh on inventors who may not have the resources to reduce their inventions to practice quickly and who may not be well advised on how to avoid making invalidating disclosures. The one-year grace period was considered a necessary compromise to secure passage of the AIA.

A word of warning. As counsel to inventors, do not rely on the grace period! It is not good practice to make a disclosure, assume that you have now held your place in line, and wait most of a year before filing. There might be other disclosures you don't know about. Better practice is to

167. 35 U.S.C. § 102.

file before disclosing anything. Just because (you think) there's a safety net beneath doesn't mean you should jump off a tightrope.

Pleistocene Park Problem

Two biotechnology firms, Crichton Industries and Spielberg Genetics, have been attempting to clone a wooly mammoth (an elephant-like mammal that became extinct about 3,500 years ago) from scattered preserved DNA fragments. The teams made only slow progress at first; the available mammoth DNA fragments were too short and too numerous to combine into a complete DNA sequence using standard laboratory techniques.

Then, on January 1, 2004, mathematician Rube Goldblum published an academic paper describing efficient ways to arrange books in libraries. Crichton's lead researcher read the paper on February 2, 2005 and realized that the method Goldblum was describing could be used to arrange DNA fragments and compile complete DNA sequences.

Goldblum published (on March 3, 2006), a follow-up academic paper explaining how to apply his book-sorting method to the problem of DNA compilation. An executive at Spielberg read the paper on April 4, 2007, and decided to try the technique on the wooly mammoth problem.

On May 5, 2013, in a Crichton laboratory, a modern elephant implanted with a wooly mammoth embryo using standard artificial insemination techniques gave birth to a live wooly mammoth. On June 6, 2013, a Spielberg elephant successfully gave birth to a wooly mammoth. Because both teams started from the same, publicly available sets of wooly mammoth DNA fragments, their DNA sequences were identical. The next day, June 7, 2013, Spielberg held a press conference to announce the birth; it showed video of the baby mammoth and its scientists passed out CDs with the DNA sequence.

On July 12, 2013, Spielberg filed a patent application claiming "a wooly mammoth, having the DNA sequence . . . " Crichton filed its own patent application on August 20, 2013 with an identical claim.

Which application, if either, should the PTO allow, and why? *Bonus*: Would the answer be different under the old § 102?

3 Nonobviousness

Nonobviousness is just like novelty, only more so. It is described in Section 103:

> A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art

> to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.[168]

As an initial example of obviousness, Claim 3 in the patent in *Banner* read:

> A titanium base alloy as set forth in Claim 1 having 0.8% nickel, 0.3% molybdenum, up to 0.1% maximum iron, balance titanium.

Where Claim 1 applied to a range of nickel and molybdenum concentrations, Claim 3 narrowed those ranges down to specific vaues. These values were different than the ones in the Kalabukhova/Mikheyev article (0.75% nickel and 0.25% molybdenum), so they were not anticipated under Section 102. But

> The proportions are so close that prima facie one skilled in the art would have expected them to have the same properties. Appellee produced no evidence to rebut that prima facie case. The specific alloy of claim 3 must therefore be considered to have been obvious from known alloys.[169]

The nonobviousness test differs in three ways from the novelty test.

First, whereas anticipation under novelty requires that every element in a claim be present in a *single* prior art reference, an invention can be obvious in light of *multiple* prior art references. A claim to A + B + C is novel over a reference having A + B and over a reference having B + C, but it may be obvious in light of the combination of the two.

Second, whereas anticipation is automatic and mandatory if a suitable prior art reference exists, the process of combining prior art references under nonobviousness is more complicated. Sometimes it is appropriate to combine A + B and B + C to make A + B + C; sometimes it is not. Indeed, the problem of combining references is arguably the defining issue in nonobviousness.

Third, whereas prior art references in any technical field can support anticipation, prior art for nonobviousness purposes is restricted to the "analogous arts." These are technical fields that are related to the problem the PHOSITA is trying to solve.[170]

a Overview

The basic idea of nonobviousness, dating back to 1851's *Hotchkiss v. Greenwood*, is the a distinction between "an ordinary mechanic acquainted with the business" (in modern terms, a PHOSITA) and a true "inventor."[171]

168. 35 U.S.C. § 103
169. Titanium Metals Corp. of Am. v. Banner, 778 F.2d 775, 783 (Fed. Cir. 1985).
170. In nonobviousness, PHOSITA is spelled with an H. Blame Congress.
171. Hotchkiss v. Greenwood, 52 U.S. (11 How.) 248, 267 (1851).

For a patent to issue, the invention must display "that degree of skill and ingenuity which constitute essential elements of every invention."[172] The knowledge and skill of the PHOSITA in a field sets a baseline—a baseline that includes inventions that are new but obvious—and only inventions rising above that baseline are patentable.

Recurring classes of innovations that make an invention nonobvious include:

- Finding a needle in a haystack (e.g., a specific antibody that binds to PCSK9).
- Combining existing things to make something better than either alone (e.g., mixing chocolate and peanut butter).
- Discovering an entirely new phenomenon (e.g., semiconductors).
- Solving a known problem in a new way (e.g., a measuring cup whose gradations are read from above).

Why require nonobviousness? One answer is a cultural ideal of romantic inventorship that thinks of inventors as lone geniuses making big advances entirely on their own and disdains smaller and more routine innovations. This answer is more explanation than justification, but it points the way to a more persuasive theory tied to patent's theory of innovation: that PHOSITAs will generate obvious innovations without requiring patent's incentives. Thus, the reward of a patent, with its attendant social costs, should be reserved for extraordinary, nonobvious innovations that would not otherwise take place. Another weak answer that points the way to a better one is a generic skepticism of patents. The higher the obviousness bar is set, the fewer patents will issue. The more refined version of this argument is that a high nonobviousness bar allows for fewer but broader patents. If many obvious inventions are weeded out, the nonobvious inventions that issue as patents will capture more value and be less encumbered by incremental improvement patents.

Unlike anticipation, which involves a (relatively) straightforward comparison between a reference and a claim, obviousness is more of a standard than a rule. To say that an invention is obvious is like saying that a defendant's conduct was negligent. A reasonable person's standard of care is defined by what negligence law says, and a PHOSITA's level of skill is defined by what obviousness law says. The only way to get a good sense of what is obvious is to read a lot of cases.

The threshold of nonobviousness has also risen and fallen with time. The Supreme Court in the 1940s was notoriously skeptical of patents. Justice Douglas, in particular, criticized the issuance of patents for "gadgets that obviously have had no place in the constitutional scheme of advanc-

172. *Id.*

ing scientific knowledge."[173] In *Cuno Engineering Corp. v. Automatic Devices Corp.*, he held for the Court that nonobviousness requires that an invention "must reveal the flash of creative genius, not merely the skill of the calling."[174]

In response, Congress lowered the nonobviousness threshold in the 1952 Patent Act with Section 103's language that "Patentability shall not be negated by the manner in which the invention was made," repudiating any suggestion that nonobviousness requires that the inventor have a "flash of creative genius" in a single instant.[175] The § 103 standard—while still higher than what a PHOSITA would consider obvious—is attainable by mere mortals.

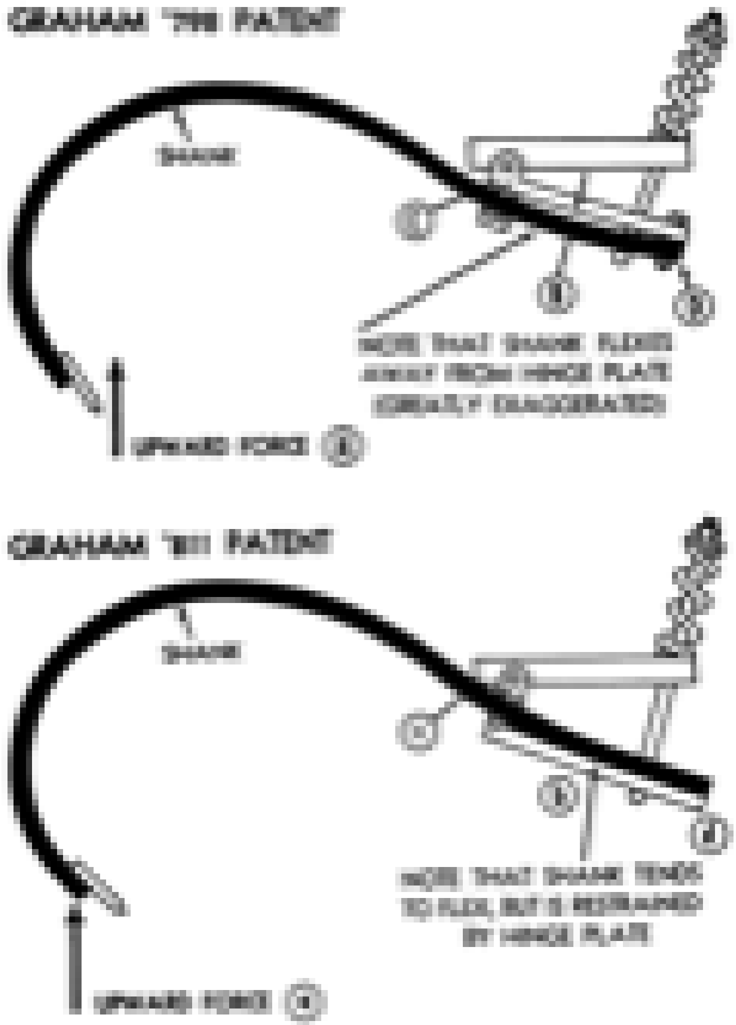
The Supreme Court laid out the modern doctrinal nonobviousness framework in a 1966 case, *Graham v. John Deere Co.*:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.[176]

Graham itself involved a patent on an easy-to-visualize plow attachment with relatively few moving parts. The entire plow is pulled to the right (by a tractor, not shown) to churn up the soil in preparation for planting. At the bottom is the plow tip—a "chisel"—that rips through the soil. Sometimes the chisel hits a rock or other obstructions, in which case the curved piece attached to it—the plow "shank"—is forced backwards to the left.

William T. Graham, the plaintiff, had previously obtained a patent (No. 2,493,811) on a device to keep the shank from breaking under the stress of being pulled against rocks. In that patent, the shank is attached to a "hinge plate" with a spring, so that the shank could bounce back to the left and then be pulled to the right by the spring. In a later patent (No. 2,627,798), Graham reversed the position of the shank and hinge plate, so that the shank was attached to the bottom of the hinge plate rather than the top.

173. Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp., 340 U.S. 147, 156 (1950) (Douglas, J. concurring). Is it obvious to a PHOSITA?
174. Cuno Eng'g Corp. v. Automatic Devices Corp., 314 U.S. 84, 91 (1941).
175. Does the definition of inventorship as conception impose its own requirement of instantaneous insight?
176. Graham v. John Deere Co., 383 U.S. 1, 17–18 (1966).

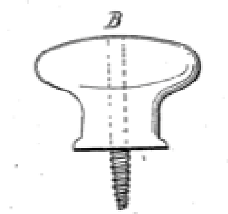


Graham's improved '798 patent (top) and the prior art '811 patent (bottom)

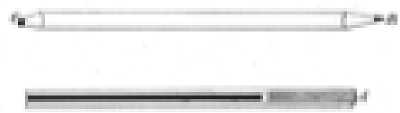
The question (slightly simplified) was whether this modification was nonobvious. Graham argued at length that the new design was better because it let the shank flex along its entire length. In the '811 design, the shank was held tightly in place at the rear of the hinge plate, leading to stress at the point of attachment and damage to the plow frame above it. Free flexing avoided these problems.

But this modification, the Supreme Court held, was obvious:

> If free-flexing, as petitioners now argue, is the crucial difference above the prior art, then it appears evident that the desired result would be obtainable by not boxing the shank within the confines of the hinge. The only other effective place available in the arrangement was to attach it below the hinge plate and run it



U.S. Pat. No. 2,197: Making Door and Other Knobs of All Kinds of Clay Used in Pottery and of Porcelain



U.S. Pat. No. 19,783: Combination of Lead-Pencil and Eraser

> through a stirrup or bracket that would not disturb its flexing qualities. Certainly a person having ordinary skill in the prior art, given the fact that the flex in the shank could be utilized more effectively if allowed to run the entire length of the shank, would immediately see that the thing to do was what Graham did, *i.e.*, invert the shank and the hinge plate.[177]

Read that slowly and *look at the diagram*. Justice Clark's opinion identifies a ***motivation*** for a PHOSITA to make the claimed modification. The problem Graham identified was a real one, but a PHOSITA, observing that problem, would naturally be led to the same invention.

b Combining References

As noted above, a recurring problem in nonobviousness analysis is when to combine two references. Given chocolate and peanut butter, is a Reese's cup obvious? Many of the classic Supreme Court cases fit this this pattern. In *Hotchkiss*, it was obvious to take an existing doorknob design and make the doorknob itself out of clay or porcelain.[178] In *Reckendorfer v. Faber*, it was obvious to attach an eraser to the end of a pencil by cutting a groove in the pencil.[179]

Writing the same year as *Graham*, Judge Giles S. Rich (one of the two principal drafters of the 1952 Act), summarized the nonobviousness analysis of combining references in a picturesque metaphor:

> We think the proper way to apply the 103 obviousness test to a case like this is to first picture the inventor as working in his shop with the prior art references—which he is presumed to know—hanging on the walls around him. One then notes that what applicant Winslow built here he admits is basically a Gerbe bag holder having air-blast bag opening to which he has added two bag retaining pins. If there were any bag holding problem in the

177. *Id.* at 24–25.
178. Hotchkiss v. Greenwood, 52 U.S. (11 How.) 248 (1851).
179. Reckendorfer v. Faber, 92 U.S. 347 (1876).

An embodiment of the invention of a lawn bag with a jack-o-lantern face

U.S. Pat. No. 7,917,843: Method, System and Computer Readable Medium for Addressing Handling from a Computer Program

> Gerbe machine when plastic bags were used, their flaps being gripped only by spring pressure between the top and bottom plates, Winslow would have said to himself, "Now what can I do to hold them more securely?" Looking around the walls, he would see Hellman's envelopes with holes in their flaps hung on a rod. He would then say to himself, "Ha! I can punch holes in my bags and put a little rod (pin) through the holes. That will hold them! After filling the bags, I'll pull them off the pins as does Hellman. Scoring the flap should make tearing easier."[180]

In the 1980s and 1990s, the Federal Circuit talked itself into a ***teaching, suggestion, or motivation*** (TSM) test for obviousness, under which a combination is not obvious unless there is "some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references."[181] But in the absence of an explicit suggestion, one would not be implied. This rule produced absurdities like *In re Dembiczak*, in which a leaf bag decorated to look like a jack-o-lantern was nonobvious (for a *utility* patent!) because no prior art reference suggested putting facial features on a lawn bag.[182] And it rejected the idea that "common sense" could fill in a for a missing TSM. *Arendi S.A.R.L. v. Apple, Inc.* held, "Appellees have failed to show why it would be common sense for the 'Add to address book' function to operate by first searching for entries with the same telephone number."[183]

The Supreme Court took an obviousness case again in *KSR Intern. Co. v. Teleflex Inc.* Justice Kennedy's opinion acknowledged that while the TSM test "captured a helpful insight," it should not be treated as a "rigid

180. *In re* Winslow, 365 F.2d 1017, 1020 (C.C.P.A. 1966).
181. Tec Air, Inc. v. Denso Mfg. Mich. Inc., 192 F.3d 1353, 1359 (Fed. Cir. 1999).
182. *In re* Dembiczak, 175 F.3d 994 (Fed. Cir. 1999).
183. Arendi S.A.R.L. v. Apple, Inc., 832 F.3d 1355, 1365 (Fed. Cir. 2016).

and mandatory formula[].”[184] For one thing, a combination might be obvious even if the prior art is silent on the point. ‘“The analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.”[185] For another, the PHOSITA’s motivation might come from the problem itself. “When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp.”[186]

KSR puts a strong emphasis on *synergy* and *unpredictability* as indicators of obviousness. “A court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.”[187] This is not a new theme. As the Court explained in *Reckendorfer* in 1876:

> The instruments placed upon the same rod [a pencil and an eraser] might be more convenient for use than when used separately. Each, however, continues to perform its own duty, and nothing else. No effect is produced, no result follows, from the joint use of the two.[188]

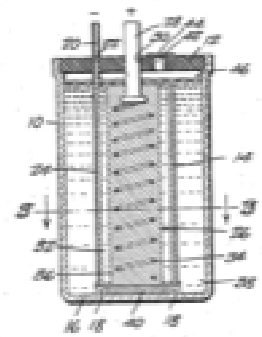
Similarly, in *Anderson’s-Black Rock, Inc. v. Pavement Salvage Co.*, it was obvious to take a standard paving machine and put a burner on it to heat up the adjacent strip of asphalt.

> The device, the Court concluded, did not create some new synergy. The radiant-heat burner functioned just as a burner was expected to function; and the paving machine did the same. The two in combination did no more than they would in separate, sequential operation.[189]

On the other hand, in *United States v. Adams* (“*U.S. v. Adams*”), it was not obvious to build a battery using electrodes made of magnesium and cuprous chloride, rather than zinc and silver chloride.[190]

> When Adams designed his battery, the prior art warned that risks were involved in using the types of electrodes he employed. The fact that the elements worked together in an unexpected and fruitful manner supported the conclusion that Adams’s design

184. KSR Intern. Co. v. Teleflex Inc., 550 U.S. 398, 418–19 (2007).
185. *Id.* at 418.
186. *Id.* at 421.
187. *Id.* at 417.
188. Reckendorfer v. Faber, 92 U.S. 347, 356 (1876).
189. *KSR*, 550 U.S. at 417.
190. United States v. Adams (“*U.S.v. Adams*”), 383 U.S. 39 (1966).



U.S. Pat. No. 2,322,210: Battery

U.S. Pat. No. 3,055,280: Means for Treating Bituminous Pavement

> was not obvious to those skilled in the art.

That is, in *U.S. v. Adams*, the prior art affirmatively taught *away* from the combination.

Justice Kennedy's *KSR* opinion also provides some memorable quotes on the nature of creativity and invention. "A person of ordinary skill is also a person of ordinary creativity, not an automaton."[191] "[I]nventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known."[192] The opinion closes with a trademark swelling Kennedy peroration:

> We build and create by bringing to the tangible and palpable reality around us new works based on instinct, simple logic, ordinary inferences, extraordinary ideas, and sometimes even genius. These advances, once part of our shared knowledge, define a new threshold from which innovation starts once more. And as progress beginning from higher levels of achievement is expected in the normal course, the results of ordinary innovation are not the subject of exclusive rights under the patent laws.

191. *KSR*, 550 U.S. at 421.
192. *Id.* at 418.

> Were it otherwise patents might stifle, rather than promote, the progress of useful arts.[193]

KSR's actual discussion of the patent in suit is worth quoting at length. It provides a good example of how to do an obviousness analysis.

KSR Intern. Co. v. Teleflex Inc.
550 U.S. 398 (2007)

The patent at issue, United States Patent No. 6,237,565 B1, is entitled "Adjustable Pedal Assembly With Electronic Throttle Control." Supplemental App. 1. The patentee is Steven J. Engelgau, and the patent is referred to as "the Engelgau patent." Claim 4 of the Engelgau patent describes a mechanism for combining an electronic sensor with an adjustable automobile pedal so the pedal's position can be transmitted to a computer that controls the throttle in the vehicle's engine.

[Background]

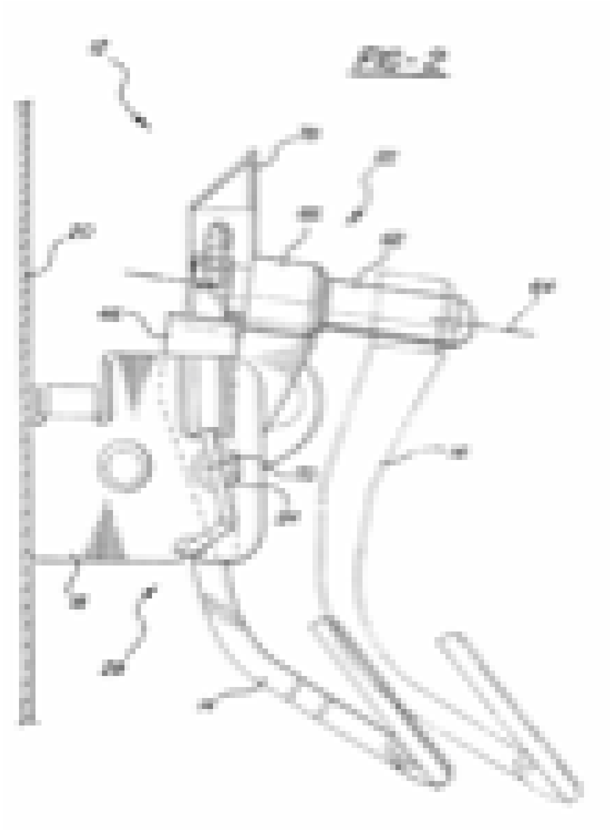
In car engines without computer-controlled throttles, the accelerator pedal interacts with the throttle via cable or other mechanical link. The pedal arm acts as a lever rotating around a pivot point. In a cable-actuated throttle control the rotation caused by pushing down the pedal pulls a cable, which in turn pulls open valves in the carburetor or fuel injection unit. The wider the valves open, the more fuel and air are released, causing combustion to increase and the car to accelerate. When the driver takes his foot off the pedal, the opposite occurs as the cable is released and the valves slide closed.

In the 1990's it became more common to install computers in cars to control engine operation. Computer-controlled throttles open and close valves in response to electronic signals, not through force transferred from the pedal by a mechanical link. Constant, delicate adjustments of air and fuel mixture are possible. The computer's rapid processing of factors beyond the pedal's position improves fuel efficiency and engine performance.

For a computer-controlled throttle to respond to a driver's operation of the car, the computer must know what is happening with the pedal. A cable or mechanical link does not suffice for this purpose; at some point, an electronic sensor is necessary to translate the mechanical operation into digital data the computer can understand.

Before discussing sensors further we turn to the mechanical design of the pedal itself. In the traditional design a pedal can be pushed down or released but cannot have its position in the footwell adjusted by sliding the pedal forward or back. As a result, a driver who wishes to be closer or farther from the pedal must either reposition himself in the driver's seat or move the

193. *Id.* at 427.



U.S. Pat. No. 6,237,565 B1: Adjustable Pedal Assembly with Electronic Throttle Control

seat in some way. In cars with deep footwells these are imperfect solutions for drivers of smaller stature. To solve the problem, inventors, beginning in the 1970's, designed pedals that could be adjusted to change their location in the footwell. Important for this case are two adjustable pedals disclosed in U.S. Patent Nos. 5,010,782 (filed July 28, 1989) (Asano) and 5,460,061 (filed Sept. 17, 1993) (Redding). The Asano patent reveals a support structure that houses the pedal so that even when the pedal location is adjusted relative to the driver, one of the pedal's pivot points stays fixed. The pedal is also designed so that the force necessary to push the pedal down is the same regardless of adjustments to its location. The Redding patent reveals a different, sliding mechanism where both the pedal and the pivot point are adjusted.

We return to sensors. Well before Engelgau applied for his challenged patent, some inventors had obtained patents involving electronic pedal sensors for computer-controlled throttles. These inventions, such as the device disclosed in U.S. Patent No. 5,241,936 (filed Sept. 9, 1991) ('936), taught that it was preferable to detect the pedal's position in the pedal assembly, not in the engine. The '936 patent disclosed a pedal with an electronic sensor on a pivot point in the pedal assembly. U.S. Patent No. 5,063,811 (filed July 9, 1990) (Smith) taught that to prevent the wires connecting the sensor to the computer from chafing and wearing out, and to avoid grime and damage from the driver's foot, the sensor should be put on a fixed part of the pedal assembly rather than in or on the pedal's footpad.

In addition to patents for pedals with integrated sensors inventors obtained patents for self-contained modular sensors. A modular sensor is designed independently of a given pedal so that it can be taken off the shelf and attached to mechanical pedals of various sorts, enabling the pedals to be used in automobiles with computer-controlled throttles. One such sensor was disclosed in U.S. Patent No. (filed Dec. 18, 1992) ('068). In 1994, Chevrolet manufactured a line of trucks using modular sensors attached to the pedal support bracket, adjacent to the pedal and engaged with the pivot shaft about which the pedal rotates in operation.

The prior art contained patents involving the placement of sensors on adjustable pedals as well. For example, U.S. Patent No. 5,819,593 (filed Aug. 17, 1995) (Rixon) discloses an adjustable pedal assembly with an electronic sensor for detecting the pedal's position. In the Rixon pedal the sensor is located in the pedal footpad. The Rixon pedal was known to suffer from wire chafing when the pedal was depressed and released.

This short account of pedal and sensor technology leads to the instant case.

[The Engelgau Patent]

Engelgau filed the patent application on August 22, 2000 as a continuation of a previous application for U.S. Patent No. 6,109,241, which was filed on January 26, 1999. He has sworn he invented the patent's subject matter on February 14, 1998. The Engelgau patent discloses an adjustable electronic pedal described in the specification as a "simplified vehicle control pedal assembly that is less expensive, and which uses fewer parts and is easier to package within the vehicle." Claim 4 of the patent, at issue here, describes:

> A vehicle control pedal apparatus comprising:
>
> a support adapted to be mounted to a vehicle structure;
>
> an adjustable pedal assembly having a pedal arm moveable in for[e] and aft directions with respect to said support;
>
> a pivot for pivotally supporting said adjustable pedal assembly with respect to said support and defining a pivot axis; and
>
> an electronic control attached to said support for controlling a vehicle system;
>
> said apparatus characterized by said electronic control being responsive to said pivot for providing a signal that corresponds to

> pedal arm position as said pedal arm pivots about said pivot axis between rest and applied positions wherein the position of said pivot remains constant while said pedal arm moves in fore and aft directions with respect to said pivot.

We agree with the District Court that the claim discloses "a position-adjustable pedal assembly with an electronic pedal position sensor attached to the support member of the pedal assembly. Attaching the sensor to the support member allows the sensor to remain in a fixed position while the driver adjusts the pedal."

Before issuing the Engelgau patent the U.S. Patent and Trademark Office (PTO) rejected one of the patent claims that was similar to, but broader than, the present claim 4. The claim did not include the requirement that the sensor be placed on a fixed pivot point. The PTO concluded the claim was an obvious combination of the prior art disclosed in Redding and Smith, explaining:

> Since the prior art references are from the field of endeavor, the purpose disclosed would have been recognized in the pertinent art of Redding. Therefore it would have been obvious to provide the device of Redding with the means attached to a support member as taught by Smith.

In other words Redding provided an example of an adjustable pedal and Smith explained how to mount a sensor on a pedal's support structure, and the rejected patent claim merely put these two teachings together.

Although the broader claim was rejected, claim 4 was later allowed because it included the limitation of a fixed pivot point, which distinguished the design from Redding's. Engelgau had not included Asano among the prior art references, and Asano was not mentioned in the patent's prosecution. Thus, the PTO did not have before it an adjustable pedal with a fixed pivot point. The patent issued on May 29, 2001 and was assigned to Teleflex.

[The District Court's Opinion]

The District Court determined, in light of the expert testimony and the parties' stipulations, that the level of ordinary skill in pedal design was "an undergraduate degree in mechanical engineering (or an equivalent amount of industry experience) and familiarity with pedal control systems for vehicles." Following *Graham*'s direction, the court compared the teachings of the prior art to the claims of Engelgau. It found "little difference." Asano taught everything contained in claim 4 except the use of a sensor to detect the pedal's position and transmit it to the computer controlling the throttle. That additional aspect was revealed in sources such as the '068 patent and the sensors used by Chevrolet.

Under the controlling cases from the Court of Appeals for the Federal Circuit, however, the District Court was not permitted to stop there. The court was required also to apply the TSM test. The District Court held KSR had satisfied the test. It reasoned (1) the state of the industry would lead inevitably to combinations of electronic sensors and adjustable pedals, (2) Rixon provided the basis for these developments, and (3) Smith taught a solution to the wire chafing problems in Rixon, namely locating the sensor on the fixed structure of the pedal. This could lead to the combination of Asano, or a pedal like it, with a pedal position sensor.

The conclusion that the Engelgau design was obvious was supported, in the District Court's view, by the PTO's rejection of the broader version of claim 4. Had Engelgau included Asano in his patent application, it reasoned, the PTO would have found claim 4 to be an obvious combination of Asano and Smith, as it had found the broader version an obvious combination of Redding and Smith. As a final matter, the District Court held that the secondary factor of Teleflex's commercial success with pedals based on Engelgau's design did not alter its conclusion.

[The Federal Circuit's Opinion]

With principal reliance on the TSM test, the Court of Appeals reversed. It ruled the District Court had not been strict enough in applying the test, having failed to make "findings as to the specific understanding or principle within the knowledge of a skilled artisan that would have motivated one with no knowledge of the invention to attach an electronic control to the support bracket of the Asano assembly." The Court of Appeals held that the District Court was incorrect that the nature of the problem to be solved satisfied this requirement because unless the "prior art references address[ed] the precise problem that the patentee was trying to solve," the problem would not motivate an inventor to look at those references.

Here, the Court of Appeals found, the Asano pedal was designed to solve the "constant ratio problem" – that is, to ensure that the force required to depress the pedal is the same no matter how the pedal is adjusted—whereas Engelgau sought to provide a simpler, smaller, cheaper adjustable electronic pedal. As for Rixon, the court explained, that pedal suffered from the problem of wire chafing but was not designed to solve it. In the court's view Rixon did not teach anything helpful to Engelgau's purpose. Smith, in turn, did not relate to adjustable pedals and did not "necessarily go to the issue of motivation to attach the electronic control on the support bracket of the pedal assembly." When the patents were interpreted in this way, the Court of Appeals held, they would not have led a person of ordinary skill to put a sensor on the sort of pedal described in Asano.

That it might have been obvious to try the combination of Asano and a sensor was likewise irrelevant, in the court's view, because "'obvious to try' has long been held not to constitute obviousness."

[Analysis]

The District Court was correct to conclude that, as of the time Engelgau designed the subject matter in claim 4, it was obvious to a person of ordinary skill to combine Asano with a pivot-mounted pedal position sensor. There then existed a marketplace that created a strong incentive to convert mechanical pedals to electronic pedals, and the prior art taught a number of methods for achieving this advance. The Court of Appeals considered the issue too narrowly by, in effect, asking whether a pedal designer writing on a blank slate would have chosen both Asano and a modular sensor similar to the ones used in the Chevrolet truckline and disclosed in the '068 patent. The proper question to have asked was whether a pedal designer of ordinary skill, facing the wide range of needs created by developments in the field of endeavor, would have seen a benefit to upgrading Asano with a sensor.

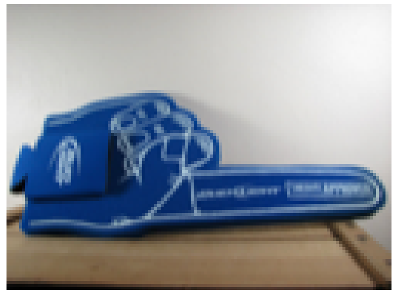
In automotive design, as in many other fields, the interaction of multiple components means that changing one component often requires the others to be modified as well. Technological developments made it clear that engines using computer-controlled throttles would become standard. As a result, designers might have decided to design new pedals from scratch; but they also would have had reason to make pre-existing pedals work with the new engines. Indeed, upgrading its own pre-existing model led KSR to design the pedal now accused of infringing the Engelgau patent.

For a designer starting with Asano, the question was where to attach the sensor. The consequent legal question, then, is whether a pedal designer of ordinary skill starting with Asano would have found it obvious to put the sensor on a fixed pivot point. The prior art discussed above leads us to the conclusion that attaching the sensor where both KSR and Engelgau put it would have been obvious to a person of ordinary skill.

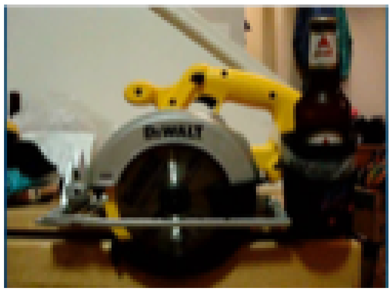
The '936 patent taught the utility of putting the sensor on the pedal device, not in the engine. Smith, in turn, explained to put the sensor not on the pedal's footpad but instead on its support structure. And from the known wire-chafing problems of Rixon, and Smith's teaching that "the pedal assemblies must not precipitate any motion in the connecting wires," the designer would know to place the sensor on a nonmoving part of the pedal structure. The most obvious nonmoving point on the structure from which a sensor can easily detect the pedal's position is a pivot point. The designer, accordingly, would follow Smith in mounting the sensor on a pivot, thereby designing an adjustable electronic pedal covered by claim 4.

Just as it was possible to begin with the objective to upgrade Asano to work with a computer-controlled throttle, so too was it possible to take an adjustable electronic pedal like Rixon and seek an improvement that would avoid the wire-chafing problem. Following similar steps to those just explained, a designer would learn from Smith to avoid sensor movement and would come, thereby, to Asano because Asano disclosed an adjustable pedal with a fixed pivot.

The Popper



A Foozie



A Sawzie

Questions

1. The list of prior art may seem bewildering. But it is not so bad if you work through it in an orderly way. In relevant part, claim 4 of the patent in suit in KSR comprises (1) a pedal (2) that is adjustable (3) with a fixed pivot, and (4) a sensor (5) that is in the pedal (6) and is mounted on a fixed position. These are claim elements. The first three describe the pedal; the second three describe the sensor. Make a chart of the prior art references (Asano, Redding, the '936 patent, Smith, the '068 patent, certain 1994 Chevrolet trucks, and Rixon). Which elements of claim 4 do each of these prior art references disclose? Do any of these references provide a motivation to combine two or more of the claim elements?
2. Using your chart as a guide, work through the nonobviousness analyses given by the district court, the Federal circuit, and the Supreme Court. Which of them is most persuasive?
3. What does this exercise tell you about the future of the TSM test?

Beverage Cosy Problem

The Party Popper consists of a foam bottle holder attached to a bottle opener. The Foozie consists of a foam can holder attached to a foam we're-number-one finger. The Sawzie consists of a foam can holder attached to a rotary saw. Assume that all of their individual components—foam can and bottle holders, bottle openers, foam we're-number-one fingers, and rotary saws—are prior art. Which of these inventions are obvious?

Battery Problem

Ivan Inventor is working on a new ultra-lightweight battery design for use in dones. Ivan has identified promising materials, but has not yet found a way to combine them safely in a sealed container. He is also concerned about the performance of the batteries in real-world conditions, when subject to the range of forces and impacts that a drone will be subjected to. He has enough funding to continue work for another 18 months; to raise more capital from his investors he will need to start booking sales. He is also afraid that others are working on ultra-lightweight batteries, some of which may have similar designs.

Counsel Ivan on how to design a suitable testing program, how to approach potential customers, and on when and how to file for patent protection.

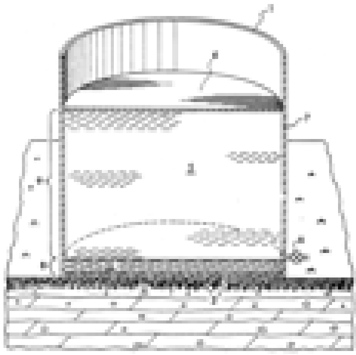
c Analagous Arts

Not every prior art reference for Section 102 novelty purposes is automatically relevant for Section 103 nonobviousness purposes. Novelty is addressed to the invention itself: is it something genuinely new in the world? Nonobviousness is addressed to the PHOSITA: would the invention have become known anyway because a PHOSITA would have thought of it sooner or later? PHOSITAs are not walking encyclopedias; they know what people working in their fields and on their problems know. Textually, a PHOSITA is skilled in "the" art, not skilled in all arts. A great deal of useful innovation consists in recognizing that something trite and familiar in one field can have unexplored applications in another.

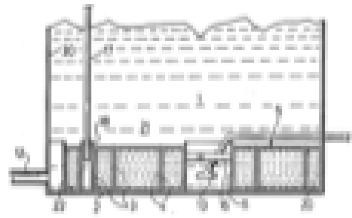
Thus a prior art reference can be considered under Section 103 when either (1) it is from the "same field of endeavor" as the invention, or (2) it is "reasonably pertinent to the particular problem" the inventor is attempting to solve.[194] For example, in *In re Clay*, the invention was a process for storing refined oil products. The problem it solved was that some storage tanks have a "dead volume": the outlet port is above the tank bottom, so anything stored in the tank beneath the outlet cannot be removed. Clay's invention solved the problem by using a gel to fill the dead volume.

The USPTO rejected Clay's application as obvious in light of two

194. *In re* Clay, 966 F.2d 656, 569 (Fed. Cir. 1992).



U.S. Pat. No. 5,172,825: Storage of a Refined Liquid Hydrocarbon Product (Clay)



U.S. Pat. No. 4,664,294: Inventory Reduction by Displacement (Hetherington)

previous patents. The Hetherington patent (No. 4,664,294) disclosed a process for filling the dead volume in a tank with an inflatable bag. The Sydansk patent (No. 4,683,949) disclosed a process for injecting a gel into underground rock formations to channel oil flow in a desired direction.

The Federal Circuit held that Hetherington was from the same field as Clay's invention: the "storage of refined liquid hydrocarbons." But Sydansk was not; it pertained to the "extraction of crude petroleum," a different technical field. In a broader sense, all three pertain to the same vast fossil-fuel industry. But the industry's vastness shows why this is too broad a classification. Geophysical engineers and chemical engineers have vastly different training and solve vastly different problems. That their common employer depends on both bodies of knowledge and expertise does not make those bodies the same.

As for the particular problem Clay was trying to solve, again Hetherington is on point. Both of them are directed to solving the dead-volume problem by filling the space with something. But again the Federal Circuit held that Sydansk was not, despite the USPTO's argument that it too dealt with "maximizing withdrawal of petroleum stored in petroleum reservoirs."

> Sydansk is faced with the problem of recovering oil from rock, i.e., from a matrix which is porous, permeable sedimentary rock of a subterranean formation where water has channeled through formation anomalies and bypassed oil present in the matrix. Such a problem is not reasonably pertinent to the particular problem with which Clay was involved—preventing loss of stored product to tank dead volume while preventing contamination of

> such product.[195]

Thus, Sydansk was "non-analagous art" and could not be combined with Hetherington to render Clay's claims obvious.

D Infringement: Similarity

Every intellectual property right has boundaries defined by some kind of similarity test. Information that is sufficiently similar to the right-owner's information can infringe; information that is too dissimilar cannot.

In patent law, the boundaries of the owner's rights are defined by the claims. The Federal Circuit has described claims as setting out the "metes and bounds" of the owner's rights, like a description of the boundaries of real property.[196] *This is not the only way it could be.* Until 1870, patents were not required to have claims; the inventor simply described the invention in words. Design patents have drawings and only a formulaic placeholder "claim." The fact that utility patent rights are defined by literally interpreted descriptions in words is a policy choice, not a fact of nature.[197]

The basic dogma of patent infringement is that an "accused" product or method (literally and directly) infringes a patent if it meets *every* limitation of *at least one* claim in the patent. Each claim is an arrow in the

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195. *Id.* at 569–60.

196. E.g., "All that part of the Southeast quarter of Section 19, Township 3 South, Range 1 East in the City of Huntsville, Madison County, Alabama, particularly described as beginning at the intersection of the East margin of Maysville Road and the South margin of U.S. Highway # 72 East, said point being located North 50 degrees 06 minutes East 144.0 feet from the most Northerly corner of Lot 23, Block 11 of the Chapman Heights Eighth Addition to the City of Huntsville as of record in Plat Book 3, Page 153 of the Probate records, Madison County, Alabama; said point is further described as being North 1 degree 00 minutes West 1235.0 feet North 49 degrees 42 minutes East 929.75 feet, North 50 degrees 45 minutes East 2391.50 feet and North 50 degree 06 minutes East 144.0 feet from the center of the West boundary of Section 30, Township 3 South, Range 1 East; thence from the place of beginning North 50 degrees 31 minutes East along the South margin of U.S. Highway # 72 East 1310.05 feet to a 6 inch × 6 inch concrete R.O.W. marker; thence North 38 degrees 26 minutes West 59.65 feet to a 6 inch × 6 inch concrete R.O.W. marker on the South margin of U.S. Highway # 72 East; thence North 50 degrees 31 minutes East along the South margin of U.S. Highway # 72 East 249.7 feet to a point of curve marked by a 6 inch × 6 inch concrete R.O.W. marker; thence around a curve to the left, the cord bearing and distance of North 49 degrees 36 minutes East 189.15 feet to a point on the South margin of U.S. Highway # 72 East; thence South 39 degrees 29 minutes East 462.65 feet to a point; thence South 50 degrees 31 minutes West 1894.4 feet to a point; thence North 89 degrees 53 minutes West 143.45 feet to a point on the East margin of Maysville Road; thence North 0 degrees 07 minutes East along the East margin of Maysville Road 400.00 feet to the place of beginning and containing 18.01 acres." Philpot v. State, 843 So. 2d 122 (Ala. 2002).

197. *See generally* Jeanne C. Fromer, *Claiming Intellectual Property*, 76 U. Chi. L. Rev. 719 (2009) (providing a taxonomy of different ways to define IP rights).

patentee's quiver. Some of those arrows are broken (i.e., invalid). Some arrows miss the target (i.e. not infringed). A claim only "hits" if every element is present in the accused product. But if the patentee hits with even one claim, that is enough for liability. (There is no bonus prize for multiple hits; the remedies are the same as for one.)

Remember that a dependent claim is *narrower* than the claim it incorporates. Thus, any product that infringes a dependent claim also infringes the claim it incorporates. It might seem that the patentee is therefore best off with no dependent claims, and only independent claims that are drafted as broadly as possible. The problem with this strategy is that a broader claim might be invalidated on one of the grounds we have seen, such as enablement, novelty, or nonobviousness. So the dependent claim might survive even when the claim it incorporates does not, and hit the sweet spot of being narrow enough to be valid but broad enough to be infringed. Giles S. Rich again: "The stronger a patent the weaker it is and the weaker a patent the stronger it is."[198]

Patent Litigation

There is a Seventh Amendment jury-trial right in patent-infringement cases, so they must be tried to a jury if either party insists. (Sometimes they do not, and agree to a bench trial before a judge.) If challenged by a motion for judgment as a matter of law, the jury's verdict is reviewed under a highly deferential "no reasonable jury" or "against the clear weight of the evidence" standard.

In *Markman v. Westview Instruments, Inc.*, the Supreme Court qualified this rule in a hugely consequential way.[199] It held that ***claim construction***—determining the meaning of a claim, including any specialized terms of art it uses—is a question of law to be decided by a court. Thus, on appeal the Federal Circuit applies *de novo* review with no deference to the trial court's reasoning.

This split gives patent litigation a distinctive bifurcated character: first claim construction before the court, then infringement trial before a jury. Following discovery, the trial court will often hold a "*Markman*" hearing, with detailed motions, expert testimony, and oral argument, in which it construes the meanings of any disputed claim terms. Sometimes, the court's claim construction will be enough to decide the case on summary judgment. Otherwise, it will proceed to a jury trial on whether the defendant actually infringed the claims as construed.

This sounds logical enough, but it gives rise to a perverse consequence. There is no right to an immediate interlocutory appeal after claim construction but before jury trial. But since trial-court judges are

198. Giles S. Rich, *The Proposed Patent Legislation: Some Comments*, 35 Geo. Wash. L. Rev. 641, 644 (1967).

199. Markman v. Westview Instruments, Inc., 517 U.S. 370 (1996).

for the most part not patent specialists, the Federal Circuit's views frequently differ. Thus, it is common for a patent case to proceed from a *Markman* hearing to a jury trial followed by an appeal in which the Federal Circuit reverses the trial court's claim construction, requiring a second jury trial.

1 Claim Construction

There is a broad consensus on many aspects of patent claim interpretation. First, claims should be given their "ordinary and customary meaning" to an audience of POSITAs, because "patents are addressed to and intended to be read by others of skill in the pertinent art."[200] Second, since claims define the "metes and bounds" of a patent, it is important for claim construction to be clear, consistent, and predictable. Third, a patentee can "act as its own lexicographer"[201] and define patent terms however it wishes; "a patentee must clearly set forth a definition of the disputed claim term other than its plain and ordinary meaning and must clearly express an intent to redefine the term."[202] And fourth, a patentee can "disavow" claim scope by explicitly excluding embodiments that would otherwise be included. "Where the specification makes clear that the invention does not include a particular feature, that feature is deemed to be outside the reach of the claims of the patent . . . ."[203] These, and many other well-recognized canons of claim construction, are regularly applied by the Federal Circuit.[204]

One particular issue—the most important sources for determining the meaning of disputed claim terms—has been controversial. The problem is a conflict between two competing principles of textualism: one the one hand a preference for dictionaries as objective guides to word meanings, and on the other a preference for internal sources "within the four corners" of a document to external ones. In 2002, the Federal Circuit endorsed the use of dictionaries in *Texas Digital Systems, Inc. v. Telegenix, Inc.*[205] But three years later, in *Phillips v. AWH Corp.*, the *en banc* Federal Circuit reversed course and announced that claim construction should be based primarily on ***intrinsic*** sources within the four corners of the patent itself, rather than ***extrinsic*** sources like dictionaries and technical treatises.[206] One of the key reasons for this rule is that patents deal with highly technical subject matter, so the relevant terms of art are often not

200. Phillips v. AWH Corp., 415 F.3d 1303 (2005).
201. *Id.* at 1365.
202. Parkervision, Inc. v. Vidal, 88 F.4th 969, 975–76 (Fed. Cir. 2023).
203. SciMed Life Sys. v. Advanced Cardiovascular, 242 F.3d 1337, 1341 (Fed. Cir. 2001).
204. David O. Taylor, The Canons of Patent Claim Interpretation (Nov. 4, 2025) (unpublished manuscript), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5703203.
205. Tex. Digit. Sys., Inc. v. Telegenix, Inc., 308 F.3d 1193 (Fed. Cir. 2002).
206. *Phillips*, 415 F.3d 1303.

legal terms but *technical* terms in specific domains: polymer chemistry, power systems engineering, solid-state physics. The usual textualist assumption that dictionaries are a transparent source of objective meaning breaks down in complex technical fields; dictionaries, it turns out, also require interpretation.

Thus, *Phillips* establishes a hierarchy of sources to be used in interpreting claims:

- The language of a claim itself. "To take a simple example, the claim in this case refers to 'steel baffles,' which strongly implies that the term 'baffles' does not inherently mean objects made of steel."
- Similarities and differences between the language of several claims, because the default assumption is that terms are used consistently through the claims. "For example, the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim."
- The patent's specification, which may show that the inventor adopted a particular meaning for a term, or that they intentionally disavowed certain claim scope.
- The patent's ***prosecution history***, i.e. "the complete record of the proceedings before the PTO and includes the prior art cited during the examination of the patent." While it may not be as clear as the claims or specification, the prosecution history details the negotiations between the applicant and USPTO about the patent's scope, and thus can show how they understood claims' meaning.
- Dictionaries and treatises which attempt to document the understandings of professionals in the relevant technical field.
- Expert testimony on the background of the field and how an invention works.

The following case demonstrates claim construction in practice.

Thorner v. Sony Computer Entertainment America LLC

669 F.3d 1362 (Fed. Cir. 2012)

Craig Thorner and Virtual Reality Feedback Corporation (Appellants, collectively) accused Sony Computer Entertainment America LLC and a number of other Sony entities (Sony, collectively) of infringing claims of U.S. patent no. 6,422,941 relating to a tactile feedback system for computer video games. . . .

Background

The '941 patent describes a tactile feedback system for use with video games. . . .

Each device includes some type of actuator that provides tactile feedback to a user in response to certain game activities. For instance, the actuators in hand-held game controller 598 may vibrate during a crash in a car racing game. Independent claim 1 requires "a flexible pad," "a plurality of actuators attached to said pad" and a control circuit that activates the actuators in response to game activity. The accused products are hand-held game controllers.

Two claim limitations are relevant to this appeal, "flexible pad" and "attached to said pad." The district court held that flexible does not mean simply "capable of being flexed." It reasoned that this definition was inappropriate because "many objects that are capable of being flexed are not flexible. A steel I-beam is capable of being flexed, but no one would call it 'flexible.'" The court thus construed the term to mean "capable of being noticeably flexed with ease."

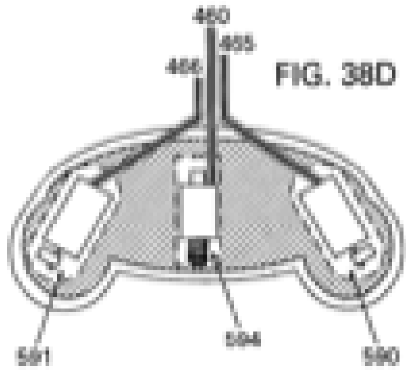
The district court then turned to the construction of "attached to said pad." Appellants argued that attached should be given its plain and ordinary meaning and that an actuator can be attached to the inside of an object. Sony argued that "attached to said pad" should be construed as affixed to the exterior surface of the pad and does not include embedded within said pad. The court held that "the specification redefines 'attached' by implication." The court held that the word attached was limited to attached to the outside of an object because the embodiments in the specification consistently use the term "attached" to indicate affixing an actuator to the outer surface of an object and use the word "embedded" when referring to an actuator inside an object. For additional support for the notion that attached and embedded have different meanings, the court pointed to claim 1 which uses the word "attached" and dependent claim 10 which uses the word "embedded."

Following claim construction, the parties stipulated to noninfringement by the accused products. They stated that "under the Court's construction of the phrase 'attached to said pad,' Defendants have not infringed. . . . " The stipulation further stated that the "parties reserve their rights to challenge this or any other construction of the disputed claim phrases of the '941 patent on appeal."

Discussion

The words of a claim are generally given their ordinary and customary meaning as understood by a person of ordinary skill in the art when read in the context of the specification and prosecution history. There are only two exceptions to this general rule: 1) when a patentee sets out a definition and acts as his own lexicographer, or 2) when the patentee disavows the full scope of a claim term either in the specification or during prosecution. The use of the term "attached" in this specification does not meet either of these exceptions. . . .

Claim 1 of the patent at issue includes the disputed claim terms:



U.S. Patent No. 6,422,941 B1: Universal Tactile Feedback System for Computer Video Games and Simulations

> In a computer or video game system, apparatus for providing, in response to signals generated by said computer or video game system, a tactile sensation to a user of said computer or video game system, said apparatus comprising:
>
> > a flexible pad;
> >
> > a plurality of actuators, attached to said pad, for selectively generating tactile sensation; and a control circuit ... for generating a control signal to control activation of said plurality of actuators....

1. "attached to said pad"

Appellants argue that the district court erred by holding that the specification implicitly defined "attached" to mean "affixed to an exterior surface." They argue that the term does not require any construction and that the plain and ordinary meaning includes affixing an item to either an exterior or an interior surface. They contend that the specification explicitly states whether an attachment is to an interior or exterior surface: "a vibratory actuator can be attached to [the] outer side of the throttle handle." They argue this shows that when the applicant wished to distinguish an internal from an external attachment, he did so with deliberate, express language. Thus, appellants argue that the specification contemplates "attached" to have its plain and ordinary meaning—attached to either an interior or exterior surface. Finally, appellants argue that the fact that claim 10 includes the word "embedded" does not mean that "attached" can only mean connected to an exterior surface. Rather, appellants argue that "embedded" is merely a narrower term that includes only attachment to an interior surface.

Sony responds that the patent clearly identified two different connections, "attached to" and "embedded within." It argues that in every instance where the specification uses the term "attached," it refers to an attachment to an outer surface. Conversely, in every embodiment where the actuator is placed inside a housing, the specification uses the term "embedded." See, e.g., '941 patent col.32 l.66 ("embedded within or attached to").

Our case law is clear, claim terms must be given their plain and ordinary meaning to one of skill in the art. The plain meaning of the term "attached" encompasses either an external or internal attachment. We must decide whether the patentee has redefined this term to mean only attachment to an external surface. As Sony argues, the specification repeatedly uses the term "attached" in reference to embodiments where the actuators are "attached to [an] outer side." In fact, the specification never uses the word "attached" when referring to an actuator located on the interior of a controller. We hold that this does not rise to the level of either lexicography or disavowal. Both exceptions require a clear and explicit statement by the patentee. It is not enough that the patentee used the term when referencing an attachment to an outer surface in each embodiment. In fact, the specification explains that an actuator was "attached to [an] outer surface." If the applicant had redefined the term "attached" to mean only "attached to an outer surface," then it would have been unnecessary to specify that the attachment was "to [an] outer surface" in the specification. We conclude that the term attached should be given its plain and ordinary meaning. The specification does not redefine attached nor is there any disavowal.

The fact that the specification uses the two terms "attached" and "embedded" as alternatives does not require a different result. There is nothing inconsistent about the applicant's use of the narrower term, "embedded," to describe embodiments affixed to an internal surface. The plain and ordinary meaning of embedded, "attached within," is narrower than "attached." Hence it makes sense that the applicant would want to use embedded when it meant to explicitly claim attached to the inside only. That does not mean the word attached automatically means attached to the external surface, as opposed to the broader plain meaning—attached to either the interior or exterior.

Other parts of the claim and specification also support this construction. The claim at issue requires a "flexible pad." The only embodiment in the specification that includes flexible material is the seat cushion 510 shown in Figure 2. The specification states that "the tactile feedback seating unit 510 is a semi-rigid flexible foam structure ... with a plurality of actuators embedded within the foam structure." Thus, the only flexible embodiment in the specification has embedded actuators. If we agreed with Sony that "attached" must mean attached to an outer surface, then the claim would exclude the only flexible embodiment disclosed in the specification. This is further evidence that the term "attached" should have its plain and ordinary meaning which includes either internal or external attachments.

We hold that the term "attached to said pad" should be given its plain and ordinary meaning which encompasses either internal or external attachment. Because the parties based the stipulation of noninfringement on the district court's erroneous construction of this claim term, we vacate and remand.

II. "flexible pad" ...

Appellants argue that the term "flexible" simply means "capable of being flexed" and that the district court erred by requiring "capable of being noticeably flexed with ease." They note that the specification only uses the term "flexible pad" when referring to a "semi-rigid" structure and that a "semi-rigid" structure would certainly not be "noticeably flexed with ease."

Sony responds that although the specification uses the term to refer to a "semi-rigid" structure, that structure is made out of foam in every embodiment. It argues that foam is capable of being noticeably flexed with ease and thus a rigid, barely bendable material should not be considered "flexible." Sony also points to portions of the Markman hearing where the district court judge inspected one of the accused hard plastic controllers. The judge noted that the controller was rigid and "[i]f I try to flex this thing, I think that you're going to see it snap."

We agree with the appellants that the district court improperly limited the term. Neither the claims nor the specification requires the "flexible pad" to be noticeably flexed with ease. The specification says only that the flexible pad must be a semi-rigid structure. The task of determining the degree of flexibility, the degree of rigidity that amounts to "semi-rigid," is part of the infringement analysis, not part of the claim construction. The district court is of course free on summary judgment to decide that there is no genuine issue of material fact that the accused products in this case do not meet the plain and ordinary meaning of the term "flexible." We do not mean to suggest that summary judgment is improper in this case, only that claim construction is the wrong venue for this determination.

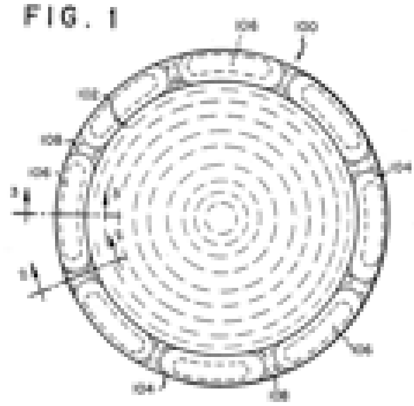
Questions

1. Who is arguing for a broader claim construction, and who is arguing for a narrower one? Why?
2. Why did the parties stipulate to noninfringement but reserve appeal rights?
3. Is the court's analysis persuasive?

Wriggle-No-More Problem

The year is 1995. Loren Lukehart, nventor of U.S. Patent No. 4,800,666, reproduced above in section B, has sued the manufacturer of the Wriggle-No-More for infringement of the 666 patent. The defendant has indicated

FIG. 1



U.S. Pat. No. 4,661,361: Method of Making a Pizza

that it will argue that the Wriggle-No-More does not infringe because (1) the sand it contains is not "sharp," (2) the grain size of the sand it contains is 1/25th of an inch, and 25 is not "less" than 20 (3) its container does not have "lips" (defined as "the two fleshy parts which form the upper and lower edges of the opening of the mouth"), and (4) the length of its container is greater than the width of a "standard bait box."

Prepare to argue *both sides* of the claim-construction motion at the *Markman* hearing. What arguments will you make? What sources of evidence will you draw on?

2 Literal Infringement

There is surprisingly little to say about literal infringement. The parties will typically make their claim-construction arguments with a view toward the infringement analysis. Once claim construction is carried out, determining whether a product actually falls within the claim is a relatively straightforward question of fact. Whoever wins the claim-construction motion will often be in an excellent position at trial on the literal-infringement issue.

For example, consider *Angelo Mongiello's Children, LLC v. Pizza Hut, Inc.*[207] The plaintiff held a patent on a method for making a stuffed-crust pizza by putting "individual food portions" on a dough base and then covering them with more dough. Its Claim 1 read:

1. A method of making a pizza comprising the steps of:
   (a) forming a generally flat dough base;
   (b) *placing a plurality of separated individual food portions on the dough base such that, when the dough base is cut into substan-*

207. Angelo Mongiello's Child., LLC v. Pizza Hut, Inc., 70 F. Supp. 2d 196 (E.D.N.Y. 1999).

tially equally sized portions, each individual food portion is located upon a portion of each pie;

(c) covering each food portion with an unbaked dough section of sufficient dimensions to cover said food portion thereby forming a separate closed pocket about each food portion;

(d) covering the portions of the dough base which are not covered by said closed pockets with a layer of tomato sauce and cheese to form an unbaked pizza product; and

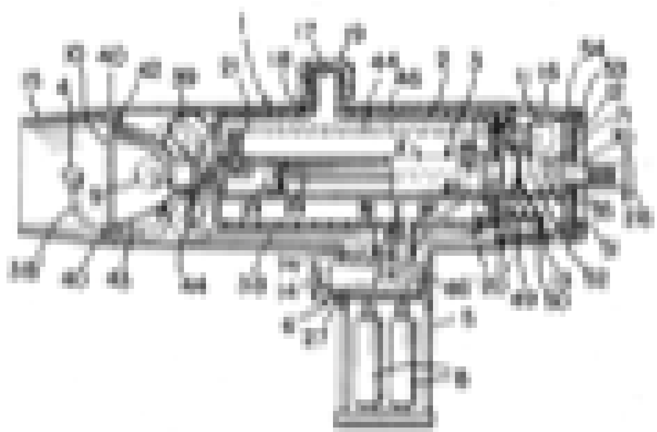
(e) baking the unbaked product to obtain a pizza.

In 1988, the plaintiff offered Pizza Hut a license to the patent, but Pizza Hut declined, saying it was "not a new concept for Pizza Hut." But in 1995, Pizza Hut launched its own "Stuffed Crust Pizza." The instructions it gave to its managers read:

- Place thumbs on edge of dough.
- Press dough ridge up the sides of pan.
  - Dough must extend just above rim of pan (¼")
- Evenly space five pieces of thawed mozzarella string cheese approximately a thumb's width apart along the outside edge of the dough
  - Place close to bottom of pan where edge meets.
- Use thumb and index fingers to stretch and fold edge of the dough over string cheese and press firmly to seal.
  - Dough overlap should be visible on both sides of thumb.
  - Keep stuffed edge at score line etched in pan to keep dough in round shape.
- Use thumbs to press and seal overlapped dough to bottom edge.
- Use thumbs to push stuffed edge out to edge of pan....
- All Stuffed Crust Pizzas are cut into 8 slices. If cheese is leaking through small hole in crust, begin cutting pizza at that spot.

casetfont Compare the italicized language from Claim 1 of the '361 patent to Pizza Hut's method. Do Pizza Hut's stuffed-crust pizzas have an "individual food portion . . . located upon a portion of each piece?"

No, they do not, because there is no way to cut a pizza with five pieces of mozzarella string cheese into eight slices such that "each" slice has an "individual food portion" of string cheese. The plaintiffs tried to get around this in claim construction by arguing that this limitation should be treated as an optional step that is satisfied as long as it is possible to cut the pizza with an "individual food portion" on "each" slice. (For a Pizza Hut pizza with five pieces of string cheese, that would mean five slices.) The court took the argument seriously enough to devote two pages of claim construction analysis to rejecting it.



U.S. Patent No. 4,239,129: Water Pistol and/or Flashlight Structure

When it was done, the court turned to literal infringement. Here is the *entirety* of its discussion:

> In order to find literal infringement, the defendant must practice each and every element of the claimed method. Defendant's method, as described in the February 1995 manager's guide and the affidavit of Patricia Scheibmeir, a manager in defendant's research and development department, does not practice the "cutting" limitation as construed by the court. Although the Stuffed Crust Pizzas in question used five separate pieces of cheese, separated by a thumb's width, the instructions direct that the pizza be cut into eight slices using a "rocker blade," which cuts pizzas into an even number of slices. It is thus impossible for individual portions of cheese to be located on each portion of defendant's pizza.
>
> Since defendant does not practice one of the essential limitations of the '361 patent, the court need not consider the other limitations before making a finding of no literal infringement.[208]

And that's it. In practice, most of the difficult issues of literal similarity are front-loaded into claim construction.

Super Soaker Problem

This is claim 1 from U.S. Patent No. 4,239,129:

> A toy comprising an elongated housing [case] having a chamber therein for a liquid [tank], a pump including a piston having an exposed rod [piston rod] and extending rearwardly of said toy facilitating manual operation for building up an appreciable

208. *Id.* at 206–07.

Super Soaker 50

> amount of pressure in said chamber for ejecting a stream of liquid therefrom an appreciable distance substantially forwardly of said toy, and means for controlling the ejection.

Does the Super Soaker 50 infringe this claim? Note that to use a Super Soaker, one fills it with water through the orange cap at the back top. Sliding the yellow handle back and forth along the white barrel pumps air into the green part, along with water. Pulling the trigger opens a valve that causes the air to press water forward, resulting in the Super Soaker's famed superior soaking ability. (Conventional water pistols didn't store up compressed air; they drove water out the barrel using the force of the trigger pull itself.)

3 Doctrine of Equivalents

Are you sitting down? Good. Remember everything in the previous two sections about how patent infringement is defined by the "metes and bounds" of the claims, which are interpreted literally?

Well, the thing is, that's not actually, you know, *true*. In addition to literal infringement, which requires that every element of the claim be literally present in the accused device or method, there is also infringement under the ***doctrine of equivalents***, or DOE. Under the DOE, it sufficies if an "equivalent" to the element is present, even though that equivalent is not literally present. Thus, a claim to A + B + C can be infringed by a device with A + B + D, as long as the court finds that C $\simeq$ D.

a Overview

Thus, the DOE does not change the every-element rule. Every element must still be present. Instead, just the DOE relaxes the standard of what embodiments count as an element from literal meaning to functional equivalency. More precisely:

> The primary test for equivalency is the "function-way-result" or "triple identity" test, whereby the patentee may show an equivalent when the accused product or process (1) performs substantially the same function, (2) in substantially the same way, (3) to achieve substantially the same result, as disclosed in the claim. . . . Equivalency may also be proven where the differences between the invention as claimed and the accused product or process are insubstantial. In no case, however, may the doctrine of equivalents ignore the individual claim elements.[209]

Equivalency is assessed element-by-element, not for the claim as a whole. The question is whether there is an equivalent to a particular element in the accused device, not whether the accused device as a whole is equivalent.

One justification for the DOE, a substance-over-form rationale, focuses on infringers. As Justice Jackson explained in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*:

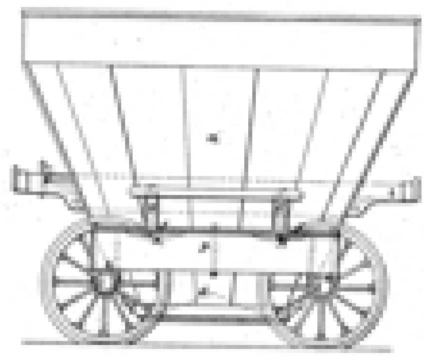
> But courts have also recognized that to permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing. Such a limitation would leave room for—indeed encourage—the unscrupulous copyist to make unimportant and insubstantial changes and substitutions in the patent which, though adding nothing, would be enough to take the copied matter outside the claim, and hence outside the reach of law. One who seeks to pirate an invention, like one who seeks to pirate a copyrighted book or play, may be expected to introduce minor variations to conceal and shelter the piracy. Outright and forthright duplication is a dull and very rare type of infringement. To prohibit no other would place the inventor at the mercy of verbalism and would be subordinating substance to form. It would deprive him of the benefit of his invention and would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system.[210]

Another justification focuses on patent applicants and has to do with the limits of language:

> Unfortunately, the nature of language makes it impossible to cap-

209. Abbott Lab'ys v. Sandoz, Inc., 566 F.3d 1282, 1296–97 (Fed. Cir. 2009) (numbering added).

210. Graver Tank & Mfg. Co. v. Linde Air Prods. Co., 339 U.S. 605, 607 (1950).



U.S. Pat. No. 5,175: Dumping Car

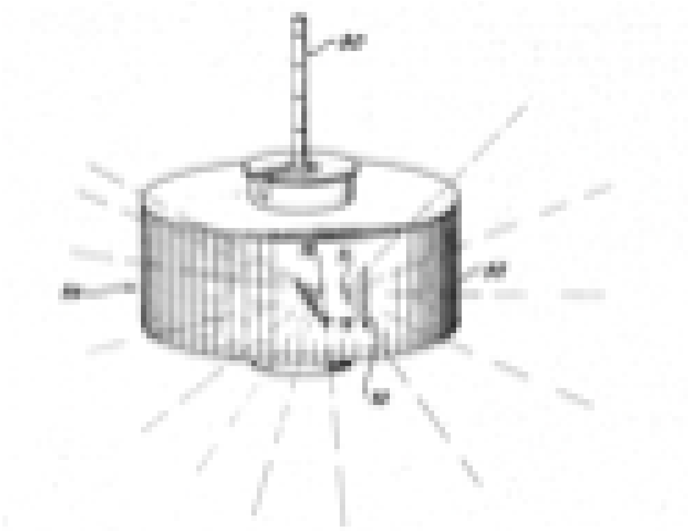
ture the essence of a thing in a patent application. . . .

> An invention exists most importantly as a tangible structure or a series of drawings. A verbal portrayal is usually an afterthought written to satisfy the requirements of patent law. This conversion of machine to words allows for unintended idea gaps which cannot be satisfactorily filled. Often the invention is novel and words do not exist to describe it. The dictionary does not always keep abreast of the inventor. It cannot. Things are not made for the sake of words, but words for things.[211]

The language in the patent claims may not capture every nuance of the invention or describe with complete precision the range of its novelty. If patents were always interpreted by their literal terms, their value would be greatly diminished.[212]

A classic early case on the DOE was *Winans v. Denmead*.[213] The patent claimed a railroad car "in the form of a frustum of a cone" (i.e., an upside-down truncated cone). The advantage of this shape is that the evenness of the shape and the tapering reduce the stress forces in the bottom corners of a rectangular car. The defendant built railroad cars in the shape of a frustrum of an octagonal pyramid. That is, its shape was still tapered, but the cross section was an octagon, not a circle. The Supreme Court held that this could infringe: it carried cargo in the same way, had the same structural advantages, and used the same general kinds of shapes to achieve them.

211. Autogiro Co. of Am. v. United States, 384 F.2d 391, 397 (Ct. Cl. 1967).
212. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co. ("*Festo I*"), 535 U.S. 722, 731 (2002).
213. Winans v. Denmead, 56 U.S. (15 How.) 330 (1854).



U.S. Pat. No. 3,758,051: Velocity Control and Orientation of a Spin-Stabilized Body

For a modern example of the DOE, take *Hughes Aircraft Co. v. United States*.[214] Donald D. Williams obtained a patent on a method for orienting a spacecraft. In his system, an on-board sensor would take observations of the sun and transmit the data to the ground. There, the ground crew could use the raw data to determine the spacecraft's orientation, and compute the necessary corrections to bring it back into the correct orientation. They would then send appropriate control signals back to the spacecraft. Williams filed for a patent in 1960. When the patent ultimately issued, it claimed, in relevant part (emphasis added):

> a. a body [i.e. the spacecraft] adapted to spin about an axis; . . .
>
> d. means disposed on said body for providing an indication *to a location external to said body]* of the instantaneous spin angle position of said body about said axis and the orientation of said axis with reference to a fixed external coordinate system;
>
> e. and means disposed on said body for *receiving from said location* control signals synchronized with said indication;

Using this system, NASA successfully launched the Syncom 2 satellite, the first geosynchronous satellite, in 1963. It later used similar methods on other spacecraft, including all-stars like Pioneer 10 (1972) and Pioneer 11 (1973). The difference was that these spacecraft had onboard computers powerful enough to compute their orientations. Thus, they could transmit their orientations to the ground, rather than the raw "instantaneous spin angle position" required by the claim. There could be no

214. Hughes Aircraft Co. v. United States, 717 F.2d 1351 (Fed. Cir. 1983).

literal infringement because the computer was inside the craft, not "external" to it. The Federal Circuit found infringement under the DOE. It explained

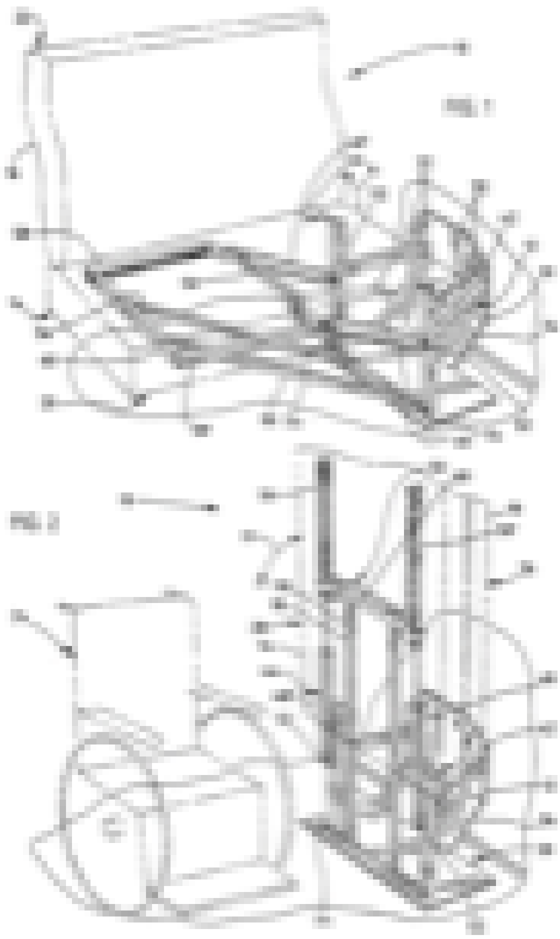
> Once an on-board computer became available, as Bryson said, "any intelligent engineer designing this [S/E] system would say 'Look, I don't need to send the value of that ISA position to the ground, it's right there in the spacecraft. I'll just key my firing signal to that on board the spacecraft'."
>
> The S/E spacecraft are identical with the Williams satellite, except for the employment of sophisticated, post-Williams equipment (computers) to achieve attitude control in the basic manner taught by Williams. Advanced computers and digital communications techniques developed since Williams permit doing on-board a *part* of what Williams taught as done on the ground. . . .
>
> Put another way, retention of the ISA position in an on-board computer, while transmitting sufficient information to enable the ground crew to use that computer-retained information to control the satellite, is the modern-day equivalent of providing an indication of ISA to ground as taught by Williams.[215]

Notice the use of the DOE to capture an improvement made possible by an "after-arising" technology, one not available to the inventor at the time of filing. Part of the rationale for the DOE is that it would have been unreasonable to expect Williams to anticipate a decade of developments in computing technology at the time he drafted his claims, especially given that *his invention did not pertain to computers*.

As you might predict, given the way that the DOE is defined, much of the action on the ground in applying it consists of arguments over whether a component of an accused product is equivalent to a claim limitation, or has the effect of reading that limitation out of the claim entirely. For example, in *Freedman Seating Co. v. American Seating Co.*, the Federal Circuit considered a patent on a "Stowable Seat" that could fold away, e.g., to make room for a wheelchair.[216] One of the distinctive features of the claimed seat was that it had no aisle leg, because such a leg would have to be folded out of the way when the seat was raised. Instead, the seat was supported by a mechanism with a diagonal support member that was fixed to the seat's frame and "slidably mounted" to the seat. When the seat was raised it would slide along the support.

The defendants also manufactured a stowable seat, the Horizon EZ Fold. Like Freedman's seat, it had no aisle leg. But it used a different support mechanism: instead of sliding along the seat, the diagonal support

215. *Id.* at 1365–65.
216. Freedman Seating Co. v. Am. Seating Co., 420 F.3d 1350 (Fed. Cir. 2005).

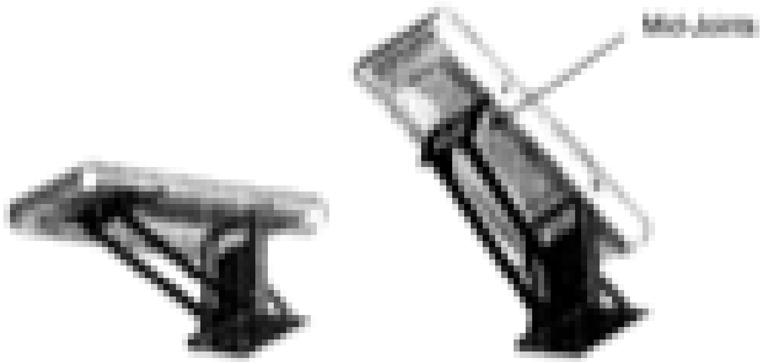


U.S. Pat. No 5,492,389: Stowable Seat (Freedman)

was attached so that the seat would *rotate* about the attachment point. The mechanism still allowed the seat to fold out the way, by adding additional joints in the middle of the support mechanism.

The EZ Fold met every limitation of Claim 1 except possibly for the requirement that the support be "slidably mounted" to the seat. But it did not literally infringe, because rotation is not sliding. Thus, Freedman argued that the rotatably attached diagonal support was equivalent to a slidably attached diagonal support.

The Federal Circuit disagreed, saying that the "structural difference" between rotatable mounting and slidable mounting "is not a subtle difference in degree, but rather, a clear, substantial difference or difference



The Horizon EZ Fold

in kind."[217] The court elaborated:

> Freedman argues that the slider crank claimed in the '389 patent and the fourth link mechanism used in the EZ Fold function in the same way to produce identical results. Freedman asserts that this is because "both the infringing seat and the claimed structure of the '389 patent provide the moveable end of the support member with both translational and rotational motion relative to the seatbase." The problem, however, is that taken to its logical conclusion, Freedman's argument would mean that any support member capable of allowing translational and rotational motion would be equivalent to a support member "slidably mounted to said seatbase," which reads "slidably mounted" completely out of the claims.[218]

This is plausible enough, but this same form of argument would also have said that in *Winans* a frustrum of an octagonal pyramid was not equivalent to a "frustrum of a cone." After all, any design with both truncation and tapering would thus be equivalent to a design in the form of a "frustrum of a cone," thereby reading "cone" completely out of the claim. So it is probably best to think of "reading a limitation out of the claim" as language courts use when they want to find an accused device not equivalent.

b Limitations

The potential unboundedness of the judicially-created doctrine of equivalents has led courts to fashion judicially-created limits on it.

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217. *Id.* at 1361.
218. *Id.* at 1361–62.

Prosecution-History Estoppel

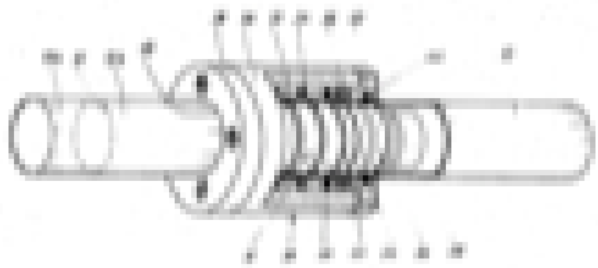
One such doctrine is ***prosecution history estoppel***, which prevents a patentee from narrowing a claim during prosecution and then using the DOE to recapture the same subject matter. The theory is that narrowing a claim is a concession to the USPTO that the amended claim does *not* reach as far as the unamended claim, and the patentee should be held to that concession. This is particularly important because a common reason to narrow a claim is to avoid the prior art, so allowing the patentee to use the DOE here would allow a claim to cover the prior art, violating the fundamental patent dogma that no patent can restrict others' right to practice what is already publicly known.

As an example of how the inquiry can go, consider *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*[219] Hilton Davis held Patent No. 4,560,746 on a process for purifying dyes through high-pressure filtration. During prosecution, it amended the claim to specify that the filtration take place "at a pH from approximately 6.0 to 9.0." A previous patent, the Booth patent, disclosed a filtration process at a pH above 9.0. Warner-Jenkinson developed its own dye-filtration process that was covered by the claimed process in all technical respects except that it took place at a pH of 5.0. There was no literal infringement, because 5.0 is not even approximately between 6.0 and 9.0, but Hilton Davis argued that there was equivalent infringement.

Prosecution history estoppel would definitely have applied to the upper limit of 9.0. That limit was added during prosecution to narrow the claim to avoid the Booth prior art, so the claim would have been unpatentable without the narrowing amendment. Thus, prosecution history estoppel would apply and the DOE could not be used to cover filtration at a pH greater than 9.0. But the record before the Supreme Court was silent as to why the lower limit was added; it might have been to avoid the prior art, or it might not have. So it remanded the case for further proceedings.

Although the most common use of prosecution history estoppel is when claims were amennded to avoid a Section 102 rejection for lack of novelty over the prior art, it applies whenever "an amendment is made to secure the patent and the amendment narrows the patent's scope."[220] In *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, the plaintiff's application for a patent on part of a conveying system initially contained an independent claim to "sealing means at each end" of a piston and a dependent claim "wherein the sealing means of the piston comprise sealing rings."[221] The examiner rejected all of the claims as not enabled un-

219. Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17 (1997).
220. *Festo I*, 535 U.S. 722, 736 (2002).
221. Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 344 F.3d 1359 (Fed. Cir.



U.S. Pat. No. 4,354,125: Magnetically Coupled Arrangement for a Driving and a Driven Member

der Section 112, writing, "Exact method of operation unclear. Is device a true motor or magnetic clutch?" The plaintiff responded by replacing both claims with a single claim that included "first sealing rings" and "second sealing rings." The defendant's accused device had a single two-way sealing ring. Do you see why prosecution history estoppel would bar the patentee from treating a single sealing ring as equivalent to two sealing rings?

There is more. A narrowing amendment raises only a presumption that prosecution history estoppel applies. Some narrowing amendments might be made for reasons unrelated to patentability, so the patentee can rebut the presumption that it was by showing some other reason. And even if it was, prosecution history estoppel will not apply if the equivalent was "unforeseeable at the time of the application"; the amendment bears only a "tangential"relationship to the equivalent; or there is "some other reason suggesting that the patentee could not reasonably be expected to have described the insubstantial substitute in question."[222] Is this any way to run a railroad?

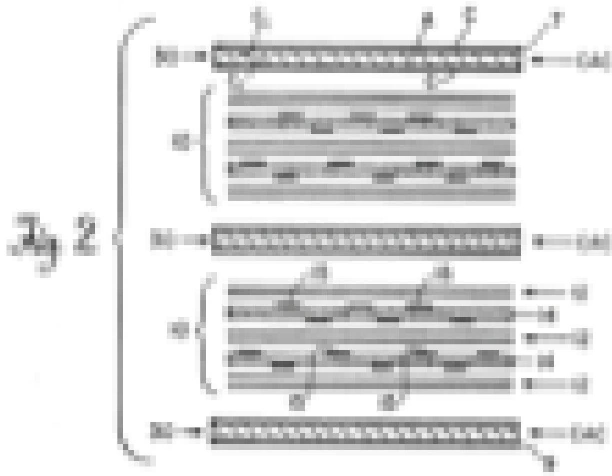
The Disclosure-Dedication Rule

Another limit on the DOE is the disclosure-dedication rule. Where prosecution history estoppel applies when a claim is narrower than a *previous version of the claim*, disclosure dedication applies when a claim is narrower than the *specification*. "[W]hen a patent drafter discloses but declines to claim subject matter . . . this action dedicates that unclaimed subject matter to the public."[223] In *Johnson & Johnston Associates v. R.E. Service Co.*, the patent concerned a method for making for making printed circuit boards by adhering them to a stiff substrate sheet during processing. The claims

2003).

222. *Festo I*, 535 U.S. at 740–41.

223. Johnson & Johnston Assocs. v. R.E. Serv. Co., 285 F.3d 1046, 1054 (Fed. Cir. 2000).



U.S. Pat. No.5,153,050: Component of Printed Circuit Boards

referred to "a sheet of aluminum" and "the aluminum sheet," but the specification stated, "While aluminum is currently the preferred material for the substrate, other metals, such as stainless steel or nickel alloys may be used." This, the Federal Circuit held, dedicated steel and nickel substrates to the public; the DOE could not be used to treat a steel substrate as equivalent to an aluminum substrate.

Prosecution history estoppel and the disclosure-dedication rule complicate a patent applicant's strategy during prosecution. An aggressive approach to prosecution—file broad claims, and then dial them back in response to rejections—can backfire by establishing the kind of narrowing amendments that give rise to prosecution history estoppel. Hilton Davis would potentially have been better off claiming the pH range from the start, because then it would have had a stronger argument for applying the DOE. And in *Johnson & Johnston Associates*, the patentee's garrulous disclosure had the effect of narrowing its claims by cutting off the DOE. Perhaps its claims should have been broader; perhaps the disclosure should have been narrower.

Prosecution-history estoppel and the disclosure-dedication also rule raise a larger question: *Why bother?* What's the point of the rigor and exactitude of claim drafting, claim construction and literal infringement, if everything is just going back into the slop bucket of equivalent infringement at the end of the day? The numerous limits on equivalent infringement are there to restore some semblance of rule-like certainty. But if equivalent infringement is both necessary and intolerable without well-defined limits, *why not make equivalent infringement the baseline and then come up with appropriate limiting doctrines*? How much simpler could patent law be if it were willing to take a step back from what Oskar Liivak calls "the cult of the claim?"[224]

Amgen Revisited Problem

What *should* Amgen have done in *Amgen*, given that it had identified 26 antibodies that bind to PCSK9, but did not know about the effectiveness of thousands of other antibodies? Consider the following strategies:

- Delay filing while it investigated the properties of other antibodies.
- Argue to the court for a claim construction that narrows the claim to cover only the 26 specific antibodies described in the specification.
- Write a specification that gives the amino-acid sequence for a single specific antibody, explain that it that binds to PCSK9, and gives it a name. Then draft a claim that uses that name, and then argue for a claim construction that this includes all other antibodies that bind to PCSK9.
- Argue that other antibodies that bind to PCSK9 are equivalent to the ones it identified under the doctrine of equivalents.

What are the advantages and risks of these approaches? Can you think of other approaches?

E Infringement: Prohibited Conduct

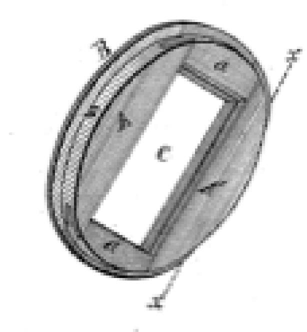
Section 154 gives the owner of a patent "the right to exclude others from making, using, offering for sale, or selling the invention."[225] Be clear on what this does and does not say.

> A patent is not the grant of a right to make or use or sell. It does not, directly or indirectly, imply any such right. It grants only the right to exclude others.[226]

You can get a patent on an invention with illegal uses, but that patent doesn't give you the right to use the invention illegally. For example, a patent on a method of fishing does not override state game laws. As the Supreme Court put it in 1880 in *Webber v. Virginia*:

> The patent for a dynamite powder does not prevent the State from prescribing the conditions of its manufacture, storage, and sale, so as to protect the community from the danger of explosion. A patent for the manufacture and sale of a deadly poison

224. Oskar Liivak, *Rescuing Patent Law from the Cult of the Claim*, 42 Seton Hall L. Rev. 1 (2012).
225. 35 U.S.C. § 154. The Patent Act repeats the list in defining who is an infringer. § 271(a).
226. Herman v. Youngstown Car Mfg. Co., 191 F. 579, 584 (6th Cir. 1911).



U.S. Pat. No. 151,576: Improvement in Stereoscope Lens-Frames

> does not lessen the right of the State to control its handling and use. . . . Congress never intended that the patent laws should displace the police powers of the States, meaning by that term those powers by which the health, good order, peace and general welfare of the community are promoted. Whatever rights are secured to inventors must be enjoyed in subordination to this general authority of the state over all property within its limits.[227]

Similarly, an improvement patent on a device also covered by a previous patent does not let the new patentee ignore the old patentee's rights. Anyone who wants to make the device needs licenses from *both* patentees. If a technology standard is covered by hundreds of patents, anyone who wants to implement the standard needs licenses from the owners of every single one.

1 "making, using, offering for sale, or selling"

When looking at the details of the prohibited acts, it is useful to keep the distinction between products and processes in mind. In particular, a process cannot be "made" or "sold."

A product is "made" when all of its pieces are assembled into an operable whole. In *White v. Walbridge*, the patent covered lens holders and was about to expire.[228] "The defendant has on hand and is making more lens-holder blanks, which can be completed into those that would infringe or those that would not; and has advertised that he would furnish those of the patent at reduced prices after the expiration of the patent."[229] *Held*, no infringement: "Till completed, these things would not infringe . . . ."[230]

A process is "used" when all of its steps are performed; a product

227. Webber v. Virginia, 103 U.S. (13 Otto) 344, 348 (1880).
228. White v. Walbridge, 46 F. 526 (C.C.D. Vt. 1891).
229. *Id.* at 526.
230. *Id.*

is "used" when it is put into service for the beneficial purpose of the patent.[231] It is not a "use" to buy a patented device, to possess it, or to display it. So a defendant who had an infringing carbon monoxide sensor did not infringe by taking it to trade shows, but did infringe by giving demonstrations to potential customers at those trade shows.[232]

A "sale" of a product takes place when a contract is formed to transfer title or possessory rights. Thus, even if the product is actually transferred after the end of the patent term, if the contract of sale is formed during the patent term, infringement still takes place. Similarly, a license to an invention is not a "sale" for infringement purposes.[233] The licensee may infringe the patent as soon as they start making the device, and the licensor may be secondarily liable for actively inducing infringement, but the license itself is not an infringing sale. On the other hand, a lease or license to use a specific physical device under the possession or control of the lessor or licensor is probably enough of a transfer of rights in tangible personal property to constitute an infringing "sale."[234]

In practice, Congress took much of the weight off the definitions of "making," "using," and "selling" by adding "offering for sale" to the definition of infringement in 1996. Certainly an offer in the sense of state contract law—an offer to provide goods at a specified price, which will become a mutually binding contract immediately upon a buyer's acceptance—is an offer for sale. But there is Federal Circuit authority that a patent-law "offer to sell" can be broader. For example, letters describing the patented devices and listing their prices, but stating that they were mere solicitations for the recipients to submit offers to purchase, were still infringing offers to sell.[235] There isn't much caselaw on point, but it appears that only products can be offered for sale. For the same reason that a process cannot be "sold," it cannot be "offered for sale." The Patent Act also resolves a potential timing question about offers for sale: an offer for sale only infringes if "the sale will occur before the expiration of the term of the patent."[236]

At least officially, there is no *de minimis* exception to patent infringement.[237] It is irrelevant if the defendant made only a small quantity of infringing product, or that it used a infringing method only briefly, or that its sales were commercially insignificant. These are all still infringe-

231. Query whether the definition of "use" for infringement purposes is the same as the definition of "utility" for patentability purposes.
232. Quantum Grp. Inc. v. Am. Sensor Inc., No. 96 C 0761, 1998 WL 766707 (N.D. Ill. Apr. 10, 1998).
233. Note the symmetry between the "on sale" bar and "sale" as infringement.
234. There is a frustrating ambiguity between two meanings of "license": a license to personal property versus a license to an IP right.
235. 3D Sys., Inc. v. Aarotech Lab'ys, Inc., 160 F.3d 1373 (Fed. Cir. 1998).
236. 35 U.S.C. § 271(i).
237. Abbott Lab'ys v. Sandoz, Inc., 566 F.3d 1282 (Fed. Cir. 2009).

ment. Of course, *de minimis* infringement may give rise to small damages, but it is still infringement.

2 Intent

It is typically said that patent infringement is "strict liability." That is, "[A]n infringement may be entirely inadvertent and unintentional and without knowledge of the patent."[238] Saurabh Vishnubhakat argues that this is slightly misleading. Based on a reading of the (limited) case law, he claims that one who does not even intend to take the actions described by the claims is not an infringer, just as someone who is blown into another by a gust of wind does not commit the tort of battery.[239] But otherwise, being ignorant of the patent is no defense, and neither is attempting but failing to implement a workaround that avoids its claims. In other words, a patent puts the world on notice. Potential defendants are expected to perfectly search the patent database, and to correctly interpret the scope of the claims of the patents they find there.[240]

3 Proof of Copying

All of the exclusive rights in patent pose straightforward factual questions: e.g., did the defendant make this device, or not? As such, they raise no distinctive proof problems, and ordinary procedures and rules of evidence are used to resolve them.

Note that the definition of direct infringement—"*whoever* without authority makes, uses, offers to sell, or sells any patented invention"[241]—is absolute. It contains no requirement that the defendant have copied *from the plaintiff*, as trade secret and copyright do. Thus, there are no difficult questions about the source of the defendant's information. Indeed, "evidence of copying is of no import on the question of whether the claims of an issued patent are infringed, either literally or by equivalents."[242] Independent reinvention is not a defense to patent infringement.

F Secondary Liability

Section 271 of the Patent Act contains two explicit secondary liability provisions:

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

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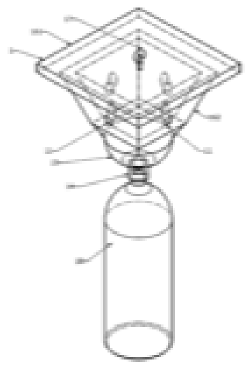
238. Blair v. Westinghouse Elec. Corp., 291 F. Supp. 664, 670 (D.D.C. 1968).
239. Saurabh Vishnubhakat, *An Intentional Tort Theory of Patents*, 68 Fla. L. Rev. 571 (2016).
240. *See* Patrick R. Goold, *Patent Accidents: Questioning Strict Liability in Patent Law*, 95 Ind. L.J. 1075 (2020) (arguing that a negligence rule would be better).
241. 35 U.S.C. § 271(a).
242. Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc., 567 F.3d 1314, 1336 (Fed Cir. 2009).



U.S. Pat. No 8,375,624: Carpenter Bee Traps

(c) Whoever offers to sell or sells . . . a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.[243]

As their respective language indicates, Section 271(b) is an ***inducement*** liability provision; Section 271(c) is a ***contributory*** liability provision. But first, who precisely is a direct infringer?

1 Allocation and Divided Infringement

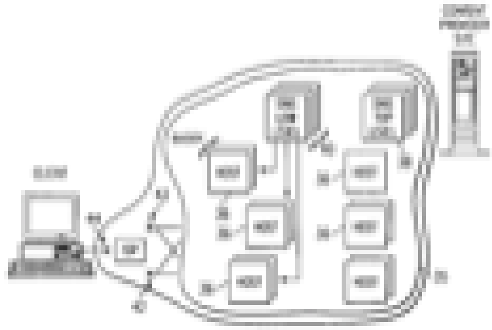
There are occasional issues about to whom to allocate directly infringing acts. In the context of sales and offers for sale, for example, it matters who is the seller or buyer. In *Blazer v. eBay, Inc., No. 1:15-CV-01059-KOB*, for example, the owner of a patent on a carpenter-bee trap sued eBay for sales of allegedly infringing products. An eBay listing is an offer to sell, but the court held that these offers were made by the eBay users who posted the listings, not by eBay itself.[244] While eBay facilitated the listings—and so we should ask about its potential secondary liability—it was the sellers who would transfer title and possession to the infringing bee traps.

More difficult issues arise in cases of ***divided*** infringement, where multiple actors each perform some of the steps of a method claim. [245] It seems like this shouldn't even be a thing. The black-letter rule is that "direct infringement requires a single party to perform every step of a

243. 35 U.S.C. § 271.

244. Blazer v. eBay, Inc., No. 1:15-CV-01059-KOB, 2017 WL 1047572 (N.D. Ala. Mar. 20, 2017).

245. Do you see why divided infringement is not an issue for product claims?



U.S. Pat. No. 6,108,703: Global Hosting System

claimed method."[246] But this seems to invite an obvious dodge: the defendant contracts with a third party—perhaps a vendor, perhaps even its own customers—to perform a step or two, so that no single defendant practices the entire claimed method by itself.

Thus, the Federal Circuit has attributed a third party's performance of a method step to the defendant in two circumstances. First, when the defendant "directs or controls others' performance," it is regarded as having done those steps itself.[247] For example, in the case that gave rise to this test, *Akamai Technologies, Inc. v. Limelight Networks, Inc.* ("*Akamai III*"), Akamai's patent claimed methods for caching content on the Internet. Limelight had its customers "tag" the "content to be hosted and delivered by Limelight's content delivery network."[248] As the court explained:

> Specifically, Akamai presented substantial evidence demonstrating that Limelight conditions its customers' use of its content delivery network upon its customers' performance of the tagging and serving steps, and that Limelight establishes the manner or timing of its customers' performance. Therefore, Limelight is liable for direct infringement.[249]

This is a narrow and fact-specific test, and in other cases involving services provided over the Internet, the Federal Circuit has held that the user (rather than the service provider) is the one who puts both the client-side and server-side components of a system to use.[250]

The second prong of divided infringement, also announced in *Aka-*

246. Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318, 1329 (Fed. Cir. 2008).
247. Akamai Techs., Inc. v. Limelight Networks, Inc. ("*Akamai III*"), 797 F.3d 1020, 1022 (Fed. Cir. 2015).
248. *Id.* at 1024.
249. *Id.*
250. *E.g.,* Centillion Data Sys., LLC v. Qwest Commc'ns Int'l, Inc., 631 F.3d 1279 (Fed. Cir. 2011)..

mai III, occurs when multiple actors "form a joint enterprise" The test for one, which has rarely been applied in detail, is drawn from the Restatement (Second) of Torts:

(1) an agreement, express or implied, among the members of the group;

(2) a common purpose to be carried out by the group;

(3) a community of pecuniary interest in that purpose, among the members; and

(4) an equal right to a voice in the direction of the enterprise, which gives an equal] right of control.[251]

All of this is all well and good, but given that patent law has explicit statutory secondary-liability provisions, does it make sense to also have these common-law rules that shoehorn multi-party conduct into the direct-infringement boot? Or is the existence of these rules a tacit admission that perhaps the Patent Act's secondary-liability provisions are too narrowly drawn?

2 Active Inducement

In 1952, Giles S. Rich explained the idea behind active inducement:

> Its intention is to hold liable the mastermind who plans the whole infringement and sits back and watches it happen, somehow himself managing to avoid either making, using or selling. This can happen in a variety of ways. The architects of a structure may be responsible, or a firm of engineers or the vendor of a kit sold with instructions, or of a machine which can operate only to perform a patented process. The possibilities are unlimited. These people are, legally speaking, joint tort feasors, and they ought to be held liable. So the active inducer is made and denoted an infringer.[252]

Liability under this provision requires has three elements: (1) someone else must have taken acts constituting direct infringement, (2) the defendant must have taken "active steps" to encourage the infringement, and (3) at the time of acting, the defendant must have at least known that those acts would constitute patent infringement.

Take first the requirement that there must have been direct infringement. This sounds tautological, but the difficulty of identifying a single direct infringer in cases of divided infringement is a non-trivial problem. The Federal Circuit first dealt with this issue *Akamai Technologies, Inc. v. Limelight Networks* by reasoning that Limelight and its customers would all infringe the patent if all the steps were carried out by the same

251. *Akamai III*, 797 F.3d at 1023.

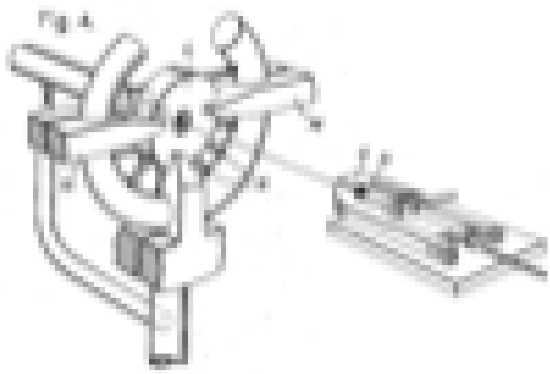
252. Giles S. Rich, *Address to the New York Patent Law Association on the Patent Act of 1952*, 3 J. Fed. Cir. Hist. Soc'y 104, 113 (2009).

Vascepa capsules and packaging. Note the rolled-up paper on top of the bottle: that is the "label" at issue here.

person, so Liimelight could be held liable as an inducing infringer without worrying about whether anyone at all was a direct infringer.[253] The Supreme Court shot this ploy down in *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, holding unambiguously that "inducement liability may arise if, but only if, there is direct infringement."[254] (Limelight still lost on remand under the rule that its customers' actions under its control could be attributed it for purposes of *direct* infringement.[255]) There is no requirement that the direct infringer be joined as a defendant, or even identifiable.[256]

The defendant's role—the "active steps"—can vary. Rich's examples of architects and engineers involve defendants who draw up the design of infringing devices or processes, but leave the actual construction up to others. The "vendor of a kit sold with instructions" provides another with a roadmap to infringement, but not all instructions are inducing. Consider *Hikma Pharmaceuticals*, where Amarin devloped a drug, which it sold under the brand name Vascepa, with two FDA-approved uses: for treatment of severe hypertriglyceridemia (a rarer use) and for reducing "cardiovascular risk in hypertriglyceridemia patients who already take statins" (a more common use).[257] Amarin held patents only on the second, more common use. Hikma, another drug manufacturer, received FDA approval to sell a generic version of Vascepa, but to avoid Amarin's patents Amarin agreed to describe only the first, rarer use on the drug's

253. Akamai Techs., Inc. v. Limelight Networks, 692 F.3d 1301 (Fed. Cir. 2012).
254. Limelight Networks, Inc. v. Akamai Techs., Inc., 134 S. Ct. 2111, 2117 (2014).
255. *Akamai III*, 797 F.3d 1020.
256. Can you think of reasons why a plaintiff might be unwilling or unable to sue the direct infringer, or unsatisfied with the results from doing so?
257. Hikma Pharms. USA Inc. v. Amarin Pharma, Inc., No. 24-889, at 5 (U.S. June 4, 2026).

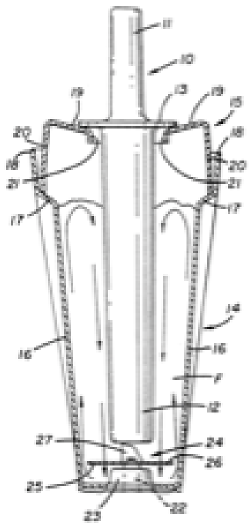


U.S. Pat. No. 1,082,933: Tungsten and Method of Making the Same for Use as Filaments of Incandescent Electric Lamps and for Other Purposes

"label" (the lengthy text that describes in detail how the drug works, its potential side effects, and so on). But otherwise, by law, Hikma's label had to be identical to Amarin's (to prevent patient and physican confusion over what is legally the same drug), including some portions that arguably explained how to use the drug for the more common, patented use. This, held the Supreme Court, was not inducement by itself: complying with the law is a compelling alternative explanation for using the supposedly inducing label. Nor was it inducement to market Hikma's version of the drug as "generic Vascepa"; this was a truthful description and normal industry practice.

Merely buying a patented device is not by itself inducement (and remember that it's not direct infringement because "buy" is not one of the patent owner's exclusive rights), but if the defendant goes further, it may become an infringer. Here is a description of acts held to constitute inducement of a patent for making ductile tungsten (i.e., suitable for being drawn into a wire):

> The De Forest Company maintains that it did not infringe because it went to a concern known as P. R. Mallory & Company, manufacturers of tungsten wire under a process now admitted to be the process of the patent in suit, and bought the wire over the counter as any innocent customer might purchase from stock in hand any other commodity which happened to be unlawfully made. If this position were supported by the evidence it would be sound, but we read the evidence in a different way. The Mallory Company was making tungsten wire of a certain size. A representative of the De Forest Company called upon it and indicated that his company wanted a wire of smaller size. The Mallory Company doubted its ability to make wire of that size but on an order



U.S. Pat. No. 5,302,021: Method of Preventing the Formation of an Air Pocket in a Blender

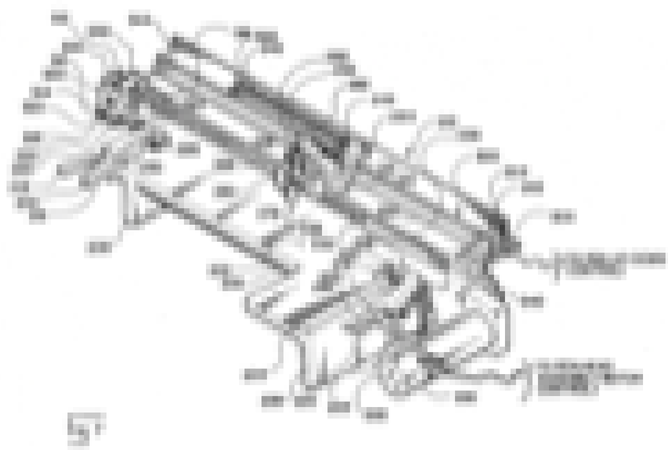
One of Basic's accused blenders, the Smoothie Elite

> from the De Forest Company it tired it out and found to the surprise of its employees that it could make it. From that time until the Mallory Company ceased to make wire, this wire of smaller size was regularly ordered by the De Forest Company and regularly made by the Mallory Company in response to the orders and supplied the De Forest Company at the rate of about 100,000 meters a month.[258]

This test approaches but falls short of the direct-or-control standard for attribution under direct liability. The crucial fact seems to have been that De Forest knew, or must have known, that Mallory would infringe the patent in making the wire.

As this example shows, the required mental states associated with inducement infringement can be subtle. One the one hand, the defendant must *intend* the *factual* consequence that the acts that constitute infringement occur. In *Vita-Mix Corp. v. Basic Holding, Inc.*, Vita-Mix held a patent that covered "a method of preventing the formation of an air pocket around rotating blades positioned in a pitcher of a blender" by inserting a plunger above the blades, but *not* the use of a plunger to break up air pockets that already existed.[259] Basic sold blenders with a stir stick; consumers who inserted the stir stick and left it alone infringed, but those who inserted the stir stick and scraped the sides of the blender did not. *Held*, no inducement:

258. Gen. Elec. Co. v. De Forest Radio Co., 828 F.2d 641, 648 (3d Cir. 1928).
259. Vita-Mix Corp. v. Basic Holding, Inc., 581 F.3d 1317 (Fed. Cir. 2009).



U.S. Pat. No. 4,384,298: Plotter

> Although the "default" vertical position of the stir stick may lead to infringing use under certain conditions, there is no evidence that Basic intends users to maintain the stir stick in this position. It is undisputedly possible to use the accused device as directed without ever practicing the claimed method. Additionally, the product design naturally encourages noninfringing use. The ball and socket joint facilitates stirring with a full range of motion, the interrupted ribbing encourages continuous contact between the stir stick and the sides of the pitcher, and the rubber o-ring encourages contact between the stir stick and the sides of the pitcher. Finally, pictures of the device in the product instructions, packaging, catalogues, and Basic's own patent show the stir stick touching the sides of the pitcher.[260]

Similarly, in *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, when Bausch & Lomb sold off its Houston Instruments division to Ametek, and the parties knew that Houston made a grit wheel plotter that might infringe a patent held by Hewlett-Packard, this was not inducement infringement. Judge Rich:

> [I]t is clear that B & L was merely interested in divesting itself of Houston Instruments at the highest possible price. B & L had no interest in what Ametek did with Houston Instruments and certainly did not care one way or the other whether Houston Instruments, under Ametek's ownership, continued to make grit wheel

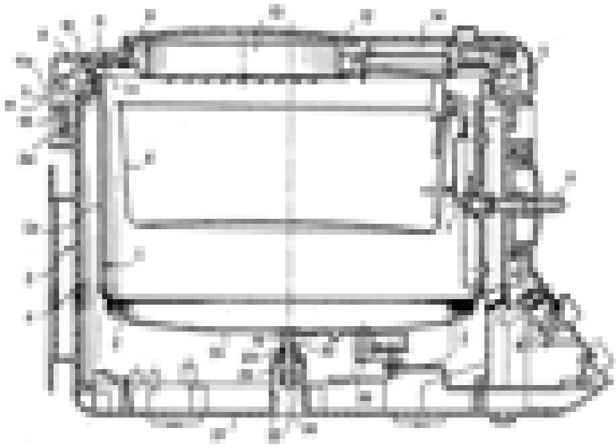
260. *Id.* at 1328.

> plotters. HP attempts to make much of the fact that part of the sale of Houston Instruments included the sale of specific plans for making grit wheel plotters as well as key personnel knowledgeable in this area. However, this is simply a result of the fact that Houston Instruments was sold "lock, stock and barrel' (i.e. with all "assets, properties, rights and business" included). B & L had no interest in nor control over what Ametek chose to do with the plans or the personnel. In this regard, it should also be kept in mind that grit wheel plotters constituted only a portion of Houston Instruments' sales.[261]

Do you see why the result might have been different if B & L had sold Ametek *only* the grit wheel plotter line of business?

Matters are different as to the required mental state toward the *legal* conclusion that the acts constituting infringement actually do constitute infringement. (Recall that for direct infringement, there is no such mental state—it's strict liability all the way down.) The basic rule here is that "induced infringement under § 271(b) requires *knowledge* that the induced acts constitute patent infringement."[262] So if the defendant simply has no idea that the patent exists, there can be no inducement infringement.[263] But the defendant who knows that the patent exists and believes that it is invalid enjoys no such defense. *Commil USA, LLC v. Cisco Systems Inc.* held that a belief in a patent's invalidity is no defense to a claim of induced infringement.[264]

261. Hewlett-Packard Co. v. Bausch & Lomb Inc., 909 F.2d 1464, 1469–70 (Fed. Cir. 1990).
262. Glob.-Tech Appliances, Inc. v. SEB S.A., 131 S. Ct. 2060, 2068 (2011) (emphasis added).
263. Does it make sense that defendants who do all their manufacturing in-house face strict liability, whereas those who outsource all their manufacturing face none?
264. Commil USA, LLC v. Cisco Sys. Inc., 135 S. Ct. 1920 (2015). An incorrect belief, that is. A correct belief of invalidity is a complete defense, because there is no valid patent to infringe.



U.S. Pat. No. U.S. Pat. No. 4,995,312: Cooking Appliance with Electric Heating

The other twist on the knowledge element for inducement is that knowledge can be proven through the defendant's ***willful blindness***, in which "(1) the defendant must subjectively believe that there is a high probability that a fact exists and (2) the defendant must take deliberate actions to avoid learning of that fact."[265] In *Global-Tech Appliances, Inc. v. SEB S.A.*, SEB held on a deep fryer whose exterior surface remained cool to the touch. Pentalpha cloned an SEB fryer it purchased in Hong Kong (which did not bear U.S. patent markings). It sold infringing fryers to Sunbeam, Fingerhut, and Montgomery Ward, which resold them in the United States. Pentalpha argued that it did not "induce" these sales under § 271(b) because it did not know about the patent.

> Pentalpha's belief that SEB's fryer embodied advanced technology that would be valuable in the U.S. market is evidenced by its decision to copy all but the cosmetic features of SEB's fryer. Even more telling is [a Pentalpha executive's] decision not to inform the attorney from whom Pentalpha sought a right-to-use opinion that the product to be evaluated was simply a knock-off of SEB's deep fryer.[266]

Willful blindness is similar to the constructive knowledge and "had reason to know" standards in that it treats someone who is not actually subjectively aware of a fact as though they were. Constructive knowledge treats certain facts as conclusively known on the basis of some predicate, e.g., recording a deed provides constructive knowledge of its contents to the world. The had-reason-to-know standard charges individuals with what a reasonable person in their shoes would have known after making

265. *Glob.-Tech Appliances*, 131 S. Ct. at 2070.
266. *Commil*, 135 S. Ct. at 2071.

reasonable investigations on the basis of what they actually knew, e.g., seeing someone living in a supposedly vacant house may provide reason to know of a potential adverse possession claim. These two standards are objective. Willful blindness is thoroughly subjective; it targets the person who deliberately avoids connecting the dots because they (correctly) fear what they will learn. It eliminates the incentive to avoid looking by treating the unknown-but-suspected fact as already known. Indeed, the defendant in Pentalpha's shoes might as well inquire, because there is a chance, however slim, that the patent it is worried about might not actually exist or might not cover the fryer.

3 Contributory Infringement

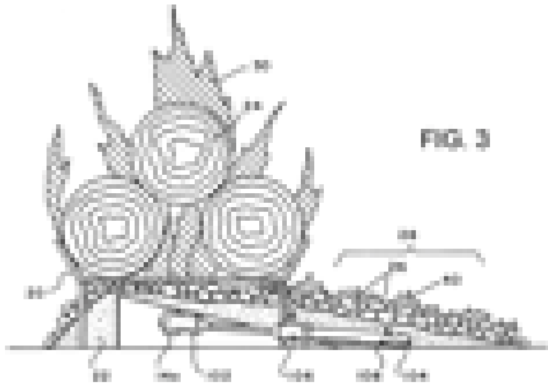
Contributory infringement under Section 271(c) is broader than active inducement in that it can be satisfied by mere *knowledge* rather than by intent; it is narrower in that it applies only to selling or offering to sell components, materials, and apparatuses and not to the wide range of conduct that active inducement can capture. Once again, it is useful to divide contributory infringement into three elements: (1) there must be a direct infringement, (2) to which the defendant has contributed by selling or offering to sell a material input, (3) with the appropriate level of knowledge.

Like active inducement, contributory infringement can only apply where there is some underlying direct infringement.[267] This underlying infringement can be of a product claim (a "component of a patented machine, manufacture, combination or composition") or of a method claim ("a material or apparatus for use in practicing a patented process"). The proof that the underlying direct infringement has taken place is basically the same as for active inducement, and similarly, there is no requirement that the direct infringer be joined as a defendant.

The crucial language describing what kinds of things one may not sell to direct infringers is components "especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use."[268] This looks like a two-element test, but it is really two mutually exclusive alternatives. *Either* an item is "especially made or especially adapted" for infringing use, *or* it is a "staple article or commodity of commerce" that is not. The idea is that suppliers should be free to sell general-purpose commodities that have substantial noninfringing uses without needing to inquire into their purchasers' intended uses, but that they sell items only suitable for infringing use at their peril.

A noninfringing use is "substantial" when it is "not unusual, far-

267. Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518 (1972).
268. 35 U.S.C. § 271(c).



U.S. Pat. No. 5,988,159: Gas-Fired Artificial Logs and Coals-Burner Assembly

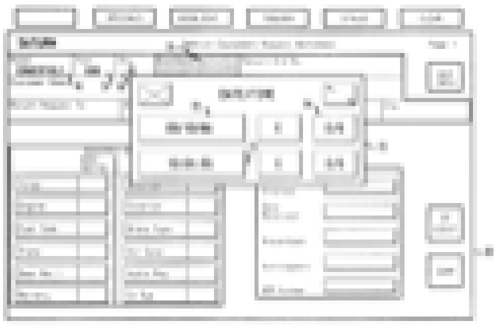
fetched, illusory, impractical, occasional, aberrant, or experimental."[269] The use of the stir stick in *Vita-Mix* to break up air pockets was a substantial use for the stir stick. In contrast, in *Golden Blount, Inc. v. Robert H. Peterson Co.*, a noninfringing use for a fireplace burner was insubstantial when it required disregarding the manufacturer's instructions on how to assemble the complete device.[270]

Drawing the line frequently requires looking at the defendant's product-design decisions, because what is the relevant component, material, or apparatus depends on the context. In *Hodosh v. Block Drug Co.*, the patent claimed "a method for desensitizing teeth with a composition containing an alkali metal nitrate [e.g., potassium nitrate]."[271] Selling potassium nitrate is not contributory infringement, because it is widely used in fertilizers and fireworks. But selling a toothpaste containing potassium nitrate was contributory infringement, because in its toothpaste form, its only significant use is to desensitize teeth while brushing them.

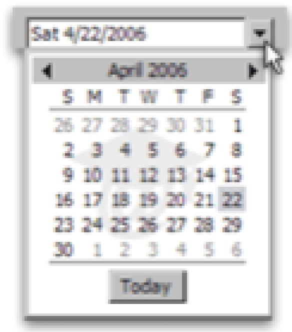
For a modern example, consider *Lucent Technologies, Inc. v. Gateway, Inc.*[272] Lucent owned a patent claiming a method of entering information into a computer by displaying a tool specific to the field the user is entering data in. Lucent asserted that the date picker in Microsoft Outlook infringed these claims, *when used by Outlook users*. Thus, as to Microsoft, this was a contributory-infringement case, not a direct-infringement case.[273]

The key issue was whether the relevant product was Outlook as a whole, which had substantial noninfringing uses, or the date picker,

269. Vita-Mix Corp. v. Basic Holding, Inc., 581 F.3d 1317, 1327 (Fed. Cir. 2009).
270. Golden Blount, Inc. v. Robert H. Peterson Co., 438 F.3d 1354 (Fed. Cir. 2006).
271. Hodosh v. Block Drug Co., 833 F.2d 1575 (Fed. Cir. 1987).
272. Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301 (Fed. Cir. 2009). Lucent was spun off from AT&T's research and manufacturing arm in 1996, but as its main business lines failed in the 2000s, it turned to asserting old Bell Labs patents.
273. Why didn't Lucent sue Outlook users?



U.S. Pat. No. 4,763,356: Touch Screen Form Entry System



Outlook 2003 date picker

which did not. The Federal Circuit agreed with Lucent that the right level of generality was the date picker. As it observed, if "Microsoft had offered the date-picker for sale as a separate download to be used with Outlook, there would be little dispute that Microsoft was contributing to infringement of the Day patent. . . . Inclusion of the date-picker feature within a larger program does not change the date-picker's ability to infringe."[274]

This gets at a key feature of software. Microsoft had the design freedom to include a date-picker feature, or to omit it. Thus, it makes sense to ask Microsoft to consider infringing and noninfringing uses not just when it decides whether or not to offer Outlook as a whole for sale, but also when it decides whether or not to include specific features in Outlook. Matters might be different if there were functional reasons that including feature X would also compel a defendant to include feature Y.

Finally, Section 271(c) requires the mental state of "knowing" that the product is suitable only for infringing uses. But again there is an ambiguity. Must the defendant know only the *factual* conclusion that the product is suitable only for particular uses (which just so happen, with or without their knowledge, to infringe), or must they also know the *legal* conclusion that those uses are infringing ones? In *Aro Mfg. Co. v. Convertible Top Replacement Co.*, the Supreme Court adopted the latter interpretation, holding that contributory infringement "require[s] a showing that the alleged contributory infringer knew that the combination for which his component was especially designed was both patented and infringing."[275] In cases where this element is in doubt, a cease-and-desist letter is a good way of calling a potential defendant's attention to the patent and establishing the necessary foundation of knowledge.

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274. *Lucent Techs.*, 580 F.3d at 1320, 1321.
275. Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 489 (1964).

Bait Shop Problem

The year is 1995. You represent the Plano Bait Shop, a retailer with twenty-eight stores in Texas and the South, and its own house-branded line of fishing gear.

One of those products is an empty open-topped rectangular aluminum box, with a length slightly less than the width of a bait box, lips at each end that are the right shape to attach to the top edges of a bait box, and a detachable plastic cover. Some buyers take the boxes, fill them with sand, and use it to immobilize earthworms. Others take the boxes and fill them with fish hooks, washcloths, or other items.

Another product is a Fisher's Finger's Friend set, which consists of one of the above-described aluminum boxes and a sealed packet of sharp-grained sand. The packet is printed with instructions that illustrate rolling a worm in the sand and then illustrate putting the worm on a hook.

You have received a cease-and-desist letter from Loren Lukehart, inventor of U.S. Patent No. 4,800,666, reproduced at the end of this chapter, alleging that Plano and its customers infringe the 666 patent. Advise your client on whether it can continue selling these products. If not, what is the smallest change that the Plano Bait Shop can make to its products or to its business operations?

G Defenses

There are a few distinctive patent defenses. Far and away the most important are invalidity challenges and exhaustion. As in trade secret, free-expression concerns are accommodated around the margins but do not have a free-standing defense. This section also discusses prior use rights and experimental use, both of which are marginal in practice.

1 Invalidity

Invalidity of any IP right is a complete defense to an infringement claim. If the right never existed in the first place, it cannot be infringed. Although technically the existence of the right is an element of the plaintiff's claim rather than an affirmative defense, it is functionally a defense because defendants will typically raise invalidity challenges as part of defending an infringement suit.

Patent is typical of many IP areas (in a way that trade secret is not) in that the plaintiff does not need to prove validity in full detail. Instead, they can rely on their issued patent as proof of validity. Indeed, they must do so: without an issued patent, they cannot sue for infringement at all.

A defendant can still raise an invalidity challenge in infringement litigation, but it is an uphill fight. Section 282 of the Patent Act provides:

> A patent shall be presumed valid. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.[276]

The Supreme Court has interpreted this language to mean that a defendant who wishes to prove invalidity defense must do so by ***clear and convincing evidence***.[277]

As noted above, some grounds of unpatentability can be raised only before the USPTO and are not available as invalidity defenses. Failure to disclose best mode cannot be raised as a defense.[278] Some observers have argued that lack of patentable subject matter challenge cannot be raised as an invalidity defense, reasoning that sections 102 and 103 are captioned "conditions for patentability" while section 101 is not.[279] This argument has not succeeded in the courts, which universally allow section 101 challenges—indeed, they typically start their analyses there, even before considering other defenses.

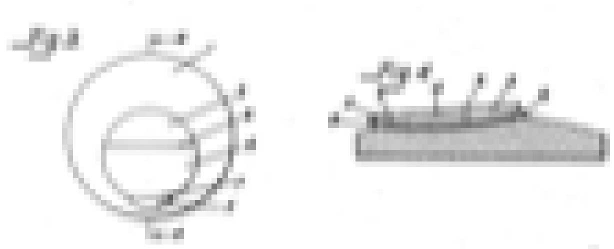
An invalidity finding can have catastrophic consequences for a patentee. While a finding of noninfringement simply means that the patentee loses that case against a particular defendant (and perhaps others on very similar facts), a finding of invalidity typically precludes the patentee from asserting the patent against *anyone*.[280] If a patent is like a sword, the patentee takes the risk of breaking it permanently every time they wield it.

2 Exhaustion

The doctrine of ***exhaustion*** (or sometimes "first sale") holds that when a patent owner sells an item embodying the patent, the patent owner's rights in that specific item are "exhausted" and it is not infringement to resell or use that item. The privilege to use the item free and clear of the exhausted patent rights run with the item, so that anyone into whose hands it passes is free to use it without risk of infringement.

Exhaustion is sometimes said to reflect a policy judgment about the appropriate degree of economic reward for a patent: the patent owner should be entitled to a single sale, rather than charging each subsequent user, again and again indefinitely. But there is a counter regularly leveled at this argument: if downstream users must pay for their uses, the initial sale price to the upstream buyer will be reduced to reflect the item's di-

276. 35 U.S.C. § 282(a).
277. Microsoft Corp. v. i4i Ltd. P'ship, 131 S. Ct. 2238 (2011).
278. 35 U.S.C. § 282(b)(3)(A).
279. David Hricik, *Why Section 101 is Neither a "Condition of Patentability" nor an Invalidity Defense* (Sept. 16, 2013), https://patentlyo.com/hricik/2013/09/why-section-101-is-neither-a-condition-of-patentability-nor-an-invalidity-defense.html. *See generally* 35 U.S.C. § 282(b)(2).
280. Blonder-Tongue Lab'ys, Inc. v. Univ. of Ill. Found., 402 U.S. 313 (1971).



U.S. Pat. No 1,845,940: Lens

minished resale value. But perhaps the patent owner will exploit buyers' inattention to unanticipated future uses and spring its demands for later royalties as a unfair surprise. The economic back-and-forth is extensive.

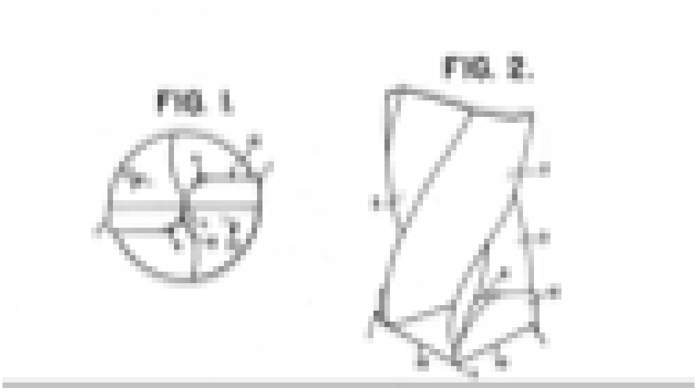
So perhaps a better argument about patent exhaustion is a more conceptual one: it draws the line between personal-property and intellectual-property rights. The owner of a lawfully made and acquired item of personal property need not inquire as to unlicensed IP rights encumbering it. They are free to use it for the uses for which it was sold. The patent owner retains the exclusive right to make, use, and sell more items of that kind, but their rights in *this specific item* have terminated. Exhaustion is a simple rule with low information costs.

Exhaustion applies to an item as long as it "embodies essential features of the patented device" when sold, even if it is not yet in an infringing state.[281] In *United States v. Univis Lens Co.*, the patentee's subsidiary sold unfinished lens blanks that would infringe only once ground into finished lenses. *Held*, the sale of blanks exhausted Univis's patent rights because "the only use to which [the blanks] could be put"[282] was in practicing the patent. Observe how this rule mirrors, and only is justifiable in light of, the section 271(c) rule that the sale of items "especially adapted" for infringing use is contributory infringement.

The line between "this specific item" and "more items of that kind" can be surprisingly tricky to draw. Obviously the item owner is not permitted to set up their own widget factory and make thousands of widgets just because they have bought one patented widget. Neither can they set up a widget factory and leave it idle, buy one widget, use it until it breaks, run the production line to make a single replacement widget, use it until it too breaks, run the production line to make another replacement widget, and so on. They have paid for one patented widget, not the perpetual right to use exactly one widget at a time. They can use the same widget, but not new ones.

But what if they use the widget until it breaks, then *reassemble the*

281. United States v. Univis Lens Co., 316 U.S. 241, 249 (1942).
282. *Id.*



U.S. Pat. No 4,222,690: Drill Having Cutting Edges with the Greatest Curvature at the Central Portion Thereof

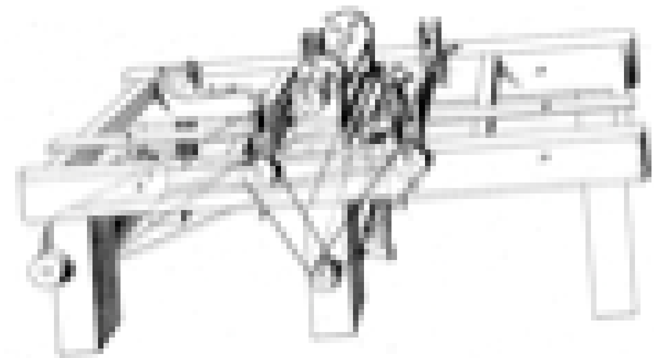
broken pieces into a widget? This is a metaphysical question about what constitutes the "same" widget.[283] It is also a specific doctrinal dividing line. The item owner is permitted to ***repair*** the widget, but not to ***reconstruct*** it into a new one "after the entity, viewed as a whole, has become spent."[284]

For an example of the repair/reconstruction line, consider *Sandvik Aktiebolag v. E.J. Co.*, which involved Sandvik's patents (Nos.4,222,690 and 4,381,162) on a drill with a carbide tip with specicially shaped cutting edges.[285] Over time, the drill tips wear down. After cutting through about a thousand inches of material, they need to be resharpened, i.e. the cutting edges must be worn down so that they have the correct angles. But after enough use, resharpening is not feasible, Either the tip has been chipped or cracked, or it has simply worn down so much that there is not enough surface on the cutting edges to resharpen.

The defendant, E.J., offered a drill repair service that would retip a Sandvik drill bit:

> E.J.'s retipping process includes removing the worn or damaged tip by heating the tip to 1300 degrees Fahrenheit using an acetylene torch. E.J. then brazes in a rectangular piece of new carbide onto the drill shank. After the piece of carbide has cooled, E.J. recreates the patented geometry of the cutting edges by machining the carbide. This process includes: (1) grinding the carbide to the proper outside diameter; (2) grinding the carbide to a point; (3) grinding the rake surfaces of the new point; (4) grinding the center of the new point; and (5) honing the edges. In the final

283. If this kind of philosophical question is interesting to you for its own sake, read Derek Parfit.
284. Aro Mfg. Co. v. Convertible Top Replacement Co., 365 U.S. 336, 346 (1961).
285. Sandvik Aktiebolag v. E.J. Co., 121 F.3d 669 (Fed. Cir. 1997).



U.S. Pat. No. U.S. Pat. No. Reissue 71: Improvement in Machines for Planing, Tonguing, Grooving, and Dressing Boards, &c.

> steps of the machining process, E.J. creates the cutting edges by following Sandvik's instructions for tip resharpening.[286]

Per the Federal Circuit, *resharpening* the drill tips was a permissible repair allowed by patent exhaustion, but *retipping* the drills was a forbidden reconstruction. It emphasized a number of factors:

> [T]he nature of the actions by the defendant, the nature of the device and how it is designed (namely, whether one of the components of the patented combination has a shorter useful life than the whole), whether a market has developed to manufacture or service the part at issue and objective evidence of the intent of the patentee.[287]

Notice the emphasis on the useful life of the device and its components. The drill's useful life was essentially the same as that of the tip; some customers simply threw away their Sandvik drills once the tips wore out. By way of contrast, in in *Wilson v. Simpson*, the knives in the patentee's machine would last for two or three months, but the rest of the machine would function for years if the knives were regularly replaced.[288] Sandvik's drill tips were not designed to be replacable; indeed, they were not detachable.

This all makes sense, but maybe Sandvik's drill tips were designed not to be replaced *so that patent exhaustion would not allow the owners to replace them*. Sandvik did not make or sell replacement drill tips, or publish retipping instructions, but why would it? An aftermarket for retipping Sandvik drills is a market that others can compete in. By defining the patented article and its useful life as narrowly as it did, Sandvik reduced

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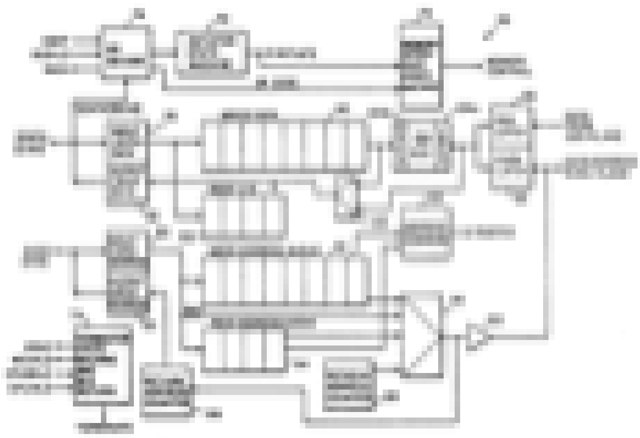
286. *Id.* at 671–72.
287. *Id.* at 673.
288. Wilson v. Simpson, 50 U.S. (9 How.) 109, 125 (1850).



U.S. Pat. No 5,379,379: Memory Control Unit with Selective Execution of Queued Read and Write Requests:

the effects of exhaustion on its business model. It could not eliminate those effects, even if it had wanted to: resharpening was still permissible repair. But it could still act strategically, and thus wastefully, effectively forcing customers to throw away the rest of their perfectly good drills once the tip has worn down past the point of resharpening.

Exhaustion can also apply to method claims, even though it may appear that there is nothing to exhaust. In *Quanta Computer, Inc. v. LG Electronics, Inc.*, the Supreme Court held that method claims are "exhausted by the sale of an item that embodie[s] the method."[289] It reasoned that "Apparatus and method claims may approach each other so nearly that it will be difficult to distinguish the process from the function of the apparatus," so that otherwise a patentee could always avoid exhaustion by redrafting a claim to the item itself as a claim to a method the item carries out.[290] In *Quanta* itself, LG held patents claiming methods of storing data in computer memory and licensed Intel to make and sell chips practicing the patents. This exhausted LG's rights in the chips Intel sold; end users were free to use those chips, notwithstanding LG's patents.[291] *Quanta* also confirms that the first sale triggering exhaustion can be made by a licensee of the patentee, rather than by the patentee itself. What matters is that the sale is authorized, not who makes it.

For many years, patent owners have attempted to avoid exhaustion by purporting to impose contractual restrictions when they sell an item. But per the Supreme Court, such restrictions are ineffective. Exhaustion

289. Quanta Comput., Inc. v. LG Elecs., Inc., 553 U.S. 617, 629 (2008).
290. *Id.*
291. Compare *Lucent Technologies*; make sure you see why Microsoft's sale of Office didn't exhaust Lucent's date-picker patent.

A (non-Impression) remanufactured Lexmark printer cartridge

still applies.

The leading case is *Impression Products, Inc. v. Lexmark International, Inc.*[292] Lexmark sells laser printers. Like many printer manufacturers, it sells the printers cheaply and makes most of its profits on toner. Because toner is so costly and so lucrative—toner costs more per milliliter than caviar, perfume, or vintage Dom Perignon—it is an attractive market for competitors.

To keep competitors from simply selling their own Lexmark-compatible toner cartridges, Lexmark owns a number of patents covering its toner cartridges and their use.[293] So remanufacturers like Impressions obtain empty Lexmark cartridges, refill them with toner, and sell them at a discount to Lexmark's prices for new cartridges. Under cases like *Sandvik*, this is permissible repair. The toner itself is unpatented, and the cartridges can be easily refilled.

To keep remanufacturers from getting their hands on empty Lexmark cartridges, Lexmark created a "Return Program" in which purchasers received a discount in exchange for signing a contract promising to use the cartridge only once and to not to transfer it to anyone but

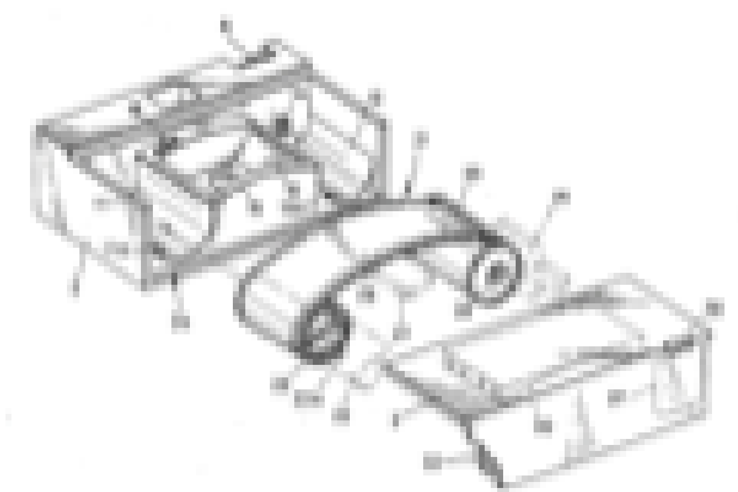
292. Impression Prods., Inc. v. Lexmark Int'l, Inc., 137 S. Ct. 1523 (2017).
293. This is the first, but hardly the last, time we will meet Lexmark's attempts to control the toner market via IP.

Lexmark. When Impression continued to refill Lexmark cartridges, Lexmark sued for patent infringement. The Supreme Court held that the restriction was ineffective:

> We conclude that Lexmark exhausted its patent rights in Return Program cartridges the moment it sold them. The single-use/no-resale restrictions in Lexmark's contracts with customers may have been clear and enforceable under contract law, but they do not entitle Lexmark to retain patent rights in an item that it has elected to sell.[294]

The Federal Circuit had held to the contrary, reasoning that patent exhaustion is an implied license flowing to downstream users, but that patent owners were free to withhold that implied license if they structure their contracts with purchasers so that no downstream license passes. But this is the wrong way to think about exhaustion. It is not a default rule for interpreting licenses of the patentee's rights; it is a limit on what rights the patentee has in the first place.

Reusable Camera Problem



A disposable camera

Your client, Déjà Vu Camera, makes disposable cameras reusable. These cameras consist of a cardboard container enclosing a roll of film, some inexpensive lenses, a small battery, a flash, a numerical counter,

294. *Impression Prods.*, 137 S. Ct. at 1531.

and a mechanism to advance the film. They are typically handed out at weddings, summer camps, and other social occasions for participants to take candid shots. To develop the film, a lab removes the roll, tearing through perforations in the cardboard container in the process. At this point, the battery may be drained (if the flash was used heavily), and the container is irreparably damaged.

Déjà Vu acquires used disposable cameras in bulk from event vendors. It completely removes the cardboard cover, replaces or recharges the battery (depending on the camera model), installs a fresh film roll, resets the counter, rewinds the film onto the advancing mechanism, and then encloses the package in a new cardboard cover. It then resells the cameras to event vendors at a discount from the prices for new cameras.

The Sun'aq Camera Corporation has a reputation for being litigious in asserting its patent rights. It sells disposable cameras that have a label on the bottom of the cardboard enclosure reading, "This camera is protected by [patent numbers]. It is licensed for a single use only and may not be reconditioned, repaired, reused, or reloaded after the cardboard container has been opened." Its patent portfolio includes:

- The '445 patent, which covers the specific pattern of perforations in the cardboard container.
- The '607 patent, which covers the advancing mechanism.
- The '033 patent, which covers the method of installing a roll of film in a disposable container and then removing the film from the container.
- The '890 patent, which covers the battery design.

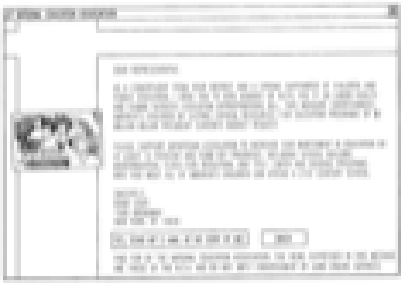
Déjà Vu is considering adding Sun'aq cameras to the list of disposable cameras it resells. Advise Déjà Vu on whether and how it can do so.

3 Free Expression

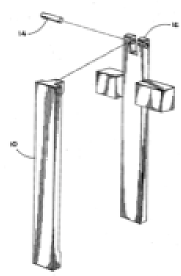
At first glance, patents might not appear to raise substantial First Amendment issues, as they deal with technology rather than with speech. But this view is mistaken. Some patents directly claim speech while others can be enforced ways that potentially restrict speech.[295]

As examples of patents that claim speech, consider No. 6,311,211, which claims "sending an advocacy message to the selected user," and No. 4,004,547, on a cross-shaped door knocker. The former could be asserted to restrict political speech; the latter could be asserted to restrict religious speech. This is not to say that these patents should not have issued, or that their assertion would be unconstitutional, just that they clearly have free-expression implications. And, of course, patents

295. *See generally* Dan L. Burk, *Patents and the First Amendment*, 96 Wash. U. L. Rev. 197 (2018); Tun-Jen Chiang, *Patents and Free Speech*, 107 Geo. L.J. 309 (2019).



U.S. Pat. No. 6,311,211: Method and Apparatus for Delivering Electronic Advocacy Messages



U.S. Pat. No. 4,004,547: Christian Door Knocker

on printing presses and other speech-carrying technologies can influence speech, as well.Similarly, advocacy groups have made vehement arguments that software and diagnostic-test patents violate the First Amendment. The argument against software patents, in brief, is that software is inherently speech because it is expression in the medium of code, so that claiming software (opposed to claiming hardware) necessarily claims speech itself. The short version of the argument against diagnostic patents is that they restrict physicians' professional speech to patients.

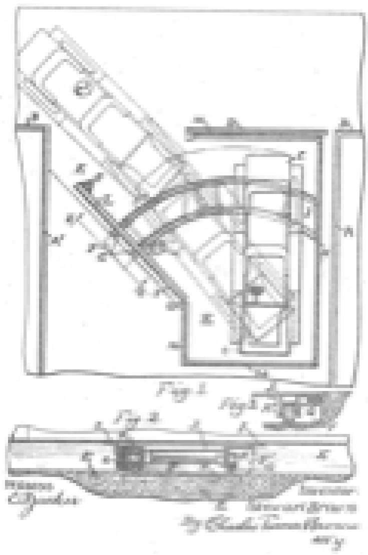
As an example of how a non-speech-related patent can be asserted to restrict speech, consider *Popular Mechanics Co. v. Brown*, where *Popular Mechanics* published a picture and 20-line description of how to construct a garage "from which a sufficiently skilled reader might erect a structure embodying the idea of the patent."[296] The patentee sued for what we would today call active inducement. They lost, because there was no proof of any direct infringement. But notice that *Popular Mechanics* is part of "the Press" protected by the First Amendment, and its alleged infringement consisted *entirely of speech*, as indeed many active inducement claims will. Even where the defendant also provides a product or service, the line defining "inducement" will frequently turn on the defendant's speech explaining how to do something or recommending a course of conduct.

But patent law has no doctrines specifically directed to expressive values, the way that copyright's fair use doctrine is. Parties can and do make expressive arguments in support of their positions under other doctrines, but there is no separate free-expression defense.

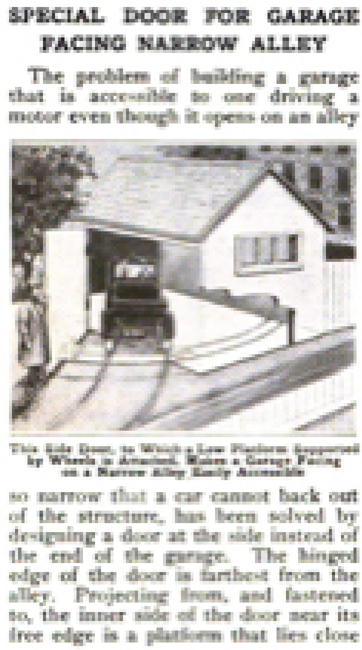
4 Prior Use

Section 273(a) creates a "prior use defense" for a defendant who has commercially used a patented technology "acting in good faith" at least one year before the earlier of the patent's filing date or public disclo-

296. Popular Mechs. Co. v. Brown, 245 F. 859, 859 (7th Cir. 1917).



U.S. Pat. No. 1,175,506



SPECIAL DOOR FOR GARAGE FACING NARROW ALLEY

The problem of building a garage that is accessible to one driving a motor even though it opens on an alley so narrow that a car cannot back out of the structure, has been solved by designing a door at the side instead of the end of the garage. The hinged edge of the door is farthest from the alley. Projecting from, and fastened to, the inner side of the door near its free edge is a platform that lies close

This Side Door, to Which a Low Platform Supported by Wheels is Attached, Makes a Garage Facing on a Narrow Alley Easily Accessible

Popular Mechanics, Aug. 1916, at 216

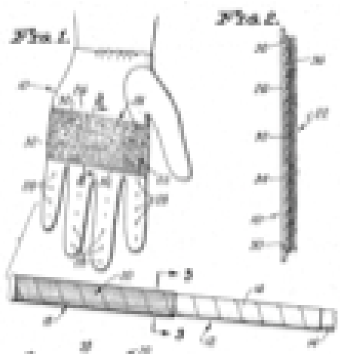
sure.[297] The defense is restricted to processes, and to products used in processes. Both internal commercial uses and arm's length sales are protected. However, the defendant must establish their prior use by clear and convincing evidence.

The prototypical prior-use defendant is a large manufacturer that uses a secret and potentially patentable process as part of its manufacturing operations. The dubious patentability means that it risks disclosing the details to competitors if it seeks patent protection. Under the pre-AIA first-to-invent system, this internal use gave it priority over later inventors, so it its bets were hedged in case the process turned out to be patentable after all. But under the post-AIA first-to-file system, this secret use creates no prior art, so the competitor who files first could enjoin this longstanding use! Thus, the prior use defense was added to try to calibrate the balance between the incentives for secrecy and disclosure.

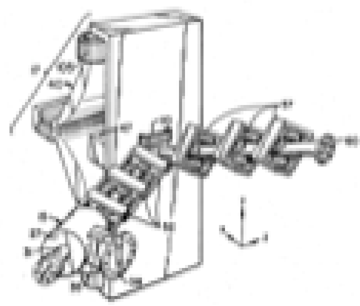
All that said, thousands of patent cases are filed yearly, but few defendants assert prior user rights. Why might that be? Consider . . .

Sausage Problem

297. 35 U.S.C. § 273(a).



U.S. Pat. No 3,368,811: Interlocking Glove and Handle



U.S. Pat. No 4,641,103: Microwave Electron Gun

Your client, Kemmit Meats, makes sausage, jerky, and other processed meat products. Some of its sausages taste better if they are held at relatively high temperatures in high-moisture environments during the curing process, but this poses an elevated risk of contamination because warm, moist, protein-rich environments are conducive to bacterial growth. About 8 years ago, a team of Kemmit food scientists and process engineers developed a method to accelerate the flavoring process by passing the products through a carefully arranged sequence of compartments at different temperatures and humidities. This method has been used in your Kemmit's factories since then.

You have just learned that a competitor, Agronomerica, has obtained a patent on a nearly identical method, filed for 18 months ago and granted 1 month ago. Agronomerica has sent Kemmitt a cease-and-desist letter offering to enter into a licensing arrangement. How will you respond?

5 Experimental Use

In 1813, Justice Story, riding circuit, held that it was not patent infringement to make a patented machine "merely for philosophical experiments, or for the purpose of ascertaining the sufficiency of the machine to produce its described effects."[298] This rationale evolved into a broader "experimental use" defense that protected activities to understand the invention and how it worked, as long as they were not tied too directly to plans to commercialize the technology. For example, in *Finney v. United States*, it was experimental use for NASA to try putting Velcro on an astronaut's space-suit gloves and on the handles of the two-wheeleed vehicle he was to pull on the Moon, to see whether this would solve the problem of making the handles easier to grip.[299] Presumably, experimental use would not have protected NASA if Alan Shepard had actually used the

298. Whittemore v. Cutter, 29 F.Cas. 1120, 1121 (C.C.D. Mass. 1813).
299. Finney v. United States, 178 U.S.P.Q. 235 (Ct. Cl. 1973).

Velcro gloves on the Moon during the Apollo 14 mission.[300]

The Federal Circuit never liked the experimental use defense. The United States government asserted experimental use during extensive testing of potential weapons systems and other military technologies it was considering buying; universities asserted it to cover their extensive research activities, arguing that almost any academic or non-profit uses were inherently "experimental." In *Madey v. Duke University*, the Federal Circuit all but interred the doctrine when a former professor sued Duke University for continuing to use the laser he had left behind in his lab when he resigned, and on which he held several patents.[301] It held that while the experimental use doctrine would protect uses "solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry,"[302] those phrases did not cover a major research university:

> However, these projects unmistakably further the institution's legitimate business objectives, including educating and enlightening students and faculty participating in these projects. These projects also serve, for example, to increase the status of the institution and lure lucrative research grants, students and faculty.[303]

Shrimp Deveining Problem

Your client, Southern Fruits De Mer (SFDM), is a regional seafood processor with plants in Louisiana, Missisippi, and Texas. For years, it has been buying handheld shrimp deveining tools from Seafood Supply Amalgamated (SSA). A few years ago, SSA introduced a new deveining tool with a double-curved blade that reduces friction and makes more precise cuts. Some of SFDM's employees realized that the new tool design could be mounted horizontally above a moving conveyor belt. In this configuration, they could line up the shrimp with both hands and let the belt pull it through, resulting in substantially less cramping and fatigue. They installed this device in two of SFDM's plants, increasing productivity and decreasing injury rates.

You have discovered that SSA holds a patent (the '003 patent) on the shape of the double-curved deveining-tool design. The double-curved blade design is essential to the funtioning of the new device, because it automatically recenters the shrimp if it starts to pull to one side or the other. The device does not work effectively when used with older deveining-tool designs.

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300. Wait? Would use on the Moon infringe at all? 35 U.S.C. § 105.
301. Madey v. Duke Univ., 307 F.3d 1351 (Fed Cir. 2002).
302. *Id.* at 1362.
303. *Id.*

Advise SFDM on its IP strategy in relation to the existing ’003 patent and the new deveining device.

Bizarro World Problem, Redux

Recall the Bizarro World Problem from the Undeveloped Ideas chapter. How does your advice change in a world that has trade-secret law and patent law?

4

Copyright

Copyright protects creative expression. In some ways it is structurally similar to patent law: both reward someone who creates valuable information with exclusive rights over it. But in many other ways—including subject matter, novelty, registration, term, and similarity—copyright is almost completely the opposite of patent.

The standard justification for copyright law is familiar and utilitarian: to maximize public access to the fruits of human creativity. Thus, copyright law provides an economic ***incentive to create*** new expressive works, and provides protections to encourage the ***distribution*** of those works. Another rationale, with more of a natural-law flavor, is to protect ***authors' non-economic interests*** by giving them creative control over their work. One sometimes also sees arguments that link copyright and ***freedom of speech*** in a shared goal of creating a diverse society with a healthy culture and healthy democracy.

Like patent, copyright law derives from Congress's power under the IP Clause. Congress enacted the first federal copyright act in 1789, which provided for a federal copyright in maps, charts, and books for a term of 14 years, renewable for another 14 years. The subject matter has expanded since then, as has the length of the term. The current statute, the Copyright Act of 1976 (as heavily amended) protects all "original works of authorship" for a term of the author's life plus another 70 years. The previous act, the Copyright Act of 1909 (also heavily amended) casts a long shadow even today and is important for understanding the 1976 Act.

For much of U.S. history, federal copyright coexisted alongside state copyright, with publication typically marking the dividing line between the two. The 1976 Copyright Act, as amended, has now almost completely displaced state copyright, but state law's vestigial traces remain, like the appendix of the copyright system, occasionally erupting with painful consequences.

Copyright "subsists" immediately when a work is created and "fixed in any tangible medium of expression," but federal registration is generally required to bring an infringement suit. The registration process, which is administered by the Copyright Office, a division of the Library of Congress, is quick, cheap, and lightweight compared with patent examination. The Copyright Office also maintains records of registrations and other copyright filings, publishes extensive guidance on copyright law, and produces major policy studies on copyright law. Anyone working seriously with copyright should be familiar with the Office's *Compendium of U.S. Copyright Office Practices*.[1] A Restatement of Copyright project at the American Law Institute is currently underway.[2]

A Subject Matter

Copyright protects original works of authorship. It does *not* limit protection to particular kinds of art or creativity, but it *does* exclude "ideas" from being copyrightable.

1 Works of Authorship

Section 102(a) of the Copyright Act states:

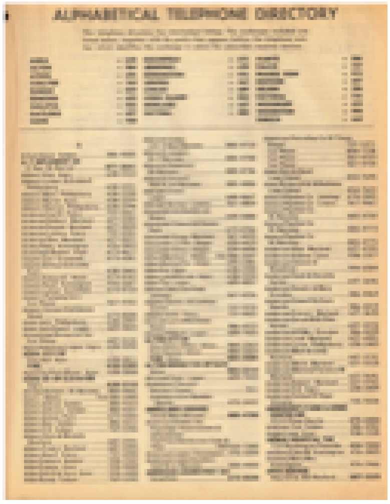
> Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.[3]

As *Feist Publications, Inc. v. Rural Telephone Service Co.*, the leading case on copyrightability, explains:

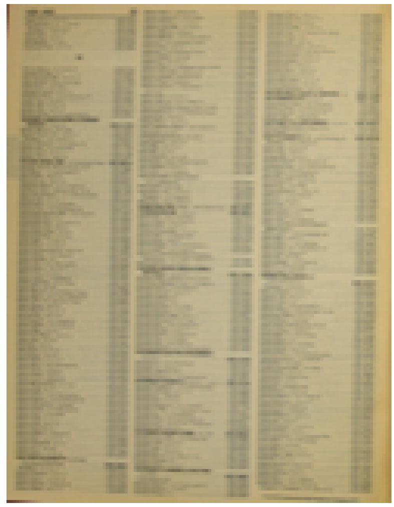
> The *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity.[4]

Elsewhere, *Feist* helpfully expresses the elements of originality as "independent creation plus a modicum of creativity."[5]

1. Copyright Off., Compendium of U.S. Copyright Office Practices (3d ed as rev. 2021) [hereinafter Compendium].
2. The standard copyright treatises are Melville B. Nimmer & David Nimmer, Nimmer on Copyright (2021); William F. Patry, Patry on Copyright (2021); Howard B. Abrams, The Law of Copyright (2020); Bruce P. Keller & Jeffrey P. Cunard, Copyright Law: A Practitioner's Guide (2020).
3. 17 U.S.C. § 102(a).
4. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991).
5. *Id.* at 346.



Rural's telephone directory



Feist's telephone directory

a Originality

Feist involved competing telephone directories. The Rural Telephone Service Company operates in northwest Kansas. As legally required by state franchise regulations, it published an annual telephone directory that " list[ed] in alphabetical order the names of Rural's subscribers, together with their towns and telephone numbers."[6]

Feist published a telephone directory, covering a much larger geographic area, which contained 46,878 listings. Feist requested a license to Rural's listings; Rural refused. Feist's employees verified the data for 4,935 individuals in Rural's service area. 1,309 of the listings in Feist's telephone directory were identical to listings from Rural's, including "four fictitious listings that Rural had inserted into its directory to detect copying."[7]

Rural sued for copyright infringement, and won in both the District Court and Court of Appeals on a theory of "sweat of the brow"—that a copyist should not be able to free ride on the hard work of someone who has assembled a compilation of information, even if the individual entries are uncopyrightably unoriginal. As one classic case put it:

> The right to copyright a book upon which one has expended labor in its preparation does not depend upon whether the materials which he has collected consist or not of matters which are *publici juris*, or whether such materials show literary skill or originality, either in thought or in language, or anything more than industrious collection. The man who goes through the streets of

6. *Id.* at 342.
7. *Id.* at 344.

> a town and puts down the names of each of the inhabitants, with their occupations and their street number, acquires material of which he is the author.[8]

But the Supreme Court unanimously reversed, holding that only originality—not effort—is a proper basis for copyright protection.

> Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable.[9]

The theory here is one sometimes known as ***romantic authorship***: creativity is the product of an individual's unique and inimitable artistic inspiration, and this personal essence infused into the work is what copyright protects. It follows immediately that facts are uncopyrightable.

> No one may claim originality as to facts. This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. . . . Census takers, for example, do not "create" the population figures that emerge from their efforts; in a sense, they copy these figures from the world around them. Census data therefore do not trigger copyright because these data are not "original" in the constitutional sense. The same is true of all facts—scientific, historical, biographical, and news of the day. They may not be copyrighted and are part of the public domain available to every person.[10]

Thus, Rural had no copyright in its customers' names, addresses, and telephone numbers. It did not create them; it merely recorded these facts in its directory.

b A Modicum of Creativity

The rule that facts are uncopyrightable is a qualitative test, but originality also has a quantitative component. There must be at least a "modicum" or "minimal degree" of creativity. How much is a modicum? Not much. *Feist*:

> To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the

8. Jeweler's Circular Publ'g Co. v. Keystone Pub. Co., 281 F. 83, 88 (2d Cir. 1922).
9. *Feist*, 499 U.S. at 345.
10. *Id.* at 347–48.

Rack Stack logo

Objective Partners logo

Which one is creative enough to be copyrightable?

> grade quite easily, as they possess some creative spark, no matter how crude, humble or obvious it might be.[11]

Starting in 2016, the Copyright Office's Review Board, which hears appeals of registration refusals, has helpfully published its opinions online. They provide a nice window onto the thin line that separates a minimal degree of creativity from a sub-minimal degree. Compare the two logos in Figure 4.2. The Rack Stack logo on the left was copyrightable:

> Though the work employs common geometric shapes, viewed as a whole, the Work combines the constituent elements in a sufficiently creative way to meet the statutory requirements for copyright protection. The Work employs different colors, choosing shades of blue for the left half of the Work and shades of green on the right, with different shades chosen for different sections of the prisms. LPC varied the spacing between the second and third prisms, and also made creative choices in removing six sections of the rectangular prisms to create a unique visual effect. These choices are sufficient to provide the "modicum of creativity" required for copyright protection.

But the Objective Partners logo on the right was uncopyrightable:

> The Board finds that none of the Work's individual components are sufficiently creative to be eligible for copyright protection. The constituent elements—two semi-circular tapered bands, or crescents—are not individually subject to copyright protection. The Copyright Act does not protect common geometric shapes, such as circles or curved lines.
>
> The combination of these unprotectable elements in the Work as a whole does not elevate its creativity beyond the thresh-

11. *Id.* at 345.

Arthur Takeall and his dummy, Scooter

Ray Charles for Pepsi

> old for copyright protection. While designs that combine uncopyrightable elements can by copyrightable if they are creatively combined, the Work does not have that spark of creativity. Here, the Work consists of a simple combination of only two elements—two tapered crescents arranged as mirror images of each other to form a circle—displayed in two different shades of grey with no other shading or color variation. The Work is thus an example of merely bringing together only a few standard forms or shapes with minor linear or spatial variations that does not qualify for copyright protection.

Observe that the Board treats some creative elements, such as "common geometric shapes," as uncopyrightable as a matter of law. One reason is that they are unoriginal; billions of people have already drawn circles and diamonds. Another is that there are very few creative decisions in a geometric shape by itself; only in combination, with variations such as arrangement and color, can the total degree of creativity add up to more than a modicum.

Other elements are also uncopyrightable as a matter of law on the theory that they are insufficiently creative. The Copyright Office lists a few in its regulations:

> Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents;[12]

As an example of the short-phrase rule, the ventriloquist Arthur Takeall's slogan "You Got the Right One, Uh-Huh" was held uncopyrightable in a lawsuit against Pepsi for TV ads in which Ray Charles sang "You Got the Right One, Baby, Uh–Huh."[13]

12. 37 C.F.R. § 202.1(a)
13. Takeall v. Pepsico, Inc., 14 F.3d 596 (4th Cir. 1993).

We Who Are Young (1940) poster

We That Are Young (2018) cover

Cyberpunk 2077 logo

The title rule is important in keeping one creators from preempting each other by taking all the good titles. For example, Harry Becker's nonfiction book *We Who Are Young* about the 1936 Presidential campaign could not stop the 1940 movie *We Who Are Young*,[14] or for that matter Preti Taneja's 2018 novel *We That Are Young*.[15]

Another rule of *per se* uncopyrightability in the Copyright Office's regulations is "typeface as typeface."[16] This is sometimes defended on creativity grounds—most typeface designs consist of very subtle variations on well-established letter forms—but the more mundane explanation is that printers successfully lobbied for the exclusion because they were afraid of massive copyright liability for unknowingly printing books using later-held-to-be-infringing fonts.The rule can have some surprising consequences, as in the Board's rejection of the Cyberpunk 2077 logo, which it described as "unprotectable typeface with text effects" that "suggest science fiction or futuristic aesthetics commonly used in typeface

14. Becker v. Loew's, Inc., 133 F.2d 889 (7th Cir. 1943).
15. What about the 90-word title of Fiona Apple's second studio album:

> When the Pawn Hits the Conflicts He Thinks Like a King What He Knows Throws the Blows When He Goes to the Fight and He'll Win the Whole Thing 'fore He Enters the Ring There's No Body to Batter When Your Mind Is Your Might So When You Go Solo, You Hold Your Own Hand and Remember That Depth Is the Greatest of Heights and If You Know Where You Stand, Then You Know Where to Land and If You Fall It Won't Matter, Cuz You'll Know That You're Right

Copyrightable?

16. 37 C.F.R. § 202.1(e)

Arrows logo

design."

Arrows Problem

Is this logo (for a professional sports team) sufficiently creative to be copyrightable?

c Compilations

Copyrightable subject matter includes "compilations," which are "formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship."[17] These preexisting materials are not original, so they are not copyrightable by the compiler. But the compilation as a whole may be copyrightable on the basis of its selection and arrangement.

Feist is also a compilation case, because Rural's strongest argument for copyrightability was how it selected and arranged the listings into its directory. This is a valid form of argument, *if* there is originality in the compiler's choices. The resulting copyright is sometimes said to be ***thin***:

> Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another's publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement.[18]

But Rural's directory fell into the "narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent."[19]

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17. 17 U.S.C. § 101.
18. Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 349 (1991).
19. *Id.* at 359.

> Rural's selection of listings could not be more obvious: It publishes the most basic information—name, town, and telephone number—about each person who applies to it for telephone service. This is "selection" of a sort, but it lacks the modicum of creativity necessary to transform mere selection into copyrightable expression. Rural expended sufficient effort to make the white pages directory useful, but insufficient creativity to make it original.
>
> We note in passing that the selection featured in Rural's white pages may also fail the originality requirement for another reason. Feist points out that Rural did not truly "select" to publish the names and telephone numbers of its subscribers; rather, it was required to do so by the Kansas Corporation Commission as part of its monopoly franchise. Accordingly, one could plausibly conclude that this selection was dictated by state law, not by Rural.
>
> Nor can Rural claim originality in its coordination and arrangement of facts. The white pages do nothing more than list Rural's subscribers in alphabetical order. This arrangement may, technically speaking, owe its origin to Rural; no one disputes that Rural undertook the task of alphabetizing the names itself. But there is nothing remotely creative about arranging names alphabetically in a white pages directory. It is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course. It is not only unoriginal, it is practically inevitable. This time-honored tradition does not possess the minimal creative spark required by the Copyright Act and the Constitution.[20]

d Categories of Copyrightable Works

Section 102(a) also lists eight categories of copyrightable works. The categories are important, since details of copyright turn on them. But they are *nonexclusive*. In theory, a work can be copyrightable without fitting into one of them. I say "in theory" because it is vanishingly uncommon in practice; essentially every work someone cares enough about to claim copyright in can fit within one of the eight categories. It is useful to go over the categories briefly:

1. ***Literary*** works are expressed in words or other symbols. They include books, newspaper articles, and other traditionally written or printed media. They also include ebooks and online articles; the definition is medium-neutral. A little more surprisingly, they also

20. *Id.* at 362–63.

include computer software, which is classified as a literary work because the source code written by programmers is symbolic.

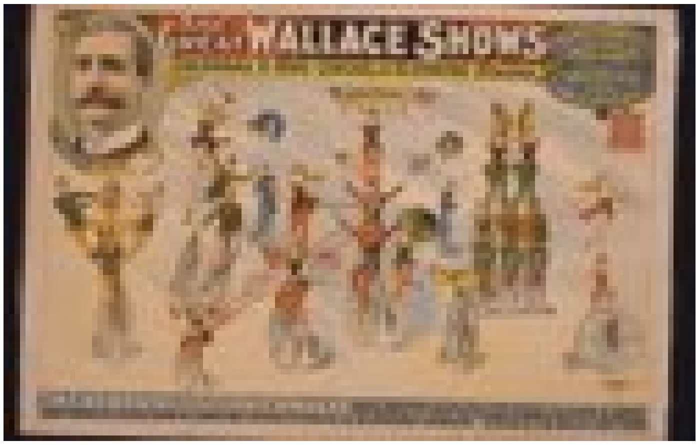
2. ***Musical*** works are songs ("including any accompanying music") and instrumental compositions. Note that this definition protects only the sheet music or other specification of the composition itself, not any particular performance or recording of a performance.
3. ***Dramatic*** works are plays, screenplays, and other scripts. They are defined as "including any accompanying music," so operas, rock operas, and Broadway musicals are included here. Again, this category covers only the script, not any particular performance or recording of a performance.
4. ***Choreographic*** works are instructions for a dance (think Alvin Ailey or the New York City Ballet). Again, what is protected is the instructions, not a performance or recording. ***Pantomimes*** are the obscurest subccategory. Perhaps the mimes are all too busy being stuck in invisible boxes to sue each other.
5. ***Pictorial, graphic, and sculptural*** or PGS works are the visual arts, e.g., photographs, paintings, and statutes.
6. ***Audiovisual*** works consist of "a series of related images which are intrinsically intended to be shown by the use of machines . . . together with any related sounds."[21]
7. ***Sound recordings*** are the result of fixing sounds so that they can be later replayed. Recorded versions of songs are the obvious example, but audiobooks and secret surveillance tapes are are also sound recordings.
8. ***Architectural works*** are the designs of buildings. They can be embodied in architectural plans (a/k/a blueprints) or in buildings as actually constructed.

2 Aesthetic Nondiscrimination

Does copyright require anything besides originality? Put differently, are there works that possess a modicum of creativity but are nevertheless uncopyrightable because they are the wrong kind of creativity? *Bleistein v. Donaldson Lithographing Co.*, Justice Holmes's copyright masterpiece, answered this question with a definitive "no."[22]

Bleistein v. Donaldson Lithographing Co.

21. 17 U.S.C. § 101. The definition in terms of discrete images is unfortunate; it would seem to exclude any audiovisual display produced by continuous motion, rather than in discrete frames like a film or digital video.
22. Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903).



Wallace circus poster.

188 U.S. 239 (1903)

[Bleistein was an employee of the Courier Lithographing Company, which produced three large color posters, or "chromolithographs," to be used as advertisements for Benjamin Wallace's traveling circus. Later, the Donaldson Lithographing Company reproduced the posters in smaller black-and-white versions, as advertisements for the same circus. When Courier sued, Donaldson defended by arguing that the the posters were not copyrightable.]

We shall do no more than mention the suggestion that painting and engraving unless for a mechanical end are not among the useful arts, the progress of which Congress is empowered by the Constitution to promote. The Constitution does not limit the useful to that which satisfies immediate bodily needs. It is obvious also that the plaintiffs' case is not affected by the fact, if it be one, that the pictures represent actual groups – visible things. They seem from the testimony to have been composed from hints or description, not from sight of a performance. But even if they had been drawn from the life, that fact would not deprive them of protection. The opposite proposition would mean that a portrait by Velasquez or Whistler was common property because others might try their hand on the same face. Others are free to copy the original. They are not free to copy the copy. The copy is the personal reaction of an individual upon nature. Personality always contains something unique. It expresses its singularity even in handwriting, and a very modest grade of art has in it something irreducible, which is one man's alone. That something he may copyright unless there is a restriction in the words of the act.

If there is a restriction it is not to be found in the limited pretensions of these particular works. The least pretentious picture has more originality in it than directories and the like, which may be copyrighted. The amount of training required for humbler efforts than those before us is well indicated by Ruskin. "If any young person, after being taught what is, in polite circles, called 'drawing,' will try to copy the commonest piece of real work,—suppose a lithograph on the title page of a new opera air, or a woodcut in the cheapest illustrated newspaper of the day—they will find themselves entirely beaten." Elements of Drawing, 1st ed. 3. . . .

[The copyright act in force at the time protected only defined categories of works, one of which was "pictorial illustrations or works connected with the fine arts."] These chromolithographs are "pictorial illustrations." The word "illustrations" does not mean that they must illustrate the text of a book, and that the etchings of Rembrandt or Steinla's engraving of the Madonna di San Sisto could not be protected to-day if any man were able to produce them. Again, the act however construed, does not mean that ordinary posters are not good enough to be considered within its scope. The antithesis to "illustrations or works connected with the fine arts" is not works of tittle merit or of humble degree, or illustrations addressed to the less educated classes; it is "prints or labels designed to be used for any other articles of manufacture." Certainly works are not the less connected with the fine arts because their pictorial quality attracts the crowd and therefore gives them a real use—if use means to increase trade and to help to make money. A picture is none the less a picture and none the less a subject of copyright that it is used for an advertisement. And if pictures may be used to advertise soap, or the theatre, or monthly magazines, as they are, they may be used to advertise a circus. Of course, the ballet is as legitimate a subject for illustration as any other. A rule cannot be laid down that would excommunicate the paintings of Degas.

It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke. It may be more than doubted, for instance, whether the etchings of Goya or the paintings of Manet would have been sure of protection when seen for the first time. At the other end, copyright would be denied to pictures which appealed to a public less educated than the judge. Yet if they command the interest of any public, they have a commercial value—it would be bold to say that they have not an aesthetic and educational value—and the taste of any public is not to be treated with contempt. It is an ultimate fact for the moment, whatever may be our hopes for a change.[23] That these pictures had their worth and their success is sufficiently shown by the desire

23. [Ed: Compare Holmes's famous defense of the "marketplace of ideas" theory of free speech:"The ultimate good desired is better reached by free trade in ideas. The best test of truth is the power of the thought to get itself accepted in the competition of the market." Abrams v. United States, 250 U.S. 616, 630 (1919) (Holmes, J., dissenting).]

to reproduce them without regard to the plaintiffs' rights. We are of opinion that there was evidence that the plaintiffs have rights entitled to the protection of the law.

Holmes's reasoning has become known as the *Bleistein* non-discrimination principle, and it is now a central precept of U.S. copyright law. Copyright protects *all* creative works, regardless of their quality, subject, audience, or use.

Holmes's ringing language about the "dangerous undertaking" seems to suggest that law should not make *any* aesthetic judgments, because judges must be neutral among competing speech. This broader view is tempting but untenable. Brian Soucek explains:

> Aesthetic judgments are far more common, and in more areas of law, than is generally acknowledged. These aesthetic judgments include an endless stream of first-order, "retail" decisions about whether particular objects count as works of art or as aesthetically valuable. These are the kind of decisions made by the IRS every time it assesses the value of a donated or inherited artwork; by courts when they decide whether a work has serious enough artistic value to escape an obscenity charge; by customs officials when they decide whether a certain piece of metal is a sculpture; by the National Endowment for the Arts when it chooses what projects to fund; and by municipal historic preservation committees when they decide whether proposed renovations will disrupt the character of a neighborhood.[24]

Copyrightable subject matter is probably the place that the copyright system comes closest to Holmes's vision of aesthetic non-discrimination. One application of the *Bleistein* principle is that courts will not consider whether the ideas expressed in a a work are true or false. In *Belcher v. Tarbox*, for example, the defendant tried to argue that the plaintiff's guides to betting on horse races were uncopyrightable because they "fraudulently represented to the public that users of the system described could beat the horses."[25] No dice, said the court:

> There is nothing in the Copyright Act to suggest that the courts are to pass upon the truth or falsity, the soundness or unsoundness, of the views embodied in a copyrighted work. The gravity and immensity of the problems, theological, philosophical, economic and scientific, that would confront a court if this view were adopted are staggering to contemplate. It is surely not a task

24. Brian Soucek, *Aesthetic Judgments in Law*, 69 Ala. L. Rev. 381, 383 (2017).
25. Belcher v. Tarbox, 486 F.2d 1087, 1077 (9th Cir. 1973).

> lightly to be assumed, and we decline the invitation to assume it.[26]

This may be the case at the copyrightable subject-matter stage, but courts are compelled to pass on "truth or falsity . . . of the views embodied in a . . . work" all the time. They do it in fraud cases; they do it in defamation cases. Even within IP, we will see, false-advertising cases pose inescapable questions of what is true and what is not. The Holmesian discomfort with judicial competence to ascertain truth cannot be indulged too far in a judicial system that is committed to resolving disputed questions of fact, as it must every time the plaintiff says "You hit me" and the defendant says, "No, I didn't!"

Another application of aesthetic non-discrimination is that illegal content is still copyrightable. In *Mitchell Bros. Film Group v. Cinema Adult Theater*, for example, the plaintiffs sued movie theaters that showed the film *Behind the Green Door* without permission. The defendants argued without success that the film was uncopyrightable because it was prohibited by laws against obscenity. The Fifth Circuit held that this defense was *not even relevant*, because even if it was illegal to distribute or exhibit (thus making both the plaintiffs and defendants federal felons), it would still be copyrightable. It explained:

> Society's view of what is moral and immoral continually changes. To give one example, in *Martinetti v. Maguire*, the play "The Black Crook," because it featured women clad in flesh-colored tights, was held to be "grossly indecent, and calculated to corrupt the morals of the people" and hence uncopyrightable. By the early part of this century, it had become clear that this judgment reflected the moral standards of a bygone era.
>
> Denying copyright protection to works adjudged obscene by the standards of one era would frequently result in lack of copyright protection (and thus lack of financial incentive to create) for works that later generations might consider to be not only non-obscene but even of great literary merit. Many works that are today held in high regard have been adjudged obscene in previous eras. English courts of the nineteenth century found the works of Byron, Southey and Shelley to be immoral. American courts have found these books, among others, obscene: Edmund Wilson, *Memories of Hecate County*; Henry Miller, *Tropic of Cancer* and *Tropic of Capricorn*; Erskine Caldwell, *God's Little Acre*; Lillian Smith, *Strange Fruit*; D. H. Lawrence, *Lady Chatterly's Lover*; Theodore Dreiser, *An American Tragedy*.[27]

26. *Id.* at 1088.
27. Mitchell Bros. Film Grp. v. Cinema Adult Theater, 604 F.2d 852, 856–58 (5th Cir. 1979).

Thus, as in *Juicy Whip* for patents, copyright law does not consider the morality or immorality, the legality or illegality, of its subject matter.

The *Bleistein* principle has the effect of focusing the copyrightability analysis on formal features of the work itself. It makes irrelevant many factors having to with the author's thoughts, the creative process, and the effects on the audience. Only the work *qua* work matters. The Compendium has a long and illuminating list of applications of this focusing principle:

> As a general rule, the Copyright Office will not consider factors that have no bearing on whether the originality requirement has been met. The fact that a work may be novel, distinctive, innovative, or even unique is irrelevant to this analysis. The Copyright Office does not consider the aesthetic value, artistic merit, or intrinsic quality of a work. For example, the Office will not look for any particular style of creative expression. Likewise, the Office will not consider whether a work is visually appealling or written in elegant prose. For the same reasons, the Office will not consider the truth or falsity of the facts set forth in a work of authorship. Nor will the Office consider the soundness of the views expressed in the work.
>
> The Office will focus only on the actual appearance or sound of the work that has been submitted for registration, but will not consider any meaning or significance that the work may evoke. The Office will not consider the author's inspiration for the work, creative intent, or intended meaning. The U.S. Copyright Office will not consider the author's creative skill and experience, because the author's personal or professional history is irrelevant to the determination of copyrightability.
>
> The Office will not consider the amount of time, effort, or expense required to create the work. As a general rule, the Office will not consider possible design alternatives that the author may have considered when he or she created the work. Likewise, the Office will not consider potential variations in the use of the work, such as the fact that the work could be presented in a different color, in a different size, or with a different orientation. As a general rule, the materials used to create a work have no bearing on the originality analysis. For example, the U.S. Copyright Office will not consider the fact that a jewelry design was constructed with precious metals or gemstones, or the fact that a silk screen was printed on a particular paper stock. The U.S. Copyright Office will not consider the marketability or commercial success of the work, because these issues are irrelevant to

Three T-rex T-shirts

> the originality analysis.[28]

3 Idea and Expression

There is an important limit on copyrightability in section 102(b) of the Copyright Act:

> In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.[29]

The usual hornbook statement of this rule is that "ideas" are not copyrightable, only an author's individual "expression" of those ideas. This exclusion is distinct from originality. A work might have been independently created and display a modicum of creativity, and yet still be an uncopyrightable idea. Or even when a work is original and protected, not *all* of it will be protected. The ideas in the work—as opposed to their particular expression—will remain free for anyone to copy.

But what qualifies as an "idea" rather than "expression" can only be learned by seeing what courts treat as one.[30] Sometimes "idea" refers to the *general creative concept* for a work, as distinguished from its more specific details. Sometimes "idea" is used as a synecdoche for other § 102(b) exclusions—"procedure, process, system, method of operation"—that describe *functional* matter in a work. In addition, two closely related doctrines—merger and *scènes à faire*—help implement these exclusions.

a Ideas

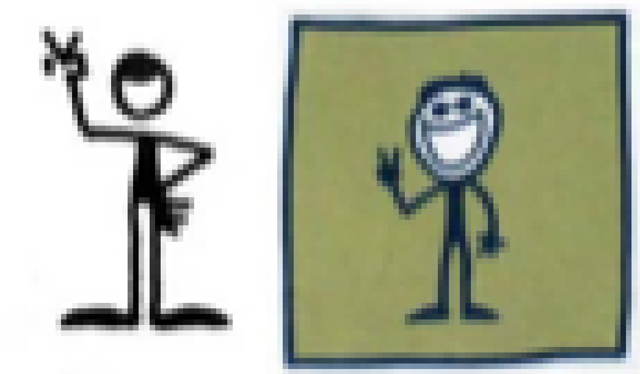
Some of the terms in secton 102(b)—idea, concept, principle, and discovery—describe the contents of a work at a higher level of abstraction than the specific words, musical notes, or dabs of paint. Consider the three designs in Figure 4.8 for a T-shirt featuring comically small *Tyrannosaurus rex* arms. They are all sufficiently creative to be copyrightable. If someone copied one of these designs without permission by making more T-shirts, the copyright owner in the copied design could sue successfully. But none of the three shirts would infringe on any of the others, even though they all depict short T-rex arms. The idea of a T-shirt depicting T-rex arms is just that: an uncopyrightable idea. Only the expression of that idea in a specific T-shirt design is copyrightable.

Blehm v. Jacobs offers a more in-depth example of the idea/expression dichotomy in action. Gary Blehm, an artist, started drawing figures he called Penmen in the 1980s. They had round heads, four fingers, large feet, and long, gently curved limbs. He sold posters of the Penmen nationally, and published a syndicated Penmen comic strip. In 2009, he sued Albert and John Jacbos and their company for copyright infringement for their Life Is Good images of Jake, a figure with a round head, four fingers, large feet, and long, gently curved limbs. Jake has appeared on T-shirts, hats, thermos bottles, wall art, cornhole boards, beverage buckets, and much much more.

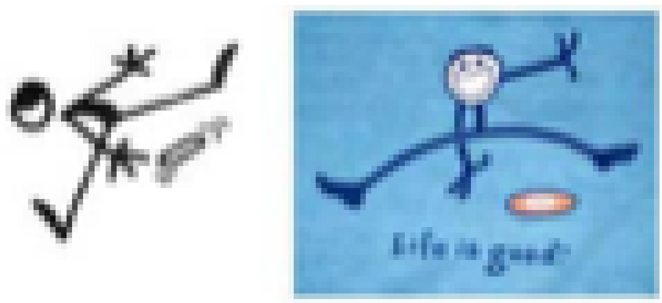
The similarities between Penmen and Jake were undeniable. For example, images of a Penman flashing a peace sign and catching a frisbee between its legs have quite similar poses to images of Jake doing the same. But there was no infringement, the court held, because all of these similarities consisted of ideas, rather than expression:

> Mr. Blehm has no copyright over the idea of a cartoon figure holding a birthday cake, catching a Frisbee, skateboarding, or engaging in various other everyday activities. Nor can the Jake images infringe on the Penmen because the figures share the idea of using common anatomical features such as arms, legs, faces, and fingers, which are not protectable elements. Mr. Blehm's copyright also does not protect Penmen poses that are attributable to an associated activity, such as reclining while taking a bath or lounging in an inner tube. These everyday activities, common anatomical features, and natural poses are ideas that belong to

28. Compendium, *supra* note 1, § 310.
29. 17 U.S.C. § 102(b).
30. "Obviously, no principle can be stated as to when an imitator has gone beyond copying the 'idea,' and has borrowed its 'expression.' Decisions must therefore inevitably be *ad hoc*." Peter Pan Fabrics, Inc. v. Martin Weiner Corp., 274 F.2d 487, 489 (2nd Cir. 1960) (Learned Hand, J.).



Peace sign images



Frisbee images

> the public domain; Mr. Blehm does not own these elements.[31]

Other aspects of the Penmen were protectable:

> The Penmen at first glance might be considered simple stick figures, but they are more nuanced than a child's rudimentary doodling. For example, the prototypical Penman has a rounded, half-moon smile that takes up a substantial portion of the face. Mr. Blehm has chosen to omit any other facial features on the Penmen. Each figure is filled in black, except for the white half-moon smile, and each Penman's head is detached, hovering above the body. Many of the Penmen stand facing the viewer, flashing the half-moon smile.[32]

The key to the case was that the similarities between Jake and the Penmen consisted almost entirely of aspects of the Penmen that the court classified as unprotectable ideas, rather than as protectable expression. Here

31. Blehm v. Jacobs, 702 F. 3d 1193, 1204 (10th Cir. 2012).
32. *Id.*

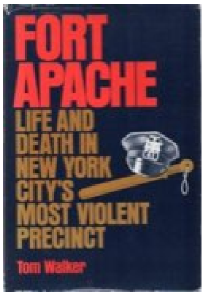
is a sample of the reasoning:

> Mr. Blehm urges us to find certain similarities between the images. He notes that both have round heads. But Mr. Blehm has no copyright protection in general human features. Further, the figures' heads are not similarly round. Jake's head is more oval and somewhat misshapen, whereas the Penman's head is circular and uniform.
>
> Mr. Blehm suggests that the figures have similar proportions, such as the size of the figures' heads, arms, legs, and feet compared with their bodies. A close review of the figures, however, yields the opposite conclusion. Jake's head is very large compared with the body, while the Penman's head is relatively proportional. The Penman's arms and legs are long and disproportionate to its truncated torso. Jake, on the other hand, has more proportional limbs compared with his torso. The figures' feet are distinctly different: the Penman's are thick, long, and roll-shaped, but Jake's are shorter and triangular.
>
> Nevertheless, there are some similarities between the Penman and Jake. Both have black-line bodies, four fingers, and large half-moon smiles, and their feet are pointed outward. But even these similarities have important differences, or are not protectable expression. For example, Jake's fingers appear stubbier. The choice to display the figures' feet outward also naturally flows from the common idea of drawing a two-dimensional stick figure and is thus unprotected.[33]

Do not mistake this for originality reasoning. Even if Blehm was the first person to draw a stick figure, he could not thereby use copyright to control all stick figures. Idea/expression operates a bit like a tax off the top. In every creative work, the ideas (even if wholly original) are free for all to use; only the particular expression of them in the work is subject to copyright. As Learned Hand explained in a canonical copyright case, *Nichols v. Universal Pictures Corp.*:

> Even . . . granting that the plaintiff's play was wholly original . . . there is no monopoly in such a background. Though the plaintiff discovered the vein, she could not keep it to herself; so defined, the theme was too generalized an abstraction from what she wrote. It was only a part of her "ideas." . . .
>
> If Twelfth Night were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the dis-

33. *Id.* at 1206.



The plaintiff's book, *Fort Apache: Life and Death in New York City's Most Violent Precinct*

Still from the defendant's film, *Fort Apache, The Bronx*

> comfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's "ideas" in the play, as little capable of monopoly as Einstein's Doctrine of Relativity, or Darwin's theory of the Origin of Species. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.[34]

b Scènes à Faire

A related doctrine is ***scènes à faire***.[35] These are elements of a work that are standard or even inevitable in a particular genre. In a Western, for example, a duel on the streets of a deserted town is a *scène à faire*.[36] They are treated as uncopyrightable. One theory why is that they are fundamentally unoriginal; an author who incorporates one has not come up with anything new. Another theory is that they are part and parcel of the "idea" of a genre. Once *Groundhog Day* established the conventional rules for a time-loop movie, other films were free to reuse the trope of an establishing shot for the start of each repeated day while the same song plays on the soundtrack. And a third is that they are so common within a genre that other works in that genre will share them by pure coincidence, so that the likelihood of their being copied from the plaintiff's work in particular is low. Whatever the reason, they are uncopyrightable.

As an example, in *Walker v. Time Life Films, Inc.*, Tom Walker published a nonfiction book, *Fort Apache*,about his experiences working as a police officer in New York's 41st precinct in the Bronx in the 1970s. He alleged that the 1981 film *Fort Apache* infringed on his book The court found that all of the similarities between the two consisted of *scènes à faire*:[37]

---

34. Nichols v. Universal Pictures Corp., 45 F.2d 119, 121–22 (2d Cir. 1930).
35. French for "scenes that must be done."
36. Spend half an hour browsing through TV Tropes. What fraction of entries there are *scène à faire*?
37. Walker v. Time Life Films, Inc., 784 F.2d 44, 50 (2d Cir. 1986).

> For example, appellant notes that both the book and the film depict cockfights, drunks, stripped cars, prostitutes and rats; both feature as central characters third- or fourth-generation Irish policemen who live in Queens and frequently drink; both show disgruntled, demoralized police officers and unsuccessful foot chases of fleeing criminals.
>
> These similarities, however, relate to uncopyrightable material. Elements such as drunks, prostitutes, vermin and derelict cars would appear in any realistic work about the work of policemen in the South Bronx. These similarities therefore are unprotectible as "scènes à faire," that is, scenes that necessarily result from the choice of a setting or situation. Neither does copyright protection extend to copyright or "stock" themes commonly linked to a particular genre. Foot chases and the morale problems of policemen, not to mention the familiar figure of the Irish cop, are venerable and often-recurring themes of police fiction. As such, they are not copyrightable except to the extent they are given unique—and therefore protectible—expression in an original creation.

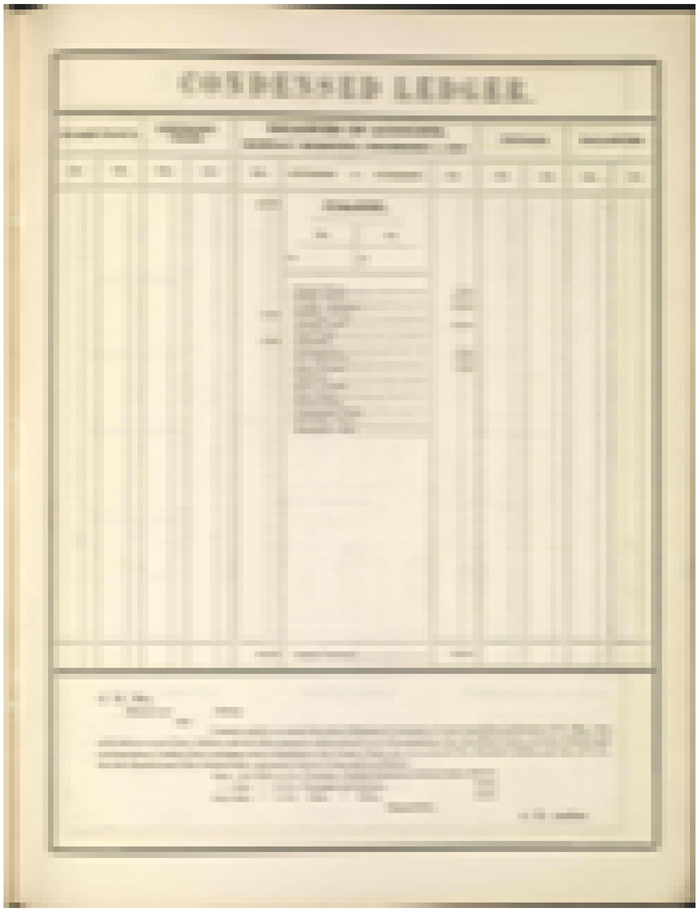
c Processes

A different kind of rationale underlies the exclusion of procedures, processes, systems, and methods of operation. These categories (which I will collectively call "processes" for short) are *functional*. They do something in the world. Let us try to understand what that "something" is and how it differs from what traditionally *expressive* works do.

Baker v. Selden

101 U.S. 99 (1880)

[In 1859, Charles Selden published a book, creatively titled "Selden's Condensed Ledger," describing a method of accounting. In standard double-entry bookkeeping, each transaction is entered in a "journal" as it occurs. To extract information of interest, such as the current cash balance at the end of each day, an accountant must calculate them by working through all of the relevant transactions in the journal, writing down the results in a "ledger." Selden's ledger arranged the columns in a way that made it easier to extract running totals, or totals for a day, month, or other period. His book contained an introductory essay explaining and extolling the system, sample forms showing sample calculations, and blank forms that accountants could use to write down their organization's transactions. His business model was to convince businesses and governments to use his bookkeeping system and sell them the necessary blank forms. Enter Baker, who sold his own books



Selden's Condensed Ledger

of blank forms for this system of bookkeeping, albeit with a slightly different arrangement of columns. Selden's heir sued.]

If the complainant's testator had the exclusive right to the use of the system explained in his book, it would be difficult to contend that the defendant does not infringe it, notwithstanding the difference in his form of arrangement; but if it be assumed that the system is open to public use, it seems to be equally difficult to contend that the books made and sold by the defendant are a violation of the copyright of the complainant's book considered merely as a book explanatory of the system. Where the truths of a science or the methods of an art are the common property of the whole world, any author has the right to express the one, or explain and use the other, in his own way. As an author, Selden explained the system in a particular way. It may be conceded that Baker makes and uses account-books arranged on substantially the same system; but the proof fails to show that he has violated the copyright of Selden's book, regarding the latter merely as an explanatory work; or that he has infringed Selden's right in any way, unless the latter became entitled to an exclusive right in the system.

It is contended that he has secured such exclusive right, because no one can use the system without using substantially the same ruled lines and headings which he has appended to his books in illustration of it. In other words, it is contended that the ruled lines and headings, given to illustrate the system, are a part of the book, and, as such, are secured by the copyright; and that no one can make or use similar ruled lines and headings, or ruled lines and headings made and arranged on substantially the same system, without violating the copyright.

There is no doubt that a work on the subject of book-keeping, though only explanatory of well-known systems, may be the subject of a copyright; but, then, it is claimed only as a book. Such a book may be explanatory either of old systems, or of an entirely new system; and, considered as a book, as the work of an author, conveying information on the subject of book-keeping, and containing detailed explanations of the art, it may be a very valuable acquisition to the practical knowledge of the community. But there is a clear distinction between the book, as such, and the art which it is intended to illustrate. The mere statement of the proposition is so evident, that it requires hardly any argument to support it. The same distinction may be predicated of every other art as well as that of book-keeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective,—would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book. And where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public; not given for the purpose of publication in other works explanatory of the art, but for the purpose of practical application.

Of course, these observations are not intended to apply to ornamental designs, or pictorial illustrations addressed to the taste. Of these it may be said, that their form is their essence, and their object, the production of pleasure in their contemplation. This is their final end. They are as much the product of genius and the result of composition, as are the lines of the poet or the historian's periods. On the other hand, the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them. But as embodied and taught in a literary composition or book, their essence consists only in their statement. This alone is what is secured by the copyright. The use by another of the same methods of statement, whether in words or illustrations, in a book published for teaching the art, would undoubtedly be an infringement of the copyright.

Recurring to the case before us, we observe that Charles Selden, by his books, explained and described a peculiar system of book-keeping, and illustrated his method by means of ruled lines and blank columns, with proper headings on a page, or on successive pages. Now, whilst no one has a right to print or publish his book, or any material part thereof, as a book intended to convey instruction in the art, any person may practise and use the art itself which he has described and illustrated therein. The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book. Whether the art might or might not have been patented, is a question which is not before us. It was not patented, and is open and free to the use of the public. And, of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it.

The conclusion to which we have come is, that blank account-books are not the subject of copyright; and that the mere copyright of Selden's book did not confer upon him the exclusive right to make and use account-books, ruled and arranged as designated by him and described and illustrated in said book.

Why does copyright exclude ***functional*** aspects of works? One reason is that they have useful results, protecting that utility is patent's job, and and patent has its own standards of novelty, nonobviousness, etc. If patent *refuses* protection, it has good reason to, and copyright should not blindly charge into the gap, because it would undermine important goals of the patent system by doing so.[38] Similarly, patents have much shorter terms; by offering extended protection, copyright could undo the patent bargain of disclosure for limited-time exclusive rights.

Another reason is more conceptual. Copyright is *not good* at understanding functionality. It is good at aesthetics—or as good as any judicially administered system can be, *Bleistein* notwithstanding. But copyright's doctrines, which are based on holistic lay comparisons, are not well suited to teasing out the technical details on which comparisons of functional works depend. To do that work, copyright would need something more like claims describing how the process works, which would start it down the road to turning into patent. So if we want a copyright system that works the way our current copyright system mostly does, it will need to steer clear of functional subject matter.

d Merger

The policy reasons underlying the exclusion of ideas are so important that they also prevent a copyright in any expression that is necessary to express the idea. Notice that in *Baker v. Selden*, Baker also copied Selden's blank forms. The Supreme Court held that this too was allowed, because Selden's blank forms were uncopyrightable under the doctrine now known as ***merger***. Because anyone practicing Selden's bookkeeping system would necessarily have to use blank forms like Selden's, anyone was free to use blank forms like Selden's.

An alternative way of putting the merger doctrine is that when there are only a "limited number" of ways to express an idea, idea and expression are inseparable and both are uncopyrightable. For example, in *Morrissey v. Proctor & Gamble Co.*, there were only a few ways to express the rules for a sweepstakes. As the court put it in *Morrissey*:[39]

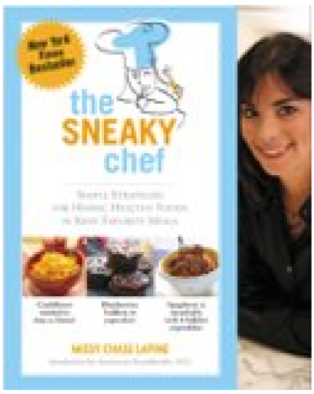
> When the uncopyrightable subject matter is very narrow, so that the topic necessarily requires, if not only one form of expression, at best only a limited number, to permit copyrighting would mean that a party or parties, by copyrighting a mere handful of forms, could exhaust all possibilities of future use of the substance. . . . We cannot recognize copyright as a game of chess in which the public can be checkmated.

And even when idea and expression are separable, merger can still limit the scope of copyright, because " a copyright holder must then prove substantial similarity to those few aspects of the work that are expression not required by the idea."[40] Thus, for example, in *Herbert Rosenthal Jewelry*

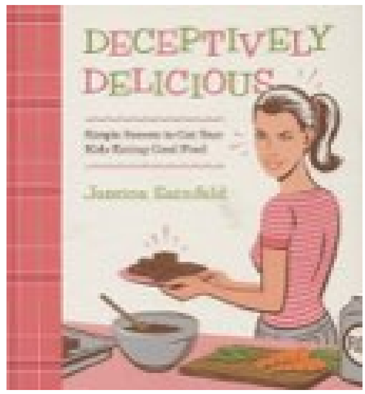
38. Selden did apply for a patent on his system, and was refused; it was a business method, as in *Bilski*. Does this change how you think about the copyright question?
39. Morrissey v. Proctor & Gamble Co., 379 F.2d 675, 678–79 (1st Cir. 1967).
40. Concrete Mach. Co. v. Classic Lawn Ornaments, 843 F.2d 600, 607 (1st Cir. 1988).

Plaintiff’s jeweled bee pins

Defendant’s’s jeweled bee pins



Missy Lapine, *The Sneaky Chef*



Jessica Seinfeld, *Deceptively Delicious*

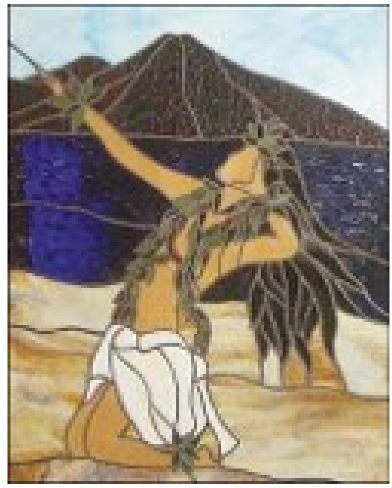
Corp. v. Kalpakian,[41] there were only a few ways to express the idea of a jeweled bee pin.[42] “There is no greater similarity between the pins of plaintiff and defendants than is inevitable from the use of jewel-encrusted bee forms in both.”[43] A more exact replica might still potentially infringe.

Cooking for Kids Problem

Missy Lapine is the author of *The Sneaky Chef: Simple Strategies for Hiding Healthy Foods in Kids’ Favorite Meals* (published 2007), which “presents over 75 recipes that ingeniously disguise the most important superfoods inside kids’ favorite meals.” Jessica Seinfeld is the author of *Deceptively Delicious: Simple Secrets to Get Your Kids Eating Good Food* (published 2008), which “is filled with traditional recipes that kids love, except they’re stealthily packed with veggies hidden in them so kids don’t even know!” Seinfeld claims that she was unaware of Lapine’s book when she wrote *Deceptively Delicious*. Infringement?

41. Herbert Rosenthal Jewelry Corp. v. Kalpakian, 446 F.2d 738 (9th Cir. 1971).
42. *Id.*
43. *Id.* at 742.

Kim Taylor Reece, *Makanani*



Marylee Colucci, *Nohe*

Hula Problem

Consider this photograph (*Makanani*, photographed by Kim Taylor Reece) and stained glass image (*Nohe*, by Marylee Colucci) of hula dancers. The dancers' pose (kneeling, with right arm extended, etc.) is traditional. So is their dress (including the lei, etc.). Colucci concedes that she used *Makanani* as a reference when creating *Nohe*. Infringement?

B Ownership

Patent requires absolute novelty. Copyright does not. An author can obtain a copyright in a work even if someone else got there before them. All that copyright requires is *independent* creation: not copying from someone else. As Learned Hand put it:

> Borrowed the work must indeed not be, for a plagiarist is not himself pro tanto an "author"; but if by some magic a man who had never known it were to compose anew Keats's Ode on a Grecian Urn, he would be an "author," and, if he copyrighted it, others might not copy that poem, though they might of course copy Keats's.[44]

Because of this rule permitting multiple independent creation, copyright (like trade secret) does not need complicated priority doctrines, as patent

44. Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (2d Cir. 1936) (Hand, J.). Compare: "Pierre Menard did not want to compose *another* Quixote, which surely is easy enough—he wanted to compose *the* Quixote. Nor, surely, need one have to say that his goal was never a mechanical transcription of the original; he had no intention of *copying* it. His admirable ambition was to produce a number of pages which coincided—word for word and line for line—with those of Miguel de Cervantes." Jorge Luis Borges, *Pierre Menard, Author of the* Quixote (1941) (Andrew Hurley trans.).

Oscar Wilde No. 18

and trademark do.[45]

Two kinds of issues about initial copyright ownership do arise with some regularity. First, there is the problem of whether certain kinds of allegedly "creative" processes should be regarded as resulting in copyrightable authorship at all. Second, there is the problem of dividing up ownership among multiple parties who do contribute authorship. Copyright slices this problem up along two dimensions: contemporaneous collaborations are addressed as joint works or works made for hire, whereas sequential creation is analyzed in terms of derivative works.

1 Authorship

Another famous 19th-century case, *Burrow-Giles Lithographic Co. v. Sarony*, provides the modern rule on who can be considered an author for copyright purposes.[46] The case involved a widely-copied photograph of the Irish author Oscar Wilde by the celebrity photographer Napoleon Sarony. The defendant argued that a photograph was a "reproduction on paper of the exact features of some natural object or of some person" and thus not an original work of authorship.

The Supreme Court disagreed:

45. The price paid for simplicity here is that copyright (like trade secret) must include proof of copying *from the plaintiff* as part of its infringement analysis.
46. Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884).

> But it is said that an engraving, a painting, a print, does embody the intellectual conception of its author, in which there is novelty, invention, originality . . . while the photograph is the mere mechanical reproduction of the physical features or outlines of some object animate or inanimate, and involves no originality of thought or any novelty in the intellectual operation connected with its visible reproduction in shape of a picture.
>
> [The trial court's findings of fact said that the photograph was a] useful, new, harmonious, characteristic, and graceful picture, and that plaintiff made the same ... entirely from his own original mental conception, to which he gave visible form by posing the said Oscar Wilde in front of the camera, selecting and arranging the costume, draperies, and other various accessories in said photograph, arranging the subject so as to present graceful outlines, arranging and disposing the light and shade, suggesting and evoking the desired expression, and from such disposition, arrangement, or representation, made entirely by plaintiff, he produced the picture in suit.
>
> These findings, we think, show this photograph to be an original work of art, the product of plaintiff's intellectual invention, of which plaintiff is the author . . . .[47]

Notice the focus on Sarony's *creative choices* that are *reflected in the work*. An author, for copyright purposes, translates a creative idea into physical expression. This is what distinguishes Sarony from Oscar Wilde, the subject of the photograph. Oscar Wilde's facial features are distinctive, but they are not the product of an act of authorship. Similarly, it distinguishes Sarony from his assistant, Benjamin Richardson, who actually operated the camera. Sarony's "mental conception" was the one reflected in the photograph.

Authorship need not be conscious. *Alfred Bell v. Catalda Fine Arts* held that the distinguishable results of "bad eyesight or defective musculature" are still copyrightable.[48] In a footnote, the court added, "Plutarch tells this story: A painter, enraged because he could not depict the foam that filled a horse's mouth from champing at the bit, threw a sponge at his painting; the sponge splashed against the wall—and achieved the desired result."[49] But the creation process does at least need to be causal. If I find an attractive piece of driftwood on the shore, I can't copyright it.

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47. *Id.* at 58, 60.
48. Alfred Bell v. Catalda Fine Arts, 191 F.2d 99, 23 (2d Cir. 1951).
49. *Id.* at 105 n.23. The story is an urban legend of the ancient world; different authors attributed it to different painters and sometimes different animals. The court's version is from Plutarch's "On Chance"; my personal favorite (after far too long researching this) is from Dio Chrysostom's Discourses.

The "Mystic Mountain" within the Carina Nebula, (uncopyrightably) photographed by the Hubble Space Telescope in 2010

a Government Works

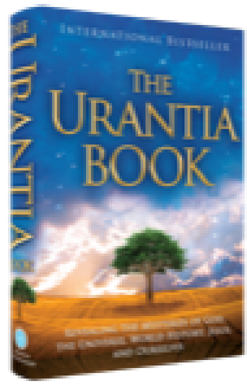
There is an important exception from authorship on the basis of the identity of the author: ***government works***. On a romantic-author vision, the government has no individual identity that can express itself. On a more utilitarian vision, government does not need copyright's incentives to create. This policy is expressed in two provisions of U.S. copyright law.

The first, in Section 105 of the Copyright Act, says that copyright is not available for "any work of the United States Government."[50] The government can *own* copyrights if it buys them, or it can *license* copyrighted works, but anything created *by* the government is uncopyrightable. In practice, this means anything created by government employees within the scope of their employment. Thus, for example, NASA photographs of deep space are in the public domain from the moment they are taken. Section 105 only applies to the *federal* government. State, local, and foreign governments are free to obtain copyrights in their works. Some states, such as New York and Pennsylvania, do. Others, such as Arizona, do not.

Another rule applies to all levels of government: the law itself (a/k/a ***government edicts***) is not copyrightable. One traditional formulation of the dotrine is that any work with the "force of law" is uncopyrightable. In *Georgia v. Public.Resource.Org, Inc.*, the Supreme Court extended that rule slightly.[51] Georgia attempted to claim copyright in the Official Code of Georgia Annotated. It was assembled by a state agency, including annotations written by Matthew Bender, a private company, under a contract saying that any copyright would vest in the state of Georgia.

50. 17 U.S.C. § 105.
51. Georgia v. Pub.Res.Org, Inc., 140 S. Ct. 149 (2020).

The monkey selfie



The Urantia Foundation's official version of *The Urantia book*

Public.Resource.Org, a nonprofit dedicated to publishing the law freely online, put the entire OCGA on its website. The Court held that this was permissible because "copyright does not vest in works (1) created by judges and legislators (2) in the course of their judicial and legislative duties."[52]

Similar issues arise when a private organization drafts a model law that is then enacted word-for-word by a government, or a standard (like a building code) that is then incorporated by reference into law. The author-focused test in *Public.Resource.Org* does not resolve them, but under the "force of law" test they become uncopyrightable at the moment of adoption.[53]

b Non-Human "Authors"

The Copyright Office and courts have also consistently held that only humans can be authors. *Naruto v. Slater* held that the famous "monkey selfie" was uncopyrightable.[54] Wildlife photographer David Slater was in Indonesia, taking pictures of endangered Celebes crested macaques. He set up a camera on a tripod, with a remote control button nearby; several of the macaques played with the camera and triggered the shutter. *Held*, no copyright, because the Copyright Act does not recognize animals as authors.

To similar effect, people have been denied copyright in works they say were dictated to them by God or "non-human spiritual beings."[55] In *Urantia Foundation v. Maaherra*, the Urantia Foundation claimed copyright in a book of teachings written down by a human "conduit" but allegedly authored by spiritual entities including the "the Divine Coun-

52. *Id.* at 1507.
53. *See* Veeck v. S. Bldg. Code Cong. Intern., 293 F. 3d 791 (5th Cir. 2002).
54. Naruto v. Slater, 888 F.3d 418 (9th Cir. 2018).
55. Urantia Found. v. Maaherra, 114 F. 3d 955, 957 (9th Cir. 1997).

Midjourney, *Théâtre D'opéra Spatial*

selor, the Chief of the Corps of Superuniverse Personalities, and the Chief of the Archangels of Nebadon." *Held*, no copyright.

More recently, several people have tried to obtain copyright registrations for works created in part by generative-AI system. The Copyright Office has taken the position that, "When an AI technology determines the expressive elements of its output, the generated material is not the product of human authorship" and is uncopyrightable.[56] For example, Jason M. Allen won an art contest at the Colorado State Fair with an image, *Théâtre D'opéra Spatial* that he later revealed was generated by Midjourney. The Copyright Office refused to register it.[57] The Copyright Office is willing to register works for which AI was used as a tool by human authors who "exercise ultimate creative control,"[58] but so far, none of the applicants have been willing to explain in sufficient detail which aspects of the works were theirs and which were generated by an AI system.

Authorship Questions

1. Does it matter that Slater had chosen his camera's settings for taking close-up daytime outdoor wildlife photographs and had deliberately set up the camera so that the macaques would trigger it?
2. Why don't the plaintiffs in divine-inspiration cases claim that they themselves wrote the works?

56. Copyright Registration Guidance: Works Containing Material Generated by Artificial Intelligence, 88 Federal Register 16190 (U.S. Copyright Off. Mar. 16, 2023).
57. Letter from U.S. Copyright Off. Rev. Bd. to Tamara Pester (Sept. 5, 2023), https://www.copyright.gov/rulings-filings/review-board/docs/Theatre-Dopera-Spatial.pdf.
58. 88 Federal Register 16190.

3. What are the consequences of a rule that AI-generated works are uncopyrightable? What incentives does it create for people whose creative workflows include generative-AI systems?

2 Collaborations

A work by a single author is owned initially by that author. A work by multiple authors is a ***joint work***, and the authors are co-owners.[59] A work made by an employee on the job is a ***work made for hire*** and it is owned by the employer.[60] In addition, a few types types of specially commissioned works are eligible to be treated as works made for hire, if the parties agree to treat them as such in a suitable contract.

a Joint Works

Property nerds will recognize the rules for the consequences of co-ownership as a tenancy in common. Each co-owner has an "undivided" right to use the work, or to license it to others, as they wish. No co-owner can exclude the others from using the work. However, each co-owner must account to the others for any profits they make from exploiting the work, paying each co-owner their proportionate share. The default is that each co-owner owns an equal share (e.g. four joint authors each take a one-fourth share), but the joint authors can vary that amount with an appropriate written agreement.

A "joint work" is defined as "a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."[61] The first thing to note here is that each co-owner must be an *author*: they must each contribute copyrightable expression to the work. That does not mean they need to have actually taken pen to paper, any more than Napoleon Sarony needed to have been the one to physically operate the camera and develop the print of Oscar Wilde. Instead, as above, they need to have made creative choices that are causally present in the work. For example, in *Gaiman v. McFarlane*, the writer Neil Gaiman wrote a script for Todd McFarlane's *Spawn* comics and created the successful character of Medieval Spawn.[62] That was enough to make him a co-author of *Spawn* No. 9.

The next point here is that the contributions must *merge*. An "inseparable" work is one in which the authors' contributions become indistinguishable, like a Coen Brothers screenplay. An "interdependent" work is one in which the authors' contributions remain recognizable, but have been shaped to fit each other like the the words and music of a song. In both cases, there is a *single* copyright, which is co-owned.

59. 17 U.S.C. § 201(a).
60. 17 U.S.C. § 201(b).
61. 17 U.S.C. § 101.
62. Gaiman v. McFarlane, 360 F.3d 644 (7th Cir. 2004).

”Medieval Spawn” from *Spawn* No. 9

Jonathan Larson (1960–96)

Lynn Thomson

The final and most troublesome requirement is that the joint authors must have the “intention” that their contributions will merge. It seems like this would exclude only a few oddball cases of unintentional collaboration, like two forgetful writers working on the same shared Google Doc who never realize that the other is making changes as well. But the courts have elevated this into something more like a test that each author must intend the legal result that they *be joint authors*, not just the factual result that their contributions merge.

Thomson v. Larson is typical.[63] Jonathan Larson, the composer of *Rent*, famously died of an aortic aneurism hours after its final dress rehearsal in 1996, and never lived to see its spectacular success. He left behind a dispute over the copyright in the musical.[64] *Rent* had been in development and workshops since 1989, and in 1995, with an off-Broadway opening finally in sight, the New York Theatre Workshop hired Lynn Thomson, an NYU professor, to serve as a dramaturg. A dramaturg is the theatrical version of an editor, who contributes whatever a play needs

63. Thomson v. Larson, 147 F.3d 195 (2d Cir. 1998).
64. *Id.*

to succeed as a play, including (in Thomson's words)"actual plot elements, dramatic structure, character details, themes, and even specific language."[65] Her contract with NYTW paid her $2,000 and a billing credit as "Dramaturg," and was silent as to copyright. Larson's contract with NYTW listed him as "Author" and gave him approval over all changes to the text. Thomson and Larson worked closely together for months in his apartment, with Larson entering all changes in his computer. The new version—the one that because a smash hit—was described as "a radical transformation of the show."

In holding that Thomson was not a co-author of *Rent*, the Second Circuit cited three factors. First, Larson had sole *decisionmaking authority* over the revisions: he decided which of Thomson's suggestions to incorporate and which to reject. Second, Larson was *credited* as "author" in the scripts and playbill biographies and Thomson was not. And third, their *written agreements with third parties* (here NYTW) treated Larson as author.

This rule embraces a romantic vision of authorship. It recognizes Jonathan Larson as "the" author of *Rent*, downplaying the contributions of Thomson, the producers at NYTW, his former collaborator Billy Aronson, and the many other actors, designers, and theater professionals who helped to shape it. Like the *auteur* theory of filmmaking, which treats a movie as the singular product of a director's creative vision, it excludes others from recognition.

Rent Questions

After Jonathan Larson's death but before the Broadway opening of *Rent*, Lynn Thomson sought and received an additional $10,000 from NYTW for her work. In addition, she negotiated with Larson's family over royalties. They offered her a gift of 1% of the author's royalties. She declined. In her suit, she sought a 16% share.

1. Was Thomson's decision to reject the settlement offer and a file suit a good decision in hindsight?
2. Was it a good decision at the time?
3. If Jonathan Larson had lived, how do you think these negotiations would have gone?
4. Why wasn't copyright ownership addressed in Thomson's contract with NYTW?

b Works Made for Hire

A "work made for hire" is defined as:

65. *Id.* at 197.

(1) a work prepared by an employee within the scope of his or her employment; or

(2) a work specially ordered or commissioned for use
- as a contribution to a collective work,
- as a part of a motion picture or other audiovisual work,
- as a translation,
- as a supplementary work,
- as a compilation,
- as an instructional text,
- as a test,
- as answer material for a test, or
- as an atlas,

if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.[66]

The "employer or other person for whom the work was prepared" (which we will abbreviate to "hiring party") is considered the author for copyright purposes.[67] This is fictional. GiantHugeCorp did not write the history of the company that appears on its website. It is an artificial entity, with no consciousness or personality of the sort that romantic authorship celebrates. Some employee wrote the blog post, but while that person is an author-in-fact in terms of making creative choices reflected in the work, that person is not the author-in-law recognized by the Copyright Act. GiantHugeCorp is.

It is helpful to think about works made for hire by dividing all copyrightable works into two categories: (1) those made by employees on the job, and (2) those made by everyone else. By default, employee works are owned by the employer; by default works made by anyone else are owned by the creator. Both defaults can be reversed by an appropriate contract. Employers and employees can agree to exclude particular creative tasks from the scope of employment, so that they are not works made for hire and copyright vests initially in the employee. And *for the eight enumerated types of works in the definition*, independently commissioned works can be turned into works made for hire in which copyright vests initially in the hiring party.

Work-made-for-hire status matters for three reasons. First, it affects initial ownership. This matters primarily as a default, when the parties have not explicitly dealt with copyright ownership.[68] Second, it affects

66. 17 U.S.C. § 101 (bullet points added).
67. 17usc201 at /b
68. Copyright ownership *after* creation can always be changed by an assignment in writing, so even a work that is not made for hire can subsequently be transferred to an

James Earl Reid (1942–2021)

copyright term. Works made for hire have a fixed 95- or 120-year term, rather than one for the life of the author plus 70 years. And third, the authors of works *not* made for hire have a right to terminate their transfers and licenses after thirty-five years, which can be extremely valuable for successful works.

Employee-Created Works

The leading case on the first (employee) prong of works made for hire is *Community for Creative Non-Violence v. Reid*. The Community for Creative Non-Violence runs a homeless shelter in Washington D.C.[69] In 1985, to dramatize the plight of the homeless, CCNV commissioned Baltimore-based sculptor James Earl Reid to create a Nativity scene in which Jesus, Mary, and Joseph would be homeless figures huddled on a steam grate.

After negotiations, CCNV and Reid agreed that CCNV would pay up to $15,000 for materials and that Reid would donate his services. There was no written agreement and no discussion of copyright. Here is the Supreme Court's description of the creative process:

> After Reid received an advance of $3,000, he made several sketches of figures in various poses. At Snyder's[70] request, Reid sent CCNV a sketch of a proposed sculpture showing the fam-

employer or other party.

69. CCNV acquired its shelter, which is several blocks from the Capitol, by squatting in an abandoned federal building until the government agreed to transfer it for use as a permanent shelter.

70. Mitch Snyder was an activist and trustee of CCNV.

James Earl Reid, *Third World America*

> ily in a crechelike setting: the mother seated, cradling a baby in her lap; the father standing behind her, bending over her shoulder to touch the baby's foot. Reid testified that Snyder asked for the sketch to use in raising funds for the sculpture. Snyder testified that it was also for his approval. Reid sought a black family to serve as a model for the sculpture. Upon Snyder's suggestion, Reid visited a family living at CCNV's Washington shelter but decided that only their newly born child was a suitable model. While Reid was in Washington, Snyder took him to see homeless people living on the streets. Snyder pointed out that they tended to recline on steam grates, rather than sit or stand, in order to warm their bodies. From that time on, Reid's sketches contained only reclining figures.
>
> Throughout November and the first two weeks of December 1985, Reid worked exclusively on the statue, assisted at various times by a dozen different people who were paid with funds provided in installments by CCNV. On a number of occasions, CCNV members visited Reid to check on his progress and to coordinate CCNV's construction of the base. CCNV rejected Reid's proposal to use suitcases or shopping bags to hold the family's personal belongings, insisting instead on a shopping cart. Reid and CCNV members did not discuss copyright ownership on any of these visits.

Third World America was delivered and displayed during the holidays at the end of 1985, but then the parties had a falling-out. CCNV wanted to take it on tour to raise money for the homeless; Reid objected because he feared it would damage the sculpture. Reid asked CCNV to recast it in bronze (at a cost of $35,000) or to make a master mold ($5,000), but

CCNV refused. The parties filed competing copyright registrations, and litigation ensued.

The Supreme Court looked to the "general common law of agency," i.e. employment law. Drawing substantially on the Restatement (Second) of Agency section 220(2), the Court gave a twelve-factor (!) test to determine whether a creator is an "employee" for copyright purposes:

- The skill required.
- The source of the instrumentalities and tools.
- The location of the work.
- The duration of the relationship between the parties.
- Whether the hiring party has the right to assign additional projects to the hired party.
- The extent of the hired party's discretion over when and how long to work.
- The method of payment.
- The hired party's role in hiring and paying assistants.
- Whether the work is part of the regular business of the hiring party.
- Whether the hiring party is in business.
- The provision of employee benefits.
- The tax treatment of the hired party.[71]

These factors pointed overwhelmingly to the conclusion that Reid was not an employee:

> True, CCNV members directed enough of Reid's work to ensure that he produced a sculpture that met their specifications. But the extent of control the hiring party exercises over the details of the product is not dispositive. Indeed, all the other circumstances weigh heavily against finding an employment relationship. Reid is a sculptor, a skilled occupation. Reid supplied his own tools. He worked in his own studio in Baltimore, making daily supervision of his activities from Washington practicably impossible. Reid was retained for less than two months, a relatively short period of time. During and after this time, CCNV had no right to assign additional projects to Reid. Apart from the deadline for completing the sculpture, Reid had absolute freedom to decide when and how long to work. CCNV paid Reid $15,000, a sum dependent on completion of a specific job, a method by which independent contractors are often compensated. Reid had total discretion in hiring and paying assistants. Creating sculptures was hardly regular business for CCNV. Indeed, CCNV is not a

71. Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 751–52 (1989) (bullets added).

> business at all. Finally, CCNV did not pay payroll or Social Security taxes, provide any employee benefits, or contribute to unemployment insurance or workers' compensation funds.[72]

Indeed, this is such a clear case it is hard to see how CCNV thought it could have been otherwise. One possibility—which was reflected in the arguments presented to the Court—is the conceptual pull of the *second* work-made-for-hire prong, for specially commissioned works. There is a sense that the entire point of hiring an artist to create a work is to obtain control over the work, i.e. the copyright. Even if CCNV and Reid did not write an agreement to this effect, goes the thought, surely that is what they intended when Reid delivered the sculpture?

If this line of reasoning sounds convincing, you are most likely not a freelance artist. Reid thought he was delivering CCNV *a copy of the work* (a tangible object), not *copyright in the work itself* (an intangible IP right. And the Copyright Act unambiguously agrees with him. Section 202 distinguishes "ownership of a copyright" from "ownership of any material object in which the work is embodied," and then emphasizes the point:

> Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.[73]

Thus Reid gave up no rights in his copyright by delivering Third World America to CCNV.

Similarly, the Copyright Act could not be clearer that ownership of a non-employee work can neither vest in a hiring party nor be transferred to one without a written agreement. If CCNV wanted to own copyright in Third World America, it needed to *get it in writing*. Reid was perfectly free to assign his copyright to CCNV, but if he did not do so explicitly, copyright ownership remained with him. This aspect of the definition of works made for hire is designed to be author-protective. In short, *Community for Creative Non-Violence* was a case about the employment prong at all only because of the lack of a written agreement on copyright ownership.

In application, the twelve factors are not of equal weight. Generally speaking, a business's willingness to treat workers as employees for tax and benefits purposes is a necessary but not sufficient condition for employee status. Also, do not forget that even if an author is an employee, only works created *within the scope of employment* are works made

72. *Id.* at 752–53.
73. 17 U.S.C. § 202.

Remington Steele poster

Richard Warren (1952–)

for hire. As with trade secret and patent, works created on personal time are owned by the author, not the employer.

Specially Commissioned Works

Turn now to the second prong, for "specially ordered or commissioned" works. The first thing to note here is that only works within the eight listed categories are eligible for work-made-for-hire status. There is no coherent jurisprudential theory for which types of works are eligible; the categories reflect practices in a number of industries and are the result of extensive lobbying. Thus, for example, the inclusion of motion pictures is a recognition of the Hollywood business model, in which ownership of every conceivable right related to a film is concentrated in a single production company and then extensively licensed out. Every person on a production is employed on a work-made-for-hire basis, simplifying copyright ownership and licensing. This and the other categories reflect Congress's unwillingness to disrupt existing practices.

The second thing to note is that the work really must have been created at the behest of the commissioning party. I wrote the solutions manual for a computer-science textbook as a summer job in college. This was a work made for hire because it was a "supplementary work" (to an "instructional text," another work made for hire category). But crucially, I wrote the solutions manual after signing the contract. If I had written up the solutions entirely on my own, and only then approached the publisher, we could not retroactively have classified it as a work made for hire. I could have assigned them the copyright, which would have had very similar practical effect, but it would have remained a sole-authored work even once the publisher owned the copyright.

Third, the written agreement is absolutely essential. A written agreement specifying that Party A will own the copyright may be insufficient, because that agreement might just be an assignment of rights in a work *not* made for hire. For the avoidance of doubt, the agreement should recite (a) that the work falls within the appropriate enumerated category, (b) that the work was in fact specially ordered, and (c) that the work will

Malcolm X (1992), a Spike Lee joint, not a Spike Lee and Jefri Aalmuhammed joint

be treated as a work made for hire. When these are not clear, litigation can ensue. In *Warren v. Fox Family Worldwide, Inc.*, for example, Richard Warren wrote the music for the TV series *Remington Steele*.[74] Each episode was an audiovisual work, and he worked under written contracts with the prodction company, MTM, that provided:

> As [Warren's] employer for hire, [MTM] shall own in perpetuity, throughout the universe, solely and exclusively, all rights of every kind and character, in the musical material and all other results and proceeds of the services rendered by [Warren] hereunder and [MTM] shall be deemed the author thereof for all purposes.

While MTM ultimately won the case, this language created enough doubt that Warren's lawyers thought it was worth litigating the case through appeal. The issue: the contract did not specifically say that the compositions were "specially ordered or commissioned" in so many words. The court had to read other provisions of the contract—such as MTM's final creative control—to confirm that the scores really were written at MTM's behest.

Occasionally, the paperwork process fails. In *Aalmuhammed v. Lee*, for example, Jefri Aalmuhammed was hired as an "Islamic Technical Consultant" for Spike Lee's *Malcolm X* starring Denzel Washington "to ensure the religious and historical accuracy and authenticity of scenes depicting Malcolm X's religious conversion and pilgrimage to Mecca."[75] He wrote several scenes and helped with subtitles, voice-overs, and transla-

74. Warren v. Fox Family Worldwide, Inc., 328 F.3d 1136 (9th Cir. 2003).
75. Aalmuhammed v. Lee, 202 F.3d 1227, 1230 (9th Cir. 2000).

tions. He was paid $25,000 by Lee and $100,000 by Washington, but never had a written contract. Since this failed to be a work made for hire, Aalmuhammed argued that he was a joint author. The court dismissed the argument using *Thomson*-style reasoning, holding that Spike Lee, not Jefri Aalmuhammed, was the "inventive or master mind" behind *Malcolm X*.

3 Derivative Works

One work can build on another. Baz Luhrmann's *Romeo + Juliet* is an adaptation of William Shakespeare's play; Lil Nas X's *Old Town Road* is built on a beat from YoungKio, which in turn samples Nine Inch Nails's *34 Ghosts IV*. The copyright-law term for such adaptations is ***derivative works***, which are defined as

> a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. [76]

Section 103 of the Copyright Act gives the author of a derivative work a copyright in "the material contributed by the author of [the derivative] work," but not in the "preexisting material" incorporated in it.[77]. The copyright in the preexisting work is unaffected. The result is that a derivative work, viewed as a whole, can be subject to multiple copyrights. Someone who copies *Old Town Road* without permission infringes on Lil Nas X's copyright in the lyrics and melody, *and* on YounKio's copyright in the beat, *and* on Nine Inch Nails's copyright in the instrumental.

The rule that derivative works are copyrightable has an important proviso: "protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully."[78] This ***infringing-derivatives rule*** prevents a derivative work from being copyrightable if the derivative work itself infringes.

A classic example is *Pickett v. Prince*, which dates from the years that Prince adopted an unpronounceable symbol as his stage name (partly prompted by his struggles with his record label).[79] The symbol, which incorporates elements of the "male" and "female" symbols (derived in turn from the astrological symbols for the planets Mars and Venus), was creative enough to be copyrightable. A fan, Ferdinand Pickett, made a guitar in the shape of the symbol and, he alleged, showed it to Prince.

76. 17 U.S.C. § 101.
77. 17 U.S.C. § 103(a)
78. 17 U.S.C. § 103(a)
79. Pickett v. Prince, 207 F. 3d 402 (7th Cir. 2000).

Ferdinand Pickett, symbol-shaped guitar

When Prince later appeared in public playing a similar guitar, Pickett sued.

Pickett lost, because he had no copyright in his symbol-shaped guitar. The guitar was an infringing derivative work of the symbol, and therefore it was not copyrightable. In the court's view, the infringing-derivatives rule prevents intractable proof problems: was Prince's symbol-shaped guitar copied from Pickett's symbol-shaped guitar, or from Prince's symbol together with the unprotectable idea of making a guitar in that shape? Another argument sometimes advanced is that it gives the owner of the underlying work more freedom to develop and license it, as others cannot obtain "blocking" copyrights in the same way that they can obtain blocking improvement patents.

Still, the infringing-derivatives rule can be hard on derivative authors. In *Anderson v. Stallone*, Timothy Anderson, the author of a thirty-one page treatment for *Rocky IV*, had no copyright at all, because the treatment infringed on the Rocky character from the first three movies.[80] That meant the studio, which took meetings with Anderson and allegedly told him "if they use his stuff it will be big money, big bucks for Tim," was free to use anything it wanted from his treatment without paying.

Even more strikingly, although the infringing-derivatives rule is widely followed, it is not textually required by Section 103, which states that copyright "does not extend *to any part of the work* in which such material has been used unlawfully." The infringing-derivatives rule as

80. Anderson v. Stallone, No. 87–0592 WDKGX (C.D. Cal. Apr. 25, 1989).

Jorie Gracen's design

Bradford Exchange's plate

applied reads "part" broadly: unless there is an obvious division (e.g., one of three paintings in a tryptich), the entire work is uncopyrightable. Perhaps there was no meaningful "part" of a *Rocky* screenplay without Rocky, but it is also a plausible reading of this provision that Pickett could have maintained a copyright action over any decorative aspects of his guitar other than its shape.

And even more gallingly, courts sometimes apply the infringing-derivatives rule to works in which the preexisting work has been used *lawfully*. In *Gracen v. Bradford Exchange*, the Bradford Exchange held a competition for artists to design a *Wizard of Oz* collector's plate of Dorothy, with the idea that the winner would be offered a contract to create other *Wizard of Oz* plates.[81] Jorie Gracen won the competition, but she and Bradford couldn't agree on contract terms, so it hired another artist and gave him her plate to work from. Gracen was indisputably authorized to create her derivative work (the plate), but the court held that she was not also authorized to obtain a copyright in it, a position with no textual support in section 103. The result is to put future Gracens in the untenable position of a Victor Desny, knowing that if they show Bradford their work it will be free to terminate negotiations and use their designs without paying.[82]

On the other hand, a derivative work is copyrightable when it makes a fair use of the underlying work. In *Keeling v. Hars*, Jaime Keeling turned the 1991 surfing-skydiving-heist movie *Point Break* (directed by Kathryn Bigelow and starring Keanu Reeves and Patrick Swayze) into a stage play, *Point Break Live!*:[83]

> In the film, Reeves plays a rookie FBI agent who goes undercover

81. Gracen v. Bradford Exch., 698 F.2d 300 (7th Cir. 1983).
82. More recent caselaw confines some of the damage from *Gracen* by holding that the authorized derivative creator receives a copyright unless their contract with the underlying copyright owner explicitly prohibits one.Schrock v. Learning Curve Intern., Inc., 586 F.3d 513 (7th Cir. 2009).
83. Keeling v. Hars, 809 F.3d 43, 45 (2d Cir. 2015).

”Skydiving” scene from *Point Break Live*

> to infiltrate a gang of bank-robbing surfers led by Swayze’s character. The Keeling-authored PBL parody parallels the characters and plot elements from Point Break and relies almost exclusively on selected dialogue from the screenplay. To this raw material, Keeling added jokes, props, exaggerated staging, and humorous theatrical devices to transform the dramatic plot and dialogue of the film into an irreverent, interactive theatrical experience. For example, in Keeling’s PBL parody, Point Break ’s death-defying scene in which Reeves’s character must pick up bricks, blindfolded, in a swimming pool takes place, instead, in a kiddie pool. Massive waves in the film are replaced by squirt guns in the PBL parody. A central conceit of the PBL parody is that the Keanu Reeves character is selected at random from the audience and reads his lines from cue cards, thereby lampooning Reeves’s reputedly stilted performance in the movie.

Keeling worked with Eve Hars to stage a production of *Point Break Live!* in 2007. But after the initial two-month run ended, Hars continued to stage performances of *Point Break Live!* for four years, without paying Keeling and without her permission. Hars’s argument was that because *Point Break Live!* was a derivative work made without permission, it was uncopyrightable.

The courts disagreed. Keeling had no copyright in the plot and dialogue elements of *Point Break* that she borrowed for *Point Break Live!*, and she could not have sued Hars for copying those elements. But because *Point Break Live!* was a fair use (in particular, a transformative parody) it used those elements “lawfully,” and thus Keeling did have a copyright in all of the creative elements she added, like the kiddie pool and squirt guns. By staging *Point Break Live!*, Hars copied these additional elements, and infringed Keeling’s derivative-work copyright.

Photoshoot Problem

You represent Shelbyville Stages, a concert promoter. You have booked the eccentric pop musician Plastica for a twelve-city tour in the Northeast. The marketing staff at Shelbyville have recently discovered an image online that they think would be perfect for using on the concert posters. It features Plastica stepping down the landing ramp of a flying saucer, backlit, carrying a pair of cheerleader's pompoms, with a guitar slung over her back, and wearing her trademark disinterested scowl.

A similar photograph was the cover of this month's Them, a celebrity fashion magazine. An unknown party or party unknown, however, extensively Photoshopped it to make it look like a faded, weather-beaten Old West "WANTED" poster. The marketing staff tell you that this was a stroke of genius; the combination of the antique look with the kitschy futuristic technology gives the whole thing what they call a "neo-horsepunk flying-car feel" and the outlaw theme plays off Plastica's expression. Their research has determined that the following people were in some way connected with the image:

- Plastica herself, who has spent years crafting her stage persona, which might be described as "heroin-ravaged all-American girl from outer space."
- Plastica's hair-stylist, Alicia Abt, who produced the complicated multi-layer updo in which she appears in the photograph, with a single side ponytail and a Statute-of-Liberty-style ring of spikes.
- Plastica's personal trainer, Ben Boardwell, who has spent years working with her to develop her musculature to combine strength with a suggestion of wasted potential.
- A celebrity photographer, Charles Carmack, who decided on the flying-saucer theme, chose the placement of props, and instructed Plastica on how to pose.
- Carmack's salaried assistant, Denyse Dozier, who operated the camera and pushed the button that took the photographs.
- A Photoshop expert, Ernest Eames, who digitally smoothed out the wrinkles in Plastica's face, extended her neck by two inches, and made a hundred other similar tweaks.
- *Them* magazine, where the modified photograph ran.
- Some unknown person with the username SeePeteyPhotoshop, who added the Old West theme and uploaded the modified photo to the photosharing site AwfulThings.com.

Based on these facts, advise Shelbyville Stages on whether it will be possible to obtain sufficient permissions to use the Old West version of the photo for the concert posters, and, if so how to go about it.

Illustrator Problem

DevaratiDraws is a digital artist with a large following on Instagram and Twitch. She frequently posts doodles and finished drawings, and also regularly livestreams her drawing process. Although she works in a variety of styles, including impressionistic portraits and landscapes, she is best known for her numerous cartoons of characters with pronounced overbites and large heads doing everyday tasks (doing laundry, riding the subway, etc.) in dramatic anime-inspired poses. She makes most of her income from Twitch creator revenue, with a bit from selling prints and merchandise, and occasional sponsored posts on Instagram.

Favorite Things makes and sells a line of home goods like dishware, towels, lamps, etc. Favorite Things has approached DevaratiDraws about the possibility of a partnership. Favorite Things would feature some of DevaratiDraws's illustrations on plates and other items, and Favorite Things would redesign its website for six months to feature DevaratiDraws's work, with numerous illustrations of characters in her distinctive style. Favorite Things and DevaratiDraws agree that the project will require about 300 hours of her time.

How should Favorite Things and DevaratiDraws structure their agreement? Consider such factors as:

- Whether DevaratiDraws should be hired as an employee or independent contractor.
- Which parts of DevaratiDraws's work Favorite Things will own.
- Whether and when DevaratiDraws will be allowed to make other uses of any of her work for Favorite Things.
- What should happen if DevaratiDraws and Favorite Things have disagreements about the direction of the project or about specific drawings.

Be prepared to negotiate over these details representing *either* DevaratiDraws or Favorite Things.

C Procedures

In this section, we consider two topics: how copyright starts, and how it ends.

1 Formalities

Copyright the statute tells us, "subsists" as soon as a work is "fixed in a tangible medium of expression."[84] The author doesn't need to do anything more to become a copyright owner. Anyone who talks about "copy-

84. 17 U.S.C. § 102(a).

righting" a work is confused. At best, they are thinking about "registering" the work with the Copyright Office, which does have several useful advantages, but is not a condition of protection. At worst, they think that unregistered works are not protected by copyright and may freely be copied. *This is wrong, wrong, totally wrong.* Correct them. This is not to say that copyright has no procedural wrinkles—only that these procedures are not preconditions to copyright protection.

It was not always thus. There have been five traditional ***formalities*** in United States copyright law—procedures one must follow to obtain or maintain a copyright: ***publication*** of the work with ***notice*** of the author's copyright, ***registration*** of the work (at first with district courts and now with the Copyright Office) and ***deposit*** of copies for the use of the Library of Congress, and ***renewal*** of the copyright for a second term. Failure to comply with these formalities could terminate a copyright, or even prevent one from existing in the first place.

Today, however, there is only one actual formality required to obtain a copyright, and it is so slight a requirement that it is usually satisfied automatically, without any special effort. That requirement is ***fixation***: that the work be embodied in some tangible object. Vestiges of the other formalities survive, and they can be important to good copyright practice, but fixation is the only thing one must do to have a copyright in the first place.

A word of warning. Not all of the changeover to the modern system of minimal formalities is retroactive. Many older works—especially those published before January 1, 1978, when the Copyright Act of 1976 took effect—remain subject to formalities. A failure to comply with the formalities back in the day can have important consequences in the present day. Due diligence for such works requires a careful investigation of the details.

a Fixation

Section 102(a) of the Copyright Act says that copyright subsists when a work is "fixed in any tangible medium of expression, now known or later developed, from which [it] can be perceived, reproduced, or otherwise communicated, either directly or indirectly with the aid of a machine or device." Section 101 adds that fixation takes place when it is "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." The objects in which a work is fixed are important enough to have their own names. They are ***copies***—unless the work is a sound recording that is not part of an audiovisual work, in which case they are ***phonorecords***.[85] The

85. Despite the name, the object "in which the work is first fixed" is also a copy. So according to copyright, the original is a copy. Isn't law fun?

sheet music of a song is a copy; a vinyl record of a band playing the song is a phonorecord; a DVD of a movie with that band's version of the song on the soundtrack is a copy.[86]

This is a very broad definition. It covers everything from cuneiform clay tablets to the computer chips inside a singing stuffed animal. They are both fixed; they are both copyrightable. The definition is also technologically "neutral." It includes works that can be read directly by humans (such as as the pattern of ink in a printed book) and works that cannot (such as the pattern of holes on a DVD). In 1908, the Supreme Court held that piano rolls for player pianos were not "copies" because they were "not made to be addressed to the eye as sheet music,"[87] The 1976 Act's technologically neutral definition of fixation definitively repudiates this rule.

What isn't fixed? On the one hand, some works that are performed only once and not recorded are never embodied in a tangible object at all. The Copyright Compendium lists "an improvisational speech, sketch, dance, or other performance that is not recorded in a tangible medium of expression."[88] On the other, some works may be briefly present in a tangible medium, but not "sufficiently permanent or stable" to endure for more than a "transitory duration." The Compendium gives as examples displays " projected briefly on a screen, shown electronically on a television, or captured momentarily in the memory of a computer."[89] Most works are capable of being fixed, if necessary by pointing a camera or video camera at them. One possible exception may be conceptual art, where the artist has defined the work of art in a way that denies that the work is present in any specific tangible object—perhaps it is a transient performance that occurs once and is over, or perhaps the work is a particular emotion in the mind of a person who is unaware that they are part of the art. The Copyright Act may recognize the artist's description of the work or a recording of a performance as fixed and thus copyrightable, but the artist would deny that that these constitute the work itself.

Ephemerality is sometimes raised as a challenge to digital works, but the definition of fixation is broad and pragmatic enough that this is rarely a real problem. Consider *Stern Electronics, Inc. v. Kaufman*, one of a series of similar arcade-game cases from the 1980s. Konami's スクランブル was a side-scrolling arcade game cabinet distributed as Scramble in the United States by Stern. Like all arcade cabinets from the days before flat-panel displays, it was built around a bulky cathode-ray tube monitor. The cabinet also contained circuit boards, speakers, a joystick, buttons, and coin slots. The circuit boards included pre-programmed chips called

86. What about a DVD that has both the movie and the movie's soundtrack?
87. White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1, 12 (1908).
88. Compendium, *supra* note 1, § 305.
89. *Id.*

Scramble

PROMs, for "programmable read only memory," that controlled the action of the game. It sold 10,000 cabinets at $2,000 each in the first two months.

Omni sold knockoff Scramble cabinets with the same name, gameplay, graphics, and sound. When sued, it raised essentially the only plausible argument available to it on those facts: that Scramble wasn't copyrightable in the first place because it wasn't fixed. The easy answer is that Scramble is an audiovisual work fixed in the PROMs. True, the display on the CRT screen is ephemeral and each dot fades within a small fraction of a second. But the game itself is fixed in the computer chips and the ephemerality of the graphic display is of no more importance than the ephemerality of the sound waves when a record is played.

The deeper problem posed by a video game is that it changes every time the game is played: for example, where the enemies appear on screen depends on how the player maneuvers. This is not quite an argument that the work is not fixed; it clearly is. Rather, it is an argument that the what is fixed does not sufficiently determine what appears on the screen for copyright to protect what appears on the screen.

The exact sequence of sights and sounds will almost never be exactly the same twice. But, as the court observed, many aspects of the game will be similar across many runs:

> These include the appearance (shape, color, and size) of the player's spaceship, the enemy craft, the ground missile bases and fuel depots, and the terrain over which (and beneath which) the player's ship flies, as well as the sequence in which the missile bases, fuel depots, and terrain appears. Also constant are the sounds heard whenever the player successfully destroys an enemy craft or installation or fails to avoid an enemy missile or laser.[90]

This "repetitive sequence of a substantial portion of the sights and sounds of the game" is good enough.[91]

One important proviso in the definition of fixation is that the work must be fixed " by or under the authority of the author."[92] An unauthorized recording of an improvisational jazz concert does not generate copyright in the recording, either for the jazz combo or for the surreptitious taper. But be careful to pay attention to whether the work is fixed in some other way. A band performing live a new song from their upcoming album does have a copyright in the song if they have already recorded a version in the studio.[93]

The other slightly mysterious-at-first clause in the definition of fixation is the sentence, "A work consisting of sounds, images, or both, that are being transmitted, is 'fixed' for purposes of this title if a fixation of the work is being made simultaneously with its transmission."[94] Think of the live broadcast of a basketball game, complete with on-screen graphics and other original elements. The broadcast is not itself fixed, but as long as the network is recording a copy of the broadcast as it goes out, the recording counts as the necessary "simultaneous" fixation.[95]

Latte Art Problem

Your client is the co-owner and lead barista of Bitter Medicine, an upscale coffee shop. He makes latte art and posts photos on the @BitterMedicine Instagram page. Recently, a rival coffee shop across town has started making replicas of his latte cats and flowers, and reposting his photos (without attribution) on its own Instagram page. When he complained

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90. Stern Elecs., Inc. v. Kaufman, 669 F.2d 852, 856 (2nd Cir. 1982).
91. What about a modern game like Elden Ring? Or how about the procedurally generated No Man's Sky?
92. 17 U.S.C. § 101.
93. And note that taping either concert without permission might run afoul of quasi-copyright anti-bootlegging laws.
94. 17 U.S.C. § 101.
95. Note that this is a copyright in the *broadcast* of the game, an audiovisual work, not a copyright in the *game* itself, which is probably not a work of authorship.

Latte art

informally, the response was that latte art isn't copyrightable. How will you reply?

b Publication

Fixation is a new concept with the 1976 Act. Its predecessor under the 1909 Act was publication, which marked the dividing line between state-law and federal copyright protection. State copyright protected unpublished works only, and disappeared upon publication. This is why, for example, Warren and Brandeis's famous *The Right of Privacy* includes a discussion of copyright: a right against publication of one's letters can function as an imperfect privacy right.[96] State law also secured the author's ability to decide whether and how to first publish a work; without state copyright, anyone who stole a manuscript could also steal the author's thunder.

Federal copyright protection attached upon publication with notice of the author's copyright. Do you see the gap between this rule and the rule that state copyright ends at publication? The problem was that publication with *improper or missing* notice would simultaneously destroy state copyright (as a publication) while also failing to secure federal copyright (as a publication without notice), leaving the author with no copyright

96. Samuel Warren & Louis Brandeis, *The Right to Privacy*, 4 Harv. L. Rev. 193 (1890).

Dr. King delivering—but not publishing—his "I Have a Dream" speech

at all.

Faced with these severe consequences for defective notice, the courts responded by manipulating the definition of "publication."

> In order to soften the hardship of the rule that publication destroys common law rights, courts developed a distinction between a "general publication" and a "limited publication." Only a general publication divested a common law copyright. A general publication occurred when a work was made available to members of the public at large without regard to their identity or what they intended to do with the work. Conversely, a non-divesting limited publication was one that communicated the contents of a work to a select group and for a limited purpose, and without the right of diffusion, reproduction, distribution or sale.[97]

The extreme example of this trend is the holding in *Estate of Martin Luther King v. CBS, Inc.* that Rev. Dr. Martin Luther King Jr.'s "I Have a Dream" speech was not "published" when he delivered it from the steps of the Lincoln Memorial on August 28, 1963 to an audience of more than 250,000 attendees of the March on Washington for Jobs and Freedom, and it was broadcast live on television and radio to an even larger audience.[98] As the court explained, "A performance, no matter how broad the audience, is not a publication."[99]

A general publication occurred if copies of the work were distributed to the public, or displayed in a way that would permit the public to make their own copies. But in either case, the author could prevent a general publication from taking place by imposing restrictions on copying. And a publication by someone else without the author's permission, didn't

97. Est. of Martin Luther King v. CBS, Inc., 194 F.3d 1211, 1214–15 (11th Cir. 1999).
98. *Id.*
99. *Id.* at 1217.

count Thus, the "I Have a Dream" speech remained "unpublished" even though copies were available in the press tent at the March, and even though it was printed in the September 1963 newsletter of the Southern Christian Leadership Conference. The trial court accepted the arguments of Dr. King's estate that the press tent copies were limited to the news media for "for the sole purpose of assisting press coverage of the March" and that he had not authorized the SCLC to reprint the speech.[100]

Under the 1976 Act, publication has nothing like the importance it once did. Copyright attaches when the work is fixed regardless of notice, so there is no longer a danger of forfeiture through unintended publication or botched notice. That said, publication is not entirely irrelevant, and it can still be important to know whether a work was published or not, and where.[101] Publication can affect the length of the copyright term for some works, and some of the other formalities, such as deposit and registration (to the extent that they matter) depend on the timing of publication. A number of defenses apply only to, or apply more strongly to, published works. And a work's nationality, which can affect how it is treated under United States and foreign law, can depend on where it was first published. To the extent that it matters, the definition of publication is now codified in Section 101 as distributing copies to the public "by sale or other transfer of ownership, or by rental, lease, or lending."[102]

c Notice

Proper notice consists of "Copyright" or "Copr." or ©, followed by the year, followed by the author's name,[103] like so:

> © 2015 Jane Q. Driveway

Under the 1909 Act, when publication without notice meant no copyright, courts interpreted the notice requirements with a bleakly hilarious severity. In *Wildman v. New York Times Co.*, for example, F. Collis Wildman wrote a mawkishly sentimental poem in 1911 and had it printed in on cards in 1926.[104] He put the name "F. Collis Wildman" at the end of the poem in the lower right of the cards and the word "Copyright" at the lower left, and sold 3,000 copies to the public. This was defective notice, held the court, because there was no date, and because his name didn't appear next to the word "Copyright." Thus, by selling the cards

100. Est. of Martin Luther King v. CBS, Inc., 13 F. Supp. 2d 1347 (N.D. Ga. 1998). To be precise, this was for purposes of defeating a summary judgment motion, so the court found that both of these were disputed issues of fact.
101. Compendium, *supra* note 1, § 1903.
102. 17 U.S.C. § 101.
103. Compendium, *supra* note 1, § 2204.1.
104. Wildman v. N.Y. Times Co., 42 F. Supp. 412 (S.D.N.Y. 1941).

”Remember This” by F. Collis Wildman (in a later edition)

he “dedicated his verse to the public” and had no copyright to enforce.

Other cases are equally hair-splitting and hair-raising. If the publisher mistakenly printed too early a year in the copyright notice, the term began to run from the date listed, shortening the copyright term. Although the movie *The Last Time I Saw Paris* was released in 1954, MGM mistakenly printed the year as “MCMXLIV”, which is 1944 in Roman numerals (the “X” should have been omitted). The term thus began to run from 1944 instead of 1954. MGM, unaware of the error and expecting the 28-year initial term to run until 1982, failed to renew the copyright when the initial 28-year term expired in 1972, causing the movie to enter the public domain.On the other hand, if the publisher printed a year that was too late, the copyright was void, as a kind of penalty for the attempt to improperly extend the copyright term, however inadvertent the mistake. The book *The Sacred Mountains* by Joel T. Headley was put on sale in November 1846, but the copyright notice following the title pages stated 1847 instead. *Held*, the book was not protected by copyright.[105] There are stories of law-firm associates assigned to write extensive memos on the consequences of enclosing the letter “c” in the copyright symbol with a triangle rather than a circle.

The 1976 Act retained the requirement to place visually perceptible notice on published copies of works, but softened its consequences, most notably by switching from publication-with-notice to fixation as the threshold for copyright protection. In 1988, the United States joined the international Berne Convention for the Protection of Literary and Artistic Works, which requires that copyright “shall not be subject to any for-

105. Baker v. Taylor, 2 Blatchf. 82 (C.C.S.D.N.Y. 1848).

Title screen from *The Last Time I Saw Paris*

Copyright notice from *The Sacred Mountains* by Joel T. Headley.

mality."[106] Thus, since March 1, 1989, when the Berne Convention Implementation Act came into force, notice has no longer been required.

Even though it is now optional, notice remains a best practice.[107] Most obviously, it communicates essential facts about copyright in the work, which can warn off some potential infringers and help people who want to license the work identify the copyright owner. It also has a few minor doctrinal benefits, such as increasing the damages available against an "innocent infringer" who had no (other) reason to know that what they were doing was infringing.

d Registration

Under the 1909 Act, following publication a copyright owner was required to register the work with the Copyright Office and deposit two copies "promptly." Failure to do so did not invalidate the copyright the way that publication without notice did, but the copyright owner was not allowed to sue for infringement until registration and deposit were complete. The 1976 Act carries forward the registration requirement as a

106. Berne Convention art. 5(2).
107. Compendium, *supra* note 1, § 2202.2.

precondition to sue for infringement, but it is not a prerequisite to copyright protection itself.

Compared to the expensive and extensive examination process for patents, copyright registration is cheap and relatively quick. A single online registration for a single work by a single author costs $45. Other types of registrations cost more, but not much more, e.g., registering "a group of works published on an album of music" costs $65. As of 2021, the average processing time for registrations was about 3 months, although timelines for registrations submitted on paper or with mail-in physical deposit averaged closer to a year. For a fee of $800 and for good cause (such as litigation or publication deadlines) and if the Copyright Office agrees, an applicant can request "special handling" for which the Copyright Office will attempt to process the claim within five working days.

Registration applications are assigned to a registration specialist, who may correspond with the applicant by email to request more information. Procedures are informal compared with patent applicantions procedures. If the registration is granted, the Copyright Office will provide a certificate of registration. If the specialist rejects the registration, the applicant can file a request for reconsideration to the Copyright Review Board (at a cost of $350), which will issue a short written opinion. If the applicant is still unsatisfied, they can seek judicial review by suing the Register of Copyrights in federal district court.

There are a few exceptions to the usual registration rules. One is "preregistration" for types of works with a history of piracy—such as movies and music—that are being prepared for commercial distribution.[108] The copyright owner must follow up by registering the work within three months of its publication, but can sue infringers in the meantime. Similarly, works that are broadcast and fixed at the same time can be registered within three months but sued on immediately.[109]

As noted, the main reason to register is that you have to before you can sue.[110] Indeed, a copyright infringement suit is not properly pleaded unless the certificate of registration is filed with the complaint. If the registration is rejected, the applicant can still file an infringement suit, but must serve a copy of the complaint on the Register of Copyrights, so that they can appear in the case if they want. For a number of years, some courts allowed copyright owners to file suit as soon as they had *applied* to register their copyright. But the Supreme Court cut off that practice in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*: no filing suit until registration or rejection.[111]

108. 17 U.S.C. § 408(f).
109. § 411(c).
110. 17 U.S.C. § 411.
111. Fourth Est. Pub. Benefit Corp. v. Wall-St.com, LLC, 139 S. Ct. 881 (2019).

The other doctrinal advantage of registration is remedial: unless the copyright owner registers within three months of publication or before the infringement began, they cannot recover statutory damages or attorney's fees. This is often the difference between making an infringement suit economically viable or not, so it is good practice to register promptly. The evidentiary advantages of registration are real but weak compared with patent; the registration is *prima facie* evidence of the copyright and the facts in the certificate, if it is registered within five years of publication.

e Deposit

Under the 1976 Act, as under its precedecessor, to register a copyright one must deposit a copy of the work with the Copyright Office.[112] This copy is for the Copyright Office's use in determining whether the work is registrable, and the Copyright Office makes rules and policies about how and whether the copy should be provided. Some classes of works are exempted entirely; the Copyright Office has no interest in receiving a copy of a twelve-ton site-specific metal sculpture. For others it requests electronic or physical copies, and there are special rules for online works. There are provisions to keep certain types of works—such as secure tests like the LSAT—confidential. These deposits are primarily for the Copyright Office's benefit, although they are also sometimes used as evidence in litigation to prove authorship or the contents of the work as of the registration date.

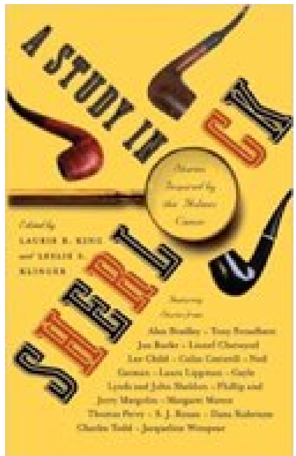
There is *also* a deposit requirement for the benefit of the collection of the Library of Congress. If the work is published, the author must submit two copies of the "best edition" of the work.[113] These copies typically also satisfy the registration-copy deposit requirement, but the exact contents of the two requirements can diverge.

Failure to comply with the mandatory Library of Congress deposit requirement doesn't affect copyrightability or enforcement. There are fines for owners who fail to comply with a demand for deposit copies, although they max out at $2,500 per work even for repeated and willful refusal.[114]

2 Term

Copyright lasts for a term of the life of the author plus 70 years. After that, the work is no longer subject to copyright, and it enters the "public domain," free for any use by anyone. For a quick sense of what that means

112. Compendium, *supra* note 1, § 1502.
113. 17 U.S.C. § 407. *But see* Valancourt Books, LLC v. Garland, 82 F.4th 1222 (D.C. Cir. 2023) (holding that the Library of Congress deposit requirement is a taking requiring compensation under the Fifth Amendment).
114. 17 U.S.C. § 407(d).



A Study in Sherlock (2011)

in practical terms, consider *Klinger v. Conan Doyle Estate*.[115] Arthur Conan Doyle published 56 Sherlock Holmes stories and 4 novels between 1887 and 1927. Due to details of U.S. copyright terms, this meant that for many years the earlier works (published in 1922 and before) were in the public domain while the last 10 stories (published in 1923 and later) were still under copyright. The Doyle estate, which holds those copyrights, is like a number of literary estates[116] notoriously protective and litigious.

In 2011, Leslie Klinger co-edited an anthology of Holmes-inspired stories. The Doyle estate demanded a $5,000 license, which the publisher paid. Klinger sought to publish a sequel, and this time sued for a declaratory judgment to establish that no license was needed. The estate's theory was that as long as any of Doyle's Sherlock Holmes stories was under copyright, the character of Sherlock Holmes was copyrighted and could not be used without permission.

But this isn't right. Copyright protects *works of authorship*, not characters, and when the copyright in a work terminates, everything original in that work is fair game. Klinger and the contributors to the anthology were free to copy any elements they wished from the works—46 stories and 4 novels—that were no longer under copyright. They could not use any elements from the 10 stories that were published after 1923. Those later stories were derivative works, and the copyright in them extended only to the material Doyle added over and above his previous works depicting Sherlock Holmes, Dr. Watson, etc. So one could not make a movie adaptation of "The Adventure of the Lion's Mane" (1926), but one could adapt "The Red-Headed League" (1891).

The copyright term has grown with time. Under the 1790 Act, it

115. Klinger v. Conan Doyle Est., 755 F.3d 496 (7th Cir. 2014).
116. *cough cough* James Joyce and William Faulkner

lasted for a 14-year term, which was renewable for a second 14-year term. The 1831 Act extended the initial term to 28 years, but kept the renewal term at 14 years. The 1909 Act extended the renewal term to 28 years as well. The 1976 Act switched to a system—based on the Berne Convention—of the life of the author plus 50 years. And the Sonny Bono Copyright Term Extension Act added another 20 years on top of the Berne minimum, for a total of the life of the author plus 70 years.[117]

The CTEA was a watershed moment in copyright politics and activism. It was supported by authors' groups and the "content" industries—film, music, publishing, etc.—for obvious reasons. But critics saw it as a restriction on free expression and the withholding of the raw materials needed for fresh creativity. One charge was that it should be called the Mickey Mouse Copyright Term Extension Act because it was passed shortly before *Steamboat Willie* (1928), the first Mickey Mouse cartoon, would have been due to enter the public domain. Opponents of the CTEA pointed to its *retroactive* extension of copyright for already existing works, arguing that this could serve no possible incentive purpose in encouraging authors. Led by law professor Lawrence Lessig, who argued the case to the Supreme Court, they sued to block the CTEA.

The Supreme Court, however, disagreed. In *Eldred v. Ashcroft*, it held that the CTEA's term extensions were compatible with the Constitution's requirement that exclusive rights be granted for "limited times" and "to promote the progress of science and useful arts."[118] One important point in its reasoning was the long history of term extensions—including retroactive term extensions—which had not previously been challenged. A truly perpetual term would be unconstitutional, but life of the author plus 50 years is not perpetual, and neither is a provision increasing 50 to 70.[119] Notably, however, the political heat generated by *Eldred* and its aftermath, seem to have deterred Congress. The 20th anniversary of the CTEA came and went in 2018 with no attempts at an encore performance.

There are a few important exceptions to the life plus 70 rule.[120] A joint work, which has multiple authors, has a term that is measured based on the longest-lived among them.[121] Works that have no human "author"—works made for hire, and anonymous and pseudonymous works—have a fixed term of 95 years from first publication or 120 years

117. Sonny Bono—not to be confused with Bono from U2—was a musician and later a member of Congress (R-CA). He died in 1998. The CTEA was named in his honor and was sponsored by his widow, Mary Bono, who won election to his former seat.
118. Eldred v. Ashcroft, 537 U.S. 186 (2003).
119. Mary Bono: "Actually, Sonny wanted the term of copyright protection to last forever. I am informed by staff that such a change would violate the Constitution. . . . As you know, there is also Jack Valenti's proposal for term to last forever less one day."
120. 17 U.S.C. § 302(a).
121. 17 U.S.C. § 302(b)

from creation, whichever comes first.[122] All of these terms run until the end of the calendar year, which means that every January 1 is Public Domain Day, when works enter the public domain. 2021, for example, was the year that copyright in F. Scott Fitzgerald's *The Great Gatsby* expired.

All of these rules apply to *new* works: those created and published since 1978.[123] The rules for works already in existence in 1978 are far more complex. For one thing, they depend on whether the work was unpublished (and thus not already under federal copyright), or published and in its initial term, or published and in its renewal term.[124] For another, they inherit all of the complexity of the old formalities—so, for example, some courts but not others distinguished between works published in English and those published in other languages.

3 Renewal and Termination of Transfers

Another source of complexity even today is renewal. One way of looking at the old dual-term system is that the 1909 Act provided for a 56-year term, but required the formality of renewal for the second 28 years. Sometimes, whoever was supposed to file for renewal simply didn't. The 1937 version of *A Star is Born* should have been renewed in 1965 but wasn't.[125] That put it irrevocably in the public domain. The 1976 Act, by switching to a unitary term, eliminated these forfeitures for failure to file for renewal. But it did not restore to copyright works that had not been properly renewed back when that was a thing,[126] so *A Star is Born* is still in the public domain.

Renewal was also a source of trouble because of disputes over *who* was entitled to file for renewal. The 1909 Act allowed the author to file for renewal and secure the renewal term *even if the initial term had been held by someone else*, on the theory that it would give penniless authors and their families a second chance to benefit from the success of a profitable work. An author, however, could assign their rights in the renewal term prospectively *before it began*, so that a publisher could simply demand up front that the author sign over their rights in both the initial and renewal terms.[127] There was a catch, though: if the author died before the renewal term began, the right to renew would vest in their heirs, *and the author could not prospectively assign their heirs' rights*.[128]

122. 17 U.S.C. § 302(c).
123. Only in law can four decades feel like recent history.
124. See 17 U.S.C. §§ 303, 304(a),(b).
125. Classic Film Museum, Inc. v. Warner Bros., Inc., 597 F.2d 13 (1st Cir. 1979).
126. Except for foreign works, that is. The BCIA provided for a procedure to restore copyright in foreign works that were in the public domain due to failure to comply with a formality. 17 U.S.C. § 104A.
127. Fred Fisher Music Co. v. M. Witmark & Sons, 318 U.S. 643 (1943).
128. Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960).

The 1976 Act, you might think, would be free of these problems because it doesn't require renewal. But Congress put them back in the statute by giving authors or their heirs the right to ***termination of transfers***: to undo any assignment or license (a "grant") they had entered into and recapture the copyright.[129] These rights apply during a window of 35 to 40 years following the grant and are subject to intricate rules about who can exercise the right and how. But what puts the icing on the cake is that these termination rights are non-waivable: they can be exercised "notwithstanding any agreement to the contrary."[130] This rule is supposed to help protect authors from predatory publishers who offer them a little money now to give up valuable rights later. But of course, many authors need money now and will sign anything to get it, and many publishers have clever lawyers who will try to craft an agreement that gets around this rule—for example, by terminating the previous grant and entering into a new one, thereby purporting to reset the termination window. The litigation over attempted terminations of some immensely valuable copyrights—including *Of Mice and Men*, *Winnie-the-Pooh*, and *Action Comics #1*—has been incredibly hard-fought.

Finally, the transition rules from the old system to the new one are themselves not so simple. From 1962 onwards, as Congress debated what would become the 1976 Act, it repeatedly passed interim extensions. Every work that would have entered the public domain at the end of its renewal term between September 19, 1962 and December 3, 1976 received extensions until the end of 1976. In addition to the one-time-only extended terms for works still in copyright in 1978, Congress in the 1976 Act also created a second set of one-time-only termination rights for authors so that they could enjoy the benefits of those extended terms. And while in 1992 Congress made renewal automatic for works created between 1964 and 1977, they are still formally protected under a dual-term system.

In short, there is no way around it: copyright terms for older works are a mess and require careful investigation. The details are beyond the scope of this book, but *you have been warned*.

D Infringement: Similarity

Copyright uses a radically different similarity test than patent. Instead of comparing the defendant's product to the plaintiff's *description* of a product as patent does, copyright directly compares the defendant's work to the plaintiff's work.

The test is ***substantial similarity***: the defendant's work infringes if it copies from the plaintiff's work a material amount of protected expres-

129. 17 U.S.C. § 203(a)(3)
130. 17 U.S.C. § 203(a)(5).

sion. Substantial similarity is assessed from the viewpoint of the ordinary observer, sometimes described a member of the intended audience for the plaintiff's work. The question is whether "the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same."[131]

The 1946 case of *Arnstein v. Porter* is canonical for its explanation of the nature of the substantial-similarity inquiry. The plaintiff, Ira B. Arnstein, alleged that the much more famous Cole Porter copied numerous songs from him.[132] The court explained why a jury should hear the "improper appropriation" (i.e. substantial similarity) question:

> The proper criterion on that issue is not an analytic or other comparison of the respective musical compositions as they appear on paper or in the judgment of trained musicians. The plaintiff's legally protected interest is not, as such, his reputation as a musician but his interest in the potential financial returns from his compositions which derive from the lay public's approbation of his efforts. The question, therefore, is whether defendant took from plaintiff's works so much of what is pleasing to the ears of lay listeners, who comprise the audience for whom such popular music is composed, that defendant wrongfully appropriated something which belongs to the plaintiff.
>
> The impression made on the refined ears of musical experts or their views as to the musical excellence of plaintiff's or defendant's works are utterly immaterial on the issue of misappropriation; for the views of such persons are caviar to the general—and plaintiff's and defendant's compositions are not caviar.[133]

Note the reasoning here. The finder of fact is not being asked about *their own* evaluations of the works' similarity. They are being asked about the evaluation of "lay listeners, who comprise the audience for which such popular music is composed." The judge or jury is being asked for an *objective* determination of the *subjective* responses of lay listeners.

Some courts, such as the Ninth Circuit, explicitly split the infringement inquiry into two steps: an "extrinsic" test for objective similarities that involves analytic dissection followed by an "intrinsic" test of the holistic subjective reactions of ordinary observes. Only if the works are similar enough at the first, extrinsic step can the case go to the finder of

131. Peter Pan Fabrics, Inc. v. Martin Weiner Corp., 274 F.2d 487, 489 (2nd Cir. 1960).

132. Arnstein was a serial and vexatious litigant; among his allegations was that Porter "had stooges right along to follow me, watch me, and live in the same apartment with me." For much, much more, see Gary A. Rosen, Unfair to Genius: The Strange and Litigious Career of Ira B. Arnstein (2012).

133. Compare Arnstein's "A Modern Messiah" to Porter's "Don't Fence Me In" at the Music Copyright Infringement Resource. Subtantially similar?

fact for the second, intrinsic step.

1 Measuring Similarity

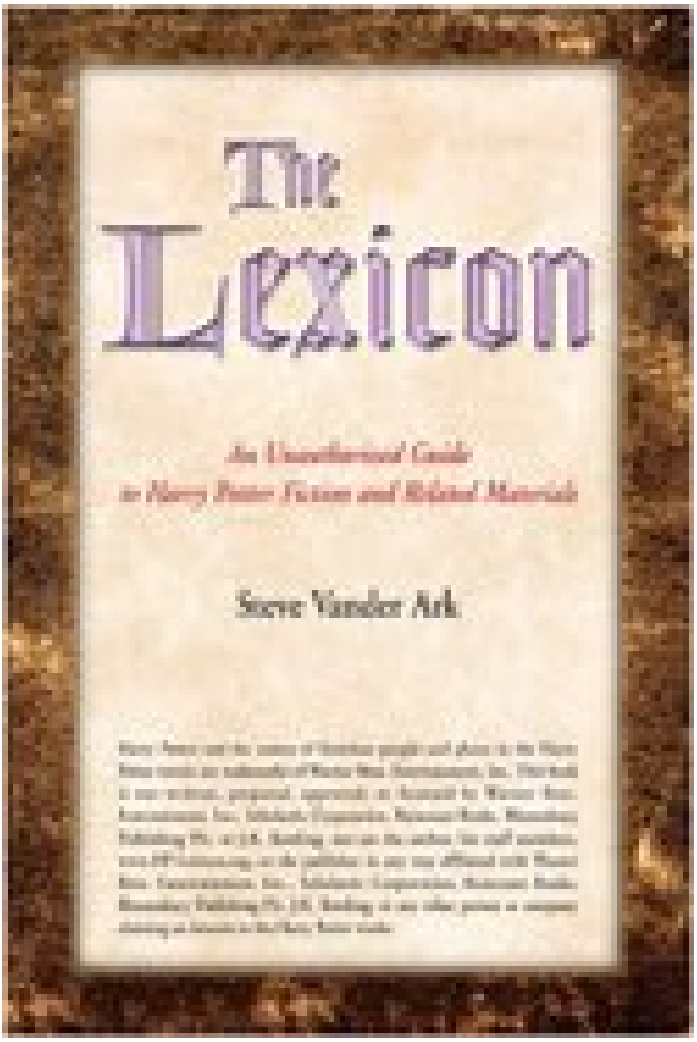
The most obvious type of substantial similarity is where the defendant's work is a ***complete*** and ***literal*** copy, i.e. an exact duplicate of the plaintiff's work. As long as the work is copyrightable at all, complete literal copying always passes the substantial similarity test. Harder questions arise when the defendant copies only part of the plaintiff's work, when the similarities are nonliteral, or when the copied portion forms only part of the defendant's work. At the end of the day, the substantial-similarity inquiry always turns on the ordinary observer, but it is useful to survey some of the different ways works can be similar.

The only difficult issue posed by literal copying of part of the plaintiff's work is where to draw the line. In *TCA Television Corp. v. McCollum* the defendant's play, *Hand to God*, was a about a shy and repressed man named Jason, who expresses himself through his (possibly demonically possessed) hand puppet Tyrone.[134] At one point Jason and Tyrone perform a one-minute excerpt of the famous Abbott and Constello sketch "Who's on First" (versions of which run either three or nine minutes), which Jason passes off as his own work. Although the defendants raised (and lost) a fair use defense, substantial similarity was not in question. One minute of out nine can be enough to infringe. Generally speaking, fair use will kick in to excuse a use of only part of the plaintiff's work long before the use fails to be substantially similar.

The cases are clear that extensive literal copying of scattered elements (sometimes called "fragmented literal similarity") can constitute substantial similarity. In *Warner Bros. Entertainment Inc. v. RDR Books*, the *Harry Potter Lexicon* contained hundreds of descriptions of people, places, spellls, creatures, and magical items from the *Harry Potter* universe.[135] It included dozens of direct quotations from the novels (both with and without quotation marks) and dozens of close paraphrases of passages from the books, some of them a paragraph long or more. *Held*, substantially similar.[136]

On the other hand, there are also *nonliteral* similarities. In *Roth Greeting Cards v. United Card Co.*, the plaintiff's and defendant's cards both featured the text "I miss you already" on the outside and "and you haven't even left" on the inside.[137] The art was different, and the text by iself was uncopyrightable under the short phrases doctrine. Still, the "total concept and feel" was the same, so there was infringment.

134. TCA Television Corp. v. McCollum, 151 F. Supp. 3d 419 (S.D.N.Y. 2015).
135. Warner Bros. Ent. Inc. v. RDR Books, 575 F. Supp. 2d 513 (S.D.N.Y. 2008).
136. *Id.*
137. Roth Greeting Cards v. United Card Co., 429 F.2d 1106 (9th Cir. 1970).



A later and shorter version of the *Harry Potter Lexicon*

As Learned Hand explained in *Nichols*:[138]

> It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations. . . . When plays are concerned, the plagiarist may excise a separate scene or he may appropriate part of the dialogue. Then the question is whether the part so taken is "substantial."

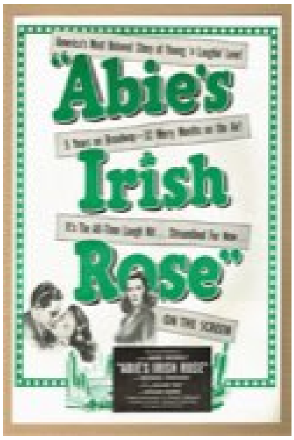
. Although it is easy to justify a doctrine of infringement based on non-literal similarity, it is harder to articulate what the test actually is. "To-

138. Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930).

Two greeting cards from *Roth Greeting Cards*

tal concept and feel" may work as a jury instruction, but it is a difficult standard for judges to apply without disobeying *Bleistein*'s instruction to avoid aesthetic judgment. One influential analysis comes from *Nichols*, which involved the play *Abie's Irish Rose* and the movie *The Cohens and the Kellys*. Both were wildly successful, and both were about the tension between an Irish family and a Jewish family when their children fall in love and marry. As Judge Hand explained, the substantial-similarity question was as much about the line between idea and expression as it was about the amount of material copied:

> It is the same question as arises in the case of any other copyrighted work. But when the plagiarist does not take out a block in situ, but an abstract of the whole, decision is more troublesome. Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this



Abie's Irish Rose

The Cohens and the Kellys

> series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his "ideas," to which, apart from their expression, his property is never extended.[139]

This is *Blehm* all over again: similarities between two works only constitute infringement if there is similarity of *expression*. Here is Judge Hand's summary of his conclusion that *The Cohens and the Kellys* did not infringe:

> In the two plays at bar we think both as to incident and character, the defendant took no more—assuming that it took anything at all—than the law allowed. The stories are quite different. One is of a religious zealot who insists upon his child's marrying no one outside his faith; opposed by another who is in this respect just like him, and is his foil. Their difference in race is merely an obbligato to the main theme, religion. They sink their differences through grandparental pride and affection. In the other, zealotry is wholly absent; religion does not even appear. It is true that the parents are hostile to each other in part because they differ in race; but the marriage of their son to a Jew does not apparently offend the Irish family at all, and it exacerbates the existing animosity of the Jew, principally because he has become rich, when he learns it. They are reconciled through the honesty of the Jew and the generosity of the Irishman; the grandchild has nothing whatever to do with it. The only matter common to the two is

139. *Id.*

a quarrel between a Jewish and an Irish father, the marriage of their children, the birth of grandchildren and a reconciliation.

If the defendant took so much from the plaintiff, it may well have been because her amazing success seemed to prove that this was a subject of enduring popularity.[140] Even so, granting that the plaintiff's play was wholly original, and assuming that novelty is not essential to a copyright, there is no monopoly in such a background. Though the plaintiff discovered the vein, she could not keep it to herself; so defined, the theme was too generalized an abstraction from what she wrote. It was only a part of her "ideas."

Nor does she fare better as to her characters. It is indeed scarcely credible that she should not have been aware of those stock figures, the low comedy Jew and Irishman. The defendant has not taken from her more than their prototypes have contained for many decades.[141]

2 Filtration

There is another way of looking at *Nichols*. The similarities between *Abie's Irish Rose* and *The Cohens and the Kellys* were substantial, but many of those similarities had to be ***filtered*** out of the similarity comparison because the similar elements were uncopyrightable ideas. The same issue arises whenever the plaintiff's work contains elements that are not part of their copyright: public-domain works, uncreative elements like facts and people's appearances, preexisting works used lawfully, systems and methods of operation, etc. All of these must be filtered out of the comparision.

As a result, many courts use a "more discerning ordinary observer" test when filtration is necessary. As once court summarized, "we must attempt to extract the unprotectible elements from our consideration and ask whether the *protectible elements, standing alone*, are substantially similar."[142]

Boisson v. Banian, Ltd.

273 F.3d 262 (2d Cir. 2001)

[Judi Boisson and her company sued Vijay Rao and his company for copying one of her quilt designs in three of his quilt designs.]

140. [Ed: "[W]hen Robert Benchley was covering Broadway for *Life* magazine back in the '20s, he ran a weekly blurb for the infuriatingly long-running comedy *Abie's Irish Rose* that read, 'People laugh at this every night, which is why democracy can never work.'" Jack Viertel, The Secret Life of the American Musical 68 (2016).]

141. *Nichols*, 45 F.2d at 121–22.

142. Knitwaves, Inc. v. Lollytogs Ltd., 71 F.3d 996, 1002 (2d Cir. 1995).

A. "School Days I" v. "ABC Green" Versions

"School Days I" consists of six horizontal rows, each row containing five blocks, with a capital letter or an icon in each block. The groupings of blocks in each row are as follows: A-E; F-J; K-O; P-T; U-Y; and Z with four icons following in the last row. The four icons are a cat, a house, a single-starred American flag and a basket. "ABC Green Version I" displays the capital letters of the alphabet in the same formation. The four icons in the last row are a cow jumping over the moon, a sailboat, a bear and a star. "ABC Green Version II" is identical to "ABC Green Version I," except that the picture of the cow jumping over the moon is somewhat altered, the bear is replaced by a teddy bear sitting up and wearing a vest that looks like a single-starred American flag, and the star in the last block is represented in a different color.

All three quilts use a combination of contrasting solid color fabrics or a combination of solid and polka-dotted fabrics to represent the blocks and letters. The following similarities are observed in plaintiffs' and defendants' designs: "A" is dark blue on a light blue background; "B" is red on a white background; "D" is made of polka-dot fabric on a light blue background; "F" on plaintiffs' "School Days I" is white on a pink background, while the "F" on defendants' "ABC Green" versions is pink on a white background; "G" has a green background; "H" and "L" are each a shade of blue on a white background; "M" in each quilt is a shade of yellow on a white background. "N" is green on a white background; "O" is blue on a polka-dot background; "P" is polka-dot fabric on a yellow background; "Q" is brown on a light background; "R" is pink on a gray/purple background. "S" is white on a red background; "T" is blue on a white background; "U" is gray on a white background; "V" is white on a gray background; "W" is pink on a white background; "X" is purple in all quilts, albeit in different shades, on a light background; "Y" is a shade of yellow on the same light background; and "Z" is navy blue or black, in all the quilts.

Boisson also testified that defendants utilized the same unique shapes as she had given to the letters "J," "M," "N," "P," "R" and "W." With respect to the quilting patterns, "School Days I" and the "ABC Green" versions feature diamond-shaped quilting within the blocks and a "wavy" pattern in the plain white border that surrounds the blocks. The quilts are also edged with a 3/8" green binding.

From this enormous amount of sameness, we think defendants' quilts sufficiently similar to plaintiffs' design as to demonstrate illegal copying. In particular, the overwhelming similarities in color choices lean toward a finding of infringement. Although the icons chosen for each quilt are different and defendants added a green rectangular border around their rows of blocks, these differences are not sufficient to cause even the "more discerning" observer to think the quilts are other than substantially similar insofar as the protectible elements of plaintiffs' quilt are concerned. Moreover, the

School Days I

substitution in "ABC Green Version II" of the teddy bear wearing a flag vest as the third icon causes this version of defendants' quilt to look even more like plaintiffs' quilt that uses a single-starred American flag as its third icon. Consequently, both of defendants' "ABC Green" quilts infringed plaintiffs' copyright on its "School Days I" quilt.

B. "School Days I" v. "ABC Navy"

We agree with the district court, however, that Rao did not infringe on plaintiffs' design in "School Days I" when he created "ABC Navy." While both quilts utilize an arrangement of six horizontal rows of five blocks each, "ABC Navy" does not have its four icons in the last row. Rather, the teddy bear with the flag vest is placed after the "A" in the first row, the cow jumping over the moon is placed after the "L" in the third row, the star is placed after the "S" in the fifth row, and the sailboat is placed after the "Z" in the last row. Further, the colors chosen to represent the letters and the blocks in "ABC Navy" are, for the most part, entirely different from "School Days I." Defendants dropped the use of polka-dot fabric, and plaintiffs did not even offer a color comparison in their proposed findings of fact to the district court, as

ABC Green

they had with each of the "ABC Green" versions. The quilting pattern in the plain white border is changed to a "zig-zag" in "ABC Navy," as opposed to plaintiffs' "wavy" design. Finally, although defendants use a binding around the edge of their quilt, in this instance it is blue instead of green.

Looking at these quilts side-by-side, we conclude they are not substantially similar to one another. Just as we rejected defendants' earlier argument and held that what few differences existed between "School Days I" and the "ABC Green" quilts could not preclude a finding of infringement, plaintiffs' emphasis on the similarity in style between some of the letters between "School Days I" and "ABC Navy" cannot support a finding of infringement. Because no observer, let alone a "more discerning" observer, would likely find the two works to be substantially similar, no copyright violation could properly be found.

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3 *De Minimis* Uses

The general rule is that as long as the defendant copies too much expression from the plaintiff, it is irrelevant if the defendant's work also

ABC Navy

contains other expression. As Learned Hand put it in *Sheldon v. Metro-Goldwyn Pictures Corp.*, “it is enough that substantial parts were lifted; no plagiarist can excuse the wrong by showing how much of his work he did not pirate.”

This rule, however, may have an exception for uses that are truly *de minimis* in the context of the defendant’s work. Think of a copyrighted billboard captured in the background of a television person-in-the-street news interview. This is in one sense a case of total literal copying: the entire billboard is reproduced. But in another sense is it trivial, because no one is watching the news to look at billboards. Thus, while the news program has a compelling fair use case, many courts would also treat this use as not substantially similar as a matter of law because the copying is commercially irrelevant for both plaintiff and defendant.

For example, in *Gottlieb Development LLC v. Paramount Pictures*, a robot-baseball-themed Silver Slugger pinball machine was used as set decoration for an advertising agency in the 2000 Mel Gibson movie *What*

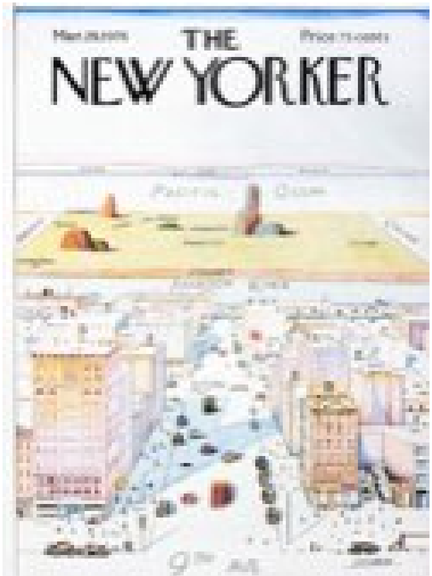
Still from *What Women Want* (2000)

Still from *ROC* (1992)

Women Want.[143] It appeared in one three-and-a-half-minute scene, only the background, mostly out of focus, and was only on screen for several seconds at time. It played no role in the plot and was never used or mentioned. Although the artwork on the Silver Slugger cabinet and playfield was original and expressive and indisputably copied, there was still no infringement because the copying was *de minimis*.

Compare *Ringgold v. Black Entertainment Television, Inc.*, in which the artist Faith Ringgold made a silk-screened quilt titled *Church Picnic Story Quilt*, a poster of which was used as set decoration for a five-minute scene of the HBO sitcom ROC set in a church hall.[144] The poster was visible in the background for a total of 26.75 seconds, in nine shots ranging from

143. Gottlieb Dev. LLC v. Paramount Pictures, 590 F. Supp. 2d 625 (S.D.N.Y. 2008).
144. Ringgold v. Black Ent. Television, Inc., 126 F.3d 70 (2d Cir. 1997).



New Yorker cover by Saul Steinberg

Moscow on the Hudson poster

1.86 seconds to 4.16 seconds. This, the court held, was infringing and was not a *de minimis* use.

The facts of *Gottlieb Development* and *Ringgold* are so similar that they are difficult to reconcile. One possible distinction is that the poster in *Ringgold* was important to the plot; it was chosen specifically to help set the scene of an African-American church. But then again, so was the pinball machine in *Gottlieb Development*. Another distinction is that the pinball machine was less prominent compared with the other items of set dressing, or that it was blurrier and more often obscured. But these are all splitting the same hair extremely finely.

Question

Do you find these analyses persuasive? Consistent? This is art. *There are no right answers.*

New Yorker Problem

Below you will find a cover from the *New Yorker* and a poster for the movie *Moscow on the Hudson*. The copyright owners of the former have sued the producers of the latter for copyright infringement. You are the judge assigned to the case, which you have conducted as a bench trial by the consent of the parties. Write the portion of your opinion finding substantial similarity or the lack thereof. Be as specific as you can.

Photograph by Marisol Ortiz Elfeldt

Photograph by Sarah Scurr

E Infringement: Prohibited Conduct

Copyright, like patent, has an interlocking system of exclusive rights. If anything, copyright's are even more intricate. This section and the next two try to bring some order to the system.

1 Proof of Copying

In the margin are two photographs. Does the one on the right infringe on the one on the left?

If you said "yes," think again. The expression in the photographs is obviously similar. But that by itself is insufficient. To infringe, the similarities in protected expression must arise because the defendant copied *from the plaintiff*. In this case, the similarities are not because one of the photographs was photoshopped from the other. Instead, they were taken nearly simultaneously from nearly the same place. They share a ***common source***, and their similarities are due to similarities in the source, not to the copying of one work from the other.[145] Sometimes two works are similar by pure coincidence: recall the T-rex-arms T-shirts, which may very well all be instances of independent creation. And very occasionally the *plaintiff* copied from the *defendant*—can you see how that might happen, and why?[146]

145. See How an Incredible Coincidence Sparked a Facebook Plagiarism Row, The Telegraph (Feb. 2, 2015). IP professor Roger Ford has made an animated GIF showing that the photographs really were taken from different angles.

146.

> [T]he simplistic style in which they are written is partly explained by the fact that the editors, having to meet a publishing deadline, copied the information off the back of a packet of breakfast cereal, hastily embroidering it with a few footnotes in order to avoid prosecution under the incomprehensibly tortuous Galactic Copyright laws.
>
> It is interesting to note that a later and wilier editor sent the book backward in time through a temporal warp, and then successfully sued the breakfast cereal company for infringement of the same laws."

Douglas Adams, The Restaurant at the End of the Universe (1980).

It is always the plaintiff's burden to prove their theory of the case. In the context of civil copyright infringement, this means showing that it is more likely than not that the defendant copied from the plaintiff. In some cases, the defendant will admit to copying, or there will be direct evidence of the process, like early drafts of the defendant's poster that show them tracing over a print of the plaintiff's photograph. In other cases, plaintiffs can proceed with circumstantial evidence. Two types of such evidence are commonly used: ***access*** and ***probative similarity***.

Access tends to establish that the plaintiff's story of copying is possible by showing that there is a plausible sequence of events by which the defendant could have seen the plaintiff's works. For example, maybe the plaintiff's song was played everywhere on the radio in the summer of 2017, or maybe a friend gave the defendant the plaintiff's book of photographs as a birthday present. There must be a "reasonable possibility" that the defendant had access to the work.

Probative similarities tend to establish that alternative stories are unlikely by showing that there are details in the defendant's work that could only have come from the plaintiff's. The fictitious listings in Rural's telephone directory are a good example: there is no plausible reason that Feist's directory would have included those listings unless they were lifted from Rural's.[147] When probative similarities are so strong that they could not have arisen by chance, courts call them ***striking similarity***.

To build intuition, think about the extreme cases. On the one hand, suppose that the defendant shows that access is all but impossible: perhaps the plaintiff wrote a science-fiction story while serving a six-month deployment on a submarine and the defendant wrote an allegedly infringing story before the submarine returned to port. Then the case should be dismissed, no matter how similar the works are: copying in fact is extremely unlikely. On the other hand, if there are no probative similarities between the works, then copying in fact is irrelevant because the works will not be substantially similar either. Even if access is easy to show (perhaps the plaintiff wrote a best-selling book), it cannot overcome the lack of similarity. In between, access and probative similarity are two kinds of evidence that should be considered with all other relevant evidence on the factual question of whether copying occurred.[148]

Three Boys Music Corp. v. Bolton is an example of proof of copying in

147. Some courts call this kind of similarity "substantial similarity" too, which is a never-ending source of confusion. Some similarities can be probative of copying without constituting infringement (like Rural's fictitious listings), while other similarities are enough to constitute infringement but do not show who copied from whom. *See* Alan Latman, *"Probative Similarity" as Proof of Copying: Toward Dispelling Some Myths in Copyright Infringement*, 90 Colum. L. Rev. 1187 (1990).

148. *See generally* Skidmore v. Zeppelin, 952 F.3d 1051 (9th Cir. 2020) (upholding jury verdict that Led Zeppelin's "Stairway to Heaven" did not infringe Spirit's "Taurus" and discussing relationship of access and similarity).

The Isley Brothers

Michael Bolton

action.[149] The Isley Brothers are a long-running rhythm and blues group, with hits like "Shout" and "Fight the Power, Pts. 1 & 2." In 1992, they sued Michael Bolton for infringing their song "Love is a Wonderful Thing" with his own "Love is a Wonderful Thing." The Isley Brothers Love is a Wonderful Thing was only released as a 45-rpm single in 1966, not on an album. It charted at number 110, for one week, before dropping off the charts. It was released on CD in 1991. Michael Bolton [150] and his songwriting parter Andrew Goldmark wrote their Love is a Wonderful Thing in early 1990. It was released in 199 and charted as high as number 49. The songs are similar enough that *if* there was copying-in-fact, the jury was entitled to return, as it did, a verdict of substantial similarity and a $5.4 million damage award. But *was* there copying-in-fact?

The similarities between the songs are real enough to be probative but not striking. So everything comes down to access. Bolton, who was born in 1953, was 13 when the original Isley Brothers single was released. He had been listening to a lot of R&B, performed in a band that played covers of songs by Black R&B singers, and his brother had a good record collection. The song was played a few times a week on radio stations in the mid-Connecticut region where Bolton grew up. Later in life, Bolton was a huge fan of the Isley Brothers and told Ronald Isley "I know this guy. I go back with him. I have all his stuff" at a benefit concert. And during the work tape of the recording session, Bolton and Goldmark wondered whether the song was based off of Marvin Gaye's "Some Kind of Wonderful." On the other side, three R&B experts (including Lamont Dozier of Holland-Dozier-Holland) testified that they had never heard of the Isley Brothers' "Love is a Wonderful Thing." Further, there were 129 songs titled "Love is a Wonderful Thing" registered with the Copyright Office.

Putting all of this together, the court held, there was enough evi-

149. Three Boys Music Corp. v. Bolton, 212 F.3d 477 (9th Cir. 2000).
150. "There *was* nothing wrong with [the name 'Michael Bolton'] until I was about twelve years old and that no-talent ass clown became famous and started winning Grammys." Office Space (1999)

Bouchat's sketch for a logo

Ravens logo

dence of access that the case had properly gone to the jury on copying-in-fact and substantial similarity. Does that sound correct to you? Now listen to the songs. Has your opinion changed?[151]

Ravens Problem

You represent the Baltimore Ravens, a professional football team. The team recently moved to Baltimore, which led to extensive press coverage over what its new name would be. At a press conference on June 10, the team unveiled the name and new logo, pictured in the margin. Yesterday, you received a phone call from an attorney representing Frederick Bouchat, a local security guard and artist.

According to Bouchat's attorney, during the lead-up to the announcement of the team's name and logo, Bouchat prepared several drawings of possible logos for his favorite possible team name, the "Ravens." One of these drawings came to the attention of the chair of the Maryland Sports Authority, John Moag, who had a brief meeting with Bouchat. Moag liked the drawings and asked Bouchat to fax them to him at his office, which is in the same office suite occupied by the team in Baltimore. Bouchat did so on February 5. Bouchat believes that the new logo is clearly based on one he suggested.

According to your files, the new official Ravens logo was prepared by NFL Properties, the league's licensing and merchandising arm. Bouchat's attorney has demanded a $2 million licensing fee, or he will file suit for copyright infringement and demand $10 million in damages. It is currently late July, and the Ravens' first season in Baltimore officially starts in a little over a month. What should you do?

2 Intent

Direct infringement in copyright, like direct infringement in patent, is generally said to be "strict liability," but it plays out a little differently. In patent, the defendant can infringe while being wholly ignorant of the plaintiff's patent up until the moment they are served with a complaint for

151. The songs can be heard and compared at the Music Copyright Infringement Resource

patent infringement. But because copyright infringement requires that the defendant have copy from the plaintiff—i.e., because independent creation is a complete defense—the copyright defendant who truly has never encountered the plaintiff's work does not infringe. In other words, one must copy to infringe, but one need not know, or even suspect that one is copying. As Learned Hand, easily the most quotable copyright judge, put it:

> Everything registers somewhere in our memories, and no one can tell what may evoke it. Once it appears that another has in fact used the copyright as the source of this production, he has invaded the author's rights. It is no excuse that in so doing his memory has played him a trick.[152]

Thus, there are some striking cases of defendants who infringe based on ***subconscious*** copying. We have already seen one example: Michael Bolton's "Love is a Wonderful Thing." The most famous case is that George Harrison's "My Sweet Lord" (1970) has a similar melody and harmony to the Chiffons' "He's So Fine." [153] The songs have very different arrangements and feels, but their musical spine is the same. If the trier of fact is persuaded that the songs are substantially similar, the fact that the copying was unconscious is no defense.

3 Exclusive Rights

Section 106 of the Copyright Act defines infringement. It gives the copyright owner the following exclusive rights:[154]

(1) [the ***reproduction*** right] to reproduce the copyrighted work in copies or phonorecords;

(2) [the ***derivative*** or ***adaptation*** right] to prepare derivative works based upon the copyrighted work;

(3) [the ***public-distribution*** right] to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(4) [the ***public-performance*** right] in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;

(5) [the ***public-display*** right] in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculp-

152. Fred Fisher, Inc. v. Dillingham, 298 F. 145, 147 (S.D.N.Y. 1924).
153. ABKCO Music, Inc. v. Harrisongs Music, Ltd., 722 F.2d 988 (2d Cir. 1983). The songs can be heard and compared at the Music Copyright Infringement Resource.
154. A sixth § 106 right, public performance via digital audio transmission, is part of the music-copyright system, and will be discussed in the Music chapter.

The dining room at the Champions Golf Club. It is not open to the general public, but it is a place where a substantial number of unrelated people gather.

> tural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly;

Each of the rights has a distinctive and easily grasped essence. Consider a a blockbuster movie. The reproduction right prohibits the making of *new copies* of the same work, e.g., making pirated copies of the movie on DVD. The adaptation right prohibits the making of a *new work* based on the work, e.g., recutting scenes from the movie into a new film. The public-distribution right prohibits a *change in possession of copies*, e.g., selling copies of the movie on DVDs in a store. The public display right prohibits showing the work or a *static image* of or from the work, e.g., putting up a billboard of a still from the movie. The public-performance right prohibits showing a *dynamic* presentation of the sights and/or sounds from the work in real time, e.g., holding a screening of the movie. As we will see, it is helpful to pay close attention to copies, because each of the rights has a distinctive relationship to copies of the work.

Note that rights (3) through (5) are all qualified by "publicly" or "to the public": distribution *to the public*, to perform the work *publicly*, to display the work *publicly*. For IP survey purposes, Section 101's definition of "publicly" supplies a good definition of "the public" as "a substantial number of persons outside of a normal circle of a family and its social acquaintances."[155] So a public distribution, performance, or display is one that is either does reach or is capable of reaching well beyond a household. For example, in *Fermata International Melodies v. Champions Golf Club, Inc.*, a musical performance in a members-only golf club was a public performance; an audience of twenty-one members plus their

155. 17 U.S.C. § 101.

An MAI Basic/Four Model 8000 computer, in use 1975–97

guests was a "substantial number of persons outside of a normal circle of a family."[156]

a The Reproduction Right

The most interesting and difficult doctrinal issue with the reproduction right is *how long* must the work be embodied in a material object for that object to count as an infringing "copy." For a book, or a photographic negative, the answer is clear: long enough. And for transient displays of the sort that would not count as a "printed publication" under patent law, the answer is also clear. An oral presentation is not fixed for copyrightability purposes and it is not a "copy" that can infringe the reproduction right. The same goes for images projected on a screen from slide transparencies. These may be infringements of the public-performance and public-display rights, respectively, but they are not copies.

The real issue arises with computers, which may hold a copyrighted work in memory only briefly. In *MAI Systems Corp. v. Peak Computer, Inc.*, the copyright owner in a computer system combining software and hardware sued a third-party maintenance company for copyright infringement.[157] When Peak performed service on an MAI computer, its technicians would turn the computer on, which would cause the computer to load some of its software from long-term storage (a hard-drive, floppy disk, or read-only memory a/k/a ROM)) into shorter-term working storage (random-access memory a/k/a RAM). Peak argued that this was not an infringing reproduction because these "RAM copies" were transient and ephemeral and would disappear when the computer was turned off. The court disagreed, finding that the RAM copies were sufficiently per-

156. Fermata Int'l Melodies v. Champions Golf Club, Inc., 712 F. Supp. 1257, 1260 (S.D. Tex. 1989).
157. MAI Sys. Corp. v. Peak Comput., Inc., 991 F.2d 511 (9th Cir. 1993).

manent to infringe: after all, Peak was able to use them to run the software and diagnose the problems with the computers.[158]

On the other hand, in *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, the defendant's "remote DVR" service recorded copies of cable programs at customers' request.[159] Putting aisde the full copies themselves, which are their own kettle of monkeys, the system also used a buffer to store 1.2 seconds of a program at a time. As each new frame came in, it replaced the oldest frame still in the buffer, so that the whole program passed through the buffer, but each individual frame was resident in the buffer for only 1.2 seconds. This, the court held, did not infringe the reproduction right, because a "fleeting 1.2 seconds" was transitory.

b The Adaptation Right

How far does the author's copyright extend beyond the literal contents of the work? We have seen in the Similarity section that infringement is not "limited literally to the text, else a plagiarist would escape by immaterial variations." But historically, courts often read the copyright statutes narrowly, so that changes in form and medium were regarded as falling outside the copyright. For example, in *Stowe v. Thomas* in 1853, a German translation of Harriet Beecher Stowe's anti-slavery novel *Uncle Tom's Cabin* was held not to infringe. One report of the case quotes the judge as saying that anyone "may clothe [her characters] in English doggerel, in German or Chinese prose."[160] And in 1911, it was a serious question whether an unauthorized film version of *Ben Hur* infringed the copyright in the book.[161]

I think the best way to understand the adaptation right is that it definitively settles such questions. Translations and film adaptations are infringements of the adaptation right, regardless of the changes in language and medium. So are inflatable costumes, Batmobile kits, children's birthday cakes, and symbol-shaped guitars. The concept of substantial similarity, therefore, must incorporate these changes. Atom Egoyan's *The Sweet Hereafter* has a dramatically different effect on its audience than the Russell Banks novel of the same name on which it is based, but it is still an adaptation of the book, and it is still similar enough that it would infringe if it were not authorized.

158. Congress responded to the result in *MAI* by adding Section 117(c), which explicitly allows the creation of immediately-deleted copies for repair and maintenance, but left the definition of "copies" untouched.
159. Cartoon Network LP, LLLP v. CSC Holdings, Inc., 536 F.3d 121 (2d Cir. 2008).
160. Stowe v. Thomas, 23 F. Cas. 201 (C.C.E.D. Pa. 1853).
161. Kalem Co. v. Harper Bros., 222 U.S. 55 (1911).

c The Public-Distribution Right

Distribution, the statute tells us, can take place by "by sale or other transfer of ownership, or by rental, lease, or lending." The key is the transfer of ownership or possession of a copy of the work, regardless of whether money changes hands.

The most vexing issues around public distribution have to do with the Internet. In the offline world, there is a clear division between the reproduction of new copies and the distribution of existing ones. But on the Internet, copies are not conserved. When you download a file from a server, one copy (on the server) becomes two copies (one each on your computer and the server).

Is this a distribution? The problem is that the copy on the server didn't go anywhere. It is still owned and controlled by the same person it was before. One way to overcome this challenge would be to hold that the mere *making available* of copies to the public infringes the distribution right,[162] as in *Hotaling v. Church of Latter-Day Saints*, where a library had an infringing microfiche and the court held that the plaintiff could show an infringement of the distribution right without having to prove that any patrons had borrowed it. But the more common and more widely accepted approach is simply to count the downloading as an act of distribution as well as a reproduction. Thus, a distribution might be defined as an act by which a distributor who possesses a copy of the work provides a copy to another person that that person did not previously possess, whether or not they are the *same* copy.

d The Public-Performance Right

'The public-performance right applies only to 'literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works." What's missing? First, there are pictorial, graphic, and sculptural works, and architectural works. It is hard to see how any of these could be "performed" in a commercially significant way. Second, there are sound recordings, which are important enough to have their own separate treatment, discussed in the Music chapter.

Performance vs. Reproduction and Distribution

The crucial distinction that makes a performance a "performance" is that it takes place in real time. "To 'perform' a work means to recite, render, play, dance, or act it . . . or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds

162. Article 8 of the WIPO Copyright Treaty, to which the United States is a party, requires a making-available right, but this would not be the first case where United States copyright law fell short of its treaty obligations.

accompanying it audible."[163] A reproduction, distribution, or display can take place almost instantaneously. But a performance makes the work visible and/or audible over a period of time during which the audience experiences it as a dynamic event unfolding across time.

This distinction has important implications for when a performance takes place, and who makes the performance. In *Columbia Pictures Industries, Inc. v. Professional Real Estate Investors, Inc.* ("*PREI*"), a hotel rented videocassetes to its guests, who watched the movies in their hotel rooms. The court held that the *customers* "performed" the movies by viewing them, but the *hotel* did not perform the movies by renting them.[164] Thus there was no infringement. The customers made private performances, and the hotel's distribution was protected by first sale.

Compare *Columbia Pictures Industries v. Redd Horne*, where the same movie studio sued a video store that also rented out viewing rooms to its customers. The viewing rooms had TVs that were connected to a bank of VCRs at the front of the store. When a customer selected a movie and went into the viewing room, an employee wout put the cassette into the appropriate VCR and hit play. This, the court held, was a performance *by the video store*.[165]

Streaming media also blur the line between reproduction and performance. In *United States v. American Society of Composers, Authors, & Publishers*, Yahoo! and RealNetworks allowed users to download music for later listening. Following the reasoning of *PREI*, the court held that these were reproductions, not performances.[166] It explained:

> The downloads at issue in this appeal are not musical performances that are contemporaneously perceived by the listener. They are simply transfers of electronic files containing digital copies from an on-line server to a local hard drive. The downloaded songs are not performed in any perceptible manner during the transfers; the user must take some further action to play the songs after they are downloaded. Because the electronic download itself involves no recitation, rendering, or playing of the musical work encoded in the digital transmission, we hold that such a download is not a performance of that work, as de-

163. 17 U.S.C. § 101.
164. Columbia Pictures Indus., Inc. v. Pro. Real Est. Invs., Inc. ("*PREI*"), 866 F.2d 278 (9th Cir. 1989).
165. Columbia Pictures Indus. v. Redd Horne, 749 F.2d 154 (3rd Cir. 1984). In *Columbia Pictures Industries, Inc. v. Aveco, Inc.*, the VCRs were located in the viewing rooms and the customers inserted the cassettes themselves. The video store still lost, because the court held that the customers' performances were in a "place open to the public."800 F.2d 59, 63 (3rd Cir. 1986).
166. United States v. Am. Soc'y of Composers, Authors, & Publishers, 627 F.3d 64 (2d Cir. 2010).

> fined by § 101.
>
> The Internet Companies' stream[ing] transmissions, which all parties agree constitute public performances, illustrate why a download is not a public performance.[167] A stream is an electronic transmission that renders the musical work audible as it is received by the client-computer's temporary memory. This transmission, like a television or radio broadcast, is a performance because there is a playing of the song that is perceived simultaneously with the transmission. In contrast, downloads do not immediately produce sound; only after a file has been downloaded on a user's hard drive can he perceive a performance by playing the downloaded song. Unlike musical works played during radio broadcasts and stream transmissions, downloaded musical works are transmitted at one point in time and performed at another. Transmittal without a performance does not constitute a public performance.

As before, the users would perform the works in short order by listening to the music, but these would typically be non-infringing *private* performances. Make sure you see why true streaming transmissions, like those carried out by Netflix or Spotify, are *public* performances.

Who Performs?

The 1976 Act created an explicit two-prong statutory definition of "perform." One prong applies to transmissions to the public "by means of any device or process." It was added specifically to reverse two Supreme Court cases on cable television.[168] If this "Transmit Clause" means *anything*, it means that cable retransmission of over-the-air broadcast television constitutes a public performance. Cable networks are now subject to special statutory licensing regimes.[169]

The other prong is for in-person performances. Under the 1909 Act, public performances of dramatic works infringed, and so did public performances of musical works for profit. The 1976 Act unifies these into a general performance right, regardless of commerciality, to perform the work "at a place open to the public" or where substantially-more-than-a-household, as discussed above, are gathered.[170] This covers live theater, street-corner busking, and showing movies in theaters.

167. Some podcasting apps let you start listening to an episode before it is completely downloaded. Reproduction, performance, or both?
168. *See* Fort. Corp. v. United Artists Television, Inc., 392 U.S. 390 (1968); Teleprompter Corp. v. Columbia Broad. Sys., Inc., 415 U.S. 394 (1974).
169. Congress often creates statutory licenses when it modifies the sweep of copyright to cover an industry that previously skated around copyright.
170. 17 U.S.C. § 101 (definition of "perform").

Commerciality

Congress recognized that this vastly expanded definition of "perform" would sweep in all kinds of performances that were previously outside the copyright system. Sing a song aloud on the sidewalk? That's a public performance.

Thus, there is an important defense to the public performance right, one so important that it really forms part of the contour of the right itself. Where the 1909 Act applied only to performances "for profit," the 1976 Act contains an exclusion for *in-person* performances with no "purpose of direct or indirect commercial advantage".[171] A rap fan on the sidewalk loudly rapping along to the track in their headphones is engaged in a public performance, but not an infringing one. The in-person limitation is an important one: a public-librarian's online streaming storytime is not protected.

Importantly, a performance can still have a commercial purpose even if the performers are not paid. Consider a karaoke bar: the patrons are not being paid to sing, but their performances are public and commercial *from the bar owner's perspective* because the singing brings in patrons who order drinks. As Justice Holmes (the second-most quotable copyright judge) put it in *Herbert v. Shanley Co.*:

> If the rights under the copyright are infringed only by a performance where money is taken at the door they are very imperfectly protected. . . . The defendants' performances are not eleemosynary. They are part of a total for which the public pays, and the fact that the price of the whole is attributed to a particular item which those present are expected to order, is not important. It is true that the music is not the sole object, but neither is the food, which probably could be got cheaper elsewhere. The object is a repast in surroundings that to people having limited powers of conversation or disliking the rival noise give a luxurious pleasure not to be had from eating a silent meal. If music did not pay it would be given up. If it pays it pays out of the public's pocket. Whether it pays or not the purpose of employing it is profit and that is enough.[172]

In addition, Congress added another exemption due to lobbying from small business associations. Think of an auto body shop where the mechanics listen to music on the radio while they work, or a restaurant where the manager leaves a television set on tuned to the baseball game. These too are performances that would have been exempt under the 1909 Act; no one brought their car to Vince's Collision Repair because of the music.

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171. 17 U.S.C. § 110(4).
172. Herbert v. Shanley Co., 242 U.S. 591, 594–95 (1917).

Thus, under the "homestyle exception," it is not an infringement to engage in "communication of a transmission embodying a performance or display of a work by the public reception of the transmission on a single receiving apparatus of a kind commonly used in private homes" as long as there is no "direct charge" to see or hear it.[173] In addition, there is a more complicated system that allows "establishments" (i.e. businesses open to the public) of less than 2,000ft^2 (3,750ft^2 for restaurants and bars) to play the musical works in radio and TV broadcasts using any equipment. Larger establishments can use up to 6 loudspeakers or 4 screens of no more than 55″.[174]

e The Public-Display Right

The public-display right is rarely litigated and rarely matters on its own. Very few cases arise in which the defendant violates the public-display right without also violating one of the other rights. In cases where the public-display right might be implicated without triggering the reproduction right because the defendant made no additional copies, first sale will usually apply. One fact pattern on which the public-display right can matter is when the defendant has *unlawful* possession of a copy—perhaps because it was stolen—and displays that copy without making more.

Beyond that, the public-display cases tend to involve unusual procedural postures. One exception is *Streeter v. Rolfe*, where Wesley Streeter and Charles Rolfe had a falling-out over a design for a lightweight wild turkey decoy.[175] Because Streeter delayed in obtaining a registration, the only alleged act of infringement for which he could recover statutory damages was that Rolfe took one of the decoys on a hunting trip. The court held that this wasn't a public display. Another is *Thomas v. Pansy Ellen Products, Inc.*, where the *defendant* argued that a public display of nursery-room storage jars had taken place at a trade show in order to gain the benefit of the statute of limitations.[176] There was no dispute that showing samples to potential buyers at a trade show was a "display," and the court agreed that even though only members of the Juvenile Products Manufacturers Association were in attendance, the event was "public."

Exclusive Rights Problem

173. 17 U.S.C. § 110(5)(A).
174. 17 U.S.C. § 110(5)(B)
175. Streeter v. Rolfe, 491 F. Supp. 416 (W.D. La. 1980).
176. Thomas v. Pansy Ellen Prods., Inc., 672 F.Supp. 237 (W.D.N.C 1987).

You work for a copyright owner who is determined to bring suit against the following. In each case, identify every theory of copyright liability available. Be creative.

- A woman calling herself Makeover Morticia gives tutorials on how to put on makeup effectively, which she livesstreams on a Google Hangout. She is paid by makeup companies to use their products and promote them on her streams. She regularly streams music from Spotify over her computer speakers as she works; this background music is audible to her viewers. Sometimes she turns up the music and tells the audience, "You should totally download this."
- *Terminations* is a best-selling dystopian young-adult novel. Fannie Frederickson, a young adult, writes a sequel in the form of a play, which she titles *Reversions*. Her high school's drama club performs *Reversions* as its annual fall drama. It gives three performances, for which it charges $5 admission; the proceeds are used to pay for a cast party at a local diner.[177]
- The Renton Theater obtains a digital copy of the movie *Rager* under a license permitting it exhibition at a single theater. But in addition to showing the movie in its own theater, Renton repeatedly duplicates *Rager* and rents out the copies to ten other movie theaters.
- Diversion Devices sells high-capacity digital video recorders with DVD-R drives. Some buyers of Diversion's DVRs use them to record television programs onto DVRs, which they give as presents to friends, family, and co-workers.

F Secondary Liability

Copyright has three non-statutory doctrines of secondary liability. They are arguably authorized by the language "or authorize" in section 106, but Congress has provided essentially no guidance on the scope of secondary liability. Instead, the courts have drawn on general tort principles and on patent law in particular.

As in patent law, all three secondary liability doctrines require that there be a direct infringer. As as in patent law, it is not necessary to join the direct infringer as a defendant. And as in patent law, whether a defendant should be analyzed as a direct or secondary infringer is itself an important threshold issue.

1 Allocation

The following two allocation doctrines single out one party as the (possible) direct infringer, so that the other parties' liability can be assessed using principles of secondary infringement. As you read them, consider

177. Hint: read 17 U.S.C. § 110(4) closely.

whether they are consistent with each other, and with the broader copyright landscape.

a Volitional Conduct

The ***volitional-conduct doctrine*** applies when a provider sets up a general-purpose computing system that others can use to store, transmit, and/or process content. If one of these other parties uses the system in an allegedly infringing way, the volitional-conduct doctrine says that the provider is not a direct infringer because they do not have a "nexus sufficiently close and causal to the illegal copying."[178] As this phrase suggests, calling it the "volitional" conduct doctrine is a bit of a misnomer; it has more to do with a lack of proximate causation than with a lack of volition.[179]

The leading volitional-conduct case is *CoStar Group, Inc. v. LoopNet, Inc.*, where an ISP provided a website on which a real-estate broker posted infringing photographs. The court reasoned that the ISP's sytem functioned automatically, like a copy machine:

> Indeed, counsel for both parties agreed at oral argument that a copy machine owner who makes the machine available to the public to use for copying is not, without more, strictly liable under § 106 for illegal copying by a customer. The ISP in this case is an analogue to the owner of a traditional copying machine whose customers pay a fixed amount per copy and operate the machine themselves to make copies. When a customer duplicates an infringing work, the owner of the copy machine is not considered a direct infringer. Similarly, an ISP who owns an electronic facility that responds automatically to users' input is not a direct infringer. If the Copyright Act does not hold the owner of the copying machine liable as a direct infringer when its customer copies infringing material without knowledge of the owner, the ISP should not be found liable as a direct infringer when its facility is used by a subscriber to violate a copyright without intervening conduct of the ISP.[180]

The exact status of the voltional-conduct doctrine is a little hard to pin down. The doctrine can be traced to one of the Scientology cases, 1995's *Religious Technology Center v. Netcom On-line Communication Services, Inc.*[181] It has been widely followed in district courts and courts of appeals since then in cases involving the reproduction and display rights. While there

178. CoStar Grp., Inc. v. LoopNet, Inc., 373 F.3d 544, 550 (4th Cir. 2004).
179. Perfect 10, Inc. v. Giganews, Inc., XXX court (Mar. 8, 2013).
180. *CoStar Grp.*, 373 F.3d at 550.
181. Religious Tech. Ctr. v. Netcom On-line Commc'n Servs., Inc., 907 F. Supp. 1361 (N.D. Cal. 1995).

are cases that reject a defendant's arguments that they lacked the necessary volition, there are no cases rejecting the doctrine iself. Justice Scalia's dissent in *American Broadcasting v. Aereo, Inc.* would have used the volitional-conduct doctrine to hold that the defendant, which recorded over-the-air television broadcasts and then streamed them over the Internet to its subscribers, all at their request, might be a secondary infringer but it was not a direct infringer. (Justice Breyer's majority opinion does not discuss the voltional-conduct doctrine; it decides the case based on an interpretation of the Transmit Clause.)

One possibility, then, is that the volitional-conduct doctrine applies to the other exclusive rights but not to the public-performance and public-display rights. Another is that it applies generally, except when the defendant's system too closely resembles a cable system. A third is that the doctrine has been rendered redundant by the more specific safe harbors of Section 512 of the DMCA. And a fourth is that it applies when the defendant is truly agnostic as to content entirely supplied or identified by the user, but not when the defendant has played too significant a role in narrowing down the universe of content from which the user may choose.

b The Server Rule

The server rule applies in slightly different circumstances: when party A provides technical instructions for a user's computer to obtain content from party B's server. The most common fact pattern involves what used to be called "framing": party A creates a webpage that contains an image tag pointing to a location on party B's website. When the user directs their browser to party A's page, the browser automatically also loads the image from party B's server, and displays it in the context of other content from party A's page. On these facts, *Kelly v. Arriba Soft Corp.*[182] and *Perfect 10, Inc. v. Amazon*[183] held that the defendant's search engines did not infringe when they framed images from third-parties servers. As the court in *Perfect 10* explained:

> Instead of communicating a copy of the image, Google provides HTML instructions that direct a user's browser to a website publisher's computer that stores the full-size photographic image. Providing these HTML instructions is not equivalent to showing a copy. First, the HTML instructions are lines of text, not a photographic image. Second, HTML instructions do not themselves cause infringing images to appear on the user's computer screen. The HTML merely gives the address of the image to the user's browser. The browser then interacts with the computer

182. Kelly v. Arriba Soft Corp., 336 F.3d 811 (9th Cir. 2003).
183. Perfect 10, Inc. v. Amazon, Inc. 508 F.3d 1146 (9th Cir. 2007).

> that stores the infringing image. It is this interaction that causes an infringing image to appear on the user's computer screen

Perfect 10 helpfully then analyzed whether Google was liable as a secondary infringer (no), showing clearly that the server rule is about attributing direct liability, not about exonerating a defendant entirely. No one disputed that third-party websites with unauthorized copies of the photographs were direct infringers.

The server rule is a bright-line test. It assigns direct liability based on the "external" technical facts of how the system works, not based on the "internal" experience of how the system appears to the user.[184] This has made it popular with technology companies that want as much certainty as they can get about the legality of their operations. This has also made it unpopular with copyright owners who believe that it provides a roadmap to infringement.

A few district court cases have notably disagreed with the Ninth Circuit's server-rule opinions. For example, in *Nicklen v. Sinclair Broadcast Group, Inc.*, photographer Paul Nicklen uploaded a video of a starving polar bear to Instagram.[185] Sinclair, a network of local television stations, published a web article about the video, and embedded it using Instagram's API, that is, "by including in its website an HTML code provided by Instagram or Facebook that directed web browsers to retrieve the Video from the Instagram or Facebook server."[186] Instagram, by virtue of its terms of service, had a license from Nicklen to display the video.[187] The court held that this was also a display *by Sinclair*, even though the actual video was served to users by Instagram. It rejected the server rule as inconsistent with the text, legislative history, and policies of the Copyright Act. Stay tuned.

2 Vicarious Infringement

A ***vicarious infringer*** has (1) the *right and ability* to control the infringement, and (2) a *direct financial interest* in the infringement. The purpose of vicarious infringement is to impose liability on parties who could stop someone else from infringing but have obviously bad incentives not to. It is an outgrowth of an employer's *respondeat superior* liability for the torts of employees acting within the scope of their employment, but it reaches beyond traditional employment settings.

One classic line of cases, the "dance hall" cases, involved entertainment venues that hired bands to perform. The venues didn't tell the bands to play infringing songs, but they didn't tell the bands not to,

184. Orin S. Kerr, *The Problem of Perspective in Internet Law*, 91 Geo. L.J. 357 (2003).
185. Nicklen v. Sinclair Broadcast Grp., Inc., 551 F. Supp. 3d 188 (S.D.N.Y. 2021).
186. *Id.* at 192.
187. Why "display" and not "perform?"

either. By holding the venues liable for the bands' infringements, the courts in effect told the venues that they had a duty to supervise their independent contractors more carefully. By way of contrast, landlords were not typically liable for infringements committed by their tenants. This is a pragmatic distinction; it rests on a judgment about who is best positioned to play copyright cop.

A canonical modern case is *Fonovisa, Inc. v. Cherry Auction, Inc.*, where the defendant operated the twice-weekly Cherry Auction swap meet in Fresno, California.[188] Specialty vendors paid a daily rental to Cherry Auction for booth space at the meet. Cherry Auction provided parking, advertising, and security, and retained the right to exclude any vendor at any time for any reason. It also collected entrace fees from customers.

Some of the vendors sold infringing cassette tapes of Latin music to which Fonovisa held the copyrights. After several warnings and raids by the county sheriff, Fonovisa sued Cherry Auction. The court held that Cherry Auction could be vicariously liable. On the one hand, it had the absolute legal right to terminate any vendor, and the right to exclude customers, so it had the "right and ability" to prevent the infringement from occurring. Note that it was not actively involved in the infringing sales, but it had the ability to find them and take action, and that was enough. On the other hand, Cherry Auction had a financial interest in the infringement because the pirate vendors' rental fees were driven by their infringing sales and because the bootleg cassettes acted as a "draw" for customers (with their admission fees) to the swap meet.

3 Contributory Infringement

For many years, copyright law had separate tests for contributory and inducing infringement that roughly paralleled patent law's tests. But in *Cox*, the Supreme Court united the two lines of cases under a single intent-based standard.[189] Under this new test, a ***contributory infringer*** is one who (1) *induces, cause, or materially contribute to the infringement* with (2) the *intent* to cause infringement. The intent can be shown in two—and only two—ways: either (a) *inducing* the infringement, or (b) making a contribution *tailored* to it.

A particularly blatant example of contributory infringement is *A & M Records, Inc. v. Abdallah*, where the defendant, Mohammed Abdallah, sold cassette tapes and audio duplicating equipment.[190] He had regular arrangements with some of his major customers in which he would supply them with large numbers of blank cassette tapes of exactly the same length as a commercially released cassette tape (e.g. Hammer's "Let's

188. Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259 (9th Cir. 1996).
189. Cox Commc'ns, Inc. v. Sony Music Ent., 607 U.S. 583 (2026).
190. A & M Recs., Inc. v. Abdallah, 948 F. Supp. 1449 (C.D. Cal. 1996).

Get It Started"). The customers would copy the legitimate tape onto the blank ones, package them, and sell them onwards.[191]

Abdallah was not a direct infringer; he did not duplicate tens of thousands of cassettes himself. But he was a contributory infringer. The blank tapes were his material contribution; they were an essential component of a mass commercial infringement. His customers could almost certainly have sourced their blanks from elsewhere (perhaps at greater expense, effort or risk), but that is no defense. And his intent was clear under the tailored-contribution prong of the *Cox* test. The blanks were customized for use in infringing specific albums.

For an example of inducment, consider *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd*.[192] After Napster was shut down by the courts for massive contributory and vicarious infringement, a second generation of file-sharing services stepped in to fille the void. They marketed their software to Napster users, right down to the names of some of their products (Open*Nap* and Grok*ster*), and they sold advertising (giving them an incentive for high-volume users). This, held the Supreme Court, was sufficient evidence of intent to induce infringement.[193]

On the other hand, companies that do no more than sell devices capable of substantial noninfringing use generally are not contributory infringers, In *Sony Corp. of America v. Universal City Studios, Inc.*, Sony sold home VCRs, which some consumers allegedly used in infringing ways—e.g., to record movies broadcast on TV and publicly distribute the tapes.[194] Sony was not a direct infringer; consumers made the copies, not Sony.[195] Sony was not a vicarious infringer, either. Once it had sold a VCR to a consumer, it was not as though Sony could show up at their house and pull the plug if it were used to infringe. So it was contributory infringement or bust, but the VCR was not, in modern terms, tailored for infringement. Instead, it could be used to record programs, entirely legally, in at least two different ways. The first was recording programs for later viewing ("time-shifting") with the permission of the copyright owner. Religious and educational broadcasters (including Fred Rogers of *Mister Rogers' Neighborhood*) testified that they did not object to time-shifting. The second noninfringing use was time-shifting even without broadcaster permission, which was protected as fair use.

191. Perhaps even to the vendors at Cherry Auction?

192. Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913 (2005).

193. *Id.* at 937–40.

194. Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984) [hereinafter *Sony*]. In a minor historical irony, Sony's standard—the Betamax—lost out to the competing VHS standard backed by JVC, Hitashi, Mitsubishi, and Sharp. In another, Sony, which was the defendant in a major Supreme Court contributory liability case in 1984, had become the plaintiff in another (*Cox*) by 2026.

195. Notice the implicit use of the volitional-conduct doctrine in this conclusion.

Cherry Auction Problem

Should Cherry Auction have rewritten its contracts with vendors *not* to give itself control over their activities and to take away its ability to evict them?

Exclusive Rights Problem, Redux

Consider again the cases from the Exclusive Rights problem. What theories of secondary liability are available?

G Defenses

Copyright has a well-articulated and mostly statutory system of defenses. Some, like fair use, are broad and general. Others, like the jukebox license, are narrow and specific. They are codified in sections 107 to 122 of the Copyright Act.

1 First Sale

First sale is the copyright analogue to the exhaustion defense in patent law. Following the first lawful sale of a copy of the work, the copyright owner has no further right to prevent fresh distributions of that copy. The copyright owner still has the exclusive right to prevent the making of new copies (the reproduction right), but it most important exclusive right over that particular copy (the distribution right) has ceased.

The canonical first-sale case is from 1908. In *Bobbs-Merrill Co. v. Straus*, the Bobbs-Merrill publishing company[196] put the following notice on the copyright page of *The Castaway*:

> The price of this book at retail is one dollar net. No dealer is licensed to sell it at a less price, and a sale at a less price will be treated as an infringement of the copyright.[197]

The Macy's department store sold it at eighty-nine cents, and Bobbs-Merrill sued. The Supreme Court held that while Bobbs-Merrill had exclusive control over making copies, and could sell them to whomever it chose at whatever price it chose, it could not control further sales after that. "The purchaser of a book, once sold by authority of the owner of the copyright, may sell it again, although he could not publish a new edition of it."[198]

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196. Bobbs-Merrill is now owned by Macmillan, one of the "Big Five" English-langauge publishers, and the name is no longer used as a separate imprint.
197. Bobbs-Merrill Co. v. Straus, 210 U.S. 339 (1908).
198. *Id.*

Section 109 now codifies the first-sale doctrine.[199] The most important limitation is in section (a):

> Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.

Section (c) contains a similar rule for *in-person* public displays.[200]

There is one striking exception to first sale: per section 109(b) neither sound recordngs nor computer programs can be distributed "for purposes of direct or indirect commercial advantage . . . by rental, lease, or lending." That is, they can be sold for profit (think a used record store) and they can be loaned for free (think a library that loans out CDs), they cannot be rented. But movies can be rented (I still know people who get physical DVDs from Netflix). This odd state of affairs is the result of the Record Rental Amendment of 1984, in which the music industry briefly freaked out that unless musical-work rentals were prohibited, consumers would rent CDs cheaply and rip them to cassette. Interestingly, this is exactly what happened in Japan, which did not enact a similar limitation. It simply became an established part of the Japanese music market that people would rent CDs, buy blank cassettes (often from the same store, on a rack immediately next to the CDs), and rip them at home.

The most important word in section 109 is "owner," because only an "owner" of a copy has first sale rights in that copy. In *UMG Recordings, Inc. v. Augusto*, the music company UMG mailed unsolicited promotional CDs to music critics and radio stations, in the hope of getting reviews and airplay.[201] Some of the CDs were labeled "Promotional Use Only—Not for Sale," while others had a more detailed statement:

> This CD is the property of the record company and is licensed to the intended recipient for personal use only. Acceptance of this CD shall constitute an agreement to comply with the terms of the license. Resale or transfer of possession is not allowed and may be punishable under federal and state laws.

Of course, numerous recipients ignored the labels and sold or gave away the CDs. Troy Augusto resold some of them on eBay as "rare industry editions."

Notice that this is a question about ownership of the physical CDs themselves, not a question about a license to the copyrighted music on the CDs. Suppose that Augusto had visited UMG's headquarters in

199. 17 U.S.C. § 109.
200. Why not remote displays?
201. UMG Recordings, Inc. v. Augusto, 628 F. 3d 1175 (9th Cir. 2011).

Santa Monica, been shown to a conference room with a dozen upcoming CDs and a professional-grade speaker system, invited to listen to whichever of them he wanted for the next two hours, and forbidden to take them out of the room. First sale would not apply to the CDs. They would be no more his property than the speaker system or the conference room. In personal-propery terms, this is a license, not a sale.

But by mailing the CDs out unsolicited, UMG irrevocably transferred ownership in them, triggering first sale. Under the federal Unordered Merchandise Statute,[202] the recipient of unordered goods is entitled to treat them as a gift and keep them. So the shipment itself was a "first sale."

More generally, UMG made no effort to keep track of the CDs, to demand their return, or to force recipients to agree that they remained UMG's property.[203] Even in cases where the Unordered Merchandise Statute doesn't apply, copyright owners can't pretend that they still own copies they clearly don't. A publisher who gives out promotional copies from its booth at a book fair can't stop visitors who take one from leaking it to industry blogs, or selling it to a used book store.

Another issue in first sale is what counts as a "copy" of the work protected by first sale. An old line of cases such as *Doan v. American Book Co.* allowed owners to repair and modify the physical armature supporting a copy's expressive content. There, textbooks books "had been in use by school children" to predictable effect: "Some were written upon and defaced; some were soiled and torn; the covers of some were wholly or partially destroyed,"[204] *Held*, the defendant was allowed "to clean them, to trim the edges of the leaves, and to rebind them." The same principle applies to taking multiple works—e.g., the issues of a magazine—and binding them together.[205]

A more technologically modern twist on what counts as the relevant copy is *Capitol Records, LLC v. ReDigi Inc.*[206] ReDigi pitched itself as a digital used music store. The ReDigi Media Manager would allow a user to upload music files from their computer to ReDigi's servers.[207] Im-

202. 39 U.S.C. § 3009. The statute was enacted to counter scams in which unscrupulous companies shipped out merchandise and told consumers they would be billed unless they returned the goods promptly.

203. Epic Records gave reviewers copies of Tori Amos's *Scarlet's Walk* inside of sealed CD players that were glued shut, with headphones glued into the players. First sale?

204. Doan v. Am. Book Co., 105 F. 772 (7th Cir. 1901).

205. In law school, I would take my heavy casebooks to a copy shop, have the hardback cover chopped off, and have them rebound into multiple smaller paperbacks. On several occasions, I had to explain to the employees helping me why this was legal; I was not asking them to *reproduce* anything.

206. Capitol Recs., LLC v. ReDigi Inc., 934 F. Supp. 2d 640 (S.D.N.Y 2013), *aff'd*, 910 F.3d 649 (2d Cir. 2018).

207. ReDigi only allowed users to upload music in the AAC format purchased from the

mediately after transmitting the bits for each sector of data from a file, Media Manager would delete that sector from the user's computer. After completing the transfer, Media Manager would monitor the user's computer to make sure that the file did not reappear. Once uploaded, the user could (1) stream the file to themselves, (2) download the file to a computer (with the same sector-by-sector deletion process taking place in reverse), or (3) sell the file to another ReDigi user (with ReDigi taking a commission), in which case the seller would lose and the buyer would gain the ability to do (1) through (3). In short, ReDigi was a virtual first sale play. It argued that it had digitally replicated the structure of first sale: any file that entered its system existed in only one place at a time, and only one user at a time had access.

The courts, however, disagreed. The initial upload was a reproduction—a new copy on ReDigi's servers, never mind what happened to the old copy on the user's computer. Thus, the upload was infringing because first sale does not apply to the reproduction right, and the transfer to another user was also infringing because first sale does not apply to distribution of an unlawfully made copy.

2 Fair Use

Fair use is partially codified in Section 107 of the Copyright Act, which is important enough to be worth quoting in full:[208]

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the

iTunes Music Store. Does this make a difference?

208. 17 U.S.C. § 107.

above factors.

The four fair use factors are a checklist of questions to ask about the facts in a given case, not a majority vote. They interrelate, and they are not all of equal importance.[209] I find it helpful to break the factors down into a slightly more detailed checklist:

- Factor one ("purpose and character of the [defendant's] use"):
  - Is the use for *criticism*, *comment*, or another use specifically mentioned in the flush text at the start of section 107? These uses all involve the circulation of useful knowledge in society. These uses have substantial spillover civic benefits, so fair use particularly encourages them.
  - Is the use *commercial* or *noncommercial*? Noncommercial uses can still infringe, and commercial uses can be fair use, but as a general matter, commercial uses face a higher burden to show fair use than noncommercial ones.
  - Is the use *transformative*? Transformative uses, in which the work is used in "the creation of new information, new aesthetics, new insights and understandings,"[210] are substantially favored in fair use, to the point that a highly transformative use is almost always a fair use.
- Factor two ("nature of the [plaintiff's] copyrighted work"):
  - Is the work primarily *expressive* or primarily *informational*? Expressive works receive the default level of protection, but informational works, in which the copyright is thinner to start with, are less protected by fair use.
  - Is the work *published* or *unpublished*? Published works receive the default level of protection, but unpublished works receive heightened protection here because the defendant has disrupted the author's traditional privilege to control whether, when, and how their work is first shared with the public.
- Factor three ("amount and substantiality of the portion used"):
  - How much did the defendant copy *quantitatively* from the plaintiff's work? The greater the borrowing, the weaker the case for fair use. In the extreme limit of no copying, there is not even substantial similarity, so fair use is unnecessary. Complete verbatim copying can still be a fair use, but it typically requires a good justification for copying all of the work,

209. The factors are misordered in the statute. Logically, the nature of the work (factor 2) comes first, followed by the factors that discuss the use (factor 1) and its relationship to the work (factors 3 and 4).

210. Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105 (1990).

rather than just a portion.

  - How *qualitatively* important were the copied portions to the plaintiff's work? Some elements of a work may constitute its "heart," with the most expressive value and greated commercial appeal. Copying these elements requires a stronger fair-use justification than copying more peripheral elements.
  - How extensive was the defendant's copying in light of any proffered *justifications*? When a use is transformative, or necessary for news reporting, etc., these rationales typically justify copying some portions of the work. Copying more, beyond the needs of this justification, weakens the fair-use argument. A book review can appropriately quote complete paragraphs, but not complete chapters.

- Factor four ("effect of the use upon the potential market"):
  - What is the *relevant market*, and is it one the plaintiff can legitimately claim a right to? This is a necessary scope-defining question. The market in which the copyright owner sells the work (e.g. fine art prints or streaming video) is relevant. So too are "traditional, reasonable, or likely to be developed"[211] licensing markets.
  - Did the plaintiff suffer losses because the defendant's work *substituted* for her own, or for some other reason? A negative book review may reduce demand for the plaintiff's novel, but not because the review satisfies the interest that readers have for the author's expression in the novel. Only losses due to substitution, which the defendant uses the plaintiff's own work to satisfy the audience's demand for the work, count.
- Miscellaneous:
  - Did the defendant give appropriate *attribution* to the plaintiff's work as a source? In a borderline case, the defendant's honesty about the copying, or dishonesty in trying to hide it, can nudge the analysis.
  - Did either party engage in any *dishonest or illegal* conduct that bears directly on the copying? There are faint traces of trade secret's concern for ethical business practices in the fair use inquiry; defendants who work with stolen copies of the work may be slightly dinged for it.
  - Is there *anything else* significant in the facts not already accounted for? This is extremely rare, but fair use is a broad inquiry, so you never know. Ask this question to prompt your

211. Am. Geophysical Union v. Texaco Inc., 60 F.3d 913, 930 (2d Cir. 1994).

> thinking, but most of the time anything you come up with will fit comfortably in one of the four factors.

It is sometimes said that fair-use cases are inherently uncertain, fact-bound, open-ended, and impossible to predict. It is true that fair use is a standard rather than a rule, but this critique is overstated. The vast majority of fair-use cases fit comfortably within a handful of patterns, and once a case is grouped with others from the same pattern, the inquiry is typically significantly more determinate.[212] You should be able to do a full four-factor analysis, but also able to recognize that you are looking at a parody case or a home consumer use case and narrow your analysis accordingly. This is not a copyright course, so we will not cover all of the patterns in detail.

News Reporting

We start with *news reporting*, one of the statutorily favored purposes. This includes traditional mass media like newspapers, magazines, and network-television evening news. But what matters is the act of reporting the news, not the status of being a professional reporter. Consider, for example, *City of Inglewood v. Teixeira*, where Joseph Texeira edited clips from the video recordings of the Inglewood City Council.[213] He recut these recordings into length videos, with titles like "James T. Butts Jr. Misleads the Public About His Voter Registration," added captions and his own criticism of the councilmembers, and posted them to YouTube from an account named Dehol Truth. Inglewood sued him for copyright infringement, and he raised a fair-use defense.

Start with factor two, the nature of the work. It strongly favored Texeira because the videos were more informational than expressive; they described the works of government. There is a strong public interest in having access to this information and governments do not need copyright's incentives to have council meetings or to film them. Indeed, they are required by law to meet publicly and to make their records public.[214]

On factor one, the purpose and character of the use, Texeira was engaged in reporting on local politics by publicizing and helping viewers understand the issues at stake in the council meetings. It was probably noncommercial (the city's allegations to the contrary notwithstanding), because he was making the videos available for free and they had miniscule viewership (typically around 200–300 views each). Most im-

212. Pamela Samuelson, *Unbundingl Fair Uses*, 77 Fordham L. Rev. 2537 (2009); Michael J. Madison, *A Pattern-Oriented Approach to Fair Use*, 45 William & Mary L. Rev. 1525 (2004).

213. City of Inglewood v. Teixeira, 2015 WL 5025839 (C.D. Cal. Aug. 20, 2015).

214. While local governments *can* have a copyriught in the works they create, the court held in the alternative that California law did not actually authorize local governments to do so.

portantly, his use was transformative. He transformed the *content* of the videos by recutting them and overlaying his own narration. The resulting videos create substantially different impressions and have substantially different effects on viewers. He also transformed the *purpose* of the videos, changing them from straight records of meetings into a critical commentary on the meetings. He ridiculed councilmembers' physical tics and nervousness, and pointed out sections in which he claimed they were lying.

Criticism is important enough to warrant a short digression. Critical uses are both important and in particular need of fair use protections, because copyright owners may be especially and unreasonably inclined to suppress them. Few people enjoy being criticized or mocked, and criticism can destroy public interest in a work. So even if one is inclined to think that copyright owners will generally license genuinely valuable uses, criticism may be an exception where licensing markets will break down.

On factor three, the amount used, Texeira used clips of a few seconds or minutes from council meetings that ran for hours. His own videos consisted mostly of copied clips, but overlaid with new captions, music, and commentary. So this copying was quantitatively substantial in relation to his edited videos but less so in relation to the source videos. It was, however, qualitiatively minor; he had not lifted out the sections that had particular expressive or commercial value, because there were no such sections. And, most importantly, given Texeira's transformative purpose, his copying was necessary to that purpose. He needed to show the councilmembers acting nervously to make his point that they were nervous; he needed to show their words to make his point that they were lying. Neither of these responses would have been as effective if he had described the meeting without showing it.

On factor four, the effect on the market, there was no effect because there was no market. The City did not make money from the videos, and could not have. State law prohibited public agencies from charging more than the "direct costs of duplication."[215] And even if it could have, Texeira's criticism was not a market substitute; someone wanting to know what happened in the council meeting could not have found out from Texeira's videos, which presented only a small fraction of the council's business.

Not all reporting cases result in a fair-use finding. In *Los Angeles Times v. Free Republic*, the defendant's online board contained complete copy-pasted copies of newspaper articles.[216] While the articles were informational (factor two), the purpose of enabling discussion of those

215. Cal. Gov. Code § 6253(b)
216. L.A. Times v. Free Republic, No. 98-cv07840, 2000 WL 565200 (C.D. Cal. Apr. 4, 2000).

articles (factor one) on the board did not justify pasting the complete articles (factor three). And once they were pasted, they allowed board members to avoid buying copies of the newspapers or paying for online subscriptions (factor four).

And in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, the Supreme Court rejected a fair-use argument by *The Nation* magazine when it got its hands on a prepublication copy of ex-President Gerald Ford's memoirs and ran an article about its contents, including some substantial quotes.[217] Here, the memoir was a mix of informational and expressive but unpublished (factor one) and the use was commercial, for news reporting, and mildly transformative (factor two). Although the quotations were quantitatively minimal (about 300 words from a 200,000 book), they were more substantial in relation to the article (about 2,250 words) and they included some of the details of greatest public interest, such as Ford's thoughts about pardoning his predecessor, Richard Nixon (factor three). It was the effect on the market (factor four) that probably decided the case. Harper & Row was in the book business, not the magazine business, so this was not a direct case of competition. But *Time* magazine agreed to pay $25,000 for the right to excerpt 7,500 words from the book shortly before it appeared in stores. When *The Nation* ran its article, *Time* cancelled the contrast. This was direct, proven, market harm, fairly attributable to competition from the infringing article.

Expressive Transformations

Another important pattern of fair uses are parodies, remixes, and other highly expressive transformations. Unlike reporting (and teaching and scholarship), which make use of the work for largely informational purposes, these uses rely on the work's expressive content for expressive effect. There is a greater concern, then, that these uses may compete in the same markets for the same audiences as the original work. But at the same time, some of them can make compelling expressive cases to be allowed to.

Take, for example, *Campbell v. Acuff-Rose Music, Inc.*, another Supreme Court fair-use case. The popular and profane rap group 2 Live Crew recorded a song called "Pretty Woman," which starts with the famous guitar riff from Roy Orbinson and William Dees's "Oh, Pretty Woman," and borrows elements of the melody, harmony, and arrangement, but with different (and much dirtier) lyrics. Unlike in the news-reporting cases above, here the plaintiff's work was published and expressive, and here the defendants were selling in the same formats and distribution channels as the plaintiff: records, cassettes, CDs, live performances, and radio airplay. In addition, the copying here was ar-

217. Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985).

guably more extensive; there is a case that the hook was the "heart" of "Oh, Pretty Woman," and the musical borrowings ran all through "Pretty Woman."[218]

Still, the Supreme Court held that fair use could apply, because parodies are typically transformative, "altering the first with new expression, meaning, or message."[219] A parody comments on the original work to make it seem ridiculous, and for this, it needs to make use of the original: "Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination."[220] The Court then appealed to *Bleistein*'s "dangerous undertaking" language to tell courts not to ask whether the parody is smart or dumb, funny or plodding. As long as the parody "reasonably could be perceived as commenting on the original or criticizing it, to some degree," it is transformative for first-factor purposes. Here is how Justice Souter, a quiet and reserved New Englander, described the song:

> While we might not assign a high rank to the parodic element here, we think it fair to say that 2 Live Crew's song juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility. The later words can be taken as a comment on the naivete of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies. It is this joinder of reference and ridicule that marks off the author's choice of parody from the other types of comment and criticism that traditionally have had a claim to fair use protection as transformative works.[221]

The fourth factor is also worth dwelling on. Note that as a factual matter, listeners are unlikely to regard the Roy Orbison original and the 2 Live Crew paraody as substitutes; the itch to listen to one of them cannot generally be scratched by the other. But there is also potentially a licensing market for a rap cover version of "Oh, Pretty Woman," and that *authorized* rap version and the *unauthorized* parody could well be substitutes. This is where the parody justification becomes important; an uncritical and unironic rap cover might not be transformative to the same degree. Sometimes parody arguments succeed; sometimes they fail. For example, in *Dr. Seuss Enterprises, LP v. ComicMix LLC*, a *Star Trek*-themed parody of

218. The songs can be heard and compared at the Music Copyright Infringement Resource.
219. The Court pointed to earlier cases holding that a parody of "When Sunny Gets Blue" titled "When Sonny Sniffs Glue," Fisher v. Dees, 794 F.2d 432 (9th Cir. 1986), and a *Saturday Night Live* parody of "I Love New York" called "I Love Sodom" were fair use, Elsmere Music, Inc. v. Nat'l Broad. Co., 482 F. Supp. 741 (S.D.N.Y 1980).
220. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).
221. *Id.* at 583.

Dr. Suess's *Oh, the Places You'll Go!* titled *Oh, the Places You'll Boldly Go!* was not fair use.[222]

And finally, in a footnote, the Court made an important point about good and bad faith. 2 Live Crew had asked for permission from Acuff-Rose Music, which held the copyright to "Oh, Pretty Woman." The correspondence went as one might expect. Acuff-Rose's final rejection,"I am aware of the success enjoyed by 'The 2 Live Crews', but I must inform you that we cannot permit the use of a parody of 'Oh, Pretty Woman,"' raises questions already answered by its final rejection. The Court held that this failed negotiation should not be treated as a concession that a license was required. Good faith is not required for fair use, and

> 2 Live Crew's actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good-faith effort to avoid this litigation. If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use.[223]

For a contrasting case finding no transformative fair use, consider *Andy Warhol Foundation for the Visual Arts v. Goldsmith*.[224] In 1981, Lynn Goldsmith, a professional photographer, took a series of black-and-white photographs of the musician Prince in her studio. In 1984, Goldsmith licensed one particular photograph from the series to the magazine *Vanity Fair* as an "artist reference" for $400. The license stated, "It can appear one time full page and one time under one quarter page. No other usage right granted."[225] *Vanity Fair*, in turn, commissioned the pop artist Andy Warhol to create a portrait of Prince based on the photograph. Warhol prepared 14 silkscreen prints (in different colors) and two pencil sketches, collectively called the "Prince Series." One of the prints (titled "Purple Fame") illustrated an article on Prince in the November 1984 issue of *Vanity Fair*. Over the next several decades, she regularly licensed her photographs of Prince to other magazines.

Prince died in 2016. Condé Nast (*Vanity Fair*'s publisher) approached the Andy Warhol Foundation for the Visual Arts (or "AWF")[226] about relicensing Purple Fame for a special commemorative magazine, titled "The Genius of Prince." The AWF informed Condé Nast about the entire series of images, and Condé Nast ended up licensing a different print, "Orange Prince" for use on the cover of the magazine. The licensing fee was $10,000. Goldsmith saw Orange Prince on "The Genius of

222. Dr. Seuss Enters., LP v. ComicMix LLC, 983 F.3d 443 (9th Cir. 2020).
223. *Campbell*, 510 U.S. at 585 n.2.
224. Andy Warhol Found. for the Visual Arts v. Goldsmith, 143 S.Ct. 1258 (2023).
225. *Id.* at 1267.
226. Warhol died in 1987, and left his estate to the AWF.

Prince," and recognized that it was based on one of her photographs. Litigation ensued, and focused on the first factor.

The Supreme Court held that "Even though Orange Prince adds new expression to Goldsmith's photograph, . . . in the context of the challenged use, the first fair use factor still favors Goldsmith." It emphasized that transformativeness is a "a matter of degree, and the degree of difference must be weighed against other considerations, like commercialism.[227] In its view, the relevant context was licensing images for use in stories about celebrities, and "[i]n that context, the purpose of the image is substantially the same as that of Goldsmith's photograph. Both are portraits of Prince used in magazines to illustrate stories about Prince."[228] Moreover, this was a commercial context, one where artists are normally paid for a license to use their works.

The Court also emphasized that other transformative uses add more of a different purpose. In addition to "Pretty Woman" from *Campbell*, it pointed to Warhol's famous silkscreen prints of Campbell's Soup cans:

> His Soup Cans series targets the logo. That is, the original copyrighted work is, at least in part, the object of Warhol's commentary. It is the very nature of Campbell's copyrighted logo—well known to the public, designed to be reproduced, and a symbol of an everyday item for mass consumption—that enables the commentary.[229]

The AWF argued that there was a difference in meaning and aesthetics because the Prince Series portrayed him as "an iconic, larger-than-life figure," and commented on "the dehumanizing nature of celebrity."[230] But the court thought that Orange Prince didn't make enough of a commentary on Goldsmith's photograph to outweigh the commerciality of the directly competing uses.[231]

The Court specifically avoided weighing in on whether Warhol's creation of the unlicensed fifteen images in the Prince Series other than Purple Fame were fair use. So one possibility is that only Purple Fame was legally made. If so, then the other fifteen have always been infringing derivative works, and fair use protects none of them under any circumstances—so that it is infringement for collectors to sell them (public distribution) or for the Andy Warhol Museum in Pittsburgh to display the four it owns (public display). Another possibility is that they were legally made (perhaps under fair use, or perhaps as part of the license allowing Warhol to experiment with different colors), and so first sale

227. *Andy Warhol Found. for the Visual Arts*, 143 S.Ct. at 1273.
228. *Id.* at 1278.
229. *Id.* at 1281.
230. *Id.* at 1282.
231. *Id.* at 1284–85.

allows them to be sold and exhibited in person, but that they cannot be licensed commercially without Goldsmith's permission.[232]

Consumer Uses

A third pattern of fair-use cases involves consumer home copying. The crucial case here is *Sony*. In addition to holding that Sony could not be contributorily liable if the Betamax had substantial non-infringing uses, the Court also held that the Betamax did indeed have substantial non-infringing uses. These included authorized recordings of shows with permission of the copyright owners. But they also included at least some *unauthorized* recordings protected as fair use.

The Court focused on "time-shifting": recording a program to watch later. Notice how unappealing time-shifting is on a transformative-use view of the four factors. The works are expressive and published (factor two), and the defendant makes a wholly non-transformative use (factor one) by copying the entire work (factor three). True, home taping is non-commercial, but these are uses that are all about experiencing the copyrighted work as it was intended to be experienced, rather than about creating new works.

But even if consumers do not have a strong fair-use argument for time-shifting home taping *as authors*, they have a strong fair-use argument *as audiences*. There is a privacy argument here; these are copies being made and enjoyed within a household. There is an economic argument, too: time-shifting *expands* the audience for broadcast programs, rather than *narrowing* it, and broadcasters were paid (by advertisers) based on total viewership. And there is a kind of argument from fairness and reciprocity: broadcasters have already invited viewers to watch their programming, and that invitation should come with a freedom to make incidental copies in the course of doing what they have been invited to do.

Sony did not rule on whether consumers had a fair-use right to build up large libraries of tapes, or to make tapes and sell them to strangers. But the Napster cases held that garden-variety file-sharing was infringing, and the copyright industries sued a large number of individual uploaders and downloaders of copyrighted movies, TV shows, and music. So one important limit on the *Sony* fair-use principle is almost certainly its limitation to private use by an individual, or within a household.

In the 2000s, a generation of digital video recorders disrupted the equilibrium between viewers and copyright owners. VCRs were finicky beasts that made sometimes-grainy copies and that required careful programming to make work correctly.[233] Tapes cost money, and many peo-

232. Either way, is this factor one or factor four at work?

233. There is a reason that jokes about VCR clocks blinking "12:00" were a staple of 1980s–90s comedy. Everyone who ever successfully programmed a VCR to tape a program at a specific time should get a medal.

ple's tape collections were bulky and poorly labeled. But a DVR with a large hard drive could store many hours of recordings, tape shows automatically at specified times, keep perfect track of one's collection, play back in perfect high-resolution fidelity, and fast-forward through commercials—or even skip them entirely.

The litigation in *Fox Broadcasting Co., Inc. v. Dish Network LLC* over Dish's Hopper set-top DVR is a good example.[234] The Hopper, available to anyone who subscribed to Dish's satellite TV service, had a feature called PrimeTime Anytime: programming on the four major broadcast networks (including Fox) every night of the week: by pushing two buttons, the user could automatically record every prime-time program on the four major networks (ABC, CBS, Fox, and NBC) for a week. Another feature, called AutoHop, would skip over all commercials with the push of another button.

This is, like *Sony*, a secondary-liability case.[235] But do Dish's users infringe at all? The VCR could in theory be used to make bootleg taps for sale; the Hopper could not. So if there is infringement here, it would have to be because either (1) bulk recording of dozens of shows is different than recording a single show, or (2) systematic commercial-skipping is different than watching them, or fast-forwarding through them manually. But in *Fox Broadcasting*, the Ninth Circuit held that PrimeTime Anytime was still fair use. As in *Sony*, it was home non-commercial taping (factor one) of expressive works (factor two) in their entirety (factor three). And there was still no proof of market harm. Even though Fox licensed its shows to Hulu for streaming on demand and Apple for downloads, the *market harm*, if any, was due entirely to commercial-skipping with Autohop. But:

> Fox owns the copyrights to the television programs, not to the ads aired in the commercial breaks. If recording an entire copyrighted program is a fair use, the fact that viewers do not watch the ads not copyrighted by Fox cannot transform the recording into a copyright violation. Indeed, a recording made with PrimeTime Anytime still includes commercials; AutoHop simply skips those recorded commercials unless a viewer manually rewinds or fast-forwards into a commercial break. Thus, any analysis of the market harm should exclude consideration of AutoHop because ad-skipping does not implicate Fox's copyright interests.

Persuasive?

234. Fox Broad. Co., Inc. v. Dish Network LLC, 723 F.3d 1067 (9th Cir. 2013).

235. Could you make an argument that Dish is the *direct* infringer? *Hint*: focus on the volitional-conduct doctrine.

Miscellaneous

Some other common patterns of fair use include:

- Incidental background uses, of the sort that could also be dismissed as *de minimis*.
- Uses as evidence in litigation or other legal processes, e.g., to prove that the copyright owner published a defamatory book, or that the copyright owner's research was prior art for a patent application.
- Uses in comparative advertising, product reviews, etc. to establish characteristics of the copyriught owner's products.
- Various common search-engine practices designed to make the Internet more navigable, such as showng small "thumbnail" previews of image results.

Finally, fair use is sometimes asserted to try and patch up a near-miss argument under one of copyright's other defenses. For example, even though ReDigi lost on first sale, it also raised a fair-use defense—in essence, trying to use fair use to honor the spirit, if not the letter, of first sale. The court there, noting the commercial reproduction and exchange of complete expressive works in competition with the copyright owner, denied fair use.

Documentary Clearance Problem

Your client, Chicory Pictures, is producing a documentary about the New Orleans second line music scene. The producers have preliminarily flagged the following potential copyright issues for review:

- At several points in the documentary, billboards, murals, and storefronts are visible in the background.
- Various musicians and crowd members are interviewed on camera.
- The closing of the documentary is an unbroken eight-minute shot of one the bands playing an extended version of "When the Saints Go Marching In." (The song is in the public domain.)
- A two-minute montage of musicians getting dressed is currently set to Professor Longhair's "Mardi Gras in New Orleans."
- At one point during an interview, a car rolls by with the windows open blasting Outkast's "Hey Ya!" The interviewee breaks up laughing and gives the driver a wave, before returning to the question.
- At least half a dozen songs are heard in segments ranging from ten to thirty seconds during other shots of the bands performing.

The producers set aside $10,000 for licensing, out of a total budget of $120,000. What is your advice?

Chicago HOPE Problem

You represent Shepard Fairey, creator of the famous Obama "HOPE" poster. Fairey created the poster to support Obama, then licensed it for free to the Obama campaign, and the campaign has given out tens of thousands of prints to supporters and it has been distributed widely for free online. Fairey, who started as a street artist, became significantly more famous as a result of the poster and the publicity it received.

With your help, Fairey has sued the Associated Press, which holds the copyright to a photograph of Barack Obama taken by Mannie Garcia, for a declaratory judgment that the poster does not infringe the AP's copyright in the photograph. The original AP photograph was used to illustrate a news story about a campaign event and then offered for licensing through a stock photography bureau. The Associated Press claims that that Fairey copied the design for the HOPE poster from the Garcia photograph.

Fairey's suit against the AP denied that he had copied from the Garcia photograph (so that any similarities were purely coincidental,) and also argued in the alternative that even if he had worked from the Garcia photograph, it qualified as a fair use.

It has now emerged in discovery that Fairey did in fact work from the Garcia photograph, that he destroyed evidence showing his creative process, and that he lied under oath in trying to conceal the fact that he had used the photograph as a source.

What should you do?

3 Miscellaneous

Section 512 of the Copyright Act, added as part of the Digital Milennium Copyright Act of 1998, provides a "safe harbor" for various online intermediaries for users' infringing acts.[236] The basic outline is that four categories of online intermediaries—the ISPs that provide Internet access, caching services that store content as part of its transmission, hosting services that store user-generated content, and search engines—are not liable if their services help users send, receive, store, or find infringing material. The hosting immunity is subject to a "notice-and-takedown" provision,[237] under which a copyright owner can send the host a standardized notice identifying a work and where it can be found on the service. If the intermediary doesn't promptly remove the content from that location, it loses the safe harbor. There is a similar notice-and-takedown

236. 17 U.S.C. § 512.
237. 17 U.S.C. § 512(c).

rule for search engines,[238] but not for the ISP and caching immuities, which are more absolute. Section 512 has generated an immense amount of caselaw, the details of which are best left for a course in Internet law.

The Copyright Act includes several statutory licensing schemes for cable television,[239] for webcasting[240]17 U.S.C. § 114. for cover versions of songs,[241] for jukeboxes,[242] for works used in non-commercial broadcasting,[243] and for satellite broadcasting.[244] The broadcasting licenses are best thought of as portions of the Telecommunications Act that have been codified in the Copyright Act by mistake. The musical licenses are discussed in more detail in the Music chapter.

Other provisions of the Copyright Act provide specific defenses for uses that are considered socially valuable. Section 108 gives libraries and archives a variety of privileges to reproduce and distribute copies of items in their collections.[245] The section reflects a heavily negotiated balance between libraries' missions of preservation and public access on the one hand, and copyright owners' concerns about unrestricted copying on the other. It institutionalizes and protects standard library practices, but is ringed with limitations that prevent them from being extended to new circumstances and that limit the total volume of public demand that libraries can satisfy. Section 108(c), for example, allows for the duplication of up to three copies of a published work "that is damaged, deteriorating, lost, or stolen, or if the existing format in which the work is stored has become obsolete" if an "unused replacement cannot be obtained at a fair price."[246]

Section 121, which allows for reproductions and distributions "in specialized formats exclusively for use by blind or other persons with disabilities," is to similar effect.[247] A prototypical example is an audio edition of a printed book, recorded without the permission of the copyright owner, by a nonprofit that specializes in creating such editions (e.g. Learning Ally), distributed on a CD in the Digital Accessible Information System (DAISY) file format, for use on a DAISY player with large buttons marked in Braille. The existence of Section 121 is an admission that access for the disabled is often not a priority for copyright owners. Some are concerned about piracy from accessible digital editions, some don't see enough potential for profit to make accessible editions, and many

238. *Id.* § 512(d).
239. 17 U.S.C. § 111.
240. ,
241. 17 U.S.C. § 115
242. 17 U.S.C. § 116
243. 17 U.S.C. § 118.
244. 17 U.S.C. §§ 119, 121.
245. 17 U.S.C. § 108
246. 17 U.S.C. § 108(c)
247. 17 U.S.C. § 121.

simply have not thought about it at all.

At the same time, Section 121 is locked into an ableist model that treats accessible editions as a special concession to the disabled, rather than conceptualizing meaningful accessibility for all as the goal. For one thing, building accessibility into the publication workflow makes every work accessible as a matter of course, rather than relying on nonprofits to create after-the-fact accessible editions at much greater expense. For another, accessibility features are often valuable for readers and viewers who do not consider themselves disabled. Hearing people who like watching movies with closed captions enabled have disability activists to thank, just like every skateboarder and parent with a stroller who has been grateful for curb cuts.

Thus, it is notable that probably the single greatest expansion of library use anddisabilityy access in a generation came about *not* through Section 108 or Section 121, but through fair-use litigation. When authors and publishers sued Google and its library partners for scanning millions of books, the National Federation of the Blind intervened as a defendant, arguing that the scanning had the potential to make books accessible on a much wider scale. Several of the libraries began providing access to their digital copies of the books to print-disabled students. This, the courts held, was a fair use.[248] It was nontransformative copying of complete expressive works, but the effect on the market was miniscule, *precisely because publishers had not traditionally cared about creating disabled editions*. The publishers argued that Section 108 should be read as setting the outer limits of library copying, and one can imagine a similar argument about Section 121 setting the outer limits of copying for accessibility. But the courts held instead that Section 121, like the Americans with Disabilities Act, expressed a policy of favoring such uses, and one can imagine a similar argument about Section 108.

H Paracopyright

The Digital Milennium Copyright Act of 1998 added a new Chapter 12 to the Copyright Act, prohibiting several new types of conduct. As interpreted by the courts, Congress did *not* declare these to be new species of infringement. Instead, they are a kind of paracopyright: they protect similar interests using similar techniques, but with a fraught and ambiguous relationship to many copyright doctrines, especially subject matter and defenses.

1 Anticircumvention

A ***digital rights management*** (***DRM***) (also called a ***technological protection measure*** or TPM) system allows users to interact in some ways with

248. Authors Guild, Inc. v. HathiTrust, 755 F.3d 87 (2nd Cir. 2014).

media while preventing them from freely copying it. Section 1201 of the Copyright Act prohibits users from disabling the DRM on copyrighted works. More specifically, section 1201(a)(1)(A) provides:

> No person shall circumvent a technological measure that effectively controls access to a work protected under this title.

Multiple terms here need to be unpacked, and section 1201(a)(3) provides definitions:

(A) to "circumvent a technological measure" means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner; and

(B) a technological measure "effectively controls access to a work" if the measure, in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.

The most common form of DRM, which is squarely covered by these definitions, is a program that encrypts media (such as a song or video) and decrypts it only during playback, and only when the user is properly authenticated and authorized. In other words, Section 1201(a) squarely prohibits a specific form of reverse engineering because of its potential to facilitate copyright infringement, even when the reverse engineering itself does not result in the making of copies or any other acts prohibited by copyright law.

A classic early section 1201(a) case was *Universal City Studios, Inc. v. Corley*. DVDs were protected by a system called the Content Scramble System (CSS)[249] that decrypted the contents of a DVD only when it was inserted in a properly licensed DVD player. A Norweigan teenager extracted the secret key from a DVD-playing program and used it to write a program called DeCSS that could rip an unencrypted copy of the contents of a DVD. The courts easily held that DeCSS violated section 1201(a). DeCSS effectively protected copyrighted works (movies) because it required the application of information (the secret key) and a process (decryption) to gain access to the work. DeCSS circumvented it because it decrypted encrypted works (the movies) without permission from the copyright owners. (Note that authorized players did exactly the same thing, but with permission.)

Section 1201(a) has its own, custom-drafted secondary liability rules. Section 1201(a)(2) makes it a violation to "manufacture, import, offer to the public, provide, or otherwise traffic in" a circumvention technology, defined as one that:

249. Not to be confused with Cascading Style Sheets.

(A) is primarily designed or produced for the purpose of circumventing a [TPM];

(B) has only limited commercially significant purpose or use other than to circumvent a [TPM]; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a [TPM].

These three tests codify mutant versions of the contributory and inducement infringement tests.[250] (A) is an inducement-ish test about the defendant's "primary purpose." (B) is a contributory-ish test about the balance of prohibited and innocent uses that replaces *Sony*'s "capable of substantial noninfringing use" with "only limited commercially significant purpose or use." And (C) is another inducement-ish test that focuses on how the technology is "marketed." Most strikingly, there is no requirement of underlying infringement. These rules prohibit trafficking in circumvention technologies, whether or not anyone uses them to infringe.

Note also what is missing from both the "direct" circumvention rule of 1201(a)(1) and the "secondary" trafficking rules of 1201(a)(2): most of copyright law. The whole apparatus kicks in if the TPM is being used to protect copyrighted works, and the copyright owner's permission is a complete defense. But other than that, the usual copyright defenses—fair use, first sale, etc.—are nowhere to be seen. Indeed, because circumvention and trafficking are not defined as copyright infringement, the courts have held that the usual defenses are not available. Thus, even if a DVD-ripping tool is only used for blatantly fair uses (e.g., by film-studies teachers to grab short 15-second excerpts of classic movies for critical classroom discussions of their cinematography and screenplays), *fair use is not a defense to 1201*, as the courts held in the DeCSS cases.[251]

Section 1201's power and loose connection to the rest of copyright law have made it an attractive cause of action well beyond protecting core DRM business model like movie rentals and device-locked music downloads. And this expansion has drawn pushback from courts that have looked for ways to tie it more closely to protecting copyrighted works.

In *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, Chamberlain made garage doors that used a "rolling code" system to change the specific signal that would cause them to open. Skylink universal garage-door openers that sent a sequence of signals that would cause a Chamberlain rolling-code system to reset and open the door. Chamberlain objected to the competition and sued under section 1201(a)(2), arguing that the software in its garage doors was a copyrighted work, and that the rolling-code system was a TPM, and that Skylink's universal openers circumvented the system. The court held that section 1201 "prohibits only forms

250. Section 1201 predates *Grokster*, so the divergence is not entirely shocking.
251. Universal City Studios, Inc. v. Reimerdes, 111 F. Supp. 2d 346 (S.D.N.Y. 2000).

of access that bear a reasonable relationship to the protections that the Copyright Act otherwise affords copyright owners"[252]—in other words, even if there is not a strict requirement that there be an underlying act of infringement, there must be at least a "reasonable relationship" to infringement.

In a similar case, *Lexmark International v. Static Control Components* ("*Static Control I*"), Static Control Components made replacement toner cartridges for Lexmark printers. Lexmark put a small microchip in each of its cartridges to engage in a short "handshake" exchange of signals with the printer authenticating itself as an official Lexmark cartridge. SCC put a chip in its own cartridges to mimic those signals, and Lexmark claimed this was an act of circumvention because it bypassed a TPM protecting the software in the printer. The court held that it wasn't because the handshake did not actually "control access" to the software; anyone who bought a Lexmark printer already had access to the work:[253]

> Just as one would not say that a lock on the back door of a house "controls access" to a house whose front door does not contain a lock and just as one would not say that a lock on any door of a house "controls access" to the house after its purchaser receives the key to the lock, it does not make sense to say that this provision of the DMCA applies to otherwise-readily-accessible copyrighted works.[254]

Both of these cases involved the attempted use of the DMCA to protect a fundamentally non-copyright-based business model. *MDY Industries, LLC. v. Blizzard Entertainment, Inc.* was a harder case.[255] The case involved Blizzard's World of Warcraft online game. Michael Donnelly created and sold a bot program called Glider that would play the game for users, allowing them to level up their characters more quickly and accumulate gold. Blizzard considers the use of bots cheating and added a feature to WoW called "Warden" that would eject a player from the online servers when it detected that a bot program is running. Donnelly reprogrammed Glider so that it could evade detection by Warden, and Blizzard alleged that this constituted a section 1201 violation.

The Ninth Circuit reasoned that Warden did not "effectively control access" to WoW's code or to the game's *static* art assets and sounds. All of these were available to users who had installed the game on their computers; they could view or listen to these assets without having to connect to the server. But Warden *did* effectively control access to the game's *dy-*

252. Chamberlain Grp., Inc. v. Skylink Techs., Inc., 381 F.3d 1178, 1202 (Fed. Cir. 2004).
253. Lexmark Int'l v. Static Control Components ("*Static Control I*"), 387 F.3d 522 (6th Cir. 2004).
254. *Id.* at 547.
255. MDY Indus., LLC. v. Blizzard Ent., Inc., 629 F.3d 928 (9th Cir. 2010).

namic experience. Just as in Scramble, this dynamic "real-time experience of traveling through different worlds, hearing their sounds, viewing their structures, encountering their inhabitants and monsters, and encountering other players" was protected by copyright as an audiovisual work, even if some elements were player-generated. Since players could not "access" this audiovisual work without passing Warden's checks, that made Warden an effective TPM as to these dynamic elements. Thus, Donelly violated section 1201(a)(2)(C) by marketing Glider as a circumvention technology.

2 Copyright Management Information

Another component of DRM is keeping track of information about the works being protected. Sometimes, this takes the form of metadata describing the work, so that the DRM system can tell, for example, when to disable access because a user's rental has expired. Other times, it takes the form of "watermarks" embedded in the work, so that it can be detected (and possibly traced back) if a user removes it from the DRM system.

The drafters of the DMCA believed that the integrity of this ***copyright management information*** (or CMI) also played an important role in protecting DRM systems. Thus, they included in section 1202 a prohibition on falsifying, removing, or altering CMI. Falsification is prohbited if done "knowingly and with the intent to induce, enable, facilitate, or conceal infringement."[256] Alteration and removal are prohibited if done "knowing or . . . having reasonable grounds to know that it will induce, enable, facilitate, or conceal an infringement."[257] Both provisions include a ban on distributing false/altered/removed CMI, with the same mental states.

Although the CMI provisions seem naturally adapted to DRM, they have been used far more broadly, in part because the definitions of CMI do not say anything about requiring it to be adapted for automated processing by a DRM system. They do say that CMI is "conveyed in connection with a work" and includes the the work's title, author's name, the copyright owner's name, licensing terms, and so on. That's broad enough to encompass photo credits and copyright pages, so a number of plaintiffs have successfully used section 1202 as a kind of quasi-attribution right.

In *Murphy v. Millennium Radio Group LLC*, for example, Peter Murphy took photographs of two radio hosts, Craig Carton and Ray Rossi, for an article in *New Jersey Monthly*. An employee at their radio station, WKXW, scanned the image and posted it to WKXW's website and MySpace page

256. 17 U.S.C. § 1202(a).
257. 17 U.S.C. § 1202(b).

as part of a contest inviting users to Photoshop the image to humorous effect. The posted version lacked the printed credit to Peter Murphy that ran next to the photo in the magazine. The Third Circuit held that this was a section 1202 violation. Murphy's name was CMI, and the station posted the photo knowing that the CMI had been removed.[258]

Problems

Bizarro World Problem, Redux Redux

Recall the Bizarro World Problem from the Undeveloped Ideas chapter. How does your advice change in a world that has copyright law?

Digital Transition Problem

The Copyright Act of 1976 was written for an age of mass media: television and radio, newspapers and magazines, printed books, records and cassette tapes. Today, of course, we have computers and the Internet. Here are a few notable changes:

- It is much easier for individuals to create high-quality creative works.
- It is much easier to distribute creative works to a wide audience.
- As a corollarly, audiences have access to creative works from a much wider variety of creators.
- It is much easier to make cheap, perfect copies of creative works.
- Many creative works are now made available via streaming media, rather than by distributing physical objects.

You are writing a study for the Copyright Office. How should the next Copyright Act adapt to these changes?

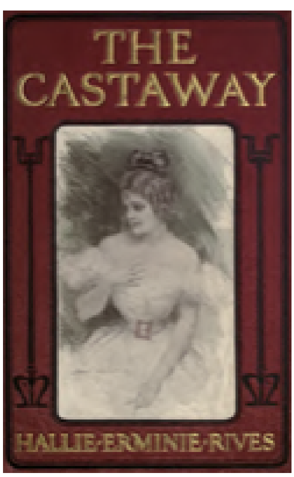
258. Carton was convicted of securities fraud in 2018 and served a year in prison. Among other episodes from their shock-jock careers, Carton and Rossi were heavily criticized in 2005 for anti-Asian comments.

A video store and viewing room: the combination is a public performance

A still from Nicklen's video

The Cherry Auction swap meet

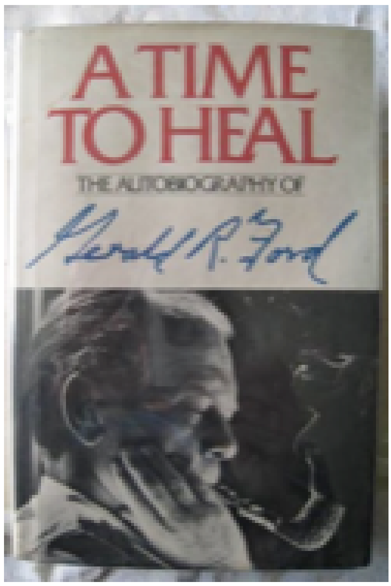
The Sony Betamax



The Castaway

Price-restriction notice

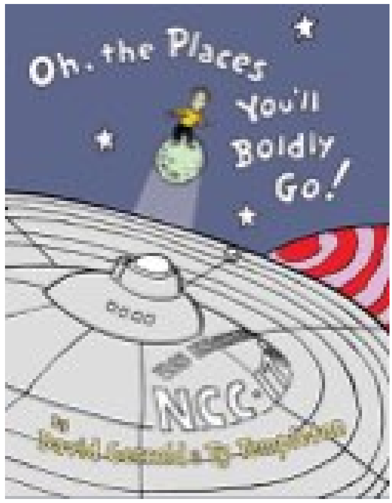
A still from one of Teixeira's videos



Gerald Ford, *A Time to Heal*

Roy Orbison

2 Live Crew



Oh, the Places You'll Boldly Go!

Goldsmith's photograph of Prince

Purple Fame, as used in the November 1984 issue of *Vanity Fair*

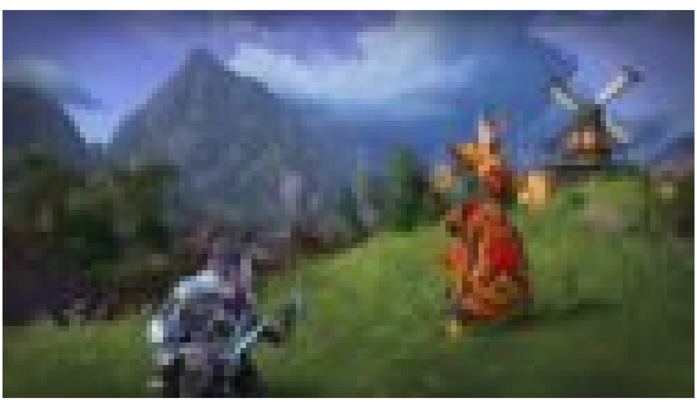
Orange Prince, as used on the cover of "The Genius of Prince"

Warhol's series of thirty-two paintings of Campbell's Soup cans

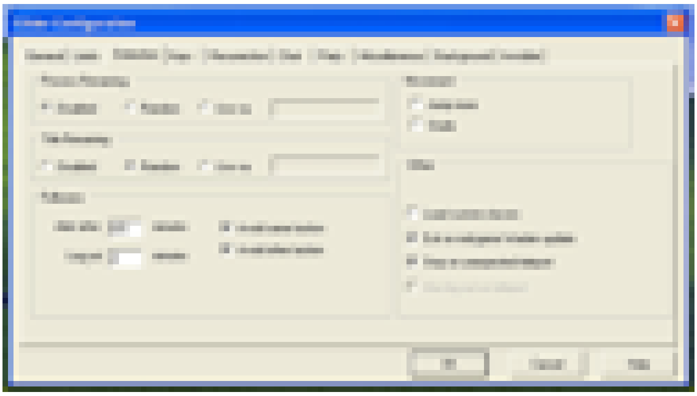
The Dish Hopper

Obama “HOPE” poster by Shepard Fairey

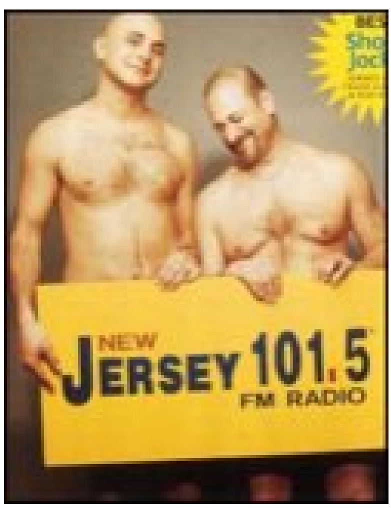
Obama photograph by Mannie Garcia



World of Warcraft



Glider's configuration screen



Peter Murphy's photo of Craig Carton (left) and Ray Rossi (right)

5

Music

Musical copyright could be a course unto itself. We will settle for a chapter.[1]

A Prelude

Music is a kind of sound; we perceive sounds that have well-defined pitch and rhythm as being musical. This has two important implications. First, most non-musicians experience music only when it is *performed* by turning it into audible sounds. Second, these performances take place in real-time. Music can be played faster or slower, but there is no way to take in all of a song in an instant.

From one perspective, copyright came to the concert extraordinarily late. The first known musical instruments are at least 30,000 years old, which makes music on the order of a hundred times as old as copyright. From another perspective, musical copyright is positively ancient. It predates records, radio, synthesizers, digital audio, and streaming. It also predates studio recording, sampling, mashups, karaoke, and DJing. The story of musical copyright is the story of its continual struggle to adapt a preexisting conceptual framework to new technologies and new practices.

In particular, the doctrinal distinction between a ***musical work*** and a ***sound recording*** is absolutely fundamental to musical copyright under United States law. Music far predates recording, and copyright law does not treat them the same. To understand why this distinction takes the form it does, a few pages of history are instructive.

1. References on music copyright and the music business include Al Kohn & Bob Kohn, Kohn on Music Licensing (2018); Donald S. Passman, All You Need to Know About the Music Business (2019). A truly delightful survey of music technology, business, culture, and copyright—in full color, with excerpts from a graphic novel and an audio companion—is Jennifer Jenkins, Music Copyright, Creativity, and Culture (2d ed. 2026).

Stephen Foster, *Hard Times Come Again No More* (1854)

1 A Brief History of Musical Copyright

The inordinately complicated doctrines of modern musical copyright bear the scars of a long and ambivalent history. Music entered United States copyright law when the Copyright Act of 1831 added "musical composition[s]" to the list of protectable types of works. This meant sheet music, because at the time *there was no other way to capture music in tangible form*. Copyright protected (only) against unauthorized reproduction and distribution, because those were the rights it gave to any copyright owner.

The consequence was that a particular artistic model became part of the copyright system. That model, which is tied to the Western European musical tradition, distinguishes sharply between *composition* and *performance*. As Robert Brauneis explains:

> Composition was a deliberative activity that allowed rethinking and editing. Its end product was a written score, a stable, visually perceptible set of prescriptions for musicians to follow Scores virtually universally used a system of notation—Western staff or stave notation—which is mainly discrete: composers choose between an F and an F sharp, or between a quarter note and an eighth note, instead of setting pitches or durations along a continuum. However, staff notation typically indicates relative rather than absolute pitch and duration, and also gives inexact cues about matters such as dynamics (loudness), articulation (legato and staccato rendering of note sequences), timbre, and so on. Thus, it leaves room for—and requires—interpretive choices in performance.

> Performance contrasts with composition in many respects. While a score is stable and visually perceptible, performance is unrepeatable, evanescent, and aural. While composition is a deliberative process that allows for trial-and-error editing, performance is a real-time, low-deliberation, no-editing activity.[2]

As Brauneis notes, this was one specific way of making music, and hardly the only one. People have been singing songs and playing instruments for millennia without writing anything down first.

The sale of sheet music has also never been the only way that musicians make a living. Indeed, the sale of a few copies of sheet music will never come anywhere close to recapturing the immense creative effort required to write a 45-minute symphony for a 70-piece orchestra. Some musicians were supported by wealthy patrons. Others held concerts and charged admission, or played for tips, or were paid to provide entertainment. And, of course, billions of people have made music, alone and together, for the sheer pleasure of it. The sale of sheet music captured some of value of that pleasure; most of the buyers were amateurs playing piano for fun and singing along with friends. But the pleasure itself, along with the entire concert-hall tradition, was entirely outside of the copyright system for most of the 19th century.

In 1897, Congress added a public performance right for musical works. The new system maintained the two-stage distinction between composition and performance, and only provided copyright for composers. The difference was that now copyright-owning composers could control both stages of the process: composition (via the reproduction and distribution rights) and performance (via the performance right). Congress had done something similar in 1856 by creating a public-performance right for plays, so the 1897 amendment could have become the start of a unified treatment of the performing arts.[3] Instead, in the face of a new technology, the Supreme Court zigged and Congress zagged, setting music on its own distinctive path.

That technology was the player piano. A player piano uses air pressure to play piano keys. The music is marked on a roll of paper by punching holes for the notes. As a hole in the paper passes over a corresponding hole in the front of the piano, a little air can escape from a pressurized chabmer inside the piano, causing a valve to open, which releases more air into another mechanism that moves the key.

From a modern perspective—and from the perspective of the mu-

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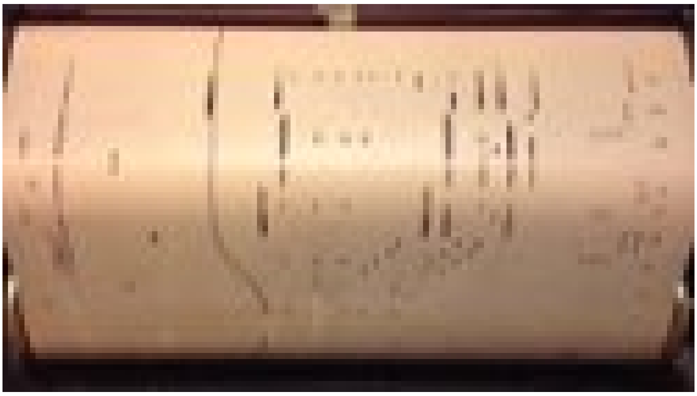
2. Robert Brauneis, *Musical Work Copyright for the Era of Digital Sound Technology*, 17 Tul. J. Tech. & Intell. Prop. L. 1 (2014).
3. *See generally* Rebecca Tushnet, *Performance Anxiety: Copyright Embodied and Disembodied*, 60 J. Copyright Soc'y 209 (2013); Michael W. Carroll, *Copyright's Creative Hierarchy in the Performing Arts*, 14 Vand. J. Ent. & Tech. L. 797 (2012).



A player-piano roll

sic publishers who sued player-piano manufacturers—a player-piano roll looks like a copy of a musical work. The work of punching holes in a paper roll is like the work of engraving notes on a plate to print sheet music. And the result of playing a roll on a player piano is like the result of playing sheet music on a regular piano: a performance of a recognizable song.

The Supreme Court, however, disagreed. In *White-Smith Music Publishing Co. v. Apollo Co.*, it held that player piano rolls were not infringing copies.[4] Quoting a previous case, it explained:

> They are not made to be addressed to the eye as sheet music, but they form a part of a machine. They are not designed to be used for such purposes as sheet music, nor do they in any sense occupy the same field as sheet music. They are a mechanical invention made for the sole purpose of performing tunes mechanically upon a musical instrument.[5]

On this way of thinking, the sheet music *is* the musical work. A perforated roll is "not a copy which appeals to the eye"; it is "not intended to be read as an ordinary piece of sheet music."

White-Smith was decided in 1908. In the very next year, Congress completely overhauled the copyright system in the Copyright Act of 1909. It could have responded to *White-Smith* by endorsing the Supreme Court's reasoning and allowing free reproduction of musical works in piano rolls. Or it could have repudiated *White-Smith* and held that they were infringing reproductions. Instead, it split the difference, bifurcating the musical copyright system into one set of rules for familiar musical compositions and another set of rules for new technological ways of making music.

4. *White-Smith*, 209 U.S. 1.
5. *Id.* at 12.

Under the 1909 Act, musical copyright owners had a new exclusive right to "reproduce mechanically" the copyrighted work, as in piano rolls. However, once the owner had made its own mechanical reproductions of the work, anyone else who wanted to could obtain a ***compulsory license*** to do the same and make their own piano rolls by paying a royalty of two cents per roll.

The ink was barely dry on the 1909 Act before its framework was challenged by another new technology: the phonograph, a/k/a record player. Now musicians could record the *actual sounds* of a particular performance, which would be recreated and repeated (more or less) when the record was played. The courts converged on a solution that effectively treated records like piano rolls: second-class instantiatons of the real work, which existed in Platonic form in sheet music. Thus: (1) copyright would prevent the unauthorized recording and sale of records of a musical work, but (2) records could be made without the copyright owner's permission under the compulsory mechanical license, and (3) the copyright in a musical work included only the details of the *composition* and not any of the details of the *performance*.

If you know anything about the history of music, or if you have been alive at any time in the last century, you know that recordings of musical performances are kind of a big deal. We are awash in recorded music, people will pay to listen to it, and musicians want to get paid for making it. The treatment of records as mechanical reproductions was deeply frustrating to record companies, particularly once straight-up record piracy—pressing unauthorized duplicates of existing records—became widespread.

With the door to federal copyright law closed off, the music industry successfully lobbied *states* to provide copyright or copyright-like rights for records. Through a mixture of new statutes and new uses of common-law theories like unfair competition, they secured rights in many states against the unauthorized reproduction of records and other sound recordings. By the late 1960s, however, the limits of this system had become painfully apparent. State law was a patchwork and could be difficult to wield effectively against interstate operations. The inconsistencies between different states' laws created uncertainty.

Thus, in 1971, Congress *federalized* the protection of sound recordings by adding them to the Copyright Act. A few years later, the Copyright Act of 1976 codified sound recordings as one of the eight types of copyrightable subject matter. The problem of overlapping copyrights in recordings of performed works is inevitable: if a band records a version of an existing song, the recording (a sound recording) is a derivative work of the song (a musical work), just as a filmed version of a Broadway play (an audiovisual work) is a derivative work of the play (a dramatic work). But the legacy of the player piano is that the ordinary rules of derivative works, as seen in the Copyright chapter, do not apply. Instead, sound recordings receive vastly different treatment than musical works, in ways we will consider in detail in the rest of this chapter.

Finally, in a decision that would reemerge years later like a buried, forgotten, and leaking barrel of toxic waste, when it federalized copyright in sound recordings in 1971, Congress only fully brought *new* sound recordings—those created on or after February 15, 1972—into the federal system. States remained free to provide their own protection for existing sound recordings. This dual system led to significant litigation, especially over streaming technologies, in the 2010s. Only with the Music Modernization Act of 2018 did Congress fully federalize sound recording copyright, preempting all state-law rights.

2 Musical Works vs. Sound Recordings

According to the Copyright Act, both a "musical work" and a "sound recording" are copyrightable subject matter.[6] Just to be confusing, that object is called a "phonorecord" rather than a "copy." A sound recording consists of the actual "series of musical, spoken, or other sounds" as fixed in a tangible object. [7] The definition carves out "the sounds accompanying a motion picture or other audiovisual work." The point is not that these sounds are not copyrightable—they are—but rather that they are *part* of the copyright in the audiovisual work.

Remarkably, a musical work is not defined in the Copyright Act, as though everyone knows what one is. The distinction between musical and non-musical works is mostly unproblematic, and not all that much usually hinges on it. But the definition of a "musical work" becomes important when *distinguishing one from a sound recording*. In many cases, a sound recording is a derivative work of a musical work: if the Roosevelt String Quartet records a performance of Phillip Glass's "Company," the recording embodies both the musical work (copyright by Glass) and the sound recording (copyright by the RSQ). As with other types of derivative works, permission of both copyright owners—or some other license or defense—will be required to reproduce or perform the recording in its entirety.

But now suppose that someone copies only a portion of the recording. Which copyrights are implicated? The answer may depend on how the authorship is allocated between the musical work and the sound recording. This was the situation presented in *Newton v. Diamond*.[8] As the court described the facts:[9]

6. 17 U.S.C. § 102
7. 17 U.S.C. § 101.
8. Newton v. Diamond, 388 F.3d 1189 (9th Cir. 2004).
9. *Id.* at 1191.


James W. Newton


Beastie Boys

> The plaintiff and appellant in this case, James W. Newton,is an accomplished avant-garde jazz flutist and composer. In 1978, he composed the song "Choir," a piece for flute and voice intended to incorporate elements of African-American gospel music, Japanese ceremonial court music, traditional African music, and classical music, among others. According to Newton, the song was inspired by his earliest memory of music, watching four women singing in a church in rural Arkansas. In 1981, Newton performed and recorded "Choir" and licensed all rights in the sound recording to ECM Records for $5,000. The license covered only the sound recording, and it is undisputed that Newton retained all rights to the composition of "Choir." . . .
>
> In 1992, Beastie Boys obtained a license from ECM Records to use portions of the sound recording of "Choir" in various renditions of their song "Pass the Mic" in exchange for a one-time fee of $1,000. Beastie Boys did not obtain a license from Newton to use the underlying composition. Pursuant to their license from ECM Records, Beastie Boys digitally sampled the opening six seconds of Newton's sound recording of "Choir." Beastie Boys repeated or "looped" this six-second sample as a background element throughout "Pass the Mic," so that it appears over forty times in various renditions of the song.[10]

Because the Beastie Boys had a license (from ECM) to the sound recording, but not a license (from Newton) to the musical work, they infringed if and only if the six-second sample copied substantially *from the musical work*. The court reasoned that it did not. The sample consisted of a three-note phrase, so this was a *de minimis* similarity. Newton argued that the sample also copied his unique playing style, including the use of subtle breathing variations to change the overtones (higher notes sounded simultaneously) produced by the flute. But the court held that these were elements of his performance belonging to the sound-recording copy-

10. The songs can be heard and compared at the Music Copyright Infringement Resource.

right, not elements of the composition belonging to the musical-work copyright.

This is a standard distinction between the two copyrights. It draws the line in the same place that a 19th-century court would have drawn it: the musical work copyright encompasses everything that is written in the sheet music—or, for works that are fixed only in phonorecords or as part of an audiovisual work, the elements that would commonly be written in the sheet music. This rule maps cleanly onto 19th-century compositional style, in which music is clearly divided into two stages: a composition stage in which a songwriter writes down all the notes that make up a piece, followed by a performance stage in which musicians play the notes that are in front of them.

It is less clear that this two-copyright system is a good fit for modern musical styles. One problem is that it doesn't deal well with compositional work that happens in the studio. 20th century songwriters generally wrote out (and registered for copyright) only the bare bones of a song: lyrics, melody, and chords. But to turn that song into a record, someone needs to work out all of the instrumental parts: guitar riffs, drum line, and so on. Sometimes, the musicians themselves would tinker around until they came up with parts that worked well, and then play those parts consistently from take to take. This is one of the classic skills of a good session musician, like the members of Motown's Funk Brothers or the Nashville A-Team. At other times—especially when a recording featured an orchestral part—a professional arranger (perhaps a member of the band or one of the session's producers) would write down instrumental parts for the session players. Either way, these arrangements fell into a copyright gap. On the one hand, since they typically weren't registered, they weren't protected as part of the musical work. On the other hand, as we will see, they aren't protected as part of the sound recording in the sense that someone else can come along and have other musicians play the same arrangement. Scholars disagree on whether the resulting imitation is good or bad for music and musicians, but it's clear that it has shaped how songs are written and performed.

Another issue is that this system may underprotect jazz, R&B, rap, and other genres that depend more heavily on improvisation, on expressive timbre, and on vocal ornaments. This is one manifestation of a general pattern: the United States copyright system more reliably protects the creativity of musicians who work in traditionally European styles, such as classical and "American Songbook" standards, than it does the creativity of musicians who work in more traditionally African-American styles, such as blues and rap. (Indeed, *Newton* is just such a case; Newton's musical-work copyright covered something less than the entirety of *Choir*.)

Substantial similarity in music-copyright cases can be challenging because there are so many different ways in which two songs can be similar, including lyrics, melody, harmony, rhythm, instrumentation. Joseph Fishman argues that courts have tended to focus primarily on melody to the exclusion of other elements.[11] But in a recent and controversial case, *Williams v. Gaye*, the Ninth Circuit upheld a jury verdict that Robin Thicke's "Blurred Lines" infringed on Marvin Gaye's "Got To Give It Up," although the similarities were more in the keyboard and bass lines than in the lyrics or melody.[12] If you are interested, Adam Neely's video *Did Dua Lipa ACTUALLY Plagiariaze Levitating?* is a nice general introduction to how difficult it can be to identify similarities that are truly due to copying.[13]

B Musical Works

Now we turn to a review of the modern system of music copyright. Our goal is to fill in a two-by-two grid. Along one axis are musical works and sound recordings. Along the other are reproductions and performances.

Musical-work copyrights are generally held by music publishing companies. Despite the name, they are mostly in the business of licensing uses of musical-work copyrights, rather than in the business of publishing copies of sheet music. Some are massive arms of media giants, like Warner Chappell, a division of Warner Music Group, which is one of the "Big Three" recording companies. Others are small specialty operations.

1 Reproductions

The ordinary rules of copyright mostly apply to the reproduction right in musical works. The most notable exception is the statutory "cover version" or ***mechanical license*** in Section 115 that allows others to record and sell sound recordings if they pay a fixed royalty to the copyright owner of the musical work. In addition, a few types of license are so conventional in the music industry that they might as well be part of the Copyright Act. The most important are the ***print rights license*** for publishing sheet music and lyrics, and the ***synch license*** for putting music on soundtracks.

a Mechanical Licenses

The license includes the rights "to make and distribute phonorecords," i.e. the reproduction and distribution rights for music sold as sound recordings.[14] It does not cover the public performance right. It does not cover lyrics, or music sold as sheet music or in some other non-recorded

11. Joseph P. Fishman, *Music as a Matter of Law*, 113 Harv. L. Rev. 1861 (2018).
12. Williams v. Gaye, 895 F.3d 1106 (9th Cir. 2018). The songs can be heard and compared at the Music Copyright Infringement Resource.
13. Adam Neely, *Did Dua Lipa ACTUALLY Plagiarize Levitating?* (Mar. 6, 2022), https://www.youtube.com/watch?v=HnA1QmZvSNs.
14. 17 U.S.C. § 115(a)(1).

form. And it does not cover movies, TV commercials, or other audiovisual works.

The mechanical license is only available after "phonorecords of a nondramatic musical work have been distributed to the public in the United States under the authority of the copyright owner."[15] So you can only cover a song that someone else has already released for sale.

The licensee must pay a royalty at a rate set by the Copyright Royalty Judges (informally known as the Copyright Royalty Board) within the Copyright Office.[16] The current rate is "9.1 cents or 1.75 cents per minute of playing time or fraction thereof, whichever amount is larger" for physical and digital sales of a track,[17] and 24 cents per ringtone.[18]

The mechanical license interacts with the derivative work right in an interesting way. It "includes the privilege of making a musical arrangement of the work to the extent necessary to conform it to the style or manner of interpretation of the performance involved,"[19] so a cover version can truly be a *cover*. At the same time, "the arrangement shall not change the basic melody or fundamental character of the work,"[20] so it can't be too radical a change. But note that a truly radical cover version might well qualify for fair use, so it is a little unclear exactly how much work this restriction does. In addition, works recorded under this license "shall not be subject to protection as a derivative work under this title, except with the express consent of the copyright owner."

In practice, this last restriction never matters, because no one uses the statutory license. Lydia Pallas Loren explains:

> In 1927 the National Music Publishers Company created the Harry Fox Agency, a wholly owned subsidiary, to issue and administer mechanical licenses. Today, most mechanical licenses are obtained through the Harry Fox Agency.[21] The Harry Fox Agency has authority to issue licenses only for those musical works for which Harry Fox has been granted authority by the copyright owner to act on the copyright owner's behalf. However, the number of copyright owners that have entered into such agreements is staggering: Harry Fox represents over 27,000 music publishers, who in turn represent the interests of more than 160,000 songwriters, who own more than 2.5 million copyrighted musical works.

15. 17 U.S.C. § 115(a)(1).
16. 17 U.S.C. § 801(b)(1) (listing factors the CRB must consider in setting the rate).
17. 37 C.F.R. § 385.3(b)
18. 37 C.F.R. § 385.3(b)
19. 17 U.S.C. § 115(a)
20. 17 U.S.C. § 115(a)
21. Harry Fox is now owned by SESAC, one of the performing rights organizations discussed below.

> While the creators of most sound recordings do not utilize the statutory provisions for the compulsory mechanical license, the availability of such a license does affect the rate paid under a license granted by Harry Fox and the terms of the license. The parties to the licenses administered by Harry Fox are negotiating in the shadow of the compulsory license that both parties know could be used instead. Thus, for example, it is rare that the agreed license rate exceeds the rate set by the Copyright Office.[22]

Harry Fox dominates the mechanical licensing business, because it is cheaper and faster to use its online systems than to file the paperwork required by the statutory mechanical license in Section 115.

b Synch Licenses

A synch license is the industry term for the license needed to incorporate a musical work into an audiovisual work, like a movie or TV show. An audiovisual work is a "series of related images,"[23] and to "perform" one is to "show its images in any sequence."[24] The crucial operative phrase in a typical synch license is that it conveys the right to use the musical work in "timed relation" to the audiovisual work, which nicely captures the "synchronization" that gives a synch license its name. If you want to play an indie folk-rock song over a montage at the end of an episode of a prestige TV drama, you need a synch license from the publisher. Same goes if you want to use a soulful Motown classic in a fast-food commercial. These licenses are typically individually negotiated, and depend heavily on the details of the use.

You can't get around the need for a synch license by hiring someone else to record a cover version, because you are still using the musical work. Your cover is, umm, covered by the mechanical license. But all that lets you do is to make and sell the cover version as a sound recording. Whether statutory or through Harry Fox, the mechanical license does not cover audiovisual works.

Karaoke is a fun example of a boundary case involving synch rights. Music publishers have repeatedly sued the makers of karaoke discs and equipment, claiming that a typical karaoke track is a copy of an audiovisual work requiring an individually negotiated synch license, rather than a phonorecord of a sound recording for which the much cheaper and compulsory mechanical license suffices. The courts have mostly agreed. As one such court explained:

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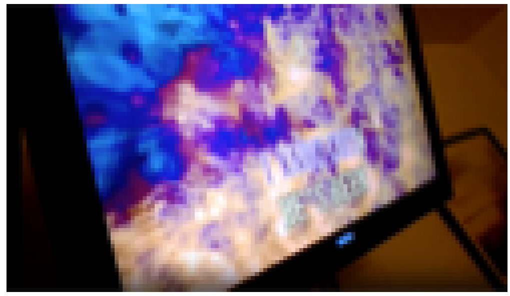
22. Lydia Pallas Loren, *Untangling the Web of Music Copyrights*, 53 Case W. Rsrv. L. Rev. 673 (2003).
23. 17 U.S.C. § 101.
24. 17 U.S.C. § 101.

The Leadsinger device



The Leadsinger lyrics display

> First, the visual representation of successive portions of song lyrics that Leadsinger's device projects onto a television screen constitutes "a series of related images." Though Leadsinger suggests that its images of song lyrics are not related, the images bear a significant relationship when examined in context. In its complaint, Leadsinger explained that the purpose of karaoke is for the consumer to sing the lyrics to a song "in real time" as the song is playing. To accomplish this purpose, it is necessary that the images of song lyrics be presented sequentially so as to match the accompanying music and make the lyrics readable.[25]

If the karaoke disc also includes background images that change as the song progresses, the argument that they are audiovisual works is even stronger.

c Print Rights Licenses

Music publishers typically license out the right to print copies of a musical work in musical notation—good old sheet music—as a "print rights" license. There is no one set of terms for print rights because the category includes so many different uses. Want to sell guitar tabs for Metallica's top hits? That's a print rights license. Want to run a lyrics site? That's a print rights license, too. Want to arrange Beatles songs for four-hand piano duet? That's a print rights license as well.[26]

2 Performance

In theory, the general rule since 1897 has been that permission of the copyright owner is required to perform a musical work. There are a few important statutory exceptions and licenses. But in practice, most uses—including broadcasting—are covered by a blanket license issued by one of the "performing rights organizations" (PROs): ASCAP, BMI, SESAC, and GMR.

25. Leadsinger, Inc. v. BMG Music Pub., 512 F.3d 522 (9th Cir. 2008).
26. Recall that a musical-work copyright includes "any accompanying words." 17 U.S.C. § 102(a)(2).

a Performance Licenses

Musical-work copyright owners sign up with one of the four PROs, if they wish, which then issues public-performance licenses for all of the works in its "repertory," i.e., one license allows the licensee to perform any musical work available through that PRO. The copyright owners still control the licensing of their other rights, and they are free to negotiate public-performance licenses individually as well.

Here is a summary of the history of the PROs, courtesy of the Supreme Court:

> Since 1897, the copyright laws have vested in the owner of a copyrighted musical composition the exclusive right to perform the work publicly for profit, but the legal right is not self-enforcing. In 1914, Victor Herbert and a handful of other composers organized ASCAP because those who performed copyrighted music for profit were so numerous and widespread, and most performances so fleeting, that as a practical matter it was impossible for the many individual copyright owners to negotiate with and license the users and to detect unauthorized uses. ASCAP was organized as a "clearing-house" for copyright owners and users to solve these problems associated with the licensing of music. As ASCAP operates today, its 22,000 members grant it nonexclusive rights to license nondramatic performances of their works, and ASCAP issues licenses and distributes royalties to copyright owners in accordance with a schedule reflecting the nature and amount of the use of their music and other factors.
>
> BMI, a nonprofit corporation owned by members of the broadcasting industry, was organized in 1939, is affiliated with or represents some 10,000 publishing companies and 20,000 authors and composers, and operates in much the same manner as ASCAP. Almost every domestic copyrighted composition is in the repertory either of ASCAP, with a total of three million compositions, or of BMI, with one million.
>
> Both organizations operate primarily through blanket licenses, which give the licensees the right to perform any and all of the compositions owned by the members or affiliates as often as the licensees desire for a stated term. Fees for blanket licenses are ordinarily a percentage of total revenues or a flat dollar amount, and do not directly depend on the amount or type of music used. Radio and television broadcasters are the largest users of music, and almost all of them hold blanket licenses from both ASCAP and BMI. . . .
>
> The Department of Justice first investigated allegations of anticompetitive conduct by ASCAP over 50 years ago. In sepa-

> rate complaints in 1941, the United States charged that the blanket license, which was then the only license offered by ASCAP and BMI, was an illegal restraint of trade and that arbitrary prices were being charged as the result of an illegal copyright pool. The Government sought to enjoin ASCAP's exclusive licensing powers and to require a different form of licensing by that organization. The case was settled by a consent decree that imposed tight restrictions on ASCAP's operations. Following complaints relating to the television industry, successful private litigation against ASCAP by movie theaters, and a Government challenge to ASCAP's arrangements with similar foreign organizations, the 1941 decree was reopened and extensively amended in 1950.
>
> Under the amended decree, which still substantially controls the activities of ASCAP, members may grant ASCAP only nonexclusive rights to license their works for public performance. Members, therefore, retain the rights individually to license public performances, along with the rights to license the use of their compositions for other purposes. ASCAP itself is forbidden to grant any license to perform one or more specified compositions in the ASCAP repertory unless both the user and the owner have requested it in writing to do so. ASCAP is required to grant to any user making written application a nonexclusive license to perform all ASCAP compositions, either for a period of time or on a per-program basis. ASCAP may not insist on the blanket license, and the fee for the per-program license, which is to be based on the revenues for the program on which ASCAP music is played, must offer the applicant a genuine economic choice between the per-program license and the more common blanket license. If ASCAP and a putative licensee are unable to agree on a fee within 60 days, the applicant may apply to the District Court for a determination of a reasonable fee, with ASCAP having the burden of proving reasonableness.[27]

Today, there are two more major PROs. Unlike ASCAP and BMI, these new organizations, SESAC and GMR, do not operate under consent decrees. But they also offer blanket repertory licenses on a blanket basis, and their licenses have basically the same scope.

Even though the licenses are offered on a repertory basis as to the works covered, there is a lot of variation among the licenses based on the type of use. For example, ASCAP offers distinct licenses for radio stations, websites and apps, television stations, restaurants and bars, gyms, dance studios, churches, wineries, and more, with different royalty models. A roller rink, for example, pays a license fee based on its highest

27. Broadcast Music, Inc. v. Columbia Broad. Sys., Inc., 441 U.S. 1, 4–5, 10–11 (1979).

The Seabird [sic] Jazz Lounge

admission price and its square footage: a rink that charges $5 and has a 5,000 square foot surface owes $864 a year. On the other hand, a concert venue pays a royalty as a percentage of its gross ticket sales, with the percentage being based on its seating capacity (e.g., a 4,000-seat venue pays a flat .40% of its gross ticket revenue).

The PROs have some of the most extensive enforcement arms of any players in the copyright system. Although they occasionally sue large companies in disputes over license scope, the vast bulk of their legal work consists of pursuing small businesses that either didn't realize they needed a public-performance license or tried to skate by without one. Here is a fairly typical description of events from one of these lawsuits:

> East Coast [Foods] owns and operates the Roscoe's House of Chicken and Waffles chain of restaurants in Southern California. The co-defendant, Herbert Hudson, is the sole officer and director of East Coast.
>
> The Long Beach Roscoe's opened in 2001. Attached to the restaurant is a bar and lounge area called the "Sea Bird Jazz Lounge." Though the parties dispute whether East Coast owns the Long Beach Roscoe's, as it does the other locations, Hudson submitted a signed liquor license application for the Long Beach Roscoe's to the California Department of Alcoholic Beverage Control in 2001, which named the applicant as "East Coast Foods Inc."
>
> Shortly after the Long Beach Roscoe's opened, ASCAP contacted East Coast to offer it a license to perform music by ASCAP members at the restaurant and lounge. East Coast did not purchase a license, and between 2001 and 2007 East Coast ignored

> repeated requests from ASCAP to pay licensing fees. In 2008, ASCAP engaged an independent investigator, Scott Greene, to visit the Long Beach Roscoe's, make notes of his visit, and prepare a detailed investigative report indicating whether copyright infringement was occurring at the venue. Greene, who considers himself knowledgeable about every genre of music "except heavy metal and explicit rap," had conducted over 300 investigations for ASCAP when he was retained for the Roscoe's job.
>
> Greene visited Roscoe's on May 30, 2008. During his visit, he surreptitiously noted the musical compositions performed by that night's live musical act, Azar Lawrence & the L.A. Legends, as well as songs played from a CD over the lounge's sound system. During the live performance, he was able to personally identify the jazz compositions "All or Nothing at All," "It's Easy To Remember," "My Favorite Things," and "Be-Bop," all popularly associated with John Coltrane. In several cases, the band leader announced the titles of the songs before playing them. Greene also identified four songs by the jazz-fusion group Hiroshima that played on the venue's CD player: "Bop-Hop," "Once Before I Sleep," "One Fine Day," and "Only Love." He did not personally recognize the Hiroshima songs, but he approached the CD player and transcribed the titles directly from the CD jewel case as the songs played.[28]

Utterly unsurprisingly, East Coast and Hudson were found liable for vicarious copyright infringement. The only puzzle about these cases is why so many defendants litigate them.

b Grand Rights Licenses

There is one important exception to a typical PRO license. It covers only ***nondramatic*** performing rights.[29] Here is the relevant langauge from the current ASCAP license:

> (c) This license is limited to non-dramatic performances, and does not authorize any dramatic performances. For purposes of this Agreement, a dramatic performance shall include, but not be limited to, the following:
>
> (i) performance of a "dramatico-musical work" in its entirety;
>
> (ii) performance of one or more musical compositions from a "dramatico-musical work" accompanied by dialogue, pantomime, dance, stage action, or visual representation of the work from which the music is taken;

28. Range Rd. Music, Inc. v. E. Coast Foods, Inc., 668 F.3d 1148, 1151–52 (9th Cir. 2012).
29. In a few places, the Copyright Act makes a similar distinction.

Jesus Christ Superstar (original Broadway production)

Photographs from the *Superstar: The Original American Touring Company* tour

(iii) performance of one or more musical compositions as part of a story or plot, whether accompanied or unaccompanied by dialogue, pantomime, dance, stage action or visual representation;

(iv) performance of a concert version of a "dramatico-musical work".

The reasoning is straightforward. The PROs only license *musical work* copyrights, so one looking to license *dramatic work* copyrights must go elsewhere, e.g., to one of the dramatic licensing services, like Dramatists Play Service or Concord Theatricals. Why this division of labor? The business model for licensing plays and musicals is, pardon the pun, dramatically different than the business model for music. In industry parlance, the PROs offer ***small rights***, and the dramatic licensing services offer ***grand rights***.

There aren't many cases on the small/grand line, but *Robert Stigwood Grp., Ltd. v. Sperber* is a nice illustration.[30] The Original American Touring Company put on a "concert" or "oratorio" of songs from Timothy Rice and Andrew Lloyd Webber's *Jesus Christ Superstar*. Each concert consisted of 20 out of the 23 songs from the musical, sung almost exactly in order, plus three other religious songs. OATC had an off-the-rack ASCAP license, which the court held was insufficient.

> The conclusion is inescapable that the story of the last seven days in the life of Christ is portrayed in the OATC performances substantially as in *Superstar*. One might appropriately ask why, if OATC did not intend that the same story be told, would it insist on preserving the sequence of the songs presented in *Jesus Christ Superstar*, which when performed in that fashion, tell the story even in the absence of intervening dialogue? . . . [T]he lack of scenery or costumes in the OATC production does not ipso facto prevent it from being dramatic. Indeed, radio performances of operas are considered dramatic, because the story is told by the music and lyrics. There can be no question that the OATC con-

30. Robert Stigwood Grp., Ltd. v. Sperber, 457 F.2d 50 (2d Cir. 1972).

A jukebox. At the top are records; at the bottom are buttons to select which record to play.

> certs, in which singers enter and exit, maintain specific roles and occasionally make gestures, and in which the story line of the original play is preserved by the songs which are sung in almost perfect sequence using 78 of the 87 minutes of the original copyrighted score, is dramatic.[31]

This is clear enough, and if you buy the dramatic/nondramatic distinction at all, OATC was on the dramatic side of the line. But there is something slightly off about that last sentence. How does the court know that the full "score" of *Jesus Christ Superstar* takes 87 minutes to perform? Won't it depend on the performers? As in many other musical-work cases, the court is allowing elements of the sound-recording copyright to influence its thinking.

c Jukeboxes

Jukeboxes in restaurants and bars are a nice example of a use that was arguably not an infringing performance for profit under the 1909 Act but were definitely a public performance under the 1976 Act. Thus, as with player pianos and cable television, jukebox operators received a statutory license in Section 116 of the new Copyright Act for "operators of coin-operated phonorecord players."[32] The Copyright Office administered it, just as it administers the statutory mechanical license. In 1989, however, the PROs negotiated a deal with the Amusement & Music Operators Association (AMOA), a jukebox trade association. They all went back to

31. *Id.* at 55.
32. 17 U.S.C. § 116.

Congress, which blessed the deal, amended Section 116 to defer to privately neogiated licenses, and set up the Jukebox Licensing Organization to administer the newly negotiated jukebox license. Operators file paperwork with the JLO and pay a royalty based on how many jukeboxes they operate.

d Record Stores

There is also a statutory exemption in Section 110(7) for record stores and electronics stores, "where the sole purpose of the performance is to promote the retail sale of copies or phonorecords of the work, or of the audiovisual or other devices utilized in such performance."[33] The collapse of record stores as a Thing That Exists has rendered this exemption mostly irrelevant.

C Sound Recordings

Both the reproduction and performance rights in sound recordings are sharply limited. This treatment is a legacy of the history of how sound-recording copyright developed, and of the idea that performances and recordings are secondary to composition and musical works.

1 Reproductions

The only thing protected in a sound-recording copyright is the *actual sounds* fixed in the recording, and only against copying those sounds *from the recording*. To quote the statute:

> - [The reproduction right] is limited to the right to duplicate the sound recording in the form of phonorecords or copies that directly or indirectly recapture the actual sounds fixed in the recording.
> - [The adaptation right] is limited to the right to prepare a derivative work in which the actual sounds fixed in the sound recording are rearranged, remixed, or otherwise altered in sequence or quality.
> - [The reproduction and adaptation rights] do not extend to the making or duplication of another sound recording that consists entirely of an independent fixation of other sounds, even though such sounds imitate or simulate those in the copyrighted sound recording.[34]

An important licensing consequence of this rule is that a cover version recorded under the mechanical license does not need to worry about any

33. 17 U.S.C. § 110(7).
34. 17 U.S.C. § 114(b) (bullet points added). Why was it not necessary to mention the other exclusive rights?

Funkadelic

N.W.A.

sound-recording copyrights in previous versions. Indeed, the musicals can deliberately try to sound as much like a previous version as possible—which is common in karaoke verisons and parody reworkings of the lyrics.

a Master Use Licenses

When a sound recording is used with permission in an *audiovisual work*, the industry jargon is that this is a ***master use license***. The idea is that the copyright owner allows the licensee to use the "master" recordings, from which the copies sold commercially are made. The phrase is mildly anachronistic in an age of digital production. Master-use licenses are almost always individually negotiated, because the value of a recording varies based on the context. The use of Eric Clapton's "Layla" during the assasination montage in *Goodfellas* is iconic; the same song playing on a jukebox in the background of a bar scene in another movie might be far less significant.

b Sample Licenses

Under Section 114(b)'s "actual sounds" language, reproductions of sound recordings are judged by a different standard of similarity than other types of works. Unusually for the rest of copyright, liability depends on the *means* by which a work is imitated, rather than just by the degree of similarity. But the courts disagree on what the standard of similarity for sound recordings is.

The issue comes up primarily in sampling cases. In *Bridgeport Music, Inc. v. Dimension Films*, the rap group N.W.A.'s single "100 Miles and Runnin"' sampled a guitar riff from "Get Off Your Ass and Jam" by George Clinton and Funkadelic.[35][36] The three-note, four-second riff was pitch-lowered, looped, and used at five places in "100 Miles and Runnin.'"

35. Bridgeport Music, Inc. v. Dimension Films, 410 F.3d 792 (6th Cir. 2005). According to Clinton's autobiography, the guitar part was laid down by an unknown "smack addict" who had "wandered into the studio" and "wanted to know if he could play with us and pick up a little cash in the process."
36. The songs can be heard and compared at the Music Copyright Infringement Resource.

The Salsoul Orchestra

Shep Pettibone and Madonna

The *Bridgeport Music* court held that the history and structure of sound-recording copyright dictated a bright-line rule that any sampling, no matter how brief, infringes. There is no *de minimis* exception, and substantial similarity is not required. "Get a license or do not sample." It reasoned,

> Second, even when a small part of a sound recording is sampled, the part taken is something of value. No further proof of that is necessary than the fact that the producer of the record or the artist on the record intentionally sampled because it would (1) save costs, or (2) add something to the new recording, or (3) both. For the sound recording copyright holder, it is not the "song" but the sounds that are fixed in the medium of his choice. When those sounds are sampled they are taken directly from that fixed medium. It is a physical taking rather than an intellectual one.[37]

Moreover, the court observed that there is no risk of subconscious infringement for a sample:

> Third, sampling is never accidental. It is not like the case of a composer who has a melody in his head, perhaps not even realizing that the reason he hears this melody is that it is the work of another which he had heard before. When you sample a sound recording you know you are taking another's work product.[38]

Another sampling case, *Grand Upright Music Ltd. v. Warner Bros. Records, Inc.*, is even sharper. It begins, "Thou shalt not steal."[39]

But not all sampling cases adhere to *Bridgeport Music*'s bright-line rule. In *VMG Salsoul, LLC v. Ciccone*, Madonna's "Vogue" sampled a

37. *Bridgeport Music*, 410 F.3d at 801–02.
38. *Id.* at 801.
39. Grand Upright Music Ltd. v. Warner Bros. Recs., Inc., 780 F. Supp. 182 (S.D.N.Y. 1991).

quarter-second horn hit from the Salsoul Orchestra's "Chicago Bus Stop (Ooh, I Love It) (Love Break)."[40] The court rejected the *Bridgeport Music* rule, reasoning that while section 114(b) says that recording sound-alikes *is not* infringement, it says nothing about whether sampling *is* infringement.

> We disagree [with *Bridgeport Music*'s "physical taking" analysis] for three reasons. First, the possibility of a "physical taking" exists with respect to other kinds of artistic works as well, such as photographs, as to which the usual de minimis rule applies. A computer program can, for instance, "sample" a piece of one photograph and insert it into another photograph or work of art. We are aware of no copyright case carving out an exception to the de minimis requirement in that context, and we can think of no principled reason to differentiate one kind of "physical taking" from another. Second, even accepting the premise that sound recordings differ qualitatively from other copyrighted works and therefore could warrant a different infringement rule, that theoretical difference does not mean that Congress actually adopted a different rule. Third, the distinction between a "physical taking" and an "intellectual one," premised in part on "saving costs" by not having to hire musicians, does not advance the Sixth Circuit's view. The Supreme Court has held unequivocally that the Copyright Act protects only the expressive aspects of a copyrighted work, and not the "fruit of the [author's] labor." *Feist*. . . . [T]he second artist has taken some expressive content from the original artist. But that is always true, regardless of the nature of the work, and the de minimis test nevertheless applies.[41]

When a sound recording is used with permission in another *sound recording*, the industry jargon is that this is a ***sample license***. The phrase comes from the common use case of taking a short sample for use in creating the sonic landscape of another work, as the Beastie Boys did with the short snippet from James Newton's "Choir." Sample licensing again must be negotiated, which can be a protracted and expensive process for sample-heavy works. Record-industry practice is now almost always to obtain licenses for any samples. Some observers think this practice has inhibited creativity and made it harder for musicians without major-label budgets to compete.

Remember also that neither *Bridgeport Music* nor *Ciccone* speaks to

40. VMG Salsoul, LLC v. Ciccone, 824 F.3d 871 (9th Cir. 2016). The songs can be heard and compared at the Music Copyright Infringement Resource. "Love Break" was produced by Shep Pettibone, who also co-produced "Vogue" with Madonna, and who actually copied the horn hit from the one recording to the other.

41. *Id.* at 885.

fair use. Some remix and mashup artists forego licensing entirely and rely on fair use. This type of sampling, however, tends to happen outside of record-industry channels. Gregg Gillis (a/k/a GirlTalk) and Eric Keptone (a/k/a The Kleptones) have released their work primarily online on self-distributed sites like Bandcamp, and make their living primarily by DJing rather than as *recording* artists. This is not a coincidence. Their mashups draw on their skills in finding unlikely but successful sonic combinations—precisely the same skills on display in a DJ set. The recordings are advertisements for their concerts. But then again, this is true of many major-label artists, too.

2 Performances

Most performances of sound recordings are not covered by federal copyright law. Section 106(4) excludes sound recordings from the list of works covered by the public performance right,[42] and Section 114(a) reiterates the point.[43] So performances in person (e.g. playing music at a dance club) and traditional "terrestrial" AM or FM radio broadcasts do not require permission from the sound-recording copyright owner. They require permission from copyright owner of the underlying musical work, but most of the time that permission can be obtained using a blanket license from one of the PROs.

But "most" is not "all." Section 106(6) provides, for *sound recordings only*, the exclusive right "to perform the copyrighted work publicly by means of a *digital audio transmission*."[44] That excludes in-person performances (which travel via sound waves) and AM/FM radio broadcasts (which travel via *analog* transmission). But it includes Internet radio, digital satellite radio like Sirius XM, and streaming services like Spotify.

This public-performance-by-digital-audio-transmission right, however, has always been qualified by an important set of statutory licenses. In brief:

- AM/FM radio stations can freely retransmit their programs digitally over the Internet.[45] So the traditional exemption of FCC-licensed radio from sound-recording public-performance rights carries over online. Indeed, as over-the-air radio stations transition to digital rather than analog broadcast signals (as over-the-air TV has already done), they will continue to be exempted.[46]
- *Interactive* digital transmissions, in which the user can select which song to hear, generally require permission of the copyright owner,

42. 17 U.S.C § 106(4).
43. 17 U.S.C. § 114.
44. 17 U.S.C. § 106(6) (emphasis added).
45. 17 U.S.C. § 114(d)(2)(B).
46. 17 U.S.C. § 114(d)(2)(A).

which must be negotiated. Spotify, Apple, Amazon, Tidal, etc. have to strike deals with sound-recording copyright owners. There are a few constraints here—large copyright owners cannot strike exclusive deals with streaming services, due to competition concerns[47]—but by and large, this is up to the market.

- In between are *noninteractive* services, which are generally subject to bewilderingly complex statutory licenses at terms and rates set by the Copyright Royalty Board.[48] This category includes Pandora, which lets users pick genres and skip songs they don't like, but not to pick individual songs.[49] It includes pure online radio stations that broadcast only over the Internet. And it includes SiriusXM satellite radio. These services are subject to immensely detailed restrictions to keep them from surreptitiously offering music on demand, and the ratemaking procedings are contentious matters governed by nebulous factors that vary even within this category. The royalties are administered by an entity called SoundExchange, which distributes them according to a complicated formula: 50% to the sound recording copyright owner, 45% percent to the featured recording artists, 2.5% to nonfeatured musicians, and 2.5% for nonfeatured vocalists.

Making things even more complicated, *performing* a sound recording digitally often requires making *reproductions* along the way, as various computers create and cache copies of the music as its wends its way to the listener. Thus, the Section 114 statutory digital performance licenses are generally accompanied by a statutory license under Section 112 for "ephemeral" reproductions, with rates set by the CRB as well.[50]

A 2015 report from the Copyright Office, U.S. Copyright Off., explains the rationale for this Rube Goldberg system, as well as some of the relevant rules:

> Congress drew this legal distinction based on perceived differences between digital and traditional services, believing at the time that traditional broadcasters posed "no threat" to the recording industry, in contrast to digital transmission services. A longstanding justification for the lack of a sound recording performance right has been the promotional effect that traditional airplay is said to have on the sale of sound recordings. In the traditional view of the market, broadcasters and labels repre-

47. 17 U.S.C. § 114(d)(3).
48. 17 U.S.C. § 116(f).
49. *Arista Records LLC v. Launch Media, Inc.* held that a Pandora-like system that let users rate songs to hear more (or fewer) songs like them in the future was non-interactive. 578 F.3d 148 (2d Cir. 2009).
50. 17 U.S.C. § 114.

senting copyright owners enjoy a mutually beneficial relationship whereby terrestrial radio stations exploit sound recordings to attract the listener pools that generate advertising dollars, and, in return, sound recording owners receive exposure that promotes record and other sales. . . .

The section 112 and 114 licenses for sound recordings are subject to a number of technical limitations. For instance, services relying on the section statutory license are prohibited from publishing an advance program schedule or otherwise announcing or identifying in advance when a specific song, album or artist will be played. Another example is the "sound recording performance complement," which limits the number tracks from a single album or by a particular artist that may be played during a 3-hour period. . . .

In general, the CRB . . . has adopted "per-performance" rates for internet radio, rather than the percentage-of-revenue rates that are typical in PRO licenses. That per-stream approach has proven controversial. After the CRB's "Webcasting II" decision in 2007, a number of internet radio services and broadcasters complained that the per-performance rates were unsustainable. These concerns led Congress to pass legislation giving SoundExchange the authority to negotiate and agree to alternative royalty schemes that could be binding on all copyright owners and others entitled to royalty payments in lieu of the CRB-set rates.

In the wake of Congress' actions, SoundExchange reached agreement with a number of internet radio services, in general adopting royalty rates that were more closely aligned with the services' revenues. For example, in 2009, SoundExchange negotiated rates with large commercial "pureplay" internet radio services (i.e., services like Pandora that only transmit over the internet). Under that agreement, those services agreed to pay the greater of 25% of gross revenues or specified per-performance rates.[51]

3 Pre-1972 Sound Recordings

As noted above, Congress did not federalize the copyrights in already existing sound recordings when it added them to the Copyright Act. Instead, it left states free to apply their own law to such sound recordings until 2067, which they did with an eclectic mix of statute, common-law copyright, misappropriation, and other bodies of law.

This dual-track system puttered along for close to fifty years before encountering severe challenges in the 2010s. There were two principal

51. U.S. Copyright Off., Copyright and the Music Marketplace 44, 46, 51–52 (2015).

sources of trouble. First, it was highly controversial whether there was a public performance right in pre-1972 sound recordings, and if so, how far it extended. Second, lawsuits asked whether familiar features of federal copyright law—such as fair use and § 512—apply to pre-1972 sound recordings.

The performance-right issues were raised in a series of high-stakes lawsuits against major digital services like Sirius XM. The services argued that there were no such public-performance rights, but if they were, they ought to be subjected to the same defenses as contemporary sound recordings. In a national digital market, the federalism arguments for state-level protection for old music came to seem weaker and weaker.

In 2018, Congress bit the bullet and federalized copyright protection for these pre-1972 sound recordings in the Classics Protection and Access Act, a part of the Music Modernization Act.[52] Or rather, it subjected them to a new system of copyright protection, one that is in many ways identical to the system that governs contemporary sound recordings, but has numerous idiosyncratic variations. The details are not of interest in a survey course, but anyone dealing with music needs to be aware—and beware—of them.

D Bootlegging

The Copyright Clause allows protection only for "writings." Under the 1909 Copyright Act, a live performance was not subject to federal copyright; there was nothing to publish with notice of copyright or to register to secure protection. In a world without recording and broadcast technology, this wasn't much of an issue, because performances were localized in both time and space.

But the development of the phonograph and radio left a substantial hole in the copyright scheme, one that states sometimes filled. In *Metropolitan Opera Assoc. v. Wagner-Nichols Recorder Corp.*, for example, New York's Metropolitan Opera allowed ABC Radio to brodcast its performances live.[53] Wagner-Nichols recorded the broadcasts, made phonograph records of the performances, and sold the records to the public. The Met also licensed recordings to Columbia Records, but note that Wagner-Nichols was not copying from Columbia's records. This was ***bootlegging*** the performances, not piracy of the records. Nonetheless, the court held that this bootlegging was prohibited under New York state unfair-competition law.

> Without any payment to Metropolitan Opera for the benefit

52. For the gory details, see 17 U.S.C. § 1401, and Tyler Ochoa's summary of the new rules.
53. Metro. Opera Assoc. v. Wagner-Nichols Recorder Corp., 199 Misc. 786 (N.Y. Sup. 1950). The Met still broadcasts its Saturday matinees on radio stations around the country. If you're an opera fan, it's a lovely tradition.

> of its extremely expensive performances, and without any cost comparable to that incurred by Columbia Records in making its records, defendants offer to the public recordings of Metropolitan Opera's broadcast performances. This constitutes unfair competition.[54]

The 1976 Copyright Act mostly carried forward the exclusion of live performances, this time because they are not considered "fixed." There was one exception: a work is considered "fixed" if it is being simultaneously recorded and transmitted, thus allowing copyright protection for live broadcasts of concerts, sporting events, etc. This works for the Met, *provided that it is recording either the concert or the broadcast*. But it doesn't work for musicians who have no idea that someone in the audience is recording the set. Maybe the secret bootlegger is a fan with a tape recorder, or maybe it's a member of the stage crew with access to the sound board.

States partially filled this gap with so-called anti-bootlegging statutes. Congress followed their example with the 1994 Uruguay Round Agreements Act, which (among other things) added civil anti-bootlegging provisions to the Copyright Act, and criminal anti-bootlegging provisions to the federal criminal code. Section 1101 of the Copyright Act covers the gist:

> Anyone who, without the consent of the performer or performers involved—
>
> (1) fixes the sounds or sounds and images of a live musical performance in a copy or phonorecord, or reproduces copies or phonorecords of such a performance from an unauthorized fixation,
>
> (2) transmits or otherwise communicates to the public the sounds or sounds and images of a live musical performance, or
>
> (3) distributes or offers to distribute, sells or offers to sell, rents or offers to rent, or traffics in any copy or phonorecord fixed as described in paragraph (1), regardless of whether the fixations occurred in the United States,
>
> shall be subject to the remedies provided in sections 502 through 505, to the same extent as an infringer of copyright.[55]

These look a lot like the usual exclusive rights, but they don't depend on the existence of a copyright—indeed, there often is none, if the performance has not been fixed under the authority of the performers. For the

54. *Id.* The court was also careful to note that the Met's exclusive contract with ABC didn't constitute an abandonment of its state-law rights, just as Dr. King's performance of his "I Have a Dream" speech was not an abandonment of his rights.
55. 17 U.S.C. § 1101.

civil provision, there is no mental-state threshold, and no requirement of commerciality.

Notably, however, the courts have held that the *criminal* anti-bootlegging provisions in 18 U.S.C. § 2319A are *not* copyright statutes subject to the various restrictions of the Copyright Act.[56] Like the anti-circumvention provisions in section 1201, the anti-bootlegging provisions in section 2319A are paracopyright. Thus, for example, the fact that performers' rights under section 2319A are perpetual is not a constitutional problem, the way that a perpetual copyright would be. Anti-bootlegging is regarded as an exercise of Congress's Commerce Clause powers, not its Copyright Clause powers.

Problems

Question (Taylor's Version)

The first paragraph of the Wikipedia article Taylor Swift masters dispute reads:

> On June 30, 2019, the American singer-songwriter Taylor Swift entered into a dispute with her former record label, Big Machine Records, its founder Scott Borchetta, and its new owner Scooter Braun, over the ownership of the masters of her first six studio albums. Ultimately, Swift re-recorded several of the albums and released them between 2021 and 2023 as *Fearless (Taylor's Version)*, *Red (Taylor's Version)*, *Speak Now (Taylor's Version)*, and *1989 (Taylor's Version)*. The dispute drew widespread media coverage and provoked debate and discussion in the entertainment industry.

Explain the dispute in terms of music copyright law: what rights do Big Machine and Taylor Swift have in the songs, the original recordings, and the re-recordings? (The explanation in the Wikipedia article is excellent, but see if you can get this one without peeking at the answers.)

Musical Creativity Problem

Describe each of the following in terms of musical works and sound recordings, and in terms of reproductions and performances. Do not worry about the exclusive rights or about licensing. Just spot the different copyrights, and identify the reproductions and performances.

- An orchestra plays a symphony for a live audience. A classical record label has microphones in the concert hall, which it uses to make a "live version" that it sells on CDs.
- A DJ mixes tracks and samples on the fly in a packed club.

56. United States v. Martignon, 492 F.3d 14 (2d. Cir. 2007).

- A folk singer in a coffee shop plays a traditional ballad passed down from one musician to another.
- A jazz combo practicing in a rehearsal room improvises around the melody and chords of a standard written down in a lead sheet.
- A rapper performing on stage freestyles while a drummer lays down a beat.
- A rock band in the studio experiments with different fragments of song ideas until they find one they like, which they then record in parts (drums, bass, guitar, vocals, backing vocals, synths, etc.) and mix. The song is made available as a single on streaming services.
- A video-game composer uses a computer to make a chiptune track by entering notes on a virtual staff. The game is sold via download, as is the soundtrack.

Next Best Western Problem

The folk singer-songwriter Richard Shindell released the song "The Next Best Western" on his 1997 album *Reunion Hill*. The musical work copyright (registration no. PA0000967996) is owned by Amalgamated Balladry and is part of the ASCAP repertory. The sound recording copyright (registration no. SR0000297971) is owned by Shanachie Records. For each of the following uses, what licenses (if any) would you need, from whom, and how could you obtain them?

- Playing "The Next Best Western" from a *Reunion Hill* CD on WTWP, a broadcast radio station.
- Streaming the *Reunion Hill* version of "The Next Best Western" live on the Internet as it plays on WTWP.
- Turning on the radio to WTWP in your home as the *Reunion Hill* version of "The Next Best Western" comes on.
- Turning on the radio to WTWP in the coffeeshop you run as the *Reunion Hill* version of "The Next Best Western" comes on.
- Using the *Reunion Hill* version of "The Next Best Western" in a TV commercial.
- Recording a hard-rock cover of "The Next Best Western" which you sell on CDs.
- Selling your hard-rock cover as downloadable MP3s.
- Using your hard-rock cover in a commercial.
- Playing "The Next Best Western" live on guitar at a sold-out concert at Carnegie Hall.
- Recording your sold-out Carnegie Hall concert and selling CDs.
- Playing the entirety of *Reunion Hill* live on guitar at a sold-out con-

cert at Carnegie Hall.

- Playing "The Next Best Western" on guitar in Central Park on a warm spring day.
- Playing "The Next Best Western" from a *Reunion Hill* CD on a boombox in Central Park on a warm spring day.
- Singing "The Next Best Western" as you walk down the street.
- Playing "The Next Best Western" from a CD of *Reunion Hill* in your apartment.
- Setting the *Reunion Hill* version of "The Next Best Western" as your cellphone ringtone.
- Selling ringtones of the *Reunion Hill* version of "The Next Best Western" to other people.
- Sampling "The Next Best Western" from a CD of *Reunion Hill* and using the sample in a hip-hop track.
- Selling karaoke DVDs that include a sound-alike cover of "The Next Best Western" and its lyrics, set to pictures of trucks and highways.
- Putting a *Reunion Hill* CD in a folk-music-only coin-operated jukebox.
- Running a streaming-music service that includes the *Reunion Hill* version of "The Next Best Western" as one of the 3,000,000 tracks users can stream.
- Running a streaming-music service that includes a hard-rock cover of "The Next Best Western" as one of the 3,000,000 tracks users can stream.
- Running a streaming-video service that includes a movie in which the *Reunion Hill* version of "The Next Best Western" appears on the soundtrack.

Policy Questions

1. How many distinct types of licenses have you encountered in this chapter? Which of these license types would be necessary features of any well-functioning copyright system, and which of them are accidents of history?
2. Your cousin, an extremely talented drummer, is considering trying to make a career in music. Do you have any advice for them?
3. Is there anything good that can be said about how United States copyright law deals with music? Or should we burn the whole thing to the ground and start again?

6

Trademark

Patents and copyrights are grounded on a theory of *creation*. The inventor or the author comes up with new information. That information is valued by the public because it helps to do something useful in the world, or because the human mind appreciates it for its own sake. Exclusive rights provide an incentive to create this information, or help to share it with the public.

Trademarks are different.[1] It is hard to explain the Coca-Cola Company's exclusive rights to the COCA-COLA[2] name in terms of creation; it falls far beneath the thresholds of novelty and originality that patent and copyright require. If the Knockoff Soda Corporation starts selling a cola in red cans bearing the COCA-COLA name and logo, there are various reasons we might describe this as wrongful, none of which focuses on the ingenuity or creativity required to come up with the name.

- Most obviously, there is a ***consumer protection*** rationale: some consumers will be deceived into buying a can of soda made by Knockoff rather than by the Coca-Cola Company. Consumer protection by itself cannot explain the shape of trademark doctrine, which gives other producers (i.e., trademark owners like the Coca-Cola company) the right to sue for Knockoff's infringement, rather than the deceived consumers. A more sophisticated, trademark-specific version of the idea is *trademark as promise*: trademark law exists "to help producers make credible assurances (promises) to consumers, and to impose liability against conduct that interferes with the making, performance, or reliability of such promises."[3]

1. The leading trademark treatises are J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition (5th ed. 2025); Pollack, *supra*; Jerome Gilson & Anne Gilson LaLonde, Gilson on Trademarks (2021); Siegrun D. Kane, Kane on Trademark Law: A Practicioner's Guide (2021).
2. It is common to write trademarks consisting of words or phrases—so-called *word marks*—in small caps or all caps to indicate that one is writing about the trademark.
3. Jeremy N. Sheff, *Reverse Confusion and the Justification of Trademark Protection*, 30 Geo.

- There is an ***unfair competition*** angle: Knockoff unjustifiably free rides on the Coca-Cola Company's reputation for quality. The idea here is that the Coca-Cola Company has made substantial investments in the quality of its products and in marketing them to consumers, and Knockoff should be required to make similar investments if it wants to acquire a similar reputation. (The hard part here is explaining which types of free riding are legitimate versus illegitimate.)
- More subtly, there is a ***search costs*** rationale. If consumers cannot quickly tell the difference between a can of COCA-COLA made by Knockoff and one made by Coca-Cola, they will spend more time inspecting cans in minute detail, or give up entirely. Suppose that a consumer would be willing to pay $5 for a widget, but it costs $3 worth of time and effort to search through piles of widget-like goods to find one that meets her needs. The maximum price that a widget company can charge is $2, because the consumer's total costs include her effort to search. If a good marketing campaign can lower the search costs to $1, the maximum price of a widget rises to $4, creating surplus that can be split between the company and the consumer.
- And perhaps there is a ***cultural***[4] angle, given the importance of brands like COCA-COLA in modern society. To quote the artist Andy Warhol:

  > What's great about this country is that America started the tradition where the richest consumers buy essentially the same things as the poorest. You can be watching TV and see Coca-Cola, and you know that the President drinks Coke, Liz Taylor drinks Coke, and just think, you can drink Coke, too. A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking. All the Cokes are the same and all the Cokes are good. Liz Taylor knows it, the President knows it, the bum knows it, and you know it.[5]

Whatever the reason, trademark law gives Coca-Cola the right to sue Knockoff for causing consumer confusion about the source of its goods. To summarize in a nutshell, a seller owns a trademark when consumers associate the mark with that seller's goods. If someone else uses the trademark on their own goods in a way that causes consumers to be confused

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Mason L. Rev. 123, 129 (2022).

4. “” .

5. Andy Warhol, The Philosophy of Andy Warhol (From A to B and Back Again) 100–01 (1975).

SHOOTERS drug stamp

about whose goods are whose, that is trademark infringement.

Trademark law is a large and sprawling thing. It is a hybrid of state and federal protection; the two regimes interrelate so thoroughly that they must be studied together. It has a clear core of liability, surrounded by a messy penumbra of related causes of action. And its subject matter has expanded greatly over time.

The modern federal trademark statute was passed in 1946 and is codified at 15 U.S.C. §§ 1051 *et seq.* It is named the Lanham Act after its lead sponsor, Representative Fritz Lanham. Most sections are referred to interchangeably by their U.S. Code section numbers and their Lanham Act section numbers. I will use the Lanham Act numbers, but if you do any trademark work you will need to be familiar with both. Unusually for federal IP laws, the Lanham Act takes state trademark law as given, and provides a federal overlay of rights and remedies on top of state-created rights. One of the things that the Lanham Act lets trademark owners do is ***register*** their trademarks with the USPTO, giving them nationwide rights and putting everyone else on notice of their claims.

Drug Stamps Problem

You are an assistant district attorney in a large city. You have been approached by Captain Carver from the drug-enforcement task force with some questions about trademark law. She observes that many local drug dealers sell heroin in single-dose bags for about $10. Frequently, the bags are labeled with a "stamp": a phrase, image, or both. Stamps include EXORCIST, FLATLINE, GET HIGH OR DIE TRYING (this one is laced with fentanyl), PANDEMIC, WMD, and RED TOPS, among many others.

Carver has observed that one local drug ring uses FROSTED FLAKES and LUCKY CHARMS as stamps, which are trademarks of Kellogg's and General Mills, respectively. She proposes using trademark law to seize the bags as counterfeit marks, to invite the cereal companies to file civil suits against the drug rings, and to add criminal trademark infringement to the list of charges your office pursues.

Explain to Carver why drug dealers mark their bags in this way, whether these are legally enforceable trademarks, and whether her proposed plan will improve public safety.

A Subject Matter

The basis of trademark protection is the use of a word, phrase, logo, or other symbol to identify to consumers the source of goods or services. Lanham Act section 45 defines a "trademark" as:

> any word, name, symbol, or device, or any combination thereof used by a person ... to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.[6]

The key work that a trademark must do is to serve as an ***indication of source*** that distinguishes the mark owners' goods from others'. The COCA-COLA name, logo, color scheme, and other branding tell consumers that *this* can contains soda from the Coca-Cola Company, as compared with *other* cans with different branding that do not.

Compare this *trademark* function of the COCA-COLA name with other elements of the can design. "12oz" does not identify and distinguish the Coca-Cola Company as a source; instead, it tells the buyer how much soda is in the can. This is a *non-trademark* function.

It is conventional to start a discussion of trademark subject matter with ***distinctiveness***: which phrases and symbols are *capable* of bearing source-identifying meaning? WATER cannot function as a trademark for bottled water because it identifies the contents of the bottle, rather than the company that sells it.

The basic idea of distinctiveness is that some symbols cannot serve as trademarks because they describe features of the product, rather than identifying its source. We start with word marks, because they are con-

6. 15 U.S.C. § 1127 [Lanham Act § 45]. The phrase "even if that source is unknown" was added in 1984 to reverse an opinion holding that MONOPOLY was generic for the board game because consumers didn't know and didn't care who made it.Anti-Monopoly, Inc. v. Gen. Mills Fun Grp., 684 F.2d 1316 (9th Cir. 1982).

ceptually simplest. Then we turn to how distinctiveness works for other types of subject matter: images, colors, scents, etc.

1 Word Marks

PIZZA HUT is a trademark; PIZZA is not. The difference is that consumers perceive PIZZA HUT as a designation of source, but PIZZA as a description of the food it sells. In trademark terminology, PIZZA HUT is distinctive, and PIZZA is not.

Courts conventionally divide marks into one of five categories along a "hierarchy of distinctiveness": ***generic***, ***descriptive***, ***suggestive***, ***arbitrary***, and ***fanciful***. The following summary is conventional:

Zatarains, Inc. v. Oak Grove Smokehouse, Inc.
698 F.2d 786 (5th Cir. 1983)

A generic term is the name of a particular genus or class of which an individual article or service is but a member. A generic term connotes the "basic nature of articles or services" rather than the more individualized characteristics of a particular product. Generic terms can never attain trademark protection. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark's registration is subject to cancellation. Such terms as aspirin and cellophane have been held generic and therefore unprotectable as trademarks.

A descriptive term identifies a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients. Descriptive terms ordinarily are not protectable as trademarks; they may become valid marks, however, by acquiring a secondary meaning in the minds of the consuming public. Examples of descriptive marks would include "Alo" with reference to products containing gel of the aloe vera plant and "Vision Center" in reference to a business offering optical goods and services. As this court has often noted, the distinction between descriptive and generic terms is one of degree. The distinction has important practical consequences, however; while a descriptive term may be elevated to trademark status with proof of secondary meaning, a generic term may never achieve trademark protection.

[D]escriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a ***secondary meaning*** for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own may by long use with a particular product, come to be known by the public as specifically designating that product. In order to establish a secondary meaning for a term, a plaintiff must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. . . .

A suggestive term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services. A suggestive mark is protected without the necessity for proof of secondary meaning. The term "Coppertone" has been held suggestive in regard to sun tanning products.

Arbitrary or fanciful terms bear no relationship to the products or services to which they are applied. Like suggestive terms, arbitrary and fanciful marks are protectable without proof of secondary meaning. [The difference is that an arbitrary term has some preexisting meaning with no relationship to the product; a fanciful term is a neoligism invented for the sole purpose of serving as a trademark and has no preexisting meaning.] The term "Kodak" is properly classified as a fanciful term for photographic supplies; "Ivory" is an arbitrary term as applied to soap.

To summarize, generic terms (the least distinctive) are at the bottom of the hierarchy, and fanciful terms (the most distinctive) are at the top. At a McDonald's, HAMBURGER is generic, QUARTER POUNDER is descriptive, MCFLURRY is suggestive, BIG MAC is arbitrary, and FANTA is fanciful. The question the hierarchy answers is what consumers think of when they see the mark.

- Generic terms have a preexisting non-trademark meaning that it is so strong it is legally conclusive. It's not just that consumers will always think that WATER refers to water sold by anyone rather than by one particular company. It's also that there is a competitive need to be able to describe products using the generic term for the class of goods. If you can't call your water "water," what else are you supposed to call it?
- Descriptive terms also have a preexisting non-trademark meaning, but it is one that can be supplanted in consumers' minds. Eventually, with enough exposure, they may well come to think of "Vision Center" as a particular eyewear chain. When they do, the mark is said to have ***secondary meaning*** in consumers' minds.
- Suggestive marks hint at non-trademark meanings but are linguistically different enough that consumers see the trademark meaning first and pick up on the descriptive meaning second. ZAPPOS resembles the Spanish *zapatos* for shoes, and COPPERTONE describes something related to the product (the user's suntan) but not the product itself.
- Arbitrary marks have a preexisting meaning but consumers do not for a second think that it is a description of the product. No one sees APPLE and believes that the computers are made out of apples.
- Fanciful marks have no preexisting meaning at all to compete with the trademark meaning. No one had seen an EXXON before the oil

> and gas company adopted it as its name, and to this day, any time you see one, it's part of the company's branding.

The ***strength*** of a mark depends on both its inherent characteristics—its position in the hierarchy—and on consumers' perceptions. A "weak" mark—i.e. a descriptive or weakly suggestive one—can be made stronger with proof of secondary meaning. Generic marks are zeroes; no matter what you multiply them by, they still have zero trademark strength. Whether a mark has secondary meaning is a factual question about what consumers believe. The best evidence about secondary meaning is therefore surveys of actual consumers about their reactions when they see the mark: if they are familiar with it and identify it as a brand descriptor, it has seconday meaning. Indirect evidence that can also be probative of secondary meaning include extensive sales and advertising campaigns. Of course products can sell for reasons that have nothing to do with branding, and advertising can fail to leave an impression, so these last two are imperfect evidence.

Importantly, a mark is only strong or weak *in relation to* particular goods or services. Thus, APPLE is a strong mark for computers: it is an arbitrary term with immense secondary meaning. But it is a weak mark for apples: indeed, it is generic and unprotectable. No one else can sell APPLE computers but anyone can sell APPLE apples.

Two dividing lines have particular legal significance. The line between *generic* and *descriptive* terms determines whether a mark is protectable at all: generic terms never are, whereas descriptive and higher terms can be. The line between *descriptive* and *suggestive* terms determines whether a mark is protectable on its own or requires proof of secondary meaning: descriptive terms do, whereas suggestive and higher terms do not.

Descriptive vs. Suggestive Marks

The following two cases are examples of the descriptive/suggestive line. In *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, the marks fall on the descriptive side of the line, so they are protectable only with proof of secondary meaning. (One of the two marks has it; the other does not.) In *Innovation Ventures, LLC v. N.V.E., Inc.*, the mark falls on the suggestive side of the line, so it is protectable immediately, whether or not it has secondary meaning.

Zatarains, Inc. v. Oak Grove Smokehouse, Inc.

698 F.2d 786 (5th Cir. 1983)

Zatarain's is the manufacturer and distributor of a line of over one hundred food products. Two of these products, "Fish-Fri" and "Chick-Fri," are coatings or batter mixes used to fry foods.

Zatarain's "Fish-Fri" consists of 100% corn flour and is used to fry fish

Zatarain's Fish-Fri

Zatarain's Chick-Fri

Oak Grove's Fish Fry

and other seafood. "Fish-Fri" is packaged in rectangular cardboard boxes containing twelve or twenty-four ounces of coating mix. The legend "Wonderful FISH-FRI®." is displayed prominently on the front panel, along with the block Z used to identify all Zatarain's products. The term "Fish-Fri" has been used by Zatarain's or its predecessor since 1950 and has been registered as a trademark since 1962.

Zatarain's "Chick-Fri" is a seasoned corn flour batter mix used for frying chicken and other foods. The "Chick-Fri" package, which is very similar to that used for "Fish-Fri," is a rectangular cardboard container labelled "Wonderful CHICK-FRI." Zatarain's began to use the term "Chick-Fri" in 1968 and registered the term as a trademark in 1976.

Zatarain's products are not alone in the marketplace. At least four other companies market coatings for fried foods that are denominated "fish fry" or "chicken fry." Appellee Oak Grove Smokehouse, Inc. ("Oak Grove") began marketing a "fish fry" and a "chicken fry" in March 1979. Both products are packaged in clear glassine packets that contain a quantity of coating mix sufficient to fry enough food for one meal. The packets are labelled with Oak Grove's name and emblem, along with the words "FISH FRY" OR "CHICKEN FRY."spices. Oak Grove's "FISH FRY" has a corn flour base seasoned with various spices; Oak Grove's "CHICKEN FRY" is a seasoned coating with a wheat flour base.

Appellee Visko's Fish Fry, Inc. ("Visko's") entered the batter mix market in March 1980 with its "fish fry." Visko's product is packed in a cylindrical eighteen-ounce container with a resealable plastic lid. The words "Visko's FISH FRY" appear on the label along with a photograph of a platter of fried fish. Visko's coating mix contains corn flour and added

Other food manufacturing concerns also market coating mixes. Boochelle's Spice Co. ("Boochelle's"), originally a defendant in this lawsuit, at one time manufactured a seasoned "FISH FRY" packaged in twelve-ounce vinyl plastic packets. Pursuant to a settlement between Boochelle's and Zatarain's, Boochelle's product is now labelled "FISH AND VEGETABLE FRY." Another batter mix, "YOGI Brand ® OYSTER SHRIMP and FISH FRY," is also available. A product called "Golden Dipt Old South Fish Fry" has recently entered the market as well. . . .

B. "FISH-FRI"[3]

1. Classification

Throughout this litigation, Zatarain's has maintained that the term "Fish-Fri" is a suggestive mark. Oak Grove and Visko's assert that "fish fry" is a generic term identifying a class of foodstuffs used to fry fish; alternatively, Oak Grove and Visko's argue that "fish fry" is merely descriptive of the characteristics of the product.

We are mindful that the concept of descriptiveness must be construed rather broadly. Whenever a word or phrase conveys an immediate idea of the qualities, characteristics, effect, purpose, or ingredients of a product or service, it is classified as descriptive and cannot be claimed as an exclusive trademark. Courts and commentators have formulated a number of tests to be used in classifying a mark as descriptive.

A suitable starting place is the dictionary, for the dictionary definition of the word is an appropriate and relevant indication 'of the ordinary significance and meaning of words' to the public. *Webster's Third New International Dictionary* lists the following definitions for the term "fish fry": "1. a picnic at which fish are caught, fried, and eaten; .... 2. fried fish." Thus, the basic dictionary definitions of the term refer to the preparation and consumption of fried fish. This is at least preliminary evidence that the term "Fish-Fri" is descriptive of Zatarain's product in the sense that the words naturally direct attention to the purpose or function of the product.

The "imagination test" is a second standard used by the courts to identify descriptive terms. This test seeks to measure the relationship between the actual words of the mark and the product to which they are applied. If a term requires imagination, thought and perception to reach a conclusion as to the nature of goods, it is considered a suggestive term. Alternatively, a term is descriptive if standing alone it conveys information as to the characteristics of the product. In this case, mere observation compels the conclusion that a product branded "Fish-Fri" is a prepackaged coating or batter mix applied to fish prior to cooking. The connection between this merchandise and its identifying terminology is so close and direct that even a consumer unfamiliar with the product would doubtless have an idea of its purpose or function. It simply does not require an exercise of the imagination to deduce that "Fish-Fri" is used to fry fish. Accordingly, the term "Fish-Fri" must be considered descriptive when examined under the "imagination test."

A third test used by courts and commentators to classify descriptive marks is whether competitors would be likely to need the terms used in the trademark in describing their products. A descriptive term generally relates

3. We note at the outset that Zatarain's use of the phonetic equivalent of the words "fish fry" — that is, misspelling it — does not render the mark protectable.

so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods. Common sense indicates that in this case merchants other than Zatarain's might find the term "fish fry" useful in describing their own particular batter mixes. While Zatarain's has argued strenuously that Visko's and Oak Grove could have chosen from dozens of other possible terms in naming their coating mix, we find this position to be without merit. The fact that a term is not the only or even the most common name for a product is not determinative, for there is no legal foundation that a product can be described in only one fashion. There are many edible fish in the sea, and as many ways to prepare them as there are varieties to be prepared. Even piscatorial gastronomes would agree, however, that frying is a form of preparation accepted virtually around the world, at restaurants starred and unstarred. The paucity of synonyms for the words "fish" and "fry" suggests that a merchant whose batter mix is specially spiced for frying fish is likely to find "fish fry" a useful term for describing his product.

A final barometer of the descriptiveness of a particular term examines the extent to which a term actually has been used by others marketing a similar service or product. This final test is closely related to the question whether competitors are likely to find a mark useful in describing their products. As noted above, a number of companies other than Zatarain's have chosen the word combination "fish fry" to identify their batter mixes. Arnaud's product, "Oyster Shrimp and Fish Fry," has been in competition with Zatarain's "Fish-Fri" for some ten to twenty years. When companies from A to Z, from Arnaud to Zatarain's, select the same term to describe their similar products, the term in question is most likely a descriptive one.

2. Secondary Meaning

Descriptive terms are not protectable by trademark absent a showing of secondary meaning in the minds of the consuming public. To prevail in its trademark infringement action, therefore, Zatarain's must prove that its mark "Fish-Fri" has acquired a secondary meaning and thus warrants trademark protection. The district court found that Zatarain's evidence established a secondary meaning for the term "Fish-Fri" in the New Orleans area. We affirm.

In assessing a claim of secondary meaning, the major inquiry is the consumer's attitude toward the mark. The mark must denote to the consumer a single thing coming from a single source, to support a finding of secondary meaning. Both direct and circumstantial evidence may be relevant and persuasive on the issue.

Factors such as amount and manner of advertising, volume of sales, and length and manner of use may serve as circumstantial evidence relevant to the issue of secondary meaning. While none of these factors alone will prove secondary meaning, in combination they may establish the necessary link in the minds of consumers between a product and its source. It must be remembered, however, that the question is not the extent of the promotional efforts, but their effectiveness in altering the meaning of the term to the consuming public

Since 1950, Zatarain's and its predecessor have continuously used the term "Fish-Fri" to identify this particular batter mix. Through the expenditure of over $400,000 for advertising during the period from 1976 through 1981, Zatarain's has promoted its name and its product to the buying public. Sales of twelve-ounce boxes of "Fish-Fri" increased from 37,265 cases in 1969 to 59,439 cases in 1979. From 1964 through 1979, Zatarain's sold a total of 916,385 cases of "Fish-Fri."

In addition to these circumstantial factors, Zatarain's introduced at trial two surveys conducted by its expert witness, Allen Rosenzweig. In one survey, telephone interviewers questioned 100 women in the New Orleans area who fry fish or other seafood three or more times per month. Of the women surveyed, twenty-three percent specified Zatarain's "Fish-Fri" as a product they "would buy at the grocery to use as a coating" or a "product on the market that is especially made for frying fish." In a similar survey conducted in person at a New Orleans area mall, twenty-eight of the 100 respondents answered "Zatarain's 'Fish-Fri'" to the same questions.[8]

The authorities are in agreement that survey evidence is the most direct and persuasive way of establishing secondary meaning. The district court believed that the survey evidence produced by Zatarain's, when coupled with the circumstantial evidence of advertising and usage, tipped the scales in favor of a finding of secondary meaning. Were we considering the question of secondary meaning de novo, we might reach a different conclusion than did the district court, for the issue is close. Mindful, however, that there is evidence in the record to support the finding below, we cannot say that the district court's conclusion was clearly erroneous. Accordingly, the finding of secondary meaning in the New Orleans area for Zatarain's descriptive term "Fish-Fri" must be affirmed. …

C. "CHICK-FRI"

1. Classification

Most of what has been said about "Fish-Fri" applies with equal force to Zatarain's other culinary concoction, "Chick-Fri." "Chick-Fri" is at least as descriptive of the act of frying chicken as "Fish-Fri" is descriptive of frying fish.

8. The telephone survey also included this question: "When you mentioned 'fish fry,' did you have a specific product in mind or did you use that term to mean any kind of coating used to fry fish?" To this inartfully worded question, 77% of the New Orleans respondents answered "specific product" and 23% answered "any kind of coating." Unfortunately, Rosenzweig did not ask the logical follow-up question that seemingly would have ended the inquiry conclusively: "Who makes the specific product you have in mind?" Had he but done so, our task would have been much simpler.

It takes no effort of the imagination to associate the term "Chick-Fri" with Southern fried chicken. Other merchants are likely to want to use the words "chicken fry" to describe similar products, and others have in fact done so. Sufficient evidence exists to support the district court's finding that "Chick-Fri" is a descriptive term; accordingly, we affirm.

2. Secondary Meaning

The district court concluded that Zatarain's had failed to establish a secondary meaning for the term "Chick-Fri." We affirm this finding. The mark "Chick-Fri" has been in use only since 1968; it was registered even more recently, in 1976. In sharp contrast to its promotions with regard to "Fish-Fri," Zatarain's advertising expenditures for "Chick-Fri" were mere chickenfeed; in fact, Zatarain's conducted no direct advertising campaign to publicize the product. Thus the circumstantial evidence presented in support of a secondary meaning for the term "Chick-Fri" was paltry.

Allen Rosenzweig's survey evidence regarding a secondary meaning for "Chick-Fri" also "lays an egg." The initial survey question was a "qualifier:" "Approximately how many times in an average month do you, yourself, fry fish or other seafood?" Only if respondents replied "three or more times a month" were they asked to continue the survey. This qualifier, which may have been perfectly adequate for purposes of the "Fish-Fri" questions, seems highly unlikely to provide an adequate sample of potential consumers of "Chick-Fri." This survey provides us with nothing more than some data regarding fish friers' perceptions about products used for frying chicken. As such, it is entitled to little evidentiary weight.

It is well settled that Zatarain's, the original plaintiff in this trademark infringement action, has the burden of proof to establish secondary meaning for its term. This it has failed to do.

Innovation Ventures, LLC v. N.V.E., Inc.
694 F.3d 723 (6th Cir. 2012)

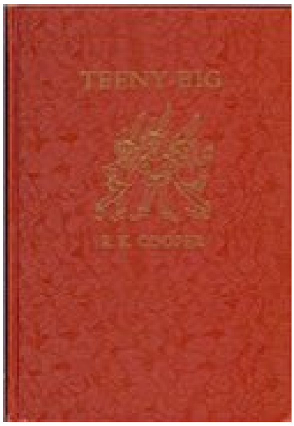
[The plaintiff sold a beverage using the mark 5-HOUR ENERGY. It sued the makers of 6 HOUR POWER.] The 5-HOUR ENERGY mark could be characterized as merely descriptive, in the sense that it simply describes a product that will give someone five hours of energy. But that is not the end of such an inquiry. The first question one would ask is how would the energy be transferred? Through food? Through drink? Through injections? Through pills? Through exercise? Also, one would ask what kind of energy is the mark referring to? Food energy (measured in Calories)? Electrical energy? Nuclear energy? With some thought, one could arrive at the conclusion that the mark refers to an energy shot. But it is not as straightforward as NVE suggests. Such cognitive inferences are indicative of "suggestive" rather than descriptive marks.

5-Hour Energy and 6 Hour Power

The nature of the 5-HOUR ENERGY mark "shares a closer kinship with those marks previously designated as suggestive than those labeled merely descriptive because of the degree of inferential reasoning necessary for a consumer to discern" that the 5-HOUR ENERGY mark relates to an energy shot. The connection between "5-hour" and "ENERGY" is "not so obvious that a consumer seeing 5-HOUR ENERGY in isolation would know that the term refers to" an energy shot rather than, for example, a battery for electronics, an exercise program, a backup generator, or a snack for endurance sports. Connecting the mark 5-HOUR ENERGY with the energy-shot product requires imagination and perception to determine the nature of the goods.

Generic vs. Descriptive Marks

A generic mark is a descriptive mark on steroids. It does not merely describe characteristics of the goods; it is the name by which the goods themselves are known. There are two subtly different things going on when a court holds that WATER is generic for bottled water. One is a factual claim: it is asserting that no amount of advertising would ever actually convince consumers that WATER refers to the bottles of water sold by the Amalgamated Consolidated Bottling Company. The other is a legal proposition: it *does not matter* whether AmalConsol persuades consumers to refer to its bottles exclusively as WATER. Other sellers of bottled water have a ***competitive need*** to use the term "water" to describe their own bottles, so that it would be anti-competitive to allow AmalConsol to monopolize the word. On this latter view—which more closely cor-



R.K. Cooper, *Teeny-Big* (1953)

Approximately one quarter of the GOOSEBUMPS books by R.L. Stine

responds to the caselaw—the difference between generic and descriptive marks is not so much a survey-style question of how consumers perceive the mark as it is a broader one of whether competing sellers can concisely and accurately market their own products if they are deprived of the use of the term. In other words, generic terms are such fundamental linguistic building blocks that they must be available to all.

An interesting example of *de jure* generic marks is the rule that titles of "single creative works" are not valid trademarks. The title of a book or movie is the unique name by which a unique creative work is known. As such, it has *descriptive* meaning rather than *trademark* meaning:

> The purchaser of a book is . . . pointing out which one out of millions of distinct titles he wants, designating the book by its name. It is just as though one walked into a grocery and said "I want some food" and in response to the question "What kind of food?" said, "A can of chicken noodle soup."[7]

In *In re Cooper*, for example, the court held that TEENY-BIG, the title of a children's book about "a little elf with magic powers of self-expansion named Teeny-Big," was not a protectable trademark.[8]

The single-creative-work doctrine dovetails with the rule that creative works are copyrightable but titles are not. First, no one else can sell their own unauthorized edition of *Teeny-Big* while it remains under copyright, so there is no need to give a trademark in the title to protect the creative work.Second, when *Teeny-Big* comes out of copyright, no publisher can use a trademark in TEENY-BIG to obtain backdoor exclusive rights over the work itself. And third, in the meantime, the doctrine leaves others

7. *In re* Cooper, 254 F.2d 611, 614–15 (C.C.P.A. 1958) (Rich, J.).
8. *Id.*

free to title their own books *Teeny-Big*. There are no exclusive rights over titles.

The single-creative-work doctrine, however, only applies to "titles" of "single" creative works. A publisher's trademark is not a title; RANDOM HOUSE identifies Penguin Random House as the source of the many books it publishes. And the name of a *series* of creative works can be trademarked, because it ensures that "each book of the series comes from the same source as the others."[9] Thus, GOOSEBUMPS is a valid trademark for the 200+ books in the children's horror series by R.L. Stine.

Linguistic Variations

Understanding what impression a term creates in consumers' minds requires engaging with the details of how people use language. Somtimes, combining two generic terms simply results in another generic term. SCREEN is generic for computer screens and WIPE is generic for cleaning cloths; the combination SCREENWIPE is generic for cloths for cleaning computer screens.[10] But in other cases, the combined term "evokes a new and unique commercial impression" and is more than the sum of its parts.[11] SUGAR is descriptive of baked goods, and so is SPICE, but SUGAR & SPICE is suggestive, because it evokes the nursery-rhyme phrase "Sugar and spice and everything nice."[12] Thus, the meanings of individual parts of a composite phrase are a necessary starting point, but the ultimate question is whether the phrase as a whole is distinctive.

An important consequence of this rule is that having rights over a phrase as a whole does not necessarily give rights over its components. The owner of the SUGAR & SPICE mark may be able to enforce its rights against other bakeries that use the phrase SUGAR & SPICE as a whole, but not against bakeries that use SUGAR alone. The USPTO requires registrants to explicitly disclaim unprotectable elements of trademarks. For example, BILL'S CARPETS is a protectable trademark, but Bill's registration will bear the statement "No claim is made to the exclusive right to use CARPETS apart from the mark as shown."[13]

Similarly, "The foreign equivalent of a merely descriptive English word is no more [distinctive] than the English word itself."[14] Thus, SAPORITO, which is Italian for "tasty," was descriptive for dry sausage. This ***doctrine of foreign equivalents*** only applies when the "ordinary

9. *Id.* at 615.
10. U.S. Pat. & Trademark Off., Trademark Manual of Examining Procedure § 1209.03(d) (2021) [hereinafter TMEP].
11. *Id.*
12. *Id.*
13. *Id.* §§ 1213(05)(b)(ii)(D), 1213.08(a)(i).
14. *Id.* § 1209.03(g).

American purchaser who is knowledgeable in the foreign language" would recognize the term. The point of the rule is that terms do not become more or less distinctive depending on which language they are in, not that they are mechanically translated from one language to another.

A similar rule applies to acronyms and initialisms.[15] They are descriptive when consumers recognize them as synonyms for a full, spelled-out descriptive term.[16] Thus NKJV, which is short for "New King James Version," was descriptive of bibles, but CMS, which is short for "cabernet, merlot, and syrah," was distinctive for wine.

The same general rule also applies to the modern practice of slapping an i or e on the start of a word, making it into a hashtag with a # ,or sticking a ".com" on the end. In *United States Patent & Trademark Office v. Booking. com BV*, the Supreme Court held that BOOKING.COM was not generic for online hotel-reservation services, even though BOOKING by itself is. The question is always, always, always what "that term, taken as a whole, signifies to consumers."[17]

2 Design Marks

So far, we have been discussing ***word marks***, which consist only of characters. But this is not the only type of mark. A mark can be enriched by adding graphical elements such as typeface, color, layout, images, etc. And some trademarks have no words at all: they are logos, pure and simple. Collectively, these marks with graphical elements are known as ***design marks***. Importantly, adding these elements can often affect the distinctiveness of a mark. A standard test for whether a design is distinctive comes from *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*:

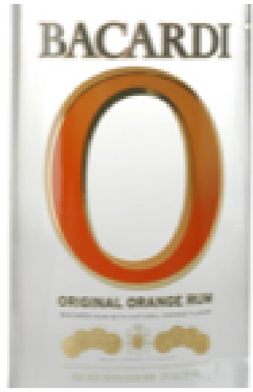
> In determining whether a design is arbitrary or distinctive this court has looked to whether it was a common basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly-adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words.[18]

The following excerpt illustrates the analysis of a design mark. Observe how it differs from the analyses of word marks above.

Star Industries, Inc. v. Bacardi & Co. Ltd.

15. An "acronym" such as NASA is pronounced as a unit; an initialism such as FBI is pronounced letter-by-letter.
16. TMEP, *supra* note 10, at 1209.03/h.
17. U.S. Pat. & Trademark Off. v. Booking. com BV, 140 S. Ct. 2298, 2304 (2020). *See generally* TMEP, *supra* note 10, § 1202.18.
18. Seabrook Foods, Inc. v. Bar-Well Foods, Ltd., 568 F.2d 1342, 1344 (C.C.P.A. 1977).

Georgi O



Bacardi O

412 F.3d 373 (2d Cir. 2005)

In June 1996, inspired by the success of flavored vodkas introduced by leading international companies such as Stolichnaya, Star's president decided to develop an orange-flavored Georgi vodka. A new label was designed, consisting of the traditional Georgi label, which contains a coat of arms and a logo consisting of stylized capital letters spelling 'Georgi' on a white background, together with three new elements: an orange slice, the words "orange flavored," and a large elliptical letter "O" appearing below the "Georgi" logo and surrounding all of the other elements. The "O" was rendered as a vertical oval, with the outline of the "O" slightly wider along the sides (about one quarter inch thick) and narrowing at the top and bottom (about one eighth inch thick); the outline of the "O" is colored orange and decorated with two thin gold lines, one bordering the inside and one bordering the outside of the outline. Star was apparently the first company to distribute an orange-flavored alcoholic beverage packaged in a bottle bearing a large elliptical orange letter "O." . . .

The district court erred when it described the Star "O" as a basic geometric shape or letter, and therefore rejected inherent distinctiveness and required a showing of secondary meaning. The Star "O" is not a "common basic shape" or letter, and the district court's holding to the contrary was premised on a misunderstanding of this trademark law concept. Unshaded linear representations of common shapes or letters are referred to as "basic." They are not protectable as inherently distinctive, because to protect them as trademarks would be to deprive competitors of fundamental communicative devices essential to the dissemination of information to consumers. However, stylized letters or shapes are not "basic," and are protectable when original within the relevant market. Star's "O" is sufficiently stylized to be inherently distinctive and therefore protectable as a trademark. It is stylized with respect to shading, border, and thickness, and each of these design elements distinguishes it from the simple or basic shapes and letters that have been held unprotectable.

The Star "O" design had sufficient shape and color stylization to render it slightly more than a simply linear representation of an ellipse or the letter "O." It was, furthermore, a unique design in the alcoholic beverage industry at the time it was introduced. This suffices to establish its inherent distinctiveness and thus its protectability. Furthermore, the Star "O" design is protectable separately from the other design elements on the Georgi orange-flavored vodka label precisely because the "O" design is itself inherently distinctive. However, the extent of stylization was marginal at best. The outline of the "O," though not uniform, is ordinary in its slightly varying width, and the interior and exterior borders are also ordinary. The result is a "thin" or weak mark, which will be entitled to only limited protection.

The result of the thin protection was that there was no likelihood of confusion when Bacardi marketed an orange-flavored rum with a label "consisting of the Bacardi logo and bat symbol above a large elliptical orange letter 'O' against a clear background." If Bacardi had used the full Georgi coat of arms, and not just an orange O, it would likely have infringed.

A more sophisticated version of a design mark is a ***motion mark***: a mark that is animated (just as an audiovisual work in copyright is a sequence of related images). It is hard to put a motion mark on most products or packages, but they are easier to use in screen-based media. An animated logo that loops on an app's loading screen is a motion mark; so is the short video clip that identifies a movie studio at the start of a film.

3 Exotic Marks

A few types of unusual subject matter—sounds, fragrances, flavors, and colors by themselves—are called ***exotic*** to distinguish them from the more common word and design marks. The Lanham Act refers broadly to "any word, name, symbol, or device" capable of distinguishing one source from another,[19] The Supreme Court has interpreted this language as making exotic marks protectable as trademarks: "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."[20]

Exotic marks pose four related challenges. First, consumers may not notice that they are intended as marks: brand names and logos stand out in a way that colors and sounds may not. Second, they are often product features: there are good non-trademark reasons for a candle to smell the way it does. Third, there may be a limited supply of them: the human

19. Lanham Act § 45.
20. Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 164 (1995).

Qualitex dry-cleaning pad

brain has a much harder time distinguishing colors than it does images or phrases. And fourth, it can be difficult to provide notice of claimed exotic marks: how would you create a searchable register of fragrances?

In view of these difficulties, the Supreme Court has held that exotic marks are protectable only when they have secondary meaning.[21] In other words, exotic marks are at best descriptive; they can never be suggestive, arbitrary, or fanciful.

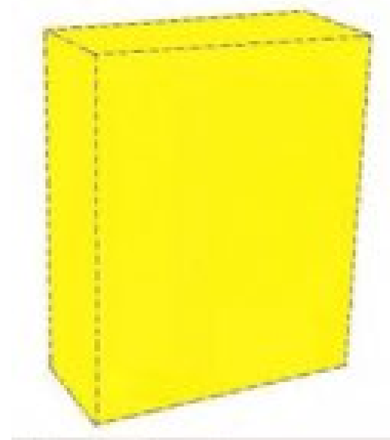
In *Qualitex Co. v. Jacobson Products Co.*, the Supreme Court considered whether a color by itself could be a protectable trademark.[22] Qualitex sold dry-cleaning press pads with a green-gold color.[23] A rival, Jacobson Products, colored its own press pads a similar color. Qualitex sued, and Jacobson argued that the green-gold color by itself could not function as a trademark. The Supreme Court held that it could, because "We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained 'secondary meaning' and therefore identifies and distinguishes a particular brand."[24] If consumers actually associate the green-gold color with Qualitex's pads, then it is distinctive in the sense that trademark law cares about.

This is wholly plausible. Think of a red-and-yellow fast-food restaurant, or a pink-and-orange donut shop. If MCDONALDS and DUNKIN come to mind, then these color combinations are functioning as trademarks. Pantone PMS 3425 C is STARBUCKS green, Pantone PMS 1837 is TIFFANY blue, and Pantone PMS 476 C is UPS brown.

Qualitex opened the floodgates, but what has come through has been

21. *Id.*
22. *Id.*
23. A dry-cleaning press pad is the cover that goes between a dry cleaning press and the clothes being pressed flat. They are one of the important consumables used in the dry-cleaning process.
24. *Qualitex*, 514 U.S. at 163.

Pink Owens-Corning insulation. Can you identify any other potential trademarks in the image?


The "mark" that General Mills attempted to register for the Cheerios box. The dashed lines indicate that the box shape is not part of the claimed mark. It really is just the yellow color by itself.

more like a trickle. The pink of Owens-Corning fiberglass insulation is registered, but the yellow color of a CHEERIOS box was held by the TTAB not to have secondary meaning.[25] Color marks remain a tiny fraction of all registered marks.

Sound marks are rare. It is not hard to create a recognizable sound. The Twentieth Century Fox fanfare, for example, does not sound like anything naturally occurring. It is registered, and so are the Aflac duck quack and the Tetris melody. Instead, the hard part is getting consumers to recognize that a sound is being used as a mark. The TMEP warns that sounds that "resemble or imitate 'commonplace' sounds or those to which listeners have been exposed under different circumstances, which must be shown to have acquired distinctiveness."[26] It gives as examples "alarm clocks, appliances that include audible alarms or signals, telephones, and personal security alarms," all of which "make the sound in their normal course of operation."[27]

Scent marks are incredibly rare. There are less than a dozen currently registered, many of which are questionable at best. OSEWEZ (pronounced "Oh Sew Easy") registered "a high impact fresh floral fragrance reminiscent of plumeria blossoms" for yarn; Verizon registered "a flowery musk scent" for its retail stores. Both marks have lapsed.[28] Scent is an important part of branding; it is just that scent by itself is hard to protect as a trademark.

25. *In re* Gen. Mills IP Holdings II, LLC, 124 USPQ 2d 1016 (TTAB 2017).
26. TMEP, *supra* note 10, § 1202.15.
27. *Id.*
28. For obvious reasons, I am unable to include samples in these materials.

Flavor marks are nonexistent. The USPTO is open to the theoretical possibility that a flavor could acquire trademark meaning, but it has rejected several applications for pharmaceutical flavors. The TTAB has observed, with a skeptical tone, that "it is unclear how a flavor could function as a source indicator because flavor or taste generally performs a utilitarian function and consumers generally have no access to a product's flavor or taste prior to purchase."[29] And in *New York Pizzeria, Inc. v. Syal*, the court rejected an attempt to claim trademark rights in the flavor of pasta and pizza.[30]

An important conceptual and practical problem with any exotic mark is how to describe the mark, both so that the USPTO can examine it and so that competitors can be aware of the scope of the owner's rights. The USPTO does not pay particularly close attention to the issues of accurate color reproduction and color profiles that graphic designers obsess over. For sound marks, applicants can submit a sound file, and the USPTO maintains a list of sound marks on its website. A quick skim of the list shows how hard it is to search the list for similarity to a proposed mark. The only reason this isn't a substantial problem is that so few sound marks are actually registered. For scent marks, matters are even worse. The USPTO's database includes only a textual description of the mark. Applicants must submit specimens of the scent, which can either be the actual goods, or, in the case of a scent used on packaging, a scratch-and-sniff sticker. But this is just for the examiner, not for trademark search. Again, the only reason this isn't completely unworkable is that so few scent marks are registered.

Distinctiveness Jeopardy

Come to class ready to classify trademarks as generic, descriptive, suggestive, arbitrary, or fanciful—and remember to phrase your answers in the form of a question.

Melting Bad Problem

You are the general counsel of Blancorp, a medium-sized scientific and industrial chemical supply firm named for its founder and CEO, Walter Blanco. He has been hoping for years to break in to the snow-and-ice melter market with his own line of salts for homeowners, businesses, and cities to spread on streets and sidewalks after snowstorms. Blancorp's research chemists have been studying a type of naturally occurring rock salt from Quebec, Canada. Known locally as *le loup bleu* (French for "the blue wolf"), this particular variety is notable for its cobalt blue color and its remarkable resistance to clumping. (Some other melters are either

29. *In re* N.V. Organon, 79 USPQ 2d 1639, 1650–51 (TTAB 2006).
30. N.Y. Pizzeria, Inc. v. Syal, 56 F. Supp. 3d 875 (S.D. Tex. 2014).

naturally or dyed blue, but they all have lighter shades, Blanco assures you.)

Blanco has informed you that his chemists have succeeded in replicating *le loup bleu* in the lab, with high purity, the same blue color, and the same resistance to clumping. He has asked them to start full-scale production immediately, and has come to you to discuss potential trademarks. Give Blanco your advice on which of the following would be good choices from a legal and business perspectives:

- ALL-NATURAL BLUE
- ICE MELT
- LOUP BLEU
- CLUMPLESS
- COBALT WOLF
- QUIZMARUNK
- Sell the salt in a bag with a line drawing of a wolf

Do you have any other ideas or advice?

B Ownership

The basic dogma of trademark ownership in the United States is that *trademark rights flow from use*. Whoever first uses a mark in a way that creates goodwill in consumers' minds owns the mark and can prevent others from using it in a way that causes confusion.

There are two complications for this dogma. The first is that only sufficiently commercial uses count as "use." The second is that trademark law is an intricate blend of state and federal law, so that who was first can be a subtle question.

1 Thresholds

Not every use of a mark builds goodwill. We have already seen that a use can fail to build goodwill because a mark is descriptive or generic: consumers perceive it as describing the goods, rather than their source. But there could also be a problem with the *use* rather than with the *mark*.

First, descriptiveness is not the only kind of non-trademark meaning. An American flag in an ad for pickup trucks is a general expression of patriotic sentiment, rather than an identification of a specific brand. Trademark law operationalizes this instinct with the ***failure to function*** doctrine: a mark could be theoretically distinctive but not actually used in a way that leads consumers to perceive it as a trademark, rather than a communicative message or decorative flourish.

Second, a use can fail to build goodwill because there is nothing for consumer perceptions of source to connect up with. Trademark law

Schmidt's specimen of the mark in use

operationalizes this idea with the requirement of ***use in commerce***. Only uses that lead consumers to view the mark as an indication of source *for goods or services* do.

Third, under the federal Lanham Act, only ***lawful use*** counts; illegal uses may build consumer familiarity, but they don't create trademark rights.

a Failure to Function

Descriptiveness is not the only kind of non-trademark meaning. A phrase or symbol might be unique (and thus theoretically capable of being distinctive) and yet still not be recognizable as a trademark. The doctrinal name for this case is ***failure to function as a mark***.[31] The following case illustrates a typical application:

In re Schmidt

App. No. 85910031 (USPTO Office Action July 12, 2013)

[Schmidt applied to the USPTO to register BOSTON STRONG as a trademark for "Athletic apparel, namely, shirts, pants, jackets, footwear, hats and caps, athletic uniforms." The following is the "office action" letter that the trademark examiner sent to Schmidt explaining why his application had been refused.]

MARK DOES NOT FUNCTION AS A TRADEMARK

Registration is refused because the applied-for mark merely conveys an informational social, political, religious, or similar kind of message; it does not

31. Arguably, the real problem with exotic marks is failure to function: even when they are distinctive, consumers do not readily perceive them as marks.

function as a trademark or service mark to indicate the source of applicant's goods and/or services and to identify and distinguish them from others. see *In re Eagle Crest, Inc.* (holding ONCE A MARINE, ALWAYS A MARINE not registrable for clothing items because the mark would be perceived as an old and familiar Marine expression and not a trademark); *In re Volvo Cars of N. Am., Inc.* (holding DRIVE SAFELY not registrable for automobiles and automobile parts because the mark would be perceived as a familiar safety admonition and not a trademark).

Determining whether a term or slogan functions as a trademark or service mark depends on how it would be perceived by the relevant public. Slogans or terms that merely convey an informational message are not registrable. The more commonly a term or slogan is used in everyday speech, the less likely the public will use it to identify only one source and the less likely the term or slogan will be recognized by purchasers as a trademark or service mark.

On April 15, 2013, a bombing occurred at the Boston Marathon that resulted in 3 deaths and more than 260 persons being injured. Following that event, the motto or slogan, "BOSTON STRONG," emerged, representing a proud mix of resiliency and defiance, an attitude rooted in local culture. The slogan represented the victims of the bombing, now rebuilding their lives; the law enforcement efforts during the manhunt; the decision, by athletes and organizers, to run the Marathon in 2014. It began in the immediate aftermath of the marathon bombing havoc as nothing but good intention to unify the city and the relief effort.

Subsequently, use of the phrase spread beyond fundraising, and appeared plastered on t-shirts, bracelets," and "sports fans took it over as a rallying cry. It has resulted in a Facebook website; is used by the Boston Red Sox baseball club; appears on shoelace medallions; was the name of a concert in support of the marathon bombing victims; is the title of a planned movie about the marathon bombing; and appears emblazoned across the front of t-shirts provided by numerous different entities.

The use of the slogan is so widespread with respect to the marathon bombing as well as other uses, that its use has become ubiquitous.

Based on the foregoing, consumers are accustomed to seeing this motto or slogan used with respect to the marathon bombing, sporting events, as well as on a variety of consumer goods. Because consumers are accustomed to seeing this slogan or motto commonly used in everyday speech by many different sources, the public will not perceive the motto or slogan as a trademark that identifies the source of applicant's goods but rather only as conveying an informational message.

Note that failure to function is different than descriptiveness.[32] The shirts themselves were not "Boston strong"; consumers would not think that the phrase was a description of the products. The point is that the phrase has an informational message, and an informational message is a kind of non-trademark meaning. No one looking at the shirts would think that John Schmidt made them because they say BOSTON STRONG. [33] Similarly, purely ***ornamental*** aspects of the goods lack trademark meaning. A paisley pattern on a necktie isn't a trademark for anything; it just looks nice.[34]

These categories give us a nice hierarchy of meaning, a kind of expanded version of the distinctiveness hierarchy:

- A distinctive mark has a meaning that identifies the goods as coming from a particular source.
- A descriptive or generic mark has a meaning that describes the goods themselves.
- Material that fails to function has a meaning that is not tied to the goods.
- Decorative material does not convey a meaning at all.

b Use in Commerce

Trademark law is a kind of consumer law. Goodwill is a thing that exists in the minds of consumers: people who go to the market to obtain goods and services. If you show your mark only to your family and friends, they aren't consumers; they don't count. And the same is true if you show your mark to the general public untethered from any kind of producer-consumer relationship. If you hire planes to skywrite SPOONMASTER across the skies, but you don't sell anything under that mark and don't plan to, there is no goodwill, because you have not created a goods-source association in the minds of consumers. It's an art project, not a trademark use in commerce.

Consider *Galt House Inc. v. Home Supply Co.*[35] The Galt House Hotel was a famous hotel built in Louisville, Kentucky in 1835. Charles Dickens slept there and praised it, saying "We slept at the Galt House; a splendid hotel; and were as handsomely lodged as though we had been in Paris, rather than hundreds of miles beyond the Alleghanies." It was the scene of a notorious murder in in 1838, and another in 1862, when one Union

32. Or perhaps, being descriptive is just one of many kinds of failure to function as a mark, one that is so important that it has its own name.

33. What, if anything, would be different if BOSTON STRONG appeared on the label inside the back collar of the T-shirt? *See* Mark A. Lemley & Mark P. McKenna, *Trademark Spaces and Trademark Law's Secret Step Zero*, 75 Stan. L. Rev. 1 (2023).

34. See the Design chapter for more on the trademark doctrine of ornamentality and source-identifying versus non-source-identifying product features.

35. Galt House Inc. v. Home Supply Co., 483 S.W.2d 107 (Ky. 1972).

The first Galt House

The second Galt House

The third Galt House

The fourth (and current) Galt House

general shot and killed another. Three hotels by that name stood on the site, the last of which closed in 1920. The company that had operated it continued to exist until 1961, when its corporate charter expired.

In 1964, Arch Stallard, Sr., a real-estate broker, incorporated a new company under the name "Galt House." He made a few inquiries about possible locations for a hotel, but took no other concrete actions. In 1969, a competitor, the Home Supply Company, run by A.J. Schneider, submitted plans for a hotel under the name "Galt House," and began construction in 1970. It began taking reservations, but in 1971, before it opened, Stallard and his Galt House company filed suit.

From a trademark perspective, Schneider and Home Supply were first to use the GALT HOUSE trademark, *not* Stallard. As of 1964, when our modern story begins, the GALT HOUSE mark was unowned and up for grabs. By 1961, the former Galt House hotel's operators had no remaining trademark rights. Even if they had such rights, there was no continuity of ownership between them and Stallard. He had no better claim to the mantle of the storied Galt House than you or I or Home Supply. Stallard obtained no *trademark* rights by incorporating a company under the Galt House name; a business name is not a trademark. It is missing the essential quality of trademark rights: using the mark in commerce to build goodwill in consumers' minds.

Instead, Home Supply had trademark rights when it began *advertising and taking reservations*. These activities led consumers to associate

GALT HOUSE with a particular hotel on a particular site and a particular business operating it. If you want to stay at a GALT HOUSE, you go to 140 North Fourth Street in Louisville, and you call Home Supply's phone number. That was use creating goodwill, and it gave Home Supply ***priority*** in the GALT HOUSE mark, making it the senior user.

What is "Commerce?"

The use-in-commerce requirement seems like it would exclude nonprofit uses. But the courts have read "in commerce" very broadly. Charities are "in commerce" when they solicit donations; in a sense, the nonprofits are marketing to consumers the service of doing good in the world.[36] They are also "in commerce" when they provide meals for seniors or create art installations. You don't necessarily have to pay in money for their goods and services; you are still a consumer when you choose to rely on their services over others', or to spend your time going to attend their free exhibition. The following case illustrates how courts can find commerce even when no money changes hands.

Planetary Motion, Inc. v. Techsplosion, Inc.

261 F.3d 1188 (11th Cir. 2001)

[In 1994, Byron Darrah released an email program he named Coolmail. He made Coolmail available by posting it for download online and released it under the GNU General Public License, which allows users to copy, distribute, and modify the software as long as they adhere to various conditions, such as releasing any modified versions under the GPL.]

We find that, under these principles, Darrah's activities under the COOLMAIL mark constitute a "use in commerce" sufficiently public to create ownership rights in the mark. The distribution was widespread, and there is evidence that members of the targeted public actually associated the mark COOLMAIL with the Software to which it was affixed. Darrah made the software available not merely to a discrete or select group (such as friends and acquaintances, or at a trade show with limited attendance), but to numerous end-users via the Internet. The Software was posted under a filename bearing the COOLMAIL mark on a site accessible to anyone who had access to the Internet. End-users communicated with Darrah regarding the Software by referencing the COOLMAIL mark in their e-mails. Appellants argue that only technically-skilled UNIX users made use of the Software, but there is no evidence that they were so few in number to warrant a finding of de minimis use.

The mark served to identify the source of the Software. The COOLMAIL mark appeared in the subject field and in the text of the announcement accompanying each release of the Software, thereby distinguishing the Software from other programs that might perform similar functions available

36. Compare how the Church of Scientology could hold trade secrets in *RTC*.

on the Internet or sold in software compilations. The announcements also apparently indicated that Darrah was the "Author/Maintainer of Coolmail" and included his e-mail address. The user manual also indicated that the Software was named "Coolmail." The German company S.u.S.E. was able to locate Darrah in order to request permission to use his Software in its product under the mark "Coolmail." Appellants do not assert that S.u.S.E. was unaware that the Software was called COOLMAIL when it contacted Darrah. . . .

The sufficiency of use should be determined according to the customary practices of a particular industry. That the Software had been distributed pursuant to a GNU General Public License does not defeat trademark ownership, nor does this in any way compel a finding that Darrah abandoned his rights in trademark. . . . Software distributed pursuant to such a license is not necessarily ceded to the public domain and the licensor purports to retain ownership rights, which may or may not include rights to a mark. Because a GNU General Public License requires licensees who wish to copy, distribute, or modify the software to include a copyright notice, the license itself is evidence of Darrah's efforts to control the use of the COOLMAIL mark in connection with the Software.

Appellants cite *Heinemann v. General Motors Corp.*, 342 F. Supp. 203 (N.D. Ill. 1972), for the proposition that Darrah was a "hobbyist" unworthy of common law trademark protection. [Wilbur A. Heinemann was a car mechanic and hobbyist who in 1968 restored and modified a vintage 1932 Model A Ford, painted "The Judge" on the side, exhibited it at a car dealership, and raced it in several events. The court held that he did not use THE JUDGE "in connection with a trade or business."] *Heinemann* is factually distinguishable from the case at hand. . . .

The *Heinemann* court . . . found that plaintiff Heinemann's activities consisted merely of occasionally racing or displaying the automobile at fairs as a hobby, as evidenced by his testimony that he was employed at an oil company. . . . Unlike Heinemann, Darrah's activities pertained to his chosen profession. Darrah is employed as a computer systems administrator, which entails the management and oversight of computer networks and systems as well as the development of software in support thereof.

Appellants also rely on *DeCosta v. Columbia Broad. Sys., Inc.*, 520 F.2d 499 (1st Cir. 1975), to argue that Darrah is an eleemosynary individual and therefore unworthy of protection under unfair competition laws. [In *DeCosta* the plaintiff dressed up in a cowboy costume and made appearances at parades and rodeos. The court wrote, "This was perhaps one of the purest promotions ever staged, for plaintiff did not seek anything but the entertainment of others. He sold no product, services, or institution, charged no fees, and exploited only himself."] The *DeCosta* court did not hold that the that the absence of a profit-oriented enterprise renders one an eleemosynary individual, nor did it hold that such individuals categorically are denied protection. Common law unfair competition protection extends to non-profit organizations because they nonetheless engage in competition with other organizations. Thus, an eleemosynary individual that uses a mark in connection with a good or service may nonetheless acquire ownership rights in the mark if there is sufficient evidence of competitive activity.

Here, Darrah's activities bear elements of competition, notwithstanding his lack of an immediate profit-motive. By developing and distributing software under a particular mark, and taking steps to avoid ceding the Software to the public domain, Darrah made efforts to retain ownership rights in his Software and to ensure that his Software would be distinguishable from other developers who may have distributed similar or related software. Competitive activity need not be fueled solely by a desire for direct monetary gain. Darrah derived value from the distribution because he was able to improve his Software based on suggestions sent by end-users. Just as any other consumers, these end-users discriminate among and share information on available software. It is logical that as the Software improved, more end-users used his Software, thereby increasing Darrah's recognition in his profession and the likelihood that the Software would be improved even further.

In light of the foregoing, the use of the mark in connection with the Software constitutes significant and substantial public exposure of a mark sufficient to have created an association in the mind of the public.

Some Edge Cases

The ordinary story of trademark rights flowing from use is that you start using a mark and the public responds by talking using the mark to refer to you. But what if the order is reversed? What if the public uses the mark *before you do*? The public called IBM (which naturally enough used IBM as its principal trademark) "Big Blue" for decades, in what was probably a winking reference to its blue corporate color scheme and the dark blue suits worn by its employees. When IBM tried to register BIG BLUE in 1988, its application was opposed by Big Blue Products, which was concerned about consumer confusion about typewriter ribbons.[37] IBM had the right kind of trademark associations to create trademark rights, but they arose spontaneously rather than as a result of the would-be owner's use in commerce. There is a conflict here between trademark theory (rights flow from use in commerce) and trademark reality (the public itself decides whether it will associate a mark with a source).

This is called ***public use***, and courts have mostly been open to the idea that the lucky beneficiary of it should be able to claim rights in the mark. For example, when the Los Angeles Rams moved to St. Louis in 1995,[38] they announced the move in January but didn't use the ST.

37. Big Blue Prods. Inc. v. Int'l Bus. Machs. Corp., 19 U.S.P.Q.2d 1072 (T.T.A.B. 1991).
38. In case you're confused, they moved back in 2015.

IBM's iconic "8-bar" logo, designed by Paul Rand in 1972.

Big Blue Products's logo

LOUIS RAMS mark until April.[39] An interloper in Wisconsin tried to claim rights in the mark starting in February, but the court held that the Rams had priority. Widespread press coverage and sales of unauthorized St. Louis Rams merchandise showed public use of the mark, which was "deemed to be on behalf of the mark's owners."[40]

Another odd consequence of the use-in-commerce requirement is that it encourages people to make ***artificial*** commercial uses purely to secure trademark rights. Consider the British artist who uses the pseudonym Banksy to create darkly satirical art. He is best-known for his stenciled graffiti murals typically created without the permission of the building owner), and his work has usually has strongly anti-capitalist messages. Whereas a more openly commercial artist would have no problem engaging in obviously commercial uses that would suffice to create trademark rights, a principled refusal to sell BANKSY merchandise leaves a gap that others could fill with their own bric-a-brac. Thus, in 2019, to prevent a greeting-card company from claiming trademark rights in BANKSY, he created a two-week exhibition in the form of a store named *Gross Domestic Product*. Its storefront windows displayed "Tony the Frosted Flakes tiger sacrificed as a living room rug, wooden dolls handing their babies off to smugglers in freight truck trailers, and welcome mats stitched from life jackets."[41] The store itself was just a display, with nothing available for purchase inside, but an associated online store sold items including the welcome mats—stitched by refugees, with all proceeds donated back to them. The legal system told him he couldn't have trademark rights without trademark use, so he found a way to make a trademark use on his own terms.

Duff Problem

39. Johnny Blastoff, Inc. v. L.A. Rams Football Co., 188 F.3d 427 (7th Cir. 1999).
40. *Id.* at 434.
41. Laura Staugaitis, *Gross Domestic Product: Banksy Opens a Dystopian Homewares Store*, Colossal, Oct. 1, 2019, https://www.thisiscolossal.com/2019/10/gross-domestic-product/.

Banksy's *Gross Domestic Product*.

Duff beer is, or was, a fictional beer on the animated cartoon sitcom *The Simpsons*. Varieties mentioned on the show include Duff, Duff Dry, Duff Light, Duff Adequate, Raspberry Duff, Lady Duff, and Tartar Control Duff.Recently, the Fudd Corporation has started selling beer under the DUFF name. Fudd is unaffiliated with Twentieth Century Fox (which produces *The Simpsons*) and has not obtained permission from Fox. Your client is a chain of liquor stores considering whether it should stock Fudd's products. What is your advice? Would it affect your answer if Fox sold a line of *Simpsons*-themed beers including DUFF? What if Fox gave away "DUFF beer" (actually ginger ale) to fans at conventions?

c Lawful Use

A legal violation in selling a product blocks the acquisition of trademark rights when two conditions are met. First, there must be a *nexus* between the use of the mark and the violation, one "sufficiently close to justify withholding trademark protection for that name until and unless the misbranding is cured."[42] Second, the violation must be material to consumers, i.e. it is "of such gravity and significance that the usage must be considered unlawful—so tainted that, as a matter of law, it can create no trademark rights."[43]

Consider *CreAgri, Inc. v. USANA Health Sciences, Inc.*, where CreAgri sold a dietary supplement under the name OLIVENOL.[44] Its label indicated that each tablet contained 25mg of hydroxytyrosol, an antioxidant found in olives—but the tablets actually contained 3mg or less.This

42. CreAgri, Inc. v. USANA Health Scis., Inc., 474 F.3d 626, 631–32 (9th Cir. 2007).
43. Gen. Mills, Inc. v. Health Valley Foods, 24 U.S.P.Q.2d 1270 (TTAB 1992). If these two elements sound duplicative and question-begging, they kind of are.
44. *CreAgri*, 474 F.3d 626.

Duff beer “can”

Olivenol

made it misbranded under federal food-labeling law, which requires that the actual amount of a nutrient in a product be “at least equal to the value for that nutrient declared on the label.”[45] There was a nexus here because the violation was *misbranding*, which specifically deal to the relationship between a product’s name and its contents. The point of adopting OLIVENOL as the mark was that the tablets contained hydroxytyrosol just like olives do. The mark itself was a lie, especially in conjunction with the ingredients label. And it was material, because the misbranding affected every bottle sold. Compare *General Mills, Inc. v. Health Valley Foods*, where the first eighteen boxes of Fiber One were misablelled, but the error was promptly corrected and the next 600,000 boxes were properly labeled.[46]

One policy justification for the lawful-use requirement is that the government should not confer benefits on those who violate its own laws. This is perfectly reasonable on its own, but we have already seen patent and copyright take exactly the opposite view. A second policy is that conferring rights on illegal uses would reward careless sellers who rush to market by giving them priority over more careful sellers. This argument has more punch, because racing behavior is a serious concern in trademark law. The requirement of actual use is specifically designed to prevent businesses from hoarding trademarks not backed up by a real line of business. Still, the goodwill that illegal uses create is perfectly real, so this requirement cuts against the usual trademark policy of deferring to consumer understanding. A third policy view might be that this is a false-advertising policy and the rule has the most teeth where

45. 21 C.F.R. § 101.9(g)(4)(i).
46. *Gen. Mills*, 24 U.S.P.Q.2d 1270.

the trademark is deceptive because of the violation, as in *CreAgri*.[47]

Cannabusiness Problem

The sale of marijuana is legal under some states' laws but remains illegal under federal law. Your client, Herbal Access, Inc. operates three dispensaries in the state of Colorado under the mark HERBAL ACCESS with a logo of a green marijuana leaf on a brown diamond. Herbal Access is interested in expanding into other states and has sought your advice on a suitable trademark strategy.

2 Priority at Common Law

The main source of trademark rights is state common law. Federal registration is an overlay onto this state system. It takes the existence of state trademark rights for granted, and then provides additional rights and remedies for trademark owners. Thus, we start with priority under state law. Fortunately, the common-law rules of priority are essentially the same in every state.

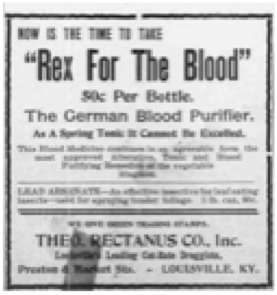
A trademark is owned by whoever first uses it to build goodwill, i.e. consumers' association of a mark with goods from a particular source. If a mark has no such associations, anyone is free to use it and to teach consumers what it means. But once consumers have made that association with a business (the ***senior user***), anyone else who subsequently uses the same mark (the ***junior user***) infringes. Zatarain's was the senior user for FISH-FRI because it used the mark first and consumers associated the mark with Zatarain's products. Oak Grove was the junior user because it used FISH FRY after Zatarain's had built up trademark rights. That is why Zatarain's could sue Oak Grove for infringement, rather than vice versa.

Geographic Limits

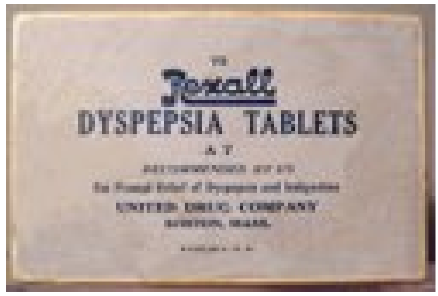
Since consumers are located in a particular area, trademark rights are geographic. The senior user *in a given area* has priority. It follows that different users may be senior in different areas. If I start using a mark in one market and you start using it in another, I have priority in my region and you have priority in yours. The regions in which we have priority are defined as everything else in trademark law is: by looking to consumers' understandings. A user has priority where it has goodwill in consumers' minds.

This rule of geographic priority is known as the *Tea Rose/Rectanus* doctrine, after the leading cases. Here is one of them:

47. "In demanding compliance with sundry nontrademark laws, the PTO has lost sight of the statute it is supposed to administer. The Lanham Act does not require lawful use for registration, nor should it."Robert A. Mikos



Rex blood purifier advertisement



Rexall dyspepsia tablets label

United Drug Co. v. Theodore Rectanus Co.
248 U.S. 90 (1918)

The essential facts are as follows: About the year 1877 Ellen M. Regis, a resident of Haverhill, Massachusetts, began to compound and distribute in a small way a preparation for medicinal use in cases of dyspepsia and some other ailments, to which she applied as a distinguishing name the word “Rex” – derived from her surname. The word was put upon the boxes and packages in which the medicine was placed upon the market, after the usual manner of a trade-mark. Subsequently, in the year 1911, petitioner purchased the business with the trade-mark right, and has carried it on in connection with its other business, which consists in the manufacture of medicinal preparations, and their distribution and sale through retail drug stores, known as “Rexall stores,” situate in the different States of the Union, four of them being in Louisville, Kentucky.

Meanwhile, about the year 1883, Theodore Rectanus, a druggist in Louisville, familiarly known as “Rex,” employed this word as a trade-mark for a medicinal preparation known as a “blood purifier.” He continued this use to a considerable extent in Louisville and vicinity, spending money in advertising and building up a trade, so that – except for whatever effect might flow from Mrs. Regis’ prior adoption of the word in Massachusetts, of which he was entirely ignorant – he was entitled to use the word as his trade-mark. In the year 1906 he sold his business, including the right to the use of the word, to respondent; and the use of the mark by him and afterwards by respondent was continuous from about the year 1883 until the filing of the bill in the year 1912.

Petitioner’s first use of the word “Rex” in connection with the sale of drugs in Louisville or vicinity was in April, 1912, when two shipments of “Rex Dyspepsia Tablets,” aggregating 150 boxes and valued at $22.50, were sent to one of the “Rexall” stores in that city. Shortly after this the remedy was mentioned by name in local newspaper advertisements published by those stores. In the previous September, petitioner shipped a trifling amount – five boxes – to a drug store in Franklin, Kentucky, approximately 120 miles distant from Louisville. There is nothing to show that before this any customer in or near Kentucky had heard of the Regis remedy, with or without the description "Rex," or that this word ever possessed any meaning to the purchasing public in that State except as pointing to Rectanus and the Rectanus Company and their "blood purifier." That it did and does convey the latter meaning in Louisville and vicinity is proved without dispute. . . .

There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business. . . .

It results that the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. And the expression, sometimes met with, that a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained.

Conceding everything that is claimed in behalf of the petitioner, the entire business conducted by Mrs. Regis and her firm prior to April, 1911, when petitioner acquired it, was confined to the New England States with inconsiderable sales in New York, New Jersey, Canada, and Nova Scotia. There was nothing in all of this to give her any rights in Kentucky, where the principles of the common law obtain.

Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one State, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good-will, at the instance of one who theretofore had employed the same mark but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader.

In this case, as already remarked, there is no suggestion of a sinister purpose on the part of Rectanus or the Rectanus Company. And it results, as a necessary inference from what we have said, that petitioner, being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there in good faith by the Rectanus Company and its predecessor. In that market, until petitioner entered it, "Rex" meant the Rectanus product, not that of Regis.

Another important qualification to geographic priority is that only a ***good faith*** user in a remote market can build up priority. If Shmexall started selling REX tablets in Louisville knowing of Rexall's tablets and intending to confuse consumers into buying its tablets instead, that would be a ***bad faith*** use. Knowledge (actual or constructive) of the remote user's trademark is not enough; the mark must have been adopted with the intent to create consumer confusion by trading on the remote user's goodwill.[48]

Geography on the Internet

The Internet seemingly scrambles the assumption that trademark rights are geographic, because it enables a business anywhere to sell to customers everywhere. But the old concepts have proved surprisingly reslient. Consider *Dudley v. HealthSource Chiropractic, Inc.*, where Donald Dudley used the mark HEALTHSOURCE CHIROPRACTIC for his chiropractic practice in Rochester, New York starting in 2003, for which he had a website using the mark.[49] The defendant started franchising chiropractic practices under the name HEALTHSOURCE CHIROPRACTIC in 2006, initially in Ohio. It quickly expanded to 325 franchises nationwide. It awarded a franchise in Rochester to one Dr. Divito, which opened in April 2007.

Dudley argued that he was the senior user not just in Rochester but on the Internet. But "the Internet" is not a geographic place, "a geographic territory to be subdivided";[50] no one can have priority "there." No consumers literally live *in the Internet*. Dudley's website did not automatically give him priority over the defendant's website.

Instead, the proper way to think about the Internet is as "a global communication medium that is accessible from anywhere on the

48. Do you see how the good-faith rule threatens to swallow the *Tea Rose/Rectanus* doctrine if not tightly constrained? For that mattter, do you see how it undercuts the factual assumptions that justify geographic limits on trademark rights at all?
49. Dudley v. HealthSource Chiropractic, Inc., 883 F.Supp.2d 377 (W.D.N.Y. 2012).
50. *Id.* at 394.

Plaintiff's website logo, at http://healthsourcechiropractic.com/

Defendant's website logo, at http://healthsourcechiro.com/

planet."[51] Giving Dudley senior-user trademark rights based solely on having his website would let him "monopolize the internet to the exclusion of other lawful users of the same mark."[52] Dudley had priority in Rochester because that was where his customers were. But an online business that sells directly to users has goodwill everywhere it has customers. The goodwill lives where they do. Thus HSC was building up goodwill everywhere it had franchisees.

3 Federal Registration

Trademarks can be federally registered with the USPTO. Doing so creates nationwide rights, enforceable anywhere in the United States. The key to understanding how this works is to recognize that federal registration is a complement to state trademark rights, not a substitute for them.

Actual Use

Section 1(a)(1) of the Lanham Act is straightforward:

> The *owner of a trademark used in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application . . . [53]

Read that again carefully. It says that the "owner" of a mark "may request registration." If you are accustomed to patent law, this may strike you as

51. *Id.*
52. *Id.*
53. Lanham Act § 1(a)(1) (emphasis added)

backwards. Isn't it the the registration that *makes* an applicant into a federal trademark owner?

No, and it is absolutely crucial to understand why not. The Lanham Act's federal-registration system presumes that the states have functioning trademark systems based on use, as discussed above. A person who uses a trademark in connection with a business in a way that creates consumer goodwill thereby becomes a trademark owner under state law. So Lanham Act section 1(a)(1) says that a person who *already has* rights in a mark under state law is entitled to register that mark federally. This is called ***registration based on use***.

One minor subtlety is that the Lanham Act's "used in commerce" is tied to Congress's power "to regulate commerce with foreign nations, and among the several states, and with the Indian tribes."[54] Federal trademark law is based on the Commerce Clause, not the IP Clause.[55] So for federal registration, a trademark must not only be used in connection with a trade or business, as state law requires, but also used in interstate commerce. As of 2024, however, the courts' interpretation of Commerce Clause authority is broad enough that this is essentially a non-issue.

Section 7 of the Lanham Act specifies the benefits that flow from registration, most importantly ***constructive nationwide priority***:

> (c) *Application to register mark considered constructive use.* – Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration.[56]

As of the date it files (provided that the registration issues), a trademark registrant is deemed to have made use of the mark everywhere in the United States. It therefore gains priority in all unclaimed territory—everywhere that there is not already someone else using the mark. It does so even if it was second to use the mark in an absolute sense.

For a good example of what federal registration does and does not do, consider *Burger King of Florida, Inc. v. Hoots*.[57] Burger King of Florida (BKF) is the chain restaurant we all know. it opened its first BURGER KING restaurant in Jacksonville, Florida in 1953 and began expanding quickly. In 1957, Gene and Betty Hoots changed the name of their ice-cream restaurant in Mattoon, Illinois to BURGER KING. BKF opened its first Illinois restaurant in Skokie (200 miles away from Mattoon) in July 1961, and obtained federal registration in October. In 1962, BKF

54. U.S. Const. art. I, § 8, cl. 3.
55. trademarkcases
56. Lanham Act § 7(c).
57. Burger King of Fla., Inc. v. Hoots, 403 F.2d 904 (7th Cir. 1968).

The Hoots' restaurant in Mattoon

Burger King's logo

Logo used by Burger King's franchisee in Australia. Can you guess the backstory?

opened a restaurant in Champaign, Illinois (50 miles from Mattoon), and litigation ensued. Quoth the court:

> We hold that [BKF's] federal registration of the trade mark BURGER KING gave them the exclusive right to use the mark in Illinois except in the Mattoon market area in Illinois where [the Hoots], without knowledge of [BKF]'s prior use, actually used the mark before [BKF]'s federal registration.[58]

That is, the Hoots' rights to use the BURGER KING mark were frozen geographically exactly as they stood as of the moment at which BKF obtained its federal registration: in the area immediately around Mattoon. They had rights in that area under the *Tea Rose/Rectanus* doctrine, notwithstanding BKF's earlier use in other states. But BKF's registration gave it rights everywhere in the United States, including the rest of Illinois.

A natural corollary of the rule that registration establishes nationwide priority is that a registration blocks subsequent registrations for the same mark on the same goods. Section 2(d) of the Lanham Act prohibits registrations of "a mark which so resembles a [registered] mark . . . as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive."[59] There is an important proviso, which is that concurrent registrations for the same mark are allowed when the respective uses would be nonconfusing. This could be because they are on unrelated goods (SPRAMP for children's clothing versus SPRAMP for welding equipment), or because there are geographic restrictions on use (east versus west of the Mississippi River).

Intent to Use

A system of registration based on actual use suffers from a timing problem. You're only allowed to register a mark after you own it through use it in commerce. What if you start using the mark in Seattle on Monday

58. *Id.* at 906.
59. Lanham Act § 2(d).

and register it on Wednesday, but someone else starts using it in Baltimore on Tuesday? Or worse, what if they get wind of your plans and start using it on Tuesday and register it that same day? This is a headache for local restaurants and convenience stores; it is a nightmare for national brands planning major product launches.

Another downside of registration based on actual use is that the system all but guarantees litigation over which uses are sufficient to create enough rights for registration. In *Blue Bell, Inc. v. Farah Manufacturing Co., Inc.*, for example, two competing companies tried to launch TIME OUT lines of menswear.[60] Farah shipped one pair of TIME OUT slacks to each of twelve regional managers on July 3, 1973. Meanwhile, Blue Bell slapped TIME OUT labels on several hundred pairs of its existing MR. HICKS slacks and shipped them out starting on July 5. Farah started shipping to customers in quantity in September and Blue Bell started in October. Farah won, based on its September shipments, but that is beside the point. It was an embarrassment that the trademark system let things get to this point at all. Companies selling millions of dollars worth of goods in good faith should not find themselves locked in a trademark conflict where priority turns on such minute and hard-to-predict details.[61]

This is the problem that federal ***intent-to-use*** (or ***ITU***) applications under Lanham Act section 1(b) solve:

> A person who has a *bona fide intention*, under circumstances showing the good faith of such person, *to use a trademark in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application . . . [62]

There is no requirement that the applicant be an "owner" or have "made" a use in commerce. All that is required is the "intent" to use the mark in commerce.

By itself, an ITU filing creates no new federal rights. It is a placeholder. To create trademark rights, the applicant must file a "verified statement that the mark is in use in commerce."[63] That is, they must have made a use in commerce, and file a follow-up ***statement of use***. With that missing piece filled in, the registration can go forward, and if it issues, the effective priority date of the registration is *retroactive* to the date the ITU was filed. The statement of use is due within six months of the "notice of allowance" issued by the USPTO to confirm that the mark is registrable

60. Blue Bell, Inc. v. Farah Mfg. Co., Inc., 508 F.2d 1260 (5th Cir. 1975).
61. The pre-AIA first-to-invent system in patent law was subject to a similar critique.
62. Lanham Act § 1(b)(1) (emphasis added)
63. Lanham Act § 1(d).

(except for the part about actually being used in commerce yet).[64] This time can be extended as of right for another six months upon request, and for another two years after that for good cause shown.[65]

Thus, the ITU effectively holds an applicant's place in line. This effectively creates a safe strategy for starting use of a new trademark. Pick your new trademark, and conduct a search to make sure that it's not already registered or in use. Then file your ITU. You now have six months (or longer if needed) to start using the mark and to file the statement of use. This is sufficient for an orderly rollout. Moreover, the ITU will be published, giving other businesses fair warning of your intention and waving them off from choosing the same mark. To be sure, you must now publicly disclose the mark before you start using it, which can provide a tipoff about your future plans—but if you don't like that tradeoff, you're always welcome to skip the ITU and take your chances with a section 1(a) application based on actual use.

For an illustration of ITUs—and a review of everything we have covered about trademark use and priority, consider the following pair of opinions:

Kelly Services, Inc. v. Creative Harbor, LLC

124 F. Supp. 3d 768 (E.D. Mich. 2015)

This is a trademark dispute. Plaintiffs/Counter–Defendants Kelly Services, Inc. and Kelly Properties, LLC (collectively, "Kelly") and Defendant/Counter–Plaintiff Creative Harbor, LLC ("Creative Harbor") each developed a mobile application that provides job searching and job placement tools. Now, Kelly and Creative Harbor dispute which company has priority to the trademark "WorkWire." Creative Harbor has filed two "intent to use" applications with the United States Patent and Trademark Office (the "Creative ITUs"), and Creative Harbor claims priority based upon those filings. Kelly counters that it has priority because it used the mark in commerce before Creative Harbor filed the Creative ITUs.

FACTUAL BACKGROUND

A. The Kelly Workwire App

Kelly provides career development information and job placement tools to employers and prospective employees. In early 2013, Kelly began developing an iPad application that would provide users with access to personnel placement services, career information, job searching tools, and a Kelly branch office locator. Kelly intended to distribute the application through the Apple App Store. Kelly decided to call its application "WorkWire" (the "Kelly WorkWire App").

64. Lanham Act § 1(d)(1)
65. Lanham Act § 1(d)(1)

Kelly's WorkWire app logo

Creative Harbor's WorkWire logo

Kelly completed the development of the Kelly WorkWire App on February 4, 2014. That same day, Kelly submitted the Kelly WorkWire App to Apple's iTunes Connect, an Internet-based tool that allows a software developer to submit an application for sale in the Apple App Store, pending Apple's approval of the application.

Approximately one week later, on February 10, 2014, Apple informed Kelly that the Kelly WorkWire App was rejected because of a problem with the application's metadata. The next day, Kelly re-submitted the Kelly WorkWire App for Apple's review.

On February 17, 2014, Apple informed Kelly that the Kelly WorkWire App had been approved and was "ready for sale." However, Apple's designation of the Kelly WorkWire App as "ready for sale" did not immediately make the Kelly WorkWire App available for the public to download from the Apple App Store. The Kelly WorkWire App was first released to the public via the Apple App Store on February 19, 2014, sometime after 8:11 p.m. Eastern Standard Time. A consumer first downloaded the Kelly WorkWire App from the Apple App Store on February 20, 2014.

B. The Creative WorkWire App

In September 2013, Christian Jurgensen ("Jurgensen"), an entrepreneur based in Los Angeles, California, independently came up with an idea for a mobile application for use by employers and prospective employees. Jurgensen decided to call his application "WorkWire" (the "Creative Workwire App").

In early February 2014, Jurgensen formed Creative Harbor as the limited liability company responsible for the Creative WorkWire App. At approximately the same time, Creative Harbor hired an intellectual property attorney to provide advice on trademark protection. On February 16, 2014, the attorney informed Creative Harbor that the trademark for "WorkWire" was available.

Three days later, on February 19, 2014, Creative Harbor filed the Creative ITUs with the United States Patent and Trademark Office (the "USPTO"). The Creative ITUs were for the mark "WorkWire" (hereinafter the "Mark"). The Creative ITUs were filed at 6:28 p.m. and 7:56 p.m. Eastern Standard Time.

Creative Harbor has tried to make the Creative WorkWire App available for download by the public through the Apple App Store. However, Apple will not accept the Creative WorkWire App for posting in the Apple App Store because the "WorkWire" name is already being used by the Kelly WorkWire App. Creative Harbor acknowledges that it has not used the Mark in commerce and therefore has not completed registration of the Mark.

PROCEDURAL HISTORY

On March 10, 2014, Creative Harbor's counsel sent a "cease and desist" letter to Kelly. Creative Harbor stated that Kelly's use of the Mark in connection with the Kelly WorkWire App "constitutes trademark infringement and unfair competition under federal and state law." Creative Harbor therefore "demand[ed] that Kelly ... cease all use of the term 'WorkWire'...." In response, Kelly filed this declaratory judgment action against Creative Harbor.

ANALYSIS

A. Kelly Did Not Use the Mark in Commerce Before Creative Filed the Creative ITUs, and Thus Kelly Does Not Have Priority Based on Its Alleged Prior Use

Ordinarily, priority to a mark is established "as of the first actual use of [the] mark" in commerce. . However, the Lanham Act allows a person not yet using a mark to file an anticipatory application for registration – i.e., an ITU application – on the basis of an intent to use the mark in the future. If the ITU applicant later uses the mark in a commercial transaction and files a statement of use with the USPTO within the prescribed time frame, the mark is registered and the date the ITU application was filed becomes the applicant's constructive-use date. This gives the [ITU] applicant priority-of-use over anyone who adopts the mark after the constructive-use date.

Kelly argues that it used the Mark in commerce before Creative Harbor filed the Creative ITUs and that Kelly therefore has priority to the Mark over Creative Harbor. . . . The Court holds that Kelly did not.

Under the Lanham Act, "[t]he term 'use in commerce' means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." Use in commerce requires a genuine commercial transaction or an attempt to complete a genuine commercial transaction. The use need not be extensive nor result in deep market penetration or widespread recognition. However, there has to be an "open" use, that is to say, a use has to be made to the relevant class of purchasers or prospective purchasers. An "internal" use cannot give rise to priority rights to a mark. Indeed, the talismanic test for use in commerce is whether or not the use was sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind as those of the adopter of the mark. . . .

Kelly contends that it used the Mark in commerce on February 4, 2014, when it submitted the Kelly Workwire App to iTunes Connect for Apple's review. Kelly argues that its submission constitutes use in commerce because it "engaged Apple, an unrelated company, at arms-length, in the ordinary course of trade and subject to Apple's software developer's requirements." But Kelly has not shown that its submission of the Kelly WorkWire App to Apple was sufficiently open or public to identify or distinguish its application in the minds of consumers. To the contrary, the bilateral exchange between Kelly and iTunes Connect provided no notice of the Kelly WorkWire App to potential consumers – i.e., persons who might eventually download the Kelly WorkWire App from the Apple App Store. Indeed, by merely submitting the Kelly WorkWire App for Apple's review, Kelly did not make the Kelly WorkWire App available for download by the public. At best, Kelly's submission was a preparatory step to making the Kelly WorkWire App available to consumers. an applicant's preparations to use a mark in commerce are insufficient to constitute use in commerce.

B. Creative Harbor is Not Entitled to a Declaration That it Has Priority At this Time

In its Motion, Creative Harbor seeks summary judgment "on the issue of priority in its right to use the Mark." But Creative Harbor has not yet established its priority. All that Creative Harbor has done is file the Creative ITUs. The Creative ITUs – in and of themselves – do not establish Creative Harbor's priority to the Mark. Rather, the Creative ITUs merely establish Creative Harbor's constructive-use date, contingent on Creative Harbor's registration of the Mark. Thus, in order to establish its priority, Creative Harbor must actually complete the registration of the Mark by using the Mark in commerce and filing a statement of use with the USPTO within the prescribed time frame. Creative Harbor acknowledges that it has not yet used the Mark. Accordingly, while Creative Harbor may establish its priority at some point in the future, it is not now entitled to the declaration that it seeks here.

C. Creative Harbor's Additional Counterclaims Fail as a Matter of Law

As noted above, Creative Harbor asserts Additional Counterclaims against Kelly for unfair competition, trademark dilution, and intentional interference with prospective business. Each of the Additional Counterclaims is based on Creative Harbor's assertion that Kelly infringed on Creative Harbor's alleged priority rights to the Mark. Creative Harbor says that it established those rights by filing the Creative ITUs. But an intent-to-use application does not, by itself, confer any rights enforceable against others.

Kelly Services, Inc. v. Creative Harbor, LLC

140 F. Supp. 3d 611 (W.D. Mich. 2015)

The evidence makes clear that Creative Harbor had a "firm" intent to use the Mark in connection with an iPhone application that connected job seekers with employers. But evidence that Creative Harbor intended to use the Mark with respect to *some* of the goods and services listed in the Creative ITUs does not contradict Kelly's evidence that Creative Harbor lacked a firm intent to use the Mark on several of the *other* services and goods listed in the ITUs. Kelly has identified sworn deposition testimony by Creative Harbor's CEO Christian Jurgensen indicating that (1) in many respects, Creative Harbor merely intended to reserve a right in the Mark and (2) Creative Harbor lacked a firm intent to use the Mark with respect to several of the goods and services listed in the Creative ITUs. Kelly directs the Court to the following representative portions of Mr. Jurgensen's testimony:

- Mr. Jurgensen conceded that at the time his attorney drafted the Creative ITUs he (Jurgensen) "had clear ideas for some of them, and some of them were meant for future exploration."
- In the Goods ITU, Creative Harbor stated that it intended to use the Mark with "computer game software," but Mr. Jurgensen testified that Creative Harbor did "not" intend to use the Mark "with a game."
- In the Services ITU, Creative Harbor said that it intended to use the Mark in connection with "business consulting" services, but Mr. Jurgensen conceded that he "wanted to make sure [that] was there included" because the company "could" perhaps perform those services "at some point" in the future.

Critically, Creative Harbor has not identified any *objective* evidence that it had a bona fide intent to use the Mark in connection with many of services and goods listed on the Creative ITUs, such as employee relations information services, business consulting services, professional credentialing verification services, computer game software, and/or computer hardware for integrating text and audio. [The court concluded that the appropriate remedy was to invalidate Creative Harbor's ITUs.]

The United States is distinctive in having a trademark system based on use, rather than one based solely on registration as in the rest of the world. A registration-based system provides the clarity that avoids quagmires like *Blue Bell*. But, according its fans, the U.S. used-based system is fairer to small busineses that have been using a mark innocently without registering it; they build up common-law rights that allow them to continue with their existing business name and branding. The ITU system gains some of the clarity of the registration system, arguably without sacrificing the reliance interests protected by a use-based system.

Another argument often made in favor of the American use-based system is that it prevents trademark squatting. An applicant could simply register thousands of attractive trademarks and then sell them to businesses that want to use them. Section 1(a) actual use registrations limit such behavior by requiring real use on real goods. ITUs under section 1(b) seem to undercut that policy by allowing trademark squatters to grab marks before actually using them. One response to this concern is that section 1(b) requires "good faith," and an ITU without an intent to use the mark oneself is not made in "good faith." The USPTO tends to crack down on abusive mass filings, ultimately taking steps such as suspending the offenders from practice before it. Creative Harbor's ultimate loss for overclaiming the goods on which it intended to use the mark is a good example.

Bilgewater Bill's Problem

1. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
2. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
   - A files for federal trademark registration under § 1(a).
3. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
   - B files for federal trademark registration under § 1(a).
4. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
   - A files for federal trademark registration under § 1(a).
   - B files for federal trademark registration under § 1(a).
5. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - B files a § 1(b) intent-to-use application for BILGEWATER BILL'S.
   - A uses BILGEWATER BILL'S in Baltimore
   - B uses BILGEWATER BILL'S in Seattle.

- B files a § 1(d) statement of use.

4 Collaborations

Now that we have dealt with priority among unrelated competing uses of a mark, let us turn to ownership of a mark within a collaboration. The basic rule in trademark is that

> [U]se of the mark inures to the benefit of the party who controls the nature and quality of the goods or services. This party is the owner of the mark and, therefore, the only party who may apply to register the mark.[66]

This rule follows naturally from the trademark dogma that trademark rights flow from goodwill. But it requires a little care in application in dealing with organizations.

In typical employer-employee cases, matters are straightforward. The employee who sells goods in the employer's stores or places ads using the employer's mark is doing so as the employer's agent, so their actions inure to the benefit of the employer. Individual employees sell BUILD-A-BEAR stuffed animals, but Build-A-Bear Workshop, Inc. owns the trademarks and the associated goodwill. And where there is a written agreement dealing with trademark ownership as among parties, it typically controls. Many large corporations, for example, have a subsidiary that holds the trademarks (and other IP assets) for tax purposes, and licenses them back to the parent corporation and its operating subsidiaries. This is completely kosher for trademark purposes.

Similarly, in many cases companies use trademarks as licensees of each other. New Era makes and sells baseball caps bearing the logos of teams like the Mets and the Dodgers; this use builds the teams's goodwill. One of the most common and important types of arrangements is ***franchising***, in which a trademark owner licenses individually owned businesses to use its trademarks, in exchange for fees and royalties, and contractual promises to operate their business in strict compliance with the trademark owner's standards. A MCDONALD'S must serve specified menu items, prepared in specified ways, using ingredients purchased from a specified corporate supplier, and so on. In this way, although the businesses are distinct, the overall operation produces a consistent product experience for any food sold under the MCDONALD'S mark—at least in theory.

Issues tend to arise where there is no written agreement in place to describe the parties' relationship. Consider *Boogie Kings v. Guillory*, a case about the ownership of the mark THE BOOGIE KINGS for a band.[67]

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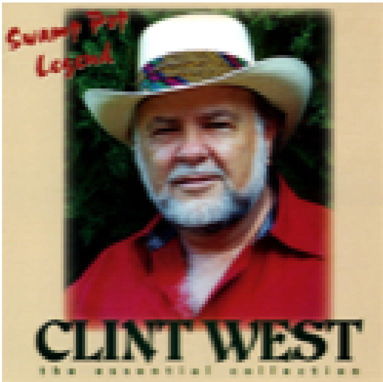
66. TMEP, *supra* note 10, § 1201.03.
67. Boogie Kings v. Guillory, 188 So.2d 445 (La. Ct. App. 1966).



Clinton "Clint West" Guillory

The Boogie Kings, circa 1965

Douglas Ardoin and Harris Miller formed the band in 1955 and invited other musicians to join. The group delegated many responsibilities to an elected bandleader, but made most major decisions by majority vote. In 1964, Ardoin and Miller had left the band, and the rest of the band elected drummer and vocalist Clinton "Clint West" Guillory as the new leader. He had the group start playing at a club he had an interest in, the Moulin Rouge, which led to tension among the group. The other nine members voted in 1965 to go back to playing gigs at their previous club, the Bamboo Club. When the dust settled, nine musicians were playing at the Bamboo Club as THE BOOGIE KINGS and West was playing with nine new musicians at the Moulin Rouge Club as CLINT WEST AND THE BOOGIE KINGS.

West argued that he owned the mark because Ardoin abandoned the mark by retiring from music, and that Miller specifically gave West the exclusive right to the THE BOOGIE KINGS name. But this is not the right way to think about the ownership of the mark:

> In our opinion, this band, when first organized in 1955, became an unincorporated association, and it has continued to be such an organization since that time. The evidence convinces us, as it apparently did the trial judge, that the original trade name, "The Boogie Kings," was adopted by mutual agreement of the members of the band, that a proprietary interest in that name became vested in the band, as an unincorporated association, and that it did not become vested in any individual member of that band. Miller, therefore, had no right or authority to "give" or to transfer to defendant Guillory the exclusive right to use that name.
>
> Dissatisfied members of an association cannot deprive it of the right to use its own name by incorporating themselves thereunder, and enjoining it from using the same. We conclude that Guillory acquired no right to use the trade name of the band,

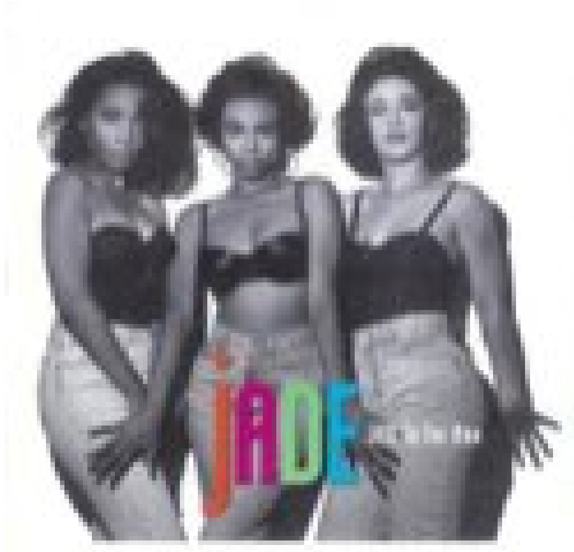
> either from Miller or from the circumstance that he had been elected as leader of the band.[68]

Exactly so. The Boogie Kings collectively owned the THE BOOGIE KINGS mark as an unincorporated association. West was acting as an agent of the organization when he booked gigs, not in his own capacity as the owner of the mark. Understanding who succeed to the late-1964 band's rights following the split in 1965 requires understanding who continued to control the association. It was the nine members, rather than the one dissident, who continued to constitute The Boogie Kings, and therefore continued to own the THE BOOGIE KINGS mark.

You may have noticed that in all these cases (employee-employer, licensor-licensee, and association-member), the trademark ended up owned by a single entity, with others allowed to use it only by that entity's permission, and with any goodwill their efforts generated inuring to the benefit of the entity. This is not a coincidence. The very nature of trademarks—identifying and distinguishing a *particular* source of goods and services—strongly pushes towards unifying ownership in a single owner. Unlike a trade secret, a copyright, or a patent, all of which can be simultaneously used by multiple parties pursuing different goals, a trademark fragments if it is used inconsistently by different parties. If you and I jointly own and use THE GREAT GORGONZOLA for a magic act, everything will be fine as long as we coordinate bookings and present similar shows. But if we start performing different tricks and take reservations at different websites, this no longer looks like a single jointly owned trademark that refers to a single source. Instead, we are using confusingly similar marks to refer to different sources, and if we ever have a fallling-out a court will have to decide which of us retains ownership in the the mark.

But while cases of true trademark joint ownership are uncommon, they do sometimes arise. Most commonly it happens when the co-owners work so closely together that they do not stop to formally allocate respective rights in the mark. Married couples are one common example. Musical groups are another; the Boogie Kings were too large and had too much turnover for co-ownership to be plausible, but smaller groups sometimes act as co-owners. In *Reed v. Marshall*, for example, Di Reed, Joi Marshall, and Tonya Harris sang together as JADE from 1991 to 1995.[69] They jointly applied to register JADE again in 2018 for a reunion tour, but they couldn't agree on details, and ultimately Marshall and Harris performed as JADE with Myracle Holloway instead of with Reed. This was permissible, said the court: the three were joint owners, and any joint owner has the right to use the mark without the permission

68. *Id.* at 448.
69. Reed v. Marshall, 142 F.4th 338 (5th Cir. 2025).



Jade's 1994 album, *Jade to the Max*.

of the others.

C Procedures

Trademark procedure is intermediate between patent's rigorous examination and copyright's minimal processing.

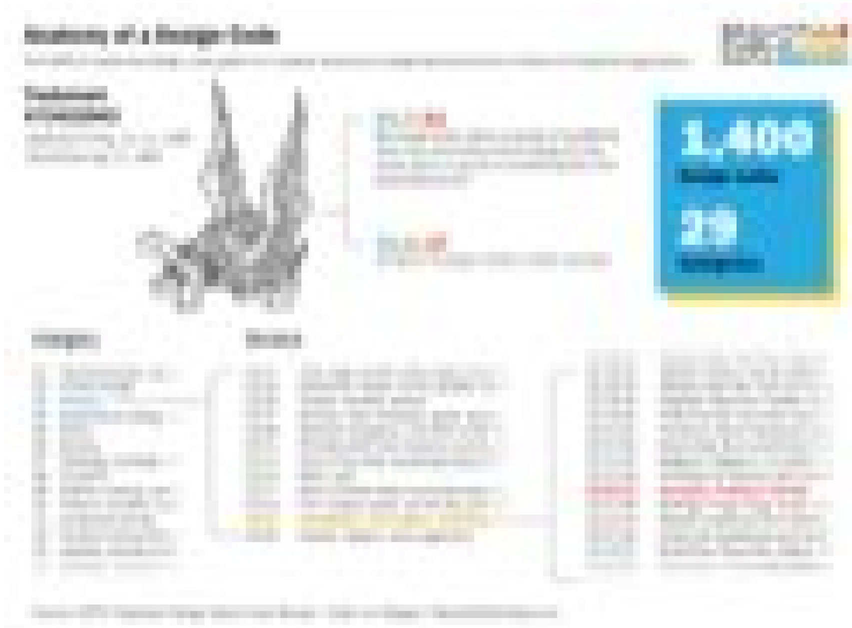
1 Registration

Many of the components of a trademark registration application are tedious (if necessary) paperwork, but a few are important enough to mention.

Obviously, the applicant must ***identify*** the mark. For a word mark, this is straightforward; for a design mark, this requires a drawing of the mark. A motion mark requires a drawing of "a single point in the movement, or . . . up to five freeze frames showing various points in the movement, whichever best depicts the commercial impression of the mark."[70] Non-visual exotic marks must be described in detail.[71]

To facilitate searching of design marks, the USPTO has a detailed system of *design search codes*.[72] Each design mark is given a detailed list of codes that describe its visual elements. For example, 03 is "Animals," 03.21 is "Amphibians and reptiles, including frogs, snakes, lizards and turtles," and 03.21.07 is "Turtles, tortoises." If the turtle also has wings,

70. 37 C.F.R. § 2.52(b)(3).
71. 37 C.F.R. § 2.52(e).
72. U.S. Pat. & Trademark Off., *Trademark Design Search Code Manual* (n.d.), https://tmdesigncodes.uspto.gov/.



Illustrated explanation of design codes, via Beautiful Public Data.

then it will also be given code 03.17.01, which is "Wings of birds shown alone or as part of something other than associated animal."[73]

In addition, the applicant must "specify the particular goods and/or services on or in connection with which the applicant uses, or has a bona fide intention to use, the mark in commerce."[74] It is important that the ***specification*** of goods or services be accurate. Too broad a specification can invalidate a registration, as seen in *Kelly Services, Inc. v. Creative Harbor, LLC [II]*. Relatedly, the USPTO requires that the goods or services be ***classified*** in terms of the precise, if idiosyncratic International Trademark Classes published by the World Intellectual Property Organization.[75] For example, Class 25 is "Clothing," within which 025-049 is "Turtleneck sweaters."[76]

Specification and classification have the same goal as design search codes: to facilitate trademark searches. Because both similarity of goods and similarity of marks are highly relevant to infringement, two separate systems. Note that the mark owner's rights are not strictly limited to the registered classes or the specific items they identify, just as they are

73. Jon Keegan, *Trademark Design Codes*, Beautiful Pub. Data (Apr. 9, 2024), https://www.beautifulpublicdata.com/uspto-trademark-design-codes/ (explaining the system and giving this delightful example).
74. TMEP, *supra* note 10, § 1402.01.
75. *Id.* § 1401.03.
76. U.S. Pat. & Trademark Off., *Trademark Next Generation ID Manual* (n.d.), https://idm-tmng.uspto.gov/id-master-list-public.html.

not strictly limited to the identical word or design mark registered. As a result, a thorough trademark search for existing marks requires careful thought about what variations to look for; it is a specialized service performed by trademark professionals and is often priced accordingly.

The applicant must also substantiate their claims of use by providing ***specimens*** of the mark in use—one for each ITC class. The TMEP explains:

> [T]he specimen must show the mark as used on or in connection with the goods in commerce. A trademark specimen should be a label, tag, or container for the goods, or a display associated with the goods. A photocopy or other reproduction of a specimen of the mark as used on or in connection with the goods is acceptable.[77]

Some trademark attorneys have been tempted to cheat on their specimens by Photoshopping the mark on to stock photos of relevant goods. Doing so is fraud on the USPTO; it can lead to invalidation of the registrations with forged specimens and to severe disciplinary sanctions.[78]

When an application is filed, it is referred to a trademark examiner who performs a substantive ***examination*** to confirm that the mark is distinctive, not confusingly similar to existing registrations, not subject to any other exclusions, is properly classified and specified, and so on. The process resembles patent examination, with correspondence flowing back-and-forth between applicant and examiner, but is substantially less rigorous. If the examiner rejects the application, the applicant can request reconsideration, in which case the file goes to another examiner. If they too reject the application, the applicant can appeal to the trademark equivalent of the PTAB, the Trademark Trial and Appeal Board. The TTAB's members are administrative judges and PTO officials. If the TTAB also rejects the application, the applicant can have the decision reviewed either by a federal district court or by the Federal Circuit.[79]

When a trademark examiner agrees that a mark is "entitled to registration," the mark is published in the Trademark Official Gazette.[80] New trademarks drop every Tuesday. If there is no opposition (more on this below) within 30 days, the USPTO will issue a registration certificate, and the applicant's federal trademark rights become effective.

The owner of a registered mark may provide ***notice*** of the registration. The full official form of notice is "Registered in United States Patent and Trademark Office," but everyone just uses the registered-trademark

77. TMEP, *supra* note 10, § 904.03.
78. *In re* Abtach Ltd., n/a (USPTO Jan. 25, 2022), https://www.uspto.gov/sites/default/files/documents/TM-Sanctions-Order-Abtach-et-al.pdf.
79. 15 U.S.C. § 1071.
80. Lanham Act § 12.

symbol ®. It is fraudulent to put ® on products if the mark is not registered. Instead, it is appropriate to use the trademark symbol ™ or the term "trademark" on products whether or not one own a trademark registration.[81] It signals to viewers that you are attempting to use the term as a trademark and that you purport to claim rights in it, but does not create any rights or put them on any kind of official notice.

An important difference from patent procedure is that trademarks are subject to adversary procedings . Following the initial publication of an application, any person "who believes that [they] would be damaged by the registration"—typically someone whose mark is similar to the proposed mark—can file an ***opposition*** within 30 days.[82] In case of opposition, the TTAB conducts a mini-trial. The parties can conduct discovery, take deposition, and submit written filings. There is no live testimony, but there is oral argument on motions. The issue in a TTAB proceding can be slightly different than the issue in trademark infringement litigation, because "contested registrations are often decided upon a comparison of the marks in the abstract and apart from their marketplace usage."[83] But in many cases, the TTAB's ruling will have effects beyond deciding whether the particular trademark should be registered. In *B&B Hardware, Inc. v. Hargis Industries, Inc.*, for example, the TTAB's conclusion that SEALTITE was confusingly similar to SEALTIGHT was conclusive of the issue in subsequent litigation between the same parties.[84]

In addition to the constructive nationwide priority provided by federal registration, there are evidentiary benefits:

> (b) *Certificate as prima facie evidence.* – A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.[85]

This isn't the clear-and-convincing-evidence presumption of patent law, but it's not nothing

81. "™ means 'I hope you agree with me that I have rights in this mark.' " —Stephen L. Carter
82. Lanham Act § 13.
83. B&B Hardware, Inc. v. Hargis Indus., Inc., 135 S.Ct. 1293 (2015) (Ginsburg, J. concurring).
84. *See id.*; *see also* B&B Hardware, Inc. v. Hargis Indus., Inc., 800 F.3d 427 (8th Cir. 2015) (on remand).
85. Lanham Act § 7(b).

REALTOR collective service mark.

Sheet Metal Workers International Association collective membership mark.

Types of Marks

The USPTO distinguishes among four types of marks. So far we have been dealing with ***trade marks*** for goods and ***service marks*** for services. The distinction matters for two reasons. One is precision; if you want to sound like a sophisticated intellectual-property attorney, it helps to be able to throw around terms like "service mark" with confidence.[86] The other is ***affixation***. A trade mark must be physically printed on the goods, or on their containers or packaging, or on labels or tags, or on clear point-of-sale displays.[87] This kind of affixation is usually impossible for service marks, because services themselves are intangible. Thus the rule is looser: the mark must be "used in the sale of the services, including use in the performance or rendering of the services, or in the advertising of the services."[88]

The third type of mark is a ***collective mark***, which is used by the members of an association.[89] The mark is *owned* by the collective entity but *used* by its members, which is the kind of distinction only a lawyer could love. In practice, there are two subtypes of collective marks:

> A ***collective trademark*** is a mark adopted by a "collective" (i.e., an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of nonmembers. The "collective" itself neither sells goods nor performs services under a collective trademark, but the collective may advertise or otherwise pro-

86. As a further distinction, I think it is most precise to use "trade mark" with a space when distinguishing trade marks from service marks, and "trademark" with no space when referring generally to trade marks and service marks together. Sadly, almost no one agrees with me.
87. 37 C.F.R. § 2.56(b)(1)
88. 37 C.F.R. § 2.56(b)(2)
89. Lanham Act § 45.

> mote the goods or services sold or rendered by its members under the mark. A ***collective membership mark*** is a mark adopted for the purpose of indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services; rather, the sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group.[90]

The fourth type of mark is a ***certification mark***, about which more in the False Advertising chapter.

Exclusions

Section 2 of the Lanham Act excludes a variety of trademarks from being registrable. We will discuss these exclusions in scattered sections, where they are most relevant,[91] but you should read all of Section 2 together, top to bottom, at least once in your professional life.

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—
>
> (a) Consists of or comprises
>
> > immoral, deceptive, or scandalous matter;
> >
> > or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute;
> >
> > or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods . . .
>
> (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.
>
> (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual [or deceased President during their surviving spouse's lifetime] except by [their] written consent . . .
>
> (d) Consists of or comprises a mark which so resembles a mark

90. Aloe Creme Labs., Inc. v. Am. Soc'y for Aesthetic Plastic Surgery, Inc., 192 U.S.P.Q. 170 (TTAB 1976).
91. For example, the exclusions that have to do with the names and identities of people will be discussed in the People chapter.

registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: [Provided that concurrent registrations are allowed when no confusion is likely to result as a result of limitations imposed on "the mode or place of use of the marks or the goods," by consent, or by court order.]

(e) Consists of a mark which

(1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them,

(2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title,

(3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them,

(4) is primarily merely a surname, or

(5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. . . . [92]

Unfortunately, Section 2 is not arranged in an entirely logical order. Here is a quick reorganization:

- Sections (e)(1) and (f) restate the common-law doctrine of descriptive and generic trademarks. Section (e)(1) says that "merely" descriptive marks are not protectable, but section (f) adds that marks that have "become distinctive" (i.e. acquired secondary meaning) are. When you add in the trademark rule that generic marks are considered incapable of acquiring secondary meaning as a matter of law, you recover the common-law rules that descriptive marks are protectable when and only when they have secondary meaning, and that generic marks never are.
- Section (d) restates the basic rules of priority. Marks in actual or constructive use have priority over later-filed applications.

92. Lanham Act § 2 ()

- Section (e)(5) excludes the registration of "functional" matter, i.e. that does something rather than communicating something.[93]
- Sections (c) and e(4) put limitations on the use of names and individual identities as trademarks.[94]
- Sections (a) ("deceptive") and (e)(1) ("deceptively misdescriptive") are false-advertising policies that prevent the registration of misleading trademarks.[95]
- Sections (a) ("geographical indication" for wines or spirits), (e)(2), and (e)(3) deal with the special case of false advertising about the geographic origins of products.[96]
- Sections (a) ("falsely suggest a connection") and (b) are false-endorsement rules; a trademark cannot imply that its user has been approved by or are affiliated with people or institutions where no such affiliation exists. The flag/coat of arms/insignia rule in (b) is an absolute prohibition in an important special case of the general rule in (a).[97] In six decisions issued on the same day, the TTAB *affirmed* refusals to register NATO for flashlights, tents, and dog tags,[98] but *reversed* refusals to register NATO for pens, lip balm, and energy bars.[99] Can you explain the distinction?
- Section (a) ("disparage . . . or bring them into contempt, or disrepute") is a dead letter after in *Matal v. Tam*, in which the Supreme Court held that the exclusion was an unconstitutional restriction on speech.[100] The case involved a dance-rock band, The Slants, formed by Simon Tam and with an entirely Asian-American membership, who picked their name as a way of reappropriating a racial slur and campaigning for social justice. Other beneficiaries of the ruling in Tam included the Washington Commanders, whose former name—a offensive term for Native Americans—had been the subject of decades-long activism.[101]
- Section (a) ("immoral . . . or scandalous") was held unconstitutional in *Iancu v. Brunetti*.[102] That case involved a clothing line called FUCT, allegedly "pronounced as four letters, one after the other:

93. Discussed in the Design chapter.
94. Discussed in the People as Trademarks chapter.
95. Discussed in the False Advertising chapter.
96. Discussed in the Geographic Indications chapter.
97. These policies are discussed in the material on Section 43(a) below.
98. Nos. 87302892, 87302907, and 87302891 (TTAB 2021).
99. Nos. 87270077, 87418156, and 87418153 (TTAB 2021).
100. Matal v. Tam, 582 U.S. 218 (2017) [hereinafter Tam].
101. While the legal campaigns against the former name under section 2(a) failed in court, they helped lay the groundwork for the team's name change in 2020 following the George Floyd protests.
102. Iancu v. Brunetti, 139 S. Ct. 2294 (2019).

Nike TOTAL 90 shoes.

Total90 TOTAL90 shoes.

F-U-C-T," but easily confused with a common profanity.[103]

2 Term

Trademarks can have an indefinitely long term, as long as they are still being used. State common-law rights survive as long as the owner is using the mark and has goodwill. Federal registrations have a term of ten years, but they can be renewed indefinitely. The owner must file an affidavit of continuing use in the 6th and 10th years following registration, and then every 10th year thereafter.[104]

Remember that the loss of a federal registration leaves any state common-law rights intact. For example Nike sold a line of TOTAL 90 soccer gear throughout the 2000s, but allowed the registration to expire in 2018.[105] A new company, calling itself Total90, filed for registration on TOTAL90 in 2022 and received it in 2024. The next year, it sued Nike for selling TOTAL 90-branded shoes. The court refused to grant Total90 an injunction, reasoning that Nike still retained common-law rights due to its sales of "Total 90 soccer balls, a type of Total 90 cleat, and a line of Total 90 clothing."[106]

---

103. *Id.* at 2297. The same applicant later attempted to register the same mark but with a K instead of a T for a variety of goods including cell-phone cases, jewelry, and backpacks. The application was rejected for failure to function as a mark. *In re* Brunetti, No. 88308426 et al., 2022 WL 3644733 (TTAB Aug. 22, 2022).
104. Lanham Act §§ 8, 9
105. Total90, LLC v. Nike, Inc., No. CV 25-2325, 2026 WL 1782015 (E.D. La. June 22, 2026).
106. *Id.* at *6. To use some terms you will meet shortly, Nike made more than "sporadic" or "token" use of TOTAL 90, so it did not abandon its rights in the mark.

Park 'N Fly service mark

a Cancellation

Even after a trademark registration issues, "any person who believes that he is or will be damaged by the registration" can file for ***cancellation*** of the registration.[107] Like oppositions, cancellation petitions also result in mini-trials before the TTAB. Within the first five years, a cancellation petition can be filed for any reason that could have been a basis for refusing a registration in the first place. After five years, as long as "the registered mark has been in continuous use," it becomes ***incontestable***.[108] The term is a bit of misnomer because even an "incontestable" mark can still be cancelled if it is generic, functional, or abandoned, or was obtained fraudulently.[109]

The real work of incontestability has to do with descriptive marks. "Merely descriptive" marks (i.e., without secondary meaning) are not supposed to be registrable, but mere descriptiveness is not among the available grounds for cancellation. In effect, after five years of registration, if the applicant files the proper paperwork, the mark's secondary meaning is presumed as a matter of law. In *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, the Supreme Court held that these parts of the Lanham Act mean what they say.[110] The plaintiff held an incontestable registration for PARK'N FLY and sued a competitor calling itself Dollar Park and Fly. Although the dissent called the plaintiff "just another anonymous, indistinguishable parking lot," the Court's majority held that the mark's alleged lack of secondary meaning was not a basis on which the mark could be cancelled.

A trademark owner can also voluntarily cancel their own registration—or narrow it to cover fewer classes of goods—by filing an "application for surrender."[111]

neglected to renew its registration for TOTAL 90 soccer cleats and jerseys in 2018

107. Lanham Act § 14.
108. Lanham Act § 15.
109. Lanham Act § 14.
110. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).
111. Lanham Act § 7(e); 37 C.F.R. § 2.172

owner of a mark that is no longere registered may still have state-law rights. This happens with some regularity when the

In practice, many of the grounds on which cancellation could be granted will also be fatal to state trademark rights. A generic mark, for example, cannot be the subject of trademark rights.

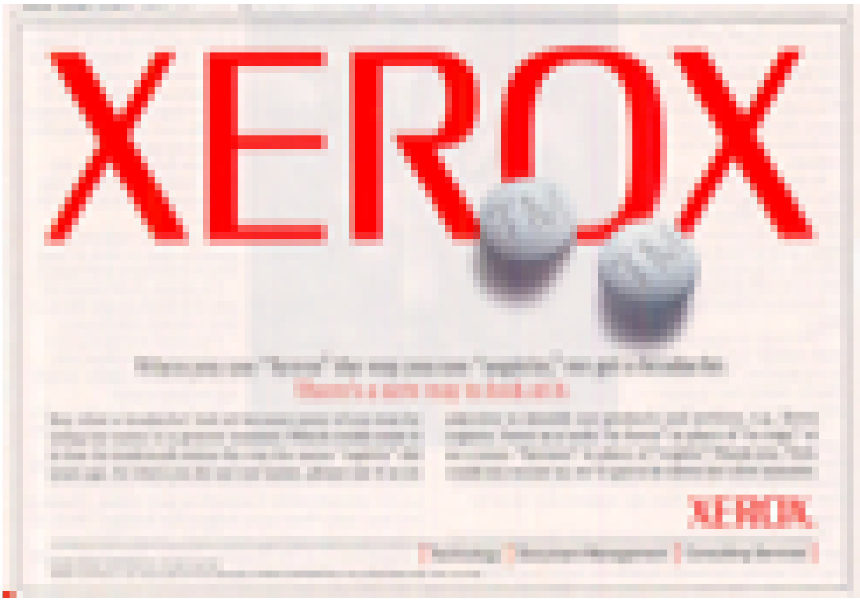
b Genericide

A mark can be cancelled "*[a]t any time* if the registered mark *becomes* the generic name for the goods or services, or a portion thereof, for which it is registered . . . ."[112] Thus, the Lanham Act explicitly contemplates the possibility that a mark which once had only trademark meaning could over time become a generic term, a process known informally as ***genericide***. ESCALATOR, for example, started out as a trademark of the Otis Elevator Company for its moving staircases. Other companies used their own trademarks, e.g. the Peelle Company's MOTORSTAIR and Westinghouse's ELECTRIC STAIRWAY. Over time, however, the public came to call any moving staircase an "escalator," regardless of who made it, and Otis's trademark in ESCALATOR was cancelled as generic in 1950.[113]

Two features of this story are typical of many genericide cases. First, there is an ongoing dialogue between the term that one company wants to use as its exclusive trademark ("escalator") and the term that it wants the public to use as the true generic name ("moving staircase"). Unless the public has a convenient term to refer to the product class generically, it will simply use the trademarked term as the generic name. Thus, paradoxically, trademark owners have a strong incentive to teach the public the preferred generic term in addition to the trademark. If you look closely at product labels and advertising, you can see this dual usage everywhere: e.g., "KLEENEX facial tissues," "XEROX photocopier, and "ONESIES [infant] bodysuits."[114] Note that in these examples the purported trademark functions as an adjective and the generic term functions as a noun. This is the usual rule of thumb among trademark lawyers: try to ensure that the public uses your client's trademarks as adjectives, not as nouns.[115]

Second, many trademarks that became generic, or came close to it, were names for new products: ESCALATOR, ASPIRIN, TASER, THERMOS, MURPHY BED, etc. The problem of distinguishing trademark and generic terms is especially acute for these products because there is

112. Lanham Act § 14(3) (emphasis added)
113. Haughton Elevator Co. v. Seeberger, 85 U.S.P.Q. 80 (Com'r Pat. and Trademarks 1950).
114. Which of these do you think are currently valid trademarks?
115. What about verbs? Does saying "just Google it" mean that GOOGLE is generic? No. *See* Elliot v. Google Inc., 45 F.Supp. 3d 1156 (D. Ariz. 2014).



Xerox ad

no existing generic term the seller can rely on. There is a natural marketing tendency to want to push your brand name for a new product on the public: if the public wants to buy an "escalator" and you are the only company that can sell an "escalator," you will steal sales from your competitors in the moving-staircase market. But this tendency is contrary to trademark policy, which insists on a clear distinction between trademark and non-trademark meanings, and comes with enormous brand risks.

Companies facing a risk of genericide often invest in advertising or other efforts to shape the meaning of terms.[116] But at the end of the day, generic status is a question of what the public understands. "It . . . makes no difference what efforts or money the DuPont Company expended in order to persuade the public that "cellophane" means an article of DuPont manufacture. So far as it did not succeed in actually converting the world to its gospel it can have no relief."[117]

c Abandonment

Trademark ***abandonment*** is an important way in which trademark rights can terminate. Almost any kind of property can be abandoned through a deliberate action. (Thus, for example, both patents and copyrights can

116. In the 2000s, McDonald's wrote to dictionary editors, objecting to their inclusion of the word "McJob" with definitions like "a low-paying job that requires little skill and provides little opportunity for advancement." For reasons that will become clear in the infringement sections, the term stayed in the dictionaries.
117. DuPont Cellophane Co. v. Waxed Prods. Co., 85 F.2d 75, 81 (2d Cir. 1936).

be abandoned with an express dedication to the public domain.) But because trademark rights depend on use, they can also be lost through *inaction*. The GALT HOUSE mark was lost through continuous non-use over many years.

The Lanham Act explicitly states that a mark is deemed abandoned "[w]hen its use has been discontinued with intent not to resume such use."[118] Be careful to distinguish an intent to shut down the business at some point in the future (*not* abandonment) from actual cessation of use (abandonment). For example, a store that remains open for a liquidation sale, or a manufacturer that is selling off the remaining inventory from its warehouse, has *not* yet abandoned its marks. But when abandonment does occur, the loss of trademark rights is immediate, even though consumers may still have residual goodwill from the mark: Thus, one source of litigation over putatively abandoned marks is whether an owner whose business has ceased intends to restart it or not.

The Lanham Act adds, "Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment."[119] It thus shifts the burden of establishing intent to resume to the mark owner after three years. In many cases, where there simply is no evidence one way or another on the owner's intent other than their self-interested testimony, this presumption can be conclusive.

A harder problem has to do with ***token uses*** made to reserve rights in a mark that the owner is not extensively exploiting. Because complete non-use results in loss of rights and registration, owners that anticipate perhaps someday revising the brand will try to keep a faint flame flickering to preserve their rights. The Lanham Act tries to deal with this situation by saying that for abandonment purposes, use "means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark."[120]

These trademark maintenance programs vary. The Standard Oil of New Jersey Company mostly stopped using the ESSO mark when it renamed itself Exxon, but it still uses the ESSO brand on its diesel pumps to prevent abandonment. That is almost certainly sufficient. On the other hand, Procter & Gamble lost its rights in ASSURE for mouthwash and shampoo by parking them in a "Minor Brands Program" that involved slapping ASSURE labels on other P&G products and shipping out 50 cases once a year. Total sales over a decade were $491.30 for the shampoo and $161.50 for the mouthwash. The court called this use "sporadic, nominal and intended solely for trademark maintenance."[121]

A challenging category of abandonment cases involves offensive or

118. Lanham Act § 45.
119. Lanham Act § 45.
120. Lanham Act § 45
121. Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F.Supp. 1185 (S.D.N.Y. 1979).

ESSO mark in use.

otherwise controversial marks. *Silverman v. CBS Inc.* involved CBS's trademark on AMOS 'N' ANDY, which started as a radio series (from 1928 to 1948) featured two white actors playing Black characters using exaggerated minstrel dialect and playing on numerous racial stereotypes. It relaunched as a television series in 1951, with Black actors, but with retaining the offensive dialect and stereotypes. In the face of protests from the NAACP, CBS cancelled it in 1953, and then pulled it from syndication in 1966. continued it in syndicated reruns until 1966. In the 1980s, the entertainment journalist Stephen Silverman tried to create a musical based on the Amos and Andy characters, and CBS sued to stop it. The district court held that there was no abandonment because CBS had "succumbed to societal pressures and pursued a course of conduct that it reasonably believes to be in the best interests of the community," but the Second Circuit reversed, explaining that CBS had "decided, albeit for socially commendable motives, to forgo whatever business opportunities may currently exist in the hope that greater opportunities, unaccompanied by adverse public reaction, will exist at some undefined time in the future."[122]

Doctrinally, this is not a hard case. The court on appeal was clearly correct that present non-use of a mark with the plan to exploit "greater opportunities . . . at some undefined time in the future" is abandonment. But the district court's point about the "best interests of the community" raises a further question: why did CBS retain the mark and suppress Silverman's proposed musical, rather than simply abandoning the mark?[123]

122. Silverman v. CBS Inc., 870 F.2d 40, 47 (2d Cir. 1989).
123. CBS won on the copyright issue and refused to issue a license and so the musical was never made.

The answer is simple: *Amos 'n' Andy* was racially offensive, and suing to stop the musical was both a way of preventing an offensive use and a way of avoiding being dragged into public controversy.

More recently, brands that have discontinued offensive trademarks have learned from CBS's experience and engaged in brand maintenance programs to preserve their rights.[124] For example, Quaker Oats discontinued the AUNT JEMIMA brand, a character of a Black woman drawing on the "mammy" stereotype from minstrelry, and changed the brand to PEARL MILLING, while retaining the same typeface and color scheme. But it continues to maintain a trademark registration on AUNT JEMIMA and to use the mark "in a limited capacity" to retain trademark rights. Some observers think this is a step towards racial justice; others think that it shows how brand-maintenance programs make a mockery of trademark's abandonment doctrines.

d Assignment in Gross

The dogma that trademark rights flow only from use has other consequences that can be traps for the unwary. One of them is the rule that trademark rights can only be assigned in connection with the underlying line of business because without it there are no trademark rights to assign. Consider *Pepsico, Inc. v. Grapette Co.*[125] H. Fox & Company sold a cola-flavored soda syrup under the name PEPPY from 1926 to 1965. While going through reorganization in bankruptcy, it purported to sell its trademark rights in PEPPY to the Grapette Company, which planned to sell "a pepper type bottled beverage" under the mark.[126] The sale did not include any of Fox's other assets, like its bottling plant, formula, customer lists, or existing contracts.

Do you see the problem? In property terms, this is a tacking issue. Grapette was planning to make an essentially new and unrelated use of the PEPPY mark. None of H. Fox's existing customers would have any reason to buy Grapette's soda because of the mark; it didn't involve the same products and it wasn't marketed to them as a continuation of the existing business. In trademark terms, Grapette was starting fresh, and would need to build up any goodwill in PEPPY the old fashioned way, from scratch.

For this reason, an ***assignment in gross*** (i.e., unconnected from the underlying business) can lead to a loss of trademark rights. In *Pepsico*, Grapette was being sued by Pepsico for a likelihood of confusion with PEPSI. Grapette's best defense was seniority of use based on Fox's longtime use of PEPPY, but without the ability to succeed to Fox's trademark

124. *See generally* Jon J. Lee, *Racism and Trademark Abandonment*, 91 Geo. Wash. L. Rev. 932 (2023).
125. Pepsico, Inc. v. Grapette Co., 416 F.2d 285 (8th Cir. 1969).
126. Is "pepper" generic for a soda with the flavor profile of Dr. Pepper?

rights, Grapette was the junior user and duly lost the case. Meanwhile, note that Fox also lost its trademark rights. Since the premise of the sale was that Fox would discontinue use of the mark, it abandoned the mark.

Assignment in gross can be avoided through proper transactional planning. A simple solution is to sell the entire company that owns the mark and have that company continue operating it as before; a slightly more complicated one is to sell the relevant assets (e.g., inventory on hand, manufacturing plant, existing contracts, etc.) and then have the buyer step in and starting operating the relevant line of business. A little more care is needed in cases, like *Pepsico*, where the buyer wants to make a materially different use of the mark. Best practice here is to have a transition period following the sale where the old uses and new uses simultaneously coexist. Trademark doctrine is much more forgiving of a mark owner's evolutionary changes to a mark's use than it is of outright sales.

e Naked Licensing

Another trademark doctrine that can lead to loss of rights is ***naked licensing***: "where a trademark owner engages in naked licensing, without any control over the quality of goods produced by the licensee, such a practice is *inherently deceptive* and constitutes abandonment of any rights to the trademark by the licensor."[127] For example, in *Barcamerica International USA Trust v. Tyfield Importers, Inc.*, the plaintiff Barcamerica owned an incontestable registration on LEONARDO DA VINCI for wine based on use starting in 1980. In 1988, Barcamerica licensed the mark to Renaissance Vineyards for $2,500, allowing its use on up to 4,000 cases. The licensing agreement contained no quality-control provisions allowing Barcamerica to inspect Renaissance's wines or to revoke the license if the wine was deficient. Instead, Barcamerica's principal George Gino Barca relied on the fact that Renaissance employed the famous winemaker Karl Werner at the time the deal was signed, and Barca occasionally tasted some of Renaissance's DA VINCI wines.

This, the court held, was insufficient; Barcamerica "failed to demonstrate any knowledge of or reliance on the actual quality controls used by Renaissance, nor has it demonstrated any ongoing effort to monitor quality."[128] Barcamerica tried to argue that this was irrelevant because Renaissance in fact made good wine, but the court disagreed. "Whether Renaissance's wine was objectively "good" or "bad" is simply irrelevant. What matters is that Barcamerica played no meaningful role in holding the wine to a standard of quality—good, bad, or otherwise."[129]

127. Barcamerica Int'l USA Tr. v. Tyfield Imps., Inc., 289 F.3d 589, 598 (9th Cir. 2002).
128. *Id.* at 597.
129. *Id.*

The rationale behind the naked-licensing doctrine is that the buying public is "entitled to assume that the nature and quality of goods and services sold under the mark at all licensed outlets will be consistent and predictable."[130] As with assignment in gross, this theory makes sense in the abstract but can be difficult to square with the fact that the law is incredibly forgiving of a trademark owner's own behavior. Suppose that Barcamerica had bought ten different wines in bulk and at random, made from different grape varietals sourced from different regions and wineries, and of wildly varying vintage, price, and quality, and had then sold them all under the DA VINCI mark in identical bottles. There would be no question of its trademark rights. And yet trademark law, which is willing to overlook massive actual variation in quality as a result of the owner's own behavior, treats the mere possibility of quality variation by a licensee as enough to revoke trademark rights.

Naked licensing is often described as a form of abandonment. If so, then like assignment in gross it is a form of constructive abandonment; a penalty imposed on the mark owner for failure to uphold its side of the trademark bargain with consumers. But note that the naked licensing doctrine is not a metaphysical consequence of the goodwill theory of trademark rights, the way that assignment in gross is. (If it were, only licensed uses that actually caused consumers to lose confidence in the mark's identifying power would lead to loss of rights.) Instead, naked licensing might be better be described as a form of estoppel; a mark owner who is too careless about quality control with its own licensed products is estopped from demanding that others comply with quality standards that it has ignored.

Finally, as with assignment in gross, good trademark transactional practice can easily prevent naked licensing from being a problem. It is more than a matter of drafting, though. Putting quality-control terms in the licensing agreement is neither necessary nor sufficient to avoid a finding of naked licensing. What matters is the actual quality control. A well-drafted agreement is a start, but if the licensor in practice allows the licensee to run wild, courts may look past the formal agreement. On the other hand, if the parties have a close working relationship or the licensor otherwise actually monitors the licensed goods, that suffices.

f Failure to Police?

Trademark owners sometimes say that they are *obligated* to sue infringers—or at least send strongly worded letters—because otherwise they will forfeit their rights in the mark. To be clear, *there is no such doctrine*. "The owner of a mark is not required to constantly monitor every nook and cranny of the entire nation and to fire both barrels of his shot-

130. *Id.*

Baltimore CFL Colts logo

gun instantly upon spotting a possible infringer."[131]

But even if there is no freestanding duty-to-police doctrine, the idea does rest on a genuine foundation. Under other doctrines we have already seen, a mark owner's complete failure to take action against infringers can harm its rights in the mark. For one thing, substantial uncontrolled use by other parties can lessen the mark-source association in consumers' minds—to the point that the mark may become actually generic. The problem here is not the lack of enforcement as such; it is that enforcement is one of the mark owner's most important tools for preventing the kinds of expanded consumer associations with a mark that can lead the term to become generic in their minds. Another mechanism is that sustained disinterest in enforcing a trademark can be a factor—along with others—that supports a finding of abandonment. This time the lack of enforcement is important because it counts as evidence against the owner's alleged intent to continue using the mark.[132]

Both of these are extreme cases, and rare. They tend to apply only to mark owners who are already in serious trademark trouble for other reasons; the lack of enforcement is just a symptom of deeper problems. A trademark owner does not need to sue every infringer, but if it has a lot of infringers, it is usually a bad idea to completely ignore them all.

Baltimore Colts Problem

In 1984, to great local anger, the Baltimore Colts of the National Football League moved to Indianapolis. Your client, the Canadian Football League, is considering opening a new franchise in Baltimore to be called the "Baltimore CFL Colts." What is your advice?

131. Engineered Mech. Servs., Inc. v. Applied Mech. Tech., Inc., 584 F. Supp. 1149, 1160 (M.D. La. 1984).

132. In addition, a long-term failure to take action against a specific defendant can result in a finding of ***laches*** that the owner has delayed so long it would be unfair to the defendant to allow a suit now. But laches in IP law raises subtle issues beyond the scope of this book.

Bonus: what if your client proposes instead to open up a bar in Baltimore under the name The Baltimore Colt?

D Infringement: Confusion

Unlike in other areas of IP, it is not so easy to divide trademark infringement into "similarity" and "prohibited conduct." The reason is that trademark liability turns on consumer perceptions, and similarity of marks is only one factor going into what consumers believe. Their familiarity with the plaintiff and its trademark, the care they take when shopping, and the similarity or difference between plaintiff's and defendant's goods, are all among the factors that can determine whether consumers are confused when confronted with the defendant's trademark in an actual marketplace context.

Instead, it is more helpful to divide (direct) trademark infringement into the factual question of whether the defendant's activities create a *likelihood of confusion* among consumers,[133] and the legal question of what kinds of confusion are legally actionable. The former typically turns on multifactor balancing tests and empirical questions about consumer perception. The later typically are stated as categorical rules that certain kinds of conduct can and cannot give rise to liability. This approach preserves the standards-vs.-rules distinction in breaking down infringement in other areas.

The paradigm theory of trademark confusion is *point-of-sale confusion about the source of goods*: at the moment the consumer hands over her money, she thinks she's getting the plaintiff's goods or services, but is actually receiving the defendant's. So we begin by studying the standard multi-factor test for point-of-sale confusion about source. Every circuit has its own list of factors; they differ in the details but mostly ask the same questions.

The next section will take up other theories of confusion. For the most part, we will not separately consider the multi-factor balancing tests they employ. First, the tests are generally variations on the basic test described in this section; getting into the details of the differences adds little insight. Second, once one leaves the calm waters of point-of-sale confusion about source for the choppy seas of other theories of liability, the multi-factor tests are mostly useless. The factors cited by courts are undertheorized and often have only tenuous connections to the questions they are supposed to help answer.

The standard for infringement of a registered mark in section 32 of

133. It is commonly said that dilution is not a confusion-based theory of liability, since the gravamen is the harm is harm to the mark itself. I have never understood this claim. Consumers are still confused, they're just confused about something else: the mark itself. The same goes for other supposedly "non-confusion based" theories of liability.

the Lanham Act is whether the defendant's use "is likely to cause confusion, or to cause mistake, or to deceive."[134] This is a test of *consumer behavior*, not a pure *similarity* test, as in copyright and patent. Similarity of the marks is highly relevant, but it is not conclusive, because it is not the ultimate question: whether consumers would be confused about the source of goods.

Consumer confusion stops short of consumer diversion: infringement can happen even if the number of sales the plaintiff lost to the defendant is minimal or nonexistent. There are two reasons for this. One is that proving actual diversion can be extremely hard—a truly deluded consumer never even realizes his/her mistake. Another is that on the search-costs theory of trademark law, there can be real harm to the trademark owner even if consumers ultimately buy the correct item. If they have to spend a long time figuring out which one is which, driving up their search costs reduces the value of the plaintiff's goods to them.

Every circuit has its own list of factors bearing on likelihood of confusion, typically named after the case that first laid them out. The number varies, but their substance is almost always the same. The Second Circuit's eight *Polaroid Corp. v. Polarad Electronics Corp.* factors are reasonably representative.[135] They are:

- The **strength of the plaintiff's mark**: This factor measures how likely consumers are to think of the plaintiff when they see the mark. The more distinctiveness (inherent or acquired) a mark has, the stronger it is, and the more that this factor favors the plaintiff. At the extreme, if the plaintiff's mark is not distinctive (i.e. is generic or merely descriptive), it has no rights in the mark at all, and loses before the case even gets to likelihood of confusion.
- The **similarity between the two marks**: This is the closest to a true similarity test. The more similar the marks are, the more this factor favors the plaintiff because the more likely consumers are to mistake one for the other. At the extreme of no similarity, the plaintiff loses outright because there is no possibility of confusion. Merely selling the *same thing* as a competitor is never trademark infringement, because trademark law does not protect goods and services, only the marks used to designate their source. At the extreme of identical marks, a plaintiff is highly likely to win, unless essentially all of the other factors line up for the defendant.

  It is common to look at the "sight, sound, and meaning" of the marks when assessing similarity. Consider the marks in *Sally Beauty Co., Inc. v. Beautyco, Inc.*: GENERIC VALUE PRODUCTS versus

134. Lanham Act § 32(1)(a). For almost all practical purposes, this is the standard under both state and federal law, for both registered and unregistered marks.
135. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961).

GENERIX. They are visually dissimilar: one is three words and the other is one word. Their sound is different when they are read aloud, unless GENERIC VALUE PRODUCTS is compressed to GENERIC. But their meaning is similar, because they both connote inexpensiveness. Note that these are all assessed in the context in which a consumer encounters the mark, so, e.g., visual similarities can depend on product packaging as well as on the marks themselves.

- The **similarity (or "proximity") of the products**: The more similar the plaintiff's and defendant's products are, the more this factor favors the plaintiff because the more likely consumers are to think that the two might be related. This factor is highly probative, but rarely conclusive on its own, in either direction.
- The **likelihood of "bridging the gap"** is essentially a subfactor of the previous one. If it is likely that the plaintiff might expand into selling products like the defendants', differences between the products become less significant. Consumers may be more likely to think that the defendant's products are simily a new line from plaintiffs.
- **Actual confusion** by actual consumers making actual buying decisions obviously and strongly favors the plaintiff. It shows that confusion is so likely that *it has happened already*. But it is not conclusive on its own, especially if the reports of confusion are anecdotal. It is also not necessary; the plaintiff is not required to track down its' competitor's customers to prove that they have been confused.
- **Consumer sophistication**: The more sophisticated that consumers in the relevant product market are, the more this factor favors the defendant, because the consumers are more likely to notice and understand the differences between the plaintiff's and defendant's products. For example, you take more care when buying a car (a "search good") than buying a pack of gum (an "experience good"). This factor generally correlates with price: the more expensive the purchase, the more effort consumers put into making it. Sometimes this factor incorporates evidence about education, along with an assumption that educated consumers are more knowledgable and take more care when comparing products. Buyers of architectural drafting software tend to have more advanced education than buyers of T-shirts.
- **Defendant's good or bad faith**: In this context, a "bad faith" defendant knew of the plaintiff's mark and deliberately intended to use it to confuse consumers into thinking that their own products actually came from the plaintiff. A "good faith" defendant either didn't

The plaintiff's stylized mark

The defendant's store

know about the plaintiff's mark, or knew about it but honestly believed that their own use of a similar mark was not likely to cause confusion. A defendant's bad faith doesn't directly bear on confusion: an intent to cause confusion is not necessarily evidence that the attempt succeeded. Still, courts are understandably harsher on defendants who intended to cause confusion.

- The **quality of the defendant's product**, despite regularly showing up on multi-factor lists, doesn't really tell us anything about likelihood of confusion. Differences in product quality are a bit relevant to the proximity of the products, but not strongly so. The better explanation for what this factor is doing here is that judges dislike defendants who harm the plaintiff's reputation by selling shoddy knock-offs. But when this is the case, the inferior quality of defendants' products goes to the damages resulting frrom the confusion, not to whether the confusion exists in the first place.

As an example of a multi-factor analysis, consider the following case:

Virgin Enterprises Ltd. v. Nawab

335 F.3d 141 (2d Cir. 2003)

This suit, brought under § 32 of the Lanham Act, alleges that defendants infringed plaintiff's rights in the registered mark VIRGIN by operating retail stores selling wireless telephones and related accessories and services under the trade name VIRGIN WIRELESS. We find that the plaintiff is likely to succeed on the merits and was entitled to a preliminary injunction.

Background

Plaintiff VEL, a corporation with its principal place of business in London, owns U.S. Registration No. 1,851,817 . . . for the VIRGIN mark as applied to "retail store services in the fields of . . . computers and electronic apparatus" Plaintiff filed an affidavit of continuing use, pursuant to 15 U.S.C. § 1058(a), on April 27, 2000, which averred that plaintiff had used the mark in connection with retail store services selling computers and electronic apparatus. Plaintiff also owns U.S. Registration No. 1,852,776, filed on May 9, 1991, and registered on September 6, 1994, for a stylized version of the VIRGIN mark for use in connection with "retail store services in the fields of ... computers and electronic apparatus," and U.S. Registration No. 1,863,353, filed on May 19, 1992, and registered on November 15, 1994, for the VIRGIN MEGASTORE mark. It is undisputed that these three registrations have become incontestable pursuant to 15 U.S.C. § 1065.

VEL, either directly or through corporate affiliates, operates various businesses worldwide under the trade name VIRGIN, including an airline, large-scale record stores called Virgin Megastores, and an internet information service. Plaintiff or its affiliates also market a variety of goods branded with the VIRGIN name, including music recordings, computer games, books, and luggage. Three of plaintiff's megastores are located in the New York area. According to an affidavit submitted to the district court in support of plaintiff's application for preliminary injunction, Virgin Megastores sell a variety of electronic apparatus, including video game systems, portable CD players, disposable cameras, and DVD players. These stores advertise in a variety of media, including radio.

Defendants Simon Blitz and Daniel Gazal are the sole shareholders of defendants Cel-Net Communications, Inc.; The Cellular Network Communications, Inc., doing business as CNCG; and SD Telecommunications, Inc. Blitz and Gazal formed Cel-Net in 1993 to sell retail wireless telephones and services in the New York area. Later, they formed CNCG to sell wireless phones and services on the wholesale level. CNCG now sells wireless phones and services to more than 400 independent wireless retailers. In 1998, Cel-Net received permission from New York State regulators to resell telephone services within the state.

Around 1999, Andrew Kastein, a vice-president of CNCG, began to develop a Cel-Net brand of wireless telecommunications products. In early 1999, Cel-Net entered into negotiations with the Sprint PCS network to provide telecommunications services for resale by Cel-Net. In August 1999, Cel-Net retained the law firm Pennie & Edmonds to determine the availability of possible service marks for Cel-Net. Pennie & Edmonds associate Elizabeth Langston researched for Kastein a list of possible service marks; among the marks Cel-Net asked to have researched was VIRGIN. Defendants claim that Langston told Cel-Net officer Simon Corney that VIRGIN was available for use in the telecommunications field. Plaintiff disputed this, offering an affidavit from Langston that she informed defendants that she would not search the VIRGIN mark because her firm represented plaintiff.

According to defendants, in December 1999, Cel-Net retained Corporate Solutions, LLC and its principals Nathan Erlich and Tahir Nawab as joint venture partners to help raise capital to launch Cel-Net's wireless telephone service. On December 2, 1999, Erlich and Nawab filed four intent-to-use applications with the U.S. Patent and Trademark Office to register the marks

VIRGIN WIRELESS, VIRGIN MOBILE, VIRGIN COMMUNICATIONS, and VIRGIN NET in the field of telecommunications services, class 38. On December 24, 1999, Corporate Solutions incorporated defendant Virgin Wireless, Inc. ("VWI") and licensed to VWI the right to use the marks VIRGIN WIRELESS and VIRGIN MOBILE. Meanwhile, one of plaintiff's affiliates had begun to offer wireless telecommunication services bearing the VIRGIN mark in the United Kingdom. A press release dated November 19, 1999, found on plaintiff's website, stated that its Virgin Mobile wireless services were operable in the United States.

On June 23, 2000, defendant Blitz signed a lease under the name Virgin Wireless for a kiosk location in South Shore Mall in Long Island from which to re-sell AT&T wireless services, telephones, and accessories under the retail name Virgin Wireless. Defendants Cel-Net and VWI later expanded their telecommunications re-sale operations to include two retail stores and four additional retail kiosks in malls in the New York area and in Pennsylvania. All of these stores have been run by VWI under the trade name VIRGIN WIRELESS. VWI also has leases and bank accounts in its name, and has shown evidence of actual retail transactions and newspaper advertisements.

In August 2000, plaintiff licensed Virgin Mobile USA, LLC, to use the VIRGIN mark for wireless telecommunications services in the United States. On August 10, 2000, plaintiff filed an intent-to-use application with the PTO for use of the VIRGIN mark in the United States on telecommunications services and mobile telephones. On October 11, 2001, the PTO suspended this mark's registration in international class 9, which covers wireless telephones, and class 38, which covers telecommunications services, because the VIRGIN mark was already reserved by a prior filing, presumably defendants'. On August 16, 2001, plaintiff filed another intent-to-use application for the mark VIRGIN MOBILE to brand telecommunications services. The PTO issued a non-final action letter for both of plaintiff's pending new registrations on October 31, 2001, which stated that defendant Corporation Solutions' pending applications for similar marks in the same class could give rise to "a likelihood of confusion." The PTO suspended action on plaintiff's application pending the processing of Corporation Solutions' applications.

In October 2001, plaintiff issued a press release announcing that it was offering wireless telecommunications services and mobile telephones in the United States.

Plaintiff became aware of Corporation Solutions' application for registration of the VIRGIN WIRELESS and VIRGIN MOBILE marks by May 2000. In October 2001 and December 2001, defendant VWI filed suits against plaintiff in the federal district courts in Arizona and Delaware, alleging that plaintiff was using VWI's mark. Plaintiff maintains (and the district court found) that it learned in January 2002 that VWI and Cel-Net were operating kiosks under the VIRGIN WIRELESS name and two days later filed the present suit seeking to enjoin defendants from selling mobile phones in VIRGIN-branded retail stores.

Discussion

We believe the district court accorded plaintiff too narrow a scope of protection for its famous, arbitrary, and distinctive mark. There could be no dispute that plaintiff prevailed as to the first prong of the test – prior use and ownership. For years, plaintiff had used the VIRGIN mark on huge, famous stores selling, in addition to music recordings, a variety of consumer electronic equipment. At the time the defendants began using VIRGIN, plaintiff owned rights in the mark. The focus of inquiry thus turns to the second prong of the test – whether defendants' use of VIRGIN as a mark for stores selling wireless telephone services and phones was likely to cause confusion. There can be little doubt that such confusion was likely.

The landmark case of *Polaroid* (Friendly, J.), outlined a series of nonexclusive factors likely to be pertinent in addressing the issue of likelihood of confusion, which are routinely followed in such cases.

Six of the *Polaroid* factors relate directly to the likelihood of consumer confusion. These are the strength of the plaintiff's mark; the similarity of defendants' mark to plaintiff's; the proximity of the products sold under defendants' mark to those sold under plaintiff's; where the products are different, the likelihood that plaintiff will bridge the gap by selling the products being sold by defendants; the existence of actual confusion among consumers; and the sophistication of consumers. Of these six, all but the last (which was found by the district court to be neutral) strongly favor the plaintiff. The remaining two *Polaroid* factors, defendants' good or bad faith and the quality of defendants' products, are more pertinent to issues other than likelihood of confusion, such as harm to plaintiff's reputation and choice of remedy. We conclude that the *Polaroid* factors powerfully support plaintiff's position.

Strength of the mark. . . . Plaintiff's VIRGIN mark undoubtedly scored high on both concepts of strength [inherent and acquired distinctiveness. In relation to the sale of consumer electronic equipment, the VIRGIN mark is inherently distinctive, in that it is arbitrary and fanciful; the word "virgin" has no intrinsic relationship whatsoever to selling such equipment. Because there is no intrinsic reason for a merchant to use the word "virgin" in the sale of consumer electronic equipment, a consumer seeing VIRGIN used in two different stores selling such equipment will likely assume that the stores are related.

Plaintiff's VIRGIN mark was also famous. The mark had been employed with world-wide recognition as the mark of an airline and as the mark for megastores selling music recordings and consumer electronic equipment. The fame of the mark increased the likelihood that consumers seeing defendants' shops selling telephones under the mark VIRGIN would assume incorrectly that defendants' shops were a part of plaintiff's organization.

There can be no doubt that plaintiff's VIRGIN mark, as used on consumer electronic equipment, is a strong mark, as the district court found. It is entitled as such to a broad scope of protection, precisely because the use of the mark by others in connection with stores selling reasonably closely related merchandise would inevitably have a high likelihood of causing consumer confusion.

Similarity of marks. . . . Plaintiff's and defendants' marks were not merely similar; they were identical to the extent that both consisted of the same word, "virgin."

The district court believed this factor did not favor plaintiff because it found some differences in appearance. Defendants' logo used a difference typeface and different colors from plaintiff's. While those are indeed differences, they are quite minor in relation to the fact that the name being used as a trademark was the same in each case.

Advertisement and consumer experience of a mark do not necessarily transmit all of the mark's features. Plaintiff, for example, advertised its Virgin Megastores on the radio. A consumer who heard those advertisements and then saw the defendants' installation using the name VIRGIN would have no way of knowing that the two trademarks looked different. A consumer who had visited one of plaintiff's Virgin Megastores and remembered the name would not necessarily remember the typeface and color of plaintiff's mark. The reputation of a mark also spreads by word of mouth among consumers. One consumer who hears from others about their experience with Virgin stores and then encounters defendants' Virgin store will have no way knowing of the differences in typeface.

In view of the fact that defendants used the same name as plaintiff, we conclude the defendants' mark was sufficiently similar to plaintiff's to increase the likelihood of confusion. This factor favored the plaintiff as a matter of law. . . .

Proximity of the products and likelihood of bridging the gap. . . . While plaintiff had not sold telephones or telephone service prior to defendant's registration evincing intent to sell those items, plaintiff had sold quite similar items of consumer electronic equipment. These included computer video game systems, portable cassette-tape players, compact disc players, MP3 players, mini-disc players, and disposable cameras. Like telephones, many of these are small consumer electronic gadgets making use of computerized audio communication. They are sold in the same channels of commerce. Consumers would have a high expectation of finding telephones, portable CD players, and computerized video game systems in the same stores. We think the proximity in commerce of telephones to CD players substantially advanced the risk that consumer confusion would occur when both were sold by different merchants under the same trade name, VIRGIN. . . .

VEL's claim of proximity was further strengthened in this regard because, as the district court expressly found, "plans had been formulated [for VEL] to enter [the market for telecommunications products and services] shortly in the future." VEL had already begun marketing telephone service in England which would operate in the United States, and, as the district court found, had made plans to sell telephones and wireless telephone service under the VIRGIN name from its retail stores. . . .

Actual confusion. . . . Plaintiff submitted to the district court an affidavit of a former employee of defendant Cel-Net, who worked at a mall kiosk branded as Virgin Wireless, which stated that individuals used to ask him if the kiosk was affiliated with plaintiff's VIRGIN stores. The district court correctly concluded that this evidence weighed in plaintiff's favor.

Sophistication of consumers. . . . The district court recognized that "[r]etail customers, such as the ones catered to by both the defendants and [plaintiff], are not expected to exercise the same degree of care as professional buyers, who are expected to have greater powers of discrimination." On the other hand, it observed that purchasers of cellular telephones and the service plans were likely to give greater care than self-service customers in a supermarket. Noting that neither side had submitted evidence on the sophistication of consumers, the court made no finding favoring either side. We agree that the sophistication factor is neutral in this case.

Bad faith and the quality of the defendants' services or products. Two factors remain of the conventional *Polaroid* test: the existence of bad faith on the part of the secondary user and the quality of the secondary user's products or services. Neither factor is of high relevance to the issue of likelihood of confusion. A finding that a party acted in bad faith can affect the court's choice of remedy or can tip the balance where questions are close. It does not bear directly on whether consumers are likely to be confused. The district court noted some evidence of bad faith on the defendants' part, but because the evidence on the issue was scant and equivocal, the court concluded that such a finding "at this stage [would be] speculative." The court therefore found that this factor favored neither party.

The issue of the quality of the secondary user's product goes more to the harm that confusion can cause the plaintiff's mark and reputation than to the likelihood of confusion. In any event, the district court found this factor to be "neutral" with respect to likelihood of confusion.

* * * * * *

In summary we conclude that of the six *Polaroid* factors that pertain directly to the likelihood of consumer confusion, all but one favor the plaintiff, and that one – sophistication of consumers – is neutral. The plaintiff is strongly favored by the strength of its mark, both inherent and acquired; the similarity of the marks; the proximity of the products and services; the likelihood that plaintiff would bridge the gap; and the existence of actual confusion. None of the factors favors the defendant. The remaining factors were found to be neutral. Although we do not suggest that likelihood of confusion may be properly determined simply by the number of factors in one party's favor, the overall assessment in this case in our view admits only of a finding in plaintiff's favor that defendants' sale of telephones and telephone-related services under the VIRGIN mark was likely to cause substantial consumer confusion.

Cheat Sheet Problem

Law professor Barton Beebe conducted an empirical study of 331 litigated trademark cases and concluded that the factors do not have equal importance.[136] According to Beebe, the following flowchart correctly decides every case in the sample set:

- Are the marks similar? If NO, then the defendant wins.
- Did the defendant act in bad faith? If YES, then the plaintiff wins.
- Was there actual confusion? If YES, then the plaintiff wins.
- Were the goods proximate? If NO, then the defendant wins.
- Is the plaintiff's mark strong? If YES, then the plaintiff wins; if NO, then the defendant wins.

How should Beebe's findings influence our thinking about trademark infringement? Should it change how lawyers argue cases, how judges decide them, or how we study them in class?

Boats Problem

Following are the facts as stated in *AMF Inc. v. Sleekcraft Boats*.[137] Assuming a jury verdict in favor of the plaintiff on a claim of trademark infringement at trial, how should the court rule on the defendant's motion for judgment notwithstanding the verdict?

> AMF and appellee Nescher both manufacture recreational boats. AMF uses the mark Slickcraft, and Nescher uses Sleekcraft.
>
> AMF's predecessor used the name Slickcraft Boat Company from 1954 to 1969 when it became a division of AMF. The mark SLICKCRAFT was federally registered on April 1, 1969, and has been continuously used since then as a trademark for this line of recreational boats.
>
> Slickcraft boats are distributed and advertised nationally. AMF has authorized over one hundred retail outlets to sell the Slickcraft line. For the years 1966-1974, promotional expenditures for the Slickcraft line averaged approximately $ 200,000 annually. Gross sales for the same period approached $ 50,000,000.

136. Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Calif. L. Rev. 1581 (2006).
137. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979).

Slickcraft (top) and Sleekcraft (bottom) logos

AMF boat

After several years in the boat-building business, appellee Nescher organized a sole proprietorship, Nescher Boats, in 1962. This venture failed in 1967. In late 1968 Nescher began anew and adopted the name Sleekcraft. Since then Sleekcraft has been the Nescher trademark. The name Sleekcraft was selected without knowledge of appellant's use. After AMF notified him of the alleged trademark infringement, Nescher adopted a distinctive logo and added the identifying phrase "Boats by Nescher" on plaques affixed to the boat and in much of its advertising. The Sleekcraft mark still appears alone on some of appellee's stationery, signs, trucks, and advertisements..

The Sleekcraft venture succeeded. Expenditures for promotion increased from $ 6,800 in 1970 to $ 126,000 in 1974. Gross sales rose from $ 331,000 in 1970 to over $ 6,000,000 in 1975. Like AMF, Nescher sells his boats through authorized local dealers.

Slickcraft boats are advertised primarily in magazines of gen-

Nescher boat

COL-DI-SASSO label.

COLLINE DI SASSI label.

eral circulation. Nescher advertises primarily in publications for boat racing enthusiasts. Both parties exhibit their product line at boat shows, sometimes the same show.

Wine Problem

The year is 1996. You are the general counsel to Banfi Products, an importer of Italian wines. Banfi sells to wholesalers, who in turn sell the wine to restaurants and wine stores. Its wines are popular in mid-tier chain restaurants like Olive Garden and Macaroni Grill. One of the wines it imports is COL-DI-SASSO, which is produced by one of its affiliates in Italy. "Col di sasso" is an Italian term meaning "hill of stone." One of Banfi's employees conceived of the name COL-DI-SASSO in the Italian hill town of Montalcino; he named it after a particular rock known as "sasso," prevalent in the region of Tuscany. In 1992, Banfi began selling a Cabernet Sauvignon as COL-DI-SASSO in the United States; in 1993, it changed the blend to a 50-50 mix of Sangiovese and Cabernet. Its label includes an orange-yellow depiction of a landscape, surrounded by a green-black marbleized background. It received a registration for COL-DI-SASSO in 1992. To date, it has sold over 27,000 cases of COL-DI-SASSO. It has annual sales of over $1 million dollars, and spends over $100,000 on advertising. A bottle of COL-DI-SASSO costs roughly $10 at retail and $20 in a restaurant.

Robert Pepi is a winery in Napa Valley. It produces and sells the wine ROBERT PEPI COLLINE DI SASSI. Translated literally, this means

"Robert Pepi little hills of stone." It is labeled as a Sangiovese, but also contains up to 15% Cabernet. Its label is orange and cream. In its application to the Bureau of Alcohol, Tobacco and Firearms, which must approve labels for use in interstate commerce, the winery listed "Robert Pepi" as the "brand name" and "Collini Di Sassi" as the "fanciful name." It began distributing ROBERT PEPI COLLINE DI SASSI throughout the United States in 1990. It has sold an average of about 500 cases a year since then, and made minimal advertising expenditures. It too sells its wine to independent distributors, who sell it to restaurants and stores. It is marketed as a high-end, limited production wine, and sells for $20 to $25 per bottle in stores, and for $40 or more in restaurants.

John Mariani, Banfi's Chairman Emeritus, saw a short reference to Robert Pepi in an article in *USA Today* in 1994. He considered it inappropriate for a California winery to use a name implying a connection to Italy. He faxed the article to several corporate officers with the handwritten note, "Stop Robert Pepi from using 'COLLINO DI SASSI.' Ask JM. It is a region not in USA." The note has landed on your desk. What do you do?

E Infringement: Prohibited Conduct

Section 32(1)(a) of the Lanham Act gives a trademark owner an infringement suit against any person who "use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services" in a way likely to cause confusion.[138] Section 43(a) (discussed in more detail below) also gives a federal cause of action for infringement of *unregistered* marks—and both of them coexist with state-law causes of action for trademark infringement.

1 Threshold Conditions

The language "use in commerce … in connection with the sale, offering for sale, distribution, or advertising of any goods or services" creates one and arguably two threshold conditions for liability. The one that definitely exists is ***commercial use***: wholly noncommercial uses of a trademark can never constitute infringement. The one that is harder to pin down is ***use as a mark***: some uses may not use the mark for its source-identifying function.

a Commercial Use

"Use in commerce" under the Lanham Act is broad, and catches many activities that would be considered noncommercial as a matter of ordinary usage and constitutional law. But not all of those uses are "in connection

138. Lanham Act § 31(1)(a).

One of Radiance's ads

with the sale [etc.]" of goods. Courts generally interpret this language *not* to cover any noncommercial use by the defendant. Use of a mark to "propose a commercial transaction"—canonically, on a product being offered for sale on store shelves—is clearly commercial.[139] Also commercial are uses in advertising, or when the alleged infringer is referencing a particular good or service with a demonstrated economic motive.

But other kinds of uses of marks in speech are not commercial. In *Radiance Foundation, Inc. v. NAACP*, the nonprofit Radiance Foundation took a Christian perspective on issues affecting African-American communities.[140] It created websites at TheRadianceFoundation.org and TooManyAborted.com, to promote its positions, which included a strong opposition to abortion. It took Paypal donations on its sites, and used the money to pay for billboard campaigns promotion the site. In 2013, its founder, Ryan Bomberger, wrote an article on the Foundation's websites criticizing the National Association for the Advancement of Colored People, a prominent civil-rights organiation. The NAACP works to promote "the political, educational, social, and economic equality of all citizens," but Bomberger strongly opposed its position on abortion. The article was titled "NAACP: National Association for the Abortion of Colored People," and the NAACP sued for trademark infringement.

Radiance's use of the NAACP mark, however, was not "in connection" with goods or services. Radiance did not pass itself off as the NAACP, or use the mark to confuse consumers about the source of its own services. Instead, it used the NAACP mark to *criticize* the NAACP. This kind of discussion *about* the mark owner is different from the commercial *use* of the mark itself as a designation of source. Note that this is a place in which the standard multi-factor likelihood of confusion test could go awry: the marks were identical and the work of the two nonprof-

139. Bolger v. Youngs Drug Prods. Corp., 463 U.S. 60 (1983).
140. Radiance Found., Inc. v. NAACP, 786 F. 3d 316 (4th Cir. 2015).

its were related. But this kind of commentary on a mark owner does not even get to the likelihood of confusion test; it is simply exempted from liability by the Lanham Act.

Plaintiffs in this kind of noncommerical-commentary situation frequently make a number of arguments, all of which the court rejected. Some Google users might be diverted to Bomberger's article instead of the NAACP's site. But that diversion was, if at all, in connection with the NAACP's services, not with Radiance's. Nor was the service of "providing information"—at least on the facts here—the kind of service to which the Lanham Act applies. Otherwise all speech on all topics would be subject to trademark liability. And third, the "Donate" buttons on Radiance's sites were "too attenuated" to make the use commercial. As the court said:

> Although present on the article page, the Donate button was off to the side and did not itself use the NAACP's marks in any way. The billboard campaign was displayed on a different page altogether. A visitor likely would not perceive the use of the NAACP's marks in the article as being in connection with those transactional components of the website.[141]

If this language strikes you as less than categorical, you are right. The court was careful to hedge its langauge here because use of trademarks in fundraising *can* support Lanham Act liability.[142] There is a *noncommercial use* exception to trademark infringement, not an exception for *nonprofits*. If the Radiance Foundation sold diversity consulting services under the NAACP mark, that would be commercial use. And even just asking for money can be sufficiently commercial; if the Radiance Foundation pretended to be the NAACP when soliciting donors, that too would be sufficiently commercial. The point is that Radiance truly was talking about the NAACP, rather than trying to pass off anything using the NAACP mark.

b Use as a Mark

A few courts have sometimes read something more into the language "use in commerce": there can be no liability unless the mark is "used or displayed in the sale or advertising of services."[143] In *1-800 Contacts, Inc. v. WhenU. Com, Inc.*, for example, WhenU distributed a browser tool-

141. *Id.* at 326.
142. Indeed, we will see such a case shortly.
143. That language comes not from section 32, the infringement section, but from section 45, the definitions section, which provides the definition of "use in commerce" used in the Lanham Act to describe the uses that lead to trademark rights. In other words, these courts are borrowing a definition from the protection side of trademark law to use on the infringement side.

bar to users that would display pop-up ads based on the searches the user conducted and the websites they visited.[144] If the user did a search for "eye care" or browsed to 1800contacts.com, for example, the toolbar would pop up an ad for another eyecare company in a new window. The court reasoned that the popup ads were clearly disclosed as not being part of the websites they were triggered by, and that WhenU's "internal utilization of a trademark in a way that does not communicate it to the public is analogous to a individual's private thoughts about a trademark," and hence noninfringing.[145] Thus, WhenU did not infringe the 1-800-CONTACTS mark by showing popup ads triggered by browsing to 1800contacts.com.

But four years later in *Rescuecom Corp. v. Google Inc.*, the same court held that Google's keyword-triggered search ads could be infringing.[146] The plaintiff used the RESCUECOM mark for computer-repair service, and competing computer-repair services purchased the keyword "rescuecom" on Google, so that their ads would appear in a user's search for "rescuecom." In addition, Google's Keyword Suggestion Tool would sometimes suggest that companies buy ads triggered by "rescuecom," given the other search terms they were also purchasing ads against. This was different from *WhenU. Com*, because the Google ads on "rescuecom" were triggered by the exact mark, whereas the ads appearing against 1800contacts.com were not triggered by the 1-800-CONTACTS itself. This is a thin reed, and even thinner after *United States Patent & Trademark Office*, which further blurred the line between trademarks and domain names. In addition, the court noted WhenU offered advertisers only broad categories (like "eye wear"), whereas Google sold individual trademarks as keywords, and even suggested them. Thus, Google displayed the mark *to advertisers*.

These may seem hair-splitting, so perhaps it is best to read *Rescuecom* as confining *WhenU. Com* to its facts, or even overruling it in all but name. The court was highly concerned to avoid a rule that internal software uses were *per se* exempt from Lanham Act scrutiny. As it explained:

> If we were to adopt Google and its amici's argument, the operators of search engines would be free to use trademarks in ways designed to deceive and cause consumer confusion. For example, instead of having a separate "sponsored links" or paid advertisement section, search engines could allow advertisers to pay to appear at the top of the "relevance" list based on a user entering a competitor's trademark—a functionality that would be highly likely to cause consumer confusion. Alternatively, sellers of prod-

144. 1-800 Contacts, Inc. v. WhenU. Com, Inc., 414 F.3d 400 (2d Cir. 2005).
145. *Id.* at 409.
146. Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009).

> ucts or services could pay to have the operators of search engines automatically divert users to their website when the users enter a competitor's trademark as a search term. Such conduct is surely not beyond judicial review merely because it is engineered through the internal workings of a computer program.[147]

Rescuecom's discussion of retail product placement in physical stores is also worth reading closely:

> An example of product placement occurs when a store-brand generic product is placed next to a trademarked product to induce a customer who specifically sought out the trademarked product to consider the typically less expensive, generic brand as an alternative. Google's argument misses the point. From the fact that proper, non-deceptive product placement does not result in liability under the Lanham Act, it does not follow that the label "product placement" is a magic shield against liability, so that even a deceptive plan of product placement designed to confuse consumers would similarly escape liability. It is not by reason of absence of a use of a mark in commerce that benign product placement escapes liability; it escapes liability because it is a benign practice which does not cause a likelihood of consumer confusion. In contrast, if a retail seller were to be paid by an off-brand purveyor to arrange product display and delivery in such a way that customers seeking to purchase a famous brand would receive the off-brand, believing they had gotten the brand they were seeking, we see no reason to believe the practice would escape liability merely because it could claim the mantle of "product placement."[148]

Again, notice the question of whether certain practices fall outside the Lanham Act entirely, or simply do not cause consumer confusion in typical cases. If the former, than those practices are protected even when some confusion results. It is notable that despite *Rescuecom*, trademark owners have uniformly failed to show that uses by search engines actually create consumer confusion.[149]

2 Intent

Trademark infringement is strict liability. As in patent law, a lack of intent to infringe is no defense. If someone is using BUMBLEBEE as a

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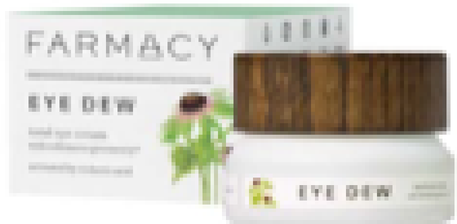
147. *Id.* at 130 & n.4.
148. *Id.* at 130.
149. *See, e.g.,* 1-800 Contacts, Inc. v. JAND, Inc., DBA Warby Parker, No. 22-1634-cv (2d Cir Oct. 8, 2024) (finding no consumer confusion in yet another case brought by 1-800-Contacts).

Plaintiff's EYE DEW eye cream



Defendant's EYE DEW eye cream

trademark for puffer jackets and you start selling your own BUMBLEBEE jackets, you can be held liable as an infinger even if you have never heard of them, their mark, or their jackets. Indeed, remember that the defendant's bad faith is one of the likelihood-of-confusion factors, and far from the most important one. Even a defendant who acts in complete good faith can still be an infringer.[150] That is, intent is relevant to the extent that it bears on whether consumers are confused; it is not an element of its own.

3 Theories of Confusion

Now we begin in earnest our safari to observe exotic forms of liability in their natural habitat. We have already met point-of-sale confusion about source.

a Counterfeiting

Section 32 of the Lanham Act speaks of "any reproduction, counterfeit, copy, or colorable imitation of a registered mark." Sometimes in law, drafters pile on unnecessary redundant superfluous excessive synonyms, and the distinctions among them are unimportant. But here, "counterfeit" is special. When the defendant's mark is not just confusingly similar to the plaintiff's mark but "identical with, or substantially indistinguishable from" it,[151] the plaintiff is entitled to stronger remedies, including treble damages and attorneys fees,[152], and the seizure of goods bearing the counterfeit mark.[153] The defendant can even can face criminal liability for knowingly "trafficking" in goods bearing a counterfeit mark.[154] For a prototypical example of a counterfeiting case, see *Philip Morris USA Inc. v. Lee* in the Dilution section.

150. Kemp v. Bumble Bee Seafoods, 398 F.3d 1049, 1056–57 (8th Cir. 2005).
151. Lanham Act § 54.
152. Lanham Act § 35
153. Lanham Act § 34(d).
154. 18 U.S.C § 2320(a)(1).

Note that there still must be a likelihood of confusion; this is a definition designed to subject particularly egregious bad-faith infringers to heightened remedies, not to expand the definition of what counts as infringement. In *Arcona, Inc. v. Farmacy Beauty, LLC*, the owner of EYE DEW for an eye cream sold at Nordstrom in a tall thin silver bottle sued the maker of an EYE DEW eye cream sold at Sephora in a short wide white bottle.[155] The courts dismissed the counterfeiting claim. Even though the word marks were letter-for-letter identical, the dramatically different packaging meant that there was no likelihood of confusion.

b Reverse Confusion

Standard ("forward") confusion involves consumers confused into thinking that the defendant's goods came from the plaintiff. But what if consumers are confused into thinking that the *plaintiff*'s goods came from the *defendant*? How could that even happen? The Restatement (Third) of Unfair Competition gives the following illustration:

> A, a small tire manufacturer, sells BIGTRACK tires in a regional market. Consumers in that market associate BIGTRACK with A. B, a prominent tire manufacturer, subsequently begins selling BIGTRACK tires and engages in an extensive promotional campaign on national television. B's advertising overwhelms A's promotional efforts with the result that consumers encountering A's tires now think that the tires are actually produced by B. B is subject to liability to A under the rule stated in this Section.[156]

There is consumer confusion about source in this example. But unlike the usual forward-confusion case where the senior user is larger and the junior user coasts on its reputation, here it is the junior user that is the larger entity and it overwhelms the senior user's goodwill rather than coasting on it. This is basically what would have happened if the national Burger King had opened up in Mattoon Illinois, where the Hoots's restaurant was already operating.

The harm to the senior user in forward-confusion cases is obvious: diverted sales. The harm in a reverse-confusion case is a little harder to pin down. The senior user may suffer from some diverted sales, as long-time customers come to think it has scaled up and patronize the junior user instead. But the opposite is also plausible: some people driving through Mattoon Illinois may will stop at the Hoots' restaurant due to the familiar-seeming name and enjoy a meal there. Of course, the national brand, as the junior user, has no grounds to complain at law: it chose a trademark that conferred this gift on the senior local user. But it is not

155. Arcona, Inc. v. Farmacy Beauty, LLC, 976 F.3d 1074 (9th Cir. 2020).

156. Restatement (Third) of Unfair Competition, *supra* note 5, § 20 cmt f.

STEINWAY AND SONS logo

GROTRIAN-STEINWEG logo

obvious that diverted sales gives the senior user grounds to complain, either.

Another possibility is harm to reputation. Maybe the Hoots's burgers are better than the national chain's, and their image will be damaged by the association with inferior chain burgers. But this too depends on empirical facts about relative quality that need not necessarily hold. There is also the hassle and cost of turning away confused customers looking for the wrong tires and leaving negative Yelp reviews about not having Whoppers.[157]

The strongest argument for reverse confusion liability may simply be a fear that large junior users will effectively hijack the senior user's mark.

> because of the infringer's concurrent use of the mark, the reputation of the trademark owner's goods or services among prospective purchasers is no longer within the owner's exclusive control. Failure to protect against reverse confusion would also permit large subsequent users to undermine by extensive advertising the investments of smaller firms in their trade symbols.[158]

This is not strictly a consumer-confusion rationale, but it is consistent with the general policy of trademark law.

c Initial Interest Confusion

Standard point of sale confusion takes place at the moment of purchase. But what if consumers are confused *before* then? Consider *Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons*, which pitted two branches of a piano-making family against each other.[159] Heinrich Engelhard Steinweg established a piano factory in Saxony (in modern Germany) in 1835. He emigrated to the United States in 1850, anglicized his

157. "Potential customers came to Big O dealers asking for BIGFOOT tires as a result of Goodyear's commercials. Big O salesmen then had to explain the difference in the construction of these tires." Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co., 408 F. Supp. 1219 (D. Colo. 1976).
158. Restatement (Third) of Unfair Competition, *supra* note 5, § 20 cmt f.
159. Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons, 523 F.2d 1331 (2d Cir. 1975).

name to Henry Steinway, and founded Steinway and Sons in New York City in 1853. It became the preeminent concert piano brand in the United States. Meanwhile, Heinrich's son Christian continued the family business in Saxony. In 1865, he sold the business to Wilhelm Grotrian in 1865, who continued it under the name Grotrian-Steinweg. A century later, Grotrian-Steinweg tried to enter the United States market in earnest in 1967, leading to trademark litigation.

Given the cost of a piano—modern Steinway grand pianos start at $65,000 and go up to $150,000 or more—few purchasers were likely to actually mistake one for the other at the point of sale. But the court found infringement anyway, on a theory of ***initial interest*** confusion:

> The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the "Grotrian-Steinweg" name and thinking it had some connection with "Steinway", would consider it on that basis. The "Grotrian-Steinweg" name therefore would attract potential customers based on the reputation built up by Steinway in this country for many years. Misled into an initial interest, a potential Steinway buyer may satisfy himself that the less expensive Grotrian-Steinweg is at least as good, if not better, than a Steinway. Deception and confusion thus work to appropriate defendant's good will.[160]

Initial interest confusion was mostly an occasional novelty theory for the next few decades. But the Internet created new opportunities for mischief and misunderstanding. In particular, search-engine-based marketing created new ways of using competitors' trademarks. We have met one already in *Rescuecom*: keyword advertising. Another was *metatags*: placing metadata in a web page to indicate to search engines that it is relevant to particular topics, with the hopes that the search engines will return the page as a result in searches for those topics. These potentially become trademark issues when the keywords or metatags include a competitor's trademark. Unsurprisingly, trademark owners asserted that both of these practices were infringing—even if the web pages themselves never used the trademark and it was clear to visitors that the goods and services offered there were not those of the trademark owner.

In short, these practices were tailor-made for assertions of initial interest confusion. In the much-cited 1999 case of *Brookfield Communications v. West Coast Entertainment*, the court gave the following analogy:

> Suppose West Coast's competitor (let's call it "Blockbuster") puts

160. *Id.* at 1342.

> up a billboard on a highway reading–"West Coast Video: 2 miles ahead at Exit 7"– where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.[161]

In later years, however, courts started walking back the theory of initial interest confusion. In a 2009 keyword-advertising case, *Hearts on Fire Co., LLC v. Blue Nile, Inc.*, the court had this to say about initial interest confusion and search engines:

> Rarely are cases so clear as the Ninth Circuit's billboard—particularly on the internet—and certainly not this one.
>
> Infringement is not nearly so obvious from this vantage point. Rather than a misleading billboard, this analogy is more akin to a menu—one that offers a variety of distinct products, all keyed to the consumer's initial search. Sponsored linking may achieve precisely this result, depending on the specific product search and its context. When a consumer searches for a trademarked item, she receives a search results list that includes links to both the trademarked product's website and a competitor's website. Where the distinction between these vendors is clear, she now has a simple choice between products, each of which is as easily accessible as the next. If the consumer ultimately selects a competitor's product, she has been diverted to a more attractive offer but she has not been confused or misled.[9] While she may have gotten to the search-results list via the trademarked name, once there, the advertised products are eas-

161. Brookfield Commc'ns v. W. Coast Ent., 174 F.3d 1036, 1064 (9th Cir. 1999). The hypothetical is based on Blockbuster Ent. Grp. v. Laylco, Inc., 869 F. Supp. 505 (E.D. Mich 1994).

9. Consider, for instance, if Pepsi were to purchase sponsored links to its website triggered by an internet user's search for the "Coca-Cola" trademark. Coca-Cola would have difficulty suing Pepsi for infringement on an initial interest theory because these two products are widely recognized as competitors and, accordingly, the likelihood of consumer confusion is exceedingly small.

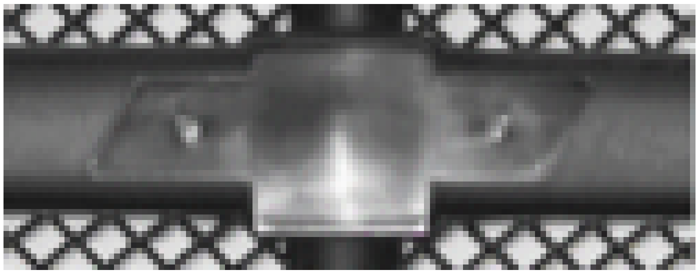
ily distinguished.

In much the same way, keyword purchasing may, in many cases, be analogized to a drug store that typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to consider the store's less-expensive alternative. The generic product capitalizes on the recognizable brand name but the consumer benefits by being offered a lower-cost product. At no point is the consumer confused about the alternatives presented to her. The goodwill invested in the protected mark remains undisturbed while the consumer reaps the benefit of competing goods. Trademark infringement would seem to be unsupportable in this scenario. Mere diversion, without any hint of confusion, is not enough.

To be sure, the sponsored links appearing on a search-results page will not always be a menu of readily distinguished alternatives. With the intense competition for internet users' attention and mouseclicks, online merchants may well be tempted to blur these distinctions, hoping to create and capitalize on initial consumer confusion. Such conduct undoubtedly begins to sound in trademark infringement. Thus, where a plaintiff has plausibly alleged some consumer confusion, even at an initial stage of his product search, the question is a far closer one.

Based on the twin goals of trademark protection, the Court concludes that initial interest confusion can support a claim under the Lanham Act—but only where the plaintiff has plausibly alleged that consumers were confused, and not simply diverted. Many cases, including this one, will fall somewhere between the incarnations of so-called initial interest confusion discussed above—the misleading billboard or the choice-enhancing menu. The Court's task is to distinguish between them. As a preliminary matter, the Court agrees with the many scholars who find the deceptive billboard analogy often inapt in the internet context. Unlike the deceived shopper who is unlikely to get back on the highway, the internet consumer can easily click the 'back' button on her web browser and return almost instantly to the search results list to find the sought-after brand. Her added search costs, in other words, may often be very low while her comparative choice among products is greatly expanded.

The crucial question in these cases is one of degree: Whether the consumer is likely confused in some sustained fashion by the sponsored link and the defendant's website, or whether the link serves instead as a benign and even beneficial form of comparison shopping. The menu analogy



Tong Yang Chevrolet grille placeholder

> described above—where the competing products are clearly distinguished—is not, in and of itself, truly a case of confusion at all, and therefore cannot support an infringement claim. In fact, in order for a plaintiff pleading initial interest confusion to prevail, that confusion must be more than momentary and more than a mere possibility. As with any alleged trademark violation, plaintiffs must show a genuine and substantial likelihood of confusion.[162]

The theory remains viable, and courts vary in their solicitude towards trademark owners asserting it.

d Post-Sale Confusion

Standard point of sale confusion takes place at the moment of purchase, and initial interest confusion before. What if consumers are confused *after* then? Suppose, for example, that the trademark is the stitching pattern on the back pocket of the plaintiff's blue jeans. There is no plausible confusion to purchasers at the point of retail sale; the defendant's jeans are clearly labeled with tags bearing its own trademarks. But when a consumer buys a pair of jeans and pulls off the tags, perhaps people on the street will see the jeans and mistakenly think that they are the plaintiff's jeans. This is ***post-sale*** confusion.

Fashion is a fraught and doctrinally tricky subject, so for another example, consider *General Motors Corp. v. Keystone Automotive Industries, Inc.*, where Tong Yang made (and a co-defendant distributed) replacement grilles designed to fit the front of various models of GM cars. The grilles on GM cars typically have a placeholder in the shape of GM's "bow-tie" logo, and so did the defendant's aftermarket grilles. Again, there was no plausible point-of-sale confusion. Repair shops buying Tong Yang grilles knew they were buying third-party parts,not official GM parts. The boxes were different, the parts themselves were clearly stamped, and there were conspicuous disclaimers:

162. Hearts on Fire Co., LLC v. Blue Nile, Inc., 603 F. Supp. 2d 274, 285 (D. Mass. 2009).

> THESE REPLACEMENT PARTS ARE NOT MANUFACTURED BY THE ORIGINAL MANUFACTURER. THESE PARTS ARE REPLACEMENT FOR THE OEM PARTS, AND MANUFACTURED IN TAIWAN FOR NORTH AMERICA MARKET.

As the court put it, "An automobile owner would have to possess complete ignorance of this disclaimer, her insurance contract, and ordinary automobile repair practices to be confused as to the origin of a Tong Yang grille when getting her vehicle repaired."[163] Still, the court was open to the possibility of downstream post-sale confusion. It cited the following possible harms to the public and to GM:

> (1) the viewing public, as well as subsequent purchasers, may be deceived if expertise is required to distinguish the original from the counterfeit; (2) the purchaser of an original may be harmed if the widespread existence of knockoffs decreases the original's value by making the previously scarce commonplace; (3) consumers desiring high quality products may be harmed if the original manufacturer decreases its investment in quality in order to compete more economically with less expensive knockoffs; (4) the original manufacturer's reputation for quality may be damaged if individuals mistake an inferior counterfeit for the original; (5) the original manufacturer's reputation for rarity may be harmed by the influx of knockoffs onto the market; and (6) the original manufacturer may be harmed if sales decline due to the public's fear that what they are purchasing may not be the original.[164]

Of these, the court was most concerned about the possible damage to GM's reputation for quality.

4 Section 43(a)

Our safari continues with Section 43(a) of the Lanham Act. It is worth reading section 43(a)(1)(A) in full:

(a) *Civil action.* –

 (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

  (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person

163. Gen. Motors Corp. v. Keystone Auto. Indus., Inc., 453 F.3d 351 (6th Cir. 2006).
164. *Id.* at 358.

> with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person …
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

What does Section 43(a) do? Quite a lot:[165]

- It provides a federal cause of action for infringement even of unregistered marks.
- It provides a federal cause of action for infringement of trade dress.
- It provides a federal cause of action for false advertising. [166]
- It provides a federal cause of action for unfair competition.
- It provides a federal cause of action for confusion about sponsorship or affiliation.

The first of these requires little discussion. The second and third require so much discussion that we defer them to later chapters. We consider the fourth and fifth in this subsection, along with another theory of liability *not* supported by Section 43(a): failure to attribute (or "reverse passing off").

a Unfair Competition

"Unfair competition" is a term with two meanings in United States law. ***Unfair competition law*** is a general name for torts between competitors: trade libel, false advertising, intentional interference with contract, trade secret misappropriation, etc. It was a common-law wellspring from which courts felt free to develop new causes of action as needed to deal with misconduct by businesses.[167]

On the other hand, the ***unfair competition tort*** is a trademark-like cause of action based on free-riding on a competitor's goodwill. Also known as ***passing off*** or ***palming off***, it takes place when the defendant intentionally deceives consumers into believing they are receiving

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165.

> *Homer*: Are you saying you're never going to eat any animal again? What about bacon? Ham? Pork chops?
> *Lisa*: Dad, those all come from the same animal.
> *Homer*: Ooh, yeah, right, Lisa. A wonderful, magical animal.

The Simpsons S7E5 ("Lisa the Vegetarian"). Section 43(a) is the wonderful magical animal of intellectual property law.

166. To be precise, the false advertising cause of action comes from § 43(a)(1)(B), while the present section discusses § 43(a)(1)(A). *See* Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. Pa. L. Rev. 1305 (2011).

167. This is the tradition that gave us *Christopher*'s willingness to extend trade-secret misappropriation liability to cases not involving conduct that was independently tortious or criminal.

the plaintiff's goods or services when they are actually receiving the defendant's. It is both broader and narrower than trademark infringement. It is broader in that there can be unfair competition liability even when the plaintiff lacks rights in the trademark or when the defendant is careful never to actually use the mark. But it is narrower in that it requires proof of bad faith (in the trademark sense), rather than just a likelihood of confusion.

To understand this split, a page of history is helpful. Margareth Barrett summarizes:

> At common law in the late 1800s and early 1900s, courts distinguished between "technical trademarks," which were protected through a suit for trademark infringement, and "trade names" (or "secondary meaning marks"), which were protected (if at all) through a suit for unfair competition.
>
> Technical trademarks were what we would call "inherently distinctive" marks today—words and symbols that were "fanciful, arbitrary, unique, distinctive, and nondescriptive in character," and which the claimant had physically affixed to articles of merchandise. Trade names, by contrast, consisted of words and symbols that described their user's product or service, constituted geographical terms, personal names, or designations common to the trade, or constituted business or corporate names.
>
> The courts distinguished between technical trademarks and [trade names] on the reasoning that a business could legitimately appropriate a fanciful or arbitrary word or symbol to its sole, exclusive use, with no harm to others. A technical trademark, by definition, was either made up (and thus had no meaning) or had a meaning that bore no descriptive or other logical relationship to the user's product. Accordingly, competitors had no legitimate reason to adopt the same word or symbol to identify or describe their similar goods. If they did so, they likely did it for the purpose of perpetrating a fraud on the mark owner or the public. Their action could be characterized as an invasion of the first user's property rights.
>
> In contrast, trade names consisted of descriptive, surname, geographic, and other words and symbols commonly used in the trade, such as colors, squares, circles, stripes, or other common shapes. Numerous competitors might legitimately want to use such words and symbols in their own marketing activities. A business that adopted such a word or symbol as its mark or name had no right to expect exclusivity.
>
> When competitors intentionally used a [trade name] for the purpose of confusing consumers about the source of their

Coco-Quinine advertisement

> goods, thus diverting trade from an earlier user, courts would intervene—not on the ground that the plaintiff had property rights in the word or symbol (as might be the case with regard to a technical trademark), but because the defendant/competitor was engaged in fraudulent conduct.
>
> Plaintiffs in [unfair competition] cases generally had to demonstrate that the defendant acted with fraudulent intent, while courts would presume fraud in technical trademark infringement cases.[168]

Thus, both trademark infringement and unfair competition were originally rooted in a theory of deliberate deception. But what happened is that over time, courts and Congress broadened trademark law in two ways. First, they expanded the category of protectable trademarks from arbitrary and fanciful marks to include also suggestive and descriptive marks. But because use of a descriptive mark is not *per se* wrongful or fraudulent—perhaps the defendant is using the term honestly to describe its own products—the courts shifted to a likelihood-of-confusion analysis.

Today, the Lanham Act for the most part does not draw any distinctions in the protections it accords to inherently distinctive marks and to marks with acquired distinctiveness. They are all protected under the same likelihood-of-confusion standard. That would seem to obliterate the need for a separate unfair-competition tort. Not quite so fast.

Consider *William R. Warner & Co. v. Eli Lilly & Co.*, where the plaintiff sold a chocolate-quinine drink under the name COCO-QUININE and the defendant sold one under the name QUIN-COCO. The *trademark infringement* claim failed because both COCO-QUININE and QUIN-

168. Margreth Barrett, *Finding Trademark Use: The Historical Foundation for Limiting Infringement Liability to Uses 'In the Manner of a Mark'*, 43 Wake Forest L. Rev. 893 (2008).

COCO were merely descriptive. Thus, the plaintiff could not establish trademark rights in "coco" or "quinine" that would prevent the defendant from accurately marketing its own product as containing quinine and cocoa. But the *unfair competition* claim survived because the defendant convinced retail druggists (who sold the drinks to the public) to dispense Quin-Coco to customers who asked for Coco-Quinine.

> The evidence establishes by a fair preponderance that some of petitioner's salesmen suggested that, without danger of detection, prescriptions and orders for Coco-Quinine could be filled by substituting Quin-Coco. More often, however, the feasibility of such a course was brought to the mind of the druggist by pointing out the identity of the two preparations and the enhanced profit to be made by selling Quin-Coco because of its lower price. There is much conflict in the testimony; but on the whole it fairly appears that petitioner's agents induced the substitution, either in direct terms or by suggestion or insinuation. Sales to druggists are in original bottles bearing clearly distinguishing labels and there is no suggestion of deception in those transactions; but sales to the ultimate purchasers are of the product in its naked form out of the bottle; and the testimony discloses many instances of passing off by retail druggists of petitioner's preparation when respondent's preparation was called for.[169]

This was passing off by the druggists—for which the defendant was secondarily liable—even though it was not trademark infringement.

For a modern example of the power and limits of the unfair competition tort, consider *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*.[170] The plaintiff was a non-profit dedicated to providing assitance to blind veterans, the Blinded Veterans Association (or BVA). The defendant was another nonprofit with a similar mission, formed by three former officers of the BVA, named the Blinded American Veterans Foundation (or BAVF). The BVA's name was generic, given its mission, so the BAVF's use of a similar name was not trademark infringement and by itself did not give rise to an unfair competition claim. But to the extent that its deliberate adoption of a similar name resulted in donations intended for the BVA flowing instead to the BVAF, "the failure of the defendant to adequately identify itself as the source" was actionable.

This is not just consumer confusion that just happens because of similar names. It must result from "passing itself or its product off as the first organization or its product," so the court asked whether "because of

169. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526, 530 (1924).
170. Blinded Veterans Ass'n v. Blinded Am. Veterans Found., 872 F.2d 1035 (D.C. Cir 1989) (Ginsburg, J.).

BVA logo

BAVF logo

specific actions by BAVF . . . people are likely to think BAVF *is* BVA."[171] And the remedy is accordingly narrow. A defendant can be required to add a prominent disclaimer that it is not the plaintiff, or to use its own brand name in addition to the product's generic name, but it is generally free to continue using a similar name or trademark. So here: both charities still exist, and both are still using the same names they had.

b False Association

Another way that § 43(a) is useful to trademark owners is by supplying a cause of action for the false suggestion of "affiliation," "connection," "sponsorship" or "approval." Again, a little history is useful. At common law at the start of the 20th century, only trademark infringement involving directly competing goods were actionable—a rule following directly from the conceptual logic of technical trademark infringement, which focused on the defendant's diversion of the plaintiff's customers via deception.

But in cases like 1928's *Yale Electric Corp. v. Robertson*, courts began to allow trademark infringement suits against the sellers of related but not directly competing goods.[172] There, the plaintiff sold YALE flashlights, and the defendant sold YALE locks.[173] Learned Hand wrote:

> The law of unfair trade comes down very nearly to this—as judges have repeated again and again—that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises. Therefore it was at first a debatable point

171. *Id.* at 1046–47 (emphasis added).
172. Yale Elec. Corp. v. Robertson, 26 F.2d 972 (2d Cir. 1928) (Learned Hand, J.).
173. What about Yale College, which has been using the YALE name since 1718?

Plaintiff's YALE flashlight

Defendant's YALE lock

> whether a merchant's good will, indicated by his mark, could extend beyond such goods as he sold. How could be lose bargains which he had no means to fill? What harm did it do a chewing gum maker to have an ironmonger use his trade-mark?
>
> However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful. The defendant need not permit another to attach to its good will the consequences of trade methods not its own.[174]

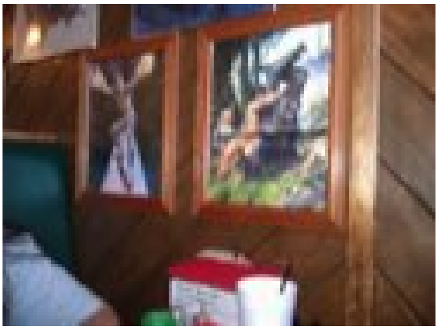
This expansion had two effects. First, it made relatedness of the goods into one of the factors for the standard trademark-infringement likelihood-of-confusion test. Second, it opened up a new and independent theory of harm to the plaintiff, one not necessarily grounded in confusion about source. Indeed, the theory now works even against wholly different goods, where no reasonable consumer could think they originated from the plaintiff.

In *Conan Properties, Inc. v. Conans Pizza, Inc.*, the plaintiff Conan Properties, owned the copyrights in the Conan the Barbarian[175] stories and novels (by Robert E. Howard, L. Sprague deCamp, and their successors), along with the CONAN THE BARBARIAN mark.[176] It sued

174. *Yale Elec.*, 26 F.2d at 973–74.

175. Memorably played in the 1982 movie adaptaion by Arnold Schwarzenegger.

176. Conan Props., Inc. v. Conans Pizza, Inc., 752 F.2d 145 (5th Cir. 1985). This is a *series*,



Conans Pizza interior, circa 2016

Conans Pizza logo, circa 2016

Conans Pizza, which operated a pizza restaurant in Austin, Texas.

> The restaurant's menus, signs, promotional material, specialty items, and general decor featured a barbarian-like man who closely resembled CPI's CONAN character. For example, Conans Pizza's menus depicted a loincloth-clad, sword wielding, sandal wearing, barbarian-like muscleman, and they described one of the featured pizzas as the "Savage, Barbaric, All the Way Pizza." The owners decorated the restaurant with dozens of reproductions of Frank Frazetta's artwork, although only a few of the reproductions actually represented CONAN THE BARBARIAN.[177]

The court concluded that a reasonable jury could find a likelihood of confusion about source, sponsorship, or affiliation on these facts. It was clear that Conans Pizza knew about the character when adopting its name and decor and intended to capitalize on the positive associations. That was enough for the trademark bad faith element of unfair competition. As for the actual likelihood of confusion, not withstanding the vast product-line difference between muscle-bound steppe warriors and basil pesto pizza:

> Conans answers that no reasonable person could have believed that its restaurants were related to CPI's CONAN THE BARBARIAN, since the products and services each provided were different. We must disagree. Although CPI never licensed any entity to use its mark in connection with restaurant services, ordinary consumers may well believe that Conans was in fact licensed by CPI. At the trial CPI presented evidence of numerous cartoon and other characters whose names, marks, or images were used in extensive licensing programs to promote everything from children's toys to fast-food restaurants. These characters included

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so the single-creative-work rules does not apply.

177. *Id.* at 148.

> SNOOPY, POPEYE, DICK TRACY, PETER PAN, E.T., and ROY ROGERS. Many of today's consumers expect such endorsements and act favorably toward them. It is reasonable to assume, as the jury found, that ordinary consumers who patronized Conans Pizza and experienced the pervasive, inescapable aura of CONAN THE BARBARIAN in those restaurants were likely to believe that the restaurants were in some way licensed by or affiliated with CPI. We therefore leave undisturbed the jury's findings of trademark infringement and unfair competition.[178]

There is still a likelihood of confusion in false-association cases. It is just confusion about something other than source.[179] Section 43(a) now incorporates this wider second understanding of confusion, which must be pleaded as a distinct cause of action.

There is an unavoidable circularity in this reasoning. Why would a patron of Conan's Pizza assume that there was any licensing or affiliation relationship with CPI? Wouldn't they equally plausibly think that the owners simply are Conan fans? Consumers' assumption that pizza restaurants would seek licenses only makes sense if pizza restaurants regularly do seek licenses—and they main reason they would is that courts insist that they do. Thus, the 43(a) false-association right is self-entrenching: it creates the very licensing practices that justify it.

The most controversial false-association cases involve merchandising: use of the trademark on apparel and other items purchased by people who care about the mark because of what it signifies rather than as a signal of who made the goods. Merchandising is not a good fit for the traditional section 32(a) theory of infringement through confusion about source. Recall *In re Schmidt*, where BOSTON STRONG failed to funtion as a mark on T-shirts. If putting a slogan or symbol on a T-shirt does not constitute use as a designation of source that creates trademark rights for ownership purposes, it seems to follow that putting the same slogan or symbol on a T-shirt could not create a likelihood of confusion about source for infringement purposes.

But now consider the Boston Professional Hockey Association, which owns the BRUINS family of marks for "professional ice hockey contests" and related uses. There is no dispute that these are valid trademarks; the Bruins have been playing since 1928, and use of a mark to designate a particular sports team that sells tickets to its games is clearly a rights-creating use as a mark in commerce. Someone buying a jersey

178. *Id.* at 150.

179. *But see* Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 Stan. L. Rev. 412 (2010) ("We think trademark law needs to refocus on confusion that is actually relevant to purchasing decisions."). Also watch out for the trademark defenses, which often limit liability in such cases.)

BRUINS jersey

emblazoned with the Bruins B logo is unlikely to think that the Bruins are literally the source of the shirt. The players do not operate sewing machines between games. But following the logic of *Conan Properties*, perhaps the Bruins could sue unauthorized jersey vendors on a theory of false association under section 43(a).

Such was the theory that the court accepted in *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, in a suit by the Bruins, twelve fellow teams, and their hockey league. It reasoned that "the major commercial value of the emblems is derived from the efforts" of the teams, and the sale of team-logo apparel "is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is engaged."[180] As for the confusion requirement, it was "met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks."[181]

If the *Conan Properties* reasoning was circular, *Boston Professional Hockey Ass'n*'s reasoning completely short-circuits the confusion requirement. It essentially creates an absolute, unqualified merchandising right for mark owners. Goods purchased because of the mark require the mark owner's approval, as long as consumers recognize the mark, which of course they do.

Other cases have pushed back against this expansive merchandising right. In *International Order of Job's Daughters v. Lindeburg & Co.*, the defendants sold jewelry with the emblem of the plaintiff's fraternal organization, Job's Daughters.[182] The organization sold officially licensed jewelry

180. Bos. Pro. Hockey Ass'n, Inc. v. Dall. Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1011 (5th Cir. 1975).
181. *Id.* at 1012.
182. Int'l Ord. of Job's Daughters v. Lindeburg & Co., 633 F.2d 912 (9th Cir. 1980) ("The emblem consists of a representation of three girls within a double triangle. The girls

Job's Daughters emblem

Lindeburg jewelry

to its members, but other unaffiliated retailers also sold unlicensed jewelry with the emblem. Lindeburg tried to become an "official jeweler," but the organization refused. The court held for Lindeburg in the 43(a) false-association suit:

> The name JOB'S DAUGHTERS and the Job's Daughters insignia are indisputably used to identify the organization, and members of Job's Daughters wear the jewelry to identify themselves as members. In that context, the insignia are trademarks of Job's Daughters. But in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.
>
> It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies. . . .
>
> We conclude from our examination of the trial judge's findings and of the underlying evidence that Lindeburg was not using the Job's Daughters name and emblem as trademarks. The insignia were a prominent feature of each item so as to be visible to others when worn, allowing the wearer to publicly express

carry a dove, an urn, and a cornucopia. Between the bases of the two triangles are the words 'Iyob Filiae,' the Latin translation of 'Daughters of Job."').

> her allegiance to the organization. Lindeburg never designated the merchandise as "official" Job's Daughters' merchandise or otherwise affirmatively indicated sponsorship. Job's Daughters did not show a single instance in which a customer was misled about the origin, sponsorship, or endorsement of Lindeburg's jewelry, nor that it received any complaints about Lindeburg's wares. Finally, there was evidence that many other jewelers sold unlicensed Job's Daughters jewelry, implying that consumers did not ordinarily purchase their fraternal jewelry from only "official" sources.[183]

Along with sports teams, some of the most aggressive trademark enforcers in the mechandising space have been colleges and universities. The caselaw remains split, but practice on the ground for high-value goods is generally to take a license.

5 Dilution

The origin of trademark liability for ***dilution*** is usually traced to Frank Schechter's 1927 article, *The Rational Basis of Trademark Protection*.[184] Recall that early-20th-century trademark law prohibited the use of a technical trademark only on directly competing goods. My rights in DAFFODIL for baked goods were not infringed by your use of DAFFODIL on clothing: in the theory of the time, there was no risk of consumer confusion about source at the point of sale. Schechter, however, thought that such uses worked a real harm on the trademark owner, because they "vitiated or impaired" the "uniqueness or singularity" of the trademark.[185] He argued:

> Trademark pirates are growing more subtle and refined. They proceed circumspectly, by suggestion and approximation, rather than by direct and exact duplication of their victims' wares and marks. The history of important trademark litigation within recent years shows that the use of similar marks on non-competing goods is perhaps the normal rather than the exceptional case of infringement. In the famous English Kodak case, cameras and bicycles were the articles in question; in the Aunt Jemima's case, pancake flour and syrup; in the Vogue case, fashion magazines and hats; in the Rolls-Royce case, automobiles and radio parts; in the Beech-Nut case, food products and cigarettes. In each instance the defendant was not actually diverting custom from the plaintiff, and where the courts conceded the absence of diversion

183. *Id.* at 918, 920.
184. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927).
185. *Id.*

> of custom they were obliged to resort to an exceedingly laborious spelling out of other injury to the plaintiff in order to support their decrees. The real injury in all such cases can only be gauged in the light of what has been said concerning the function of a trademark. It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.[186]

Schechter was right that the unrelated-goods rule was an artificial and poorly motivated limit on trademark rights—but it was an artificial and poorly motivated limit that was already in the process of collapsing as he wrote. *Yale Electric*, which held that YALE for locks could infringe on YALE for flashlights, was decided the very next year. Today, there is no such rule, and relatedness is just one factor in the likelihood-of-confusion analysis.

But the theory of dilution lives on, because there is a powerful internal logic to Schechter's idea. Instead of protecting a trademark owner from *diversion* of sales through misuse of the mark, dilution protects the trademark owner's investment in *the mark itself*. Goodwill, on this theory, is not just a consumer belief *associated* with the trademark owner, it is a kind of property *belonging* to the trademark owner. Any uses that reduce that goodwill are legally actionable under dilution. As Jeremy Sheff explains:

> Schechter's theory of dilution rested on the premise that the ability of a trademark to serve as a vehicle for creating and perpetuating goodwill depends on its "uniqueness," and that multiple unrelated uses of an unusual or distinctive mark will prevent that mark from developing a strong, unique hold on the public consciousness. This theory would give the first user of a particularly unique or distinctive mark the right to enforce her mark broadly—not merely within the geographic markets in which she operated, but also in neighboring regions; not merely against competing products, but also against sellers of non-competing goods—all on the theory that any interference with her efforts to build and retain the association of goodwill with her trademark threatens gradually to weaken that association, thereby reducing her incentive to cultivate such goodwill.[187]

186. *Id.* at 825.

187. Jeremy Sheff, *The (Boundedly) Rational Basis of Trademark Liability*, 15 Tex. Intell. Prop. L.J. 331 (2007).

Today, section 43(c) of the Lanham Act recognizes two theories of dilution: blurring and tarnishment.[188] ***Blurring*** is "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark."[189] Judge Posner summarizes:

> First, there is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself "Tiffany." There is little danger that the consuming public will think it's dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name "Tiffany" they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder - incur as it were a higher imagination cost - to recognize the name as the name of the store. *Cf. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.* ("The [legislative] history [of New York's antidilution statute] disclosed a need for legislation to prevent such 'hypothetical anomalies' as 'Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns'").[190] So "blurring" is one form of dilution.[191]

The Lanham Act lists six nonexclusive factors to be considered in deciding whether blurring has taken place.[192] As is typical of multi-factor tests in IP law, they are in essentially random order.

(i) "*The degree of similarity between the mark or trade name and the famous mark*." This factor is a rough analogue to similarity in the standard likelihood of confusion analysis. The difference is that for dilution, greater similarity is required: the marks must be identical, or nearly so. This heightened standard makes sense, as the harm to the mark owner is more attenuated in a dilution case.

(ii) "*The degree of inherent or acquired distinctiveness of the famous mark*." This factor asks how strong the plaintiff's mark is.

(iii) "*The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark*." This is a new one, with no direct equivalent in the normal infringement test. Dilution will not protect a famous mark in a marketplace that is already crowded with other similar marks—once there are a hundred similar marks, there

188. There are also state anti-dilution laws, some of which do not have the federal fame requirement, or differ in other ways.
189. Lanham Act § 43(c)(2)(B).
190. meaddata
191. Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002) (Posner, J.).
192. Lanham Act § 43(c)(2)(B).

is not much point in stopping the hundred-and-first.

(iv) "*The degree of recognition of the famous mark.*" It overlaps heavily with strength of the mark, and with the threshold requirement of fame, because the facts that show fame will also show the existence of substantial goodwill. Thus, this factor essentially asks *how* famous the plaintiff's mark is, and lets courts distinguish among degrees of fame.

(v) "*Whether the user of the mark or trade name intended to create an association with the famous mark.*" This is a bad-faith factor. The attempt to associate your use with the plaintiff's famous mark is what bad faith means in trademark law.

(vi) *Any actual association between the mark or trade name and the famous mark.* Actual association is the dilution analogue of actual confusion, with the same obvious relevance.

The other theory of dilution is ***tarnishment***, defined as " association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."[193] Judge Posner again:

> Now suppose that the "restaurant" that adopts the name "Tiffany" is actually a striptease joint. Again, and indeed even more certainly than in the previous case, consumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word "Tiffany" their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint.[194] So "tarnishment" is a second form of dilution.[195]

There are two important thresholds for Lanham Act dilution. First, the mark must be ***famous***, i.e. "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."[196] APPLE, COCA-COLA, VISA, and ESPN are famous; STEAK UMM, MARCO'S PIZZA, and COACH are not. Fame is measured as of the time when the defendant's allegedly diluting use began. "Niche" fame within a particular market segment or geographic area is not sufficient; WING DINGS may be familiar to institutional food buyers and SPORTING NEWS to obsessive baseball fans, but not to the general public. Everyone in Texas knows the LONGHORNS logo, but it will get you blank stares in other parts of the

193. Lanham Act § 43(c)(2)(C)

194. The typical consumer may or may not make this association. But now that you have read this passage, it is likely that *you* will.

195. *Ty*, 306 F.3d at 511 (Posner, J.).

196. Lanham Act § 43(c)(2)(A).

country. The Lanham Act lists four factors bearing on fame: advertising, sales, actual consumer recognition, and registration.[197]

Second, the "noncommercial use of a mark" is *per se* protected from dilution liability.[198] In practice, this looks a lot like the commerciality threshold for plain old trademark infringement, and cases dealing with both kinds of claims almost uniformly resolve the thresholds the same way. In *Radiance Foundation*, for example, the NAACP also brought a dilution claim, which also lost. Radiance's anti-NAACP article was not an advertisement or attached to a product for sale.

As an example of a dilution case, consider *Nike, Inc. v. Nikepal Intern., Inc.*[199] The plaintiff was Nike, the sneaker and athletic gear company, which has used the mark NIKE since 1978. The defendant was Nikepal International, founded in 1998 by Palminder Sandhu. It provided products and services to scientific laboratories, and had one part-time employee in addition to Sandhu, and had a few hundred customers. Nikepal applied to the USPTO to register NIKEPAL for "import and export agencies and wholesale distributorships featuring scientific, chemical, pharmaceutical, biotechnology testing instruments and glassware for laboratory use, electrical instruments, paper products and household products and cooking appliances." According to Sandhu, he flipped open the dictionary to a random page, chose the first word he saw, and then added "pal," the first three letters of his name. The articles of incorporation capitalized the name as "NikePal." His attorney tried to argue in court that it was pronounced "nik-a-pal," but Sandhu alternated between that pronunciation and "ny-key-pal," and the outgoing message on the company's answering machine pronounced it like the Nike name. The court found his testimony about the name not credible.

There was no serious question that NIKE was famous. At the time of Nikepal's founding, Nike sold about 180 million pairs of shoes a year in the United States, and had worldwide sales in excess of $5 billion a year. It spent over $100 million a year on advertising. In brand awareness consumer surveys, it consistently ranked as one of the best-known brands in the United States, among the top ten or forty. And it owned numerous registrations for NIKE, its "swoosh" logo, and various related marks (e.g. NIKE TOWN and NIKE NIKE AIR). As for dilution by blurring, here are excerpts of the court's discussion of the statutory factors:

(i) The Degree of Similarity

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197. Lanham Act § 43(c)(2)(A).
198. Lanham Act § 43(c)(3)(C).
199. Nike, Inc. v. Nikepal Intern., Inc., No. 2:05-cv-1468-GEB-JFM (E.D. Cal. Sept. 18, 2007).

. . . The parties' marks are nearly identical. The NIKEPAL mark is a composite of the word "Nike" with the term of affinity, "pal." The composite nature of the NIKEPAL mark is evident in the logo selected by the company which clearly features an "N" and a "P." In each case the dominant feature of the mark is the term "Nike." In addition, the term "Nike" in both marks is pronounced identically with an "i" like in "bike" and an "e" like in "key." . . .

(ii) Distinctiveness

Nikepal does not dispute that NIKE is, at the very least, suggestive. Accordingly, NIKE is inherently distinctive and this factor favors Nike.

(iii) Substantially Exclusive Use

. . . Nike asserts that its use of the NIKE mark is substantially exclusive. Nikepal introduced evidence of use of the term "Nike" in the company name "Nike Hydraulics, Inc.," through a bottle jack purchased from the company and a 1958 trademark registration for "Nike" owned by Nike Hydraulics. However, this evidence is insufficient to disprove Nike's claim that its use of NIKE is substantially exclusive. Even Nikepal's witness, Roger Smith, admitted that he had not encountered Nike Hydraulics before hearing that name in connection with this action. Accordingly, the court finds that Nike's use of the NIKE mark is substantially exclusive and this factor therefore favors Nike.

(iv) Degree of Recognition

The degree of recognition of NIKE is quite strong. Millions of NIKE products are sold in the United States annually and the evidence demonstrates that NIKE is readily recognized. This factor therefore favors Nike.

(v) Intent to Create Association

Mr. Sandhu admitted that he was aware of the existence of the NIKE mark before he adopted the company name. Although he testified at trial that he came up with the term Nikepal by opening the dictionary to a random page and essentially finding that word by "fate," his testimony was not credible. Therefore, this factor favors Nike.

(vi) Actual Association

Nikepal registered the domain names nikepal.biz, nikepal.net, nikepal.us, nikepal.info and nikepal.tv. The evidence shows that the domain registrar assigned the domain names an "under con-

> struction" page and then associated with that page promotions and advertisement links to a number of web pages that offered NIKE products (or products of Nike's competitors in the shoe and apparel field). Thus, in the internet context, there is actual association between NIKEPAL and NIKE.
>
> Further, Mr. Johnson's survey also evinced that there is a strong degree of association between NIKEPAL and NIKE. Mr. Johnson's survey showed over 87% of the people in Nikepal's own customer pool associated the stimulus "Nikepal" with NIKE. The survey presents ample proof of association between the marks to support a finding that such exists in the general public.[200]

In short, the factors overhwelmingly favored Nike, so the court found that Nikepal's use created a likelihood of dilution by blurring.

Successful dilution by tarnishment cases are rarer. One reason is that blurring can take place for almost any use, whereas tarnishment can only take place when the use creates unsavory or unpleasant associations. Another is that many would-be tarnishment cases fail due to a parody or other expressive use defense. As a result, most successful tarnishment cases are brought against uses on pornographic goods or services. Examples include CANDYLAND for a sexually explicit website, candyland.com, and POLO against a Polo Club adult entertainment club.

Infringement Lightning Round

In each case, what theory or theories of trademark infringement are at stake. Should a court find a violation of the trademark owner's rights?

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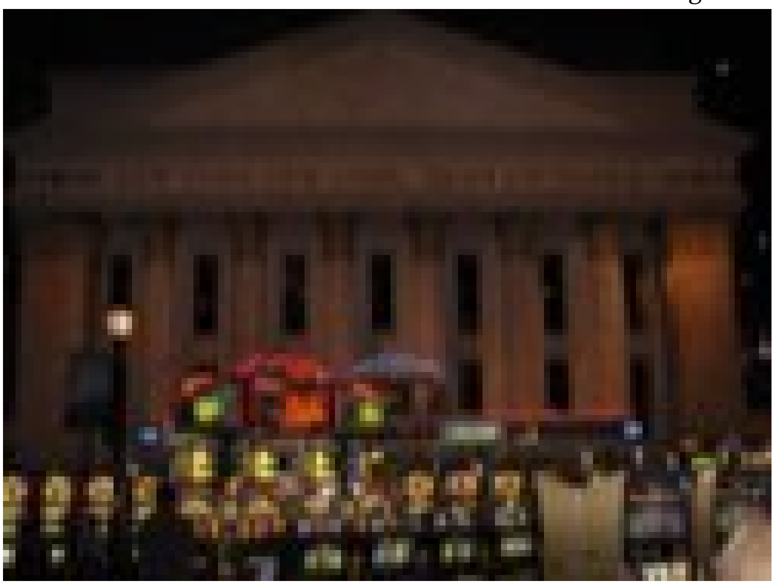
200. *Id.* at 6–8.

The mark is TIFFANY for jewelry.

The mark is TIFFANY for jewelry.

The mark is TIFFANY for jewelry.

The mark is I CAN'T BELIEVE IT'S NOT BUTTER! for margarine.



The mark is NEW YORK STOCK EXCHANGE for securities-trading services.

Ambush Marketing Problem

Section 15A of South Africa's Merchandise Marks Act, as amended in 2002, provides that certain events may be designated as "protected" and that

> For the period during which an event is protected, no person may use a trademark in relation to such event in a manner which is calculated to achieve publicity for that trade mark and thereby to derive special promotional benefit from the event, without the prior authority of the organiser of such event.

Note that "a trade mark" need not be the mark of the event's organizer—section 15A prohibits the use of *any* trademark in this manner.

In 2010, South Africa was the host nation for the FIFA World Cup. Thirty-six women attended the Netherlands-Denmark game wearing orange dresses. Orange is the national color of the Netherlands, and also

Women wearing orange

is used prominently in advertising for the Dutch beer company Bavaria. Did Bavaria or the women violate section 15A? If they had done this in the United States, would they have violated any provisions of the Lanham Act?

F Secondary Liability

Trademark law has contributory and vicarious infringement theories; their contents should be unsurprising by now.

1 Contributory Infringement

Contributory infringement in trademark law occurs when a defendant "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement."[201] The eagle-eyed reader with a photographic memory will have observed that this includes what in copyright or patent would be called inducement infringement, and also what would be called contributory infringement. The precise classification is of no moment; these are basically the same two theories. The inducement prong requires intent; the contributory prong requires knowledge or reason to know. As in copyright and patent, these are secondary liability theories: there is no contributory liability unless there is a direct infringer (as discussed in the precious section).

The leading case on contributory trademark infringement is *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*[202] Ives Laboratories sold the drug cyclandelate under the trademark CYCLOSPASMOL. Ives marketed the drug, a white powder, to wholesalers, retail pharmacists, and

201. Inwood Lab'ys, Inc. v. Ives Lab'ys, Inc., 456 U.S. 844 (1982).
202. *Id.*

Cyclandelate capsules

hospitals in colored gelatin capsules. Pharmacists dispense pills to patients in their own bottles, so the only packaging patients would typically see was on the pills themselves. Ives used a blue capsule, imprinted with "Ives 4124," containing 200mg of cyclandelate, and a blue-red capsule, imprinted with "Ives 4148," for 400 mg of cyclandelate.

After Ives' patent on cyclandelate expired, several generic manufacturers, including Inwood, marketed cyclandelate to hospitals and pharmacies in 200 mg and 400 mg capsules in colors identical to those selected by Ives, but with no identifying marks or different ones than Ives used. Their catalogs truthfully described their capsules as "equivalent" or "comparable" to CYCLOSPASMOL.

Ives sued for trademark infringement, alleging that some pharmacists ignored physicians' written instructions to dispense only CYCLOSPASMOL and dispensed Inwood's generics instead, and that some pharmaticists mislabeled Inwood's generics as CYCLOSPASMOL on the bottles they gave patients.[203] By now you should recognize this as passing off; the pharmacists who did this directly infringed the CYCLOSPASMOL mark. [204] But because Inwood did not apply the CYCLOSPASMOL mark to any products, or distribute any products bearing the CYCLOSPASMOL mark, it was not a direct infringer. Thus, according the Court, its liability "depended upon whether, in fact, the petitioners intentionally induced the pharmacists to mislabel generic drugs or, in fact, continued to supply cyclandelate to pharmacists whom the

203. More on drug substitution law on the Biotechnology chapter, I hope!
204. Bonus points if you can see how this is basically *William R. Warner &* all over again.

MARLBORO logo

petitioners knew were mislabeling generic drugs."[205]

According to the appeals court, Inwood should have anticipated that pharmacists would illegally substitute its cheaper generic for Ives's CYCLOSPASMOL, and gave no legitimate reason to use the same pill colors. But the Supreme Court disagreed. Inwood did not make direct visits to pharmacists at which it might have suggested substitution, and its catalogs themselves did not suggest it either. Although some substitutions did occur (and were infringing when they did), they were not so common as to justify an inference that Inwood should have known they would. And *patients*' familiarity with Ives's color scheme was a good reason to use a similar one, since it helped them know which pills were their cyclandelate.[206]

2 Vicarious Infringement

Vicarious trademark infringement is not the most common, but it does occur. Although the exact test varies, a common formulation is identical to the copyright test: (1) a direct financial interest in the infringement plus (2) the right and ability to control it. *Philip Morris* is illustrative.[207] Motohiro Miyagi was a distribution agent for Metrich International, a Chinese cigarette company; he received a $10.00 commission per case of cigarettes sold.[208] In 2003, he organized a scheme to import into the United States nearly 1,960 cases of counterfeit MARLBORO cigarettes manufactured by Metrich. Specifically:

- The cigarettes were stored in a warehouse in Curaçao, Netherlands Antilles.

205. *Inwood Lab'ys*, 456 U.S. 844.
206. More on pill design in the Biotech chapter, as well.
207. Philip Morris USA Inc. v. Lee, 547 F. Supp. 2d 667 (W.D. Tex 2008).
208. There are 20 cigarettes in a pack, 10 packs in a carton, and 50 cartons in a case.

- Julian Balea and his company, Synergy Trading Group, advertised the cigarettes for sale on the Internet.
- William Lee and Felipe Castaneda, doing business as the Kagro Company, agreed to purchase the cigarettes.
- John Tominelli and his company, Southeastern Cargo Services, imported the cigarettes into the United States.

Customs and Border Protection seized the shipment when it arrived in Houston. Philip Morris, the tobacco company that owns the MARLBORO brand, sued.

Miyagi kept his hands off both the cigarettes and the paperwork, and many of the individual actors dealt only with each other. The buyers were unware of Miyagi's role; they contacted and paid Synergy directly. But Miyagi was an open-and-shut vicarious infringer. He had a direct financial interest: $10 for each case of counterfeits he sold. And he had the right and ability to supervise the infringing activity:

> Miyagi admits that he controlled the counterfeit Marlboro cigarettes as part of his responsibility to maintain and sell them for Metrich. It is Miyagi who hired Balea and Synergy to assist him with the sale, retaining significant authority over the transaction. At his deposition, Balea testified about his belief that Miyagi was the actual seller of the goods. Balea understood that Miyagi dictated the price of the goods and could exercise control over the terms of the sale to Lee and Castaneda. Miyagi selected Tominelli and Southeastern to perform an inspection and verify the goods. In fact, Miyagi was present at the inspection and authorized the release of goods upon verification.[209]

Vicarious infringement makes fact patterns like these easy; diffusing infringing activities throughout a distributed organization will not allow the supervisor at the top of the pyramid to escape trademark liability.

G Defenses

Trademark, like copyright, has a defense for sufficiently expressive uses. And like every IP area we have studied, it has an exhaustion defense. In addition, it has two important defenses that reflect the basic logic of trademark: truthful descriptions of one's own products are always allowed.

1 Descriptive Fair Use

Descriptive marks pose the greatest danger to competitors' freedom. Generic marks are unprotectable, and arbitrary, fanciful, and suggestive

209. *Philip Morris*, 547 F. Supp. 2d at 671.

marks are *additions* to the market language. On the same theory that justifies copyright in original expression and patents in novel inventions, giving mark owners rights over symbols they themselves have created takes nothing away from others. But descriptive marks have pre-existing meanings, and competitors ought to be free to continue using the marks with their existing descriptive meanings. The mark owner has exclusive rights over the *trademark meaning* of a descriptive mark with secondary meaning, but not over its *descriptive meaning*, which everyone else is still free to use.

Thus, the defense of ***descriptive fair use*** allows a defendant to use a mark "fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin."[210] Consider *Zatarains*, where a "fish fry" was a descriptive term for a coating mix for frying fish, but Zatarain's had secondary meaning in the mark FISH-FRI. Thus, the defendants Oak Grove and Visko's could use "fish fry" to describe their coating mixes, as long as they really were describing their own products and not attempting to confuse consumers into thinking that their products were Zatarain's. Because this is "good faith" in the trademark sense, the defendant's attempts to cause or prevent confusion are highly relevant. The court explained:

> The record contains ample evidence to support the district court's determination that Oak Grove's and Visko's use of the words "fish fry" was fair and in good faith. Testimony at trial indicated that the appellees did not intend to use the term in a trademark sense and had never attempted to register the words as a trademark. Oak Grove and Visko's apparently believed "fish fry" was a generic name for the type of coating mix they manufactured. In addition, Oak Grove and Visko's consciously packaged and labelled their products in such a way as to minimize any potential confusion in the minds of consumers. The dissimilar trade dress of these products prompted the district court to observe that confusion at the point of purchase – the grocery shelves – would be virtually impossible. Our review of the record convinces us that the district court's determinations are correct.[211]

The Lanham Act also states that descriptive fair use is a defense to a dilution claim,[212] and it is recognized as a defense to section 43(a) unfair-competition claims as well.

Some courts, confusingly, refer to this defense simply as "fair use," even though it has very little in common with copyright's fair-use defense. Better practice is always to call it "trademark fair use"—or best of all,

210. Lanham Act § 33(b)(4).
211. Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 796 (5th Cir. 1983).
212. Lanham Act § 43(c)(3)(A).

"descriptive fair use."

2 Nominative Fair Use

The defense of ***nominative fair use*** is a close cousin to descriptive fair use. It applies when the defendant is using the mark in its truthfully to describe its own products *by way of the plaintiff's products*. Thus, the defenant is using the mark in its trademark sense (rather than its descriptive sense, as in descriptive fair use), but there is no confusion about source because the use makes the relationship clear.

A canonical example is *New Kids on the Block v. New America Pub., Inc.*[213] Before BTS, before One Direction, before *NSYNC and the Backstreet Boys, there were the New Kids on the Block, the hit boy band of the late 1980s, and owner of a NEW KIDS ON THE BLOCK family of marks. The newspaper *USA Today* ran a poll, asking readers to call a 900 number to pick their favorite member of the band.

> New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off? … Each call costs 50 cents. Results in Friday's Life section.

NKOTB sued for trademark infringement.

A trademark is not an exclusive right to keep people from having anything to do with your goods and services. Music critics can praise or criticize the New Kids. Radio stations can hold contests to win tickets to their concerts. Mechanics can repair TOYOTA cars; restaurants can sell ABITA root-beer floats. All of these are completely legal, even if done for profit.

The point of nominative fair use is that all of these businesses *can use the trademark* to describe what they do. The rationale is straightforward. The defendant's business can only be explained to customers in terms of the plaintiff's products, and the plaintiff's mark is by far the best way to refer to those products. The court explained:

> For example, one might refer to "the two-time world champions" or "the professional basketball team from Chicago," but it's far simpler (and more likely to be understood) to refer to the CHICAGO BULLS. . . . Indeed, it is often virtually impossible to

213. New Kids on the Block v. New Am. Pub., Inc., 971 F. 2d 302 (9th Cir. 1992).

> refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.[214]

Examples cited included *Volkswagenwerk Aktiengesellschaft v. Church*, where an automobile repair shop could use VOLKSWAGEN and VW to explain that it repaired Volkswagens,[215] and *WCVB-TV v. Boston Athletic Ass'n*, where a TV station could use BOSTON MARATHON to describe its upcoming broadcast of the Boston Marathon.[216] Note again that all of these are commercial uses.

The standard statement of nominative fair use has three elements:

> First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service;and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.[217]

Consider those three elements in the context of the case. First, there is no common descriptive term for the New Kids other than the NEW KIDS ON THE BLOCK mark, any more than there is for the Chicago Bulls, Volkswagens, or the Boston Marathon. Second, the ad used only the name, not the band's logo.[218] And third, by suggesting that the New Kids might be a "turn off," the ad if anything implied non-affiliation.

Finally, the court emphasized that the commercial aspects of the poll were irrelevant.[219]

> While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point.

214. *Id.* at 306–07.
215. Volkswagenwerk Aktiengesellschaft v. Church, 411 F.2d 350 (9th Cir. 1969).
216. WCVB-TV v. Bos. Athletic Ass'n, 926 F.2d 42 (1st Cir. 1991).
217. *New Kids on the Block*, 971 F. 2d at 308.
218. Perhaps even that would have been fine. Think of Prince's symbol.
219. *USA Today* donated the roughly $300 it received from the poll to the Berklee College of Music. But under nominative fair use, it could also have kept the money.

> Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name.[220]

Dilution is subject to an explicit statutory defense for nominative fair use.[221]

3 Comparative Advertising

One important type of nominative use is ***comparative advertising***, in which the defendant describes attributes of its own products by comparing them to the plaintiff's products. Some comparisons emphasize the similarities ("all the same vitamins and minerals as BRAWNDO for a fraction of the price"), while others emphasize the differences ("removes thirty percent more grime than SQUEEGO"). In both cases, the defendant can use the plaintiff's mark, rather than a circumlocution like "another leading brand," for the same reason as in nominative fair use. The clearest, best, and truest way to describe the plaintiff's product is by its name: the trademark. Dilution is subject to an explicit statutory defense for comparative advertising, but the rule applies generally to all causes of action for trademark infringement.[222]

For example, in *Smith v. Chanel, Inc.*, the defendant Ta'Ron, Inc. sold a fragrance called "Second Chance" as a smell-alike for Chanel No. 5.[223] To be clear, it is perfectly legal to sell similar fragrances. There are no exclusive rights in scents. The formulation of Chanel No. 5 contained no patented chemicals, and was not the subject of a copyright. The smell might be protectable as a trademark for some other goods, but not as a mark for itself.[224] And Second Chance was sold in packaging that was entirely distinct from Chanel No. 5's, and used only the TA'RON and SECOND CHANCE marks.

Rather, Chanel's argument had to do with Ta'Ron's advertising for Second Chance, which used the CHANEL NO. 5 mark. The ad ran in *Specialty Salesmen*, a trade journal for wholesale purchasers. It stated that Ta'Ron's fragrances "duplicate 100% Perfect the exact scent of the world's

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220. *New Kids on the Block*, 971 F. 2d at 309.
221. Lanham Act § 43(c)(3)(A)
222. Lanham Act § 43(c)(1)(A)(i).
223. Smith v. Chanel, Inc., 402 F.2d 562 (9th Cir. 1968).
224. In trademark terms of art, it would be "functional" subject matter. More in the Design chapter.

finest and most expensive perfumes and colognes at prices that will zoom sales to volumes you have never before experienced," and added, "We dare you to try to detect any difference between Chanel #5 ($25.00) and Ta'Ron's 2nd Chance. $7.00."[225]

This was permissible comparative advertising: "one who has copied an unpatented product sold under a trademark may use the trademark in his advertising to identify the product he has copied."[226] Given the policies of *other IP areas* that imitation is allowed, *trademark law* will not get in the way. Justice Holmes expressed this policy in *Saxlehner v. Wagner*, where the defendant sold an imitation of a mineral water named HUNYADI JANOS:

> The real intent of the plaintiff's bill, it seems to us, is to extend the monopoly of such trademark or tradename as she may have to a monopoly of her type of bitter water, by preventing manufacturers from telling the public in a way that will be understood, what they are copying and trying to sell. But the plaintiff has no patent for the water, and the defendants have a right to reproduce it as nearly as they can. They have a right to tell the public what they are doing, and to get whatever share they can in the popularity of the water by advertising that they are trying to make the same article, and think that they succeed. If they do not convey, but, on the contrary, exclude, the notion that they are selling the

225. *Smith*, 402 F.2d at 563.
226. *Id.*

> plaintiff's goods, it is a strong proposition that when the article has a well-known name they have not the right to explain by that name what they imitate. By doing so, they are not trying to get the good will of the name, but the good will of the goods.[227]

The same policy, and the same rule, applies even more strongly when the defendant is emphasizing how its product is *different* from the plaintiff's. It would be even more galling to hold that a trademark owner who makes a mediocre widget could prevent competitors who make better widgets from telling the public about it.

But there is a sting in the tail. Comparative advertising claims still need to be *true*. On remand in *Smith*, the trial court found that "The results of gas chromatograph tests prove that the chemical composition of 'Second Chance' is not identical to that of 'Chanel No. 5,'" and thus the defendant had violated section 43(a). This is a false advertising issue, discussed in more detail in the Advertising chapter.

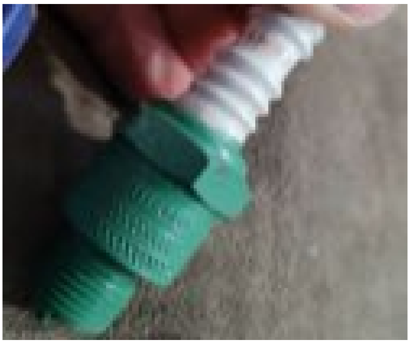
4 Exhaustion

Like every other body of IP law we have seen, trademark has an exhaustion defense. But exhaustion in trademark works a little differently—it *has* to work differently—because trademark deals with descriptions of products, rather than the products themselves. Consider *Champion Spark Plug Co. v. Sanders*.[228] The Perfect Recondition Spark Plug Company collected used CHAMPION spark plugs, repaired and reconditioned them, and resold them. Champion did not object to this practice, nor could it have. The spark plugs were no longer its property; it had no rights over them.

But Champion *did* have rights over the CHAMPION mark, and it objected to Perfect's *calling* the spark plugs they sold CHAMPIONs. A used spark plug and a new spark plug are not the same. The used item is less likely to work perfectly and more likely to break. And this difference is material to consumers: few people would be willing to pay as much for a reconditioned spark plug as they would for a new one. The reconditioned spark plugs still had "Champion" on them, and they were sold in boxes that bore the word "Champion"—and it was *this* practice that Champion sued to stop.

The Supreme Court ruled for Perfect, but its reasoning was much narrower and more fact-bound than in comparable patent and copyright cases. The heart of its explanation was *truthfulness*: Perfect could use the CHAMPION mark to describe its reconditioned spark plugs, as long as it made clear to consumers how they differed from new CHAMPION

227. Saxlehner v. Wagner, 216 U.S. 375, 380 (1910).
228. Champion Spark Plug Co. v. Sanders, 331 U.S. 125 (1947).



Reconditioned Champion spark plug bearing the CHAMPION mark

Perfect box containing reconditioned Champion spark plug

spark plugs.[229] Perfect's boxes read "Perfect Process Renewed Spark Plugs," and the spark plugs themselves were stamped "Renewed." As the Court's opinion explained:

> We are dealing here with second-hand goods. The spark plugs, though used, are nevertheless Champion plugs and not those of another make. There is evidence to support what one would suspect, that a used spark plug which has been repaired or reconditioned does not measure up to the specifications of a new one. But the same would be true of a second-hand Ford or Chevrolet car. And we would not suppose that one could be enjoined from selling a car whose valves had been reground and whose piston rings had been replaced unless he removed the name Ford or Chevrolet. . . .
>
> Cases may be imagined where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words 'used' or 'repaired' were added. But no such practice is involved here. The repair or reconditioning of the plugs does not give them a new design. It is no more than a restoration, so far as possible, of their original condition. The type marks attached by the manufacturer are determined by the use to which the plug is to be put. But the thread size and size of the cylinder hole into which the plug is fitted are not affected by the reconditioning. The heat range also has relevance to the type marks. And there is evidence that the reconditioned plugs are inferior so far as heat range and other qualities are concerned. But inferiority is expected in most second-hand articles. Indeed, they generally cost the customer less. That is the case here. Inferiority is immaterial so long as the article is clearly and distinctively sold as repaired or recon-

229. Put this way, exhaustion in trademark is yet another species of nominative fair use.

Adequately disclosed and disclaimed?

> ditioned rather than as new. The result is, of course, that the second-hand dealer gets some advantage from the trade mark. But under the rule of *Prestonettes, Inc. v. Coty* that is wholly permissible so long as the manufacturer is not identified with the inferior qualities of the product resulting from wear and tear or the reconditioning by the dealer. Full disclosure gives the manufacturer all the protection to which he is entitled.[230]

Trademark plaintiffs cannot get around exhaustion by suing under 43(a) and claiming that the sale of unauthorized goods amounts to a false claim of endorsement or affiliation. For example, in *Hart v. Amazon.com*, the plaintiff sued Amazon for allowing third-party sales of copies of his books, which included his press's trademarks, but the court was unpersuaded:

> Plaintiff does not plausibly allege that the books sold through Amazon were anything other than authentic original copies protected under the first-sale doctrine. . . . Plaintiff's claim centers on individuals re-selling copies of his books through Amazon's website without Plaintiff's permission. The mere fact that Amazon offers a platform to third-party sellers to sell various products and, subsequently, those individuals sold Plaintiff's books, does not imply that Plaintiff has endorsed Amazon or has any specific affiliation with Amazon. This is not the reality of commerce. As a comparison, a shopper at a bookstore does not automatically

230. *Champion Spark Plug*, 331 U.S. at 128–30.

LVM Multiculor bag

Chewy Vuiton dog toy

believe that just because a used book is appearing at the store, the author is expressly endorsing that store. The same is true for a book that is resold on Amazon.[231]

5 Expressive Use

Trademark law provides breathing room for expressive uses in a variety of ways.

Parodies

Courts frequently adapt the multi-factor likelihood-of-confusion test to protect parodies.[232] For example, consider *Louis Vuitton Malletier v. Haute Diggity Dog*, in which the Louis Vuitton luxury luggage, handbag, and accessories company sued the maker of a "Chewy Vuiton" dog toy. Louis Vuitton's family of marks includes the LOUIS VUITTON word mark; the LV monogram; a brown-and-beige repeating pattern of the LV monogram with stars, diamonds, and flowers; and a brightly colored version of the pattern created in collaboration with Takashi Murakami. Handbags with the multicolor design ranged from $995 for a medium handbag to $4500 for a large travel bag, and were sold in Louis Vuitton's own boutiques and through upscale department stores. Louis Vuitton sells a few luxury pet accessories, such as collars and dog carriers, but not dog toys.

The defendant was Haute Diggity Dog, a small company that primarily sells chew toys and pet beds that parody luxury brands, such as Chewnel No. 5, Furcedes, Jimmy Chew, Dog Perignonn, Sniffany & Co., and Dogior. The chew toys were made of polyester, sold primarily in pet stores, and generally cost under $20. The Chewy Vuiton toy used "CV" instead of "LV" and had a pattern that evoked, but did not precisely imiate, the multicolor Murkami design.

The court began by explaining that Chewy Vuiton toy's name and decoration were parodies of the LOUIS VUITTON marks.

231. Hart v. Amazon.com, Inc.,191 F. Supp. 3d 809, 818 (N.D. Ill. 2016).
232. Compare copyright, where parodies are acommodated within the fair-use analysis.

For trademark purposes, a parody is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner. A parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody. This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or amusement. Thus, a parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect. . . .

[W]e agree with the district court that the "Chewy Vuiton" dog toys are successful parodies of LVM handbags and the LVM marks and trade dress used in connection with the marketing and sale of those handbags. First, the pet chew toy is obviously an irreverent, and indeed intentional, representation of an LVM handbag, albeit much smaller and coarser. The dog toy is shaped roughly like a handbag; its name "Chewy Vuiton" sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM's LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar. In short, the dog toy is a small, plush imitation of an LVM handbag carried by women, which invokes the marks and design of the handbag, albeit irreverently and incompletely. No one can doubt that LVM handbags are the target of the imitation by Haute Diggity Dog's "Chewy Vuiton" dog toys.

At the same time, no one can doubt also that the "Chewy Vuiton" dog toy is not the "idealized image" of the mark created by LVM. The differences are immediate, beginning with the fact that the "Chewy Vuiton" product is a dog toy, not an expensive, luxury LOUIS VUITTON handbag. The toy is smaller, it is plush, and virtually all of its designs differ. Thus, "Chewy Vuiton" is not LOUIS VUITTON ("Chewy" is not "LOUIS" and "Vuiton" is not "VUITTON," with its two Ts); CV is not LV; the designs on the dog toy are simplified and crude, not detailed and distinguished. The toys are inexpensive; the handbags are expensive and marketed to be expensive. And, of course, as a dog toy, one must buy it with pet supplies and cannot buy it at an exclusive LVM store or boutique within a department store. In short, the Haute Diggity Dog "Chewy Vuiton" dog toy undoubtedly and deliberately conjures up the famous LVM marks and trade dress, but at the same time, it communicates that it is not the LVM product.

Finally, the juxtaposition of the similar and dissimilar—the irreverent representation and the idealized image of an LVM

> handbag—immediately conveys a joking and amusing parody. The furry little "Chewy Vuiton" imitation, as something to be chewed by a dog, pokes fun at the elegance and expensiveness of a LOUIS VUITTON handbag, which must not be chewed by a dog. The LVM handbag is provided for the most elegant and well-to-do celebrity, to proudly display to the public and the press, whereas the imitation "Chewy Vuiton" "handbag" is designed to mock the celebrity and be used by a dog. The dog toy irreverently presents haute couture as an object for casual canine destruction. The satire is unmistakable. The dog toy is a comment on the rich and famous, on the LOUIS VUITTON name and related marks, and on conspicuous consumption in general.[233]

But finding that the use was a parody did not end the matter. The court then proceeded to step through a complete multi-factor likelihood-of-confusion analyis, reasoning that "an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not."[234]

- *Strength of the plaintiff's mark*: LOUIS VUITTON was a strong, famous mark. But that did not help Louis Vuitton, becuase "the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting."[235] Another case found that the strength of TOMMY HILFIGER for clothing did not matter as against TIMMY HOLEDIGGER for pet perfume.
- *Similarity of the marks*: The "essence of a parody" is to invoke the parodied mark while also distinguishing itself. Here, the "differences are sufficiently obvious and the parody sufficiently blatant that a consumer encountering a "Chewy Vuiton" dog toy would not mistake its source or sponsorship on the basis of mark similarity."[236]
- *Similarity of the products*: "Even LVM's most proximate products—dog collars, leashes, and pet carriers—are fashion accessories, not dog toys. As Haute Diggity Dog points out, LVM does not make pet chew toys and likely does not intend to do so in the future."[237] The difference in marketing channels—luxury boutiques versus pet stores—reinforced this conclusion. So too did the difference in advertising channels; any overlap was "so minimal as to be practically nonexistent."[238]

233. Louis Vuitton Malletier v. Haute Diggity Dog, 507 F.3d 252, 260–61 (4th Cir. 2007).
234. *Id.* at 261.
235. *Id.*
236. *Id.* at 261.
237. *Id.*
238. *Id.* at 262.

- *Good or bad faith*: "An intent to parody is not an intent to confuse the public. Despite Haute Diggity Dog's obvious intent to profit from its use of parodies, this action does not amount to a bad faith intent to create consumer confusion. To the contrary, the intent is to do just the opposite — to evoke a humorous, satirical association that distinguishes the products."[239]
- Actual confusion: Louis Vuitton tried to argue that actual confusion was present because retailers occasionally wrote "Chewy Vuitton" on invoices, with two Ts instead of one. But they were likely confused about how to spell the name of the dog toys, not about the source of the dog toys.

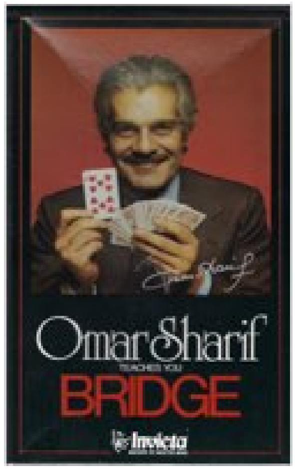
The bottom line was that there was no likelihood of confusion. Was this conclusion foreordained by the court's finding that Chewy Vuiton was a parody? Perhaps not quite. It remains useful to walk through the factors, because they bring out key factual details showing that confusion was unlikely. The key—and not all courts are good about this—is to take the parody into account when applying the factors, as the court here did.

Having gone through this exercise, the court then repeated it again—twice!—because Louis Vuitton also brought claims for dilution by blurring and dillution by tarnishment. The result was the same: Chewy Vuitton was unlikely to cause either of these forms of dilution. I will not bore you with the full details,[240] but this is typical in trademark cases. The plaintiff brings every claim it can, and if the defendant has a successful parody defense, that defense works against every claim the plaintiff brings.

Expressive Works

While parodies typically must go through the full likelihood of confusion analysis, trademark law has — or perhaps used to have — a shortcut when the defendant's use is part of an expressive (or "artistic") work. Under the *Rogers v. Grimaldi* test, such uses are exempt from trademark liability if they are (1) "artistically relevant" and (2) "not explicitly misleading." The test comes from a case in which the actress and dancer Ginger Rogers—most famous for her movie dance partnership with Fred Astaire—sued the producers of a movie titled *Ginger and Fred*.[241] But the title was artistically relevant because the movie concerned a pair of aging dancers known in Italy as "Ginger and Fred," and nothing about it was explicitly misleading in suggesting that Rogers had endorsed the

239. *Id.* at 263.
240. Louis Vuitton's main theory of tarnishment was that Chewy Vuiton toys could pose a choking hazard, and its main theory for why that could happen was that the toys were cheap. The court was having none of it. There was, and is to this day, no evidence that any dog has ever suffered any harm from a Chewy Vuiton chew toy.
241. Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989).



Omar Sharif Teaches You Bridge

movie or had a role in its creation. By contrast, the box of "Omar Sharif Teaches You Bridge" explicitly promises that the bridge-teaching system contained within is endorsed by the late star of *Dr. Zhivago*.

Rogers itself involved a plaintiff's *name* and the *title* of a work. But courts have since extended it to apply to any trademark and any way in which a mark is used in an expressive work. For example, in *Louis Vuitton Mallatier v. Warner Bros.*, Louis Vuitton sued the movie studio behind *The Hangover: Part II* over a scene containing what appeared to be a LOUIS VUITTON bag.[242]

In the scene, the main characters are waiting for a flight from LAX to Thailand. The Zach Galifianakis character is traveling with what appears to be Louis Vuitton luggage, including an over-the-shoulder bag he leaves next to him.[243] The Ed Helms character picks it up to make room, prompting the response, "Careful that is … that is a Lewis Vuitton." The bag never appears or is mentioned after that.

As the court explained, this was an artistically relevant use. This threshold "is purposely low and will be satisfied unless the use has no artistic relevance to the underlying work whatsoever."[244] As long as it is "not arbitrarily chosen just to exploit the publicity value of [the plaintiff's mark] but instead has genuine relevance to the film's story," that is

242. Louis Vuitton Mallatier v. Warner Bros., 868 F. Supp. 2d 172 (S.D.N.Y. 2012). Louis Vuitton is a frequent and mostly unsuccessful trademark litigant. It has also sued or threatened suit over a Britney Spears music video, a basketball in a Hyundai ad, a mural about the Darfur crisis, and a student-group event at the University of Pennsylvania Law School.

243. Louis Vuitton alleged that the bag was actually a look-alike manufactured by Diophy, not an authentic LOUIS VUITTON bag. If true, should this matter?

244. *Louis Vuitton Mallatier*, 868 F. Supp. 2d 172.

Still from *The Hangover: part II*

enough.[245]

> Alan's terse remark to Teddy to "[be] [c]areful" because his bag "is a Lewis Vuitton" comes across as snobbish only because the public signifies Louis Vuitton—to which the Diophy bag looks confusingly similar—with luxury and a high society lifestyle. His remark also comes across as funny because he mispronounces the French "Louis" like the English "Lewis," and ironic because he cannot correctly pronounce the brand name of one of his expensive possessions, adding to the image of Alan as a socially inept and comically misinformed character. This scene also introduces the comedic tension between Alan and Teddy that appears throughout the Film.[246]

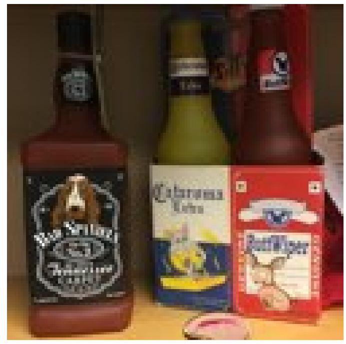
As for explicit misleadingness, there was no insinuation that Louis Vuitton sponsored or endorsed the movie.

> Furthermore, Louis Vuitton's position assumes that viewers of the Film would take seriously enough Alan's statements about designer handbags (even about those he does not correctly pronounce) that they would attribute his views to the company that produced the Film. This assumption is hardly conceivable, and it does not cross the line into the realm of plausibility. Lastly, Louis Vuitton is objecting to a statement made by a fictional character in a fictional movie, which it characterizes as an affirmative misrepresentation.[247]

For a time, courts grew increasingly expansive about the uses to which

245. *Rogers*, 875 F.2d 994.
246. *Louis Vuitton Mallatier*, 868 F. Supp. 2d at 178.
247. *Id.* at 182.

Jack Daniel's logo



Bad Spaniels chew toy

they would apply the *Rogers* test. But in *Jack Daniel's Properties, Inc. v. VIP Products LLC*, the Supreme Court sharply limited its ambit.[248] The case involved "squeaky, chewable dog toy designed to look like a bottle of Jack Daniel's whiskey."[249] Jack Daniel's Properties, which owns the JACK DANIEL'S marks, sued VIP Products, which made the toy. The Supreme Court held that the *Rogers* test did not apply, because the test is limited to cases in which the defendant uses the mark in a non-source-identifying way. According to the court, VIP Products was using BAD SPANIELS as a mark for its dog toys, rather than purely expressively, as in *Rogers* itself.

This holding, if it means what it says, appears to make *Rogers* redundant with the threshold commercial-use test. Any case that could be dismissed under *Rogers* could also be knocked out under the test applied in *Radiance Foundation*. So perhaps *Rogers* is no more. Note also that on remand in *Jack Daniel's Properties*, the district court held that there was no likelihood of confusion and the court of appeals held that there was no likelihood of tarnishment. This is a reminder that even when a discrete trademark defense fails or doesn't exist, the defendant can still win on the ordinary multifactor confusion and dilution tests.

6 Miscellaneous

Section 32 of the Lanham Act contains two specific defenses. The first is for printers:

> Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed … shall be entitled as against such infringer or violator only to an injunction against future printing.[250]

248. Jack Daniel's Props., Inc. v. VIP Prods. LLC, 143 S. Ct. 1578 (2023).
249. *Id.* at 1580.
250. Lanahm Act § 32(2)(A).

Steve Hershey camapgin sign (left); Hershey Company chocolate bar (right)

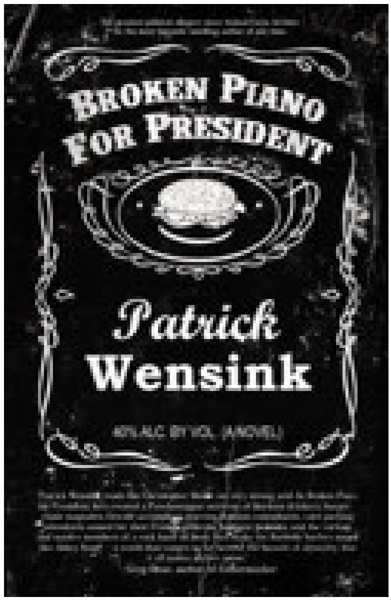
Steve Hershey posing with a campaign sign.

The second is for advertising media:

> Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication, the remedies of the owner of the right infringed shall be limited to an injunction against [future such advertising or communications]. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.[251]

The purposes of these defenses are similar. They protect companies that provide useful general-purpose services from having to carry out detailed inspections of everything that they print or run. A printing shop commissioned to make hang tags for clothing should not have to demand documentary proof of a proper trademark license, and neither should Facebook's ad-placement service. They can carry out their ordinary business without risking ruinous trademark liability. But note that (a) the defenses only apply to *innocent* parties who are unaware of the infringement, and (b) that injunctions against *future* violations are available against them.

Hershey Problem



Broken Piano for President cover

You have been called by a reporter for the *Baltimore Sun*. A candidate for the Maryland State Senate, Steven S. Hershey, Jr., has recevied a cease-and-desist letter from the Hershey Company, which sells a wide variety of chocolate products, alleging that his campaign signs infringe on their rights in the HERSHEY family of marks. Some of his signs feature a brown-hued version of the Maryland state flag; others are on a plain brown background.

Explain to the reporter what the trademark issues are here, and how you think the matter will be resolved.

Broken Piano for President Problem

You represent Jack Daniel's Properties, which owns the JACK DANIEL'Sfamily of marks. Pictured above is the front cover of a novel by Patrick Wensink. How should you respond?

Paper Handbag Problem

These "handbags" bearing the GUCCI logo are actually made of paper. In Chinese religious traditions, people burn them—along with other paper effigies of luxury goods and paper "money" in denominations up to $5,000,000,00—as offerings to deceased relatives. Very loosely, the idea is that doing so provides for the relatives' comfort in the afterlife. Your client is a Chinese corporation that manufactures these effigies and sells them via ecommerce platforms like Taobao and DHgate to retailers

251. Lanahm Act § 32(2)(B).

GUCCI “handbags”

worldwide. You have been asked whether it should worry about trademark issues. What do you recommend?

Defenses Lightning Round

In the following cases, you represent the owner of the specified trademark. What should you do? *Hints*: It never hurts to first determine the applicable theory or theories of infringement before analyzing whether a defense applies. It also never hurts to Google the mark itself to see how the owner uses it.

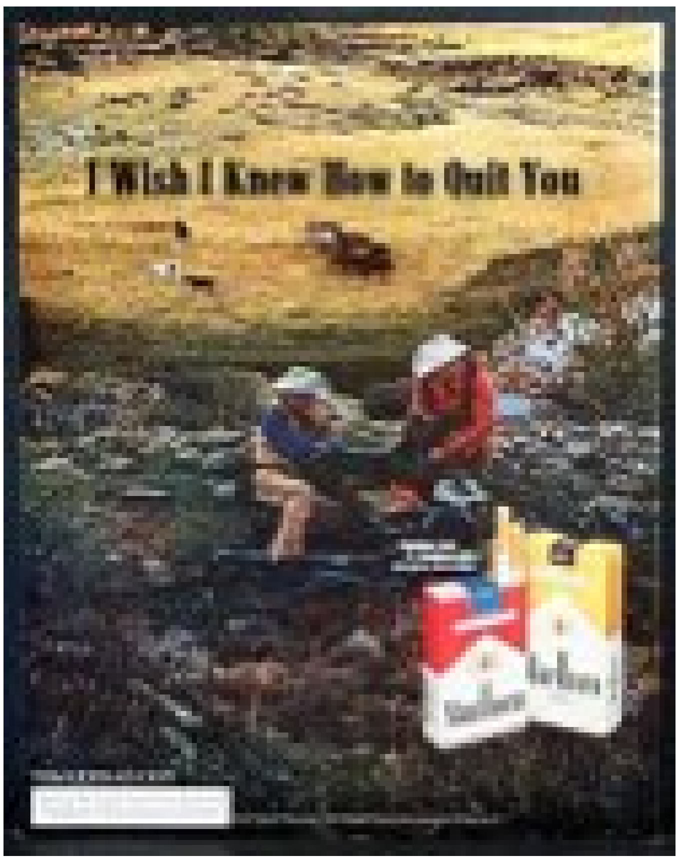
The mark is LITTLE LEAGUE for children's sports competitions.

The mark is FORD for cars.

The mark is 7-11 for groceries.

The mark is FEDEX for delivery services

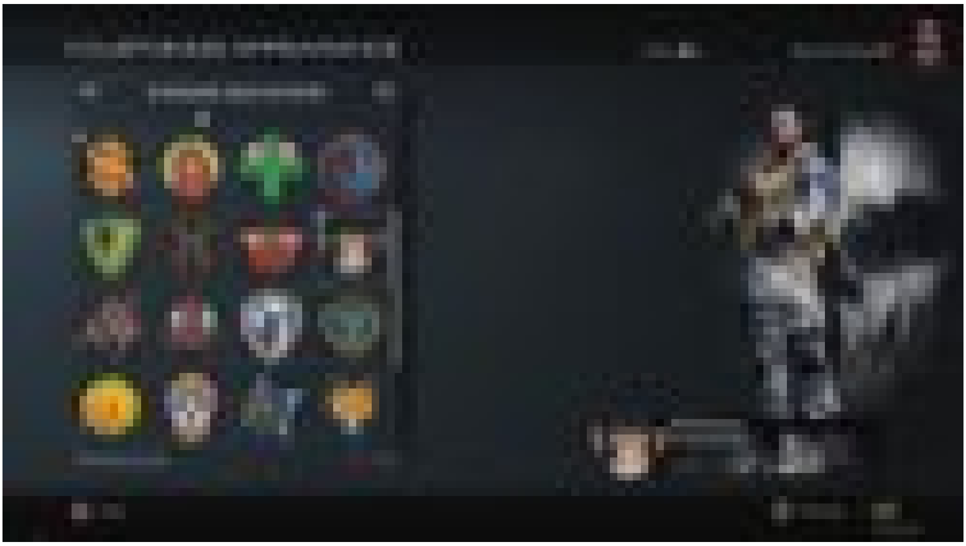
The mark is GOT MILK? for milk.



The mark is MARLBORO for cigarettes. It may help to note that “I wish I knew how to quit you” is a line of dialogue from *Brokeback Mountain*.

The mark is LISTERINE for mouthwash. The black text on the white portion of the Target bottle of mouthwash reads "Compare to FRESHBURST® LISTERINE®."

The mark is M&MS for chocolate candy



The angry monkey design is a design mark for an "on-line retailer store featuring clothing, namely, patches, t-shirts, hats, bags and pouches and tactical gear."

The mark is POLO for fragrances. The text at the bottom reads "Inspired by POLO."

Vested Interest Problem

You represent Agatha Vest, who works as an editorial intern at a fashion magazine. In her spare time she blogs, tweets, and instagrams about ethical issues in the fashion supply chain. She is the founder and sole staff member of Vested Interest, an unincorporated sole proprietorship which she operates out of the Queens apartment she shares with four other socially-minded twenty-somethings. She has just received the letter that appears on the following pages. She has a pile of student debt and almost no assets. On the one hand she can't afford to pay for much in the way of lawyering, but on the other, she feels she has nothing to lose in standing up to the man and is more than happy to take a public stance now. Her top priority is bringing public attention to what she sees as the ethical problems with how major fashion houses source their leather. Advise her on her strategic options, and describe the response letter you will write to Louis Vuitton.

<u>By Electronic Mail and Courier Service</u>

Agatha Vest
Vested Interest
New York, NY

Dear Ms. Vest,

I am the director of Civil Enforcement, North America, for Louis Vuitton Malletier ("Louis Vuitton"). I write to demand that you immediately cease and desist your infringements of Louis Vuitton's intellectual property.

Louis Vuitton is the owner of world famous registered and common law trademarks (the "LV Trademarks"), including the LOUIS VUITTON and LV word marks, the LV initial monogram, and the Toile Monogram shown below:

The Toile Monogram, which consists of the LV initial monogram and three distinctive design elements – a circle with a four-leafed flower inset; a curved beige diamond with a four-point star inset; and its negative – was created by George Vuitton, Louis Vuitton's son, in the 1890's to protect the Louis Vuitton brand from unlawful imitators. Since that time, Louis Vuitton has manufactured and sold products bearing the Toile Monogram and secured numerous federal trademark registrations bearing the LV Trademarks.

Since its founding in 1854, Louis Vuitton has built up a worldwide reputation for its design, innovation, quality, and style in women's and men's leather goods and fashion apparel and accessories. The LV Trademarks, including the Toile Monogram, are among the most famous trademarks in the luxury goods industry and the world. To help protect its valuable trademarks and copyrights and to preserve the good will and exclusivity of Louis Vuitton designs, Louis Vuitton closely controls the sale of its products and the use of its trademarks, and has devoted and continues to devote substantial resources to protect the LV Trademarks and copyrights.

It has come to my attention that Vested Interest has been engaged in blatant counterfeiting of Louis Vuitton leather and canvas handbags. As confirmed by the numerous screenshots and letters from defrauded customers attached to this letter, Vested Interest has been selling counterfeit Louis Vuitton handbags (the "Infringing Articles") on Internet retail and resale platforms such as Amazon Marketplace, Craigslist, and eBay using descriptions such as "Genuine Louis Vuitton handbag" and "Real LV Artsy MM ONLY $50" . The Infringing Articles are offered at prices in many cases less than 5% of the normal retail price for the corresponding authentic Louis Vuitton handbags.

Although the images used in the listings appear to consist of photographs of authentic Louis Vuitton handbags, and in some cases in fact consist of photographs copied from Louis Vuitton's own website, the Infringing Articles to delivered to customers are, as noted above, cheap forgeries. They consist of so-called "vegan leather," which despite the name is a synthetic product that replicates neither the texture nor the durability of the genuine luxury leathers used in authentic Louis Vuitton handbags. The Infringing Articles are of obviously crude manufacture: paper-thin, poorly stitched, and wholly unsuitable for even the lightest use. They are printed with the following counterfeit variation of the Toile Monogram:

In addition, the Infringing Articles are packaged with a letter stating:

LUXURY HANDBAGS KILL INNOCENT ANIMALS

Hello from Vested Interest, a nonprofit activist organization dedicated to ending animal suffering. The handbag you almost bought was made from the skin of a living, breathing, feeling animal. It was slaughtered for its skin. To keep you from being complicit in its murder, we've swapped out the blood-drenched handbag for this stylish substitute that looks just as nice but better expresses the fact that leather is murder. If you would like to donate to the cause of protecting innocent living beings from this senseless slaughter, you don't need to do anything more, and your purchase price will go to end this inhumane practice. You can keep the handbag and use it to help spread the word. If you would prefer not to, just let us know, and we will be glad to issue you a full refund, you monster.

This letter confirms that Vested Interest is engaged in blatant acts of copyright infringement, trademark infringement, and false advertising. Louis Vuitton has received numerous complaints from consumers who have been defrauded by Vested Interest's behavior. Representative quotations include:

"How can these guys do this to you?"

"Can you help me get my money back?"

"I'm not sure I can wear my LV bag in good consciences again."

"I couldn't believe I was getting such a good deal. Then I couldn't believe how shoddy the bag was. Now I can't believe I fell for it."

"What a rip off!"

Vested Interest's actions constitute copyright infringement, trademark infringement, unfair competition, and false advertising under state and federal law and are causing irreparable harm to Louis Vuitton's reputation for high-quality luxury goods. We hereby demand that Vested Interest immediately cease all sales of the Infringing Articles; destroy all remaining Infringing Articles; issue full, immediate, and unconditional refunds to all buyers of the Infringing Articles; and issue a public apology to Louis Vuitton for Vested Interest's malicious and harmful conduct. If you do not confirm to me within one week that Vested Interest agrees to do so, Louis Vuitton will be compelled to take further legal action.

Very truly yours,

Consuela Cooper, Esq.

7

Identifier Registries

Trademark law could in theory function perfectly well without registration. For much of its history, U.S. trademark law did just that, and even today many marks are never registered. One nice-to-have that federal registration provides is greater clarity about trademark rights: what marks are owned, for what uses, by whom? The clarity is even sharper in non-U.S. systems in which priority is based exclusively on registration. If a mark is registered, the registrant has exclusive rights over its use; if a mark is unregistered, it is free for the taking by the first registrant.

But the federal Principal Register *is not the only registry*. There are also registries of telephone numbers, radio callsigns, domain names, and much more. If a trademark is a source-designating symbol, then these registries also allocate trademark rights. Control of a registration means control of a trademark within a particular domain.

Registries systematically raise two kinds of issues. The first is how each registry implements—or does not—fundamental trademark concepts like distinctiveness, priority, and likelihood of confusion. Or, if you prefer your concepts in the form of a question, what kinds of symbols can be registered at all, who is entitled to register one, and when will a registration be refused because it is too similar to an existing registration? The second is how these trademark-like rules interact with the actual trademark system. Do trademark rights also give rights over registrations, or vice-versa, or neither?

What makes these questions so difficult is that a registry typically exists because of a coordination problem in a particular domain, and the nature of that problem drives the design of the registry. In allocating phone numbers, for example, ownership of a number must be wholly unambiguous. Telecom companies must know exactly how to route a call to a given number. The trademark system can tolerate a degree of concurrent use that the telephone system cannot. This means that the telephone system cannot simply defer to trademark law; sometimes, its internal needs must take precedence.

At the same time, it is a rare registry that can ignore trademarks entirely. Almost any resource valuable enough to be registered can be used in a way that creates consumer confusion. Courts and the registry's operator must take trademark law and trademark policies into account. How they do so varies by the type of registry involved.

A Broadcast Callsigns

The Federal Communications Commission requires every broadcast radio and television station to have a "callsign" (or "call letters"): a unique sequence of letters. At first, callsigns were three letters, but they rapidly ran out, so the Federal Radio Commission (the FCC's predecessor) switched to four letters, like KEXP and WCBS. By FCC policy, callsigns for stations east of the Missisippi River start with "W" and callsigns for stations west of the Missisippi start with "K."

The FCC follows an absolute nationwide priority rule. It will not grant requests for a callsign currently in use by another station.[1] Moreover, only active stations may hold a callsign; a station that plans to start broadcasting in the future must have a construction permit from the FCC before it can reserve one. This is an intent-to-use system in which the FCC checks the bona fides of the intent.

The problem comes because callsigns are attractive service marks for broadcasters. If you must frequently announce your callsign on air, you might as well use it as mark to identify yourself to consumers. New York radio listeners are familiar with "1010 Wins the News," the slogan of the AM news station WINS, which broadcasts at 1010 kHz. Seattle listeners tune in to the FM alternative/indie station KEXP, which broadcasts at 90.3 MHz.[2] Not every station does this. iHeartRadio, for example, uses "KISS-FM" as a mark for dozens of top-40 radio stations around the country, but *not* including the rock station in San Antonio whose callsign really is KISS. For that matter, iHeartRadio plasters its name all over its stations, proudly proclaiming its corporate blandness. But it is a rare station—even one that also uses other marks—that does not incorporate its callsign into its branding to listeners. Indeed, a callsign can become well-known simply through consistent use by a station in its programming. WSM, broadcasting from Nashville, Tennesseee, started life as "We Shield Millions," but became known as the home of the Grand

1. Prior to the Internet, a station was expected to "telephone the Commission's call sign desk and inquire as to the availability of the call signs in which they are interested." FCC 98-324, FCC Rcd. 1235 (1998). Then it could request its desired call sign by letter. Today, the FCC maintains an online system for stations to reserve callsigns.
2. KEXP used to be KCMU, but switched to its current callsign in a partnership with the Experience Music Project, a boondoggle of a museum funded by the eccentric Microsoft billionaire Paul Allen. The Experience Music Project is now the Museum of Pop Culture, but the radio station kept the callsign.

Ole Opry.

Wherever you see trademarks, look for trademark law. Until 1983, the FCC took the position that because it licensed call signs and could reassign them if necessary, stations did not own their call signs.[3] Instead, it conducted a mini-examination process on each application for a callsign. It would refuse to grant requests for callsigns that it considered not in good taste.[4] In addition, it would refuse requests for the initials of a president or living former president, the United States of America, or any of its agencies or departments, unless special dispensation was granted. These kinds of exclusions, if not always the details, should be familiar from Lanham Act section 2(a), 2(b), and 2(c).

The FCC also enforced a rule much like the Lanham Act's section 2(d) exclusion for marks likely to cause confusion. It would refuse to assign callsigns that "were phonetically and rythmically similar to existing call letters of stations in the same area, so that the stations would likely be confused."[5] This rule was much narrower than the full multi-factor analysis conducted by the courts in a trademark case; it focused on whether the callsigns would sound alike when read aloud on air. It also implicitly recognized a kind of geographic priority for callsigns: a hypothetical WMNN in Miami could block a proposed WMNM in Fort Lauderdale, but not one in Boston.

But the FCC dropped this policy in 1983 and adopted a much narrower rule. Now, a station may request any callsign it wants, as long as the callsign is not currently in use by another station.[6] "Objections to the assignment of requested call signs will not be entertained at the FCC."[7] In effect, this any-available-callsign policy treats only identical callsigns as creating a likelihood of confusion. From a trademrk perspective, the policy is broader than necessary in that it prevents a station in Alaska and one in Arkansas from using the same callsigns, even though they serve utterly distinct markets. And the policy is narrower than necessary in that it allows nearby stations to have near-identical callsigns, e.g. WMNN and WMNM could serve the same city. The FCC does not care, because the main purpose of callsigns is station identification: stations must announce their callsigns on the air every hour.[8]

The FCC's position should not be understood as saying that trademark considerations are irrelevant in assigning callsigns. Rather, it says

3. *See generally* Milan D. Meeske & José Maunez-Cuadra, *Protecting Radio Call Letters and Slogans as Trademarks*, 36 J. Broad. & Elec. Media 267 (1992).
4. Can you think of any four-letter combinations that start with K or W that are in bad taste? Please don't share them.
5. *In re* WSM, Inc., 225 U.S.P.Q. 883 (TTAB 1985).
6. 47 CFR § 73.3550
7. 47 CFR § 73.3550(g).
8. 47 CFR § 73.1201.

that the FCC's callsign registry is *the wrong forum* for sorting out the trademark issues. The USPTO can perform substantive trademark examination because it has a staff of trademark experts who understand the issues. The FCC has a staff of electrical engineers who understand signal power and interference. Trademark issues are not in their wheelhouse. The FCC's policy toward confusion in the callsign registry is, quite appropriately, "tell it to the judge." And some station owners do just that.

The courts have recognized that callsigns frequently function as service marks. In *In re WSM, Inc.*, the owners of WSM tried to register WSM with the USPTO. The examiner refused, arguing that the FCC "licenses applicant to broadcast, approves applicant's call letters, and retains the power to revoke the license to broadcast along with the call letters used to identify the station," so that the station could not control the mark and therefore did not own it.[9] The TTAB reversed, explaining that the FCC's broadcast regulation and operation of a callsign registry did not turn it into a mark owner:

> The relationship between broadcasters and the FCC is analogous to other areas of commerce where businesses are regulated by government agencies. Pharmaceutical manufacturers, for example, operate under complex regulations established and administered by a federal agency. The right to market a particular drug is granted by the agency and may be withdrawn by the agency for particular health or safety reasons at any time. The ownership of the trademarks used to identify these goods is obtained by the manufacturers through adoption and use, just as with any other trademark or service mark. The fact that sales are regulated by the agency and the agency may withdraw the right to market the goods has no bearing on the manufacturers' ownership of, and right to register, these trademarks during the time while they are in lawful use. If and when the agency rules that a manufacturer may no longer sell a particular product, the use of the mark in connection with that product ceases. If that or a similar product is not sold again the manufacturer will no longer be able to maintain trademark rights with respect to that particular kind of product. As with any other goods or services, the rights in the marks are tied to use.[10]

The FCC could not unilaterally withdraw a callsign or force a station to change it. It could terminate WSM's license, and if it did, then WSM might lose its trademark rights through (involuntary) abandonment be-

9. *WSM*, 225 U.S.P.Q. 883.
10. *Id.* at *2.

cause it could not legally continue to broadcast. But while it did broadcast, it identified itself to listeners with the WSM mark, and that was enough to make it a mark owner entitled to registration.[11] Note that these rights through use will naturally tend to be geographic, since a station will be heard or seen almost entirely within its service area—although that tendency may be fading somewhat now that stations often also simulcast on the Internet.

Where there are trademark rights, there is also the possibility of infringement. In *Draper Communications, Inc. v. Delaware Valley Broadcasters Ltd. Partnership*, for example, WBOC-TV, broadcasting from Sussex County, Delaware, sued over a planned WBOT-TV, to broadcast from Wilmington, Delaware, about 80 miles away.[12] Delaware is not a large state, and their service areas would overlap. The plaintiff's expert, a professor of linguistics, testified that "of the 17,576 logically possible sets of call letters east of the Mississippi, only 7 sets were as confusable as the two sets involved here."[13] The defendant's expert, a professor of mass communications, testified that consumers primarily identify television stations by channel number rather than call sign.[14] After an extensive discussion of the practices of local TV viewers in a market partially, but not completely, now served by cable television, the court agreed with the plaintiff and entered an injunction against the use of WBOT for the defendant's callsign. Although the court took into account the context of how callsigns are assigned and used, this was in all respects a standard, fulsome likelihood-of-confusion analysis.

The FCC's callsign policies anticipate such cases:

> However, [the FCC's policy of not hearing objections] does not hamper any party from asserting such rights as it may have under private law in some other forum. Should it be determined by an appropriate forum that a station should not utilize a particular call sign, the initial assignment of a call sign will not serve as a bar to the making of a different assignment.[15]

That is, if a court forces a station not to use a particular callsign, the FCC will allow it to pick a new one instead.

To summarize, the assignment of callsigns illustrates all of the major trademark issues with a registry.

- A registry establishes a priority system, in which earlier registrations have superior rights to subsequent ones. This system can be

11. Did it need to show secondary meaning in WSM, or was use sufficient?
12. Draper Commc'ns, Inc. v. Del. Valley Broads. Ltd. P'ship, 505 A. 2d 1283 (Del. Ct. Chancery 1985).
13. *Id.* at 1291.
14. So maybe a channel number could be a service mark too . . . ?
15. 47 CFR § 73.3550(g)

based purely on priority of registration, or it can—like trademark law—take existing uses into account.

- A registry must have and enforce rules about which identifiers are too similar to existing ones. The rules can be simple (e.g., only exact duplicates are forbidden) or more complicated (e.g., soundalikes).
- A registry will usually have some rules that are driven by the technical needs of the system it relates to, e.g., station identification.
- A registry can have other rules based on substantive policies, e.g. no callsigns in bad taste.
- Like trademark law, the registry may require continued use to maintain rights. A station cannot continue to reserve its callsign if it stops broadcasting.
- The nature of confusion *within the registry* may not be the same as consumer confusion *in the marketplace*, because of the different contexts. The FCC was concerned about radio callsigns sounding the same during station identification, but consumers also encounter callsigns on billboards and in newspaper ads, where they can be seen as well as heard.
- The registry, regulators, and the courts must decide how significant a registration is in creating trademark rights.
- Conversely, they must also decide how much weight to give trademark rights in allowing or prohibiting a registration.
- The existence of the registry, and the nature of the system it exists to serve, can be highly relevant in trademark litigation.

Keep these issues in mind as you read the remainder of this chapter.

B Telephone Numbers

Holiday Inn is a nationwide chain of budget hotels for families on vacation, which it operates under the HOLIDAY INN family of marks.[16] For many years, its reservations hotline had the telephone number 800-465-4329, which spells 800-HOLIDAY on a phone keypad. In 1993, a company called Call Management reserved the number 800-405-4329, which is exactly the same except that it uses a 0 instead of a 6. Some customers, intending to make reservations at Holiday Inn, dialed "0" instead of of an "O" when phone-spelling out "HOLIDAY." They reached one of Call Management's partner travel agencies, which were more than happy to book them a Holiday Inn reservation and take a commission. Holiday Inn sued for trademark infringement. How should we think about this practice? The answer depends on the interaction of trademarks and the telephone system's registry of numbers.

16. Holiday Inns, Inc. v. 800 Rsrv., Inc., 86 F.3d 619 (6th Cir. 1996).

Like callsigns, telephone numbers are also regulated by the FCC, but there is a twist. There are about 30,000 licensed broadcasters in the United States, and they change callsigns infrequently. This is a small enough administrative load that the FCC can administer it directly. But there are 330 million people in the United States—over 10,000 times as many—and it is not uncommon for people to change numbers.[17] As a result, while the FCC makes rules about assigning telephone numbers, it hands the actual administration of them off to intermediaries. Individual telephone companies assign numbers to their subscribers, and the companies receive blocks of numbers from the North American Numbering Plan Administrator.

In a technical sense, if not a trademark sense, callsigns are arbitrary. Any set of letters will do, as long as it is distinct from the letters used by other stations. Not so for telephone numbers. They play an essential, *functional* role in the technological operations of the telephone system. For many years, telephone calls were routed mechanically: the clicks of a telephone dial were used by enormous switching equipment to connect the caller's telephone to the callee's. This system was a technological marvel, and it was deeply, inherently geographic. A local *exchange* of a few thousand lines shared a common prefix,[18] and every phone number in the area it served had its own unique number starting with that prefix. In turn, these exchanges were eventually grouped into *area codes*, e.g., New York City was 212, Chicago was 312, Denver was 303, and so on. Thus, for example, the Hotel Pennsylvania's full number was 212-736-5000.

While stability of numbers was important, for obvious reasons, people often moved, as people are wont to do. When they did, they received a new number at their new address. *It could not have been otherwise*. It was simply not technically possible to route calls from the old number to the new address, which would typically be served by a different exchange, and quite possibly a different local telephone company. Indeed, sometimes numbers would need to be reassigned for purely technical reasons; development in an area could force exchange or area code boundaries to be redrawn. Sacramento was initially part of 415 (along with San Francisco), but it shifted from 415 to 916 in 1950. Then the boundaries of 916 gradually shrank from all of northeastern California to the Sacramento area, as areas were hived off to become 707 and 530, and then 279 was added as an overlay to cover new numbers in Sacramento. Thus, just as the FCC argued that individual stations did not own their callsigns, neither individuals nor telephone companies owned their telephone numbers. Indeed, most numbers were simply assigned: by NANPA to telephone companies in blocks, and by companies to subscribers one by one.

17. New phone who dis?

18. Some of these prefixes had mnemonics, and some of these mnemonics are immortalized in popular culture, like PEnnsylvania and BUtterfield.

So far, this seems like a completely non-trademark registry. But capitalism finds a way. Businesses gradually realized that some of these randomly assigned numbers could be used to spell out short phrases using the keypad code in which ABC are on 2, DEF are on 3, and so on. For example, in 1982, William Alexander realized that 800-FLOWERS would be a great telephone number for a florist.[19] At the time, the corresponding number, 800-356-9377, was assigned to Capitol Warehousing, a transportation company. They ran a test by placing ads in the New Orleans area, during which calls for both truck brokerage and flower delivery were directed to the same number. It was encouraging enough that they had AT&T transfer the number to a new venture, 800-Flowers, Inc., which is the predecessor in interest of 1-800-FLOWERS.COM, Inc, which still uses the number and a similarly named website, and has a market capitalization of nearly $2 billion.

As this example suggests, the rules that subscribers cannot select and do not own their telephone numbers have weakened considerably. Mobile numbers can travel anywhere a user goes. Many companies give users a selection of available numbers, and Internet-based telephone services like Google Voice let users select numbers in many different area codes. Numerous services let users select and sign up for specific "vanity" phone numbers that spell something appealling, provided their desired number is available. For example, the public radio call-in quiz show *Wait Wait, Don't Tell Me!* is 1-888-WAIT-WAI. Indeed, thanks to improvements in computerized switching, the FCC now requires telephone companies to cooperate in "number portability"—enabling a subscriber to take a phone number from one location and company to another, as long as it is technically feasible.

But one important limit on holding telephone numbers remains. It is illegal to "warehouse," "hoard," or "broker" toll-free numbers.[20] A telephone company cannot reserve a toll-free number without having a subscriber for whom it is being held, and a subscriber cannot reserve more toll-free numbers than it intends to use, or acquire a toll-free number for the purposes of selling it. These rules should be familiar; toll-free numbers, like trademarks and callsigns, cannot be registered without an intent to use. The point of these rules is to prevent speculation, reduce the technical burden of database entries for unused numbers, and ensure that if no one else is actually using 800-599-5426 to provide a toll-free ser-

19. Jahn v. 1-800-Flowers.com, Inc., 284 F.3d 807 (7th Cir. 2002). In the United States, numbers with "area" codes starting with 8 (e.g. 800, 888, etc.) are "toll free" and are billed to the number owner, rather than the caller. This was a big deal when phone calls were expensive. Numbers in the 900 "area" code are "pay-per-call" and the caller pays a charge to the number owner. USA Today's New Kids survey, in the Trademark chapter, used a 900 number.
20. 47 CFR §§ 52.106, .107

vice, it remains available for Kwyjibo Electronics.

For the most part, the FCC, NANPA, and telephone companies do not try to implement any substantive policies when reviewing requests for telephone numbers. There are many technical limitations, having to do with service areas, available number blocks, and reserving certain number combinations (e.g. no number can start with 911, which is reserved for emergency services, or 411, which is reserved for directory services). But there are no other policies embedded in registry rules. One reason is that because most numbers are treated as opaque strings of digits and because any given string of digits maps to many different letters (e.g. 387-8459 could be either FUR-UGLY or DUSTILY), there is no particular concern about a number having a particular meaning. Another is that consumer confusion of numbers *as such* is uncommon; callers are expected to dial the digits of a number exactly, and are rarely exposed to near-identical numbers in daily life (as most numbers are essentially randomly assigned). So the registry-level standard of likelihood of confusion is typically the same as for callsigns: exact identity.

Returning to our opening example, it is now clear that Call Management obained 800-405-4329 legitimately, as far as the telephone system is concerned. Holiday Inn could have reserved this number at any time. Indeed, some of its competitors, like Red Roof Inns, did just that for their own 800 numbers (800-RED-ROOF has two 6s for Os). But the number was available when Call Reservations checked, and the general rule is that any available number may be reserved. This simple rule keeps the intricate dance of assigning and returning telephone numbers moving briskly.

But just as with callsigns, the fact that a telephone number can be *registered* does not necessarily mean that it can be *used* without trademark trouble. Call Management was exploiting a very specific form of consumer confusion: at the instant of being connected, most consumers who reached it were under the impression that they had dialed Holiday Inn. Of course, this by itself is not actionable; most wrong numbers are innocent mistakes on everyone's part. The Sixth Circuit held that the same was true here because Call Management was *passively* exploiting consumers' misdials. It did not take out advertisements claiming to be Holiday Inn, or promote its misleadingly similar number. It simply sat back and waited for the calls to come in.

Contrast *Dial-A-Mattress Franchise Corp. v. Page*, where the plaintiff had the number 628-8737 (which spells MATTRES) in New York City area codes and advertised with the phrase "DIAL-A-MATTRESS and drop the last 'S' for savings."[21] The defendant acquired 1-800-628-8737 (i.e. 1-800-MATTRES) and advertised his business under that number.

21. Dial-A-Mattress Franchise Corp. v. Page, 880 F.2d 675 (2d Cir. 1989).

The Second Circuit held that this actively created consumer confusion and could be prohibited. MATTRESS was generic for mattresses, but the slogan DIAL-A-MATTRESS was not, and the use of a similar phone number made the defendant's use confusingly similar. Similarly, in *American Airlines, Inc. v. A 1-800-A-M-E-R-I-C-A-N Corp*, the plaintiff's mark was AMERICAN AIRLINES and the defendant used the number 1-800-AMERICA, advertised itself as an airline company, and listed its company name as "A 1-800-A-M-E-R-I-C-A-N." The court emphasized that its "wrongful conduct lies in its misleading use of [American's] yellow-pages listing rather than its mere use of its telephone number as such."

This may seem like awfully fine hair-splitting, but there is an important principle here. Trademark law cares about preventing consumer confusion, but its quest to prevent confusion cannot be all-consuming. The telephone system and the registry of telephone numbers have important policy values embedded in their rules. It is important that numbers flagged as available for assignment actually be available. An innocent business should not be put in the position of being forced to change its telephone number just because the number happens to be too similar to someone else's number or trademark. Thus, cases like *Holiday Inns, Inc. v. 800 Reservation, Inc.* refuse to find a defendant liable simply for using a telephone number. This doctrine is in some tension with the unfair-competition idea that confusion created in bad faith is actionable—Call Management certainly acted to take advantage of consumer confusion, and it is not hard to imagine the *Blinded Veterans Ass'n* court ordering it to play a disclaimer at the start of each call that it is not Holiday Inn and is not affiliated with Holiday Inn. But the idea is intelligible enough. If Holiday Inn cared enough about the risk of misdialing, it should have actually reserved the number in question. It cannot sit back and later sandbag a competitor by asserting trademark rights over the number. Only if the competitor engages in some additional conduct directly targeted to Holiday Inn's goodwill will Holiday Inn have a claim.

One last twist. The FCC experimented once with a system allowing trademark owners to claim toll-free numbers corresponding to their marks.[22] In the 1990s, facing the near exhaustion of available 800 numbers, the FCC released 888 as a new option. In the run-up to the availability of 888, the FCC gave holders of existing 800 vanity numbers a right of first refusal over the corresponding 888 numbers.[23] An 800 number holder could reserve the 888 number, but would need to actively invest in, advertise, and use it.

22. Diana Lock, *Toll-Free Vanity Telephone Numbers: Structuring a Trademark Registration and Dispute Settlement Regime*, 87 Calif. L. Rev. 371 (1999).

23. For the FCC's reasoning, see *In the Matter of Toll Free Service Access Codes Fourth Report and Order*, 13 FCC Rcd. 9058 (1998). Among other things, the FCC also considered but rejected the use of lotteries and auctions to assign toll-free numbers.

This is our first example of a ***sunrise period*** in a new registry—one that gives existing trademark owners a first chance to claim a corresponding registration. Sunrise periods can be attractive because there are no reliance interests in the previously unavailable identifiers. But giving trademark owners rights over too many new identifiers can defeat the purpose of opening up the space in the first place. If every 800 number owner simply claims the same nubmer in 888, 877, 866, and so on, the available semantic space has not actually increased. The active-use requirement—familiar from trademark law—served as a deterrent to such behavior. At any rate, the market voted with its wallet; few trademark owners took advantage of the procedure. The FCC chose not to repeat the precedent when it opened up 877 two years later, or 866 after that, and so on.

C Business Names

States regulate business names in several ways. The first is that corporations and other artificial entities must have ***official names***. These names are important for legal purposes. If the Hudsucker Holding Corporation, Hudsucker Industries, Hudsucker Incorporated, and the Husducker Operating Company are distinct entities, then contracting parties need to know with exact certainty whom they are dealing with, and plaintiffs need to know which entity to sue. Indeed, the process of incorporation itself incorporates[24] a registry. Every state maintains an office that accepts incorporation filings and allows the public to search its records, pulling up basic information such as the entity's name, address, and date of incorporation.[25]

These corporate registries typically use a first-to-file priority system. Under the Model Business Corporation Act, the similarity standard is that a proposed new name must be "distinguishable upon the records" from existing names.[26] A comment explains how this standard operates in practice:

> The principal justifications for requiring a distinguishable official name are (1) to prevent confusion within the secretary of state's office and the tax office and (2) to permit accuracy in naming and serving corporate defendants in litigation. Thus, confusion in an absolute or linguistic sense is the appropriate test under the Model Act, not the competitive relationship between the corporations, which is the test for fraud or unfair competition. The precise scope of "distinguishable upon the records of the secretary of state" is an appropriate subject of regulation by the of-

24. Pun intended.
25. Here is Delaware's.
26. MBCA § 4.01(b).

> fice of secretary of state in order to ensure uniformity of administration. Corporate names that differ only in the words used to indicate corporateness are generally not distinguishable. Thus, if ABC Corporation is in existence, the names "ABC Inc.," "ABC Co.," or "ABC Corp." should not be viewed as distinguishable. Similarly, minor variations between names that are unlikely to be noticed, such as the substitution of a "," for a "." or the substitution of an Arabic numeral for a word, such as "2" for "Two," or the substitution of a lower case letter for a capital, such as "d" for "D," generally should not be viewed as being distinguishable.[27]

Notice the two uses cases: within the state's regulatory offices, and by lawyers looking to sue and serve the proper defendant. These are both searches by *experts*, not by the general public. The result is that the test for confusion is narrow, but not completely mechanical.

The MBCA also provides a clear explanation of why this standard, rather than trademark likelihood of confusion, is appropriate:

> The elimination of the "deceptively similar" requirement that appeared in earlier versions of the Model Act is based on the fact that the secretary of state does not generally police the unfair competitive use of names and, indeed, usually has no resources to do so. For example, assume that "ABC Corporation" operates a retail furniture store in Albany, New York, and another group wants to use the same name to engage in a business involving imports of textiles in New York City. . . . If the second group uses a distinguishable official name, like "ABD Corporation" . . . the secretary of state will usually not know in what business or in what geographical area "ABC Corporation" is active or what name ABD Corporation is actually using in its business . . .[28]

Much like the FCC, a secretary of state's office does not have the depth of factual information and domain expertise to resolve contests over whether two names create a likelihood of confusion in practice. Thus, the registraion process is streamlined, and questions of consumer confusion are kicked over to the courts.

Once again, allowing registrations under such circumstances creates the question of what effect the registration ought to have in trademark disputes. But here, the answer is easy: absolutely none. Recall that in *Galt House*, one of the competing claimants incorporated a business under the name Galt House. Quoting a corporate-law treatise, the court explained, "Mere incorporation under a particular name does not cre-

27. MBCA § 4.01 cmt. b.
28. MBCA § 4.01 cmt. b.

ate the right to have such name protected against use by another."[29] The corporate registry is a business-facing public record. Consumers do not read it. Unless and until a business starts advertising or selling to consumers, it has not actually established any goodwill. The corporate-name registry serves a wholly *non-trademark* role.

Still, the occasional consumer-confusion concept sneaks into the rules on acceptable corporate names. We have already seen that under the former version of the MBCA, secretaries of state did some policing of "deceptively similar" names. Another issue is that some terms have legislatively fixed meanings; a corporation cannot use one unless the term really is descriptive of its business. Consider *Harvard Business Services v. Coyle*, in which the plaintiff tried to file a certificate of incorporation for a corporation to be called "Bank Financial Services, Inc."[30] The Delaware Secretary of State rejected the filing because the corporation was not authorized to engage in the business of banking.[31] The court upheld this action, even though there was no express statutory prohibition on this use of the workd "bank." It had this to say about the Secretary's discretion to refuse other proposed names:

> Surely, if an incorporator attempted to incorporate in Delaware using obscene or libelous language in the proposed corporate name, the Secretary would have the discretion to refuse such a filing. Similarly, if a proposed corporation's name consisted of five hundred words, the Secretary would have the authority to refuse to accept the certificate of incorporation for filing if the overly lengthy corporate name would cause undue confusion or difficulty in administration. This discretion is not delineated in the statute, but seems implicit in the Secretary's duty to accept corporate filings.[32]

Another type of business name registry is more closely related to trademark law. Many states regulate ***assumed names***: i.e., names used by a person or business when they present themselves to consumers under a name other than their own. The official name on the corporate paperwork may be Sanchez Grocery and Deli, but if the sign out front says Manuela's Deli, people who shop there won't know what entity to hold legally responsible in case something goes wrong. Thus, Sanchez Grocery and Deli will need to file paperwork with the state stating that it is ***doing business as*** (or "d/b/a") Manuela's Deli. A customer who is injured on the premises can then search the database to find out who to name as

29. *Galt House*, 483 S.W.2d at 112.
30. Harvard Bus. Servs. v. Coyle, 1997 Del. Super. LEXIS 70 (1997).
31. Banking is heavily regulated, and requires a specific type of corporate charter and compliance with numerous oversight provisions.
32. *Harvard Bus. Servs.*, 1997 Del. Super. LEXIS 70.

a defendant in a complaint.[33]

The names on a d/b/a registry are often the actual service marks—whether registered or not—that a business uses when transacting with the public. Again, mere registration creates no goodwill as such, and hence no trademark rights. Only actual use with the public can do so.

An important difference is that here, there is no need to police the registry for confusing similarity. It is entirely possible for multiple businesses to use identical assumed names in wholly non-confusing ways: Manuela's Deli in New York City and Manuela's Deli in Buffalo are geographically remote. Similarly, Acme for a plumber and Acme for an import-export broker are not likely to cause any consumer confusion.

Occasionally—and more in the past than today—registry authorities would attempt to exclude certain names from being registered as assumed names. In *Cooper v. Goodman*, a filer attempted to register the names "The Brothel," "The Garden of Erotic Pleasures," "Theatre O," and "Club Orgy," and the county clerk refused " because they would be employed for deceptive purposes indicating that some kind of illegal or otherwise obscene activity may be expected within the establishments so described."[34] Note the combination of deceptiveness, illegality, and immorality concerns—three distinct trademark rationales—at work in this refusal. Denying registration had important legal consequnces, because without the certificate, the filer could not legally operate its clubs under those names. The court reversed and ordered the names registered:

> Obviously, the assumed names on the certificates were adopted for the purpose of obtaining publicity, public attention, and curiosity with the expectation they would promote business for the establishments. In fact, they may invite the attention of the Police Department, which would cause the establishments to be under police surveillance. In such case the public would be protected from illegal activities.
>
> The filing of a certificate does not imply governmental approval of the assumed name or of the business acitivity. The filing is statutorily required for the purpose of identifying the person operating the business under such assumed name.[35]

There is a consumer-protection flavor to d/b/a registration that sometimes shows up in state laws. In *Friedman v. Rogers*, for example, Texas

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33. "The obvious purpose of the Fictitious Names Act is to protect persons giving credit in reliance on the assumed or fictitious name and to definitely establish the identity of the individuals owning the business for the information of those who might have dealings with the concern." *Fremd v. Horne*, 1990 WL 362051 (Pa. Com. Pl. 1990)
34. Cooper v. Goodman, 65 Misc. 2d 939 (N.Y. Sup. Ct. 1971).
35. *Id.* at 940.

prohibited the practice of optometry under an assumed name.[36] As the Supreme Court explained in upholding the statute against a Constitutional challenge:

> The possibilities for deception are numerous. The trade name of an optometrical practice can remain unchanged despite changes in the staff of optometrists upon whose skill and care the public depends when it patronizes the practice. Thus, the public may be attracted by a trade name that reflects the reputation of an optometrist no longer associated with the practice. A trade name frees an optometrist from dependence on his personal reputation to attract clients, and even allows him to assume a new trade name if negligence or misconduct casts a shadow over the old one. . . .
>
> [In a previous case Ellis Carp] operated 71 optometrical offices in Texas under at least 10 different trade names. From time to time, he changed the trade names of various shops, though the licensed optometrists practicing in each shop remained the same. He purchased the practices of other optometrists and continued to practice under their names, even though they were no longer associated with the practice. In several instances, Carp used different trade names on offices located in close proximity to one another and selling the same optical goods and services. The offices were under common management, and had a common staff of optometrists, but the use of different trade names facilitated advertising that gave the impression of competition among the offices.[37]

There was also evidence that Texas's motivation was to protect individual optometrists from competition by chains, so the consumer-protection rationale may have been a bit of a smokescreen. But the general point stands. A d/b/a registry sits at the nexus between a state's regulation of companies and the trademarks they use to market themselves to the public.

D ISBNs

An International Standard Book Number is a 13-digit number used to uniquely identify a book.[38] It starts with the prefix 978, then contains sections for a group (a national or geographic region), a publisher, a title, and a checksum digit that helps detect errors if any of the numbers

36. Friedman v. Rogers, 440 U.S. 1 (1979).
37. *Id.* at 13.
38. *See generally FAQs: General Questions* (2023), http://www.isbn.org/faqs_general_questions.

are accidentally mistyped. An international association of more than 160 ISBN agencies divide up the space of possible ISBNs and assign them to publishers within their own territories. When a publisher receives a block of ISBNs, it assigns them to individual titles and editions that it publishes. Every ISBN in use is supposed to be registered with R.R. Bowker, which maintains an industry-wide database of ISBNs. Once assigned, an ISBN is never supposed to be reused, so that it can remain a permanently unique identifier. Publishers are also not supposed to sell or assign their ISBNs to each other.

The system is meant to ensure that every edition of a book has a unique ISBN. It provides a unique identifier for specifying an edition with certainty. If you want the eleventh edition of my Internet Law casebook, you should get the book with ISBN 978-1-943689-13-2. The tenth edition was 978-1-943689-10-1.[39] These are different, and if you try to buy one of them from a used bookseller, you should object if you receive the other. ISBNs are heavily used inside the publishing industry to track information about books and their distribution; for example, Amazon uses them to pull up the appropriate metadata on a book.

The space of distinct ISBNs in theory consists of 1 billion distinct identifiers, which seems like a lot. At roughly two million published worldwide per year, this works out to a 500-year supply. But because so much information is encoded into the first few fields of the ISBN, they are distributed unevenly. In addition, the rise of self-publishing has fueld a significant rise in the demand for ISBNs. In popular regions, such as the United States, ISBNs can cost $125 for one or $925 for ten.[40] One consequence is that publishers will sometimes reuse an ISBN for a new edition of a book, or sometimes even on a completely unrelated book. ISBN agencies will shortly begin assigning blocks of ISBNs that start with the prefix 979 as their supplies of 978 ISBNs are exhausted.

At this point, you may be thinking something like, “This is an IP textbook, but where is the IP law in the ISBN registry?” We have seen that identifiers in other registries can function as trademarks, and that trademark law can give rights over some identifiers. But both of these tendencies are severely attenuated for ISBNs. Why might that be?

E Domain Names

Now for the big Kahuna: domain names. The short version is that every computer on the Internet has one or more Internet Protocol (IP) addresses that can be used by other computers to send messages to and

39. Notice that the group and publisher fields are the same, but the title and checksum fields are different.
40. They can be purchased directly from Bowker. Does its dual status as a registry operator and as a sales agent for ISBNs create a conflict of interest?

from it. But IP addresses, which are made up of a 32-bit number written as four numbers between 0 and 255 separated by dots, e.g. `23.185.0.2`, are cumbersome for humans to use and remember. Thus, the Internet also has a Domain Name System that assigns ***domain names*** and can translate a human-readable domain name like `tech.cornell.edu` into the corresponding IP address.

For IP survey purposes, you can think of the DNS as a single giant registry that is available online and provides an answer whenever a person or computer wants to look up a domain name. It is administered by the Internet Corporation for Assigned Names and Numbers (ICANN) and operated by a variety of companies around the world. The actual entries in each registry are handed out on a first-come, first-serve basis by ***registrars*** like Google Domains, Register.com, and Gandi. There is an annual fee for each registration, part of which is kept by the registrar, part of which goes to ICANN, and part of which goes to the registry operator. If a registrant stops paying the fee, the domain name becomes unclaimed and registrable again. There is a substantial business in buying unused domain names, paying the annual registration fees, and waiting for someone to come along who is interested in purchasing them.

The USPTO previously took the position that the top-level-domain part of a domain name (e.g. `.com` or `.org`) served no source-indicating function and therefore never affected the distinctiveness of a mark. The Supreme Court rejected that view in *United States Patent & Trademark Office*, emphasizing that the meaning of a putative trademark is what consumers perceive it to be:

> A "generic.com" term might also convey to consumers a source-identifying characteristic: an association with a particular website. As the PTO and the dissent elsewhere acknowledge, only one entity can occupy a particular Internet domain name at a time, so a consumer who is familiar with that aspect of the domain-name system can infer that BOOKING.COM refers to some specific entity. See also Tr. of Oral Arg. 5 ("Because domain names are one of a kind, a significant portion of the public will always understand a generic '.com' term to refer to a specific business...."); post, at 2312-13 (the "exclusivity" of "generic.com" terms sets them apart from terms like "Wine, Inc." and "The Wine Company"). Thus, consumers could understand a given "generic.com" term to describe the corresponding website or to identify the website's proprietor.[41]

As part of its administration of the DNS, ICANN adopted the Uniform Domain-Name Dispute Resolution Policy, or UDRP. The following lan-

41. U.S. Pat. & Trademark Off. v. Booking. com BV, 140 S. Ct. 2298 (2020).

guage is required to be included in all contracts to register domain names in most top-level domains. "You" refers to the the party registering a domain name; "we" is the domain-name registrar (e.g. Google Domains or Namecheap).

Uniform Domain-Name Dispute Resolution Policy (UDRP)

4. *Mandatory Administrative Proceeding.* –
   a. *Applicable Disputes.* – You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts that
      (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
      (ii) you have no rights or legitimate interests in respect of the domain name; and
      (iii) your domain name has been registered and is being used in bad faith.
   b. *Evidence of Registration and Use in Bad Faith.* – For the purposes of Paragraph 4(a)(iii), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a domain name in bad faith:
      (i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or
      (ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or
      (iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or
      (iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.
   c. *How to Demonstrate Your Rights to and Legitimate Interests in*

the Domain Name in Responding to a Complaint. – Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of Paragraph 4(a)(ii):

(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

i. *Remedies*. – The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the complainant.

k. *Availability of Court Proceedings*. – The mandatory administrative proceeding requirements set forth in Paragraph 4 shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has submitted. (In general, that jurisdiction is either the location of our principal office or of your address as shown in our Whois database.) If we receive such documentation within the ten (10) business day period, we will not implement the Administrative Panel's decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us

> that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

An actual UDRP proceding is an arbitration before a panel of one or three arbitrators. ICANN maintains a list of approved dispute-resolution bodies. For example, one is the World Intellectual Property Organization. It currently charges $1,500 for a dispute involving 1 to 5 domain names, or $4,000 for a three-member panel. UDRP proceedings are conducted entirely online.

Note that although the UDRP purports to specify its own standard of decision (including a list of activities constituting "bad faith"), that standard incorporates rooted trademark concepts like "confusingly similar" and "rights or legitimate interests." It is therefore rooted in trademark law, but not the trademark law of any jurisdiction. It is more of a free-floating worldwide trademark law of the Internet, and indeed UDRPs have come to have their own particular norms and standards. Consider the following case:

Consider *Philip Morris USA Inc. v. Computer Services, Inc.* The complainant (as the party initiating a UDRP is called) was the cigarette company that owned the MARLBORO mark and used the domain name <marlboro.com>. The respondent registered the site <marlborosucks.com> and did nothing with it for eight years. It did not resolve to any actual website; it merely displayed an error message. Under *Radiance Foundation*, this would probably be a protected noncommercial use, and indeed the respondent so argued, writing "There is zero proof of cybersquatting or commercial use of the domain marlborosucks.com and this complaint should be thrown out immediately. … I would like this case resolved immediately so that I can proceed with my plans for the domain." But the arbitrator disagreed:

Philip Morris USA Inc. v. Computer Services, Inc.

No. D2017-0847 (WIPO 2017)

[The complainant (as the party initiating a UDRP is called) was the cigarette company that owned the MARLBORO mark and used the domain name <marlboro.com>. The respondent registered the site <marlborosucks.com> and did nothing with it for eight years. It did not resolve to any actual website; it merely displayed an error message. Under *Radiance Foundation*, this would probably be a protected noncommercial use, and indeed the respondent so argued, writing "There is zero proof of cybersquatting or commercial use of the domain marlborosucks.com and this complaint should be thrown out immediately. … I would like this case resolved immediately so that I can proceed with my plans for the domain." But the arbitrator disagreed:]

A. Identical or Confusingly Similar

The Panel finds that the disputed domain name is confusingly similar to the Complainant's mark MARLBORO MARKS.

The term "sucks" is a well-known pejorative descriptive word most often, in the Internet community, signifying or otherwise associated with sharp criticism. The Panel takes judicial notice of the fact that a domain name which contains the term "sucks" appended to a mark (e.g., in the form of (mark + sucks).gTLD), typified by the disputed domain name here, generally serves as a signal to an Internet viewer that a website accessed through such a name contains content highly critical, often caustic, in some fashion towards an owner of the mark and/or the goods or services which the owner provides.

Consequently, from a simple comparison of the name to the Complainant's mark MARLBORO MARKS, no doubt exists that the disputed domain name is confusingly similar to the mark. The name <marlborosucks.com> consists of the term MARLBORO followed by the well-known term "sucks". The name also contains the generic Top-Level Domain (gTLD) ".com". The addition of the gTLD is generally irrelevant in assessing confusing similarity or identity under paragraph 4(a)(i) of the Policy and thus ignored.

It has become very well-established in UDRP precedent, including numerous decisions previously rendered by this Panel, that a minor variation to a mark is usually insufficient in and of itself, when used in forming a domain name, particularly a Second-Level Domain (SLD), that results from modifying the mark, to confer requisite and sufficient distinctiveness to the resulting domain name to avoid a finding of confusing similarity. Here, the Respondent's incorporation of the term "sucks" to form the SLD clearly constitutes such a minor variation and, as such, does not avoid a finding of confusing similarity.

B. Rights or Legitimate Interests

Based on the evidence of record here, the Panel finds that no basis exists which would appear to support a claim of rights or legitimate interests by the Respondent to the disputed domain name under paragraph 4(c) of the Policy.

The Complainant has never authorized the Respondent to utilize any of the Complainant's MARLBORO MARKS Marks and does not have any relationship, affiliation or connection whatsoever with the Respondent.

Further, the Respondent never did and does not now use nor has ever made any demonstrable preparations to use the disputed domain name to resolve to an operational website through which it does or will make *bona fide* offerings of any goods or services. Passively holding a domain name, which infringes the trademark rights of another, for nearly an 8 year period does not qualify, on any basis, as a *bona fide* offering of goods and services.

Moreover, the evidence of record clearly reflects that the Respondent is not commonly known by the disputed domain name or any of the Complainant's MARLBORO Marks.

C. Registered and Used in Bad Faith

The Panel finds that the Respondent's actions, with respect to the disputed domain name, constitute bad faith registration and use.

The Panel believes the Respondent was well aware of the Complainant and its mark MARLBORO, and the substantial reputation, goodwill and fame which that mark acquired and the exclusive rights which the Complainant held in its MARLBORO Marks when the Respondent registered the disputed domain name. Nevertheless, the Respondent held the name, without ever using it to resolve to an operational website, for a period now reaching nearly 8 years. Even now, the Respondent merely states that it has "plans" to use the name without defining, with any degree of specificity whatsoever, what those plans are, and when and how they will be implemented. Such a vague assertion leads the Panel to believe that the Respondent has no concrete plans at all to ever use the name to resolve to an operational website and, during the course of holding the name for nearly 8 years, never did.

The disputed domain name, being a "sucks"-based name, could, under a proper set of circumstances, legitimately serve as an address of a noncommercial, operational website, e.g., a so-called gripe site, through which the Respondent posts content critical of the Complainant and/or its cigarette products offered under its mark MARLBORO. However, none of those circumstances has apparently ever existed here and certainly do not now exist. This is plainly evident as one absolutely crucial threshold requirement is glaringly absent: legitimate use. Apart from any illegitimate use, the Respondent has simply never used and does not now use the domain name at all. It merely passively holds the name and has done so for nearly 8 years.

Each of the federal cases which the Respondent cites for the proposition that free speech rights attach to a sucks-based domain name is not only clearly distinguishable from the present facts but is irrelevant to those facts simply because in each such case the name at issue was actually used by a defendant as an address of an operational noncommercial website providing critical comment, an aspect totally missing here. Specifically, in *Bosley Medical Institute v. Kremer*, a disgruntled customer registered and used a domain name incorporating plaintiff's mark for a website detailing investigation against plaintiff and other information "highly critical" of plaintiff).

Thus, the Panel concludes that the Complainant has provided sufficient proof of its allegations, with respect to the disputed domain name, to establish a case under paragraph 4(a) of the Policy upon which the relief it now seeks can be granted.

This conclusion is hard to support under U.S. trademark law as we have seen it. It is a little more defensible—even if still problematic—in light of the UDRP's policy to prevent ***cybersquatting***: holding on to a domain name in order to sell it to a trademark owner or extort a payment from the mark owner. (The line between permissible domain-name brokering and prohibited cybersquatting can be a fuzzy one.) The respondent was not trying to extract money from Marlboro, but he also wasn't doing anything with the domain, despite having plenty of time to do so, which seems to have weighed heavily with the arbitrator. So although the DNS allows for much more extensive hoarding of unused domain-names than the FCC's callsign or telephone-number systems, the UDRP has a bit of a tilt toward favoring use over nonuse.

F Online Accounts

How about social media accounts at services like X, Twitch and Instagram? By now it should be obvious that usernames check all of the boxes for an identifier registry with trademark implications. Users can pick their own usernames, only one user can have a given username at a time, priority goes to the first to sign up, usernames can have trademark meaning, and consumer confusion can result. What's a platform to do?

X's Trademark policy prohibits the use of a trademark "in a way that may mislead or confuse others about your affiliation." This is more intensive trademark policing than other registries we have seen engage in. Why might that be? One obvious reason is that X is far more deeply involved in user behavior because it provides not just a registry but a forum in which users can actually use trademarks. Other registries can convincingly argue that they can neither control nor monitor how registrants use their identifiers in the world. But X can see—and if it wants to, stop—how users post using their usernames.

If X pays attention to trademark infringement, it must also pay attention to trademark defenses. It makes exceptions to its trademark policy for uses "outside the scope of the trademark registration"[42] (e.g. in other countries) and for "using a trademark in a nominative or other fair use manner." In addition it has a separate policy on "parody, newsfeed, commentary, and fan accounts" which require the account bio to include a word like "parody," "fake," "fan," or "commentary" to communicate that "the account is not affiliated with the subject portrayed in the profile." This rule does not track trademark law, which is more open-ended—but services that operate at X's scale prefer to use clear, simple content-moderation rules whenever they can.

42. What about unregistered trademarks?

G License Plates

Every car must have a license plate (or plates, depending on the state) to legally be driven on the public roads. The purpose of this requirement is right there in the name: the plate bears a unique registration "number," composed of letters and/or numbers, that corresponds to the owner's registration paperwork for the car. A state issues a registration only when an applicant demonstrates that they own the car, supplies proof that they have sufficient liability insurance, and certifies the car's current mileage. The license plate allows law enforcement to look up the car's registration information in case of an accident or suspected crime. It also allows other people to identify a car they have seen.

For many years, license plates were assigned either in numerical order or essentially arbitrarily. However, there proved to be substantial individual demand for "personalized" or "vanity" plates with a specific number with particular meaning to the registrant. My grandmother, for example, used `SL 1440`—her initials, and her address. States charge a fee for vanity plates, which many people are quite willing to pay. Estimates are that there are 10 million or more vanity plates on the roads.

The license plate system is a registry. And as soon as states began letting individuals choose their license plate numbers, they opened up the whole can of trademark worms. Here, for example, are Nevada's rules on priority, which grant priority based on filing, with a 30-day period to reserve a number and then follow up with an actual application:

> The person who first applies for a particular letter or number or combination of letters, numbers or spaces and pays the prescribed fee for registration and for the personalized prestige license plates has priority to receive plates with that particular letter or number or combination of letters, numbers or spaces once the application has been accepted by the Department.[43]
>
> Any letter or number or combination of letters, numbers or spaces which is available for issuance may be reserved for a period of 30 days after the date on which the applicant makes his or her reservation with the Department.[44]

And here are some of Nevada's rules on acceptable vanity-plate numbers:

1. The letter "O," the letter "I" and the letter "Q" must not be used alone but may be used with a combination of other letters and numbers if the combination does not create confusion between the letter "O" or "Q" and the number "0" or between the letter "I" and the number "1." . . .

6. No combination of letters, numbers or spaces is allowed if it:

43. Nev. Admin. Code § 482.320(7).
44. Nev. Admin. Code § 482.340.

(a) Creates confusion with any combination on other license plates.

(b) Expresses contempt, ridicule or superiority of: (1) Race; (2) Ethnic heritage; (3) Religion; or (4) Gender.

(c) Contains any connotation that is sexual, vulgar, derogatory, profane or obscene.

(d) Contains a direct or indirect reference to a (1) Drug or drug paraphernalia; or (2) Gang.

(e) Makes a defamatory reference to a person or group.[45]

Which of these are confusion-based, which of them correspond to other non-confusion-based exclusions in Lanham Act section 2, and which of them are new?

Bonus question: which of these exclusions are constitutional? Consider *Mitchell v. Maryland Motor Vehicle Administration*.[46] John T. Mitchell, a resident of Maryland, applied for the vanity plate number MIERDA, which is Spanish for "shit." The state granted his application, but received a complaint about the plate two years later, which led it to rescind the plates under a state regulation which allowed it to deny or recall plates containing "profanities, epithets, or obscenities." The court upheld the rejection as being reasonable and viewpoint-neutral. But this decision was pre-Tam and pre-*Iancu* and may not survive them.

H Stage Names

Actors Equity, the union of stage actors in the United States, has a "Professional Name Policy" for its members.[47] Every member must be enrolled under their stage name, which will be—indeed *must be*—used for all of their contracts, billings, and programs. And here is what it has to say about similar names:

> The Association shall not enroll an applicant under a name, nor shall a member use a name which is the same as, or resembles (so closely as to tend to be confused with), the name of an existing enrolled member, except that an applicant may enroll under and use such name professionally upon proof of consent by the existing member, or a finding by the National Council that under the circumstances there is no likelihood of confusion, or that there are extenuating circumstances.[48]

Priority based on registration! Likelihood of confusion! Concurrent use

45. Nev. Admin. Code § 482.320.
46. Mitchell v. Md. Motor Vehicle Admin., 148 A.3d 319 (Md. 2016).
47. Actors Equity, Professional Name Policy (1986). SAG-AFTRA, the union of film, television, and radio actors, has a similar policy.
48. *Id.*

by consent! Did a trademark registry write this policy? It is also fun to note that name priority rights are lost if a member resigns, is expelled, or remains on inactive status (i.e. not working on any productions and not paying dues) for five years. Yet another registry ties rights to continued use of the identifier.

Stage names can of course be trademarks. Abel Tesfaye holds trademark registration no. 4421959 for THE WEEKND. And any essentially commercial stage production with proper credits will be a goodwill-creating use in commerce. Indeed, it will also quality the actor to join Actors Equity, so that there is a natural coincidence between use and the right to enroll under one's stage name. But the parallel breaks down a bit once we dig into the details of when Equity regards a name as confusingly similar:

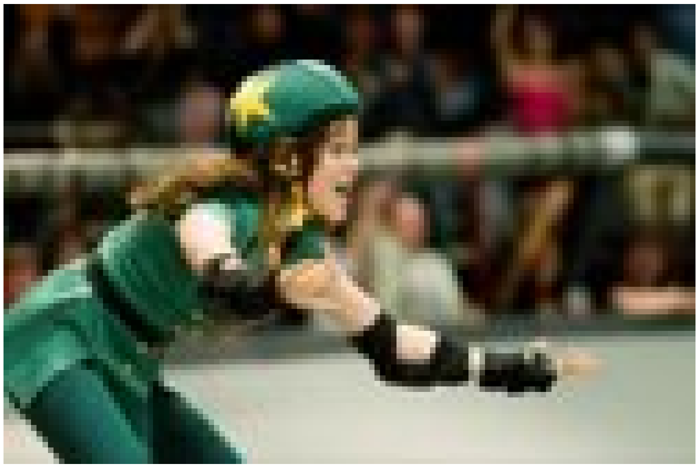
> If an applicant or member must change or alter his/her name to distinguish it from an existing member, he/she may change the first and/or last name completely or add a full middle name. (Note: The use of a middle initial under these circumstances is not acceptable.)

For every Barbara Hershey (born Barbara Lynn Herzstein) there is a Neil Patrick Harris who uses their middle name for professional disambiguation. This middle-name rule is not the same as trademark's likelihood-of-confusion standard. It is more restrictive in some ways, and less restrictive in others. But it *works in context*. There is a restricted universe of actors working on stage productions, and among that universe, a unique full name is sufficient for precise identification.

Actors Equity stage names have the force of law behind them. To be sure, Actors Equity is not an arm of the government; it has no jurisdiction over non-members. But by contract, members agree to its name rules when they join, and also by contract theatrical producers agree to employ only Equity members and to follow Equity credit rules. Contract law will back up its rules if needed.

But there are also registries that operate informally. Consider roller derby. As David Fagundes describes in *Talk Derby to Me*, skaters typically compete under "derby names" like Paris Killton, Helen Wheels, Reyna Terror, or Penny Dreadful.[49] Some play up their personas; others appreciate the privacy of not being easily identifiable by employers. According to the skaters Fagundes interviewed, there is a strong norm aginst adopting a derby name, like Princess Slay-Ya, that another skater is already using. According to one of them, "When you bite on someone's style you look like a douche and so uncool. Just imagine finding out at 2:30am in

49. David Fagundes, *Talk Derby to Me: Intellectual Property Norms Governing Roller Derby Pseudonyms*, 90 Tex. L. Rev. 1093 (2012).



Elliot Page as "Babe Ruthless" in *Whip It* (2009)

a bar when you are not completely sober that the person you are talking to has an almost identical name as yours. SUPER ANNOYING."

> Derby girls care about maintaining the uniqueness of their aliases for three primary reasons. First, names in derby function as trademarks do in the commercial world: they ensure that skaters will not be confused with one another and that the viewing public can tell skaters apart. This is particularly true in the context of actual bouts, when announcers rely on derby names to relay action to spectators over a public-address system. . . .
>
> Second, . . . skate names are a repository for the identities that skaters work so hard to create in a subculture that is profoundly important to them. . . .
>
> Third, . . . [n]ot all names are created equal. Even if there is an infinitude of possible names, only some of those names will suit a skater's personality and style, so that a world in which skate names must be unique may well cause a newer skater to experience a much lower chance of being able to claim a name that truly suits her.[50]

A skater who adopts another skater's name risks being insulted, shunned, or perhaps even punched.

> As one rollergirl put it, "sure there's no laws in place—you don't even have to register your derby name—it's COURTESY. Ref might not see you smash me in the face—but I know, and trust me baby, I'm comin for ya."[51]

50. *Id*. at 1110 to 1112.
51. *Id*. at 1124.

Fagundes describes in detail an online registry of derby names, the Master Roster, with over 10,000 names:

> Three core principles govern derby name regulation. First is a uniqueness requirement: only one skater can skate under a given name. The second instantiates the idea of priority: where two names are identical or excessively similar, the skater with the earlier claim to the name has the right to use it. The third creates elemental standards for resolving overlapping name conflicts: where two names are reasonably similar, the second skater must ask the first skater for permission to use the name. This permission must be in writing and submitted to the Master Roster's administrators in order to authenticate it. . . .
>
> The Master Roster's name search feature allows users to determine the degrees of similarity between a proposed name and existing names, and this result strongly determines the likelihood that a name will be accepted or rejected. . . . For example, inputting the name "Nurse Wretched" into the name checker returns the result that the name is identical to a preexisting name ("Nurse Wretched"), of high similarity to another preexisting name ("Nurse Ratchet"), and of low similarity to yet another one ("Wretched"). . . . These results are advisory rather than dispositive, though: the administrators retain discretion over the acceptance and rejection of all proposed derby names, which is particularly salient in cases where a name has a nontrivial degree of similarity to a preexisting one.
>
> The Master Roster's substantive rules are supported by a number of formal registration procedures. For instance, skaters are advised not to submit a name until they have been participating in derby for at least a couple of months in order to avoid wastefully registering a name to beginning skaters who end up dropping out or failing to make a team. . . . Priority in cases of identical submissions is determined by the date stamp on the e-mail received by the Master Roster's administrators. In other words, registration is a matter of filing priority, not actual use, so that if two skaters simultaneously seek to register the same name, the Master Roster's administrators will register the first submission they receive, regardless of which skater adopted the name first.
>
> The process of adding names to the registry raises a correlative problem: what to do with names of skaters who have quit or retired? This problem looms more and more as the number of derby girls grows ever larger and names grow ever scarcer. Skaters (and name wranglers) are encouraged to notify the Mas-

> ter Roster's administrators when they are no longer using their names, and leagues often submit lists of names to the Master Roster that are to be deleted. . . .[52]

For what it's worth, the Master Roster has been dormant since 2012—the year Fagundes's article was published. The site Derby Roll Call is active, with 38,064 registrations as of when I last checked. It, however, does *not* enforce a duplicate-names rule:

> **Wait, you allow duplicate names?**
>
> Yup. Given how many people are finding out about derby every single day, it's inevitable two people will come up with the same name at the same time. Who are we to decide who got there first? The site's approach is to accept this duplication and try to inform everyone about the situation.

What does this say about "rights" in derby names? About identifier registries?

I Etc.

Time and space preclude saying more in this chapter. But here are still more examples of identifier registries that raise their own interesting issues:

Vessel names: Ships and boats over five tons engaged in "coastwise trade" must have names registered with the Coast Guard's Naval Vessel Documentation Center.[53] These names cannot be "identical, actually or phonetically, to any word or words used to solicit assistance at sea."[54] A different but overlapping set of vessels are required to have Automatic Identification System transponders that continuously information broadcast information including their names.[55] Punny names are common; legal-themed ones include CASE CLOSED, NAUT2GUILTY, and LAW DAWG.[56]

Aircraft numbers: Aircraft are required to display "nationality and registration marks," commonly called "N numbers" because they start with "N" for U.S.-registered aircraft or "tail numbers" because that is where they are often painted.[57] Registration numbers seem like they might just be human-meaningless identifiers—except that the Federal Aviation Administration allows aircraft owners to request a

52. *Id.* at 1118–20.
53. 46 C.F.R. § 67.117.
54. 46 C.F.R. § 67.117(b)(2).
55. 33 C.F.R. § 164.46.
56. Jon Keegan, *50,000 Boat Names*, Beautiful Pub. Data (Aug. 10, 2026), https://www.beautifulpublicdata.com/boat-names/.
57. 14 C.F.R. § 45.21 to 45.33.

specific N number, or to reserve one for future use, by paying a $10 annual fee. There is an apparently thriving market for the resale of (short 2- and 3-digit) N numbers, which can be prestigious in the same way that short social media handles can be.

Airline names: The FAA also has a role in setting airlines' names. Until 1988, the FAA itself resolved disputes over whether airline names were confusingly similar, but withdrew from the practice.[58] One reason it got out of the game was that airlines frequently chose geographically descriptive names, leading to frequent collisions. But it didn't get out of the game entirely: when an airline applies for a name, the FAA searches its lists, notifies the applicant of any similarities with existing airlines' names, and requires it to notify those other airlines of its proposed name.[59] This defers to the trademark system the same way that the FCC does with disputes over callsigns, but with an added step to make sure that any potential confusion is brought to light early.

Drug names: FDA-regulated drugs are required to have an "established" name to identify their active ingredients, but are commonly also sold under a "proprietary" name. The former is a generic term; the latter is a trademark. Established names are typically assigned by the United States Pharmacopia, a private nonprofit that has an expert committee to set consistent and easy to understand naming standards; proprietary names are chosen by the manufacturer but must be approved by the FDA, which pays close attention to make sure that one drug name will not be mistaken for another when orders are transcribed from a physician's handwriting or are given over the phone in a noisy hospital corridor.

URI schemes: The `http` part of a URL (a Uniform Resource Locator[60]) is called the ***scheme***; it says that this URL identifies where to find a web page. Other schemes include `data` (where the content iself is part of the URI), `file` (used to identify files on the user's system), and `tel` (for telephone numbers). Companies sometimes want to use custom schemes for their own applications, as in `facetime` (Apple's video-call software) or `ms-calc` (Windows Calculator). The Internet Assigned Numbers Authority, a nonprofit organization, maintains a list of schemes, and runs a registration procedure that includes expert review and mailing-list discussion.

58. Use and Change of Names of Air Carriers, Foreign Air Carriers, and Commuter Air Carriers, 52 Federal Register 5547 (Fed. Aviation Admin. 1988) (NPRM); Use and Change of Names of Air Carriers, Foreign Air Carriers, and Commuter Air Carriers, 52 Federal Register 17921 (Fed. Aviation Admin. 1988) (final rule).

59. 14 C.F.R. § 215.5.

60. Technically, a URL is just one kind of Uniform Resource Locator, or URI. It's complicated.

Problems

Dilly Pickles Problem

Your client is Dilly Pickles, a supplier of artisinal local pickles to restaurants and organic stores in a six-state region around New York City. It holds registrations on DILLY PICKLES and on a logo that shows a anthropomorphic pickle smiling and showering in a rain of dill. Its packaging is primarily blue and white, with a checkerboard pattern. It has a website at dillypickles.com with wholesale ordering information, its telephone number for customers is 1-800-PICKLES, and it is registered in New York State as Franzese Pickle Corp. d/b/a Dilly Pickles. It has an Instagram account at @DillyPickles where it posts carefully composed artsy photographs of its different kinds of pickles, and reshares stories from some of its clients.

Last month, a major national food comglomerate launched a line of jarred pickles sold in supermarkets nationwide called DILLY OF A PICKLE. Its packaging is green-and-red, with a striped pattern. It has a website at dillypickle.com with information about its products and a map showing supermarkets that carry its products. Its website lists the telephone number 1-800-P1CKLES, which plays a recorded message about how tasty its pickles are. The subsidiary that controls the DILLY OF A PICKLE brand is registered in California as Dilly of a Pickle, Inc. It has applied to the USPTO to register DILLY OF A PICKLE, DILLY PICKLE, and a logo of a mascot named Dilly Pickle, an anthropomorphic pickle smiling and playing the guitar. It has a Twitter account at @DillyPickles and an Instagram account at @DillyPickle, both of which mostly post product photos.

What should your client do?

ISBN Problem

You represent Prototype Publishing, a small publisher of technical books for the software- and hardware-engineering communities. You have recently discovered that Type O Positive, a publisher of urban vampire erotica, has been assigning ISBNs to dozens of its titles from a block of 100 that you purchased from Bowker. Your books are sold as both high-quality softbound reference manuals and as ebooks; Type O's books are sold exclusively as ebook downloads. By your calculations, you have used 23 of the ISBNs on your own titles, 73 have been used by Type O, and just 4 remain. Of the 23 you have used, it appears that Type O has *also* assigned the same ISBN to one its own titles in 9 cases.Type O has been apparently using your ISBNs for months and the books sold using them have collectively had tens of thousands of sales. What, if anything, should you do about it?

Nestor stock price before and after Nest acquisition announcement

Ticker Symbol Problem

A ticker symbol is a short string of a few letters that identifies a stock, mutual fund, or other publicly traded security. Well-known examples include T for AT&T, DIS for the Walt Disney Company, and GOOG for Google. Ticker symbols are used by humans to look up and talk about stocks (e.g., "$GME to the moon 🚀🚀🚀"), in data feeds to report prices,[61] and on exchanges to make actual trades. You should be able to shout "Buy 100 AAPL" to your broker, and your broker should be able to key in the order, both with absolutely no ambiguity whatsoever.

Securities are traded on numerous exchanges (there are currently 13 nationally registered stock exchanges in the United States), and for one to be traded on an exchange, it must have a ticker symbol. There are currently on the order of about 15,000 exchange-traded securities in the United States.

Trademark and consumer-confusion issues arise around ticker symbols with some regularity. For example:

- In 2014, Google announced that it was acquiring Nest Labs, which made "smart" thermostats and other home devices, for $3.2 billion. Investors immediately ran up the price of NEST by 1900 percent, to a new high of 10 cents per share. Unfortunately, Nest Labs was privately traded and did not have a ticker symbol. Instead, NEST belonged to Nestor, Inc., a completely unrelated and nearly bankrupt company.
- In 2013, Twitter announced that it planned to conduct an initial public offering. Investors immediately ran up the price of Tweeter Home Entertainment Group, TWTRQ, a consumer electronics retailer.

61. This is where the name "ticker" symbol comes from.

- The stock of Forward Industries, a technology distributor with ticker symbol FORD, moves in partial correlation with the stock of the Ford Motor Company, ticker symbol F, even though the two are in unrelated lines of business.
- The stock of the Coca-Cola Bottling Company Consolidated, ticker symbol COKE, the largest independent bottler of COCA-COLA products with a market capitalization of $3.7 billion, moves whenever the Coca-Cola Company, ticker symbol KO, with a market capitalization of $235 billion, makes significant announcements.
- In 1997, the Central Parking Corporation, whose ticker symbol is PK, sued another parking lot management company which had just renamed itself to Park One Incorporated and adopted "pk1" as a trademark. Central Parking claimed that it had trademark rights in PK by virtue of its ticker symbol and those rights were infringed by "pk1".
- In 1981, the Exxon Corporation, one of the world's largest oil-and-gas companies, ticker symbol XON, sued XOIL Energy Resources, Inc. for adopting the ticker symbols XOIL and XPLR. Exxon's stock traded on the principal exchanges, while XOIL's stocks traded in the smaller "over-the-counter" market in which buyers and sellers deal directly with each other.
- The Medtronic corporation makes medical devices like pacemakers and artificial heart valves. It was initially listed on the NASDAQ exchange under the ticker symbol MDTR. It moved to the New York Stock Exchange in 1977, but at the time NYSE ticker symbols were required to be three or fewer letters, so Medtronic adopted MDT. In 1988, the MDT Corporation, which also makes medical products, applied to list its stock on the NYSE, but was informed that its first choice of ticker symbols, MDT, was not available. MDT sued the NYSE, arguing that it was the senior user of MDT in the medical-products field, and thus that the NYSE was liable for contributory trademark infringement.
- In 2018, the fertilizer company PotashCorp merged with Agrium to become Nutrien. In the process, it gave up its former ticker symbol, POT. Nearly 40 companies requested the ticker symbol.

Design a set of rules to handle trademark and other confusion issues relating to ticker symbols. Your rules should deal both with the policies used by exchanges to assign, change, and reclaim ticker symbols, and also with how courts should approach ticker symbols in trademark litigation. Explain how your rules would deal with each of the cases above, and with any other issues you can anticipate. For an added challenge, consider the fact that a security can be initially listed on any exchange, but that ticker symbols should be interoperable and portable between exchanges (just as telephone numbers are assigned by a particular company but can be dialed from anywhere and can be moved to a different company).

Ophelia Pulse Problem

Your *pro bono* client is a paramedic and emergency ambulance driver who lives in Wichita, Kansas. She competes for the Wichita Tornadoes roller derby team under the name Ophelia Pulse. Her persona on the track is a buff, brawling medical professional; she wears ripped scrubs and a stethescope. When she began skating two years ago, she checked the Derby Roll Call registry and found names like Ophelia Pain and Ophelia Bones, but no Ophelia Pulse, so she started skating under the name and registered it with Derby Roll Call.

She has recently been contacted by a drag queen who has been performing under the stage name Ophelia Pulse in Orlando, Florida for seven years and is upset at the similarity of the names. She accuses your client of deliberately picking the name to mock her. Her persona on stage is goth-influenced Victorian, with a long black mourning dress and heavy, smudged eyeliner. There is no canonical registry of drag names. Your client did not perform a Google search when she picked the name; if she had, she would have found several dozen hits for the performer in Orlando, including several modeled photographs and video clips of her performances.

Counsel your client on what she should do.

8

Lanham Act False Advertising

False advertising law is not, strictly speaking, intellectual property law, but it is a close relative. Three issues are pervasive in advertising law: falsity, materiality and commerciality. Each of them raises conceptual questions about the control of information that go well beyond advertising law.

The central concern of false advertising law is to prevent the dissemination of false commercial information. Note that this task necessarily requires courts to distinguish true statements from false ones. At least five different conceptions of truth butt heads in the caselaw:

- **Scientific truth** exists in the world and can be determined through objective investigation.
- **Linguistic truth** is conventional; the true meaning of a term is the meaning a reasonable listener (e.g., a reasonable consumer) would regard it as having.
- **Legal truth** is a matter of authority; courts must defer to what legislatures and agencies assert.
- **Trademark truth** is determined by priority of appropriation; the owner of a mark is entitled to say definitively what it means.
- In a pluralistic society committed to free speech, there is **no absolute truth**; everyone is entitled to express their own opinions.

As you read the cases, always ask which conception or conceptions the courts are appealing to.

As with trademark and unfair competition,[1] state and federal law provide overlapping—and often redundant—protections against false advertising. In this chapter, we will focus on our old federal friend, section

1. The leading advertising treatises are David H. Bernstein & Bruce P. Keller, The Law of Advertising, Marketing, and Promotions (2011); James B. Astrachan, Donna M.D. Thomas, & Peter E. Rosden, The Law of Advertising (2014). See also the casebook Rebecca Tushnet & Eric Goldman, Advertising and Marketing Law: Cases and Materials (5th ed. 2020).

43(a), except that now our attention turns to a different subparagraph. The next chapter looks more broadly at advertising law beyond the Lanham Act.

Section 43(a)(1)(B) of the Lanham Act is short and to the point:

(a) *Civil action*. –

> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which– ...
>
> > (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

A "Ownership": Competitor Standing

In a sense, false advertising law shares the tort structure of trademark law, but without the requirement that the plaintiff own a trademark.[2] One gains tort protection against competitors' false advertising competitors simply by having competitors—by engaging in a commercial activity that has customers capable of being diverted by lies. This requirement of competitor standing functions as a kind of ownership rule. But modern standing law under § 43(a) is considerably more liberal than its common-law precursor.

At common law circa 1900, consumers could sue a seller in fraud for lies about its own products, provided that they satisfied the fraud tort's stringent requirements. And competitors could sue in defamation or trade libel for lies about them or their products. But to the classical legal imagination, false statements about one's products own invaded no legally protected interests of one's competitors.

> It is doubtless morally wrong and improper to impose upon the public by the sale of spurious goods, but this does not give rise to a private right of action unless the property rights of the plaintiff are thereby invaded. There are many wrongs which can only be righted through public prosecution, and for which the legislature, and not the courts, must provide a remedy.[3]

2. *See* Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. Pa. L. Rev. 1305 (2011).
3. Am. Washboard Co. v. Saginaw Mfg. Co., 103 F. 281, 285 (6th Cir. 1900).

In the case from which this language comes, *American Washboard Co. v. Saginaw Mfg. Co.*, the American Washboard Company sold aluminum washboards honestly marked "aluminum." The Saginaw Manufacturing Company sold zinc washboards, falsely marked "aluminum." In an opinion by future President and Chief Justice William Howard Taft, the Sixth Circuit held that American had no right to sue. It could not bring a *trademark* lawsuit, because it held no trademark in the word ALUMINUM, which is a generic term for aluminum washboards. Nor was there an unfair-competition theory that Saginaw was passing off its washboards as being from American. Saginaw was passing off its washboards as being made of aluminum; this is deception about product attributes, not deception about source.

The court also added a policy justification that is worth reading closely:

> Take the metal which is the subject-matter of the controversy in this case. Many articles are now being put upon the market under the name of aluminum, because of the attractive qualities of that metal, which are not made of pure aluminum, yet they answer the purpose for which they are made and are useful. Can it be that the courts have the power to suppress such trade at the instance of others starting in the same business who use only pure aluminum?[4]

There is a serious point here. Zinc washboards "answer the purpose for which they are made and are useful," so if a court is too aggressive in examining their composition, it could drive from the market a product that consumers genuinely want and benefit from. Many plaintiffs would love to exclude their competitors from the market, and false advertising provides an attractive tort for that purpose even when—as here—the plaintiff holds no exclusive rights over its product.

But this reasoning is ultimately unsustainable, because it relise on a false binary. The alternative to letting Sagniaw sell misabled zinc washboards is not prohibiting it from selling zinc washboards, but *requiring it to accurately label the zinc washboards it sells*. That lets consumers who prefer aluminum washboards find the washboards that truly are made of aluminum, while also leaving zinc washboards on the market for consumers who are okay with zinc. A concern that plaintiffs will sue over trivial inaccuracies—stamping "aluminum" on a washboard that is only 99% alumninum—is best addressed on the merits,[5] not with a blanket rule against competitor suits.

False advertising law today is far more expansive about competitor

4. *Id.* at 286.
5. This is what falsity and materiality guard against.

standing. Section 43(a) gives statutory standing to "any person who believes that he or she is likely to be damaged" by the false advertising. This language includes direct competitors who sell competing products, like American Washboard. In *Lexmark International, Inc. v. Static Control Components, Inc.* ("*Static Control II*"), the Supreme Court held that it extends even further.[6] Static Control made and sold the components needed to remanufacture Lexmark toner cartridges to other companies that actually carried out the refurbishment. Lexmark allegedly lied in two ways. First, it told its own customers that they were legally required to return cartridges to Lexmark after a single use. Second, it sent letters to numerous cartridge remanufacturers telling them "that it was illegal to sell refurbished Prebate cartridges and, in particular, that it was illegal to use Static Control's products to refurbish those cartridges."[7]

The Supreme Court's opinion held that to bring a section 43(a) false-advertising suit, a plaintiff must show ***proximate causation*** between the false statements and its injuries:

> We thus hold that a plaintiff suing under [section 43(a)] ordinarily must show economic or reputational injury flowing directly from the deception wrought by the defendant's advertising; and that that occurs when deception of consumers causes them to withhold trade from the plaintiff. That showing is generally not made when the deception produces injuries to a fellow commercial actor that in turn affect the plaintiff. For example, while a competitor who is forced out of business by a defendant's false advertising generally will be able to sue for its losses, the same is not true of the competitor's landlord, its electric company, and other commercial parties who suffer merely as a result of the competitor's inability to meet its financial obligations.[8]

Under this test, Static Control had competitor standing to sue. True, it was not a "classic Lanham Act false-advertising claim in which one competitor directly injures another by making false statements about his own goods or the competitor's goods and thus inducing customers to switch."[9] But Lexmark did bad-mouth Static Control (indeed, it did so by name). "When a defendant harms a plaintiff's reputation by casting aspersions on its business, the plaintiff's injury flows directly from the audience's belief in the disparaging statements."[10] In additon, Static Con-

6. Lexmark Int'l, Inc. v. Static Control Components, Inc. ("*Static Control II*"), 134 S. Ct. 1377 (2014). You may recall Lexmark's attempts to lock up the toner aftermarket for its printers from Lexmark Intern., Inc. v. Impression Prods., Inc., 816 F.3d 721 (Fed. Cir. 2016), and *Static Control I*, 387 F.3d 522.
7. *Static Control II*, 134 S. Ct. 1377.
8. *Id.* at 1391.
9. *Id.* at 1393.
10. *Id.*

trol tied a decrease in the purchase of remanufactured cartridges to a decrease in its own business:

> In addition, Static Control adequately alleged proximate causation by alleging that it designed, manufactured, and sold microchips that both (1) were necessary for, and (2) had no other use than, refurbishing Lexmark toner cartridges. It follows from that allegation that any false advertising that reduced the remanufacturers' business necessarily injured Static Control as well. Taking Static Control's assertions at face value, there is likely to be something very close to a 1:1 relationship between the number of refurbished Prebate cartridges sold (or not sold) by the remanufacturers and the number of Prebate microchips sold (or not sold) by Static Control. Where the injury alleged is so integral an aspect of the violation alleged, there can be no question that proximate cause is satisfied.[11]

This is a functional test, not a formalistic one; it is attentive to the specific nature of the false statements, and to the structure of the relevant industry.

There *is* one class of plaintiffs still conspicuously excluded from Lanham Act standing: consumers. They may have been injured by the false advertising—indeed, they are arguably more injured than anyone else—but they do not allege " an injury to a commercial interest in reputation or sales."[12] Note that this is the case even where the consumer of the product is itself a business. "Even a business misled by a supplier into purchasing an inferior product is, like consumers generally, not under the Act's aegis."[13]

B "Similarity": Actionable Claims

With no specific information as such to protect, false advertising law lacks a similarity test. Instead, because it protects the truth, it asks whether the challenged statements are ***false*** and ***material*** to consumers.

1 Falsity

There is nothing particularly unusual about the evidence that shows whether a claim is true or false. Courts weigh evidence on factual questions all the time, and the factual questions teed up by an advertiser's claim are more of the same. We will not dwell on the nature of the proof required to show that "4 out of 5 dentists surveyed recommended Flet

11. *Id.* at 1394.
12. *Id.* at 1390.
13. *Id.*

Toothpaste" or that "Colon Blow has as much fiber as 30,000 bowls of oat bran cereal."

Instead, the heart of false advertising law is figuring out *what a claim means* in the first place, because that determines which questions must be shown to be true or false. The caselaw exhibits a subtle ambiguity about how falsity is to be proven. On the one hand, sometimes judges treat it as an empirical facts about consumer understanding, of the sort that can (or sometimes must) be proven with survey evidence. A claim means what a substantial number of consumers think it means. At other times, judges treat them as interpretive tasks in identifying the objective meaning of terms, at which judges have a particular expertise by virtue of their training and experience—just as they do in reading statutes and regulations.

a Literal Falsity, Misleadingness, and Puffery

To establish falsity, a plaintiff must show either that the claim is ***literally false*** or that it is ***misleading***. A literally false claim is one that is false on its face. A misleading claim is one that is literally true (or ambiguous), but which leaves consumers with a false impression about the product. For the most part, a plaintiff can show that a claim is literally false with intrinsic evidence alone, simply by pointing to its language and explaining why it is untrue. But to show that a claim is misleading, a plaintiff typically must introduce extrinsic evidence showing why a reasonable consumer would take away the false impression from the claim. Survey evidence is not absolutely required to show misleadingness, but it is the standard way of doing so. Try to take these categories seriously but not literally.[14] Sometimes courts find "literal" falsity in implicit claims, reasoning that the claim is ***false by necessary implication***:

> Although factfinders usually base literal falsity determinations upon the explicit claims made by an advertisement, they may also consider any claims the advertisement conveys by necessary implication. A claim is conveyed by necessary implication when, considering the advertisement in its entirety, the audience would recognize the claim as readily as if it had been explicitly stated. For instance, a factfinder found that an advertisement that claimed a motor oil provided 'longer engine life and better engine protection" without explicitly mentioning competitors nonetheless drew a comparison by necessary implication vis a vis those competitors.[15]

It is also important to remember that some statements *do not have truth values*. "Is the cat in the kitchen?" is a question, not a statement; it makes

14. I'm sorry; I couldn't resist.
15. Clorox Co. P.R. v. Procter & Gamble Commercial Co., 228 F.3d 24, 35 (1st Cir. 2000).

no claims about where the cat is. And "Johnny is a poopy-head" is a statement of *opinion*, not an assertion of a factual proposition. It expresses the speaker's negative attitude towards Johnny, but does not say anything specific enough about Johnny to be proven true or false. Statements of opinion are pervasive in advertising:

> The law recognizes that a vendor is allowed some latitude in claiming merits of his wares by way of an opinion rather than an absolute guarantee, so long as he hews to the line of rectitude in matters of fact. Opinions are not only the lifestyle of democracy, they are the brag in advertising that has made for the wide dissemination of products that otherwise would never have reached the households of our citizens. If we were to accept the thesis set forth by the appellees, [that all statements by advertisers were statements of fact actionable under the Lanham Act,] the advertising industry would have to be liquidated in short order.[16]

General claims of superiority are called ***puffery***, and they are not actionable. "The Best Beer in America" is puffery of this sort.[17] McCarthy's trademark treatise describes puffery as "exaggerated advertising, blustering, and boasting upon which no reasonable buyer would rely. But Prosser and Keeton's torts hornbook is more cynical, describing puffery as "a seller's privilege to lie his head off, so long as he says nothing specific, on the theory that no reasonable man would believe him, or that no reasonable man would be influenced by such talk."

The category of puffery also includes some statements that superficially look like they are falsifiable. Consider the 1980s-era Maxell advertisement for blank audio cassette tapes with a picture of a person in an armchair, hair and tie flowing out behind them, nearly being blown out of the chair by the sound coming out of a speaker. A reasonable consumer looking at the ad would have understood that this is a metaphor, and would not have expected Maxell tapes to literally create a windstorm in their home. To be precise, one might say that just as a misleading claim is one that is literally true but not taken literally by consumers, hyperbolic puffery is literally false but not taken literally.

b Establishment Claims

A typical claim refers to the product itself. For example, if an advertiser says that its mouthwash is "as effective as floss," then the claim is that *the mouthwash is as effective as floss*, and to show falsity, the plaintiff must

16. Presidio Enters., Inc. v. Warner Bros. Distrib. Corp., 784 F.2d 674, 685 (5th Cir. 1986).
17. *In re* Bos. Beer Co., 198 F.3d 1370 (Fed. Cir. 1999) (this type of general claim "should be freely available to all competitors in any given field to refer to their products or services").

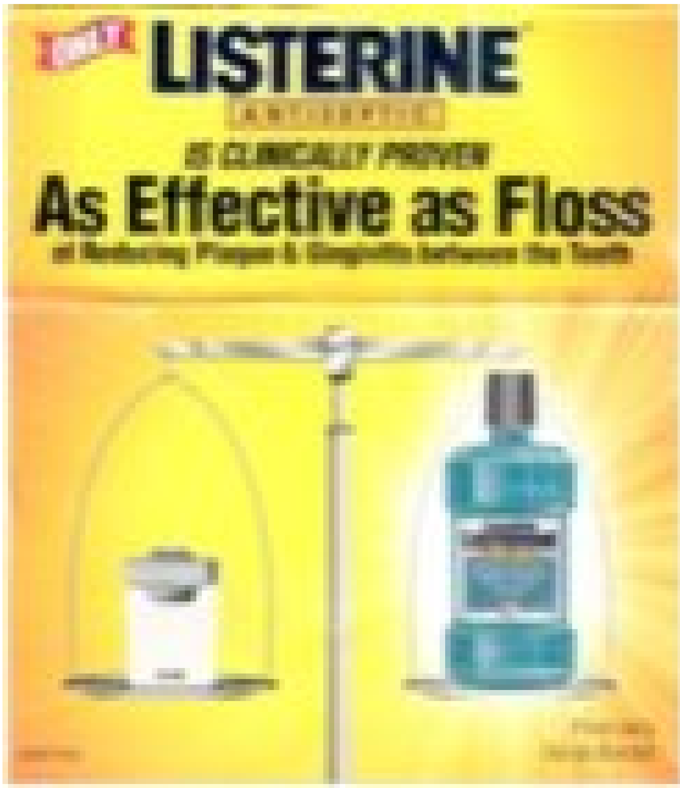
Maxell advertisement

prove that the mouthwash is less effective. But if the advertiser says "clinical studies prove that our mouthwash is as effective as floss," then the claim is that *the clinical studies prove its effectiveness*, and to show falsity the plaintiff must prove that the studies do not do so. This is an easier burden for the plaintiff to meet, because to win on the issue, all it needs to do is show that the studies do not exist or "were not sufficiently reliable to permit one to conclude with reasonable certainty that they established the proposition for which they were cited."[18] The plaintiff doesn't need to set up its own studies; it just needs to knock down the advertiser's studies. In effect, the burden of proof on the underlying issue—is the mouthwash as effective as floss?—is shifted from the plaintiff to the defendant's studies.

The doctrinal rule is that ***establishment claims*** require ***substantion***. To continue the mouthwash example, consider *McNeil-PPC, Inc. v. Pfizer Inc.*, where Pfizer ran a campaign for Listerine with print ads featuring "an image of a Listerine bottle balanced on a scale against a white container of dental floss" and a television commercial that announced "Listerine's as effective as floss at fighting plaque and gingivitis. Clinical studies prove it." McNeil-PPC, which sells dental floss, sued under section 43(a).

The court first observed that the two studies Pfizer sponsored only included participants with mild to moderate gingivitis, but not with severe gingivitis. Thus, the studies did not even purport to stand for the broader claim in the ad. If the ad had said "as effective as floss at fighting plaque and *mild to moderate* gingivitis," that would have been a different story. But it did not, and the unqualified claim was thus literally false. Next, the court observed that the experimenters in both studies observed that the effectiveness of flossing declined over time in the flossing gropus, suggesting that the participants were no longer flossing effectively. Thus:

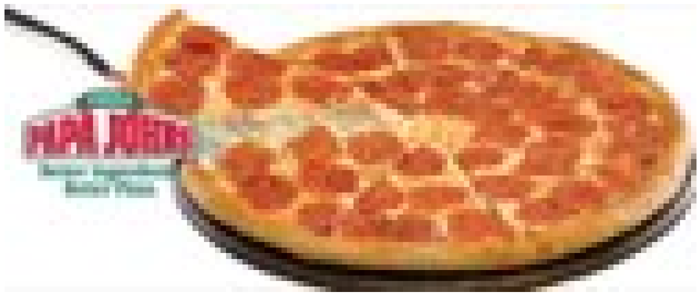
18. McNeil-PPC, Inc. v. Pfizer Inc., 351 F. Supp. 2d 226 (S.D.N.Y. 2005).



Listerine ad

Hence, the studies did not "prove" that Listerine is "as effective as floss." Rather, they proved only that Listerine is "as effective as improperly-used floss." The studies showed only that Listerine is as effective as floss when the flossing is not performed properly. As one of the ADA consultants observed in objecting to the advertising when it was proposed, "for a substitute product to be 'as good as' or 'better' than flossing it must be compared against the data of subjects who demonstrate they can and are flossing effectively."

Pfizer and its experts argue that the two studies are reliable, notwithstanding the indications that the participants in the flossing group did not floss properly, because these conditions reflect "real-world settings." But the ads do not say that "in the real world," where most people floss rarely or not at all and even those who do floss have difficulty flossing properly, Listerine is "as effective as floss." Rather, the ads make the blanket assertion that Listerine works just as well as floss, an assertion the two studies simply do not prove. Although it is important to determine how a product works in the real world, it is probably more



"Better Ingredients. Better Pizza" ad

> important to first determine how a product will work when it is used properly.[19]

An advertiser who relies on scientific studies must be prepared to defend the *bona fides* of those studies. There is an enormous quantity of low-quality, small-sample advertiser-funded studies that "prove" all kinds of dubious propositions about the health benefits of foods, hygiene products, and dietary supplements. False advertising law's substantiation requirement is one way of policing these shady studies.

2 Materiality

Even if a claim is false, it is actionable only if it is also ***material***, i.e., likely to influence consumers' purchasing decisions. The usual rule is that a literally false claim is presumed to be material, but that the plaintiff must show that a merely misleading claim actually deceived consumers. This commonly requires direct extrinsic evidence: testimony from consumers who fell for the deception, or surveys showing that consumers are likely to fall for it. These presumptions are questionable as a factual matter; they don't correspond to anything linguistics tells us about how people use and interpret language. But perhaps they can be justified on the theory that we can and should expect advertisers to keep literal falsehoods out of their ads, so it is fair to take a presumption of materiality against advertisers who do not.

The following case brings together almost all of the doctrines discussed in this section.

Pizza Hut, Inc. v. Papa John's Intern., Inc.
227 F.3d 489 (5th Cir. 2000)

This appeal presents a false advertising claim under section 43(a) of the Lanham Act, resulting in a jury verdict for the plaintiff, Pizza Hut. At the center

19. *Id.* at 252.

of this appeal is Papa John's four word slogan "Better Ingredients. Better Pizza."

The appellant, Papa John's International Inc. ("Papa John's"), argues that the slogan "cannot and does not violate the Lanham Act" because it is "not a misrepresentation of fact." The appellee, Pizza Hut, Inc., argues that the slogan, when viewed in the context of Papa John's overall advertising campaign, conveys a false statement of fact actionable under section 43(a) of the Lanham Act. The district court, after evaluating the jury's responses to a series of special interrogatories and denying Papa John's motion for judgment as a matter of law, entered judgment for Pizza Hut stating:

> When the "Better Ingredients. Better Pizza." slogan is considered in light of the entirety of Papa John's post-May 1997 advertising which violated provisions of the Lanham Act and in the context in which it was juxtaposed with the false and misleading statements contained in Papa John's print and broadcast media advertising, the slogan itself became tainted to the extent that its continued use should be enjoined.

We conclude that (1) the slogan, standing alone, is not an objectifiable statement of fact upon which consumers would be justified in relying, and thus not actionable under section 43(a); and (2) while the slogan, when utilized in connection with some of the post-May 1997 comparative advertising—specifically, the sauce and dough campaigns—conveyed objectifiable and misleading facts, Pizza Hut has failed to adduce any evidence demonstrating that the facts conveyed by the slogan were material to the purchasing decisions of the consumers to which the slogan was directed.

I

Pizza Hut is a wholly owned subsidiary of Tricon Global Restaurants. With over 7000 restaurants (both company and franchisee-owned), Pizza Hut is the largest pizza chain in the United States. In 1984, John Schnatter founded Papa John's Pizza in the back of his father's tavern. Papa John's has grown to over 2050 locations, making it the third largest pizza chain in the United States.

In May 1995, Papa John's adopted a new slogan: "Better Ingredients. Better Pizza." In 1996, Papa John's filed for a federal trademark registration for this slogan with the United States Patent & Trademark Office ("PTO"). Its application for registration was ultimately granted by the PTO. Since 1995, Papa John's has invested over $300 million building customer goodwill in its trademark "Better Ingredients. Better Pizza." The slogan has appeared on millions of signs, shirts, menus, pizza boxes, napkins and other items, and has regularly appeared as the "tag line" at the end of Papa John's radio and television ads, or with the company logo in printed advertising.

On May 1, 1997, Pizza Hut launched its "Totally New Pizza" campaign.

This campaign was the culmination of "Operation Lightning Bolt," a nine-month, $50 million project in which Pizza Hut declared "war" on poor quality pizza. From the deck of a World War II aircraft carrier, Pizza Hut's president, David Novak, declared "war" on "skimpy, low quality pizza." National ads aired during this campaign touted the "better taste" of Pizza Hut's pizza, and "dared" anyone to find a "better pizza."

In early May 1997, Papa John's launched its first national ad campaign. The campaign was directed towards Pizza Hut, and its "Totally New Pizza" campaign. In a pair of TV ads featuring Pizza Hut's co-founder Frank Carney, Carney touted the superiority of Papa John's pizza over Pizza Hut's pizza. Although Carney had left the pizza business in the 1980's, he returned as a franchisee of Papa John's because he liked the taste of Papa John's pizza better than any other pizza on the market. The ad campaign was remarkably successful. During May 1997, Papa John's sales increased 11.7 percent over May 1996 sales, while Pizza Hut's sales were down 8 percent.

On the heels of the success of the Carney ads, in February 1998, Papa John's launched a second series of ads touting the results of a taste test in which consumers were asked to compare Papa John's and Pizza Hut's pizzas. In the ads, Papa John's boasted that it "won big time" in taste tests. The ads were a response to Pizza Hut's "dare" to find a "better pizza." The taste test showed that consumers preferred Papa John's traditional crust pizzas over Pizza Hut's comparable pizzas by a 16-point margin (58% to 42%). Additionally, consumers preferred Papa John's thin crust pizzas by a fourteen-point margin (57% to 43%).

Following the taste test ads, Papa John's ran a series of ads comparing specific ingredients used in its pizzas with those used by its "competitors." During the course of these ads, Papa John's touted the superiority of its sauce and its dough. During the sauce campaign, Papa John's asserted that its sauce was made from "fresh, vine-ripened tomatoes," which were canned through a process called "fresh pack," while its competitors—including Pizza Hut—make their sauce from remanufactured tomato paste. During the dough campaign, Papa John's stated that it used "clear filtered water" to make its pizza dough, while the "biggest chain" uses "whatever comes out of the tap." Additionally, Papa John's asserted that it gives its yeast "several days to work its magic," while "some folks" use "frozen dough or dough made the same day." At or near the close of each of these ads, Papa John's punctuated its ingredient comparisons with the slogan "Better Ingredients. Better Pizza."

Pizza Hut does not appear to contest the truthfulness of the underlying factual assertions made by Papa John's in the course of these ads. Pizza Hut argues, however, that its own independent taste tests and other "scientific evidence" establishes that filtered water makes no difference in pizza dough, that there is no "taste" difference between Papa John's "fresh-pack" sauce and Pizza Hut's "remanufactured" sauce, and that fresh dough is not superior to frozen dough. In response to Pizza Hut's "scientific evidence," Papa John's asserts that "each of these 'claims' involves a matter of common sense choice (fresh versus frozen, canned vegetables and fruit versus remanufactured paste, and filtered versus unfiltered water) about which individual consumers can and do form preferences every day without 'scientific' or 'expert' assistance."

In November 1997, Pizza Hut filed a complaint regarding Papa John's "Better Ingredients. Better Pizza." advertising campaign with the National Advertising Division of the Better Business Bureau, an industry self-regulatory body. This complaint, however, did not produce satisfactory results for Pizza Hut.

On August 12, 1998, Pizza Hut filed a civil action in the United States District Court for the Northern District of Texas charging Papa John's with false advertising in violation of Section 43(a)(1)(B) of the Lanham Act. . . .

IV

. . . Reduced to its essence, the question is whether the evidence, viewed in the most favorable light to Pizza Hut, established that Papa John's slogan "Better Ingredients. Better Pizza." is misleading and violative of section 43(a) of the Lanham Act. In making this determination, we will first consider the slogan "Better Ingredients. Better Pizza." standing alone to determine if it is a statement of fact capable of deceiving a substantial segment of the consuming public to which it was directed. Second, we will determine whether the evidence supports the district court's conclusion that after May 1997, the slogan was tainted, and therefore actionable, as a result of its use in a series of ads comparing specific ingredients used by Papa John's with the ingredients used by its "competitors."

A

The jury concluded that the slogan itself was a "false or misleading" statement of fact, and the district court enjoined its further use. Papa John's argues, however, that this statement "quite simply is not a statement of fact, [but] rather, a statement of belief or opinion, and an argumentative one at that." Papa John's asserts that because "a statement of fact is either true or false, it is susceptible to being proved or disproved. A statement of opinion or belief, on the other hand, conveys the speaker's state of mind, and even though it may be used to attempt to persuade the listener, it is a subjective communication that may be accepted or rejected, but not proven true or false." Papa John's contends that its slogan "Better Ingredients. Better Pizza." falls into the latter category, and because the phrases "better ingredients" and "better pizza" are not subject to quantifiable measures, the slogan is non-actionable puffery.

We will therefore consider whether the slogan standing alone constitutes a statement of fact under the Lanham Act. Bisecting the slogan "Better Ingredients. Better Pizza.," it is clear that the assertion by Papa John's that it makes a "Better Pizza." is a general statement of opinion regarding the superiority of its product over all others. This simple statement, "Better Pizza.," epitomizes the exaggerated advertising, blustering, and boasting by a manufacturer upon which no consumer would reasonably rely. Consequently, it appears indisputable that Papa John's assertion "Better Pizza." is non-actionable puffery.[8]

Moving next to consider separately the phrase "Better Ingredients.," the same conclusion holds true. Like "Better Pizza.," it is typical puffery. The word "better," when used in this context is unquantifiable. What makes one food ingredient "better" than another comparable ingredient, without further description, is wholly a matter of individual taste or preference not subject to scientific quantification. Indeed, it is difficult to think of any product, or any component of any product, to which the term "better," without more, is quantifiable. . . . Thus, it is equally clear that Papa John's assertion that it uses "Better Ingredients." is one of opinion not actionable under the Lanham Act.

Finally, turning to the combination of the two non-actionable phrases as the slogan "Better Ingredients. Better Pizza.," we fail to see how the mere joining of these two statements of opinion could create an actionable statement of fact. Each half of the slogan amounts to little more than an exaggerated opinion of superiority that no consumer would be justified in relying upon. It has not been explained convincingly to us how the combination of the two phrases, without more, changes the essential nature of each phrase so as to make it actionable. We assume that "Better Ingredients." modifies "Better Pizza." and consequently gives some expanded meaning to the phrase "Better Pizza," i.e., our pizza is better because our ingredients are better. Nevertheless, the phrase fails to give "Better Pizza." any more quantifiable meaning. Stated differently, the adjective that continues to describe "pizza" is "better," a term that remains unquantifiable, especially when applied to the sense of taste. Consequently, the slogan as a whole is a statement of non-actionable opinion. Thus, there is no legally sufficient basis to support the jury's finding that the slogan standing alone is a "false or misleading" statement of fact.

B

We next will consider whether the use of the slogan "Better Ingredients. Better Pizza." in connection with a series of comparative ads found by the jury

8. It should be noted that Pizza Hut uses the slogan "The Best Pizza Under One Roof." Similarly, other nationwide pizza chains employ slogans touting their pizza as the "best": (1) Domino's Pizza uses the slogan "Nobody Delivers Better."; (2) Danato's uses the slogan "Best Pizza on the Block."; (3) Mr. Gatti's uses the slogan "Best Pizza in Town: Honest!"; and (4) Pizza Inn uses the slogans "Best Pizza Ever." and "The Best Tasting Pizza."

to be misleading – specifically, ads comparing Papa John’s sauce and dough with the sauce and dough of its competitors – ”tainted” the statement of opinion and made it misleading under section 43(a) of the Lanham Act. Before reaching the ultimate question of whether the slogan is actionable under the Lanham Act, we will first examine the sufficiency of the evidence supporting the jury’s conclusion that the comparison ads were misleading.

(1)

After the jury returned its verdict, Papa John’s filed a post-verdict motion under Federal Rule of Civil Procedure 50 for a judgment as a matter of law. In denying Papa John’s motion, the district court, while apparently recognizing that the slogan “Better Ingredients. Better Pizza.” standing alone is non-actionable puffery under the Lanham Act, concluded that after May 1997, the slogan was transformed as a result of its use in connection with a series of ads that the jury found misleading. These ads had compared specific ingredients used by Papa John’s with the ingredients used by its competitors. In essence, the district court held that the comparison ads in which the slogan appeared as the tag line gave objective, quantifiable, and fact-specific meaning to the slogan. Consequently, the court concluded that the slogan was misleading and actionable under section 43(a) of the Lanham Act and enjoined its further use.

(2)

We are obligated to accept the findings of the jury unless the facts point so overwhelmingly in favor of one party that no reasonable person could arrive at a different conclusion. In examining the record evidence, we must view it the way that is most favorable to upholding the verdict. Viewed in this light, it is clear that there is sufficient evidence to support the jury’s conclusion that the sauce and dough ads were misleading statements of fact actionable under the Lanham Act.

Turning first to the sauce ads, the evidence establishes that despite the differences in the methods used to produce their competing sauces: (1) the primary ingredient in both Pizza Hut and Papa John’s sauce is vine-ripened tomatoes; (2) at the point that the competing sauces are placed on the pizza, just prior to putting the pies into the oven for cooking, the consistency and water content of the sauces are essentially identical; and (3) as noted by the district court, at no time “prior to the close of the liability phase of trial was any credible evidence presented [by Papa John’s] to demonstrate the existence of demonstrable differences” in the competing sauces. Consequently, the district court was correct in concluding that: “Without any scientific support or properly conducted taste preference test, by the written and/or oral negative connotations conveyed that pizza made from tomato paste concentrate is inferior to the ‘fresh pack’ method used by Papa John’s, its sauce advertisements conveyed an impression which is misleading. . . .” Turning our focus to the dough ads, while the evidence clearly established that Papa John's and Pizza Hut employ different methods in making their pizza dough, again, the evidence established that there is no quantifiable difference between pizza dough produced through the "cold or slow-fermentation method" (used by Papa John's), or the "frozen dough method" (used by Pizza Hut).[10] Further, although there is some evidence indicating that the texture of the dough used by Papa John's and Pizza Hut is slightly different, this difference is not related to the manufacturing process used to produce the dough. Instead, it is due to a difference in the wheat used to make the dough. Finally, with respect to the differences in the pizza dough resulting from the use of filtered water as opposed to tap water, the evidence was sufficient for the jury to conclude that there is no quantifiable difference between dough produced with tap water, as opposed to dough produced with filtered water.

We should note again that Pizza Hut does not contest the truthfulness of the underlying factual assertions made by Papa John's in the course of the sauce and dough ads. Pizza Hut concedes that it uses "remanufactured" tomato sauce to make its pizza sauce, while Papa John's uses "fresh-pack." Further, in regard to the dough, Pizza Hut concedes the truth of the assertion that it uses tap water in making its pizza dough, which is often frozen, while Papa John's uses filtered water to make its dough, which is fresh – never frozen. Consequently, because Pizza Hut does not contest the factual basis of Papa John's factual assertions, such assertions cannot be found to be factually false, but only impliedly false or misleading.

Thus, we conclude by saying that although the ads were true about the ingredients Papa John's used, it is clear that there was sufficient evidence in the record to support the jury's conclusion that Papa John's sauce and dough ads were misleading – but not false – in their suggestion that Papa John's ingredients were superior.

(3)

Thus, having concluded that the record supports a finding that the sauce and dough ads are misleading statements of fact, we must now determine whether the district court was correct in concluding that the use of the slogan "Better Ingredients. Better Pizza." in conjunction with these misleading ads gave quantifiable meaning to the slogan making a general statement of opinion misleading within the meaning of the Lanham Act.

In support of the district court's conclusion that the slogan was transformed, Pizza Hut argues that "in construing any advertising statement, the statement must be considered in the overall context in which it appears."

10. The testimony of Pizza Hut's expert, Dr. Faubion, established that although consumers stated a preference for fresh dough rather than frozen dough, when taste tests were conducted, respondents were unable to distinguish between pizza made on fresh as opposed to frozen dough.

Building on the foundation of this basic legal principle, Pizza Hut argues that “[t]he context in which Papa John’s slogan must be viewed is the 2½ year campaign during which its advertising served as ‘chapters’ to demonstrate the truth of the ‘Better Ingredients. Better Pizza.’ book.” Pizza Hut argues, that because Papa John’s gave consumers specific facts supporting its assertion that its sauce and dough are “better” – specific facts that the evidence, when viewed in the light most favorable to the verdict, are irrelevant in making a better pizza – Papa John’s statement of opinion that it made a “Better Pizza” became misleading. In essence, Pizza Hut argues, that by using the slogan “Better Ingredients. Better Pizza.” in combination with the ads comparing Papa John’s sauce and dough with the sauce and dough of its competitions, Papa John’s gave quantifiable meaning to the word “Better” rendering it actionable under section 43(a) of the Lanham Act.

We agree that the message communicated by the slogan “Better Ingredients. Better Pizza.” is expanded and given additional meaning when it is used as the tag line in the misleading sauce and dough ads. The slogan, when used in combination with the comparison ads, gives consumers two fact-specific reasons why Papa John’s ingredients are “better.” Consequently, a reasonable consumer would understand the slogan, when considered in the context of the comparison ads, as conveying the following message: Papa John’s uses “better ingredients,” which produces a “better pizza” because Papa John’s uses “fresh-pack” tomatoes, fresh dough, and filtered water. In short, Papa John’s has given definition to the word “better.” Thus, when the slogan is used in this context, it is no longer mere opinion, but rather takes on the characteristics of a statement of fact. When used in the context of the sauce and dough ads, the slogan is misleading for the same reasons we have earlier discussed in connection with the sauce and dough ads.

(4)

Concluding that when the slogan was used as the tag line in the sauce and dough ads it became misleading, we must now determine whether reasonable consumers would have a tendency to rely on this misleading statement of fact in making their purchasing decisions. We conclude that Pizza Hut has failed to adduce evidence establishing that the misleading statement of fact conveyed by the ads and the slogan was material to the consumers to which the slogan was directed. Consequently, because such evidence of materiality is necessary to establish liability under the Lanham Act, the district court erred in denying Papa John’s motion for judgment as a matter of law.

As previously discussed, none of the underlying facts supporting Papa John’s claims of ingredient superiority made in connection with the slogan were literally false. Consequently, in order to satisfy its prima facie case, Pizza Hut was required to submit evidence establishing that the impliedly false or misleading statements were material to, that is, they had a tendency to influence the purchasing decisions of, the consumers to which they were directed. We conclude that the evidence proffered by Pizza Hut fails to make an adequate showing.

In its appellate brief and during the course of oral argument, Pizza Hut directs our attention to three items of evidence in the record that it asserts establishes materiality to consumers. First, Pizza Hut points to the results of a survey conducted by an "independent expert" (Dr. Dupont) regarding the use of the slogan "Better Ingredients. Better Pizza." as written on Papa John's pizza box (the box survey). The results of the box survey, however, were excluded by the district court. Consequently, these survey results provide no basis for the jury's finding.

Second, Pizza Hut points to two additional surveys conducted by Dr. Dupont that attempted to measure consumer perception of Papa John's "taste test" ads. This survey evidence, however, fails to address Pizza Hut's claim of materiality with respect to the slogan. Moreover, the jury rejected Pizza Hut's claims of deception with regard to Papa John's "taste test" ads – the very ads at issue in these surveys.

Finally, Pizza Hut attempts to rely on Papa John's own tracking studies and on the alleged subjective intent of Papa John's executives "to create a perception that Papa John's in fact uses better ingredients" to demonstrate materiality. Although Papa John's 1998 Awareness, Usage & Attitude Tracking Study showed that 48% of the respondents believe that "Papa John's has better ingredients than other national pizza chains," the study failed to indicate whether the conclusions resulted from the advertisements at issue, or from personal eating experiences, or from a combination of both. Consequently, the results of this study are not reliable or probative to test whether the slogan was material. Further, Pizza Hut provides no precedent, and we are aware of none, that stands for the proposition that the subjective intent of the defendant's corporate executives to convey a particular message is evidence of the fact that consumers in fact relied on the message to make their purchases. Thus, this evidence does not address the ultimate issue of materiality.

In short, Pizza Hut has failed to offer probative evidence on whether the misleading facts conveyed by Papa John's through its slogan were material to consumers: that is to say, there is no evidence demonstrating that the slogan had the tendency to deceive consumers so as to affect their purchasing decisions. Thus, the district court erred in denying Papa John's motion for judgment as a matter of law.

V

In sum, we hold that the slogan "Better Ingredients. Better Pizza." standing alone is not an objectifiable statement of fact upon which consumers would be justified in relying. Thus, it does not constitute a false or misleading statement of fact actionable under section 43(a) of the Lanham Act.

Additionally, while the slogan, when appearing in the context of some of the post-May 1997 comparative advertising – specifically, the sauce and dough campaigns – was given objectifiable meaning and thus became misleading and actionable, Pizza Hut has failed to adduce sufficient evidence establishing that the misleading facts conveyed by the slogan were material to the consumers to which it was directed. Thus, Pizza Hut failed to produce evidence of a Lanham Act violation.

For a coda to the case, see this Domino's ad.

C Prohibited Conduct

Notice the two threshold conditions in § 43(a)(1)(B). First, the challenged statement must be "in commercial advertising or promotion," a requirement that is heavily influenced by First Amendment concerns. Second, the statement must concern "the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities," a phrase that is expansive but not infinitely so. In short, the statement must be commercial on both the speaker's and the subject's side.

1 "in commercial advertising or promotion"

In *Greater Houston Transportation Co. v. Uber Technologies, Inc.*, taxicab permit owners sued Uber for allegedly misrepresenting its safety to consumers. They pointed to statements given by Uber's Communications department to news organizations reporting on allegations that Uber failed to screen its drivers properly.[20] The statements, which included phrases like "We work every day to connect riders with the safest rides on the road and go above and beyond local requirements in every city we operate," were posted as parts of the news organizations' stories on their websites.

Uber argued that these statements were not "in commercial advertising or promotion" because news articles are not commercial advertising. Certainly this is a winning argument *as to the news organizations*. Their reporting is not advertising. And it is sometimes a winning argument for defendants who are quoted in news articles. In In *Boulé v. Hutton*, for example, the plaintiffs and defendants competed in selling paintings by Lazar Khidekel.[21] Two defendants, who were Khidekel's son and daughter-in-law, were quoted in ART*news* claiming that paintings being sold by the plaintiff were not authentic Khidekels. This was not commercial on their part, either. But the argument was a loser for Uber:

20. Greater Hous. Transp. Co. v. Uber Techs., Inc., 155 F. Supp. 3d 670 (S.D Tex. 2015).
21. Boulé v. Hutton, 328 F.3d 84 (2d Cir. 2003).

> Each of Uber's statements was issued by its corporate spokesperson or on Uber's own official website as part of a concerted campaign by the company in response to incidents that had been publicized in the media. . . .
>
> Because Uber's statements as a whole are issued with the intent to influence consumer opinion, they thereby become commercial speech even though they were contained in news media. . . . The comments issued by Uber's communication executives demonstrate a careful, uniform, and orchestrated message designed to encourage and facilitate the commercial use of its product and service. Thus, the Court finds that the disputed statements contained in media articles are commercial speech, and are potentially actionable under the Lanham Act.

Another recurring fact problem of commerciality is the line between scientific research and press release. Typically, research articles as such are noncommercial. But if a company distributes an allegedly false study that praises its products, is *that* commercial? Compare *Eastman Chemical Co. v. PlastiPure, Inc.*[22] (yes) with *Ony, Inc. v. Cornerstone Therapeutics, Inc.*[23] (no).

Just as consumers cannot typically be Lanham Act false-advertising *plaintiffs*, they cannot typically be Lanham Act false-advertising *defendants*. The conceptual reason is the same: consumers are not in competition with the businesses they buy from.[24] Doctrinally, this cashes out in the reasoning that consumers' statements are not commercial advertising. The dissatisfied floor wax user who posts a scathing review video on social media may be trying to dissuade her followers from buying it, but she is not trying to sell cleaning products of her own.

2 "[concerning] commercial activities"

Now for the requirement that the false statement concern someone's business. In *Procter & Gamble Co. v. Haugen*, Randy Haugen, an Amway distributor, sent a voice message to other Amway distributors alleging that the president of Procter & Gamble had announced his allegiance to Satan, and that P&G gave a large portion of its profits to the Church of Satan.[25] According to Haugen, this could be confirmed by observing a ram's horn and the demonic number 666 in the P&G logo. Needless to say, all of this was entirely false.

This baseless rant did not concern the "qualities or characteristics" of P&G's products; it "impugned no feature of the products themselves,

22. Eastman Chem. Co. v. PlastiPure, Inc., 775 F.3d 230 (5th Cir. 2014).
23. Ony, Inc. v. Cornerstone Therapeutics, Inc., 720 F.3d 490 (2d Cir. 2013).
24. *See, e.g.,* Buckeye Int'l, Inc. v. Schmidt Custom Floors, Inc., No. 18-cv-111-jdp (W.D. Wisc. Apr. 26, 2018).
25. Procter & Gamble Co. v. Haugen, 222 F.3d 1262 (10th Cir. 2000).

The allegedly Satanic P&G logo

such as price, regulatory approval, scope of copyright, or substitutability for another product."[26] But it *did* concern the nature of P&G's "commercial activities":

> In particular, the subject message asserted that "a large portion of the profits from [P&G] products go to support [the church of Satan]." Given the common association of Satan and immorality, a direct affiliation with the church of Satan could certainly undermine a corporation's reputation and goodwill by suggesting the corporation conducts its commercial activities in an unethical or immoral manner. There can be little doubt that products are often marketed and purchased not only on the basis of their inherent utility, but also for the images they project and the values they promote. In that regard, the subject message itself implies that recipients should question the values promoted by the businesses from whom they purchase goods. In light of the foregoing reality of the marketplace, corporations cultivate their

26. *Id.*

> images and values through a wide array of activities, including celebrity endorsements, sponsorships, and charitable giving. Allegations that P&G tithes the church of Satan concern just such commercial activities.[27]

3 Intent

Intent is not an element of false advertising under the Lanham Act. The reasoning is much the same as in trademark law: this is false commercial speech, the harm is complete when consumers are misled, and the speaker's state of mind is otherwise irrelevant.[28]

D Secondary Liability

There is not a lot of caselaw on secondary liability for false advertising—but there is some. As always, there must be an underlying act of false advertisement to hold someone else contributorily liable for it. The actual test for contributory liability, which should sound familiar, is that a defendant will be liable if it "contributed to that conduct either by knowingly inducing or causing the conduct, or by materially participating in it."[29] The necessary mental state is knowledge or intent. For example, consider the case from which this quotation is taken, *Duty Free Americas, Inc. v. Estee Lauder Companies, Inc.*[30] DFA operates duty free stores in airports. Due to a pricing dispute, it stopped selling Estée Lauder cosmetics, but some of its competitors still did. In the process of bidding against DFA for airport concession contracts, they made allegedly false statements about DFA, which sued Estée Lauder on a number of theories, including contributory false advertising. But DFA failed to show that Estée Lauder contributed to the false statements.

> We cannot see how the mere sale of Estée Lauder products can serve as a basis for holding the manufacturer liable for any disparaging statements its customers make in the course of their own separate business relations. In our view, selling Estée Lauder products is too unrelated to the making of the allegedly false or misleading statements to form a basis for liability—under either an inducement or participation theory.
>
> Moreover, contrary to DFA's argument, there are simply no facts in the complaint that suggest the existence of coordinated action or encouragement, much less inducement, between Estée Lauder and the operators on the decision to make the disputed claims to airport authorities. There has been no allegation that

27. *Id.* at 1272.
28. *See* Serova v. Sony Music Ent., 13 Cal. 5th 859, 887–89 (2022).
29. Duty Free Ams., Inc. v. Estee Lauder Cos., Inc., 797 F.3d 1248 (10th Cir. 2015).
30. *Id.*

> by selling its products to the duty free operators, Estée Lauder monitored, controlled, or participated in operators' statements to airport authorities during a competitive bidding process for which Estée Lauder was not even present. More generally, there are no facts to suggest that Estée Lauder commonly exercises any level of control over or involvement in the duty free operators' conduct during airport RFP bidding.[31]

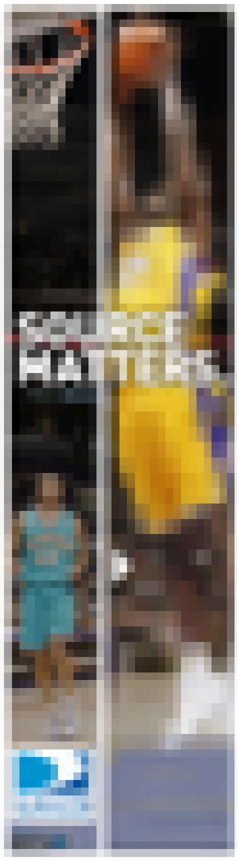
This passage shows how contributory liability for false advertising is different from contributory liability for other IP rights. Holding Estée Lauder liable for selling its products to the operators could make sense if it were their *sales* that infringed DFA's rights—if, for example, it held a patent on one of the ingredients in Estée Lauder's cosmsetics. But false advertising is a tort about deceptive speech, not about unauthorized products. To impose liability here would be to give DFA a kind of exclusive right to sell Estée Lauder products in duty-free shops, and that is emphatically not a job for false advertising law.

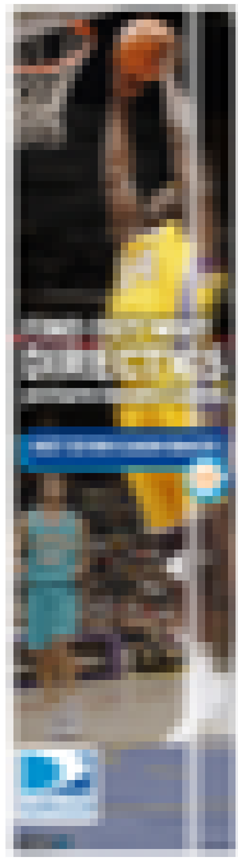
Problems

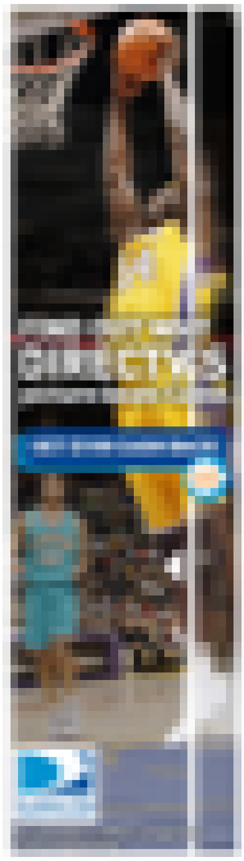
Satellite TV Problem

This advertisement for DirecTV ran on the Internet; it was shown to customers in markets served by Time Warner Cable. Some of Time Warner's channels are analog; others are digital HD. DirecTV offers only digital HD channels. The parties agree that the HD channels are equivalent in quality. They also agree that the pixelated portions of the ads are not accurate depictions of cable TV signals, either digital or analog. Is the advertisement actionable?

31. *Id.* at 1279.


SOURCE
MATTERS





9

Other Sources of Advertising Law

It is not a coincidence that the federal false-advertising statute is part of the federal trademark act. Trademark law is false advertising law if you squint at it the right way. In addition, both government and industry self-regulation all have truth-in-advertising missions. All of them modify the Lanham Act's rules in interesting ways.

A Trademark

Trademark law allows mark owners to fix the meanings of certain term. A trademark refers to its owner's goods or services; using it to refer to something else is false as a matter of law. In a sense, then, the causes of action for trademark infringement and for unfair competition are just species of false advertising. This section explores two ways in which trademark law incorporates false-advertising policies.

1 Deceptive and Deceptively Misdescriptive Marks

To the extent that consumers believe a mark is making claims about the characteristics of a product, trademark law not only will not protect it as a trademark, but will go out of its way to make sure that consumers are not misled. Consider the mark BPA-FREE. For plastic bottles that do not contain bisphenol A (a/k/a BPA), this is descriptive. But what about for bottles that *do* contain BPA? A cynical seller might argue that the mark is suggestive or arbitrary, since it no longer describes the goods.

But this is a dangerous road to start down. Consumers who believe that BPA-FREE makes a claim that the product is BPA-free will be misled into buying a product raising health concerns they want to avoid. And the reason that they read BPA-FREE as making a claim about the goods is because they perceive it as a descriptive term, rather than as a trademark. The fact that a mark makes false claims about a product ought to make it less likely to be protectable, not more. Arbitrary trademarks like

APPLE for computers are acceptable only because no one really thinks the computers are made of apples.

Section 2(e)(1) of the Lanham Act, which denies protection to "merely descriptive" marks, also denies protection to "merely . . . deceptively misdescriptive" marks. A ***deceptively misdescriptive*** mark is to false descriptions as a descriptive mark is to true descriptions. To the extent that a mark is "merely" a description of the goods, section 2(e)(1) makes it unregistrable whether the description is true or false. If it acquires secondary meaning, the section 2(e)(1) bar drops away and it can be registered once the primary significance of the mark to consumers is no longer the (true or false) description but the mark owner as a source.

The exclusion with real bite is the section 2(a) exclusion for ***deceptive*** marks. A trademark is deceptive when it is not just misdescriptive but actually likely to affect consumers' purchasing decisions. The standard test is

> (1) Is the term misdescriptive of the character, quality, function, composition or use of the goods?
>
> (2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods?
>
> (3) If so, is the misdescription likely to affect the decision to purchase?[1]

casequote If the answer to the first question is "no," then the mark is either inherently dintinctive or it is truthful. If the answer to the first question is "yes" and the second question is "no," the mark is arbitrary (e.g. APPLE) because consumers do not perecive it as a description. If the answer to the first two questions is "yes" and the answer to the third question is "no," then the mark is deceptively misdescriptive, and it is registrable with secondary meaning. If the answer to all three questions is "yes," then the mark is deceptive and unregistrable.

Consider *In re Budge Mfg. Co.*, where the applicant, Budge, tried to register LOVEE LAMB for "automotive seat covers" made from synthetic materials.[2] The court stepped through the three-part test:

> (1) Budge admits that its seat covers are not made from lamb or sheep products. Thus, the term LAMB is misdescriptive of its goods.
>
> (2) Seat covers for various vehicles can be and are made from natural lambskin and sheepskin. Applicant itself makes automobile seat covers of natural sheepskin. Lambskin is defined, inter alia, as fine-grade sheep skin. The board's fac-

1. *In re* Budge Mfg. Co., 857 F.2d 773, 775 (Fed. Cir. 1988).
2. *Id.*

> tual inference is reasonable that purchasers are likely to believe automobile seat covers denominated by the term LAMB or SHEEP are actually made from natural sheep or lamb skins.
>
> (3) Evidence of record shows that natural sheepskin and lambskin is more expensive than simulated skins and that natural and synthetic skins have different characteristics. Thus, the misrepresentation is likely to affect the decision to purchase.[3]

It was irrelevant that Budge had been using the mark extensively. Section 2(a) is an absolute bar, regardless of secondary meaning.

Budge argued that it properly disclosed that its products were made of "simulated sheepskin" in its advertising. That might have been enough to defend it against a false advertising suit, but the bar for trademark registration is higher. "Congress has said that the advantages of registration may not be extended to a mark which deceives the public. Thus, the mark standing alone must pass muster, for that is what the applicant seeks to register, not extraneous explanatory statements."[4] Budge also tried to argue that no reasonable consumer woud expect to be able to buy genuine lambskin seat covers, because there were none on the market. There were, however, sheepskin seat covers, so the court reasoned that consumers would not find the idea of a lambskin seat cover so "incongruous" that they would automatically disbelieve that LAMB was making a claim about the goods' characteristics.

2 Certification Marks

The Lanham Act defines a "certification mark" as a mark "used [or intended to be used] by a person other than its owner . . . to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization."[5] The key point here is that a certification is used by people *other than the owner* on their goods and services.

> A certification mark is a special creature created for a purpose uniquely different from that of an ordinary service mark or trademark That is, the purpose of a certification mark is to inform purchasers that the goods or services of a person possess certain characteristics or meet certain qualifications or standards established by another person. A certification mark does not indicate

3. *Id.* at 775–76.
4. *Id.*
5. Lanham Act § 45.

> origin in a single commercial or proprietary source the way a trademark or service mark does. Rather, the same certification mark is used on the goods or services of many different producers.
>
> The message conveyed by a certification mark is that the goods or services have been examined, tested, inspected, or in some way checked by a person who is not their producer, using methods determined by the certifier/owner. The placing of the mark on goods, or its use in connection with services, thus constitutes a certification by someone other than the producer that the prescribed characteristics or qualifications of the certifier for those goods or services have been met.[6]

That is, a certification mark is *owned* like a trademark, but the mark itself designates *characteristics* of the goods, rather than designating source. This does not mean that a certification mark is descriptive; all of the usual trademark rules around distinctiveness apply. Rather, a certification mark must have a distinctive meaning to consumers, but the goodwill is directed into consumer knowledge that the goods have been certified, rather than that the goods come from a particular source.

As an example, consider the FAIR TRADE certification. The standards applied by Fair Trade USA include minimum wages for all employees; housing standards and safety; nondiscrimination on the basis of race, gender, sexual orientation, disability, etc.; and much much more. The standards are quite detailed in some places. For example, the packing-material costs that an exporter (rather than the producer) must cover include "up to 3 labels per banana hand."

The TMEP describes three kinds of certification marks:

> 1. *Geographic origin*. Certification marks may be used to certify that authorized users' goods or services originate in a specific geographic region (e.g., SUNSHINE TREE for citrus from Florida).
>
> 2. *Standards met with respect to quality, materials, or mode of manufacture*. Certification marks may be used to certify that authorized users' goods or services meet certain standards in relation to quality, materials, or mode of manufacture (e.g., approval by Underwriters Laboratories) (UL certifies, among other things, representative samplings of electrical equipment meeting certain safety standards).
>
> 3. *Work/labor performed by member or that worker meets certain standards*. Certification marks may also be used to certify that authorized users' work or labor on the prod-

6. TMEP, *supra* note 10, § 1306.01(b).

> ucts or services was performed by a member of a union or other organization, or that the performer meets certain standards.[7]

The most interesting new category here is is quality-standard certifications; we will discuss geographic certifications again when looking at geographic-indication law, and labor-standard certification marks overlap substantially with collective membership marks.

In theory, the owner of a certification mark is required to act even-handedly in certifying others' goods.[8] But in practice, the owner controls both the wholesale definition of the certification standards and their retail application in particular cases, and oversight is rare. Jeanne Fromer:

> What do a trendy kosher restaurant in SoHo, an independent movie about a serial killer, and a Swiss watchmaker have in common? Each has been excluded by a certifier from employing its legally protected certification mark in ways that seem to run counter to the certification mark's purposes of consumer protection and promotion of competition. Each of these businesses has either been disqualified by a certifier from getting a certification mark or been manipulated by a certifier into securing a certification mark: a kosher food certification withheld from the restaurant until it changed its name; an R movie rating withheld from the independent movie, whose producer claimed the rating was being given to far gorier—yet non-independent—movies; and a withheld geographical certification of SWISS MADE for the watchmaker located in Switzerland and much of whose watches' value—but not all—originates in Switzerland. The inability of each of these businesses to be certified as is—without any clear certification standard or procedural regularity—can have adverse, and sometimes catastrophic, consequences for the businesses, their consumers, and competition writ large.
>
> Because the law allows certification standards to be vague, high-level, and underdeveloped, a certifier can choose to exclude certain businesses inconsistently or arbitrarily, even when these businesses' goods or services would seem to qualify for the certification mark (particularly to consumers). Moreover, certifiers can wield their marks anticompetitively, even when a certification standard is clear and complete. They can do so through redefinition—something certification mark law currently allows without oversight—to ensure that certain businesses' goods or

7. *Id.* § 1306.1.
8. Indeed, due to the obvious conflict of interest, the owner is *prohibited* from applying the mark to its own goods. If you want to put the mark on your own goods, just get a trademark instead.

> services will not qualify for the mark. Both of these forms of certification mark manipulation undermine the goals of certification marks: (1) to protect consumers by providing them with succinct information—via the marks—on goods' or services' characteristics and (2) to promote competition by ensuring that any businesses' goods or services sharing certain characteristics salient to consumers qualify for a mark certifying those characteristics.[9]

B Government

Governments sometimes directly enforce false-advertising rules.

1 FTC Enforcement

Section 5 of the Federal Trade Commission Act authorizes the FTC to prevent "unfair or deceptive acts or practices in or affecting commerce."[10] In some respects, this authority parallels the tests applied to competitor suits under the Lanham Act. In other respects, it is broader. State law often also provides for public enforcement by state officials, typically state attorneys general.[11]

Consider *Federal Trade Commission v. Winsted Hosiery Co.*, from 1922.[12] The FTC sued the defendant for selling underwear containing as little as 10% wool in cartons labeled "Natural Wool." Under *American Washboard* and *Ely-Norris Safe Co. v. Mosler Safe Co.*, a competitor suit would have failed, under the reasoning that there was no proof that Winstead took sales away from any particular other underwear company. But the FTC does not face this threshold. It was entitled to bring suit on behalf of the consuming public at large and competitors in general:

> The facts show that it is to the interest of the public that a proceeding to stop the practice be brought. And they show also that the practice constitutes an unfair method of competition as against manufacturers of all wool knit underwear and as against those manufacturers of mixed wool and cotton underwear who brand their product truthfully. For when misbranded goods attract customers by means of the fraud which they perpetrate, trade is diverted from the producer of truthfully marked goods.[13]

For a modern example of how the FTC enjoys procedural advantages that private plaintiffs do not, consider *Kraft, Inc. v. FTC*.[14] The defendant

9. Jeanne C. Fromer, *The Unregulated Certification Mark(et)*, 69 Stan. L. Rev. 121 (2017).
10. 15 U.S.C. § 45(2)
11. We will not discuss these "Baby FTC Acts" further here, other than to note their nickname.
12. Fed. Trade Comm'n v. Winsted Hosiery Co., 258 U.S. 483 (1922).
13. *Id.*
14. Kraft, Inc. v. FTC, 970 F.2d 311 (7th Cir. 1992).

Still from Kraft Singles ad

sold its part-cheese Kraft Singles as “processed cheese.” To differentiate them from “imitation cheese” slices, which contain little or no cheese, Kraft advertised its Singles as having “five ounces of milk” per slice and emphasized their calcium content. But 30% of the calcium in the milk in Kraft Singles was lost during processing.

Kraft did not literally say that a Single had as much calcium as five ounces of milk, so the FTC was alleging falsity by implication, rather than literal falsity. A competitor bringing a Lanham Act claim on these facts would need extrinsic evidence, typically a consumer survey, to show that the ads did in fact convey this implied claim. Thus, Kraft argued that the FTC should be also required to present extrinsic evidence to show what claims the ads actually conveyed to a reasonable consumer. But as the court explained, the FTC can rely instead on its own institutional expertise at evaluating advertising. Under ordinary administrative-law principles, courts do not simply take the FTC’s word for it. Instead, they review the FTC’s claims about what an ad conveys with substantial *deference*, accepting them if they are supported by “substantial evidence in the record.” And here, they were:

> Although Kraft downplays the nexus in the ads between milk and calcium, the ads emphasize visually and verbally that five ounces of milk go into a slice of Kraft Singles; this image is linked to calcium content, strongly implying that the consumer gets the calcium found in five ounces of milk.
>
> Kraft asserts that the literal truth of the Class Picture ads—they are made from five ounces of milk and they do have a high concentration of calcium—makes it illogical to render a finding of consumer deception. The difficulty with this argument is that even literally true statements can have misleading implications. Here, the average consumer is not likely to know that much of

> the calcium in five ounces of milk (30%) is lost in processing, which leaves consumers with a misleading impression about calcium content. The critical fact is not that reasonable consumers might believe that a ¾ ounce slice of cheese actually contains five ounces of milk, but that reasonable consumers might believe that a ¾ ounce slice actually contains the calcium in five ounces of milk.[15]

The FTC also polices for a wide variety of other deceptive advertising practices. One particularly important one, from an information-control perspective, is undisclosed ***endorsements***.[16] The "man on the street" in an ad should not be a paid actor; the "actual consumer" should not be the CEO's sister. If an endorser is being paid—in money or in free products—the FTC requires that this connection be disclosed in the ad. For example, in Federal Trade Commission, the FTC investigated a promotion by a one of Microsoft's advertising agencies to pay video-game influencers to uplaod YouTube videos of themselves playing Xbox One launch titles, speaking favorably about the console and the games. The FTC's letter summarized:

> The videos were uploaded by the influencers to their individual YouTube channels, where they appeared to be independently produced by, and to reflect the personal views of, the influencers.
>
> [Microsoft] did not require the influencers to disclose in their videos that they were being compensated for producing and uploading the videos, and when the videos were uploaded, many (if not most) of the influencers failed to make any kind of disclosure.
>
> Section 5 of the FTC Act requires the disclosure of a material connection between an advertiser and an endorser when such a relationship is not apparent from the context of the communication that contains the endorsement. In this case,the payment of significant sums to video bloggers to post specific content promoting the Xbox One and Microsoft's game titles is a material connection that would not be reasonably expected by YouTube viewers. As the advertiser, Microsoft bears responsibility for the influencers' failure to disclose such material connections. Starcom, as Microsoft's agent and the advertising agency that managed the relationship . . . , also bears responsibility for the influencers' failure to disclose.[17]

15. *Id.*
16. *Se generally* 16 C.F.R. pt. 255 ("Guides Concerning the Use of Endorsements and Testimonials in Advertising"); Federal Trade Commission, .com Disclosures: How to Make Effective Disclosures in Digital Advertising (Mar. 2013).
17. Letter from Federal Trade Commission to Microsoft Corp. & Starcom MediaVest Grp. (Aug. 26, 2015).

Sponsored tweet by Justin Bieber with no disclosure.

In addition to disclosure, endorsements can also raise falsity and substantiation issues about the endorser's experience with the product—and endorsement claims without the endorser's permission can raise § 43(a) false-endorsement and right of publicity issues.

2 Regulation

FTC enforcement actions, like Lanham Act suits, deal with langauge on a retail basis: one case at a time, in particular contexts. But government regulations sometimes deal with langauge on a wholesale basis: authoritatively fixing the meaning of particular terms. For example, the Food, Drug, and Cosmetic Act (FDCA) forbids the "misbranding" of foods and drinks in interstate commerce, and misbranded foods can be seized and destroyed.[18]The FDA has the authority to promulgate regulations defining the information that can appear on food and drink labels, and it can use that authority to produce "standards of identity" that give a legally binding meaning to a term. For example, "maple syrup" is derived from the sap of the maple tree (genus *Acer*) and contains at least "66 percent by weight of soluble solids derived solely from such sap."[19] Selling a product labeled "maple syrup" that conains only 50% maple-sap solids is misbranding.

There is an interesting duality here. On the one hand, the FDCA adopts a consumer-protection function by respecting existing meanings. Consumers expect "maple syrup" to be maple sap, not corn syrup with artificial maple flavoring. The FDA has decided, once and for all, that sellers must respect this expectation. On the other hand, by doing so, the FDA rules out the possibility of linguistic change. It now says that

18. 21 U.S.C. §§ 331
19. 21 C.F.R. § 168.140(a)

"maple syrup" means maple sap, regardless of whether people really expect it to. The issue is currently playing out in the debate over nut "milks." The FDA's current standard of identity defines "milk" as "the lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more healthy cows."[20] Vegan-product producers argue that consumers know that almond milk doesn't come from cows and want the standard of identity relaxed; dairy producers argue that consumers are confused and want the standard of identity enforced more rigorously. Rebecca Tushnet expands on these controversies:

> Regulation-by-definition is common, and requires lawmakers to endorse one meaning at the expense of others. Consider moral and environmental claims such as "dolphin-free tuna": one possible definition of dolphin-free tuna is tuna caught in a net that didn't happen to kill any dolphins. If the net brings up a dolphin, you throw out the whole catch. This understanding of "dolphin-free tuna" doesn't address the fundamental objection that the method of catching the tuna routinely and predictably kills a lot of dolphins. However, it remains the case that the cans of tuna don't have any dolphins in them and did not even need to have dead dolphins picked out of them. Because of likely audience understanding, tuna caught this way is not "dolphin-free." In order to end semantic disputes, Congress passed a law defining dolphin-free tuna.[21]
>
> There has also been substantial debate over the proper definition of "organic," an official definition of which has now been adopted by the United States Department of Agriculture ("USDA").[22] Historically, organic foods faced market difficulties because of a proliferation of standards, which led to consumer suspicion that the organic label was meaningless.[23] Currently, products not meeting USDA standards, but meeting some other definition of "organic," cannot be labeled organic. Organic products must have at least 95 percent organic content, but the remainder can be non-organic if it is on an approved list of ingredients without reasonably available organic substitutes. That list is itself controversial, since interested parties dispute whether or not various ingredients are available in organic form. . . .[24]

20. 21 C.F.R. § 131.110(a).
21. The Dolphin Protection Consumer Information Act, 16 U.S.C. § 1385(d), which prevents tuna from being labeled "dolphin safe" if it was caught with driftnets or other fishing techniques that pose a serious risk to dolphins.
22. Organic Production and Handling Requirements, 7 C.F.R. §§ 205.200–.299 (2007)
23. Arguably, this is the case with "natural" claims.
24. Rebecca Tushnet, *It Depends on What the Meaning of "False" is: Falsity and Misleadingness in Commercial Speech Doctrine*, 41 Loy. U.L.A. L. Rev. 227 (2007).

Required FCC logo

USDA Choice grade mark

Another important pattern of government-controlled meaning is that certain terms *without* preexisting meanings are directly defined by law—the regulatory equivalent of certification marks. For example, the FCC certifies radio equipment, including the radios in computers and other wireless-enabled electronic devices. It requires testing to ensure that the device's radio emissions are within the limits mandated by the FCC.

> Certified transmitters also are required to have two labels attached: an FCC ID label and a compliance label. The FCC ID label identifies the FCC equipment authorization file that is associated with the transmitter, and serves as an indication to consumers that the transmitter has been authorized by the FCC. The compliance label indicates to consumers that the transmitter . . . may not cause, nor is it protected from, harmful interference.

The FCC's certification rules are mandatory, just like the FDA's labeling rules for foods and drinks. An equipment manufacturer *must* apply the FCC's symbol to its goods. But other government symbols are voluntary. The USDA *inspects* meat for safety; inspections are mandatory. It also *grades* meat for quality; grading is optional. USDA grades include Prime, Choice, Select, Standard, Commercial, Utility, Cutter, and Canner. And, of course, there are government-owned phrases and brands that only the government may use, like Woodsy Owl and his slogan, "Give a hoot, don't pollute."

Another important issue is the extent to which the FDCA and similar laws preempt or leave room for competitor false-advertising suits. In *POM Wonderful LLC v. The Coca-Cola Co.*, the Supreme Court dealt with Minute Maid's "pomegranate-blueberry" juice that contained 0.3% pomegranate juice, 0.2% blueberry juice, and 0.1% raspberry juice. (The remaining 99.4% was apple and grape.) Under the FDA's regulations under the FDCA, a juice blend in which the named juices are not "predominant" must either give their percentages or indicate that they are present as a flavoring.[25] For example, if a "raspcranberry" blend contains 10% cranberry juice, 5% raspberry juice, and 85% grape juice, it could be labelled as "raspcranberry; raspberry and cranberry flavored juice" but not as "raspcranberry juice." POM Wonderful, which sells pomegranate juice blends, sued for false advertising under section 43(a)(1)(B).

25. 21 C.F.R. § 102.33(a).

There is no private right of action under the FDCA, which gives the FDA nearly exclusive enforcement authority. But, the Court held, that did not mean that the FDCA was meant to preclude section 43(a) suits. Because competitors may have greater "perspective or expertise in assessing market dynamics" than the FDA, including "how consumers rely upon certain sales and marketing strategies," they are better positioned to "sue competitors to protect their interests on a case-by-case basis" and thus "provide incentives for manufacturers to behave well."[26] The FDA does not preapprove labels, nor does it bring enforcement actions against every mislabeled product. This leaves room for private false-advertising suits, including suits like *The Coca-Cola* where the falsity complained of is failure to conform to an FDA regulation of label language.[27]

C Self-Regulation

The National Advertising Division of the Advertising Self-Regulatory Council runs an ADR system, based entirely on written filings and with decisions within 60 days.[28] Participation is voluntary, and the NAD takes no enforcement actions by itself. But if it finds that an ad is misleading and the advertiser refuses to discontinue the ad, the NAD will typically refer the matter to the FTC. To be sure, the FTC is under no obligation to act. But given the NAD's subject-matter expertise, a referral carries substantial weight. It indicates that *even the advertising industry* believes the ad is misleading, a finding guaranteed to raise eyebrows at the FTC. Knowing this, most advertisers who lose before the NAD tend to drop the ad and cut their losses.[29]

Another arm of the ASRC, the Children's Advertising Review Unit, operates a similar program under standards that are "deliberately subjective, going beyond the issues of truthfulness and accuracy to take into account the uniquely impressionable and vulnerable child audience." Consider *CARU Lego Racers Press Release*, which involved an add for the Lego Racers: Crash Collection line of playsets:

> Commercials for the playsets feature two children playing with LEGO pull-back motor racers. A voice-over states that the toys are "built to crash." When the cars hit each other, loud crashing noises are heard and a voice-over screams "CRASH" in a long, drawn-out manner while a bubble visual of the word "CRASH"

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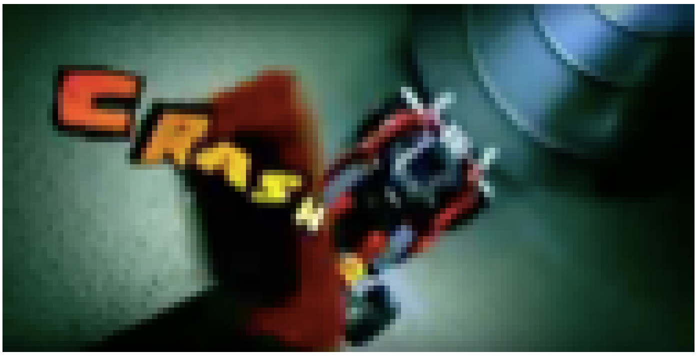
26. POM Wonderful LLC v. The Coca-Cola Co., 134 S. Ct. 2228 (2014).
27. This is not the case for every regulatory regime; some *do* preempt Lanham Act suits. The point is that this is an important question, not that it comes out the same way in every case.
28. For more on the NAD, see Jeffrey S. Edelstein, *Self-Regulation of Advertising: An Alternative to Litigation and Government Action*,43 IDEA: J. L & Tech. 509 (2003).
29. For an example of about as severe a scolding as the NAD tends to give, see Mead Johnson Nutritionals (Enfamil LIPIL), Case No. 4822CIII (Feb. 12, 2009).



Still from challenged Lego Racers ad

> appears on the screen in large, cartoon-like letters. The commercial features numerous loud crash scenes, with the cars hitting each other and various other objects. On impact, in addition to the sounds synchronized with the collision and the video and audio supers, special effects dramatize the cars breaking apart and pieces flying off in slow-motion.

The problem was that the combination of visuals and sound effects might "mislead children into believing that the toys were equipped with sound-effects equipment" and "create unrealistic performance expectations that children would not be able to duplicate." For an adult audience, this would likely be non-actionable puffery, and even if it wasn't, an on-screen disclaimer would likely suffice. But CARU believes that children will take commercials literally unless they are obviously fantasy (e.g. unrealistically animated rather than live-action), and also that disclaimers will often be ineffective. Lego agreed to drop the ad.

D Problems

N95 Mislabeling Problem

Your client makes and sells N95 respirators. You have come to believe that a competitor, the Corbeau Corporation, is selling respirators marked "N95" that are made of poor-quality materials and are ineffective at filtering airborne virus particles. What are your options? (*Hint*: What does "N95" mean? You will need to do some research!)

10

Geographic Indications

Some countries have *sui generis* systems for protecting *geographical indications*. The United States mostly does not; we protect them primarily – but not exclusively – with trademarks, certification marks, and false-advertising law.. Still, there are some geography-specific doctrines in U.S. IP law, and it is worth asking what makes place names special.

An underlying question is how terms become geographical designators in the first place. Some arise organically from local usage over time; others are assigned by official bodies. And sometimes – as when real estate brokers try to rebrand the Sewerville neighborhood as West Fancytown – there is a self-conscious but unofficial effort at work.[1] For two interesting snapshots with occasional parallels to the trademark system, see U.S. Board on Geographic Names, Policies, Principles, Procedures: Domestic Geographic Names (2016), and Margaret A. Corwin, Street-Naming and Property-Numbering Systems (American Planning Association, 1978).

A Terroir and TRIPs

In one sense, a geographic term is like any other descriptive (or misdescriptive) term: it makes a claim about the geographic origin of the goods. But this raises an important question. *Why* does it matter where goods come from?[2] Geographic origin is not itself a concrete property that consumers can perceive. Why isn't a widget a widget irrespective of where it comes from?

One answer is that geographic origin is that consumers have non-product-related reasons to buy goods from a particular place. Perhaps Americans want to buy "Made in the U.S.A." clothing out of patriotic

1. Nestor M. Davidson & David Fagundes, *Law and Neighborhood Names*, 72 Vand. L. Rev. 3 (2019).
2. *See generally* Justin Hughes, *Champagne, Feta, and Bourbon – The Spirited Debate About Geographical Indications*, 58 Hastings L.J. 299 (2006).

pride, or buy razors from a factory in Germany out of a belief that they will be made to exacting standards of quality control. For some, there is a romance to holding in their hands a thing that came from a faroff place; for others, geographic origin is part of the process by which they can be assured that the goods were created with ethical labor and environmental.

But another possible answer is that for certain kinds of goods, the geographic origin is absolutely inseparable from essential characteristics of those goods. This theory is associated primarily with agricultural products, and especially with foods, wines, and sprits. This is the theory of ***terroir***: that there are unique characteristics of the environment – particularly the soil – in particular regions, and that traditional methods of making foods and drinks identified with those places create goods with distinctive tastes and textures that simply cannot be replicated in any other place. Justin Hughes elaborates:

> The French system of *appellations d'origine contrôlées* (AOC) is founded on the idea of terroir. Terroir has no direct English translation, but the notion behind the Latinate word is simple: the product's qualities *come with the territory*. As one Australian wine critic describes it: "terroir . . . translates roughly as 'the vine's environment,' but has connotations that extend right into the glass: in other words, if a wine tastes of somewhere, if the flavours distinctly make you think of a particular place on the surface of this globe, then that wine is expressing its terroir." . . .
>
> The [French government] regulates not just the geographic boundaries for each AOC, but all "conditions of production," including, for wine, the grape varietals, hectare production quotas, natural alcohol content during vinification, permitted irrigation, etc. The *Institut National des Appellations d'Origine* (INAO) regulations for AOC cheese place varying legal requirements on rennet used in coagulation, curd drainage, milk temperature at different points in curing, salting, and the use of lactic proteins.[3]

The French AOC system is a government-run food-labeling regulation system – much like the U.S. system administered under the FDCA – that includes geographic origin as part of the characteristics being regulated. Just as "golden king crabmeat" must be from the species *Lithodes aequispinus*,[4] a "Muscadet-Côtes de Grandlieu" wine must be from a 700-hectare region (about 1,750 acres) near Nantes.

But all of this is French law. What about outside of France? The 1991 Uruguay Round of the TRIPS (Trade-Related Aspects of Intellec-

3. *Id.*
4. 21 CFR § 102.50.

tual Property) treaty included provisions on protecting geographical indications which fully embraced the *terroir* theory. A "geographical indication" was defined as a indication that "identify a good as originating in [a region] where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."[5] TRIPS members were required to prevent the use of any designations that "indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good"[6] – i.e., to provide false-advertising protections against misleading geographic claims – and to deny trademark registration for marks containing misleading geographical claims.[7]

Despite its enshrinement in TRIPS, there are two serious problems with the theory of *terroir*. The first is that it simply not clear that there is anything there.[8] It supposedly depends on an intimate and precise set of environmental factors. But there is immense variation in soil and climate even within designated AOC regions, and the methods used within them have changed immensely over time. In some cases, the wine produced within an AOC region is made with *entirely different grape varietals* than it used to be, a dramatic change that would presumably swamp any subtle differences due to soil quality. Production methods have proven quite capable of being adopted sucessfully in new regions; witness the growth of California wine country. And in blind tastings, even experts have difficulty discerning these essential qualities that *terroir* supposedly imbues wines with.

The second problem is that as soon as one subjects *terroir* to more than cursory analysis, it becomes clear how deeply embedded it is in imperialism, racism, and economic protectionism. Kolleen M. Guy notes that France extended its AOC system only to domestic regions, and not to its colonial *départements et régions d'outre-mer*: "Colonial products were excluded from AOC protections because it was believed that they lacked the quality and superiority locked in the land that produced 'Frenchness.'"[9] French-produced AOC wines were sold for export at a premium, while non-AOC wine produced in Algeria was kept cheap for consumption in France. The AOC system guards a kind of symbolic nationalist purity.

5. TRIPS art. 22(1).
6. TRIPS art. 22(2).
7. TRIPS art. 22(3).
8. Hughes, *supra* note 2.
9. Kolleen M. Guy, *Imperial Feedback: Food and the French Culinary Legacy of Empire*, 14 Contemp. French & Francophone Stud. 149, 150 (2010).

B United States Law

The United States does not have a *sui generis* geographical indication regime, the way that European countries like France and Italy do. Instead, geographic claims are mostly processed through the false-advertsing and trademark systems.

Start with false advertising. Materially false or misleading geographic claims can be the subject of a suit under Lanham Act section 43(a)(1)(B), just like any other materially false or misleading claim. In addition, some sellers must affirmatively disclose the geographic origin of their products. For example, the Textile Products Identification Act requires that any "textile fiber product" (e.g. clothing, sheets, tablecloths, etc.) must bear a stamp, tag, or label that discloses the "name of the country where [it was] processed or manufactured."[10]

Now for trademarks. The Lanham Act adds a few specific rules on geographic marks to limit the category of registrable trademarks. In substance, they basically parallel the rules on descriptive and deceptive marks, but the terminology is a little different.

Section 2(e)(2) of the Lanham Act prohibits registration of marks that are "primarily geographically descriptive" *except* for collective and certification marks.[11] The new part here is the point that collective and certification marks *can* be geographically descriptive, as long as the description is accurate. Thus, VIDALIA for onions is a registered certification mark for sweet onions grown in a region near Vidalia, Georgia under a certification managed by the Georgia Department of Agriculture.[12]

Section 2(e)(3) prohibits registration of marks that are "primarily geographically deceptively misdescriptive."[13] This is probably the worst term of art in all of trademark law – nay, in all of IP law. Not only is it more than a mouthful, it also hides what is really going on. It *looks* like this is a geographic twist on misdescriptive marks. But the key word is "deceptively: this is really an application of the rule that *deceptive* marks are unregistrable. By whatever name, a mark is "primarily geographically deceptively misdescriptive" when

(0) the primary significance of the mark is a generally known geographic location,

(1) the goods do not come from that place,

(2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods bearing it, and

10. TPIA at § 70b
11. Lanham Act § 2(e)(2)
12. Do you see the logic behind allowing a geographically descriptive term like this to be used as a certification mark? Do you see why this logic does not extend to generic marks?
13. Lanham Act § 2(e)(3).

Habanos's GUANTANAMERA logo

GCC's GUANTANAMERA logo

(3) the misrepresentation was a material factor in the consumer's decision.[14]

In this test, (1), (2), and (3) should be familiar: they are the falsity, belief, and materiality elements of the test for deceptive marks in the Other Advertising chapter. All that is new is element (0), that the mark's significance is geographic. In other words, deceptive geographic marks obey the general rule against registering deceptive marks. They just do so under a different name: "primarily geographically deceptively misdescriptive."[15]

Guantanamera Cigar Co. v. Corporacion Habanos

729 F. Supp. 2d 246 (D.D.C 2010)

I. Factual Background

GCC is a small company based in Coral Gables, Florida. GCC manufactures cigars in Honduras from non-Cuban seeds, then sells and distributes them mainly in the Miami area, as well as other parts of the United States. GCC filed a trademark application for the mark GUANTANAMERA for use in connection with cigars on May, 14, 2001. When translated, "guantanamera" means "(i) the female adjectival form of GUANTANAMO, meaning having to do with or belonging to the city or province of Guantanamo, Cuba; and/or (ii) a woman from the city or province of Guantanamo, Cuba." Many people are also familiar with the Cuban folk song, Guantanamera, which was originally recorded in 1966.

Habanos, jointly owned by the Cuban government and a Spanish entity, manufactures cigars. The Cuban embargo prohibits Habanos from exporting cigars into the U.S. Habanos, however, owns trademarks on many cigar brands outside the U.S., including registrations or applications for GUANTANAMERA in more than 100 countries in the world. On December 29, 1998, Habanos applied for the mark in Cuba, and registered the mark on March

14. *In re* Cal. Innovations, Inc., 329 F.3d 1334 (Fed. Cir. 2003) (rearranged, paraphrased, and renumbered).

15. The test is never actually stated this way. It is usually described as a three-part test, in which our (1) and (2) are combined.

13, 2001. Habanos applied for a U.S. Trademark on April 15, 2002, but its application remains suspended because of GCC's prior application.

Shortly after the TTAB published GCC's application, Habanos filed an opposition, which asserted that GUANTANAMERA was primarily geographically deceptively misdescriptive, and therefore barred from registration. The TTAB agreed and found that GUANTANAMERA was primarily geographically deceptively misdescriptive and that Habanos had standing to oppose registration.

II. Discussion

a. Geographic Location

There is significant evidence in the record to find that Cuba or Guantanamo, Cuba is the primary significance of GUANTANAMERA. The primary significance of a mark is a finding of fact. Guantanamera literally means "girl from Guantanamo." The Plaintiff argues that the primary meaning of GUANTANAMERA is the famous Cuban song by Joseito Fernandez. The TTAB recognized that the folk song's history reinforces the geographic connection to Guantanamo and Cuba. Based on the deferential standard of review, the Court finds that the Plaintiff produced insufficient evidence to disturb the TTAB's factual finding that GUANTANAMERA's primary significance is a geographic location.

b. Goods-Place Association

There is sufficient evidence to find that the consuming public is likely to believe that the Plaintiff's cigars originate from Cuba. If consumers are likely to believe that the place identified on the mark is the origin of the goods, when in fact the goods do not come from that place, the element is satisfied. . . . The Federal Circuit characterized this element as a "relatively easy burden of showing a naked goods-place association."

The record contains ample evidence that cigar tobacco is produced in the Guantanamo province. There is also ample evidence to support the finding that Cuba is well-known for cigars. The TTAB did not err in finding that the goods-place association was met.

c. Materiality

The TTAB stated two reasons why the misrepresentation is material in the minds of consumers: (1) Cuba's "renown and reputation for high quality cigars" and (2) the plaintiff's subjective intent to deceive customers evidenced by previously placing "Guantanamera, Cuba" and "Genuine Cuban Tobacco" on the packaging. . . .

The Court finds the plaintiff's false claims on the packaging . . . inadequate . . . . First, the registrant's subjective intent provides little, if any, insight into the minds of consumers. Consumers could have numerous reasons as to why they purchase Guantanamera cigars, but without any objective findings, it is difficult to make an accurate conclusion as to whether the geographic misdescription will materially affect a "substantial portion" of consumers. . . .

Habanos . . . argues that there are millions of Spanish speakers in the U.S., that the English speaking public recognizes "guantanamera" to mean Guantanamo, Cuba, and that GCC targeted Spanish speaking consumers. Nevertheless, this evidence fails to determine that a substantial proportion of the target audience would be deceived into purchasing the cigars because of the false goods-place association. Habanos never introduced evidence that suggested material deception of a substantial proportion of the relevant consuming public.

C Wines and Spirits

The French are serious about their wine, and so is the French AOC system. There are over 350 AOCs for wine protected under French law, including heavy hitters like "Bordeaux" and "Sauternes." Indeed, there is probably no industry in the world that has more fervently embraced the logic of *terroir* than wine: wine stores group wines by their country and region of origin.

TRIPS includes heightened protections for wines and spirits that go above and beyond the rules applicable to all goods discussed above. The use of geographic indications for wines and spirits "not originating in the place indicated" is forbidden "even where the true origin of the goods is indicated or the geographical indication is used in translation or accompanied by expressions such as 'kind,' 'type,' 'style,' 'imitation' or the like."[16] This standard would prohibit an American vineyard from selling "Champagne-type sparkling wine from Napa Valley."

United States law mostly laughs at TRIPS's rules on wines and sprits. For spirits, the general rule is that "geographical names for distinctive types of distilled spirits" must be accompanied by "the word 'type' or the word 'American' or some other adjective indicating the true place of production" and must actually "conform" to the style of that region.[17] Thus, "Sonoma Valley Sancerre" is acceptable under United States law, regardless off how offensive the term would be to a French winemaker. Even this requirement does not apply to spirit names have that "lost their geographical significance to such extent that they have become generic,"[18] such as "London dry gin." If the name is neither generic nor the name of a distinctive type of spirit, geographical terms must actually designate the place of origin. Thus, "Jamaica rum" makes a claim about geographic origin that must be true in a false-advertising sense.

16. TRIPS art. 23.
17. 27 C.F.R. § 5.22(k)(1)
18. 27 C.F.R. § 5.22(k)(2)

Only in a few places are wine-and-spirit geographic indications actually protected under U.S. law. The standards of identity for some liquors includes a geographic component: "Scotch whisky" must be manufactured from Scotland[19], "pisco" must be grape brandy from Chile or Peru[20], and "bourbon" must be produced in the United State[21] In addition, a short list of wines is treated as "semi-generic."[22] Anyone who was selling wine under one of these names before March 10, 2006 may continue to use that name provided they appropriately disclose the geographic origin of their wines ("American Champagne").[23] Otherwise, Champagne must either come from and be produced under the rules of the Champagne AOC, or be marked with a different name, such as "sparkling wine."

Finally, geographically misdescriptive trademarks for wines or spirits may not be registered. Section 2(a) of the Lanham Act prohibits registration of any "geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods."[24] The missing word here is "primarily." Secondary meaning cannot be used to overcome the misdescriptiveness problem.

19. 27 C.F.R. § 5.22(b)(7)
20. 27 C.F.R. § 5.22(d)(9)
21. 27 C.F.R. § 5.22(l)(1).
22. 26 U.S.C § 5388(c)(2)(B) ("Angelica, Burgundy, Claret, Chablis, Champagne, Chianti, Malaga, Marsala, Madeira, Moselle, Port, Rhine Wine or Hock, Sauterne, Haut Sauterne, Sherry, Tokay").
23. 26 U.S.C § 5388(c)(3)(B).
24. Lanham Act § 2(a).

11

Right of Publicity

The right of publicity protects people's names, appearances, and other aspects of their personal identities from commercial exploitation. [1] Why should there be such a right at all? One answer is grounded in a sense of ***privacy***: to parade a person before the public eye without their consent is to work a dignitary harm. Another is ***misappropriaton***: if anyone is entitled to make money off of my image, it ought to be me. A third is that it creates ***incentives*** to develop one's public persona by filling in what would otherwise be a gap in IP systems. (Recall that people are not patentable or copyrightable.) And a fourth is ***contracting***: without a right of publicity, it is much harder to make deals about people's fame, talent, and endorsement.

A Ownership

Who has publicity rights? Conceptually, the answer depends on the reason(s) to recognize them. If publicity rights are privacy rights, then arguably ordinary citizens have them but celebrities who have voluntarily stepped out upon the public stage don't. But if publicity rights are property rights, then arguably celebrities have them but ordinary citizens who have done nothing to monetize their identities don't. The history of the rise of the right of publicity in the twentieth century shows courts wrestling with both kinds of theories.

Origins

If there is a poster child for the right of publicity, it owuld have to be Abigail Roberson.[2] One day around the turn of the 20th century, she

1. The leading treatise on the right of publicity is J. Thomas McCarthy, The Rights of Publicity and Privacy (2d ed. 2025). Another valuable resource is the website Rothman's Roadmap to the Right of Publicity, which includes state-by-state information on statutes and caselaw.
2. Roberson v. Rochester Folding Box Co., 64 N.E. 442 (N.Y. 1902).

Flour of the Family advertisement

discovered her face on ads for Franklin Mills's flour. Some 25,000 posters were placed in stores and saloons. She alleged:

> that they have been recognized by friends of the plaintiff and other people, with the result that plaintiff has been greatly humiliated by the scoffs and jeers of persons who have recognized her face and picture on this advertisement, and her good name has been attacked, causing her great distress and suffering, both in body and mind; that she was made sick, and suffered a severe nervous shock, was confined to her bed, and compelled to employ a physician . . . noteroberson

Roberson sued Franklin Mills, but in *Roberson v. Rochester Folding Box Co.* New York's highest court held that her complaint did not fit within any existing tort box. There was no libel, because the picture was a "good portrait of her, and therefore one easily recognized"; it did not subject her "to contempt, ridicule, or obloquy."[3] And there was no invasion of privacy. Indeed, the court disparaged the idea that there could be a privacy right on these facts, because it saw no logical stopping point to the idea that "an individual has the right to prevent his features from becoming known to those outside of his circle of friends and acquaintances."[4]

> The so-called 'right of privacy' is, as the phrase suggests, founded

3. *Id.*
4. *Id.*

New England Mutual Life Insurance ad

> upon the claim that a man has the right to pass through this world, if he wills, without having his picture published, his business enterprises discussed, his successful experiments written up for the benefit of others, or his eccentricities commented upon either in handbills, circulars, catalogues, periodicals, or newspapers; and, necessarily, that the things which may not be written and published of him must not be spoken of him by his neighbors, whether the comment be favorable or otherwise.[5]

But this reasoning is fallacious, as Georgia's highest court showed three years later in *Pavesich v. New England Life Ins. Co.*[6] The basic configuration was the same: the plaintiff's picture was used without permission. This time, it was an ad for life insurance.

> Above the likeness of the plaintiff were the words: "Do it now. The man who did."Above the likeness of the other person were the words: "Do it while you can. The man who didn't." Below the two pictures were the words: "These two pictures tell their own story." Under the plaintiff's picture the following appeared: "In my healthy and productive period of life I bought insurance in the New England Mutual Life Insurance Co., of Boston, Mass., and

5. *Id.*
6. Pavesich v. New Eng. Life Ins. Co., 50 S.E. 68 (Ga. 1905).

> to-day my family is protected and I am drawing an annual dividend on my paid-up policies." Under the other person's picture was a statement to the effect that he had not taken insurance, and now realized his mistake.[7]

Pavesich, of course, had never bought insurance from New England Life.

Unlike the court in *Roberson*, the court in *Pavesich* saw that this could be conceptualized as a privacy violation without giving people a right over every possible use of their name and likeness. It started from the observations that "the body of a person cannot be put on exhibition at any time or at any place without his consent," but that a person can waive this right to "withdraw from the public gaze" – for example, by running for public office.[8] The question, therefore, is whether the plaintiff has waived their claim of privacy as against the use made by the defendant.

> The form and features of the plaintiff are his own. The defendant insurance company and its agent had no more authority to display them in public for the purpose of advertising the business in which they were engaged than they would have had to compel the plaintiff to place himself upon exhibition for this purpose. Nothing appears from which it is to be inferred that the plaintiff has waived his right to determine himself where his picture should be displayed in favor of the advertising right of the defendants. . . . The plaintiff was in no sense a public character, even if a different rule in regard to the publication of one's picture should be applied to such characters.[9]

Still, when push came to shove, the court fell back on the idea that there was something specifically both *false* and *damaging* about the ad.

> It is now to be determined whether first count in the petition set forth a cause of action for libel. The publication did not mention the plaintiff's name, but it did contain a likeness of him that his friends and acquaintances would readily recognize as his, and the words of the publication printed under the likeness were put into the mouth of him whose likeness was published. These words are harmless in themselves. Standing alone, they contain nothing, and carry no inference of anything that is disgraceful, to be ashamed of, or calculated to bring one into reproach.
>
> It is alleged that the plaintiff did not have, and never had had, a policy of insurance with the defendant company, and that this fact was known to his friends and acquaintances. In the light of these allegations, the words attributed to the plaintiff become ab-

7. *Id.*
8. *Id.*
9. *Id.*

> solutely false, and those who are acquainted with the facts, upon reading the statement, would naturally ask, "For what purpose was this falsehood written?" It was either gratuitous, or it was for a consideration; and, whichever conclusion might be reached, the person to whom the words were attributed would become contemptible in the mind of the reader. He would become at once a self-confessed liar. If he lied gratuitously, he would receive and merit the contempt of all persons having a correct conception of moral principles. If he lied for a consideration, he would become odious to every decent individual. It seems clear to us that a jury could find from the facts alleged that the publication, in the light of the extrinsic facts, was libelous, and the plaintiff was entitled to have this question submitted to the jury.

In states like Georgia, the idea that a person had a privacy right against false endorsements developed through common-law judicial decisions expanding on cases like *Pavesich*. But in other states, like New York, the right is statutory. In 1903, the year after *Roberson*, New York's legislature enacted a new privacy law to reverse the outcome. It let "[a]ny person whose name, portrait, picture or voice is used within this state for advertising purposes or for the purposes of trade without . . . written consent" sue for damages and an injunction.[10] In these states, the right publicity of reaches only what the legislature includes. In a few states, like California, there are both common-law and statutory rights of publicity.

Privacy vs. Publicity

Lurking in cases like *Pavesich* – and in the arguments made by Abigail Roberson – is an assumption that the right of publicity exists to protect people's privacy, making it a right *against* publicity. If that is right, then the right will not protect celebrities and other figures who are already in the public eye, because they have waived their interest in privacy.

In *O'Brien v. Pabst Sales Co.*, for example, the plaintiff, Davey O'Brien, was "in physique as in prowess as a hurler, a modern David, a famous football player."[11] He won the Heisman Trophy and was on the All American team for 1938. The defendant, a brewery, printed and distributed 35,000 calendars with the schedule for the 1939 college football season and pictures of the All American team. O'Brien's photograph appeared at the top directly next to a picture of a Pabst-branded glass and bottle of beer. He sued, claiming a violation of his right of publicity, but the court held that "publicity he got was only that which he had been constantly seeking and receiving."[12] In more detail:

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10. N.Y. Civil Rights Law § 51.
11. O'Brien v. Pabst Sales Co., 124 F.2d 167 (5th Cir. 1941).
12. *Id.*

> The defenses were three. The first was that if the mere use of one's picture in truthful and respectable advertising would be an actionable invasion of privacy in the case of a private person, the use here was not, as to plaintiff, such an invasion, for as a result of his activities and prowess in football, his chosen field, and their nationwide and deliberate publicizing with his consent and in his interest, he was no longer, as to them, a private but a public person, and as to their additional publication he had no right of privacy. The second defense was that plaintiff, in his own interest and that of Texas Christian University, had posed for and had authorized the publicity department of T.C.U. to distribute his picture and biographical data to newspapers, magazines, sports journals and the public generally, and that the particular picture whose use is complained of had been in due course obtained from and payment for it had been made to the T.C.U. publicity department. Third, no injury to appellant's person, property or reputation had been or could be shown and there was therefore no basis for a recovery. The testimony fully supported these defenses.

Most cases in which the right of privacy is commercially valuable are more like *O'Brien* than like *Roberson* or *Pavesich*. The people who have the most to gain by monetizing their identities are celebrities, but these are also the people whose identities advertisers are most eager to use. Franklin Mills could easily have negotiated a modest payment to Abigail Roberson, or if she refused, found another and more amenable model. It used her image without permission only because it didn't realize that putting a person's picture on flour ads is the kind of thing for which permission is required. But Davey O'Brien, as the preeminent college football player of 1938, had unique value to Pabst.

Thus, around the middle of the century, courts began to conceptualize a right of *publicity* as distinct from a right of *privacy*. A crucial breakthrough case was *Haelan Laboratories v. Topps Chewing Gum*, another athlete case.[13] Wes Westrum, a catcher for the Giants, signed a contract to let Haelan put his picture on baseball cards; he promised not to sign a similar contract with any other baseball-card company.In exchange, he received a Longines wristwatch. A few days later, despite his promise of exclusivity, he signed a similar contract with Topps for $150.

Haelan sued, and Topps defended on the *O'Brien* rationale that Westrum as a professional athlete in the public eye *had no right of privacy* under New York law that could prevent the use of his photograph on baseball cards.[14] According to Topps, all that Westrum had was "a

13. Haelan Lab'ys v. Topps Chewing Gum, 202 F.2d 866 (1953).
14. If Topps really believed this, why did it agree to pay Westrum $150?

The Pabst calendar. O'Brien is the player at the top throwing a football.

personal and non-assignable right not to have his feelings hurt by such a publication."[15] But the court disagreed:

> We think that, in addition to and independent of that right of privacy . . . a man has a right in the publicity value of his photograph . . . This right might be called a "right of publicity." For it is common knowledge that many prominent persons (especially actors and ball-players), far from having their feelings bruised through public exposure of their likenesses, would feel sorely deprived if they no longer received money for authorizing advertisements, popularizing their countenances, displayed in newspapers, magazines, busses, trains and subways. This right of publicity would usually yield them no money unless it could be made the subject of an exclusive grant which barred any other advertiser from using their pictures.

There are two moves here. First, the court reasons that the *commercial value* of a person's identity is a valid basis to protect a right of publicity, and distinct from a *Pavesich*-style privacy basis. Second, it recognizes that *the need to contract over this value* justifies recognizing an exclusive right.

15. *O'Brien*, 124 F.2d 167.

Wes Westrum baseball card

Wes Westrum has a right of publicity so that he can get a shiny new watch in exchange for putting his picture on Haelan baseball cards – and also so he can meaningfully promise Haelan that Topps will not also put out Wes Westrum cards. Of course, these two rationales are intertwined. Unless no one can use his picture, everyone will, so unless everyone has to pay, no one will.

But *Haelan Laboratories*'s commercial theory of the right of publicity has its own limits. Just as the privacy theory works for everyday people but not for celebrities, a commercial theory works for celebrities but not for everyday people. If it is the commercial value of one's identity that is the basis for a right of publicity, only a person who has already commercialized their identity has a right to protect. Under *Haelan Laboratories*, even Abigail Roberson might still be out of luck, precisely because she took no steps to sell her face for use in advertising. The result is that the two theories of the right of publicity – privacy and commercial value – have coexisted, with different states recognizing one, the other, or both.

The modern trend, however, is toward a reunification. The courts have increasingly expanded the commercial-value rationale for the right of publicity by dropping the prerequisite that the plaintiff have commercialized their identity. As long as the *defendant* is exploiting the value of the plaintiff's identity, it does not matter whether the *plaintiff* is.

Consider *Fraley v. Facebook, Inc.*:

> At issue here is one of Facebook's advertising practices, "Sponsored Stories," which appear on a member's Facebook page, and which typically consist of another member's name, profile pic-

> ture, and an assertion that the person "likes" the advertiser, coupled with the advertiser's logo. Sponsored Stories are generated when a member interacts with the Facebook website or affiliated sites in certain ways, such as by clicking on the "Like" button on a company's Facebook page.[16]

The plaintiffs were a class of individuals who "allege not that they suffered mental anguish as a result of Defendant's actions, but rather that they suffered economic injury because they were not compensated for Facebook's commercial use of their names and likenesses in targeted advertisements to their Facebook Friends."[17] Facebook defended on the ground that the plaintiffs "must demonstrate some preexisting commercial value to their names and likenesses," but the court disagreed, emphasisizng that the "right of publicity exists for celebrity and non-celebrity plaintiffs alike."[18] A plaintiff's celebrity status goes to the measure of damages, not to the existence of the right:

> Although generally, the greater the fame or notoriety of the identity appropriated, the greater will be the extent of the economic injury suffered, the appropriation of the identity of a relatively unknown person may result in economic injury or may itself create economic value in what was previously valueless. Thus, courts have long recognized that a person's name, likeness, or other attribute of identity can have commercial value, even if the individual is relatively obscure. In[19] , the Ninth Circuit sustained the § 3344 claim of a surfer alleging that a clothing retailer had unlawfully used a photograph of him surfing for advertising purposes. . . .
>
> Admittedly, these previous non-celebrity plaintiffs have typically been models, entertainers, or other professionals who have cultivated some commercially exploitable value through their own endeavors. Nevertheless, the Court finds nothing requiring that a plaintiff's commercially exploitable value be a result of his own talents or efforts in order to state a claim for damages under § 3344. In a society dominated by reality television shows, YouTube, Twitter, and online social networking sites, the distinction between a "celebrity" and a "non-celebrity" seems to be an increasingly arbitrary one.

And then, in an important twist, the court noted that people's identities are valuable to Facebook in Sponsored Stories precisely because they

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16. Fraley v. Facebook, Inc., 830 F.Supp.2d 785 (N.D. Cal. 2011).
17. *Id.*
18. *Id.*
19. Downing v. Abercrombie & Fitch, 265 F.3d 994 (9th Cir. 2001).

have commercial influence over their friends:

> Plaintiffs quote Facebook CEO Mark Zuckerberg stating that "nothing influences people more than a recommendation from a trusted friend. A trusted referral influences people more than the best broadcast message. A trusted referral is the Holy Grail of advertising."
>
> Thus, Plaintiffs have alleged that, in the same way that celebrities enjoy commercially exploitable opportunities among consumers at large, they enjoy commercially exploitable opportunities to advertise among their immediate friends and associates because in essence, Plaintiffs are celebrities – to their friends. While traditionally, advertisers had little incentive to exploit a non-celebrity's likeness because such endorsement would carry little weight in the economy at large, Plaintiffs' allegations suggest that advertisers' ability to conduct targeted marketing has now made friend endorsements a valuable marketing tool, just as celebrity endorsements have always been so considered.[20]

At this point, the modern view is probably that everyone has a right of publicity.

B Subject Matter

Typically the right of publicity covers at least one's name and "likeness" (i.e. one's photograph or image). How much further it extends is more controversial. One question is whether it covers distinctive non-visual personal attributes like one's voice. In *Midler v. Ford Motor Co.*, Ford wanted to advertise the Mercury Sable to "yuppies" (short for "young urban professionals") by reminding them of their college days with songs from the 1970s.[21] Ford's advertising agency, Young & Rubicam, selected Midler's "Do You Want To Dance" as one of the songs to feature.

> The agency contacted Midler's manager, Jerry Edelstein. The conversation went as follows: "Hello, I am Craig Hazen from Young and Rubicam. I am calling you to find out if Bette Midler would be interested in doing ...? Edelstein: "Is it a commercial?" "Yes." "We are not interested."[22]

Not willing to take "no" for an answer, Young & Rubicam hired one of Midler's backup singers, Ula Hedwig, to record a sound-alike version of

20. *Fraley*, 830 F.Supp.2d 785.
21. Midler v. Ford Motor Co., 849 F.2d 460 (2d Cir. 1988).
22. *Id.*

Ula Hedwig (left) singing backup for Bette Midler (right) in 1980

The Mercury Sable ad featuring "Do You Want to Dance?"

"Do You Want to Dance?" for the commercial.[23] Note that there was no copyright issue; Midler's version was itself a cover of a Bobby Freeman song, and Young & Rubicam properly licensed the musical work from the copyright owner.[24]

Ford argued that one's voice is not protected under the right of publicity, but the court soundly disagreed. The key was that the voice in the commercial was *recognizable* as Midler's (even though it was actually Hedwig signing). People told Midler that the commercial sounded like her; Hedwig's friends didn't know it was her. As the court explained (with echoes of *Bleistein*:)

> A voice is as distinctive and personal as a face. The human voice is one of the most palpable ways identity is manifested. We are all aware that a friend is at once known by a few words on the phone. . . . The singer manifests herself in the song. To impersonate her voice is to pirate her identity.[25]

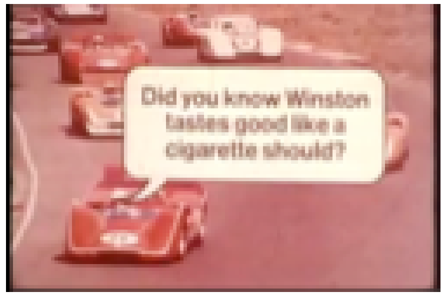
Indeed, the fact that the defendants *deliberately imiated* Midler's voice is crucial here.

> Why did the defendants ask Midler to sing if her voice was not of value to them? Why did they studiously acquire the services of a sound-alike and instruct her to imitate Midler if Midler's voice was not of value to them? What they sought was an attribute of Midler's identity. Its value was what the market would have paid for Midler to have sung the commercial in person.[26]

It is precisely because the public watching the commercial was intended to *think that the singer was Midler* that the right of publicity was in play.

23. There seem not to have been lingering hard feelings between the two. Hedwig worked again with Midler on later albums.
24. Why couldn't Midler sue for copyright infringement for imitating her recorded version?
25. *Midler*, 849 F.2d 460.
26. *Id.*

Motschenbacher's car



The Winston ad

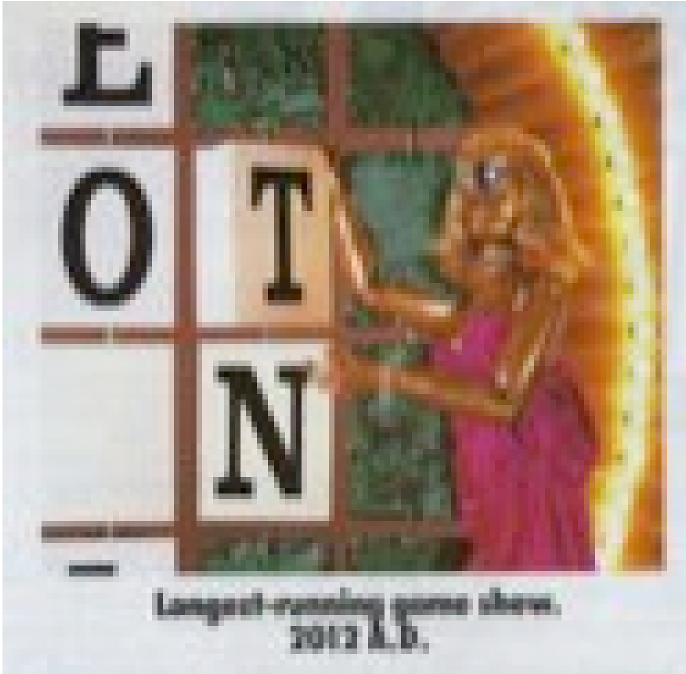
A harder question is posed where the ad merely *reminds* viewers of the celebrity. One early case was *Motschenbacher v. R.J. Reynolds Tobacco Co.*, where a television commercial for Winston cigarettes used a stock photograph of a race including the car driven by Lothar Motschenbacher.[27] He was not visible in the photograph, and the number on the car had been altered, but the car's red-and-white design was recognizable. The court held for Motschenbacher on a false-endorsement theory. Here, there was a plausible argument that viewers would (correctly) believe that he was in the car, so the idea of the car as an extension of his physical likeness has some weight to it.

A further extension of this idea was *Carson v. Here's Johnny Portable Toilets, Inc.*, where the defendant was in the portable-toilet business under the brand name "Here's Johnny," the phrase by which Johnny Carson was introduced nightly as the host of *The Tonight Show*. This was held to violate his right of publicity. "Johnny" was certainly recognizable as Carson: that's the whole point of the joke. But it didn't literally depict him (indeed, his sidekick Ed McMahon was the one to say the phrase, not Carson himself). If there was a false endorsement here, it was only because of a 43(a)-style circularity that people would expect "Here's Johnny" toilets to be endorsed by Johnny Carson.

The real breaking point – at least for some judges – was *White v. Samsung Electronics America, Inc.*[28] Vanna White has been the hostess of *Wheel of Fortune* since 1982. Although she has filled in as the show's MC, her most important duty has been flipping letters on the show's game board as they light up. Samsung ran a series of ads for its electronics:

> Each of the advertisements in the series followed the same theme. Each depicted a current item from popular culture and a Samsung electronic product. Each was set in the twenty-first century and conveyed the message that the Samsung product would still be in use by that time. By hypothesizing outrageous

27. Motschenbacher v. R.J. Reynolds Tobacco Co., 498 F.2d 821 (9th Cir. 1974).
28. White v. Samsung Elecs. Am., Inc., 971 F.2d 1395 (9th Cir. 1992).



Samsung game show ad

> future outcomes for the cultural items, the ads created humorous effects. For example, one lampooned current popular notions of an unhealthy diet by depicting a raw steak with the caption: "Revealed to be health food. 2010 A.D." Another depicted irreverent "news"-show host Morton Downey Jr. in front of an American flag with the caption: "Presidential candidate. 2008 A.D."
>
> The advertisement which prompted the current dispute was for Samsung videocassette recorders (VCRs). The ad depicted a robot, dressed in a wig, gown, and jewelry which [the advertising agency] consciously selected to resemble White's hair and dress. The robot was posed next to a game board which is instantly recognizable as the Wheel of Fortune game show set, in a stance for which White is famous. The caption of the ad read: "Longest-running game show. 2012 A.D." Defendants referred to the ad as the "Vanna White" ad. Unlike the other celebrities used in the campaign, White neither consented to the ads nor was she paid.[29]

The court held that this did not violate California's right of publicity

29. *Id.* Read the last sentence closely. Has the court prejudged the issue in White's favor by saying "*other* celebrities *used* in the campaign?" On the other hand, isn't this an absolutely damning fact for Samsung?

statute, which referred to one's "name, voice, signature, photograph, or likeness," because the robot was none of these."[30] But it did hold that her common-law right of publicity could be violated "without resorting to obvious means such as name, likeness, or voice."[31] It explained:

> Viewed separately, the individual aspects of the advertisement in the present case say little. Viewed together, they leave little doubt about the celebrity the ad is meant to depict. The female-shaped robot is wearing a long gown, blond wig, and large jewelry. Vanna White dresses exactly like this at times, but so do many other women. The robot is in the process of turning a block letter on a game-board. Vanna White dresses like this while turning letters on a game-board but perhaps similarly attired Scrabble-playing women do this as well. The robot is standing on what looks to be the Wheel of Fortune game show set. Vanna White dresses like this, turns letters, and does this on the Wheel of Fortune game show. She is the only one. Indeed, defendants themselves referred to their ad as the "Vanna White" ad. We are not surprised.[32]

Judge Alarcon dissented on this point:

> It is patently clear to anyone viewing the commercial advertisement that Vanna White was not being depicted. No reasonable juror could confuse a metal robot with Vanna White. . . . [T]he majority confuses Vanna White, the person, with the role she has assumed as the current hostess on the "Wheel of Fortune" television game show. . . .
>
> The majority appears to argue that because Samsung created a robot with the physical proportions of an attractive woman, posed it gracefully, dressed it in a blond wig, an evening gown, and jewelry, and placed it on a set that resembles the Wheel of Fortune layout, it thereby appropriated Vanna White's identity. But an attractive appearance, a graceful pose, blond hair, an evening gown, and jewelry are attributes shared by many women, especially in Southern California. These common attributes are particularly evident among game-show hostesses, models, actresses, singers, and other women in the entertainment field. They are not unique attributes of Vanna White's identity. . . .
>
> The only characteristic in the commercial advertisement that is not common to many female performers or celebrities is the im-

30. Cal. Civ. Code. § 3344.
31. *White*, 971 F.2d 1395.
32. *Id.*

> itation of the "Wheel of Fortune" set. This set is the only thing which might possibly lead a viewer to think of Vanna White. The Wheel of Fortune set, however, is not an attribute of Vanna White's identity. It is an identifying characteristic of a television game show, a prop with which Vanna White interacts in her role as the current hostess. To say that Vanna White may bring an action when another blond female performer or robot appears on such a set as a hostess will, I am sure, be a surprise to the owners of the show.

In dissenting from denial of rehearing *en banc*, Judge Kozinski[33] was even more forceful about what he saw as a slippery slope:

> The panel is giving White an exclusive right not in what she looks like or who she is, but in what she does for a living. Once the right of publicity is extended beyond specific physical characteristics, this will become a recurring problem: Outside name, likeness and voice, the things that most reliably remind the public of celebrities are the actions or roles they're famous for. A commercial with an astronaut setting foot on the moon would evoke the image of Neil Armstrong. Any masked man on horseback would remind people (over a certain age) of Clayton Moore. And any number of songs – "My Way," "Yellow Submarine," "Like a Virgin," "Beat It," "Michael, Row the Boat Ashore," to name only a few – instantly evoke an image of the person or group who made them famous, regardless of who is singing.
>
> Future Vanna Whites might not get the chance to create their personae, because their employers may fear some celebrity will claim the persona is too similar to her own.If Christian Slater, star of "Heathers," "Pump up the Volume," "Kuffs," and "Untamed Heart" – and alleged Jack Nicholson clone – appears in a commercial, can Nicholson sue? Of 54 stories on LEXIS that talk about Christian Slater, 26 talk about Slater's alleged similarities to Nicholson. That's a whole lot more than White and the robot had in common.[34]

Persuasive?

C Procedures

There are no procedural prerequisites to owning a right of publicity, other perhaps than the vestigial suggestion (rejected in *Fraley*) that one must

33. Judge Kozinski resigned in disgrace in 2017 after being accused of sexual harassment and abusive behavior by numerous former clerks and staffers.
34. White v. Samsung Elecs. Am., Inc., 989 F.2d 1512 (9th Cir. 1993) (Kozinski, J., dissenting from denial of rehearing en banc).

have commercially exploited one's likeness to sue for its appropriation. The most interesting procedural issue raised by the right of publicity is its duration.

There is no serious dispute that one's right of publicity lasts as least as long as one's lifetime. The difficult question is how much longer than that it should last, if at all. In states that have adopted a postmortem right of publicity by statute, the legislature can simply pick a length; lengths range from 20 years (Virgina) to 100 years (Indiana), or even indefinitely (Tennessee). In states that have adopted one via common-law decision-making, it is a bit of an embarrassment for the court to have to pick a length essentially out of a hat. Consider the following analogies to the right of publicity:

- It is a personal privacy right that should endure perpetually, like the attorney-client privilege.[35]
- It is a valuable property right that should endure perpetually.
- It is akin to a trademark and should endure as long as it is being commercially exploited.
- It is akin to a copyright and should endure for exactly as long as a copyright after death.
- It is akin to a copyright and should endure for a specific period after death.
- It is a personal autonomy right and should terminate on death.

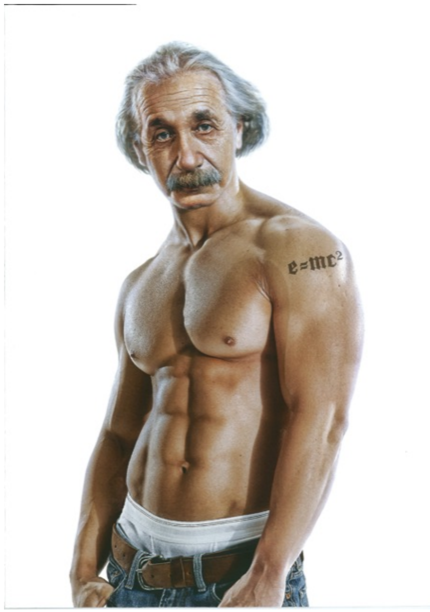
Which of these rationales are persuasive?

For an example of a court doing the best it can, consider *Hebrew University of Jerusalem v. General Motors*.[36] As the court summarized the facts:

> Defendant General Motors LLC ("GM") used an image of Albert Einstein in a November 2009 advertisement for its 2010 Terrain vehicle. The ad depicted Einstein's face digitally pasted onto a muscled physique, accompanied by the written message "Ideas are sexy too." The ad ran in only one issue of People magazine. Plaintiff Hebrew University of Jerusalem ("HUJ"), which claims to own Einstein's right of publicity as a beneficiary under Einstein's will and thus exclusive control of the exploitation of his name and likeness, brought suit against GM for this unauthorized use of Einstein's image.[37]

Einstein died in April 1955, some 54 years before the ad in question. The court ran through possible analogies, and then summarized other states'

35. *See* Swidler & Berlin v. United States, 524 U.S. 399 (1998).
36. Hebrew Univ. of Jerusalem v. Gen. Motors, 903 F. Supp. 2d 932 (C.D. Cal. 2012).
37. *Id.*



GM Terrain ad

laws. In the end, the court drew on public policy considerations to limit the postmortem right to 50 years or less:

> One of the overarching policy concerns in enforcing intellectual property rights is the balance that must be struck between protecting an individual's right to reap the benefits of his creative endeavors and the public's freedom of expression. This policy concern extends to the right of publicity.
>
> An open-ended right of publicity, or even a postmortem duration longer than 50 years, raises considerable First Amendment concerns and creates a potentially infinite curb on expression. Additionally, an extended right of publicity may interfere with or decrease the value of copyrighted works, such as photographs, thereby pitting one form of protected property against another.
>
> In addition to First Amendment implications, there is another consideration. In the 57 years since Albert Einstein died, the means of communication have increased and so has the proclivity of people to use them frequently. Journalists, academics and politicians frequently issue pronouncements about the impact on society, both in the United States and around the globe, of the dizzying explosion in the tools of communication. New devices and platforms have been developed, including smart phones, personal computers, social networks, email, Twitter, blogs, etc. These technologies have caused a swift and dramatic,

> but still developing, impact on ordinary life. . . .
>
> The Court does not profess to have answers to these questions, but what is clear is that since the full impact of these rapid changes remains uncertain, it would be imprudent to issue any ruling that strengthens (or at least lengthens) one right – that of the right of publicity – to the potentially significant detriment of these other rights.

D Similarity

For a use to infringe, the plaintiff must be identifiable. This is effectively a similarity test between the defendant's use and the plaintiff's persona. As the Restatement of Torts puts it:

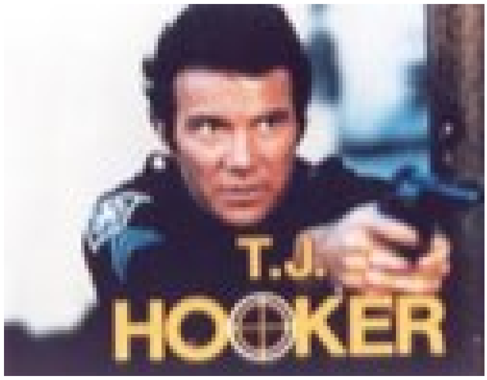
> It is not enough that the defendant has adopted for himself a name that is the same as that of the plaintiff, so long as he does not pass himself off as the plaintiff or otherwise seek to obtain for himself the values or benefits of the plaintiff's name or identity. Unless there is such an appropriation, the defendant is free to call himself by any name he likes, whether there is only one person or a thousand others of the same name. Until the value of the name has in some way been appropriated, there is no tort.

This is a trademark-influenced test. It emphasizes that the right of publicity is about using the plaintiff's identity because of its value *as the plaintiff's identity*.

Consider *Hooker v. Columbia Pictures Industries, Inc.*, where the plaintiff, T.J. Hooker, was a successful professional woodcarver who specialized in duck decoys.[38] He sued the producers of *T.J. Hooker*, a crime drama starring William Shatner that ran for 91 episodes on ABC and CBS between 1982 and 1986.[39]

> By his own admission, the commercial value of plaintiff's name is in the field of wildlife art. Hunters, sportsmen, and collectors identify plaintiff's name with fine carvings of ducks and other fowl. There is nothing in the complaint which can be construed as an allegation that the defendants adopted the name "T.J. Hooker" in order to avail themselves of plaintiff's reputation as an extraordinary woodcarver.[40]
>
> Plaintiff admits that the fictional television series at issue here is a "police drama." It is difficult to imagine a subject further removed for the life of T.J. Hooker the artisan. The facts and

38. Hooker v. Columbia Pictures Indus., Inc., 551 F. Supp. 1060 (N.D. Ill. 1982).
39. Not to be confused with the *T.J. Hooper*.
40. Suppose that the plaintiff were the star of a long-running top-rated reality show about woodcarving. Same result?



William Shatner in *T.J. Hooker*

> circumstances alleged by plaintiff provide no basis upon which it can be found that the name "T.J. Hooker," as used in the defendants' fictional television series, in any way refers to the real T.J. Hooker.

It is also worth looking back at the subject matter cases through an identifiability lens. *Motschenbacher*, *Carson*, *Midler*, and *White* are all cases in which it was clear that the plaintiff was identifiable in the defendant's advertising. Perhaps the courts there conflated similarity with subject matter. Or perhaps that is precisely the point. Once identifiability is shown, there is no need for limiting subject-matter doctrines.

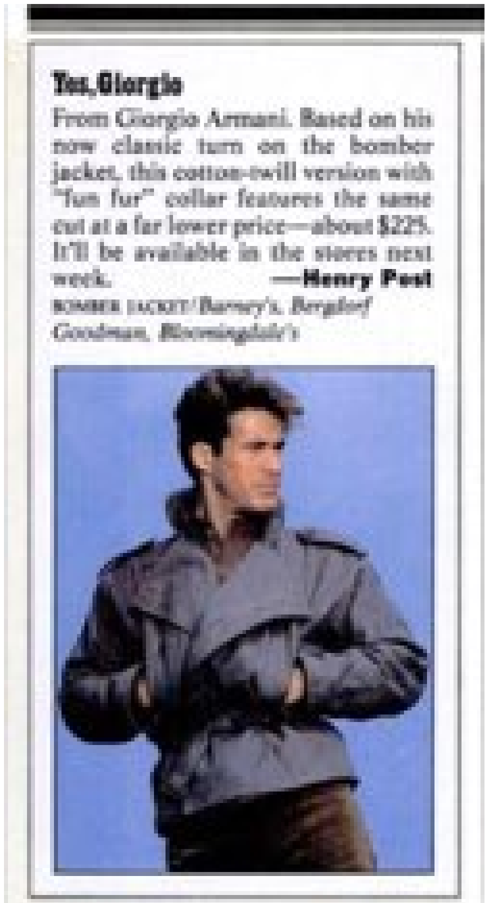
E Prohibited Conduct

As Eric E. Johnson observes, the standard blackletter descriptions of right of publicity are too broad to be taken literally.[41] A cause of action that truly protected against any "commercial use of their name, image, likeness, or other indicia of identity" would lead to incredibly broad liability.

> Imagine what would happen if people really could recover just because their names are being exploited commercially. Every credit reporting agency would shutter instantly. Every celebrity gossip magazine would be drowned in liability. And every company that sells customer lists to direct mailers and telemarketers would have to run for the hills. The right of publicity, by its own blackletter terms, should stop all these commercial uses of identity. Yet it does not. One thing is certain: the right of publicity is not what it says it is.

In Johnson's view, the right of publicity is mostly kept in check by de-

41. Eric E. Johnson, *Disentangling the Right of Publicity*, 111 Nw. U. L. Rev. 891 (2017).



Yes, Giorgio

From Giorgio Armani. Based on his now classic turn on the bomber jacket, this cotton-twill version with "fun fur" collar features the same cut at a far lower price—about $225. It'll be available in the stores next week. —**Henry Post**

BOMBER JACKET/*Barney's, Bergdorf Goodman, Bloomingdale's*

The "Best Bets" item featuring Stephano

fenses (discussed below). As a result, there are only three kinds of conduct that the right of publicity really covers:

> The *endorsement right* is the right to not be featured in advertising in a way that implies an endorsement of a commercial enterprise – featuring a celebrity wearing a brand of shoes in an ad for those shoes would infringe. The *merchandising entitlement* provides a right to not have one's name, image, or identity marketed on coffee mugs, lunch boxes, or other merchandise. And the *right against virtual impressment* – which can be perceived only in a limited number of jurisdictions – protects one's image and identity from being employed, marionette-like, as a virtual actor in a film or video game.

1 Commercial and Advertising Uses

The usual threshold rule is that the right of publicity only applies to commercial and advertising uses. There are some difficult boundary cases. Consider *Stephano v. News Group Publications, Inc.*[42] Tony Stephano, a professional model, posed for a photoshoot for an article in *New York* magazine on men's fall fashions. But the magazine also used one of the photographs from the session to illustrate its "Best Bets" column.

> That column, a regular feature in the magazine, contains information about new and unusual products and services available in the metropolitan area.One of the items included in the August 31 column was a bomber jacket modeled by the plaintiff. The text above the picture states: "Yes Giorgio — From Giorgio Armani. Based on his now classic turn on the bomber jacket, this cotton-twill version with 'fun fur' collar features the same cut at a far lower price — about $225. It'll be available in the stores next week. — Henry Post Bomber Jacket/Barney's, Bergdorf Goodman, Bloomingdale's."[43]

The New York right of publicity statute covers only uses "for advertising purposes or for the purposes of trade."[44] The usual contrast is to "newsworthy" coverage. *New York* could have published a photograph of Stephano running for office, or winning a sporting event, or participating in a demonstration.[45]Stephano argued that the photo of him was not newsworthy because it was "a posed picture of a professional model taken at a photographic session staged by the defendant." But this misunderstood the test. What was newsworthy here was not *Stephano* but the *jacket he was wearing*.

> The newsworthiness exception applies not only to reports of political happenings and social trends but also to news stories and articles of consumer interest including developments in the fashion world. Nevertheless, the plaintiff contends that the photograph in this case did not depict a newsworthy event because it wasis However, the event or matter of public interest which the defendant seeks to convey is not the model's performance, but the availability of the clothing item displayed. A fashion display is, of necessity, posed and arranged. Obviously the picture of the jacket does not lose its newsworthiness simply because the

42. Stephano v. News Grp. Publ'ns, Inc., 64 N.Y.2d 174 (1984).
43. *Id.* Why wasn't this covered by a model release, you might ask? Stephano was injured at the photoshoot, and refused to sign a release. He sued only over the "Best Bets" article. Any thoughts?
44. N.Y. Civil Rights Law § 51
45. We will return to the newsworthiness exception in the Defenses section.

> defendant chose to employ a person to model it in a controlled or contrived setting.[46]

To be sure, *New York* included Stephano's picture to increase its circulation and sell magazines. But that is true of everything between its covers, and not everything in a magazine is subject to the right of publicity. Only the ads are. [47]

In other words, the trade-or-advertising threshold for the right of publicity tracks the publishing-world distinction between *editorial* content and *advertising* content. The magainze is a commercial enterprise, but only its advertising is commercial fof right of publicity purposes.

Stephano also alleged that the "Best Bets" feature was "an advertisement in disguise."[48] But this was entirely speculative. There was no evidence that Armani, Barney's, Bergdorf Goodman, or Bloomingdale's paid *New York* to run this specific feature, even though they were regular advertisers.[49] And as the court noted, to impose liability for this kind of use would inhibit many common magazine features:

> The plaintiff does not dispute the fact that the information provided in the article is of legitimate reader interest. Indeed, similar information is frequently provided in reviews or news announcements of books, movies, shows or other new products including fashions. Nor does the plaintiff contend that it is uncommon for commercial publishers to print legitimate news items or reviews concerning products by persons or firms who have previously advertised in the publisher's newspaper or magazine.[50]

2 Mental States

The caselaw is thin on whether violations need to be intentional to be actionable, but the (very slight) weight of the cases is probably that they do. In *Flake v. Greensboro News Co.*, for example, the the defendant published an ad reading "Keep that Sylph-Like Figure by eating more of Melt's Rye and Whole Wheat Bread, says Mlle. Sally Payne, exotic red haired Venus" but by mistake used a photograph of Nancy Flake rather than one of Sally Payne.[51] The noted that "said photograph was used by mistake and without malice and that the defendants immediately desisted from the use thereof upon the discovery of the mistake and made due apology therefor"[52] and awarded only nominal damages.

46. *Stephano*, 64 N.Y.2d 174.
47. Where does this leave models like Stephano? If they have no right of publicity against editorial uses, how can they make a living?
48. *Stephano*, 64 N.Y.2d 174.
49. Can you think of a more cynical explanation?
50. *Stephano*, 64 N.Y.2d 174.
51. Flake v. Greensboro News Co., 195 S.E. 55 (N.C. 1938).
52. *Id.*

Greensboro Daily News ad misidentifying Nancy Flake as Sally Payne

For a more modern example, consider *Washington v. Brown & Williamson Tobacco Corp.*[53] Brown and Williamson ran a music-themed ad campaign for its Kool cigarettes brand, with studio photographs of professional musicians playing their instruments. Two of the photographs featured Ronald L. Brown playing the saxphone; he was selected because he looked "appropriate."[54] Grover Washington, Jr., a significantly more famous jazz saxophonist, alleged that Brown looked sufficiently like him that the ads violated his right of publicity.

Brown and Williamson's defense was that any resemblance was entirely coincidental. The three employees who developed the ad campaign gave depositions in which they claimed they had never seen Washington or any photographs of him. Only one of them admitted having heard of

53. Washington v. Brown & Williamson Tobacco Corp., 223 U.S.P.Q. 1116 (E.D. Pa. 1984).
54. Discuss.

Kool ad featuring Ronald L. Brown

Grover Washington, Jr.

him before he sued. Washington – who understandably could not produce direct evidence of their state of mind – responded with circumstantial evidence that he had been asked to perform in the Kool Jazz Festival and that the ads had run primiarly in cities where he performed.

The important part for us is now who was right, but that the court treated this fundamentally factual question *as being relevant at all*. That is, it regarded the defendants' argument that the resemblance was coincidental as a viable defense.[55] Washington had a right of publicity claim if and only if Brown and Williamson intentionally evoked his identity.

F Secondary Liability

As with false advertising, there's not a thick body of caselaw on secondary liability for right of publicity violations, but there is enough to sketch its contours. Reflecting the origins of the right of publicity in the privacy torts, courts tend to draw on general tort principles as well as on IP-specific doctrines. In *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, for example, the court adopted a joint-liability test from the Restatement (Second) of Torts:

> For harm resulting to a third person from the tortious conduct of another, one is subject to liability if he:
>
> a) does a tortious act in concert with the other in pursuit to a common design with him, or
>
> b) knows that the other's conduct constitutes a breach of duty and gives substantial assistance or encouragement so to conduct himself, or

55. Big, if true.

c) gives substantial assistance to the other in accomplishing a tortious result and his own conduct, separately considered, constitutes a breach of duty to the third person.[56]

The attentive reader will recognize (b) as stating bog-standard contributory and inducement tests. Indeed, the court specifically looked to copyright and trademark law in understanding how to apply the contributory inducement standard to Cybernet, which provided age-verification services for pornographic websites, some of which displayed images for which the models had assigned their rights of publicity to the plaintiff, Perfect 10.

Along the way, the court discussed the fact that California's right-of-publicity statute contains an actual-knowledge threshold for "the owners or employees of any medium used for advertising, including, but not limited to, newspapers, magazines, radio and television networks and stations, cable television systems, billboards, and transit ads."[57] This heightened protection for the media should be familiar from trademark law. Cybernet, as an age-verificaiton provider, was not one of the protected media.

G Defenses

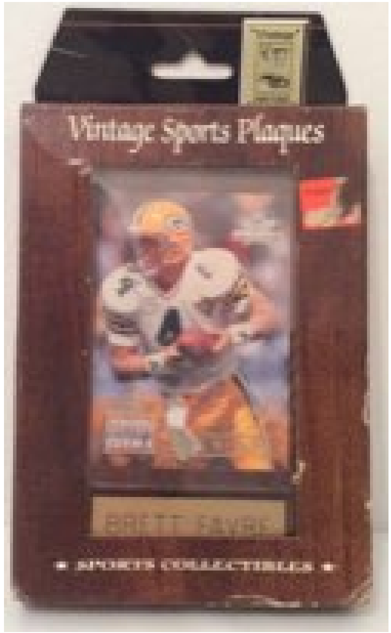
The most common defenses to the right of publicity should be familiar by now. But pay attention to the details; things may be different here than elsewhere.

1 First Sale

There is a first-sale defense to the right of publicity, as there is to every other area of IP. As in trademark, first sale is not an absolute defense because it is easy to buy an item to which first sale applies and then use it in an infringing way. Suppose, for example, that a restaurant owner buys an autographed photograph of a famous singer on eBay and hangs the photograph by the host stand. The clear – and clearly false – implication is that the singer dined there and signed the photograph as an endorsement. The sale of the photograph is protected by first sale, but not hanging it up in the restaurant *in this way*. If the owner hung the photograph in her office instead, it would almost certainly be fine. This is essentially the same test as in the "explicitly misleading" prong of the nominative-fair-use test in trademark: the defendant cannot use the plaintiff's image to falsely claim endorsement.

Another important limitation can be seen in *Allison v. Vintage Sports Plaques*:

56. Restatement (Second) of Torts § 876.
57. Cal. Civil Code. § 3344(f).



Vintage Sports Plaque

> Vintage Sports Plaques ("Vintage") purchases trading cards from licensed card manufacturers and distributors and, without altering the cards in any way, frames them by mounting individual cards between a transparent acrylic sheet and a wood board. Vintage then labels each plaque with an identification plate bearing the name of the player or team represented. In addition to the mounted trading card, some of the plaques feature a clock with a sports motif. Vintage markets each plaque as a "Limited Edition" and an "Authentic Collectible."[58]

The court reasoned that Vintage's repackagings were were protected because Vintage did not transform the cards into different goods.

> Vintage merely resells cards that it lawfully obtains. We think it unlikely that anyone would purchase one of Vintage's plaques for any reason other than to obtain a display of the mounted cards themselves. Although we recognize that the plaques that include a clock pose a closer case, we conclude that it is unlikely that anyone would purchase one of the clock plaques simply to obtain a means of telling time, believing the clock to be, for example, a

58. Allison v. Vintage Sports Plaques, 136 F.3d 1443 (11th Cir. 1998). The case was brought by baseball player Orel Hershisher and by the widow of race-car driver Clifford Allison.

> "Hershisher Clock" or an "Allison Clock."[59]

To see why the court thought this qualification was necessary, imagine a *Lee v. A.R.T. Co.*-style laminated remounting of a stock photograph of Elvis on a wall clock.

Allison also contains a cogent explanation of the policy reasons why a first sale defense makes sense:

> Indeed, a decision by this court not to apply the first-sale doctrine to right of publicity actions would render tortious the resale of sports trading cards and memorabilia and thus would have a profound effect on the market for trading cards, which now supports a multi-billion dollar industry. Such a holding presumably also would prevent, for example, framing a magazine advertisement that bears the image of a celebrity and reselling it as a collector's item, reselling an empty cereal box that bears a celebrity's endorsement, or even reselling a used poster promoting a professional sports team. Refusing to apply the first-sale doctrine to the right of publicity also presumably would prevent a child from selling to his friend a baseball card that he had purchased, a consequence that undoubtedly would be contrary to the policies supporting that right.[60]

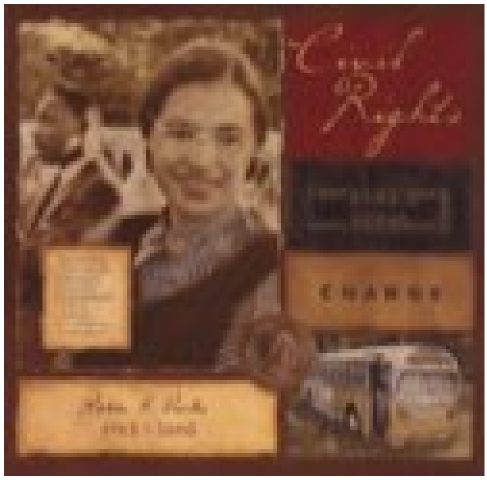
If the court thinks your proposed rule of law would make it illegal for children to trade baseball cards, you have lost.

2 Newsworthiness

Very, very, very loosely, newsworthiness incorporates some of the same concerns as nominative fair uses. The Restatement (Third) of Unfair Competition treats newsworthiness as defeating the "for purposes of trade" element of infringement.[61] Courts also describe newsworthiness as reflecting First Amendment concerns, which of course it does. The Restatement in particular says that newsworthy uses include "news reporting, commentary . . . works of . . . nonfiction, or in advertising that is incidental to such uses,"[62] which include "the dissemination of an unauthorized print or broadcast biography."[63]

For example, consider *Rosa & Raymond Parks Institute for Self Development v. Target Corp.*[64] Rosa Parks(1913–2005) was a civil-rights activist whose iconic refusal to move to the back of a racially segregated city bus

59. *Id.*
60. *Id.*
61. Restatement (Third) of Unfair Competition, *supra* note 5, § 47.
62. *Id.*
63. *Id.* § 47 cmt c.
64. Rosa & Raymond Parks Inst. for Self Dev. v. Target Corp., 90 F. Supp. 3d 1256 (M.D. Ala. 2015).



Rosa Parks plaque

started the Montgomery bus boycott in 1955. In 1987, she co-founded the Rosa and Raymond Parks Institute for Self Development to carry on her work, and after her death it held her posthumous right of publicity.

The Parks Institute sued the retail chain Target for selling a variety of Rosa Parks-themed items, but the court held that all of them were sufficiently newsworthy to protect Target from liability. The most obviously newsworthy were several biographies, such as *Who Was Rosa Parks?* (an illustrated book aimed at children) and *The Rebellious Life of Mrs. Rosa Parks* (a scholarly biography aimed at adults).[65] Biographies are categorically outside the right of publicity, regardless of whether they are authorized or unauthorized. As the court put it:

> To quote from one of the biographical works at issue, Rosa Parks is perhaps the most iconic heroine of the civil rights movement. And, as both parties agree, one cannot talk about the Civil Rights movement without including Rosa Parks. The importance of her story serves as an apt reminder of why First Amendment protection for biographical works is so vital.[66]

A more interest case was presented by a plaque created by artist Stephanie Workman featuring images and phrases related to Parks and the bus boycott. This was not "news" as such, but the Restatement (Second) of Torts takes a broader view of the puclit interest:

> The scope of a matter of legitimate concern to the public is not

65. Parks's own co-authored autobiography, *Rosa Parks: My Story*, perhaps belongs in a different category entirely. Can you think of any other defenses Target could raise to a suit for selling this one?
66. *Rosa & Raymond Parks Inst. for Self Dev.*, 90 F. Supp. 3d 1256.

> limited to "news," in the sense of current events or activities. It extends also to the use of names, likenesses or fact in giving information to the public for purposes of education, amusement or enlightenment, when the public may reasonably be expected to have a legitimate interest in what is published.[67]

The court agreed:

> The collage-styled plaque contains several elements reminiscent of the historic Civil Rights movement. In fact, by including a picture of Rosa Parks and Martin Luther King, Jr., alongside stylized renderings of the words "Civil Rights" and "Change," Stephanie Workman Marrott, the plaque's creator, sought to inspire viewers to "stand up for what they believe is right" while telling the important story of Rosa Parks's courage during the Civil Rights movement. There can be no doubt that Rosa Parks and her involvement in the Civil Rights movement are matters of utmost importance, both historically and educationally.[68]

This has to be right, but can you do better at explaining why than the court did?

A related point is that when it is legal under the right of publicity to sell an item concerning the plaintiff, it is typically also legal to use the plaintiff's name and likeness to advertise the item. For example, in *Armstrong v. Eagle Rock Entm't, Inc.*, the defendant sold a DVD of a jazz concert at which the musician Ralphe Armstrong performed.[69] The sale of the DVD was protected by copyright preemption (a topic for the Federalism chapter), but Armstrong also sued over the use of his picture on the back cover of the DVD package and in the liner notes. But given that the sale of the DVDs was legitimate, so was the accurate illustration of the contents of the DVD, and the historical contextualizing of the significance of the concert.[70]

3 Expressive Uses

There is clearly breathing room in the right of publicity for expressive uses. If nothing else, the First Amendment requires it. But the Protean nature of the right means that it can be hard to pin down exactly what shape the expressive-use defense should take. It is tempting to borrow from copyright and trademark's expressive defenses – perhaps a little too tempting.

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67. Restatement (Second) of Torts § 652D, cmt. j
68. *Rosa & Raymond Parks Inst. for Self Dev.*, 90 F. Supp. 3d 1256.
69. Armstrong v. Eagle Rock Entm't, Inc., 655 F. Supp. 2d 779 (E.D. Mich. 2009).
70. Do you see why matters might have been different if Armstrong's picture had been used to illustrate a completely unrelated DVD?

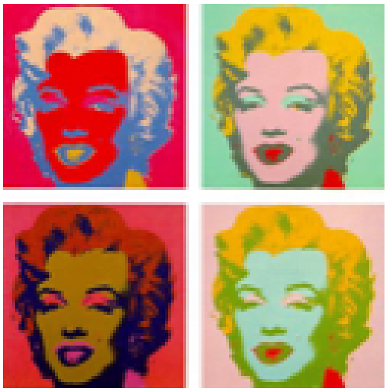
The back cover of the *Mahavishnu Orchestra Live at Montreux 1984 / 1974* DVD. Armstrong is the bassist in red.

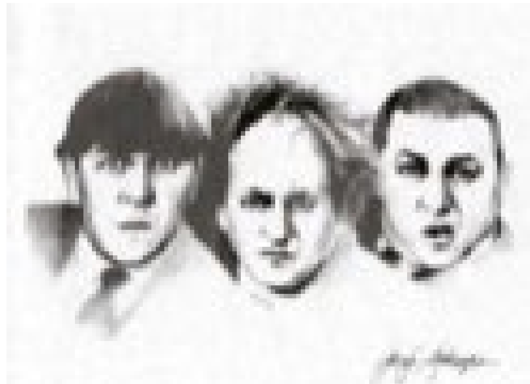
One of the leading jurisdictions in outlining an expressive-use defense has been California. In *Comedy III Productions, Inc. v. Gary Saderup, Inc.*, the California Supreme Court took inspiration from the transformative-use test for fair use in copyright.[71] it held that a defendant’s use of a person’s image is allowed when ”the work in question adds significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation.”[72] It contrasted ”a literal depiction or imitation of a celebrity for commercial gain” in ”conventional, more or less fungible, images,” which the celebrity would be entitled to control, with one that is ”primarily the defendant’s own expression rather than the celebrity’s likeness.”[73]

As an example of protected transformations, *Comedy III Productions* cited Andy Warhol’s silkscreen portraits of celebrities like Marilyn Monroe and Elvis Presley:

> Through distortion and the careful manipulation of context, Warhol was able to convey a message that went beyond the commercial exploitation of celebrity images and became a form of ironic social comment on the dehumanization of celebrity itself.[74]

71. Comedy III Prods., Inc. v. Gary Saderup, Inc., 21 P.3d 797 (2001).
72. *Id.*
73. *Id.*
74. *Id.*


Andy Warhol silkscreen of Marilyn Monroe


Saderup's Three Stooges drawing

By contrast, Gary Saderup's lithographs and T-shirts with with charcoal drawings of the Three Stooges were non-transformative.

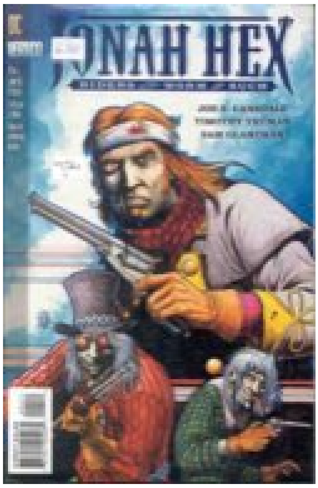
In *Winter v. DC Comics*, the California Court held that an issue of the comic book *Jonah Hex* featuring characters inspired by the musicians Johnny and Edgar Winter was protected.[75] The characters, Johnny and Edgar Autumn, were half-worm half-human villians who shared the Winter brothers' long white hair and pale features. The court explained:

> Although the fictional characters Johnny and Edgar Autumn are less-than-subtle evocations of Johnny and Edgar Winter, the books do not depict plaintiffs literally. Instead, plaintiffs are merely part of the raw materials from which the comic books were synthesized. To the extent the drawings of the Autumn brothers resemble plaintiffs at all, they are distorted for purposes of lampoon, parody, or caricature. And the Autumn brothers are but cartoon characters—half-human and half-worm—in a larger story, which is itself quite expressive.[76]

These "fanciful, creative characters" were different in kind from the "pictures of The Three Stooges" in *Comedy III Productions*.

Then, in *Kirby v. Sega of America, Inc.*, a California appeals court dealt with a rhythm video game, *Space Channel 5*, in which the lead character, Ulala, is a reporter who must defeat aliens by matching their dance moves.[77] Ulala was allegedly inspired by Kieren Kirby a/k/a Lady Miss Kier, the lead singer of Deee-Lite. Ulala's retro-futurist wardrobe and hairstyle was the same as Kirby's, and even her name is a play on "ooh la la," a phrase Kirby sings in multiple Deee-Lite songs. Again transformative, said the court:

75. Winter v. DC Comics, 69 P.3d 473 (Cal. 2003).
76. *Id.*
77. Kirby v. Sega of Am., Inc., 50 Cal. Rptr. 3d 607 (Ct. App. 2006).



Jonah Hex cover


Ulala from *Space Channel 5*

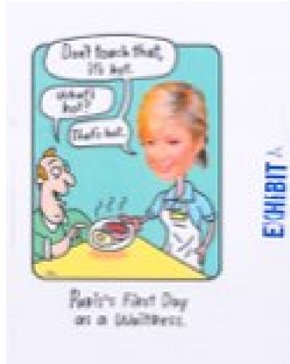
> Ulala is more than a mere likeness or literal depiction of Kirby. . . . First, Ulala is not a literal depiction of Kirby. As discussed above, the two share similarities. However, they also differ quite a bit: Ulala's extremely tall, slender computer-generated physique is dissimilar from Kirby's. Evidence also indicated Ulala was based, at least in part, on the Japanese style of "anime." Ulala's typical hairstyle and primary costume differ from those worn by Kirby who varied her costumes and outfits, and wore her hair in several styles. Moreover, the setting for the game that features Ulala – as a space-age reporter in the 25th century – is unlike any public depiction of Kirby. Finally, we agree with the trial court that the dance moves performed by Ulala – typically short, quick movements of the arms, legs and head – are unlike Kirby's movements in any of her music videos. Taken together, these differences demonstrate Ulala is "transformative," and respondents added creative elements to create a new expression.[78]

A few other cases are interesting data points. In *ETW Corp. v. Jireh Publishing, Inc.*,the court held that a painting painting featuring images of the golfer Tiger Woods, with the Augusta National Clubhouse in the background, and images of other famous golfing champions looking down at him, was protected. In the court's view, it was a "panorama" and conveyed the message that Woods's accomplishments would make him an all-time golf legend like the other pictured golfers.[79]

On the other hand, in *Hilton v. Hallmark Cards* a Hallmark card featuring Paris Hilton's head on a cartoon waitress's body was non-

78. *Id.*
79. ETW Corp. v. Jireh Publ'g, Inc., 332 F.3d 915 (6th Cir. 2003).

Rick Rush portrait of Tiger Woods



Hallmark card featuring Paris Hilton

transformative because the "basic setting" was the same as an episode of Hilton's television show in which she is depicted as "born to privilege, working as a waitress."[80]

Problems

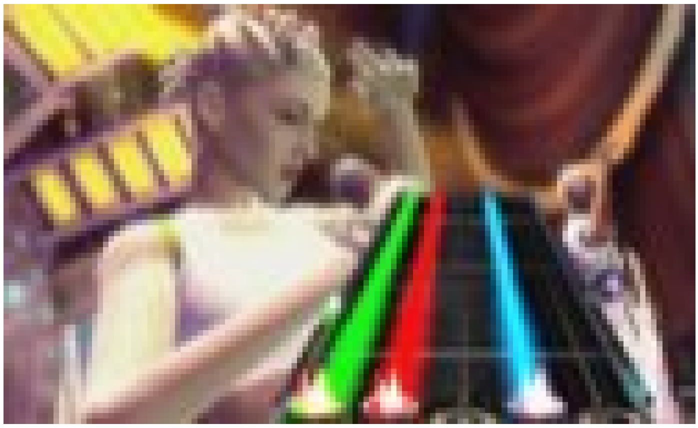
No Doubt Problem

You work for the video-game publisher Activision. One of your successful franchises is the *Guitar Hero* series. Players use a guitar-shaped controller to play notes in time with animations on the screen. Several games in the series, including the forthcoming *Band Hero* include animated version of well-known musicians playing the songs of theirs that are included in the game. These animated version are produced by filming the actual bands in a motion-capture studio as the basis for their in-game avatars. The bands are compensated for their time, and have all signed off to approve the appearances of their avatars.

You have learned that *Band Hero*, which is scheduled to be released in two weeks, includes an "unlock" mode, in which players can use any band's avatars playing any of the songs included in the game.One of the bands included in *Band Hero*, No Doubt, has recently learned about unlock mode and strongly objects to it. The band's representatives claim that the contract they signed does not allow for the use of their avatars for non-No Doubt songs. You disagree that this is the proper intereptation of the contract, but you privately recognize that the contract is potentially ambiguous.

The engineering team reports that it will not be possible to remove unlock mode without causing the release date to slip by at least four weeks. The marketing team notes that unlock mode has already been heavily featured in the game's advertising. What is your advice?

80. Hilton v. Hallmark Cards, 599 F.3d 894 (9th Cir. 2010).



Band Hero screenshot

Arnold Schwarzenegger bobblehead doll

Governator Problem

You represent Arnold Schwarzenegger, the action-movie star who went into politics and served as governor of California from 2003 to 2011. What do you recommend doing about this bobblehead doll?

Tony Twist Problem

Anthony Rory Twist is a retired hockey player. During his career with the St. Louis Blues and the Quebec Nordiques, he was known as an "enforcer" who would pummel players from the opposing team if they disrespected or acted too aggressively toward his teammates.

Antonio Carlo Twistarelli a/k/a Tony Twist is a villain who appears in thirty-six issues of Todd McFarlane's *Spawn* comic book series. MacFarlane is a hockey fan, who has sometimes given away copies of *Spawn*

Spawn comic-book page

comic books as promotions at hockey games. He has a forthcoming appearance and signing scheduled at a New York Rangers game. You work for the Rangers' front-office operations and have just received a cease-and-desist letter from Twist, who alleges that the Twistarelli issues of *Spawn* violate his right of publicity and demanding that you cancel the sigining. What is your advice?

12

People as Trademarks

Trademark law has a few rules that explicitly apply to names and other attributes of personal identity. Before we discuss them, though, it is worth asking why special rules for name marks might be necessary? Judge Posner ventured an answer to that question in *Peaceable Planet, Inc. v. Ty, Inc.*, a lawsuit over competing plush camel toys named "Niles":

> Although cases and treatises commonly describe personal names as a subset of descriptive marks, it is apparent that the rationale for denying trademark protection to personal names without proof of secondary meaning can't be the same as the rationale just sketched for marks that are "descriptive" in the normal sense of the word. Names, as distinct from nicknames like "Red" or "Shorty," are rarely descriptive. "Niles" may evoke but it certainly does not describe a camel, any more than "Pluto" describes a dog, "Bambi" a fawn, "Garfield" a cat, or "Charlotte" a spider. (In the Tom and Jerry comics, "Tom," the name of the cat, could be thought descriptive, but "Jerry," the name of the mouse, could not be.) So anyone who wanted to market a toy camel, dog, fawn, cat, or spider would not be impeded in doing so by having to choose another name.
>
> The reluctance to allow personal names to be used as trademarks reflects valid concerns (three such concerns, to be precise), but they are distinct from the concern that powers the rule that descriptive marks are not protected until they acquire secondary meaning. One of the concerns is a reluctance to forbid a person to use his own name in his own business. Supposing a man named Brooks opened a clothing store under his name, should this prevent a second Brooks from opening a clothing store under his own (identical) name even though consumers did not yet associate the name with the first Brooks's store? It should not.

Another and closely related concern behind the personal-name rule is that some names are so common — such as "Smith," "Jones," "Schwartz," "Wood," and "Jackson" — that consumers will not assume that two products having the same name therefore have the same source, and so they will not be confused by their bearing the same name. If there are two bars in a city that are named "Steve's," people will not infer that they are owned by the same Steve.

The third concern, which is again related but brings us closest to the rule regarding descriptive marks, is that preventing a person from using his name to denote his business may deprive consumers of useful information. Maybe "Steve" is a well-known neighborhood figure. If he can't call his bar "Steve's" because there is an existing bar of that name, he is prevented from communicating useful information to the consuming public.[1]

A An Example

Consider *David B. Findlay, Inc. v. Findlay*.[2] David Findlay operated an art gallery at 11-13 East 57th Street in Manhattan as "Findlay Galleries." In 1963, his estranged brother Wally opened a gallery at 17 East 57th Street as "Wally Findlay Galleries"—literally two doors down from his brother.[3]

An unrelated non-Findlay who pulled a stunt like this would have been enjoined into oblivion in a heartbeat. Numerous consumers in the fine-art market knew of David's gallery simply as "Findlay's on 57th Street." Such consumers might well walk into the wrong gallery, especially since they both specialized in French impressionist and post-impressionist paintings, and since Wally's had a big canopy out front, whereas David had an understated second-floor premises.

Wally, however, was truthfully using his own name to describe his gallery. This wasn't an absolute shield, despite some loose langauge in earlier cases suggestion that there was a "sacred right" to use one's own name in business. Instead, although David still won, the court's injunction was narrow: it prohibited Wally from using the name "Findlay Galleries" on 57th Street. He was free to keep his storefront there, and run

1. Peaceable Planet, Inc. v. Ty, Inc., 362 F.3d 986 (7th Cir. 2004).
2. David B. Findlay, Inc. v. Findlay, 218 N.E.2d 531 (N.Y. 1966).
3. Their grandfather had founded the first Findlay gallery in Kansas city in 1870, which grew into an important importer of European art. David and Wally had a falling-out and split up the family business in 1938, with David keeping the company and its New York branch, and Wally the Chicago branch. Today the galleries are under combined ownership again, but there are no Findlays involved in the business. James Borynack, Wally's business partner, took over the Wally Findlay Galleries after Wally's death in 1996 and bought out the Findlay Galleries from David's granddaughter in 2016. The business operates out of 32 East 57th Street under the name of Findlay Galleries, on the other side of the street from where the the brothers had their dueling galleries.

Elster's T-shirt. Are there any other grounds for rejection?

it under a different name, such as "W.C.F. Galleries." Or, he was free to keep the name and move off of 57th Street. So he did. He opened the "Wally Findlay Gallery" on the same block, but around the corner on Fifth Avenue, and there he remained, far enough away to avoid consumer confusion, for another three decades.

B Name Marks Under the Lanham Act

Section 2(c) of the Lanham Act denies registration to marks consisting of "a name, portrait, or signature identifying a particular living individual except by his written consent."[4] In effect, this rule reserves each person's identity for them as a trademark. I don't have to use JAMES GRIMMELMANNN as a trademark, but no one else can unless I let them.

The Section 2(c) bar on using the identity of "a particular living individual" may or may not be unconstitutional as applied to "commentary and criticism regarding a political figure." In *Vidal v. Elster*, Steve Elster applied to register the mark TRUMP TOO SMALL for T-shirts.[5] The USPTO rejected the application under Section 2(c) because it identified then-President Trump. Elster sued, arguing that under Tam and *Iancu*, the government could not use the trademark-registration system to restrict Elster's speech criticizing a public official. But the Supreme Court held that the Section 2(c) bar was constitutional. Although the opinions were fractured, all nine Justices agreed that the bar was viewpoint-neutral

4. Lanham Act §2(c). The protection also applies to "a deceased President of the United States during the life of his widow," which I mean, come on, seriously, if you're going to do that for presidents, why not protect everyone's name during the lifetime of their surviving spouse?
5. Vidal v. Elster, 602 U.S. 286 (2024).

because it applies "No matter the message a registrant wants to convey."[6]

In addition, Lanham Act § 2(d)(4) denies registration to a mark which is "primarily merely a surname."[7] The word "merely" indicates that surnames are descriptive; they can be registered with proof of secondary meaning. The word "primarily" indicates that this rule applies only when the public perceives the mark *as a surname*.[8]

Problems

Melting Bad Problem, Redux Redux

Blancorp has come to you with even more ideas for trademarks for its clumpless ice-melter. (Recall that its CEO is Walter Blanco.) Evaluate:

- JONES
- BETTE MIDLER
- JAY Z
- WALTER BLANCO
- ROBIN HOOD
- CALVIN COOL EDGE[9]
- BLANCO'S BLUE

6. *Id.* at 293.
7. Lanham Act § 4(d)(4).
8. This is the same test used for "primarily … geographically descriptive" marks.
9. Calvin Coolidge (1872–1933) was the 30th President of the United States.

13

Design Rights

This chapter deals with IP protections for the designs of three-dimensional objects. The fundamental conceptual challenge such objects present is that they can be both useful and beautiful, and the bodies of IP law we have studied so far tend to insist either that they only protect the useful aspects or only that they don't protect the useful aspects. Thus, the doctrinal challenge in each IP area is how to draw the line between the utilitarian/functional/useful/applied aspects of an object's design and everything else.

The problem of classifying objects as "useful" or "beautiful" extends far beyond intellectual property law. For example, the United States does not impose import tariffs on "works of art, collectors' pieces and antiques."[1] But this does not include objects "capable of any functional use.[2] Thus, bronze tables, chairs, and other furniture created by Diego and Albert Giacometti in the 1930s were subject to tariff, even though they were being imported in 1999 to be sold by Sotheby's, a fine-art auction house.[3]

A Utility Patent

There are no per se rules preventing the issuance of utility patents on three-dimensional designs; they are just not usually an effective tool for protecting design as such. One problem is utility: if the design's only improvement over the prior art is that it looks better, this might not qualify even under the permissive *Juicy Whip* standard. Another is claim drafting: to twist the phrase, writing about design is like dancing about architecture. Indefiniteness and enablement are likely to hem in the applicant's ability to capture the design in words. So while utility patents are well

1. Harmonized Tariff Schedule of the United States ch. 97.
2. U.S. Customs & Border Prot., Internal Advice Letter HQ 963158 (Jan. 14, 2000).
3. *Id*. *See generally* Brian Soucek, *Aesthetic Judgments in Law*, 69 Ala. L. Rev. 381 (2017) (from which this example is taken).

Lamp base

adapted to capturing the functional aspects of a design, they are so awkward as to be useless at capturing everything else.

B Copyright

One could imagine drawing a distinction between fine art (like paintings and novels) and non-art (like boats and tools). But *Bleistein* dooms any such inquiry into the quality of the artistry in a work. Unsurprisingly, copyright has gradually expanded to cover objects rarely thought of as art.

In the 1954 case of *Mazer v. Stein*, the Supreme Court held that a lamp base in the form of a dancer was a "work of art," i.e., within one of the copyrightable classes of works under the 1909 Copyright Act.[4] Justice Reed's opinion for the Court explained:

> Petitioners question the validity of a copyright of a work of art for "mass" production. . . . Their position is that a copyright does not cover industrial reproduction of the protected article.
>
> It is not the right to copyright an article that could have utility that petitioners oppose. Their brief accepts the copyrightability of the great carved golden saltcellar of Cellini but adds:
>
>> If, however, Cellini designed and manufactured this item in quantity so that the general public could have salt cellars, then an entirely different conclusion would

4. Mazer v. Stein, 347 U.S. 201 (1954).

Salt cellar by Benvenuto Cellini. Worth an estimated $60 million, it was stolen in 2003 from the Kunsthistorisches Museum in Vienna and recovered in 2006 after the thief was identified.

> > be reached. In such case, the salt cellar becomes an article of manufacture having utility in addition to its ornamental value and would therefore have to be protected by design patent.
>
> . . . It is clear Congress intended the scope of the copyright statute to include more than the traditional fine arts. Individual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art. We find nothing in the copyright statute to support the argument that the intended use or use in industry of an article eligible for copyright bars or invalidates its registration.
>
> We hold that the [design] patentability of the statuettes, fitted as lamps or unfitted, does not bar copyright as works of art. Neither the Copyright Statute nor any other says that because a thing is patentable it may not be copyrighted.[5]

The rationale was straightforawrdly utilitarian: "encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors . . . . Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered."[6] In concurrence, Justice Douglas expressed som hesitation about opening the door to kitsch:

> The Copyright Office has supplied us with a long list of such articles which have been copyrighted—statuettes, book ends, clocks, lamps, door knockers, candlesticks, inkstands, chandeliers, piggy banks, sundials, salt and pepper shakers, fish bowls, casseroles, and ash trays. Perhaps these are all "writings" in the constitu-

5. *Id.*
6. *Id.*

> tional sense. But to me, at least, they are not obviously so.[7]

In the 1976 Act, Congress tried to draw a line between aesthetics and utility by denying copyright to ***useful articles***, i.e. "[articles] having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information."[8] In particular, Congress carved them out from the definition of copyrightable pictorial, graphic, and sculptural (PGS) works:

> "Pictorial, graphic, and sculptural works" include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans. Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.[9]

Unpacking this:

- Non-PGS works, like songs (musical works) and novels (literary works), are copyrightable.
- PGS works that are *not* useful articles, like monumental equestrian statutes and oil paintings, are copyrightable.
- PGS works that *are* useful articles but in which the useful aspects are separable from the the aesthetic aspects, like the hood ornament (aesthetic) on a car (useful), are copyrightable.
- PGS works that are useful articles and in which the useful aspects are *not* separable from the the aesthetic aspects are uncopyrightable.

The House Report on the 1976 Act explains in more detail:

> The Committee is seeking to draw as clear a line as possible between copyrightable works of applied art and uncopyrighted works of industrial design. A two-dimensional painting, drawing, or graphic work is still capable of being identified as such when

7. *Id.* (Douglas, J., concurring).
8. 17 U.S.C. § 101.
9. 17 U.S.C. § 101.

> it is printed on or applied to utilitarian articles such as textile fabrics, wallpaper, containers, and the like. The same is true when a statue or carving is used to embellish an industrial product or, as in the *Mazer* case, is incorporated into a product without losing its ability to exist independently as a work of art. On the other hand, although the shape of an industrial product may be aesthetically satisfying and valuable, the Committee's intention is not to offer it copyright protection under the bill. Unless the shape of an automobile, airplane, ladies' dress, food processor, television set, or any other industrial product contains some element that, physically or conceptually, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted under the bill. The test of separability and independence from 'the utilitarian aspects of the article' does not depend upon the nature of the design—that is, even if the appearance of an article is determined by esthetic (as opposed to functional) considerations, only elements, if any, which can be identified separately from the useful article as such are copyrightable. And, even if the three-dimensional design contains some such element (for example, a carving on the back of a chair or a floral relief design on silver flatware), copyright protection would extend only to that element, and would not cover the over-all configuration of the utilitarian article as such.[10]

The courts struggled for decades with how to implement the useful-article rule, coming up with a variety of approaches. So-called "physical separability," as in the hood-ornament case, was relatively easy when an aesthetic portion of the object could be physically removed from the useful portion, without damaging either aesthetics or functionality. It was also easy enough to find that surface decorations were almost always separable, since an object's functionality was typically not dependent on its paint scheme. Indeed, pictorial and graphic works were almost never useful articles in the first place. Thus, the hard questions generally arose only for sculptural works and only for cases where the object's three-dimensional shape was both aesthetic and functional.

In one influential case, *Brandir Intern., Inc. v. Cascade Pacific Lumber Co.*, the Second Circuit used a test for such "conceptual separability" that looked to the designer's creative process.[11] A useful article is conceptually separable, and hence copyrightable, "where design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influences."[12] Under this test, a steel bicycle rack

10. H.R. Rep No. 94-1476, 1976 U.S.C.C.A.N. 5659.
11. Brandir Intern., Inc. v. Cascade Pac. Lumber Co., 834 F.2d 1142 (2d Cir. 1987).
12. *Id.* at 1145.

RIBBON bicycle rack

was an unseparable uncopyrightable useful article:

> [I]t is not enough that . . . the rack may stimulate in the mind of the reasonable observer a concept separate from the bicycle rack concept. While the RIBBON Rack may be worthy of admiration for its aesthetic qualities alone, it remains nonetheless the product of industrial design. Form and function are inextricably intertwined in the rack, its ultimate design being as much the result of utilitarian pressures as aesthetic choices. Indeed, the visually pleasing proportions and symmetricality of the rack represent design changes made in response to functional concerns.[13]

Other circuits adopted their own tests, some of which looked more to the response of an observer. In 2017, however, the Supreme Court took a useful-article case and blew away essentially all existing caselaw on useful articles.

Star Athletica, LLC v. Varsity Brands, Inc.
137 S.Ct. 1002 (2017)

Justice Thomas delivered the opinion of the Court:Respondents Varsity Brands, Inc., Varsity Spirit Corporation, and Varsity Spirit Fashions & Supplies, Inc., design, make, and sell cheerleading uniforms. Respondents have obtained or acquired more than 200 U.S. copyright registrations for two-dimensional designs appearing on the surface of their uniforms and other garments. These designs are primarily combinations, positionings, and arrangements of elements that include chevrons, lines, curves, stripes, angles, diagonals, inverted chevrons, coloring, and shapes.

Petitioner Star Athletica, L.L.C., also markets and sells cheerleading uniforms. Respondents sued petitioner for infringing their copyrights in the five designs.

13. *Id.* at 1147.

Varsity uniform design

II

The Copyright Act establishes a special rule for copyrighting a pictorial, graphic, or sculptural work incorporated into a "useful article," which is defined as "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information." The statute does not protect useful articles as such. Rather, "the design of a useful article" is "considered a pictorial, graphical, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article."

Courts, the Copyright Office, and commentators have described the analysis undertaken to determine whether a feature can be separately identified from, and exist independently of, a useful article as "separability." In this case, our task is to determine whether the arrangements of lines, chevrons, and colorful shapes appearing on the surface of respondents' cheerleading uniforms are eligible for copyright protection as separable features of the design of those cheerleading uniforms.

A

As an initial matter, we must address whether separability analysis is necessary in this case.

Respondents contend that the surface decorations in this case are "two-dimensional graphic designs that appear on useful articles," but are not themselves designs of useful articles. Consequently, the surface decorations are protected two-dimensional works of graphic art without regard to any separability analysis under. Under this theory, two-dimensional artistic features on the surface of useful articles are "inherently separable."

This argument is inconsistent with the text of § 101. The statute requires separability analysis for any "pictorial, graphic, or sculptural features" incorporated into the "design of a useful article."[14] And the statute expressly defines "[p]ictorial, graphical, and sculptural works" to include "two-dimensional . . . works of . . . art." The statute thus provides that the "design of a useful article" can include two-dimensional "pictorial" and "graphic" features, and separability analysis applies to those features just as it does to three-dimensional "sculptural" features.

B

We must now decide when a feature incorporated into a useful article "can be identified separately from" and is "capable of existing independently of" "the utilitarian aspects" of the article.

The statute provides that a "pictorial, graphic, or sculptural featur[e]" incorporated into the "design of a useful article" is eligible for copyright protection if it (1) "can be identified separately from," and (2) is "capable of existing independently of, the utilitarian aspects of the article." § 101. The first requirement—separate identification—is not onerous. The decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities.

The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in § 101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

Of course, to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot itself be a useful article or "[a]n article that is normally a part of a useful article" (which is itself considered a useful article). Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.

14. Can you imagine a two-dimensional "pictorial" or "graphic" feature that is *not* separable under the test the court announces in the next section?

C

In sum, a feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Applying this test to the surface decorations on the cheerleading uniforms is straightforward. First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter's canvas—they would qualify as "two-dimensional . . . works of . . . art." And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself. Indeed, respondents have applied the designs in this case to other media of expression—different types of clothing—without replicating the uniform. The decorations are therefore separable from the uniforms and eligible for copyright protection.

The dissent argues that the designs are not separable because imaginatively removing them from the uniforms and placing them in some other medium of expression—a canvas, for example—would create "pictures of cheerleader uniforms." Petitioner similarly argues that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline of a cheerleading uniform.

This is not a bar to copyright. Just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar's surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not "replicate" the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The statute protects that work of art whether it is first drawn on the album cover and then applied to the guitar's surface, or vice versa. Failing to protect that art would create an anomaly: It would extend protection to two-dimensional designs that cover a part of a useful article but would not protect the same design if it covered the entire article. The statute does not support that distinction, nor can it be reconciled with the dissent's recognition that "artwork printed on a t-shirt" could be protected.

To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art fixed in the tangible medium of the uniform fabric. Even if respondents ultimately succeed in establishing a valid copyright in the surface decorations at issue here, respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut, and dimensions to the ones on which the decorations in this case appear. They may prohibit only the reproduction of the surface designs in any tangible medium of expression—a uniform or otherwise.

D

Petitioner and the Government raise several objections to the approach we announce today. None is meritorious.

1

Petitioner first argues that our reading of the statute is missing an important step. It contends that a feature may exist independently only if it can stand alone as a copyrightable work and if the useful article from which it was extracted would remain equally useful. In other words, copyright extends only to "solely artistic" features of useful articles. According to petitioner, if a feature of a useful article "advance[s] the utility of the article," then it is categorically beyond the scope of copyright. The designs here are not protected, it argues, because they are necessary to two of the uniforms' "inherent, essential, or natural functions"—identifying the wearer as a cheerleader and enhancing the wearer's physical appearance. Because the uniforms would not be equally useful without the designs, petitioner contends that the designs are inseparable from the "utilitarian aspects" of the uniform.

The debate over the relative utility of a plain white cheerleading uniform is unnecessary. The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a nonuseful pictorial, graphic, or sculptural work on its own.

Of course, because the removed feature may not be a useful article—as it would then not qualify as a pictorial, graphic, or sculptural work—there necessarily would be some aspects of the original useful article "left behind" if the feature were conceptually removed. But the statute does not require the imagined remainder to be a fully functioning useful article at all, much less an equally useful one. Indeed, such a requirement would deprive the Mazer statuette of protection had it been created first as a lamp base rather than as a statuette. Without the base, the "lamp" would be just a shade, bulb, and wires. The statute does not require that we imagine a nonartistic replacement for the removed feature to determine whether that feature is capable of an independent existence.

Because we reject the view that a useful article must remain after the artistic feature has been imaginatively separated from the article, we necessarily abandon the distinction between "physical" and "conceptual" separability, which some courts and commentators have adopted based on the Copyright Act's legislative history. According to this view, a feature is physically separable from the underlying useful article if it can be physically separated from the article by ordinary means while leaving the utilitarian aspects of the article completely intact. Conceptual separability applies if the feature physically could not be removed from the useful article by ordinary means.

The statutory text indicates that separability is a conceptual undertaking. Because separability does not require the underlying useful article to remain, the physical-conceptual distinction is unnecessary.

2

Petitioner next argues that we should incorporate two "objective" components, into our test to provide guidance to the lower courts: (1) "whether the design elements can be identified as reflecting the designer's artistic judgment exercised independently of functional influence,", and (2) whether "there is a substantial likelihood that the pictorial, graphic, or sculptural feature would still be marketable to some significant segment of the community without its utilitarian function."

We reject this argument because neither consideration is grounded in the text of the statute. The first would require the decisionmaker to consider evidence of the creator's design methods, purposes, and reasons. The statute's text makes clear, however, that our inquiry is limited to how the article and feature are perceived, not how or why they were designed.

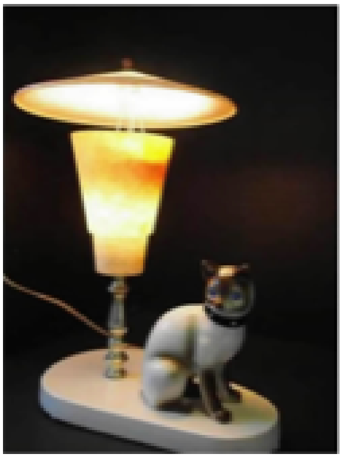
The same is true of marketability. Nothing in the statute suggests that copyrightability depends on market surveys. Moreover, asking whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for the policy choices embodied in the Copyright Act. *See Bleistein*.

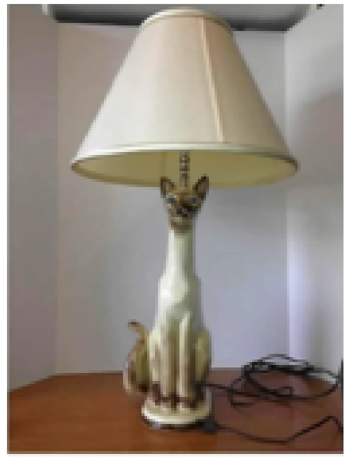
III

We hold that an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article. Because the designs on the surface of respondents' cheerleading uniforms in this case satisfy these requirements, the judgment of the Court of Appeals is affirmed.

Justice Ginsburg, concurring in the judgment:

I concur in the Court's judgment but not in its opinion. Unlike the majority, I would not take up in this case the separability test appropriate under 17


Cat lamp


Cat lamp

U.S.C. § 101.1 Consideration of that test is unwarranted because the designs at issue are not designs of useful articles. Instead, the designs are themselves copyrightable pictorial or graphic works reproduced on useful articles.

Justice Breyer, dissenting:

I agree with much in the Court's opinion. But I do not agree that the designs that Varsity Brands, Inc., submitted to the Copyright Office are eligible for copyright protection.

I

An example will help. Imagine a lamp. with a circular marble base, a vertical 10–inch tall brass rod (containing wires) inserted off center on the base, a light bulb fixture emerging from the top of the brass rod, and a lampshade sitting on top. In front of the brass rod a porcelain Siamese cat sits on the base facing outward. Obviously, the Siamese cat is physically separate from the lamp, as it could be easily removed while leaving both cat and lamp intact. And, assuming it otherwise qualifies, the designed cat is eligible for copyright protection.

Now suppose there is no long brass rod; instead the cat sits in the middle of the base and the wires run up through the cat to the bulbs. The cat is not physically separate from the lamp, as the reality of the lamp's construction is such that an effort to physically separate the cat and lamp will destroy both cat and lamp. The two are integrated into a single functional object, like the similar configuration of the ballet dancer statuettes that formed the lamp bases at issue in *Mazer*. But we can easily imagine the cat on its own, as did Congress when conceptualizing the ballet dancer. In doing so, we do not create a mental picture of a lamp (or, in the Court's words, a "replica" of the lamp), which is a useful article. We simply perceive the cat separately, as a small cat figurine that could be a copyrightable design work standing alone

Vincent Van Gogh, "Shoes"

Marcel Duchamp, "In Advance of the Broken Arm"

that does not replicate the lamp. Hence the cat is conceptually separate from the utilitarian article that is the lamp.

By way of contrast, Van Gogh's painting of a pair of old shoes, though beautifully executed and copyrightable as a painting, would not qualify for a shoe design copyright. Courts have similarly denied copyright protection to objects that begin as three-dimensional designs, such as measuring spoons shaped like heart-tipped arrows, candleholders shaped like sailboats, and wire spokes on a wheel cover. None of these designs could qualify for copyright protection that would prevent others from selling spoons, candleholders, or wheel covers with the same design. Why not? Because in each case the design is not separable from the utilitarian aspects of the object to which it relates. The designs cannot be physically separated because they themselves make up the shape of the spoon, candleholders, or wheel covers of which they are a part. And spoons, candleholders, and wheel covers are useful objects, as are the old shoes depicted in Van Gogh's painting. More importantly, one cannot easily imagine or otherwise conceptualize the design of the spoons or the candleholders or the shoes without that picture, or image, or replica being a picture of spoons, or candleholders, or wheel covers, or shoes. The designs necessarily bring along the underlying utilitarian object. Hence each design is not conceptually separable from the physical useful object.

In many or most cases, to decide whether a design or artistic feature of a useful article is conceptually separate from the article itself, it is enough to imagine the feature on its own and ask, "Have I created a picture of a (useful part of a) useful article?" If so, the design is not separable from the useful article. If not, it is.

II

To ask this kind of simple question—does the design picture the useful article?—will not provide an answer in every case, for there will be cases where it is difficult to say whether a picture of the design is, or is not, also a picture of the useful article. But the question will avoid courts focusing primarily upon what I believe is an unhelpful feature of the inquiry, namely, whether the design can be imagined as a "two- or three-dimensional work of art." That is because virtually any industrial design can be thought of separately as a "work of art": Just imagine a frame surrounding the design, or its being placed in a gallery. Consider Marcel Duchamp's "readymades" series, the functional mass-produced objects he designated as art. What is there in the world that, viewed through an esthetic lens, cannot be seen as a good, bad, or indifferent work of art? What design features could not be imaginatively reproduced on a painter's canvas? Indeed, great industrial design may well include design that is inseparable from the useful article—where, as Frank Lloyd Wright put it, "form and function are one."

IV

If we ask the "separateness" question correctly, the answer here is not difficult to find. Can the design features in Varsity's pictures exist separately from the utilitarian aspects of a dress? Can we extract those features as copyrightable design works standing alone, without bringing along, via picture or design, the dresses of which they constitute a part? They certainly look like cheerleader uniforms. That is to say, they look like pictures of cheerleader uniforms, just like Van Gogh's old shoes look like shoes. I do not see how one could see them otherwise.

Were I to accept the majority's invitation to "imaginatively remov[e]" the chevrons and stripes as they are arranged on the neckline, waistline, sleeves, and skirt of each uniform, and apply them on a "painter's canvas," that painting would be of a cheerleader's dress. The esthetic elements on which Varsity seeks protection exist only as part of the uniform design—there is nothing to separate out but for dress-shaped lines that replicate the cut and style of the uniforms. Hence, each design is not physically separate, nor is it conceptually separate, from the useful article it depicts, namely, a cheerleader's dress. They cannot be copyrighted.

A few questions remain. What about works that *depict* useful articles, like a photograph of a wrench or engineering diagrams for an engine? And what about works that are *applied* to useful articles, like a portrait printed on the top of a birthday cake? Section 113 of the Copyright Act, which deals with such questions, is among the densest and most obscure parts of the entire Act:

(a) Subject to the provisions of subsections (b) and (c) of this section, the exclusive right to reproduce a copyrighted pictorial, graphic, or sculptural work in copies under section 106 includes the right to reproduce the work in or on any kind of article, whether useful or otherwise.

(b) This title does not afford, to the owner of copyright in a work that portrays a useful article as such, any greater or lesser rights with respect to the making, distribution, or display of the useful article so portrayed than those afforded to such works under the law, whether title 17 or the common law or statutes of a State, in effect on December 31, 1977, as held applicable and construed by a court in an action brought under this title.

(c) In the case of a work lawfully reproduced in useful articles that have been offered for sale or other distribution to the public, copyright does not include any right to prevent the making, distribution, or display of pictures or photographs of such articles in connection with advertisements or commentaries related to the distribution or display of such articles, or in connection with news reports. …[15]

The Register of Copyrights explained the intent of the section in a report published during the long drafting process for what became the 1976 Act:

> We believe that, where the copyrighted work is used as a design or decoration of a useful article, it should continue, as under the present law, to be protected by copyright if the owner wishes. However, where the "work of art" actually portrays the useful article as such—as in a drawing, scale model, advertising sketch, or photograph of the article—existing court decisions indicate that copyright in the "work of art" does not protect against manufacture of the useful article portrayed. We agree with these decisions and the distinctions made in them.
>
> Some examples will illustrate these points.
>
> (3) Since the protection available to a copyrighted pictorial, graphic, or sculptural work is not affected by use of the work as a design or decoration of a useful article, the foilowing works would continue to be accorded full protection under the copyright statute:[16]
>
> – A copyrighted painting reproduced on textile fabrics;
> – A copyrighted cartoon drawing or photograph reproduced on fabrics or in the form of toys or dolls;
> – A copyrighted drawing of a chair reproduced on a lampshade;

15. 17 U.S.C. § 113
16. The present § 113 may be inartfully worded, but do you see how it adopts the Register's recommendations?

- A copyrighted sculptured figure used as a lamp base.

(4) Under distinotions indicated in existing court decisions, that the copyright in a work portraying a useful article as such would not protect against manufacture of that article, copyright protection would not extend to the following cases:

- A copyrighted drawing of a chair, used to manufacture chairs of that design;
- A copyrighted scale model of an automobile, used to manufacture automobiles of that design;
- A copyrighted technical drawing showing the construction of a machine, used to manufacture the machine;
- A copyrighted picture of a dress, used to manufacture the dress.[17]

C Trademark

Trademark protects designs under the general heading of ***trade dress***, using the same general distinctiveness analysis as it does for word marks and logos. Trade dress is "[t]he design of elements that constitute the appearance or image of goods or services as presented to prospective purchasers, including the design of packaging, labels, containers, displays, decor, or the design of a product, a product feature, or a combination of product features."[18] While discrete trademarks can appear in many of these places—e.g., on a product's package or in the front window of a store—trade dress refers to the entire combination of these elements, Thus, trade *dress* is a more diffuse category than trade *mark*.

It is useful to divide trade dress into three broad headings. The first is ***product design***: the shape, color, decoration, and other characteristics of physical good. The second is ***product packaging***: the box or other container in which a physical good times. The third, referred to offhandedly as "some *tertium quid*" [Latin for "third thing"] by Justice Scalia in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*,[19] is best understood as ***service dress***: the decorative elements with which an intangible service (rather than a tangible good) is offered to the consuming public. This category includes things like a restaurant's decor or a clothing catalog's formatting.[20]

Trade dress is not federally registrable except to the extent that specific discrete elements can be identified and claimed as trademarks. But

17. Report of the Register of Copyrights on the General Revision of the Copyright Law (1961)
18. Restatement (Third) of Unfair Competition, *supra* note 5, § 16.
19. Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 215 (2000).
20. *See* Dustin Marlan, *Servicing Trade Dress: Demystifying the Tertium Quid*, 58 U.C. Davis L. Rev. 1513 (2025).

Taco Cabana exterior

because section 43(a) permits a federal suit for unregistered marks, it can also be used to sue for trade dress infringement.

In *Two Pesos, Inc. v. Taco Cabana, Inc.*, the Supreme Court held that trade dress is protectable on essentially the terms as trademarks.[21] A Mexican restaurant, Taco Cabana, sued another Mexican restaurant, Two Pesos, for allegedly imitating its trade dress consisting of:

> a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.[22]

Two Pesos argued that trade dress should be protectable only on proof of secondary meaning—in effect, that it is always descriptive as a matter of law—but the Court rejected this view. The Lanham Act does not make a distinction between trademarks and trade dress, and the Court was unwilling to create one. Some commentators were critical of the decision, but even if you do not think that the jury was right to find that this particular Mexican restaurant's decor was distinctive, it is hard to argue that trade dress in general can never be inherently distinctive.

The trade dress of a product package is essentially unconstrained: the seller can decorate it with almost any combination of graphical elements they want. Competing sellers can decorate their packaging differently. The same goes for service dress; it can look like anything. But product design itself is constrained by other factors. One is ***function***-

21. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992).
22. *Id.* at 765.

ality: many products do something, and consumers buy them, at least in part, for what they do. The seller is not free to slap any trade dress it wants on the product to indicate that it is the source: doing so could undermine the facts that make the product desirable to consumers in the first place. And even more importantly, neither can the seller's competitors: if they want to offer their own products that appeal to consumers for the same non-trademark reasons, they will need to copy those features. Thus, just as *Baker* and the useful-article doctrine limit the scope of copyright in product features, so to does functionality limit the scope of trademark rights.

Beyond that, there is a more fundamental issue with product-design trade dress. Product design is most often important to people not becasue it tells them who made the product, but because it *is* the product. Are you buying that T-shirt with a wicked awesome picture of a lion on it arms because the lion tells you that it comes from Shirt Off Your Back, the world's foremost purveyor of high-quality torso-wear—or because *you want to wear a shirt with a wicked awesome picture of a lion on it*? As in our discussion of BOSTON STRONG T-shirts (failure to function) and BRUINS T-shirts (false endorsement under section 43(a)), there is a serious question as to whether consumers will perceive product design features as being trademarks at all. Indeed, because this question is so fundamental, we take it up first.

1 Distinctiveness

In *Wal-Mart Stores*, the Supreme Court held that product-design trade dress is protectable only on a showing of secondary meaning.[23] That is, the design of a product lacks inherent distinctiveness as a matter of law. If you like, you can think of this rule as saying that all product designs are descriptive for themselves.

The case itself involved children's clothing. Samara Brothers sold "a line of spring/summer one-piece seersucker outfits decorated with appliques of hearts, flowers, fruits, and the like."[24] Wal-Mart had one of its suppliers create a line of children's outfits based on Samara's line, on which Wal-Mart made $1.15 million in profits.

Drawing on *Qualitex*, where the Court held that the color of a product—a dry-cleaning pad—was protectable but not inherently distinctive, the court held that a similar rule applied to all product designs. Justice Scalia's opinion for the Court was clear and memorable in explaining why:

> The attribution of inherent distinctiveness to certain categories of word marks and product packaging derives from the fact that

23. *Wal-Mart Stores*, 529 U.S. 205.
24. *Id.*

Samara Brothers dress

> the very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product. Although the words and packaging can serve subsidiary functions—a suggestive word mark (such as "Tide" for laundry detergent), for instance, may invoke positive connotations in the consumer's mind, and a garish form of packaging (such as Tide's squat, brightly decorated plastic bottles for its liquid laundry detergent) may attract an otherwise indifferent consumer's attention on a crowded store shelf—their predominant function remains source identification. Consumers are therefore predisposed to regard those symbols as indication of the producer, which is why such symbols almost automatically tell a customer that they refer to a brand, and immediately signal a brand or a product source. And where it is not reasonable to assume consumer predisposition to take an affixed word or packaging as indication of source—where, for example, the affixed word is descriptive of the product ("Tasty" bread) or of a geographic origin ("Georgia" peaches)—inherent distinctiveness will not be found. . . .
>
> In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.

Remember: descriptiveness can be overcome on a showing of secondary meaning. If consumers actually perceive the fuzzy bear on a Samara

Tide bottle

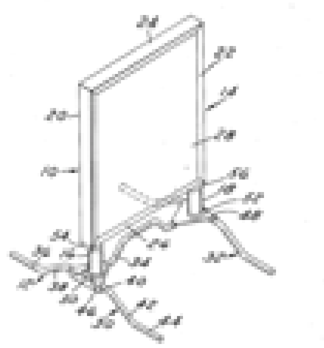

Penguin-shaped cocktail shaker

Brothers dress as a designation of source, or the penguin-shaped cocktail maker as an indica of who made it, then it has acquired distinctiveness and is protectable.

2 Ornamentality

Just as some trademarks are potentially distinctive but not actually used as a mark—the failure-to-function doctrine applied in *Schmidt* to BOSTON STRONG T-shirts—some product design trade dress is not even used in a way that designates source. In such a case, the design is said to be ***ornamental*** and it does not create trademark rights. As the TTAB explained:

> When evaluating a mark that appears to be ornamental, the size, location, dominance, and significance of the alleged mark as applied to the goods are all relevant factors in determining the commercial impression of the applied-for mark.
>
> With respect to clothing, consumers may recognize small designs or discrete wording as trademarks, rather than as merely ornamental features, when located, for example, on the pocket or breast area of a shirt. Consumers may not, however, perceive larger designs or slogans as trademarks when such matter is prominently displayed across the front or back of a t-shirt. . . .
>
> In this case, the submitted specimen shows the applied-for mark, "BOSTON STRONG", located directly on applicant's t-shirt goods in large lettering across the upper portion of one specimen and at the top and bottom of the second specimen, where ornamental elements often appear. Furthermore, the mark is displayed in a relatively large size on the clothing such that it dominates the overall appearance of the goods. Lastly, the applied-for mark is a slogan that, as provided in the failure to function refusal above, has no particular trademark significance.



Patented dual-spring design

TrafFix "Little Buster" sign with dual-spring base

> Therefore, consumers would view the applied-for mark as a decorative or ornamental feature of the goods, rather than as a trademark to indicate the source of applicant's goods and to distinguish them from others.[25]

Does this make sense? The *larger* the alleged mark, the *weaker* its trademark significance? (Hint: yes.)

3 Functionality

Section 2(e)(5) of the Lanham Act denies registration to any mark that "comprises any matter that, as a whole, is functional."[26] This rule is most important for trade dress, and section 43(a) adds that in any suit for infringement of unregistered trade dress, the plaintiff "has the burden of proving that the matter sought to be protected is not functional."[27] But what makes a mark "functional" for trademark purposes?

According to the Supreme Court, 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," or it is one the "exclusive use of which would put competitors at a significant nonreputation-related disadvantage."[28] Consider *TrafFix Devices, Inc. v. Marketing Displays, Inc.*:

> Temporary road signs with warnings like "Road Work Ahead" or "Left Shoulder Closed" must withstand strong gusts of wind. An inventor named Robert Sarkisian obtained two utility patents[29] for a mechanism built upon two springs (the dual-spring design) to keep these and other outdoor signs upright despite ad-

25. *In re* Schmidt, App. No. 85910031 (USPTO Office Action July 12, 2013).
26. Lanham Act § 2(e)(5)
27. Lanham act § 43(a)(3)
28. *Qualitex*, 514 U.S. 159.
29. Nos. 3,646,696 and 3,662,482

> verse wind conditions. The holder of the now-expired Sarkisian patents, respondent Marketing Displays, Inc. (MDI), established a successful business in the manufacture and sale of sign stands incorporating the patented feature. MDI's stands for road signs were recognizable to buyers and users (it says) because the dual-spring design was visible near the base of the sign.[30]

MDI sold its stands under the trademark WINDMASTER. After the patents expired, a competitor, TrafFix, reverse engineered MDI's dual-spring sign stands and sold its own under the mark WINDBUSTER. During the term of the patents, of course, they prevented TrafFix from imitating the design of MDI's stands. But after their expiration, they provided "strong evidence that the features therein claimed are functional."[31] Indeed, they claimed the very feature of the stands—the dual-spring design—that MDI now claimed was a trademark. Justice Kennedy's opinion for the Court offered the following explanation of how the design, as described in the patent, affected both the quality and the cost of the stands:

> The dual-spring design serves the important purpose of keeping the sign upright even in heavy wind conditions; and, as confirmed by the statements in the expired patents, it does so in a unique and useful manner. As the specification of one of the patents recites, prior art "devices, in practice, will topple under the force of a strong wind." The dual-spring design allows sign stands to resist toppling in strong winds. Using a dual-spring design rather than a single spring achieves important operational advantages. For example, the specifications of the patents note that the "use of a pair of springs as opposed to the use of a single spring to support the frame structure prevents canting or twisting of the sign around a vertical axis," and that, if not prevented, twisting "may cause damage to the spring structure and may result in tipping of the device." In the course of patent prosecution, it was said that "the use of a pair of spring connections as opposed to a single spring connection forms an important part of this combination" because it "forc[es] the sign frame to tip along the longitudinal axis of the elongated ground-engaging members." The dual-spring design affects the cost of the device as well; it was acknowledged that the device "could use three springs but this would unnecessarily increase the cost of the device."[32]

Note that the patents here were just evidence of functionality. TrafFix

30. TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23 (2001).
31. *Id.*
32. *Id.*

could have shown all of these attributes directly, by describing the advantages of using two springs rather than one. MDI's expired utility patents were merely particularly compelling statements of these advantages, ones that MDI could not now deny. It was hoist on its own petard.

Importantly, once functionality was established that was the end of the matter. Functionality is not descriptiveness; it cannot be refused by a showing of secondary meaning. There is no need to inquire into how useful the feature is or what alternatives are available:

> There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring design is not an arbitrary flourish in the configuration of MDI's product; it is the reason the device works. Other designs need not be attempted.
>
> Because the dual-spring design is functional, it is unnecessary for competitors to explore designs to hide the springs, say, by using a box or framework to cover them, as suggested by the Court of Appeals. The dual-spring design assures the user the device will work. If buyers are assured the product serves its purpose by seeing the operative mechanism that in itself serves an important market need. It would be at cross-purposes to those objectives, and something of a paradox, were we to require the manufacturer to conceal the very item the user seeks.[33]

4 Aesthetic Functionality

Most functional products are functional because they *do* something. MDI's dual-spring design was functional because it could stay upright in heavy winds. But some products have function that can only be carried out if they *look* a particular way. Thus, a subtle but important species of functionality is ***aesthetic functionality***. As with ordinary functionality, the question is whether giving exclusive rights over the feature would put competitors at a significant non-reputation related disadvantage.

Consider two cases involving the color black. In *Brunswick Corp. v. British Seagull Ltd.*, the applicant tried to register the color black as used on outboard motors for boats.[34] The Federal Circuit held that there was a "competitive need" for other engine makers to be able to paint their own motors black:

> The color black does not make the engines function better as en-

33. *Id.*
34. Brunswick Corp. v. British Seagull Ltd., 35 F.3d 1527 (Fed. Cir. 1994).

Proposed mark

Specimen of use

> gines. The paint on the external surface of an engine does not affect its mechanical purpose. Rather, the color black exhibits both color compatibility with a wide variety of boat colors and ability to make objects appear smaller.

And in *In re Florists' Transworld Delivery Inc.* The flower company FTD applied to register a mark for "flowers and live cut floral arrangements" that consisted of:

> the color black as applied to a substantial portion of the outside surface of a box which serves as a container or packaging for the goods and in part forms a background to design and literal elements applied thereto.[35]

The TTAB held that this too was functional. Numerous florist websites referred to the importance of the color of flowers in a bouquet and its packaging, e.g. red roses in a white box. Numerous websites also stated that black in connection with flowers connotes elegance or luxury.

> In addition, the evidence reflects that black has significance on somber occasions such as in the context of death. . . . Black is the traditional sign of mourning; it is common knowledge that black clothing is traditionally worn at funerals. Flowers and floral displays play an important role in the context of funerals and mourning; flowers are ubiquitous at funerals and it is also com-

35. *In re* Florists' Transworld Delivery Inc., 106 U.S.P.Q.2d 1 (TTAB 2013).

> mon knowledge that flowers are commonly presented as an expression of condolence. With regard to floral packaging, black is an appropriate color for floral packaging, and is used as floral packaging in bereavement bouquets.[36]

Thus, competitors needed to be able to offer flowers in black boxes to "to offer flowers for bereavement purposes, Halloween or to imbue an element of elegance or luxury to their presentations through packaging therefor."[37] There was no legitimate trademark reason to allow FTD to monopolize the use of these signifiers simply because it was the first to put flowers in a black box and dream of keeping everyone else from doing the same.[38]

On the other hand, consider *Maker's Mark Distillery, Inc. v. Diageo North America, Inc.*, where a red dripping wax seal for liquor bottles was *not* aesthetically functional.[39] The plaintiff was Maker's Mark, which has sold bourbon in bottles with a red wax seal since 1958, and has held a trademark registration since 1985 for a "wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern."[40] In the mid-1990s, Jose Cuervo created a 200th-anniversary tequila named Reserva de la Familia. It initially had a non-dripping red wax seal, but during the course of production it was altered because an executive "thought the uncut seal, with its drips, created a unique and artisanal look."

Cuervo argued that the dripping seal was aesthetically functional,[41] but the court disagreed:

> None of Cuervo's witnesses convinced the Court that it would be difficult or costly for competitors to design around the red dripping wax trademark. Furthermore, red wax is not the only pleasing color of wax that competitors may employ on their product, nor does it put competitors at a significant non-reputation related disadvantage to be prevented from using red dripping wax. There are other ways of making a bottle look artisanal or unique. Therefore, the doctrine of aesthetic functionality is inapplicable

36. *Id.*
37. *Id.*
38. "The color is functional because it indicates the flavor of the ice cream, for example, pink signifies strawberry, white signifies vanilla, brown signifies chocolate, etc." Dippin' Dots, Inc. v. Frosty Bites Distrib., 369 F.3d 1197 (11th Cir. 2004). Is that right?
39. Maker's Mark Distillery, Inc. v. Diageo N. Am., Inc., 703 F. Supp. 2d 671 (W.D Ky. 2010).
40. Note that the registration does not mention the color red. But during the course of the litigation, Maker's Mark narrowed its argument to assert protection only for a red dripping wax seal
41. What about the argument that a wax seal is (utilitarian) functional because it protects the bottle and its cork from air, moisture, and contamination?

Maker's Mark

Cuervo Reserva

Eames Lounge Chair

here.[42]

Problems

Eames Chair Problem

This is the Eames Lounge Chair by Charles and Ray Eames. Is its design protectable?

Pez Dispenser Problem

Make yourself familiar, if you are not already, with PEZ dispensers. To what extent can Patrafico AG (the PEZ corporate parent) obtain

42. *Maker's Mark Distillery*, 703 F. Supp. 2d 671.

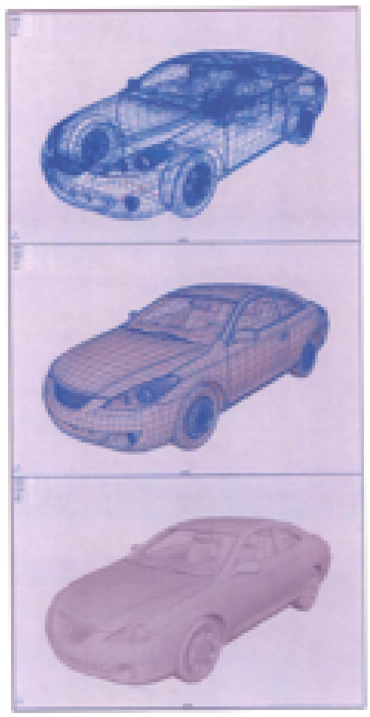
intellectual-property protection in the appearance of PEZ dispensers? Can it protect the spring-loaded flip-top design? The number of candies in a pack? The fluted front and footed base of a dispenser? Does it matter what heads the PEZ dispensers have? Against what products and uses will these rights be effective?

Model Car Problem

You represent Schafer Software, creator of the hit *Out of Control* series of racing video games. Sterling normally pays car companies licensing fees to include their cars in the *Out of Control* games as part of the licensing agreement. Negotiations with Corley Motors have broken down over Corley's excessive licensing fee demands for its Corley Polecat—ten times higher than any other company is demanding per vehicle.

Marketing is desparate to include the Polecat in *Out of Control 2026* and has asked the development team to think of ways to include the Polecat without Corley's cooperation. They have suggested two ways of doing so. First, they could rent a Polecat and scan it with a high-resolution laser scanner that would generate an extremely detailed three-dimensional model. Second, it appears that digital copies of Corley's engineering diagrams for the Polecat have leaked onto car-enthusiast websites, where they have been available for months (with Corley's tacit acquiescence, it appears). The diagrams contain extremely detailed specifications for every part in the Polecat, as well as renderings showing a fully assembled Polecat from numerous angles. The developers believe that although both approaches would require significant work by Corley's 3D modeling artists, either approach would work for generating the files they would need to put the Polecat in *Out of Control 2026*.

Should Schafer proceed, and if so, how?



3D car models

14

Design Patent

Design patents[1] are an interesting hybrid of IP concepts we have seen elsewhere. They borrow their basic structure from utility patent law: a designer obtains exclusive rights to a design by filing an application that is examined under the same substantive and procedural rules as a utility patent application would be.[2] But the subject matter that is actually protected, and the infringement test used to measure similarity, looks much more like copyright. There are even hints of trademark-law confusion concepts in the historical infringement tests for design patents, although recent cases insist that whether consumers are confused is (mostly) not the right question to ask.

The basic provision on design patents is Section 171 of the Patent Act:

> Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

Most of the mechanics of obtaining a design patent are the same as for a utility patent. The principal difference is that designs are claimed by illustration rather than in words.[3] (An example follows.) This change has knock-on effects throughout design-patent law, because it means that utility patent's focus on the words of claims is completely inapplicable to design patents.

1. There are no canonical design patent treatises. Chisum's patent-law treatise has a chapter on design patents, and Matthew A. Smith has a draft treatise available online.
2. The United States is distinctive in having a design *patent* system at all. Most other countries use a *sui generis* [Latin: "of its own kind"] regime for protecting designs, one that is specifically, um, designed for them.
3. "Judges and lawyers in general are highly uncomfortable with images, yet design patents force direct legal engagement with images." Rebecca Tushnet, *The Eye Alone Is the Judge: Images and Design Patents*, 19 J. Intell. Prop. L. 409 (2012).

United States Patent [19]
Giugiaro

[11] Patent Number: Des. 283,882
[45] Date of Patent: ** May 20, 1986

[54] AUTOMOBILE

[75] Inventor: Giorgetto Giugiaro, Turin, Italy

[73] Assignee: Delorean Motor Company

[**] Term: 14 Years

[21] Appl. No.: 273,091

[22] Filed: Jun. 12, 1981
[52] U.S. Cl. D12/91
[58] Field of Search D12/91, 92; 296/185

[56] References Cited

PUBLICATIONS

Road & Track, 3/73, p. 50, Lamborghini P250 Uracco, top right side of page.

Primary Examiner—James M. Gandy
Attorney, Agent, or Firm—David A. Maxon

[57] CLAIM

The ornamental design for an automobile, as shown and described.

DESCRIPTION

FIG. 1 is a front perspective view of an automobile showing my new design;
FIG. 2 is a rear perspective view thereof;
FIG. 3 is a front elevational view thereof; and
FIG. 4 is a rear elevational view thereof.
The side opposite to that shown in FIGS. 1 and 2 of the drawing is substantially a mirror image thereof.

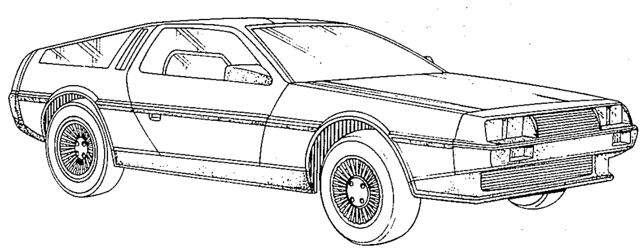
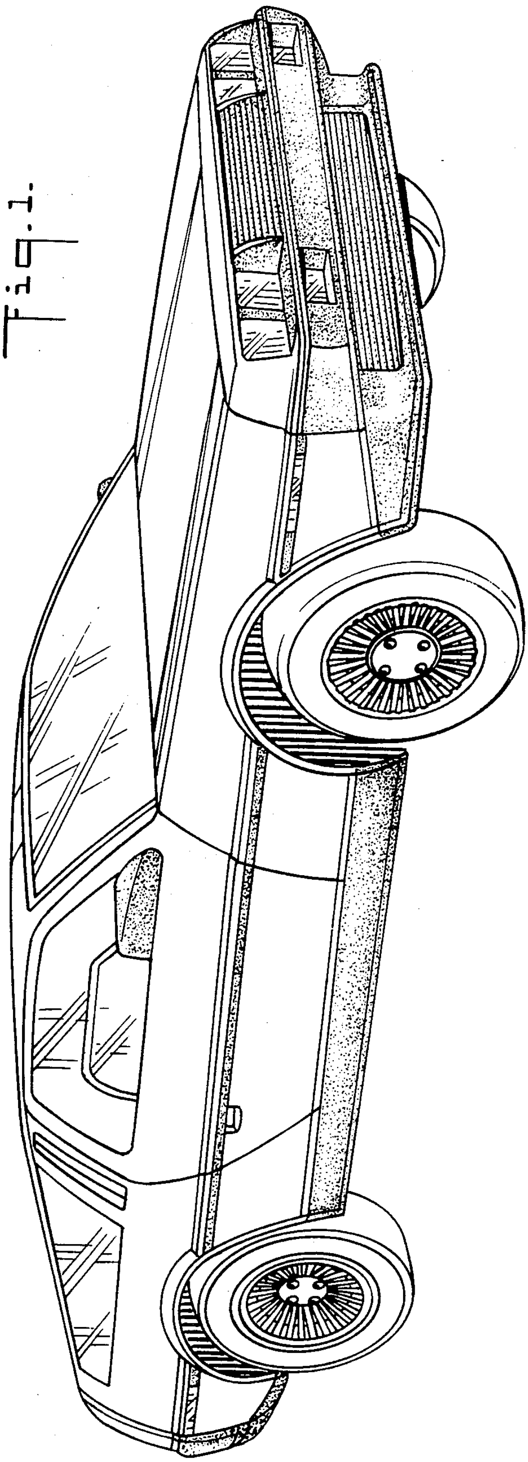


Fig. 1



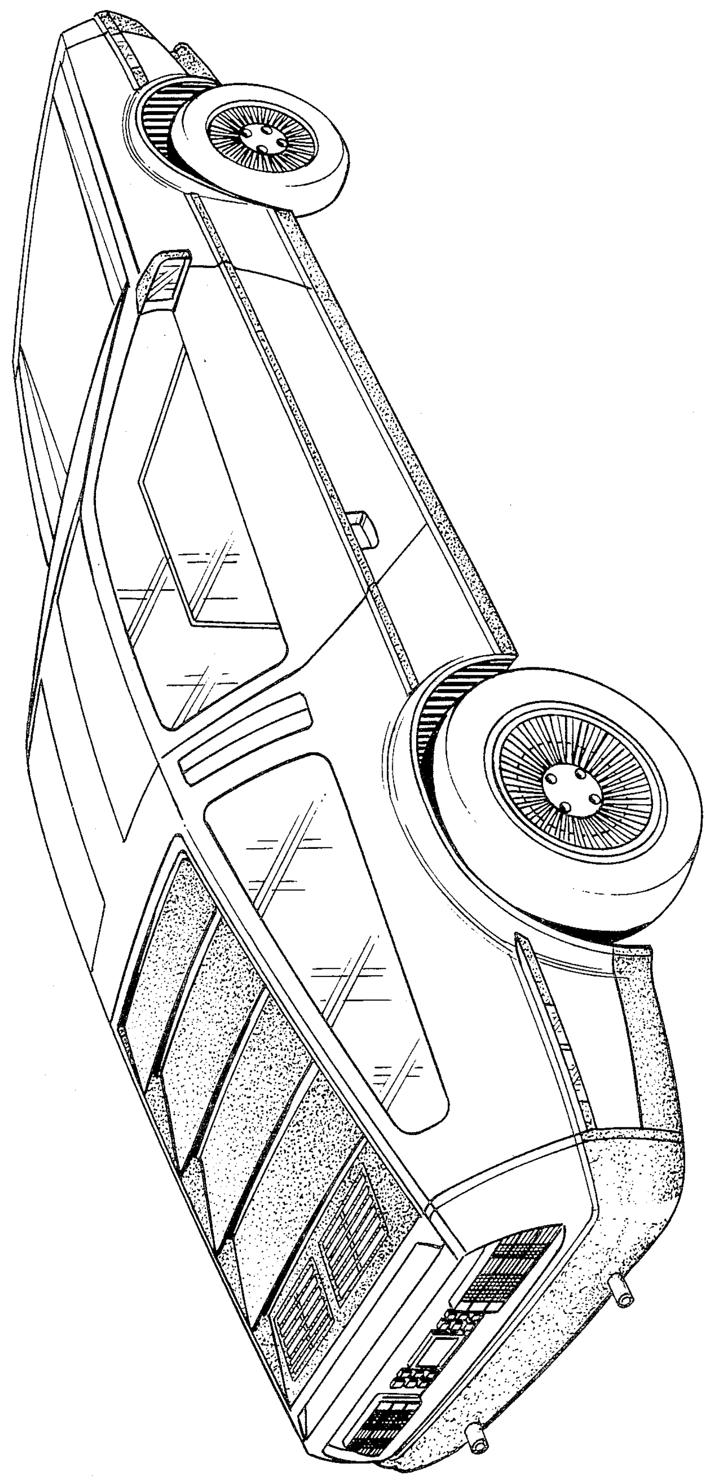


Fig. 2

Fig. 3

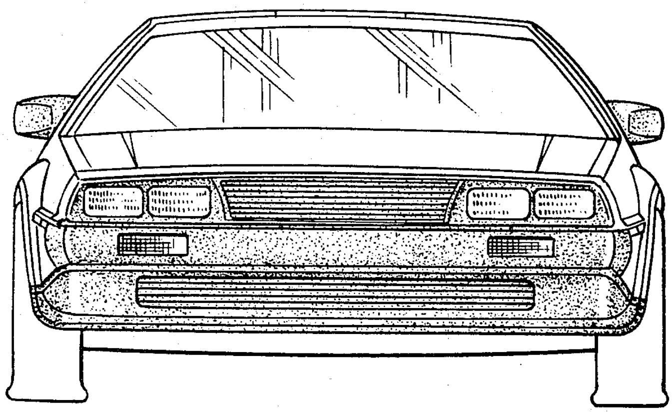
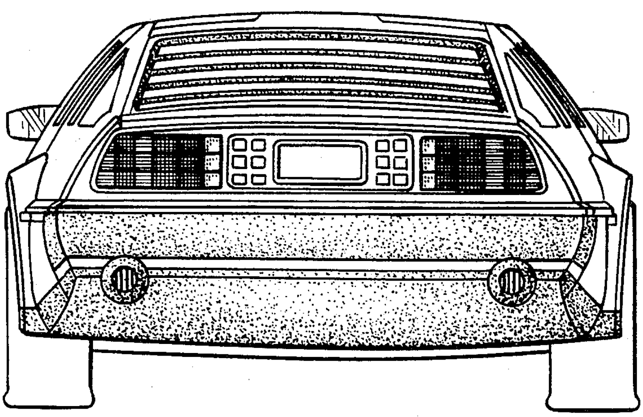
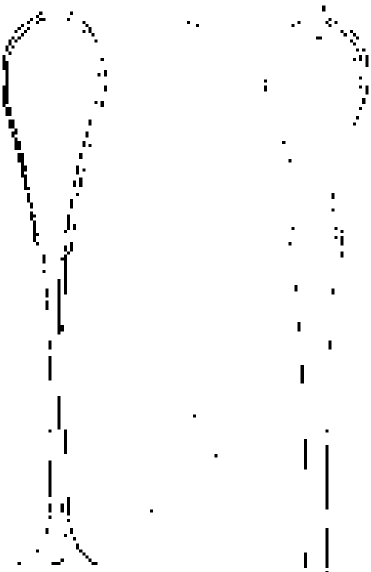


Fig. 4.





Plaintiff's and defendant's silverware designs from *Gorham*

Consider, for example, infringement. To compare a utility-patent claim to an accused product, one proceeds element by element, checking whether the product contains a feature literally described by that claim element. But this method doesn't work for design patents. A drawing does not come broken down into a discrete list of elements; there is no claim language to construe. It is simply a design, complete in itself, unitary, and indivisible.

The classic statement of the test for design-patent infringement comes from the 1873 case *Gorham Co. v. White*, which involved silverware designs:

> If, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.[4]

This is an infringement test that looks nothing like the one for utility patent. And yet design patents, like utility patents, are issued based on an examined application, and like utility patents they bind the world, even those who are unaware of them. This change, as we will see, has far-reaching implications all throughout design patent law.

4. Gorham Co. v. White, 81 U.S. (14 Wall.) 511, 528 (1871).

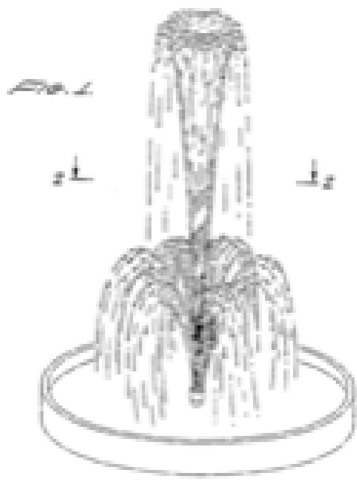


Figure 1 from Hruby's application

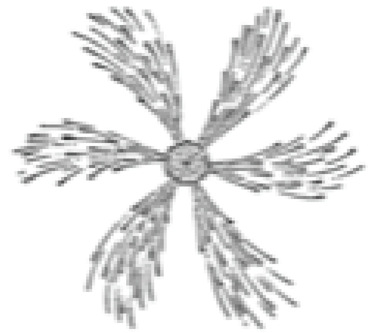


Figure 2 from Hruby's application

A Subject Matter

Section 171 provides two subject matter threshold conditions: a design patent can apply only to a design for "an article of manufacture" and the design must be "ornamental." In addition, we consider design patent's functionality screen.

1 Articles of Manufacture

In *In re Hruby*, the CCPA held that an "ornamental design for a water fountain as shown and described" was directed to an article of manufacture.[5] The claimed design was not for the fixed *base* from which the water sprayed, but rather for the pattern made by the *water* as it sprayed. The patent examiner had objected that water was a natural product, but so are wood and stone, and designs for chairs and paperweights made from them are certainly articles of manufacture. And the pattern was man-made in the same sense as a carved table is: "a raw material is put into planned patterns of motion for accomplishment of a decorative purpose."[6]

The USPTO also raised a more fundamental objection to Hruby's design: that the patterns were "wholly a *fleeting* product of nozzle arrangements and control of operating pressure or pressures."[7] This should remind you of the argument from *Stern Electronics* that a videogame is unfixed because it constantly changes and disappears when the machine is turned off. And so should the response:

5. *In re* Hruby, 373 F.2d 997 (CCPA 1967).
6. *Id.* at 999.
7. *Id.* (emphasis added).

> Although appellant did not disclose the particular means for producing the fountain effect, it is recognized that if certain parameters such as orifice configuration, water pressure and freedom from disturbing atmospheric conditions are maintained, the ornamental shape of the fountain will remain substantially constant and will at such times present an over-all appearance virtually the same from day to day.[8]

Indeed, every object is constantly (if very slightly) in motion. (An object that was completely still would have a temperature of absolute zero.) The drawings in the application did not disclose the exact position of every droplet of water, but the drawing of an object made of metal does not disclose the position of every molecule, either.

> What matters with an ornamental design is only the ultimate over-all appearance of the article which embodies it. Technically, "exact" reproduction is an impossibility. It is always an approximation. We see no reason why design law — law being one of the greatest approximations of all — should be any more concerned with the "exact arrangement" of water droplets than it is with the exact arrangement of molecules, grains of sand, or even grosser building blocks so long as the general appearance is not affected.[9]

Thus, the design—and the design patent—were directed a thing that designers and customers treated as existing and as having a specific, reproducible design:

> There is no doubt in our minds that prospective buyers of these fountains would select them for the decoration of buildings or grounds according to specific, reproducible designs, intending to us them as permanent decoration. The fountains are certainly made by man (manufactured) for sale to and use by such buyers. They certainly carry into effect the plain intent of the design patent statute, which is to give encouragement to the decorative arts.[10]

As for the objection that the fountain would not assume its distinctive design until turned on, the court responded that plenty of other objects don't assume their designs until used in certain ways:

> Many such designs depend upon outside factors for the production of the appearance which the beholder observes. The design of a lampshade may not be apparent unless the lamp is lighted.

8. *Id.* at 999.
9. *Id.* at 1000 n.3.
10. *Id.* at 1000.

AlSabah's design

> The design of a woman's hosiery is not apparent unless it is in place on her legs.The designs of inflated articles such as toy balloons, water toys, air mattresses, and now even buildings are not apparent in the absence of the compressed air which gives them form, as the water pressure here gives shape to the fountain. Even the design of wall paper is not always fully apparent in the commodity as it is sold and requires a wall and the services of a paperhanger to put it into condition for enjoyment by the beholder, which is the ultimate purpose of all ornamental design.[11]

Although the definition of "article of manufacture" is broad, a claimed design must be directed to a specific article, not merely to a design that could apply to any article. Such a rule is necessary to keep design patent from swallowing copyright law.

Consider *In re AlSabah*, where the applicant claimed an "ornamental design for a Teaching Aid for Teaching Arabic as shown and described."[12] The design was a table of Arabic letters divided into numbered groups. The PTAB rejected her application as directed to nonstatutory subject matter because the design was not embodied in or applied to an article of manufacture. It could be applied to a poster board, a coffee mug, a stepstool, or a pickup truck. It could be applied to anything. It was an

11. *Id.* at 1001.
12. *In re* AlSabah, No. 2015-1264 (Fed. Cir. 2015).

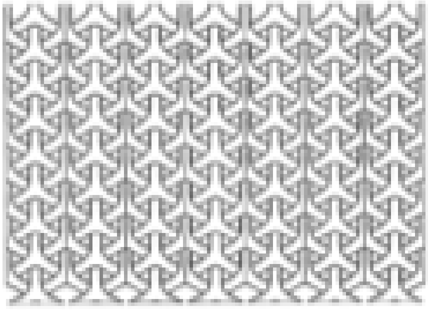


FIG. 1

Patented "pattern for a chair"

Non-infinging basket

abstract design, not a design for an article of manufacture. As the government explained in its brief on appeal,

> A design patent may be obtained for a "new, original and ornamental design for an article of manufacture." An article of manufacture is a tangible man-made object. For example, a computer-generated icon shown on a computer screen is a patentable design on an article of manufacture. The icon itself is not patentable, but when claimed as an icon embodied on a computer screen, monitor, or other display panel, the combination of the icon and the display panel (or portion thereof) is patentable as a design.

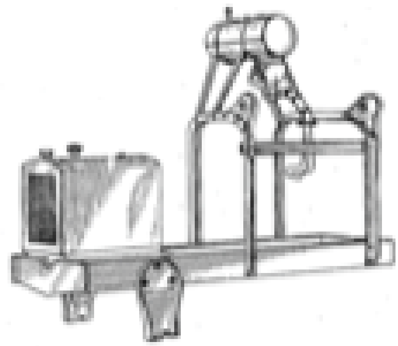
AlSabah claimed that "the design is printed on a piece of white paper, and a piece of white paper is an article of manufacture." But this argument would destroy the article-of-manufacture requirement, because any applicant could put any two-dimensional design on paper and send it to the USPTO, thereby obtaining rights over the design as applied to any and all objects. AlSabah could have claimed her design for coffee mugs or for pickup trucks, but not an abstract design for all possible objects to which it might be applied.

The choice of article matters. A design patent on one kind of article cannot be asserted against a different kind of article. In *Curver Luxembourg v. Home Expressions*, a the owner of a design patent on a "pattern for a chair" sued the seller of a basket incorporating a similar pattern. *Held*, "the accused baskets could not infringe because the asserted design patent was limited to chairs only."[13]

2 Ornamentality

A design is "ornamental" when it possesses some visual aesthetic appeal: it must be, in some small way, beautiful. This is not a high threshold.

13. Curver Lux. v. Home Expressions, 938 F.3d 1334, 1336 (Fed. Cir. 2019).



Koehring's design

In *In re Koehring*, the applicant claimed a design for a "concrete mixer truck body and frame."[14] The Patent Office rejected the application on the basis that it was not "inventively ornamental," citing an older case that had held a riveting machine to be

> purely utilitarian, and without ornamentation of any kind. There is nothing about the assembled mechanical device which serves to beautify, embellish, or adorn it. The several parts of the mechanism, whether circular, curved, rounded, or spiral, are assembled into an entirety which is lacking in symmetry, wanting in grace, and destitute of any appeal to the senses or emotions. The design has no human interest, other than that aroused by the utilitarian nature of the machine.[15]

But the CCPA explained that Koehring's design was ornamental, because:

> In our view of the case, the beauty and ornamentation requisite in design patents is not confined to such as may be found in the "aesthetic or fine arts." It is not reasonable to presume that Congress, in basing a patent right upon the ornamentation or beauty of a tool or mechanical device, intended that such beauty and ornamentation should be limited to such as is found in paintings, sculpture, and artistic objects, and which excites the aesthetic sense of artists alone.
>
> By the enactment of the design patent law, Congress expressed a desire to promote more beauty, grace, and ornamentation in things used, observed, and enjoyed by our people. Appellant's design of a truck body and frame for a concrete mixer shows the frame to be so designed as to place the different el-

14. *In re* Koehring, 37 F.2d 421 (CCPA 1930).
15. *In re* Stimpson, 24 F.2d 1012 (D.C. Ct. App. 1928).

Webb's '470 design

> ements of the whole machine, including the hood, gas tank, mixer, etc., into a more symmetrical and compact whole than was known in the prior art. Aside from this arrangement, which removes much of the unsightliness from the machine, the covering of the motor is made to resemble, in appearance, an automobile hood, and the angular bars and framework of the same are given a rounded or oval appearance. By the plan of assembly of the more or less rounded hood, round gas tank, and rounded frame corners into a compact and more symmetrical whole, an article, possessing more grace and pleasing appearance than existed in the prior art, has been produced. This effect in the design as a whole is ornamental and inventive.[16]

This discussion should remind you of *Bleistein*. It shares Justice Holmes's democratic and ecumenical attitude toward creativity; a design for a humble concrete mixer is just as worthy as a design for a fancy candlestick.[17]

The ornamentality requirement is not entirely toothless. The design must at least be *observable* in its "normal and intended use."[18] *In re Webb* provides a good example. The design there was was for a prosthetic metallic implant to replace a patient's upper leg bone. In its normal use, a surgeon would implant the prosthesis in a patient's body, where it would remain indefinitely. The USPTO objected that this made the prosthesis invisible, so that its design could not be ornamental. But the Federal Circuit disagreed, explaining that the prosthesis would be visible *to doctors* in advertisements and at trade shows, when they selected what type of implants to use with their patients. Here is how it described the test for observability:

---

16. *Koehring*, 37 F.2d at 422.
17. "Design applications which disclose subject matter which could be deemed offensive to any race, religion, sex, ethnic group, or nationality, such as those which include caricatures or depictions, should be rejected as nonstatutory subject matter." MPEP § 1504.01(e). Does this exclusion survive Tam?
18. *In re* Webb, 916 F.2d 1553, 1557 (Fed. Cir. 1990).

> In short, we construe the "normal and intended use" of an article to be a period in the article's life, beginning after completion of manufacture or assembly and ending with the ultimate destruction, loss, or disappearance of the article. Although the period includes all commercial uses of the article prior to its ultimate destination, only the facts of specific cases will establish whether during that period the article's design can be observed in such a manner as to demonstrate its ornamentality.
>
> It is possible . . . that although an article may be sold as a replacement item, its appearance might not be of any concern to the purchaser during the process of sale. Indeed, many replacement items, including vacuum cleaner brushes, are sold by replacement or order number, or they are noticed during sale only to assess functionality. In such circumstances, the PTO may properly conclude that an application provides no evidence that there is a period in the commercial life of a particular design when its ornamentality may be a matter of concern. However, in other cases, the applicant may be able to prove to the PTO that the article's design is a "matter of concern" because of the nature of its visibility at some point between its manufacture or assembly and its ultimate use. Many commercial items, such as colorful and representational vitamin tablets, or caskets, have designs clearly intended to be noticed during the process of sale and equally clearly intended to be completely hidden from view in the final use.[19]

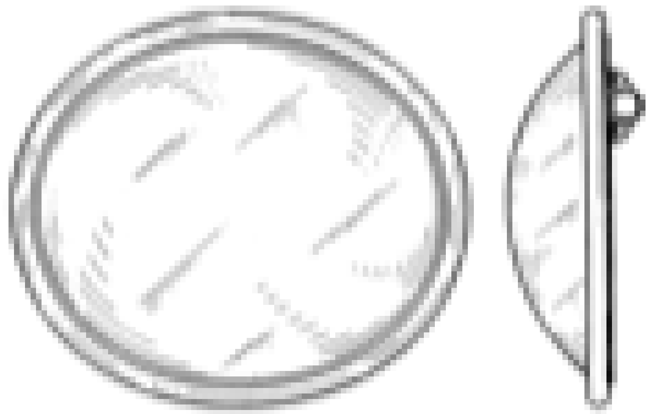
What about the concern that a doctor who selects an implant on the basis of *how it looks* rather than on the basis of *how it works* is in danger of committing malpractice? If you remember *Juicy Whip*, the drink-dispenser case, you can probably predict the Federal Circuit's response. It wrote, "[In the USPTO's] view, doctors should select implants solely for their functional characteristics, not their design. It is not the task of the [USPTO] to make such presumptions."[20]

Finally, remember that "ornamental" in design patent law does not mean the same thing as "ornamental" in trademark law. Here, it means that the design has at least *some* visual appeal. But in trademark law, it meant that the design had *only* visual appeal (as contrasted with source-indicating meaning).

3 Functionality

A design patent is not a utility patent. A protectable design must have some ornamental aspects that are distinct from its functional aspects. So,

19. *Id*. at 1558.
20. *Id*.



Rosco's '357 design

like copyright and trademark, design patent must have a functionality screen that keeps purely functional subject matter from being protected. But, crucially, design patent's functionality test is far more permissive. Designs that would be obviously functional under copyright and trademark are *not* functional in design patent.

> We apply a stringent standard for invalidating a design patent on grounds of functionality: the design of a useful article is deemed functional where the appearance of the claimed design is dictated by the use or purpose of the article. [For a design patent to be valid,] the design must not be governed solely by function, i.e., that this is not the only possible form of the article that could perform its function. When there are several ways to achieve the function of an article of manufacture, the design of the article is more likely to serve a primarily ornamental purpose. That is, if other designs could produce the same or similar functional capabilities, the design of the article in question is likely ornamental, not functional.[21]

As an example, consider *Rosco, Inc. v. Mirror Lite Co.*, which involved a design patent (No. 346,357) on a "cross-view" mirror for school buses.[22] It is important for the driver to have an unobstructed view of the front and passenger side of the bus, and Rosco's oval-shaped mirror gave a wide field of view. Rosco marketed the superb wide field of view of its EAGLE EYE mirror and advertised its "aerodynamic" properties.[23] The Federal Circuit held that it was not functional:

21. Rosco, Inc. v. Mirror Lite Co., 304 F.3d 1373, 1378 (Fed. Cir. 2002).
22. *Id.*
23. Convince yourself that this design would be unprotectable under copyright's useful-article test and trademark's functionality test.

> The mere fact that the invention claimed in the design patent exhibited a superior field of view over a single predecessor mirror (here, the Bus Boy) does not establish that the design was "dictated by" functional considerations . . . . The record indeed reflects that other mirrors that have non-oval shapes also offer that particular field of view. Similarly, nothing in the record connects the oval shape of the patented design with aerodynamics, and the record shows that other non-oval shaped mirrors have the same aerodynamic effect.
>
> Mirror Lite has not shown by clear and convincing evidence that there are no designs, other than the one shown in Rosco's '357 patent, that have the same functional capabilities as Rosco's oval mirror. Under these circumstances it cannot be said that the claimed design of the '357 patent was dictated by functional considerations.[24]

Is this rule a healthy way of providing coverage for a valuable kind of subject matter that would otherwise fall through the cracks between different IP regimes? Or does it undermine all of the hard work that goes into keeping them distinct?

B Procedures

Design patent prosecution is simpler than utility patent in some ways not here relevant. Instead, this section focuses on the distinctive drafting challenges posed by using drawings as a claim.

1 Drafting

A design patent typically has minimal specification. "[A]s a rule the illustration in the drawing views is its own best description."[25] Instead, the heart of a design patent application is the drawings. The MPEP explains:

> A design patent application may only include a single claim. The single claim should normally be in formal terms to "The ornamental design for (the article which embodies the design or to which it is applied) as shown." . . .
>
> Every design patent application must include either a drawing or a photograph of the claimed design. As the drawing or photograph constitutes the entire visual disclosure of the claim, it is of utmost importance that the drawing or photograph be clear and complete, and that nothing regarding the design sought to be patented is left to conjecture.

24. *Rosco*, 304 F.3d at 1378–79.
25. MPEP, *supra* note 4, § 1503.

> The drawings or photographs should contain a sufficient number of views to disclose the complete appearance of the design claimed, which may include the front, rear, top, bottom and sides. Perspective views are suggested and may be submitted to clearly show the appearance of three dimensional designs.
>
> Full lines in the drawing show the claimed design. Broken lines are used for numerous purposes. Under some circumstances, broken lines are used to illustrate the claimed design (i.e., stitching and fold lines). Broken lines are not permitted for the purpose of identifying portions of the claimed design which are immaterial or unimportant. There are "no portions of a design which are "immaterial" or "not important." A design is a unitary thing and all of its portions are material in that they contribute to the appearance which constitutes the design.
>
> The two most common uses of broken lines are to disclose the environment related to the claimed design and to define the bounds of the claim. Structure that is not part of the claimed design, but is considered necessary to show the environment in which the design is associated, may be represented in the drawing by broken lines. This includes any portion of an article in which the design is embodied or applied to that is not considered part of the claimed design. Unclaimed subject matter may be shown in broken lines for the purpose of illustrating the environment in which the article embodying the design is used. Unclaimed subject matter must be described as forming no part of the claimed design or of a specified embodiment thereof. A boundary line may be shown in broken lines if it is not intended to form part of the claimed design.[26]

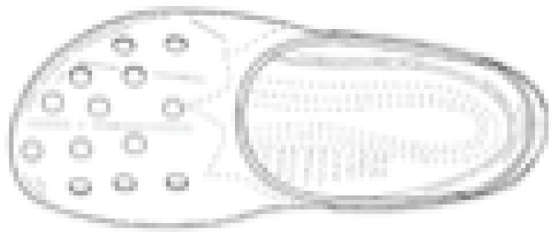
2 Term

A design patent is valid for fifteen years from the "date of grant."[27] Since design patent examination practice is generally expeditious, this term in practice will typically be shorter than utility patent's twenty years from filing.

C Ownership

The rules on inventorship and initial ownership are largely the same for design patents as for utility patents. They pose more difficult questions when it comes to the tests for anticipation under § 102 and for nonobviousness under § 103. The difficulty flows from the fact that design patents

26. *Id.* §§ 1503.01, .02 (reordered).
27. 35 U.S.C. § 173.



’789 insole

use depictions rather than verbal claims, so that the claim-based tests used for utility patents simply map cleanly onto design patents.[28]

1 Novelty

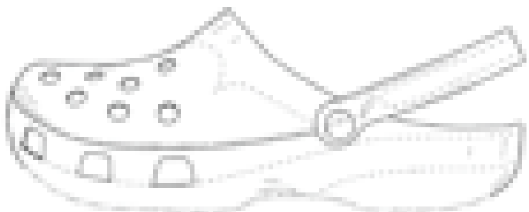
For the most part, the are the rules for priority and prior art are the same for design patents and utility patents. The timelines look the same, and so do the rules for what constitutes a printed publication, an offer for sale, and so on. The test for experimental use is a little different because what counts as necessary experimentation is different for ornamentation than for function. In *In re Mann*, for example, the applicant exhibited a wrought-iron table embodying the design at a trade show, but argued that it was an experimental use. The court disagreed, writing, “Obtaining the reactions of people to a design—whether or not they like it—is not ’experimentation’ in that sense. In the case of a design, if market testing shows that it has no appeal and the design is changed, the result is a new and different design; the original design remains just what it was.”[29]

The test for anticipation is different, though, because the test for infringement is different. The general principle is the same: “that which infringes, if later, would anticipate, if earlier.”[30] Thus, since the ordinary-observer test is used to establish infringement, it is also used for anticipation. A prior art reference anticipates a claimed design if an ordinary observer would regard the two as substantially the same.[31]

In *International Seaway Trading Corp. v. Walgreens Corp.*, Seaway held

28. *See generally* Mark A. Lemley & Mark P. McKenna, *Design Patents Aren’t Patents (And It’s a Good Thing Too)*, 92 Geo. Wash. L. Rev. 811 (2024) (arguing against applying utility-patent doctrines for design patents).
29. *In re* Mann, 861 F.2d 1581 (Fed. Cir. 1988).
30. *Peters*, 129 U.S. 530.
31. The test for anticipation of a utility patent is the mirror image of the *literal* infringement test. But the design patent infringement test bears more than a passing resemblance to the doctrine of equivalents in utility patents. What does this do to the symmetry argument? Should anticipation in design patents be confined to identical designs? Or is it all irrelevant, since obviousness under § 103 will take care of such cases?

’263 insole



’789 side view

design patents Nos. D529,263, D545,032, and D545,033 on casual, lightweight footwear. The defendant argued held that these designs were invalid because they were anticipated by Design Patent No. D517,789, on the notoriously iconic Crocs. Here is the court’s analysis:

> The Crocs ’789 patent contains a long, U-shaped dimpling pattern on the insole. In contrast, the patents-in-suit have a dimpling pattern that includes multiple short rows of dimples. Because we cannot say that these differences are insignificant as a matter of law, a genuine issue of material fact exists as to whether the designs would be viewed as substantially similar in the eyes of the ordinary observer armed with the knowledge of the prior art. . . .
>
> [Seaway] claims that four exterior features differ from the prior art to the degree necessary to preclude summary judgment: (1) the number and arrangement of the circular openings on the upper of the clog; (2) the number and position of the rectangular cut-outs in the lower portion of the upper of the clog; (3) the shape of the toe portion of the clog; and (4) the raised pattern of the outsole of the clog. These features are identical in all three of Seaway’s patents-in-suit. With regard to these alleged dissimilarities, the district court stated:
>
> > Slight variations on the number and position of the circular holes on the top of the shoe, the rectangu-

Fig. 2

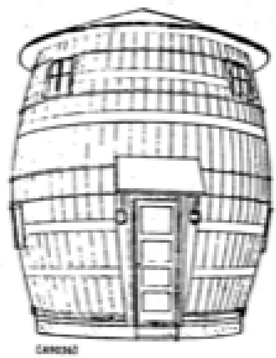
’263 side view

> lar holes on the toe of the shoe as well as the design of different shaped rectangles on the sole of the shoe would not convince a reasonable jury, or an ordinary observer with knowledge of the prior art, that the limitations were not inherently disclosed in the ’789 patent. This conclusion does not change merely because plaintiff slightly changed the arrangement of the textured portions on the top and around the bottom portion of the sides of the shoe.

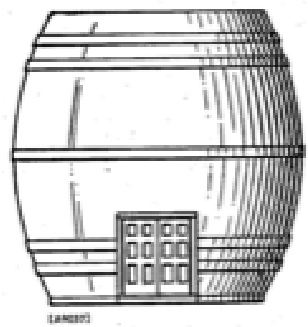
We agree with the district court that these minor variations in the shoe are insufficient to preclude a finding of anticipation because they do not change the overall visual impression of the shoe. Although the ordinary observer test requires consideration of the design as a whole, this does not prevent the district court on summary judgment from determining that individual features of the design are insignificant from the point of view of the ordinary observer and should not be considered as part of the overall comparison. The mandated overall comparison is a comparison taking into account significant differences between the two designs, not minor or trivial differences that necessarily exist between any two designs that are not exact copies of one another. Just as minor differences between a patented design and an accused article’s design cannot, and shall not, prevent a finding of infringement, so too minor differences cannot prevent a finding of anticipation.

2 Obviousness

The *Graham* obviousness framework is nominally the same for design patents and for utility patents. But for many years, its application was very different. Under the “*Rosen-Durling* test” used by the CCPA and Federal Circuit, the obviousness inquiry started by identifying a single



Prior art barrel-shaped building



Barrel-shaped building design held obvious in light of prior art

prior-art that was "basically the same" as the claimed design, and then using prior-art additional references that were "so related" to the primary reference as to suggest combining them.[32] If you compare the *Rosen-Durling* test to the Obviousness section in the Utility Patent Chapter, two things may strike you about it. First, it bears a strong resemblance to the teaching-suggestion-motivation test used by the Federal Circuit until *KSR*; second, it is in serious tension the with more flexible obviousness inquiry that the Supreme Court adopted in *KSR*.

In 2024, the *en banc* Federal Circuit used the case of *LKQ Corp. v. GM Global Technology Operations LLC* ("*LKQ v. GM*") to align its design-patent obviousness test with *KSR*.[33] It discarded the "basically the same" requirement for a primary reference and the "so related" requirement for secondary references. Instead, all prior-art references for design patents are subject to the same kind of analogous-art test as in utility patent. I say "same kind" because while it is easy to say that one design patent is from the "same field of endeavor as the article of manufacture of the claimed design," a designer does not solve "a particular problem" in the way that an inventor does.[34] The court left open the question of how to determine whether a prior art reference from some other field is analogous. For an example of references sufficiently related to be considered analagous (albeit in pre-*LKQ v. GM* caselaw), one barrel-shaped building could serve as a secondary reference for another barrel-shaped building.[35]

As for how to combine references, the court explained:

> Consistent with *KSR*, the motivation to combine these references

32. *In re* Rose, 673 F.2d 388 (CCPA 1982); Durling v. Spectrum Furniture Co., Inc., 101 F.3d 100 (Fed. Cir. 1996).
33. LKQ Corp. v. GM Glob. Tech. Operations LLC ("*LKQ v. GM*"), 102 F.4th 1280 (Fed. Cir. 2024).
34. *Id.* at 1297.
35. *In re* Borden, 90 F.3d 1570 (Fed. Cir. 1996).

> need not come from the references themselves. But there must be some record-supported reason (without hindsight) that an ordinary designer in the field of the article of manufacture would have modified the primary reference with the feature(s) from the secondary reference(s) to create the same overall appearance as the claimed design. Just as with the analogous art inquiry, in the area of motivation to combine, the problem to be solved may have less relevance in the design patent context than in the utility patent context. Of course, it follows that the more different the overall appearances of the primary reference versus the secondary reference(s), the more work a patent challenger will likely need to do to establish a motivation to alter the primary prior art design in light of the secondary one and demonstrate obviousness without the aid of hindsight.[36]

Because *LKQ v. GM* is so recent, there are not yet good examples of courts applying its framework in practice. Stay tuned.

D Similarity

This would be a good time to review the *Gorham* infringement test at the start of this chapter.

1 Claim Construction?

Claim construction is characteristic of utility-patent infringement analysis: the court reviews the language of a claim and states, explicitly, what it means as a matter of law. But because of the widespread legal belief that images are self-interpreting, claim construction is not typically part of design-patent infringement analysis. The Federal Circuit has described only a narrow role for the court in describing what a drawing "means":

> While it may be unwise to attempt a full description of the claimed design, a court may find it helpful to point out, either for a jury or in the case of a bench trial by way of describing the court's own analysis, various features of the claimed design as they relate to the accused design and the prior art. Apart from attempting to provide a verbal description of the design, a trial court can usefully guide the finder of fact by addressing a number of other issues that bear on the scope of the claim. Those include such matters as describing the role of particular conventions in design patent drafting, such as the role of broken lines; assessing and describing the effect of any representations that may have been made in the course of the prosecution history; and distin-

36. *LKQ v. GM*, 102 F.4th at 1299–300.

> guishing between those features of the claimed design that are ornamental and those that are purely functional.[37]

2 Similarity

The *Gorham* ordinary-observer test should remind you of the ordinary-observer test used for copyright infringement. This is not a coincidence—the copyright test actually descends from the one in design patent! Any infringement test that involves comparing the aesthetic aspects of two things will have to look something like this. At least for the time being, the viewpoint of observers is ultimately the only standard we have available to compare aesthetic similarity.

This test should also remind you a bit of consumer confusion in trademark law. "[I]nducing him to purchase one supposing it to be the other" captures the core harm of unfair competition. The phrase "giving such attention as a purchaser usually gives" captures consumer sophistication and a comparison of the goods under marketplace conditions. Indeed, courts sometimes admit evidence of consumer confusion in the marketplace to prove similarity![38] Relatedly, the rule that design patents only cover the identified articles of manufacture is a loose cousin to the similarity-of-the-goods factor in trademark. Chairs and baskets do not look like each other, so no one would confuse a basket for a chair. At the same time, there is no requirement that the patentee shows that the defendant's product competes with its own, nor can a defendant avoid infringement by putting a disclaimer on its products.

Although it is dogma that patent infringement is judged by comparing the patent's claims to the accused product, design patent is a little less dogmatic about it than utility patent. Where the patentee's own product is the same as the claimed design, the court is permitted to compare the two products directly.[39] This direct comparison is possible because a design patent claims by exemplar: the drawings depict an ideal embodiment of the design, so an actual embodiment that is close enough to the ideal is almost as good as a starting point. It's not possible in utility patent because utility patents claim by characteristic, so every claim describes a range of possible embodiments that can differ substantially in their specifics.

3 Filtration

As you are all too well aware by now, one of the central problems in infringement analysis is filtering unprotectable aspects out from the plaintiff's thing before comparing it to the defendant's thing. In utility patent,

37. Egyptian Goddess, Inc. v. Swisa, Inc., 543 F.3d 665, 680 (Fed. Cir. 2008).
38. OddzOn Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396 (Fed. Cir. 1997).
39. L.A. Gear, Inc. v. Thom McAn Shoe Co., 988 F.2d 1117 (Fed. Cir. 1993).

this filtration takes place during prosecution: an issued claim is supposed to be narrow enough that it does not include *any* unpatentable matter. But design-patent prosecution *cannot play this role* because a design drawing does not come neatly separated into protectable and unprotectable aspects. Indeed, individual design elements may be familiar from the prior art, while their combination or variation is novel and nonobvious. The drawing does not distinguish between them.

Thus, design patent requires something closer to copyright-style filtration. The trier of fact must filter out any unprotectable aspects from the plaintiff's design before comparing it to the defendant's article of manufacture. For a time, the Federal Circuit held that the process of filtering out prior-art designs should be explicit. In *Litton Systems, Inc. v. Whirlpool Corp.*, it articulated a ***point of novelty*** test: as follows:

> For a design patent to be infringed, no matter how similar two items look, the accused device must appropriate the novelty in the patented device which distinguishes it from the prior art. That is, even though the court compares two items through the eyes of the ordinary observer, it must nevertheless, to find infringement, attribute their similarity to the novelty which distinguishes the patented device from the prior art.[40]

The point-of-novelty test worked reasonably well when there was one singular feature that made a design novel—a feature present in the design and not in any prior art. In the 1893 Supreme Court case *Smith v. Whitman Saddle Co.*, for example, the plaintiff's saddle design featured a sharp "drop at the rear of the pommel" which was not present in the prior art.[41] Since the defendant's saddle lacked this drop, there was no infringement.

The point of novelty test proved harder to explain and apply when several features of a design were novel, or when the novelty consisted of a new combination of existing features. Courts had to decide which feature or features was *the* point of novelty, and plaintiffs and defendants jousted over how to characterize it, taking infringement further away from the ordinary-observer inquiry supposedly at its core.

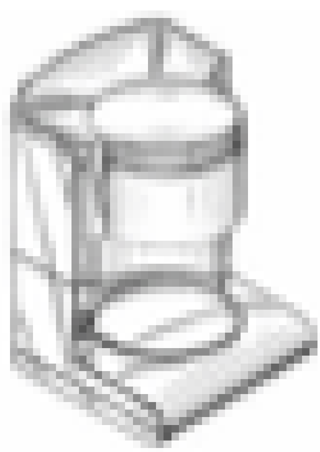
Thus, in *Egyptian Goddess, Inc. v. Swisa, Inc.*, the Federal Circuit abandoned the point-of-novelty test. Now the filtration is implicit instead of explicit. The fact-finder must "apply[] the ordinary observer test through the eyes of an observer familiar with the prior art."[42] It explained:

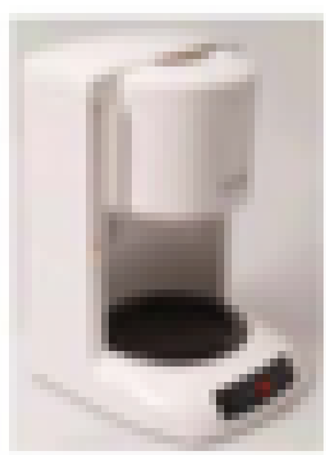
> If the accused design has copied a particular feature of the claimed design that departs conspicuously from the prior art, the accused design is naturally more likely to be regarded as decep-

40. Litton Sys., Inc. v. Whirlpool Corp., 728 F.2d 1423, 1444 (Fed. Cir. 1984).
41. Smith v. Whitman Saddle Co., 148 U.S. 674, 681 (1893).
42. *Egyptian Goddess*, 543 F.3d at 677.

> tively similar to the claimed design, and thus infringing. At the same time, unlike the point of novelty test, the ordinary observer test does not present the risk of assigning exaggerated importance to small differences between the claimed and accused designs relating to an insignificant feature simply because that feature can be characterized as a point of novelty.
>
> This approach also has the advantage of avoiding the debate over the extent to which a combination of old design features can serve as a point of novelty under the point of novelty test. An ordinary observer, comparing the claimed and accused designs in light of the prior art, will attach importance to differences between the claimed design and the prior art depending on the overall effect of those differences on the design. If the claimed design consists of a combination of old features that creates an appearance deceptively similar to the accused design, even to an observer familiar with similar prior art designs, a finding of infringement would be justified. Otherwise, infringement would not be found.[43]

For an example of what the *Egyptian Goddess* analysis looks like in practice, consider *Wing Shing Products (BVI) Co. v. Sunbeam Products, Inc.* The plaintiff, Wing Shing, claimed that Sunbeam's AR series of MR. COFFEE coffeemakers infringed its design patent (No. D348,585). Considered in isolation, the two designs are visually similar:





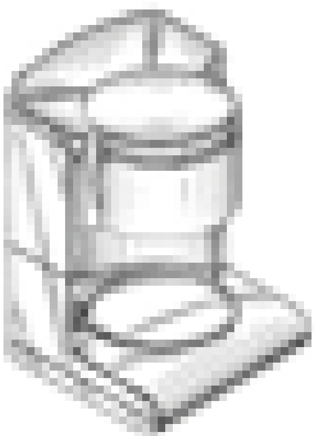
At the same time, the designs have some notable differences:

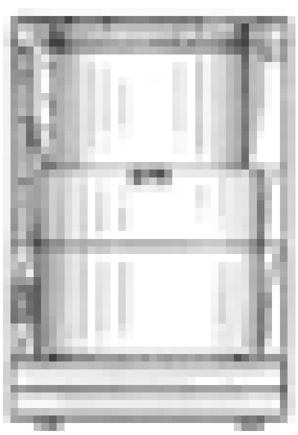
> First, they have different bases: the '585 has a "bullnose" base—it

43. *Id.* at 677–78.

> is flat with a rectangular cross section up to the tip, where the top and bottom meet on a curve—while the AR 10/12 has a smooth base that slopes gradually from the heating plate. The designs also have dramatically different tops: the '585's is flat, whereas the AR's has a circular indent partially overhung by the lid to the water reservoir. As Sunbeam points out, these differences come at "focal points" in the designs: the top and base are the most visually commanding features of a coffeemaker, along perhaps with the brew basket.[44]

In addition, Sunbeam presented prior art, including its previous Accel coffeemaker.





44. Wing Shing Prods. (BVI) Co. v. Sunbeam Prods., Inc., 665 F. Supp. 2d 357 (S.D.N.Y. 2009).

Here is the court's comparison of the Accel prior art to the '585 design patent:

> The two designs are quite similar. Each has a large, smooth brew basket with a circular cross section that is partially encased by vertical shafts connecting the brew basket to the base of the machine. Each has a similarly shaped recess for the carafe. Both designs call to mind the familiar white or black coffeemaker that graces most American kitchens. As will be noted, differences exist, but on the whole the claimed design when compared to the prior art bespeaks "a field ... crowded with many references relating to the design of the same type of appliance."[45] Accordingly, the scope of protection afforded the '585 patent falls in a narrow range.
>
> As for dissimilarities, the base is surely the most prominent observable difference between the designs. In contrast to the "bullnose" on the '585, the Accel has an angular base with a trapezoidal cross section. To the extent the devices have distinct overall appearances, their different bases supply them. There are additional minor differences—the top of the Accel is slightly crowned, while the '585's is flat; and the water reservoir on the '585 extends further around the circumference of the brew basket—but these small details do not make nearly the visual impression that the distinct bases do.[46]

Putting it all together, the court compared the '585 design to the AR coffeemakers in light of the Accel prior art:

> If the AR 10/12 (the accused design) had copied the '585's bullnose base—the one feature of the '585 that departs conspicuously from the prior art as depicted in the Accel—an inference of infringement might arise. Instead, the AR 10/12 has its own, unique base, as is all the more apparent when viewed alongside both the '585 and the Accel:

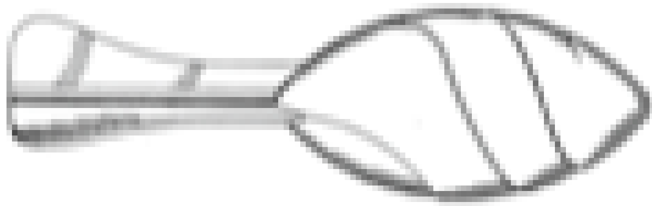
45. *Egyptian Goddess*, 543 F.3d 665.
46. *Wing Shing Prods. (BVI)*, 665 F. Supp. 2d 357.

Because the AR 10/12 and the ‘585 differ at the very feature that primarily distinguishes the ‘585 from the Accel, no ordinary observer familiar with the Accel would be deceived into believing that the AR 10/12 and the ‘585 are the same. Indeed, since it is difficult to tell the ‘585 and the Accel apart without focusing on their bases, it would be unreasonable to conclude that any observer capable of distinguishing those two machines would confuse the AR 10/12 and the ’585, which also have different bases. Additionally, the AR 10/12’s unique lid configuration, which distances it from both the '585 and the prior art, further solidifies the conclusion that no genuine issue of material fact as to non-infringement exists here.

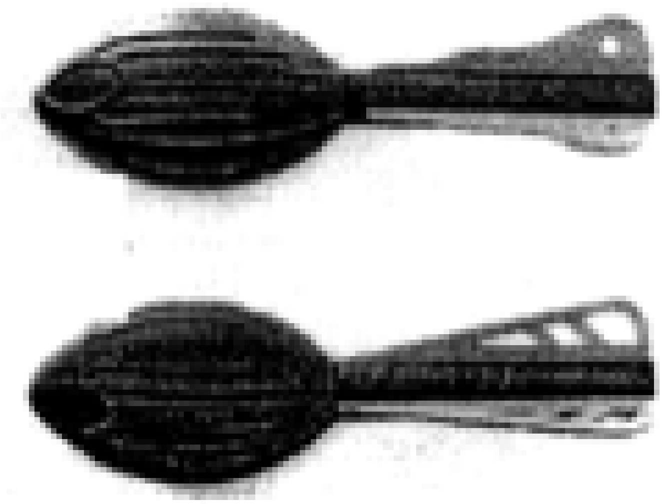
The Court remains mindful of the Federal Circuit's admonition to analyze the design as a whole and not engage in an element-by-element comparison of the devices in question. Nonetheless, when the prior art is used as a frame of reference, the tops and bases of the devices in question dominate the overall visual impressions they make. As *Egyptian Goddess* itself recognized, where a particular design element sharply distinguishes, against the context of the prior art, the claimed design from the accused design, it is not error to focus on that element in the infringement analysis.

Plaintiff argues that summary judgment cannot be granted here because, unlike in *Egyptian Goddess*, the AR 10/12 is closer to the patented design than the prior art. Plaintiff contends that the AR 10/12 is closer to the '585 patent than the Accel because the "body" of the AR 10/12—the region from "the bottom of the lid to the top of the base"—is "substantially identical" to the body of the '585 design. The Court does not find this argument persuasive. First, in focusing on the "body" of the design, plaintiff has chosen a frame of reference that conveniently excludes the salient points of comparison—the top and the base. Under this framework, the Accel itself could be found to infringe, because to the layman's eye, its "body" is not readily distinguishable from the '585 patent. This is exactly the type of absurd result that consideration of the prior art is meant to avoid. Secondly, whether the accused device is "closer" to the patented design than to the prior art is not the controlling inquiry. *Egyptian Goddess* notes that strong similarities between the accused design and the prior art are an indication of non-infringement, but it does not require a mechanical determination—which in this case of "crowded art" would be impractical—that the accused device is "closer" to either the patent or the prior art. Instead, *Egyptian Goddess* requires an assessment of how the prior art will impact the ordinary observer's perception of the accused and claimed designs. Here, for example, though reasonable jurors might disagree on whether the AR 10/12 is "closer" to the Accel or the '585 patent (it is different than both), no reasonable juror could dispute that an ordinary observer familiar with the Accel would not believe the AR 10/12 to be the "same as" the '585 patent.

Egyptian Goddess and *Wing Shing Products (BVI)* deal with prior-art filtration. Because a design patent protects only the ornamental features



’001 design

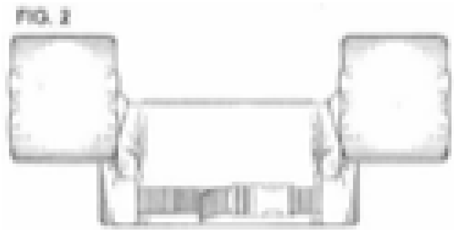


Ultra Pass balls

of a design, the functional features must also be filtered as part of the infringement analysis. Consider *OddzOn Products, Inc. v. Just Toys, Inc.* The plaintiff, OddzOn, held a design patent (No. D346,001) on a “foam football-shaped ball with a tail and fin structure.”[47] It sold an embodiment of the design as the “Vortex” ball. It argued that Just Toys’s “Ultra Pass” balls infringed on the ‘001 patent. . The problem, which doomed OddzOn’s suit, was that a tail-and-fin design helps a football fly further. Here is the court’s analysis:

> OddzOn argues that the shape of a football with an arrow-like tail is an ornamental feature because “it is not required for a tossing ball.” While OddzOn correctly states that there are many ways of designing “tossing balls,” it is undisputed that the ball in question is specifically designed to be thrown like a football, yet travel

47. OddzOn Prods., Inc. v. Just Toys, Inc., 122 F.3d 1396 (Fed. Cir. 1997).



Patented floatation device design

Accused floatation device

> farther than a traditional foam football. It is the football shape combined with fins on a tail that give the design these functional qualities. The tail and fins on OddzOn's design add stability in the same manner as do the tail and fins found on darts or rockets. They are no less functional simply because 'tossing balls' can be designed without them.
>
> Because the accused products are clearly similar to OddzOn's design in terms of their football shape and their tail and fins, it was incumbent on OddzOn to submit evidence establishing that the ornamental aspects of their football-with-tail-and-fin combination accounted for the similarity perceived by the survey participants. None of the evidence, when viewed in the light most favorable to OddzOn, would support a jury verdict that the accused devices are similar to the patented design with its football-shaped ball, slender tailshaft, and three fins which seemingly protrude out of the football and gently flare outwardly.[48]

Be careful: filtering *aspects* (my preferred term) or *features* (a term often seen in the caselaw) of a design in the copyright sense is not the same as removing *elements* of a design in the patent sense. In *Sport Dimension, Inc. v. Coleman Co.*, the District Court had held that the two arm pieces on a personal floatation device were functional, so it excluded them from the similarity analysis. On appeal, the Federal Circuit held that this was error:

> And the design includes the shape of the armbands and side torso tapering, to the extent that they contribute to the overall ornamentation of the design. As we discussed above, however, the armbands and side torso tapering serve a functional purpose, so the fact finder should not focus on the particular designs of these elements when determining infringement, but rather focus on what these elements contribute to the design's overall ornamentation.[49]

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48. *Id.*
49. Sport Dimension, Inc. v. Coleman Co., 820 F.3d 1316, 1323 (Fed. Cir. 2016).

E Prohibited Conduct

The usual theories of patent infringement under section 271 of the Patent Act (making, using, selling, and offering for sale) are also available for design patents, along with the usual remedies. In addition, there is a special provision for design-patent infringement in section 289 that provides an alternative remedy, which is often more attractive to the owner:

> Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than $250.[50]
>
> Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

As with utility patents, section 289 does not impose a requirement of copying from the plaintiff; design patents give a general right to exclude anyone from using the patented design. Design patents probably also borrow their rules on intent from utility patent law: one can infringe without knowing of the patent or intending to infringe it.

One thing that is distinctive about section 289 is that both prongs have explicit commerciality thresholds. They turn on "the purpose of sale" and on "sells or exposes for sale," respectively. Merely manufacturing a design-patented article for one's own use does not infringe under section 289 (although it does infringe under section 271). Similarly, the main new remedy is the infringer's "total profit": a wholly noncommercial use generates no profits.

F Secondary Liability

The usual rules of contributory and inducement liability under section 271 apply to design-patent infringement. But note that section 289 is silent on secondary liability. There is essentially no caselaw on point.

G Defenses

1 Exhaustion

The exhaustion doctrine applies to design patents. The sale of a design-patented article in the United States exhausts the patent owner's rights in

50. 35 U.S.C. § 289

that specific article, which can then be freely used and resold without the patent owner's permission. The repair/reconstruction distinction also applies to design patents. The article can be repaired to retain its design, but cannot be reconstructed to recreate the design once it has worn off or been destroyed.[51]

2 Free Expression

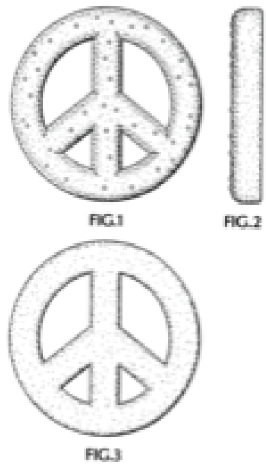
Even more than utility patents, design patents can raise free-expression issues. Consider the "Peace Pretzel," a design for a pretzel in the shape of a peace sign, which was protected by design patent D423,184. It was briefly asserted by its owner, Leslie Friend, against an online store, Laurel Hill Foods, selling peace-sign-shaped pretzels. In a copyright setting, whether this use was allowable or not would have been a question of fair use. Ralph Clifford and Richard J. Peltz-Steele explain:

> The missing piece in the *Friend* lawsuit, and the unresolved problem presented by design patents, is fair use. Insofar as Friend was a sympathetic plaintiff, Laurel Hill and Keystone were profiting off the ingenuity of another and may have been expected fairly to pay up. But change the defendant to a non-commercial user, and the case takes on a different cast. Imagine a city rally for Ukrainian-Russian peace at which a sponsoring ethnic bakery makes and gives away peace-sign-shaped pretzels. Or suppose that a German-American citizens group decides to counter community angst over immigration by uniting local persons of different backgrounds in Oktoberfest beer gardens to dialog over homemade peace-sign-shaped pretzels. Peace-sign-shaped cookies, adorned or not with sugar crystals, or other edibles, also might run afoul of the design patent, as the controlling diagrams say nothing about the edible ingredients.[52]

But design patent has no doctrine directed to free-expression concerns, no doctrine capable of making these distinctions. Clifford and Peltz-Steele again:

> We can complicate the case further if we trade out the peace sign for a more controversial symbol. To choose a plaintiff that engenders less sympathy, suppose that the multinational oil and gas company BP obtained a design patent on a distinctive container for motor oil—let us borrow the double-sphere bottle in which POM Wonderful sells fruit juice. After the BP oil spill, a protestor and artist creates a sculpture depicting a blackened,

51. *See* Jazz Photo Corp. v. Int'l Trade Com'n, 264 F.3d 1094 (2001).
52. Ralph D. Clifford & Richard J. Peltz-Steele, *The Constitutionality of Design Patents*, 14 Chi.-Kent J. Intell. Prop. 553 (2015).



Design-patented Peace Pretzel design

Hypothetical anti-BP protest sculpture

> oil-sodden pelican, surrounded by upturned BP oil bottles, also blackened, but recognizable by their shape. The artist might recreate (*make*) the bottles, or *use* discarded bottles. The artist might auction off (*sell*) the sculpture and donate the proceeds to an environmental advocacy group.
>
> Critical training is hardly required to perceive the artist's message favoring environmental protection, or inversely, blaming BP for environmental degradation. But the work plainly runs afoul of the design patents, as the artist has made or used, and sold, the patented bottles. The ordinary observer properly perceives the BP bottles; indeed, the artist might be using BP bottles, which our auction winner buys because they are what they appear to be.[53]

Does design patent need a fair use defense? Can you think of any other doctrines that might protect this hypothetical artist?

Problems

Eames Chair Problem, Redux

Look again at the Eames Lounge Chair. Could its design be effectively protected with a design patent?

Tesla Problem

Consider these pictures of a DMC DeLorean and a Tesla Model X. If DMC's '882 design patent were still in force, would the Model X infringe?

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53. *Id.*

DMC DeLorean

Tesla Model X