Outline – IP Survey

Vetter Fall 2012

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| Introduction |

Authors and Inventors Clause (Const.): 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

* Harmonization of law – consistency among the states
* IP laws exist as a public policy tool to promote production of inventions and works for the public domain (eventually)
* Mimicry is the lifeblood of competition

*INS v. AP* (12) Plaintiff (AP) and Defendants (INS) are both involved in the news collection business. The collected news are distributed by the parties to newspapers around the county. Both plaintiff and defendant are in direct competition. The defendants were involved in collecting news posted by the plaintiffs on bulletin boards and newspapers and then reproducing these news as their own work.

* D is a competitor of the plaintiffs and it is using he plaintiffs news stories for its own profit. Plaintiff put in a lot of labor to produce these news stories and the defendant is trying to reap what it has not sown. Such practice is unfair and it also results in losses to the plaintiffs that can take away the incentive to produce such “hot” stories. Therefore, the defendants are not allowed to “steal” plaintiffs stories for a certain amount of time

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| Trade Secrets |

Not as strong as patent protection but the more difficult we make it to keep a secret a secret the less ppl will be incentivized to develop them

**Trade Secret Definitions**

Restatement of Torts: A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers.

- [6 factors, pg. 45]

UTSA (4) “Trade secret” means information, including a formula, pattern, compilation, program, device, method, technique, or process, 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, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Restatement (3d) of Unfair Competition: A trade secret is any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.

2 Basic Components:

1. Court must determine if the knowledge in Q qualifies for trade secret protection
2. Court must determine if the D has “misappropriated” the secret

**Subject Matter of Trade Secret Law**

*Information that Qualifies as a Trade Secret*

1. C/L Factors: (1) the extent to which the info is known outside P’s business; (2) extent to which info is known by employees and others involved in P’s business; (3) extent of measures taken by P to guard secrecy of info; (4) amt of effort or $$ expended by P in developing the info; (5) the ease or difficulty the info could be properly acquired or duplicated by others (*Stenstrom*)
2. Novelty: required for patents – only applicable to TS in the context of showing it’s a secret and not a matter of public knowledge

*Secrecy and Reasonable Efforts to Preserve It*

*Ownership of TS Information*

1. Basic principles suggest employer owns the fruits of one’s labor
2. Employees general knowledge, skill and know how are not trade secrets (*Si Handling Systems*)
	1. Negative know-how: learning through experimentation or trial and error

*Misappropriation*

1. 2 steps for analysis: (1) Identify precisely what the D did with the TS and (2) identify the surrounding circumstances
	1. If P can show D had access to secret, and that D is currently using knowledge substantially similar to secrets, court finds misappropriation
	2. If D can demonstrate it derived info thru reverse engineering, independent discovery or other acceptable means, it can overcome the presumption
2. Accident or Mistake
	1. Once a party learns that info in its possession is someone else’s trade secret. It is under a duty not to use that info or disclose it to others
	2. If the party materially changed its position prior to learning the info was a TS, it may continue to use it/disclose it
3. Breach of a Duty – can arise by K
	1. *Nowogroski* – employees are under a duty not to disclose TS acquired in the course of employment, can’t use it competitively and customer lists are protected
		1. Memory rule: can sweep out of TS protection anything that can be memorized
4. Improper Means
	1. *Bondpro* – K scope must extend to the process; without a K duty, where else can you find a duty? BondPro solicited Siemens and made the error of not having an adequate confidentiality agreement
	2. Discovery: (*DuPont*) No duty to btw parties, but took reasonable efforts to protect TS from prying eyes – did not want to extend TS protection to view from above

*Remedies*

**Cases**

*Stenstrom* (52) – EE created spreadsheet to assist with bidding in the industry and took that w/s when he changed jobs

*SI Handling* (61) – CARTRAC – former EE’s branched off into their own competitive business and developed a system similar to that of their old ER

* EE entitled to take with him the experience, knowledge, memory and skill, which he gained while there employed

*Nowogroski* (67) – insurance agents quit and began working for a competitor. Agents solicited former clients using client lists created in their past employ. One agent remembered the info w/o written list.

* HELD: Duty not to disclose TS acquired in course of former employment. Customer lists are protected.

*BondPro* (71) – Developed a process that improved the quality of rotors. Discussed with Siemens, under a confidentiality agreement

* Confidentiality was not sufficient to create a K obligation to keep TS

*DuPont* (72): aerial photographers flew over a plant to take photos of process because company had taken steps to ensure TS was not visible during construction

*Rockwell* (notes after DuPont) – piece part drawings were a TS the ER had used efforts to keep a secret

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| Patent Law |

Some say it offers some of the most potent of exclusionary rights

**Duration: 20 years**

Elements of a patent:

* + 1. Patentable subject matter
		2. Useful/utility
		3. New (novelty, anticipation)
		4. Nonobvious (not readily within the ordinary skills of a competent artisan at the time the invention was made)
		5. Specification Requirements/ disclosure requirements (enablement, written description, best mode, definiteness)

Purposes of patent law:

1. Provide an incentive to invent
2. Stimulate capital investment to commercialize
3. Enable early public disclosure of new technology to reduce duplication of efforts
4. Enhance beneficial exchange across national borders

35 USC §101: 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

1. Two basic types of claims: claims for a set or class of processes; or claims for a set or class of “products” (which includes machine, manufacture, or composition of matter

Approach:

* Determine whether the claim is “within” the meaning of the four statutory terms
	+ Interpretation techniques: meaning of the word, inferences from the provisions of structural characteristics of the statute or other related statutes (same word as in other places in the statute, significance of sectioning, divisions, cross-references, etc), legislative history, policy and-or historical arguments
* Evaluate whether the claim fits into one of the various exceptions to patent eligibility (more like C/L than statutory interpretation)

*Patentable Subject Matter* – 4 categories: Any new and useful process, machine, manufacture, or composition of matter

1. **Diamond** (107) *Product Claims*
	1. Manufacture: Produce articles for use from raw or prepared materials by giving these materials new forms, qualities, properties, or combinations
	2. Composition of matter: all compositions of two or more, all composite articles – whether chemical or mechanical union/mixture, whether gases, fluids, powers or solids
	3. Legislative History: Congress intended to include anything under the sun that is made by humans – Counter: did not mean to include living things, genetic technology not foreseen when §101 enacted
	4. Inventor *transformed* the bacteria into his own handiwork
	5. A live artificially engineered bacterium, not found in nature is a manufacture and composition of matter under §101 and the purpose is useful
2. 3 exceptions of patentable subject matter: laws of nature, physical phenomena, and abstract ideas. An idea is not patent eligible
	1. Discovered substances can be transformed through A purification or isolation transformation that will result in eligible subject matter as a composition of matter

*Infringement*

1. Occurs when, without authorization, or authority, another person makes, sells, uses, offers to sell, or imports into the US, a physical manifestation of what a valid patent claim recites.
	1. US patent law has a statutory research use exception applicable to clinical studies and other activities with pharmaceuticals and medical devices n order to obtain FDA marketing approval
	2. Some uses are excepted from patent protection, one of which is experimental use.
	3. Experimental Use Doctrine: very narrow, very limited, strictly limited; To determine if it fits this exception, the accused must show it’s used for experiments and the crt must look not only at the nature of the use, but at whether the intended outcome of the use will be profitable. (*Madey).* Character, nature, and effect of the use*.* Uses in any way commercial or furthering the legitimate business of the D are not experimental uses.
2. Exhaustion: Selling and using a patented item is sometimes not patent infringement when the item was originally made and sold into the stream of commerce under the authorization of the patent holder *Cf. first sale doctrine of Copyrights*
3. Doctrine of Equivalents (DOE): infringer’s device or activity does not literally fit within some portion of the claim language, but is functionally equivalent to that portion
4. Purchase from an unauthorized Source: use of the product is infringement. Not knowing that you are infringing is irrelevant to the analysis.

*Remedies*

1. Exclusionary Rights allow damages for past infringement
	1. Crts may look into past to determine damages based on market info and financial info from both patent owner and infringer
2. Injunctions against future infringement
	1. Four factor test to determine if a permanent injunction should issue (*eBay v. Merc*). A P must show:
		1. They have suffered irreparable injury
		2. That damages or other remedies under the law are inadequate
		3. That considering the balance of hardships btw the P and D, a remedy in equity is warranted, and
		4. The public interest would not be disserved by a permanent injunction
	2. Decision to grant or deny permanent injunction is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion
	3. Rationale: shouldn’t allow injunctions to be used as leverage by “patent trolls” to extort money from ppl actually trying to use the patent I ways that benefit society. (*eBay*)

*Types of Patents* (131)

1. Utility Patents – patents for invention – useful; requires ongoing maintenance fees at 3.5 yrs, 7.5 yrs, and 11.5 years
2. Design patents – issued for new, original and ornamental design for articles of manufacture; handled at the PTO and protected by USC; does not require payment of ongoing maintenance fees to keep them in force
3. Plant patents – issued for new and distinct, invented or discovered, asexually reproduced plants; protected by Plant Patent Act and Plant Variety Protection Act (PVPA); one controlled by PTO and other by Dept. f Agriculture
	1. 3 exceptions to exclusionary right: public interest, research, and saving seeds for future replanting
	2. Utility patents can issue for plants

*Claims & Claims Scope*

1. Claim is the actual instrument giving its owner legal rights to exclude. Requires technical disclosure of the item – part of the social K btw an inventor and public
	1. Specification: §112 (a)-(b); entire disclosure
		1. Enablement doctrine: fulfills the public disclosure part of the bargain; helps delimit the boundaries of patent protection by ensuring that the scope of a patent claim accords with the extent of the inventor’s contribution
		2. Written description doctrine: historical role in policing new matter; role as a standalone requirement
		3. Best Mode Requirement: shall set forth the best mode contemplated by the inventor or joint inventor of carrying out his invention
		4. Definiteness Requirement: The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or joint inventor regards as the invention
		5. Each test evaluated from the perspective of a person of ordinary skill in the art (POSITA)
	2. Written description is the textual description (but different from the “written description requirement” of §112)
2. Claims are the heart of the patent system
3. Inventors: those who thought of something covered by the claims, not those who learned it from someone else (You may not know who they are until claims are drafted)
4. Define the scope of coverage of the right to exclude
	1. Those who operate within the language of the claim are subject to an infringement action
	2. Using the word “Comprising” adds more elements and narrows the scope of the claim.
5. Scope is paramount and drafting is an art. The claim must be drafted to sufficiently describe the structure and function of the invention. You want it as broad as possible to exercise as much exclusionary power as possible, but not so broad that it is invalidated by prior art references or encompass and include other new inventions
6. Dependent Claims: using and encompassing old claims in new claims without having to re-write the full claim
	1. General Rule: the independent claim is always broader than its dependent claims

*Claim Interpretation*

1. Claim Construction: interpreting the words of a clam to understand their meaning; informed by the language and structure of the claim
2. Prosecution History: finding out if the claim has been modified, or what the inventor intended the claim to encompass versus what the PTO granted the claim to encompass.
3. Sources of meaning: the claim itself (as understood by an artisan in the field), the disclosure in the rest of the patent instrument, and the prosecution history
4. Public Notice function of claims: public should be on notice, or at least constructive notice, as to the boundary of the class defined by a claim. All documents relating to a claim are public.
5. Means plus function limitation: 35USC §112
6. Canon of claim construction: crts should not construe two claims to have the same meaning (*Phillips*)
7. Crts should look at specifications and other claims of the patent to construe the meaning first. The dictionary and prosecutorial history are less useful. (*Phillips*)
8. §282 🡪 Presumption of Validity
	1. Burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity by clear and convincing evidence

*Definiteness*

1. The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or joint inventor regards as the invention
2. If fail to give a step-by-step description of how the claim works that can be replicated by a POSITA, then the claim is invalid (*Halliburton*)
3. Crts worried about situations that are too qualitative or too subjective

*Enablement*

1. Fulfills the public disclosure part of the bargain; helps delimit the boundaries of patent protection by ensuring that the scope of a patent claim accords with the extent of the inventor’s contribution
2. Information sufficient for a POSITA to make and use the invention; helps constrain claim scope
3. Undue experimentation: if a POSITA can experiment to some degree, starting from the given patent disclosure, and eventually make and use the claimed invention, then that claim is enabled so long as the experimentation is not “undue” – allows the disclosure to be somewhat insufficient
	1. Wands Factors: quantity of experimentation necessary, amt of direction or guidance provided, presence or absence of working examples, nature of the invention, state of the prior art, relative skill of those in the art, predictability or unpredictability of the art, the breadth of the claims
4. Does not require an inventor to disclose methods that are commercially viable, a POSITA just has to be able to meet the scope of the claim (*CFMT*)
5. Related to the utility requirement of §101 – if fail to meet utility req bc inoperative, then also fails enablement bc a POSITA cannot practice the invention (*CFMT*)

*Written Description*

1. 3 roles: police priority for new matter, operate as a standalone disclosure sufficiency doctrine, operate somewhere between definiteness and enablement

*“Product” claims - Chakrabarty*

*Process Claims*

1. The term process means process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material
	1. Modern test of this term has been related to computer software
2. Machine or transformation test: invention is a process if (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing (*Bilski*)
3. Categorical exclusion of “business methods” patents (*Bilski*)
4. Should not grant a patent on a process that would result in pre-emption of that field (*Bilski*) – want to encourage competition, not undermine it – don’t want to allow one competitor to suppress an entire field
5. Business methods are not categorically excluded (*Bilski*) – it just has to meet the elements of a valid patent – probs with breadth and scope

*Utility* (209)

1. State of knowledge in the field at the time of filing is relevant to the utility inquiry – POSITA must be able to make and use the invention
2. Must have a use related to its purpose for patent eligibility
3. Threshold is not high – merely needs some identifiable benefit, useful result, or beneficial end
4. Types: operability, beneficial/moral utility, immediate benefit to the public, specific utility, and credible utility (no longer in force) so that the utility is provable to a POSITA
5. An invention is *useful* if it’s capable of providing some identifiable benefit. Capacity to fool some members of public does not negate utility. (*Juicy Whip*)
6. The fact that one product can be altered to look like another is in itself a specific benefit sufficient to satisfy the utility requirement
7. Neither this, nor any other requirement, is designed to make PTO the arbiters of deceptive trade practices. (*Juicy Whip*)

**Novelty & NonObviousness**

**America Invents Act**

1. Got rid of first to invent – now the only date that matters for novelty defeating events is the first to file or publish §102
2. No longer require events to happen in US if invention for sale in the US
3. New version is a hybrid of first to publish, first to file system

§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 claim is obvious

*Prior Art* – invalidates a claim

1. Documents or events occurring before the effective filing date for the patent invalidates
2. Ask: Whether the invention is new to the public; how does this relate to the doctrine of anticipation; and how does that doctrine relate to claim limitations?
3. Doctrine of Anticipation: everything necessary to fit within the claim language must be found within the “four corners” of that printed publication
4. Anticipating References:
	1. Reference “has” all the elements of a claim
	2. Claim covers what is disclosed by the reference
	3. Claim read upon (or reads on) the reference

*Anticipation by a Printed Publication*

1. §102: Person shall be entitled to a patent unless the invention was described in a printed publication in this or a foreign country… more than one year prior to the date of application for patent in the US
2. Look at effective filing date, subtract a year, anything before that is prior art that invalidates the patent
3. Printed Publication: something publicly accessible by being indexed and cataloged (*In re Hall*)
	1. Live Traffic paper (230): actual retrieval not required for public accessibility, but must be accessible to the public and not just peer-review committees

*Novelty Defeating Disclosures and Priority*

1. One year grace period to file patent application after publication – benefits only the applicant who herself occasioned the otherwise novelty-defeating event by publishing the invention
2. Priority – applicant who files first – refers to a situation where 2+ persons are seeking to patent the invention
3. Novelty defeating events: Patents, publications, public uses, sales and offers to sell, and otherwise available to the public – no matter where in the world they occur

*Public Use*

1. Noninforming use: although used in public, nature of invention does not disclose the working of the technology – some believe this is insufficient to show it was publically disclosed
2. Allowing extended use of the invention, without restriction or obligation of secrecy, constitutes public use and defeat the novelty of the claim (*Egbert*)
3. Policy: Don’t want inventors to sit on inventions for extended periods of time

*Experimental Use Negation of Public Use*

1. Must look at circumstances and inventor’s object and purpose. If the inventor is validly trying to test his invention in the only manner he can, then he is not barred by the public use doctrine.
2. Inventor can’t be intending to abandon. He must be collecting data for the betterment of his invention.
3. A use is not a public use, even if the public benefits, if the use is still an experiment
4. Factors: control by the inventor, confidentiality/secrecy agreements, necessity of public testing, length of test period, number of prototypes, payment by users, progress reports, monitoring, records of performance, experiment must be for claimed features of the invention, or perhaps general purpose/utility of the invention, whether experiments are hidden

**Obviousness**

Argument can almost always be made in litigation

§103: …if the differences btw 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

Inquiry:

1. Evaluate Scope and content of prior art
2. Ascertain differences between claimed invention and prior art (as a whole and claim-by-claim)
3. Assess level of skill as a POSITA
4. Secondary considerations or objective indicia

Subject to hindsight problems

*TSM test* (teaching, suggestion, motivation): a patent is obvious if some motivation or suggestion to combine the prior art teachings can be found in the prior art. (*KSR*)

* Not to be rigidly applied – artisans are not automatons and are capable of making leaps of logic without being told by a reference to do so
* Very objective but not dispositive
* Now there’s also a subjective inquiry of whether a skilled artisan would have been able to combine all the prior art

Obvious to try is obvious under this section (*KSR*)

*“Secondary Considerations”*

1. Allow the parties to bring evidence about: the state of knowledge in the field around the time of the invention (both before and after the invention becomes known); the rxn to the invention both from technologists and from the marketplace; and the impact of the technology given by the invention
2. Indicia: commercial success, long-felt but unsolved need, failure of others, prompt copying, licensing, unexpected results, recognizing the problem, teaching “away”, results unexpected, disbelief/incredulity

*Analogous Arts* – intended to narrow the field of prior art that may be used to invalidate a patent

1. Legal test asking whether the reference is from the field of the invention or pertains to the problem the invention seeks to solve (ie. Referencing an older model of the one being patented)
2. 2 tests define the scope of analogous art: (1) whether the art is from the same field of endeavor, regardless of the problem addressed and, (2) if the reference is not within the field of the inventor’s endeavor, whether the reference still is reasonably pertinent to the particular problem with which the inventor is involved
3. Most precedent hinges on the 2nd test (*In re Bigio)*

*Literal Infringement* (282)

1. Depends on claim construction
2. If P fails to show infringement = no infringement (*Johnson*)
3. Intent neutral and an objective inquiry
4. Evaluate for DOE at time of infringement, not at time of patent issuance

*Doctrine of Equivalents*

1. A product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is an equivalence btw the elements of the accused product or process and the claimed elements of the patent invention – limited to unforeseeable differences (*Johnson*)
2. Very restricted: functional equivalence, which is used by a patent holder to prove a AID infringes even without all claim limitations being met literally, increases too much the patent holder’s exclusionary power – also diminishes public notice function and beneficial aspects – to resolve, apply DOE on an element-by-element basis
3. If an inventor makes a broad claim and that gets struck down, and has to settle for narrow claim, then doctrine does not apply
4. Designed to correct errors in the patent process for ppl who didn’t claim everything they should have. Want patent owner to be able to exercise rights to exclude even if invention is har to describe in words

*Dedication*

1. Dedication doctrine: by limiting their patent to aluminum, they dedicated any unclaimed substrates to the public (*Johnson*) – concur: foreseeability argument, knew about it and mentioned it, but didn’t claim it
2. Doctrine designed to discourage patent applicants from presenting a broad disclosure in the specifications and then filing narrow claims to stop the USPTO from examining the broad claims that could have been claimed by the broad application

**Cases**

*Diamond v. Chakrabarty* (107) – patent application for genetically engineered bacteria – property of breaking down multiple components of crude oil (intended to treat oil spills); initially found to be not patentable bc living things don’t fit into the four categories of patentable subject matter or one of the three exceptions.

* HELD: While natural laws, physical phenomena are not patentable, a live artificially-engineered microorganism is. Creation of a bacterium that is not found anywhere in nature is a patentable manufacture or composition of matter. It’s purposes are useful.

*Madey v. Duke* (116) – Experimental Use Doctrine: fired from research position at Duke. While there he used his patented inventions, and Duke continued to use them after severance. Sued for infringement.

* Duke asserted patented inventions were not being used for profit, but experimental use and were exempt from infringement claims. Trial Court agreed. Felt accuser had the burden to prove profit and that as a non-profit, Duke did not have a commercial purpose.
* HELD: Affirmative D that Duke must show use was experimental. Can’t just look at actual use, but the gain intended to be received from that use. Even a non-profit can make substantial money from sale of research results, plus increased tuition and grants resulting from that research. Essentially Narrowed doctrine to use by amateur hobbyist

*eBay v.. MercExchange* (124) – permanent injunction analysis

* TC found that eBay willfully infringed,, damages were appropriate, but no injunction. If a “patent troll” like P collected patents without any real attempt to use them (non-practicing entity), then there should be a categorical exemption against an injunction.
* CoA reversed. Feds never failed to enjoin an infringer. Must have exceptional circumstances under 35 USC §283.
* SCOTUS reversed and implemented four factor test to determine necessity of permanent injunctions. Patent is essentially a form of property so subject to property law analysis

*Phillips v. AWH Corp* (151) – Phillips had a patent on a certain type of baffles built for prisons. AWH came out with baffles designed to deflect bullets. Phillips sued for infringement

* AWH argued the dictionary term of baffle is something that deflects, and the infringed claim is to provide support for the wall and is therefore not a baffle. TC agreed and found for AWH.
* HELD: crts should have looked at specifications and other claims of the patent to construe the meaning. The dictionary and prosecutorial history are less useful.

*Halliburton Energy Servs. V. M-I* (168) Developed a method for conducting a drilling operation in a subterranean formation using a fragile gel drilling fluid that easily transitions to a liquid state, then returns to a gel

* Used “fragile gel” is limiting even though it’s not found where most limitations are – Halliburton made it one when they argued with the PTO to get the patent
* A POSITA cannot determine how quickly the fluid will return to the liquid state, or its capacity for suspending drill cuttings and weighting materials
* TC: several independent claims and their associated dependent claims were invalid as indefinite bc each asserted term lacked clear meaning to the ordinary artisan. Affirmed.

*CFMT v. YieldUp* (177) Patents cover a system for cleaning semiconductor wafers. D claimed patents were nonenabled

* DC granted bc construed the preamble terms cleaning and treatment and wet processing as limitations requiring removal of contaminants. Earlier patents were invalid bc did not enable a POSITA to clean valves and required another six months of testing – the problem was not routine if it resulted in a new patent. 2 grounds: lack of utility or inoperability and undue experimentation needed
* HELD: DC erred in requiring disclosures to meet standards of client. Enablement does not require inventor to meet lofty standards for success in the commercial marketplace. Statute does not require a POSITA to make and use a perfected, commercially viable embodiment absent a claim limitation to that effect. It only requires a POSITA to be able to make and use the full scope of the claimed invention

*Bilski v. Kappos* (198) – applied for a patent on a method of hedging risks in commodities trading. PTO initially rejected patent as ineligible subject matter (manipulates an abstract idea)

* *State Street* – in order to be patentable a method patent must include a practical application and a “useful, concrete and tangible” result.
* CoA affirmed and rejected *State Street* – machine or apparatus test: method must be tied to a machine or apparatus OR transform a particular article into a different state or thing
* Affirmed but precluded a categorical exception for business methods

*Juicy Whip v. Orange Bang* (211) – P has a patent on a postmix Beverage Dispenser that is designed to look like a pre-mix beverage dispenser. It is supposed to be resistant to bacterial growth. Dispenser creates the visual impression that the bowl is the principal source of dispensed beverage and should encourage impulse buying

* Orange Bang used a similar device and was sued. Argued invalid bc invention lacked utility and was not patentable subject matter. It did not meet the moral utility requirement bc designed to deceive customers. TC agreed, purpose was to increase sales by deception.
* Reversed. Many useful products are imitations of other things. An invention is *useful* if it’s capable of providing some identifiable benefit. Capacity to fool some members of public does not negate utility. Not the job of USPTO to displace the police powers of the States and is not a regulatory body.

*In re Hall* (222) – effective filing date for patent was 2/27/79. However, in Sept. 1977 a German doctoral thesis was made available to the public

* German library says that dissertation are made available to the public by being cataloged, indexed, and placed in the collection
* HELD: invalidated by prior art

*Egbert v. Lippmann* (232) - Inventor designed corset springs and allowed his wife to wear them for years before seeking a patent on the invention. Crt held public use defeated the novelty of the claim.

*City of Elizabeth v. Am. Nicholson Pavement* (238) – Nicholson laid a piece of pavement 75 ft. in length on a public road to test the effect of heavily loaded wagons, varied and constant use, and to ascertain durability and liability to decay. He checked it nearly every day and collected empirical data. He referred to it as an experiment

* HELD: The delay in requesting a patent is occasioned by a bona fide effort to bring his invention to perfection, or to ascertain whether it will answer the purpose intended.
* Must look at circumstances and Nicholson’s object and purpose. No intent to abandon, but to test capabilities of invention. Nature of invention is it can’t be tested any other way. Time issue negated bc of the nature of the invention. It’s character and durability could not be ascertained without observation over time.

*KSR v. Teleflex* (262) Teleflex took an existing Asano pedal and added a sensor and attempted to patent. Reversed as being obvious. Now there is the TSM test (objective) and a subjective approach. Court must determine whether a POSITA would have been able to put the patents together to create a new patent.

*In re Bigio* (275) – Examiner rejected claim as obvious – trying to patent a hair brush, Board used toothbrushes as analogous art. NO ambiguity in the FOE test even though most precedent for analogous art hinges on the second test

* Dissent: FOE should have been “hair” brushes and toothbrushes wouldn’t be analogous art. Mode, mechanics and purpose is different

*Johnson & Johnston v. RE Serv.* (282) applied for a patent on method for printing circuit boards, used aluminum as substrate. RES began using similar ones that used steel as a substrate

* J&J argued DOE. TC agreed.
* RES argued dedication doctrine: by limiting their patent to aluminum, they dedicated any unclaimed substrates to the public. Also seeking broad claim interpretation bc had products that were publically used that fit within claim arguments (prior art invalidation)
* CoA reversed and agreed with RES – doctrine designed to discourage patent applicants from presenting a broad disclosure in the specifications and then filing narrow claims to stop the USPTO from examining the broad claims that could have been claimed by the broad application
* J&J disclosed additional substrates, but didn’t claim them so they were dedicated
* In the end, no one proved anything = no infringement

*Warner-Jenkinson v. Hilton* (287) – Hilton invented a process to purify dyes using a solution with a pH of 6.0-9.0 (upper limit added so as not to conflict with another patent). Warner developed process at 5.0 pH

* Hilton argued DOE. TC agreed. CoA affirmed
* SCOTUS reversed and remanded: must show the lower bound was arbitrary and not intended to limit the patent. If arbitrary and processes were substantially similar, then DOE applies

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| Copyright Law |

Right to exclude others from making copies of your fixed, original expression BUT mimicry is the lifeblood of competition

Analysis:

1. Do you own it?
2. Was there copying? (literal or non-literal)
	1. Direct evidence
	2. Access + substantial similarity
3. Improper appropriation (quanta or amount of copying or taking)

**Duration: life + 70 years for individuals**

*Justifications*

1. Just because a thing has a utilitarian use (like being a lamp or a doorknocker), that usefulness doesn't automatically preclude copyright protection of the artistic/aesthetic parts of the thing (*Mazer*)
2. **17 U.S.C. §101** now says that, "such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned."
3. Test: an expressive element of a useful article is physically separable if it can stand alone from the article as a whole and if such separation does not impair the utility of the article
4. A “useful article” is an article having an intrinsic utilitarian fxn that is not merely to portray the appearance of the article or to convey info.

*Technological Challenges*

1. If intended use is for commercial gain, likelihood of market harm may be presumed. If not, it may be demonstrated
2. Lack of harm to an established market cannot deprive the copyright holder of the right to develop alternative markets for the works (*Napster*)

*Duration* (335)

1. Life of the author + 70 years; for joint authors, lasts for the life of the last surviving author + 70 yrs
2. For works that are anonymous or pseudonymous or works made for hire, endured for 95 years from year of first publication, or a term of 120 years from the year of its creation, whichever expires first
3. Life + 50 yrs remains the international minimum standard
4. Need incentive for progress of the arts

*Statutory Subject Matter* (345)

1. §102(a): 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
2. §101: a work is fixed in a tangible medium of expression when its embodiment in a copy or phonorecord by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than a transitory duration. 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.
3. Not subject to copyright: word and short phrases like names, titles and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents; ides, plans, methods, systems, or devices, etc (see slide 4-10)
4. Works of authorship (expression) versus ideas (not protectible)
5. Illustrative Works - §102: literary works, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic, and sculptural works, motion pictures and other audiovisual works, sound recordings, architectural works ( slides for descriptions of each)
6. Derivative Works: based upon one or more preexisting work… and is in any form in which a work may be recast, transformed or adapted
7. Congress can authorize copyright in all forms of writing "by which the ideas of the mind of the author are given visible expression... so far as they are representative of original intellectual conceptions of the author.” (*Burrow-Giles*)
8. Sarony gave his "mental conception" form by posing Oscar Wilde, choosing the lighting, wardrobe, etc. All of that made the photograph the author's *original* work of art, even though the photograph was mechanically produced. (*Burrow-Giles*)
9. Judges were not to evaluate the artist or aesthetic merit of art when determining whether or not is should be covered by copyright law (Bleistein Nondiscrimination Principle)
10. Illustrators are creators, even when they are drawing images of real people. When making a reproduction of something from real life (like a person or a landscape), other artists are "free to copy the original, but they are not free to copy the copy. (*Bleistein*)
11. A compilation is not copyrightable just because the author put effort into building it. but if you select or arrange the facts in an original way, you can copyright that original selection/arrangement (*Feist*)
12. **17 U.S.C. §102(a)** identifies three elements to qualify as a copyrightable *compilation*:
	1. The collection and assembly of preexisting material, facts or data.
	2. The selection, coordination, or arrangement of those materials.
	3. The creation, by virtue of the particular selection of an 'original' work of authorship
13. Merger Doctrine: if an idea can only be expressed in one way or a few ways, granting a copyright on that expression would effectively lock up anybody from using the idea. Therefore, since you can't copyright ideas, you can't copyright those limited ways to express the idea because the idea behind the work merges with its expression (*Baker*) (*Morrissey* - 368)
14. Copyright does not give an author the right to prevent others from using the same method (*Baker*)

*Authorship* (370)

1. Ownership vests initially in the author(s) of the work.
2. In works made for hire, ER owns all rights comprised in the copyright
3. Copyright Act covers 3 types: (1) sole authorship; (2) joint authorship; (3) authorship under a work-made-for-hire arrangment

*Joint Works* (375)

1. Work prepared by two or more authors with the intention that their contribution be merged into inseparable or interdependent parts of a unitary whole
2. Need separately copyrightable contributions and intent to be co-authors (*Thomson*)

*Works Made For Hire* (383)

1. A work prepared by an EE within the scope of his employment; or a work specially ordered or commissioned for use as a contribution to a collective work
2. Ownership vested in ER unless specified otherwise by K
3. Must be an agreement articulating intent that it is a work for hire (*Hays*)

*Collective Works* (388)

1. Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of contribution
2. In the absence of an express transfer of copyright, owner of copyright in the collective work has only acquired the privilege of reproducing and distributing the contribution as part of that collective work, any revision of that collective work, and any later collective work in the same series. (*Tasini*)

*Fixation & Formalities* (400)

1. Work must be fixed to be protectable
2. 3 reasons:
	1. Helps ID the boundaries of copyright protection
	2. Provides an evidentiary record of the created work for which copyright protection is sought
	3. Helps strike a balance in the copyright system by avoiding the overprotection if IP rights
3. Formalities: see slide 4-31 – lists 3 prior copyright acts

**Exclusive Rights** §106 (409)

*Reproduction Right*

1. Right to determine how and when the work will be reproduced. Right to prevent the use of the material without permission. (*Grand*)

*Derivative Work Right* (412)

1. Work based upon one or more preexisting works, (such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, etc) that can be recast, transformed or adapted
2. If the bulk of the material springs from the imagination of the original authors, the work plainly copied copyrightable creative expression (*Castle Rock*)
3. To determine if two works are substantially similar, apply the total concept and feel test: if an ordinary observer would think they were of similar concept and feel (*Castle Rock*)

*Distribution Right* (418)

1. Exclusive rights to distribute copies of copyrighted work to public by sae or other transfer of ownership, or by rental, lease, or lending
2. Copyright law gives the copyright owner the right to restrict others from making their own copies of a work. However, it does not give them any rights to control what happened to books after they sold them (*Bobbs-Merrill*)
3. First sale Doctrine: once someone buys a legitimate copy of a work, they can do whatever they want with it, including sell it to others, or lend it out, or whatever. They just can't make extra copies of it (*Bobbs-Merrill*)

*Public Performance Rights* (421)

1. Requires a performance to be public and for profit
2. Radio broadcast are not performances (*20th*)

*Public Display Right / Digital Transmission Right* (427)

1. Linked to the chattel itself
2. To display a work means to show a copy of it, either directly or indirectly or by means of a film, slide, tv image, or any other device or process…
3. Owner has exclusive right to display the copyrighted work publicly

**Defenses**

*Fair Use* (cf. Napster) (438)

1. Factors from §107 fair use: (1) the purpose and character of the use, (2)the nature of the copyrighted work, (3) the “amount and substantiality of the portion used” in relation to the work as a whole; (4) the effect of the use upon the potential market for the work or the value of the work (*Napster*) (*Harper & Row*)
2. The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of the above factors
3. Commerce doctrine: balancing a copyright holder’s legitimate demand for protection, and the rights of others to engage in substantially unrelated areas of commerce (*Sony*)
	1. Sale of a product does not constitute contributory infringement if the product is widely used for legitimate purposes; it need merely be capable of substantial noninfringing use
	2. Time shifting is fair use
4. Fair use presupposes good faith and fair dealing. Ordinarily an author’s right to control the first public appearance of undisseminated work will outweigh fair use (*Harper & Row*)
5. Commercial nature does not lead to presumption that it’s not fair use (*Campbell*)
6. Parodies in general might be covered by *fair use* or they might not, depending on the specific circumstances. Nature of work inapplicable bc artistic nature of parodies rests in ability to copy, amt of work used is difficult bc only a parody if recognize the original material, parodies don’t generally harm the marketability of original work (*Campbell)*
7. No presumption of market harm when copying is beyond mere duplication, even if for commercial purposes, no protectable derivative market for criticism

*Direct Infringement*

1. Plaintiff must prove
	1. Ownership of a valid copyright
	2. D has copied the work
	3. Such copying constitutes unlawful appropriation
2. To show unlawful copying, crts must look at: (1) access to the original work and (2) whether the copied work is substantially similar to the original work
3. There are two tests that courts should apply to show if a work was *substantially similar* enough to be a copy of an *expression*, and not just of an *idea*. (*Sid&Marty*)
	1. The *extrinsic test*, which looks at specific criteria that can be listed and analyzed (type of artwork, materials used, subject matter). This can be decided as a matter of law and with expert testimony.
	2. The *intrinsic test*, which considers the impressions of the ordinary reasonable reader or spectator. This is a matter of fact and should be decided by a jury
4. Duplication or nearly identical is not necessary to establish infringement
5. Show access by showing a chain of events connecting infringer with the original work and availability of the original work to infringer (*Three Boys*)

**Cases**

***Mazer v. Stein*** (321) Stein designed a Grecian style sculpture and registered it with copyright office, then turned it into a lamp and began mass producing them. Mazer started making identical lamps and Stein sued for copyright infringement

* TC found for Mazer. CoA reversed bc subsequent utilization of a work of art in an article of manufacture in no way affects its right of the copyright owner to be protected against infringement of the work of art itself
* SCOTUS agreed and found that there was no distinction between purely aesthetic articles and useful works of art. Just because a thing has a utilitarian use (like being a lamp or a doorknocker), that usefulness doesn't automatically preclude copyright protection of the artistic/aesthetic parts of the thing
* later cases clarified that a utilitarian item must have some artistic component in order to be copyrightable, and you need to be able to separate the artistic component from the utilitarian component
* Artistic expression covered by copyright, but not in their utilitarian or mechanical aspects. Copyrighted component is physically separable from the lamp aspect

***A&M Records v. Napster*** (328) Online file sharing allowed users to share music free of charge. They obtained unrestricted ownership of the file. Files were stored in a server-side library and became part of the collective directory. Once downloaded, the file is saved to user’s hard drive

* Napster argued fair use: sampling (temporary copies), space shifting (only access recordings they already own; (3) permissive distribution by both new and established artists
* Uploading file names violates distribution right, downloading files violates reproduction right
* TC applied Factors from §107 fair use: (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the “amount and substantiality of the portion used” in relation to the work as a whole; (4) the effect of the use upon the potential market for the work or the value of the work and determined it was not fair use.
* Napster’s use has deleterious effect on the present and future digital download market**.** Lack of harm to an established market cannot deprive the copyright holder of the right to develop alternative markets for the works

***Eldred v. Ashcroft*** (335) Congress passed Sonny Bono Copyright Extension Act, which extended the duration for copyrights an extra 20 years. Eldred owned a public domain library and sued.

* Eldred argued Congress only had power to protect copyright for limited times, violation of 1st A by regulating free speech and violated public trust by transferring public property into private hands for no reason.
* Crt sides with Congress. There had been prior extensions, and still a limited time. Progress of the arts needs incentive.

***Burrow-Giles*** (346) Sarony took a photo of Oscar Wilde. Burrow-Giles made copies and distributed. Argued photo isn’t copyrightable. Look at whether it’s a writing and original.

* Burrow-Giles argued that Sarony didn't produce anything. He merely reproduced the exact features of a natural object (namely Oscar Wilde).
* Congress can authorize copyright in all forms of writing "by which the ideas of the mind of the author are given visible expression... so far as they are representative of original intellectual conceptions of the author.”
* Sarony gave his "mental conception" form by posing Oscar Wilde, choosing the lighting, wardrobe, etc. All of that made the photograph the author's *original* work of art, even though the photograph was mechanically produced.

***Bleistein v. Donaldson*** (351) Bleistein, produced a number of posters advertising a circus. Later, the circus needed more prints made, but instead of going back to Courier, they went to a cheaper competitor, Donaldson, who copied the posters. Argued not fine art and not protected. Shouldn’t extend to advertising or other commercial arts.

* TC agreed. Illustrations of performers and not a creation of the artist.
* SCOTUS reversed. Illustrators are creators, even when they are drawing images of real people. When making a reproduction of something from real life (like a person or a landscape), other artists are "free to copy the original, but they are not free to copy the copy. Judges were not to evaluate the artist or aesthetic merit of art when determining whether or not is should be covered by copyright law

***Feist v. Rural Telephone Service*** (354) Feist printed a phone book that included the area that Rural provided a phone book for. Both companies made money from ads. Feist tried to purchase Rural’s info but they refused. Rural placed 4 fictional ppl in their book and they showed up in Feist’s book.

* Facts are not copyrightable, but *compilations* of facts might be, if the author chooses which facts to include and how to arrange the data. That satisfied the requirement for *originality*
* SCOTUSrejected the idea that a *compilation* is copyrightable just because the author put effort into building it. Basically, if you select or arrange the facts in an original way, you can copyright that original selection/arrangement
* Copyright intended to award originality, not effort

***Baker v. Seldon*** (364) Selden wrote a how-to book that described a new, exciting method of bookkeeping, including example ledgers for better ways to keep track of revenues and expenses. Baker then wrote a book on bookkeeping using similar ledgers. He did not copy the method.

* SCOTUS found that a copyright did not give an author the right to prevent others from using the same method. Selden couldn't copyright the forms because the forms are necessary to the use of the bookkeeping system. Forms are functional and not expressive
* Selden was really trying to protect was a patent on his method, but he didn't have a patent. He only had a copyright. Patents are designed to protect ideas and methods.
* Concept of *merger* is that if an idea can only be expressed in one way or a few ways, granting a copyright on that expression would effectively lock up anybody from using the idea. Therefore, since you can't copyright ideas, you can't copyright those limited ways to express the idea because the idea behind the work merges with its expression

***Thomson v. Larson*** (376) Adaptation of Rent for the broadway stage in the US. Thomson hired to help with adaptation ad dramaturg. Rent was a huge broadway success and then copyright owner died. Thomson is seeking a share of the royalties as a co-author from the estate. Claims she did more than her K specified.

* Need separately copyrightable contributions and intent to be co-authors. Larson made other collaborators sign document they wouldn’t seek co-authorship. Dramaturg’s role is to help adopt a script for the stage, her title denotes lack of intent to be a co-author.

***Hays v. Sony*** (384) HS teachers developed a manual for students to learn word processing for a company named DEC. School changes vendors and gives manual to Sony to adapt and modify for their processors. Some commercial cost reduction (don’t have to make it from scratch)

* No merger here – not a thin copyright
* Not really in scope of employment bc HS teachers not expected to publish
* For work for hire, there must be an agreement articulating intent

***NY Times v. Tasini*** (388) Freelance journalists (including Tasini) wrote articles that were published in various publications (including the NY Times). Contracts were written and the journalists were paid for their work. Publishers contracted with database services to put all the articles in searchable, online databases

* SCOTUS said **§201(c)** allowed a publisher to republish a contributor's work in three special circumstances and database didn’t fit:
	+ In the collective work itself,
	+ In a revision of that collective work,
	+ In a later collective work in the same series
* Database was not the same as the original publication format, therefore it did not count as part of the original collective work, or a revision
* Dissent: collection still kept together

***Grand Upright v. Warner Bros.*** (410) D’s used lyrics and composition from a composition owned by a studio. They sought permission to license the song and were denied.

* Crt considered three categories of proof in this case: (1) copies of original copyrights and deeds transferring them; (2) testimony of original composer; (3) D’s actions before and after issuance of the infringing album
* Ultimately determined D’s knew they were infringing based on them asking permission. Injunction issued.
* There is access and substantial similarity here, but don’t need it since they asked permission

***Castle Rock v. Carol Pub*** (413) Castle Rock made a popular tv show called Seinfeld. Carol published a book of containing trivia questions and answers related to the tv show. The book referenced specific episodes, characters, and events of the show, and directly copied lines of dialogue.

* Carol argued that Castle Rock owned the copyright on a tv show, not a trivia book. Carol argued that the format of the book was so different than the show, and that the book contained original research and expression, therefore there was no *substantial similarity* between the two works. Carol argued that under the *total concept and feel test* the two works were not *substantially similar* because they had totally different themes, sequence, pace, etc.
* Castle Rock argued that the book was a *derivative work*, and that only the copyright holder has the right to authorize a *derivative work*
* Castle Rock wins. CoA found that since the characters and events referenced in the book "spring from the imagination of Seinfeld's authors" the book plainly copied copyrightable creative expression. Therefore there was *substantial similarity* between the book and the tv show. Court found that an ordinary observer would find that book and tv show were substantially similar, and that even under the *total concept and feel test*, there was still *substantial similarity*. It also failed under the four factor fair use test
	+ - Commercial or non-commercial use.
			* The Court found that Carol's book was commercial, and not criticism, commentary, or parody of the original.
		- The nature of the copyrighted work.
			* The Court found that fictional works, like Seinfeld have greater protection than non-fictional works.
		- The amount of the original work used.
			* The Court found that Carol's book copied the original more than necessary to "further the purpose and character of the use."
		- The effect on the potential market.
			* The Court found that even though Castle Rock did not produce a Seinfeld trivia book, their copyright gave them the exclusive right to *distribution*, and Carol's book infringed that right by reducing the potential for Castle Rock to market their work.

***Bobbs-Merrill v. Straus*** (419) Bobbs-Merrill was a book publisher that owned the rights to a book called The Castaway. Inside the book cover, they wrote a notice saying that the minimum retail sale price of the book was $1, and if a retailer sells it for less than that they are infringing the copyright. Straus purchased from a wholesaler and began selling them for $0.89.

* SCOTUS held that copyright law gave the copyright owner the right to restrict others from making their own copies of a work. However, it did not give them any rights to control what happened to books after they sold them.
* First sale Doctrine: once someone buys a legitimate copy of a work, they can do whatever they want with it, including sell it to others, or lend it out, or whatever. They just can't make extra copies of it.

***20th Century v Aiken*** (421) 20th Century Music Corp. sued Aiken for playing radio station over loudspeakers of his restaurant where ppl heard two copyrighted songs. Sued for infringing right to perform publicly for profit

* CoA initially said broadcast was not a performance – meant to protect live performance. Affirmed. Making this a public performance is inequitable.

***Sony v. Universal*** (439) Sony developed the Video Cassette Recorder (aka VCR) that allowed people to make copies of television programs

* Contributory infringement: one who with knowledge of the infringing activity induces, causes, or materially contributes to the infringing conduct of another, may be held liable as a “contributory infringer”
* Commerce doctrine: balancing a copyright holder’s legitimate demand for protection, and the rights of others to engage in substantially unrelated areas of commerce
	+ Sale of a product does not constitute contributory infringement if the product is widely used for legitimate purposes; it need merely be capable of substantial noninfringing use
* Authorized time shifting: some content producers approved bc of viewer increasing potential
* Dissent: primary purpose and effects test

***Harper & Row v. Nation*** (449) President Ford wrote a book about Watergate and sold it to Harper & Row. People were so excited to read the book that Harper & Row was able to sell the exclusive right to print an excerpt to Time Magazine for $25k. Navasky got his hands on an unpublished manuscripts and published quotes and excerpts first. Deal with Time was cancelled.

* Applied four factor fair use test. Commercially used, unpublished, “heart” of the work, resulted in loss of exclusive sale.
* Fair use presupposes good faith and fair dealing. Ordinarily an author’s right to control the first public appearance of undisseminated work will outweigh fair use

***Campbell v. Acuff-Rose***  (459) Campbell asked Acuff-Rose for permission to make a parody version of the song that he claimed was intended to "through comical lyrics to satirize the original work. They said no. Campbell made the song anyway.

* Campbell argued that he was protected by the *fair use* provision (**17 U.S.C. §107**) because his song was a satire of the original. Acuff argues no fair use bc commercial nature
* Parodies in general might be covered by *fair use* or they might not, depending on the specific circumstances.
* Commercial nature does not lead to presumption that it’s not fair use. Nature of work inapplicable bc artistic nature of parodies rests in ability to copy, amt of wrk used difficult bc only a parody if recognize the original material, parodies don’t generally harm the marketability of original work
* No presumption of market harm when copying is beyond mere duplication, even if for commercial purposes, no protectable derivative market for criticism

***Sid & Marty v. McDonald’s*** (469) The Kroffts made a television show that contained people dressed up in funny costumes. McDonalds was a restaurant that ran a series of commercials containing people dressed up in funny costumes similar to the ones on the Krofft's show. There was some displacement in the market. McDonald's admitted that they got the idea from the Kroffts' but that their characters were dissimilar enough to fall outside the scope of Kroffts' copyright protection

* The Court found that there were two tests that courts should apply to show if a work was *substantially similar* enough to be a copy of an *expression*, and not just of an *idea*.
	+ The *extrinsic test*, which looks at specific criteria that can be listed and analyzed (type of artwork, materials used, subject matter). This can be decided as a matter of law and with expert testimony.
	+ The *intrinsic test*, which considers the impressions of the ordinary reasonable reader or spectator. This is a matter of fact and should be decided by a jury
* The Court applied the tests and found that while under the *extrinsic test*, the works were not *substantially similar*, McDonald's characters still invoked the same "concept and feel" as the Kroffts. Therefore it was still an infringement.
	+ The Court noted that "duplication or near identity is not necessary to establish infringement."

***Three Boys*** (476) The Isley Brothers recorded a song. Many years later, Bolton recorded a similar-sounding song. Bolton argued he never remembered hearing their song and came up with his on his own (independent creation. Isley’s song nvr made Billboard charts and was never released on an album until a year after Bolton’s

* Court said had to show proof of access and substantial similarity. Proved access by showing the song was widely disseminated in areas Bolton grew up and he admitted to having liked their music in the past. There was even a quote from Bolton in a work tape as to whether they were copying a song.

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| Trademark Law |

Trademarks are the symbols, names, brands, and features we use to indicate that a good comes from a particular source. Strongly related to copyright law

1. Types of marks: descriptive, suggestive, inherently distinctive, arbitrary, fanciful, coined
2. The protection of TMs is the court’s recognition of the psychological fxn of symbols.
3. Right to be protected from unwarranted use of a registered TM has been codified under the Lanham ACT – requires owner to prove only the sales of articles bearing he infringing mark (*Mishawaka*). Burden to show some purchasers bought goods, but not bc of mark is on the poacher. Otherwise, profits made on sales bearing the mark belong to the mark owner
4. Descriptive mark*:* describe character, function, feature, quality, ingredient, nature, purpose, use, characteristics of the product
5. Genericness: Botox

*Beating Global Monopolists at Their Own Marketing Game*

5 Qualities of a Great Brand:

1. A compelling idea
2. A resolute core purpose and supporting values
3. A central organizational principle
4. An American origin
5. Use on commodities

*Right to your own name*

1. Not if it’s substantially similar and would lead to a likelihood of confusion. (*Findlay*) – similarity, strength, proximity, evidence, marketing, type of business, D’s bad intent all present

*Free Speech*

1. Rogers Balancing test: requires crt to construe Lanham Act to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression (*Mattel*) – unlikely ppl would think Mattel sponsored the art.

*What Aspects of Product Design are trademarkable?*

1. TM defined as any word, name, symbol or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others §1127
2. If the design has a superior function, then its not TM – don’t want one person to monopolize a superior product design (*In re Morton*)
3. Trade dress – the packaging materials and other product presentation effects carry source indicating significance – registrable but protected under §43 w/o registration
4. Product Design and shape – product configuration: can carry source indicating significance – registrable under §43 w/o registration

*History of TM’s* (556)

* Signal a common source, or at least affiliation via words, phrases, logos
* Subject to federal and state regimes
* Use in commerce
	+ Law of marks is based on **use** of the brand on goods
	+ Exclusivity derives from that type of use in commerce
	+ Must:
		- Affix the mark to goods
		- Move the market goods in commerce
	+ Registration not needed – but Federal registration is highly beneficial
* Service marks
	+ Used “in connection with” services to signal common source
* Certification/collective marks

Trademark includes any word, name, symbol or device, or any combination thereof –

1. Used by a person, or
2. Which a person has a bona fide intention to use n commerce and applies to register on the principal register established by this chapter,

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. §1127

Certification marks: any word, name, symbol or device, or any combination thereof –

1. Used by a person other than its owner, or
2. Which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this chapter
3. 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

Must be open to any producer that meets the standards

Collective marks: a TM or service mark –

1. Used by the members of a cooperative, association or other collective group or organization, or
2. Which such cooperative, association, or other collective group or organization has a bona fide intention to use in a commerce and applies to register on the principal register
3. And includes marks indicating membership in a union, an association, or other organization

Functions with respect to the association, union, cooperative, fraternal organization or other organized collective group using the mark:

1. as a mark adopted for use nly by its members, who in turn use the mark to ID goods or services – mostly treated as ordinary TM/service marks
2. solely to ID the person displaying the mark as a member of the collective group – a membership mark

The term mark includes any TM, service mark, collective mark, or certification mark

Purpose:

1. foster competition by enabling particular business entities to identify their goods or services and to distinguish them from those sold by others
2. facilitate distribution by indicating that particular products or services emanate from a reliable though often anonymous source
3. aid consumers in the selection process by denoting a level of quality relating to particular goods or services
4. symbolize the reputation and good will of the owner thereby motivating consumers to purchase or avoid certain trademarked products or services
5. protect the public from confusion or deception by enabling purchasers to ID and obtain desired goods or services

***Acquired Distinctiveness***

1. Point at which a TM owner can remove a descriptive term or symbol from the common commercial language of the marketplace and obtain exclusive TM rights in that item or symbol
2. Inherent distinctiveness – legal fiction, but powerful – If mark is arbitrary, fanciful or suggestive = mark is automatically considered potentially TMable on use
3. If not inherently distinctive = must prove its source designating function
4. Until you can demonstrate your mark has acquired distinctiveness through secondary meaning, you cannot protect it, even when your competitors begin to use it.
5. To acquire secondary meaning, a mark must be used long enough so that the mark has come to be recognized as a source indicator by the relevant public
6. A mark has acquired secondary meaning if in the minds of the public, the primary significance of a product feature or term is to identify the source of the product, rather than the product itself
7. Secondary meaning in the making – courts have rejected this – where a mark has been willfully adopted with knowledge of another party’s prior use
8. Proving secondary meaning – crts presume it exists
	1. 5 years of exclusive use
	2. Factors: advertising expenditures, consumer studies linking the mark to a source, unsolicited media coverage of the product, sales success, attempts to plagiarize the mark, and length and exclusivity of the mark’s use
	3. Not the *extent* of promotional efforts, but their effectiveness in altering the meaning of the term so that consumers perceive the mark as a source designator
	4. Most direct and precise = survey

*Genericide*

1. Marks that are merely descriptive of the character, use, purpose or function of the product aren’t TMs unless can prove secondary meaning. (*A&F*) Closeness and association of the mark and product remove it from protectibility. Term too competitively useful to acquire TM rights
2. Genericide: when a phrase has become so generic that the word itself is used to describe the nature, use, or character of the product (Google it instead of search it). Brands still fighting: Kleenex, Botox, Xerox
3. Purpose of genericness doctrine: some terms so directly signify the nature of the product that interests of competition demand that other producers be able to use them even if terms have or might become ID’ed with a source and so acquire “de facto” secondary meaning
4. If a producer introduces a product that differs from an established product class in a particular characteristic, and uses a common descriptive term of that characteristic as the name of the product, then the product should be considered its own genus. Whether the term that identifies the product is generic then depends on the competitors need to use it. At the least, if no commonly used alternative effectively communicates the same functional info, the term that denotes the product is generic. (*Canfield)*
5. Term is protectable if it is suggestive or is descriptive and buttressed by a secondary meaning. The designation is unprotectable if it is generic or if it is descriptive but lacks sufficient secondary meaning. If mark is protectable, must also consider geographic reach. (*Canfield*)
6. Primary Significance test: whether the primary significance of a term in the minds of the consuming public is the product or the producer. (*Canfield*)

**Grounds for TM Refusal**

*Deceptive Marks* – can’t be registered if consists of or comprises immoral, deceptive, or scandalous matter or may disparage or suggest false affiliation

1. Three part test: (1) whether the term is misdescriptive as applied to the goods, (2) if so, whether anyone would be likely to believe the misrepresentation, and (3) whether the misrepresentation would materially affect a potential purchaser’s decision to buy the goods (*In re Budge*)

*Scandalous and Disparaging Marks*

1. Consider the ordinary and common meaning of the term “scandalous” or “disparage” then for disparagement, employ a two-step process (highly subjective): (1) consider the likely meaning of the matter in Q and (2) whether that meaning may be disparaging (*Harjo*)
2. To determine if a mark is scandalous or disparaging it must be determined from the standpoint of a substantial composite of the general public – subject to changes in societal attitude (*In re Old Glory Condoms*)
3. Scandalous: Giving offense to the conscience or moral feelings or shocking to the sense of decency or propriety – seems to describe marks that convey, in words or in pictures, vulgar imagery
4. Must be judged in the entire context of the mark’s use: goods/services identified and manner of use of the marks in the marketplace
5. Traditional scandalous cases are sexual innuendos, vulgarity, religious significance, or references to illicit activity
6. Disparaging: dishonor by comparison, perceptions of the targeted group are important, not that of the general public

*Surnames, Confusion, and Other Grounds for Refusal*

1. National Insignias – mark can’t consist of the flag or coat of arms or other insignia of US
2. Living Individuals – can’t show affiliation with living or disparage someone living or dead w/o written consent.
3. Confusing Marks – can’t be confused with other registered marks
4. Primarily Merely a Surname – only registrable upon proof of secondary meaning
	1. Factors for significance: (1) degree of surname rareness; (2) whether anyone connected with applicant has surname; (3) whether the term has any recognized meaning other than that of a surname; (4) the “look and sound” of the surname

**Requirements for TM protection**

*Requirement of Use*

1. A mark is generally unprotected until it has begun to be used in a manner sufficient to acquire TM rights
2. Advertising and promotion is sufficient to obtain rights in a mark as long as they occur within a commercially reasonable time prior to the actual rendition of service (*MD Authority*)

*Prior Use*

1. Statement of first use – when you can prove use as a mark
2. Prior use is only a defense to infringement if can show use prior to application
3. Limited area defense: must demonstrate (1) that it adopted its mark before registration and without knowledge of prior use, (2) the extent of the trade area in which infringer used the mark prior to registration; (3) that infringer has continuously used the mark in the pre-registration area – will be granted ability to continue use in that limited geographic area (*Thrifty*)
4. Geographic Limitations: where reputation established, normal expansion of business, anywhere someone intentionally trades on the TM owner’s goodwills
5. Earllier user has superior rights in area of overlap ONLY
6. Federal registration makes you the first user unless infringer can show they were operating prior to that date

*Abandonment*

1. Lanham Act §45: a mark is abandoned if use has been discontinued w/o intent to resume (3 yrs or more = prima facie evidence); or when any course of conduct by the owner causes the mark to become generic or lose its significance as a mark (631)
2. Some limited use is not enough to invalidate prima facie evidence of abandonment (*EXXON*)

**Infringement**

*Confusion*

1. Types of Confusion: (1) confusion as to the products; (2) confusion as to source; (3) confusion as to sponsorship; (4) initial interest confusion; (5) post-sale confusion; (6) reverse confusion
2. Two elements to establish infringement: (1) adoption and use of the mark and the entitlement to enforce it, and (2) the adoption and use by a junior user of a mark that is likely to cause confusion that goods or services emanate from the senior owner (*MD Authority)*
3. Intentional copying of a mark raises a presumption of likelihood of confusion just as it raises a presumption of secondary meaning
4. Apply likelihood of confusion factors Likelihood of Confusion factors:
	1. Strength of the mark (based on continuum of distinctiveness)
	2. Proximity of the goods (if close together = greater confusion)
	3. Similarity of the marks (sight, sound and meaning, compared as a whole)
	4. Evidence of actual confusion
	5. Marketing channels used
	6. Type of goods and the degree of care likely to be exercised by the purchaser (std is typical buyer exercising ordinary caution – may vary if buyers have expertise in field)
	7. D’s intent in selecting the mark (to deceive customers)
	8. Likelihood of expansion of the product lines (likely to result in direct competition)
5. Reverse Confusion: Junior user is more commercially successful than true owner of mark – public comes to associate mark with junior user. OK if not offering similar services (*Harlem*)
6. Surveys: can be used to show secondary meaning, nongenericness and brand name recognition, dilution, likelihood of confusion, actual confusion, functionality, effectiveness of disclaimers

*Dilution*

1. Prevention of use of TM that would not result in likelihood of confusion (Alternative)
2. §43(c): Entitled to injunctive relief if user at any point after mark becomes famous, commences to use mark in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of presence or absence of actual or likely confusion, or competition, or of actual economic injury
3. Factors for determining fame of mark:
	1. Duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by owner or third parties
	2. Amount, volume and geographic extent of sales of goods or services offered under the mark
	3. Extent of actual recognition of the mark
	4. Whether the mark was registered… on the principal register
4. 4 prong test to show dilution:
	1. The mark is famous and distinctive
	2. The D is making use of the mark in commerce
	3. D’s use began after mark became famous
	4. D’s use of the mark is likely to cause dilution by blurring or by tarnishment
5. Blurring: diminishes the distinctiveness of the mark
6. Tarnishment: a finding that owner’s mark will suffer negative associations through D’s use – displacement of positive with negative associations of the mark that, like a claim for blurring, reduces the value of the mark to the owner
7. Likelihood of dilution by blurring (*VISA*)
	1. The degree of similarity btw the mark or trademark name and the famous mark
	2. The degree of inherent or acquired distinctiveness of the famous mark
	3. The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark
	4. The degree of recognition of the famous mark
	5. Whether the user of the mark or trade name intended to create an association with a famous mark
	6. Any actual association between the mark or trade name and the famous mark

*Remedies*

1. Injunctive relief, monetary damages, and the award of attorney’s fees in exceptional cases
2. Statutory damages for counterfeiting and cybersquatting
3. Impounding of all articles claimed to be infringing
4. Monetary damages generally require *actual* confusion based on theory of unjust enrichment

*Limitations*

* Classic Fair Use – the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark… of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin
* Party raising the classic defense of fair use did not need to negate any likelihood that the practice under question would confuse consumers about the origin of the goods. (*KP Makeup*) Party claiming infringement must show likelihood of confusion
* The more descriptive you make a term, the more likely it is to be used descriptively
* Nominative Fair Use - The use of a trademark that does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one is nominative use and does not constitute unfair competition. (*New Kids*)
	+ 3 part test: no descriptive substitute; use no more of mark than necessary, no suggestion of sponsorship, even if commercial use

**Cases**

***Mishawaka v. SS Kresge*** (539) – P made shoes and heels with a red plug in the center of the heel. D made shoes of inferior quality with same plug. Found infringement and issued injunction. Burden on D to show ppl bought shoes regardless of mark. Otherwise, any profits made from saled of infringing shoes go to mark owner.

***Findlay v. Findlay*** (544) – brothers inherit art gallery and part ways, opening their own branches in different parts of country. One brother opens branch next to other brother with same name. Court says due to the particular type of business and the way it works, it is likely that customers will be confused as to which gallery is which. Offering identical services. First bro spent 25 years building name and reputation. Deliberate action on part of infringer.

***Mattel v. Walking Mountain*** (547) – artist used nude Barbie in provocative photos. Dealt with allowing TM law to suppress free speech. Balancing test. Here, the public interest in free and artistic expression greatly outweighs its interest in potential consumer confusion about Mattel’s sponsorship of the works.

***In re Morton*** (551) – seeking to TM a bottle design. If the design serves a superior function, then it is not trademarkable. Shape of bottle not required to be what it is for any de facto functional reason. No necessity to copy appellants trade dress to enjoy any of the functions of a spray top container.

***Abercrombie & Fitch v. Hunting World*** (566) – A&F had a line of clothing with “safari” mark. Hunting World had a line of clothing called safari that looked like safari clothes. Mark too close to meaning of the word to warrant TM protection. It’s descriptive and generic. Prior association btw meaning of word and character, purpose, use, and function of actual product. Mark needs a secondary meaning. Able to prove secondary meaning (not suggestive or merely descriptive) for boots

* Gives us the continuum of distinctiveness – arbitrary, fanciful, coined and suggestive marks as inherently distinctive – don’t need secondary meaning (descriptive and generic)

***AJ Canfield Co v. Honickman***(584) Canfield attempted to TM “chocolate fudge” but was dened by examiner as a flavor designator. Sued under §1125, which governs unregistered TM.

* Primary significance test to determine whether a term is generic: It must show the primary significance of the term in the minds of the consuming public is not the product but the producer
* Generic term denoting a taste and is therefore available for use by all potential competitors. TM does not give the right to be a sole producer of a diet soda tasting like chocolate fudge

***In re Budge*** (594) Manufacturer seeking TM for car seat covers named LOVEE LAMB. Denied TM bc misdescriptive – covers not made out of lamb. Affirmed

* Discarded the marketing and advertising that described the true content. Looked to mark and product when considered together. Word of the mark

***In re Old Glory*** (597) Sought TM protection for a condom that bore the American Flag – likely to offend “a substantial composite of the general public.”

* Nothing vulgar about the flag – doesn’t meet definition of scandalous

***Harjo v. Pro-Football*** (601) Petitioners attack the use of the word Redskins for a football team as disparagement. Although team has helped portray the increasing respect for Native American culture, the term Redskins has not lost its former meaning. Also, Native Americans are still offended by use of the word. Marks may be disparaging of Native Americans to a substantial composite of this group of people.

* Marks cancelled

***Maryland Stadium v. Becker*** (619) Construction of a BB complex began and was affectionately referred to as “Camden Yards.” Accused used the designation of tee shirts and merchandise related to the stadium w/o permission. Mark is unregistered

* Two elements to establish infringement: (1) adoption and use of the mark and the entitlement to enforce it, and (2) the adoption and use by a junior user of a mark that is likely to cause confusion that goods or services emanate from the senior owner
* Crt had to determine: whether MSA adopted and used the Camden Yards mark prior to July, 1991, whether the mark obtained secondary meaning and (3) whether Becker’s use of the mark creates likelihood of confusion
* Intentional copying of a mark raises a presumption of likelihood of confusion just as it raises a presumption of secondary meaning. Permanently enjoined from use of the mark

***Thrifty Rent-A-Car v. Thrift Cars*** (625) Company used name prior to registration of it by another company. When they expanded they created a prior use and entitlement issue.

* All it has to do is be senior as to date of registration, not as to how long they’ve both been around
* Thrift Cars is senior in a locality, but seeks to expand. Should their use be limited to an area?
* Strength of the mark (continuum of distinctiveness) – Thrifty is suggestive or maybe even arbitrary and fanciful – strong bc inherently distinctive and has federal registered, proximity of goods almost identical, not a lot of evidence of confusion, expansion (geographic and product line)
* Thrift has been marketing and advertising – some confusion at airports
* No bad intent – Thrifty is senior on use, but not registration – a pre-existing good faith users rights are frozen to the geographical location where the user has established a market penetration as of the date of registration
* Limited area Defense: goes to senior in that locality area - trying to get approved for a bigger area – didn’t show continuous presence outside Taunton
* Registration makes you presumptively first everywhere else

***Exxon Corp v. Humble*** (631) An oil company continuously grew and expanded until it was using 3 trade names. To decrease confusion, it adopted EXXON as primary brand. Heavily advertised it’s name change and replaced all public use of old names. However, wanted to keep HUMBLE so instituted a TM maintenance program. Put name on invoices and co-branded select products. Sued Humble Exploration.

* D asserted name abandoned. Agreed, use wasn’t sufficient to show continuous use

***McGregor-Doniger v. Drizzle*** (646) DRIZZLE makes and sells expensive coats for women under the unregistered mark since 1969. McGregor makes cheaper golf coats for men under DRIZZLER and has been registered since 1965.

* Issue is use of the mark for products other than which the owner has applied it. Is there any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in Q
* Looked to character of mark – sight, sound and meaning; competitive distance is significant; whether the senior user would likely bridge the gap between the differing markets; buyers likely to not be confused

***Harlem Wizards v. NBA***(653) Pro basketball adopted name already used by a basketball show team and established substantial commercial success – reverse confusion. Crt analyzed ten factors of likelihood of confusion

* Owner is in a field of show basketball and has shown no plan to cross over into pro-BB. No likelihood of injury in the marketplace. Dismissed

***Visa Int’l v. JSL Corp*** (670) A English school in Japan wanted to use the domain name eVisa.com for their website.

* Famous mark: widely recognized by the general consuming public of the US as a designation of source of the goods or services of the mark’s owner
* Because eVisa is likely to be thought to be the website of the VISA CC (adding an e is common). Then this is likely to blur the distinctiveness of the mark
* For commercial use analysis, mark must be identical, nearly identical or substantially similar
* Likelihood of dilution by blurring
	+ The degree of similarity btw the mark or trademark name and the famous mark
	+ The degree of inherent or acquired distinctiveness of the famous mark
	+ The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark
	+ The degree of recognition of the famous mark
	+ Whether the user of the mark or trade name intended to create an association with a famous mark
	+ Any actual association between the mark or trade name and the famous mark

***KP Permanent Makeup*** (679) Cosmetics company Lasting Impression trademarked the term "micro colors." Lasting Impression sued K.P. Permanent Make-Up in federal district court for using the term. K.P. used the "classic fair use defense" and argued it used the term only to describe K.P. products. The district court sided with K.P. Lasting appealed to the Ninth Circuit Court of Appeals. Unlike other federal appellate courts, the Ninth Circuit required companies that used the fair use defense to prove there was no likelihood of confusion in use of the term. The Ninth Circuit ruled there was likelihood of confusion and reversed the district court's ruling.

* Party raising the classic defense of fair use did not need to negate any likelihood that the practice under question would confuse consumers about the origin of the goods. The Court interpreted federal trademark law as placing the burden of showing likelihood of confusion on the party charging infringement. Moreover, Congress "said nothing about likelihood of confusion in setting out the elements of the fair use defense."

***New Kids on the Block v. News America Pub*** (683) The individual plaintiffs perform professionally as The New Kids on the Block. There are more than 500 products or services bearing the New Kids trademark. Fans can call various New Kids 900 numbers to listen to the New Kids talk about themselves, to listen to other fans talk about the New Kids, or to leave messages for the New Kids and other fans. The defendants, two newspapers of national circulation, conducted separate polls of their readers seeking an answer to a pressing question: Which one of the New Kids is the most popular? The announcement listed a 900 number for voting, noted that “any USA Today profits from this phone line will go to charity. Readers were directed to a 900 number to register their votes; each call cost 95 cents per minute.

* The use of a trademark that does not attempt to capitalize on consumer confusion or to appropriate the cachet of one product for a different one is nominative use and does not constitute unfair competition.
* Had to use the name to describe who the lines were for but not trying to claim sponsorship