

Introduction to Intellectual Property Law

INTRODUCTION TO INTELLECTUAL PROPERTY LAW

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The casebook you're reading may strike you as very different from other texts you've used in law school. Rather than a beautiful gray-and-silver or red-and-gold bound book with small text, heavily edited case excerpts, and notes that most students skip, it's an electronic file or a paperback book, with long case excerpts (and in many instances, the entirety of the court's opinion) and a handful of notes that come before the cases, not after. The limited number of cases might strike you as especially odd for a course that is intended to survey the entirety of four-plus fields of law.

All of these choices were made intentionally. Rather than opt for a traditional published casebook, I instead assembled these materials into a collection that you can read on any device and made the file available to you free of charge. Instead of many short case excerpts that provide you with key rules or doctrines, I've instead chosen a handful of judicial opinions for us to discuss—about one or two per chapter—and provided descriptive notes to fill in the details. Intellectual property cases often involve an array of legal, factual and policy considerations, and focusing on one or two opinions per class will allow for more in-class time discussing individual cases and the issues they present. Having the entire opinion will also give you more context and nuance for each of the decisions. And it will help you begin to focus on the most important parts of a long opinion, something you will need to do in practice.

Because reading full opinions is not easy, especially at the beginning of your legal career, another important component of this casebook are sets of questions to focus on while reading the cases. Lawyers generally approach texts this way, reading with purpose rather than to glean abstract knowledge. As you read the opinions, do it with a mind toward answering the questions posed.

A few notes on using this casebook. First, make sure to read the prefatory text at the start of each section. In addition to the questions, this text contains additional information about doctrines and other important cases. In addition, make sure to read the statutory sections that are cited in the text and cases. This text can often be just as important as the cases themselves. In this new edition of the textbook, the key statutes now accompany the cases so that you can easily find them.

Thanks to my research assistants who have helped with this and previous editions of this text, as well as the students who have provided feedback on how it can be improved. Enjoy!

Jason Rantanen

1. LEGAL RIGHTS IN CREATED INTANGIBLES

Learning Objectives: Unit 1

Upon the conclusion of this unit, you should be able to:

- Explain what a creative intangible is.
- Articulate reasons for the existence of, and limits on, legal rights over creative intangibles.
- Recall the most common forms of intellectual property and their basic attributes.

This course introduces students to the laws governing intellectual property and the policies that underlie those laws. As you will quickly learn, intellectual property is not a monolithic concept. Nor do intellectual property laws govern every aspect of the use of human creativity. Instead, intellectual property law can be understood as an open framework governing most commercially relevant activities relating to human-created intangibles that is intended to incentivize certain behaviors and discourage others. At the same time, there are strong moral components that underlie intellectual property law and social justice, fairness, and equitable consequences that flow from its existence.

In preparation for our first class, spend some time thinking about what the following questions. Write down your responses on a sheet of paper or electronic document. You will refer to them during our first class.

- What do you think of as your intellectual property?
- How much attachment do you feel to the different kinds of intellectual property that you identified?
- Why do you feel those attachments?
- Are you willing to share any of your intellectual property?
- If you are willing to share your intellectual property, what (if anything) do you want in return? If money, how much?

Next, read *International News Service v. Associated Press*. This opinion is often read at the beginning or end of a class on Intellectual Property law; we will read it in both places. It is often read at the beginning because it can provide an introduction to the concept of creative intangibles, rationales for protecting them, and the legal questions they raise. Other syllabi place it at the end of the course because it lies within the interstices of more formally recognized legal rights and raises complex issues of preemption and federal-state interactions. The decision is also from the period before *Erie Railroad v. Tompkins*, which eliminated the concept of federal common law for issues that fall within

state substantive law. (If you have not yet studied this case, you will in Civil Procedure.) As a result, while it provides for a good starting point for learning about intellectual property law, it has been almost entirely eclipsed by the other legal doctrines covered in a course on intellectual property law.

INTERNATIONAL NEWS SERVICE V. THE ASSOCIATED PRESS (1918)

READING WITH PURPOSE

As you read *INS v. AP*, ask yourself the following questions:

- What is the creative intangible at issue in this case?
- Drawing on your own knowledge, does it look like any of the forms of intellectual property that you've heard of before? Which one is the closest?
- What is the Court's justification for protecting this creative intangible?
- What is INS prohibited from doing with the creative intangible?
- Would the outcome be different if the defendant were instead a historian in the 1930's writing a book about World War I?

International News Service v. The Associated Press

248 U.S. 215 (1918)

MR. JUSTICE PITNEY delivered the opinion of the court.

The parties are competitors in the gathering and distribution of news and its publication for profit in newspapers throughout the United States. The Associated Press, which was complainant in the District Court, is a cooperative organization, incorporated under the Membership Corporations Law of the State of New York, its members being individuals who are either proprietors or representatives of about 950 daily newspapers published in all parts of the United States. That a corporation may be organized under that act for the purpose of gathering news for the use and benefit of its members and for publication in newspapers owned or represented by them, is recognized by an amendment enacted in 1901 (Laws N.Y. 1901, c. 436). Complainant gathers in all parts of the world, by means of various instrumentalities of its own, by exchange with its members, and by other appropriate means, news and intelligence of current and recent events of interest to newspaper readers and distributes it daily to its members for publication in their newspapers. The cost of the service, amounting approximately to \$3,500,000 per annum, is assessed upon the members and becomes a part of their costs of operation, to be recouped, presumably with profit, through the publication of their several newspapers. Under complainant's by-laws each member agrees upon assuming membership that news received through complainant's service is received exclusively for publication in a particular newspaper, language, and place specified in the certificate of membership, that no other use of it shall be permitted, and that no member shall furnish or permit anyone in his employ or connected with his newspaper to furnish any of complainant's news in advance of publication to any person not a

member. And each member is required to gather the local news of his district and supply it to the Associated Press and to no one else.

Defendant is a corporation organized under the laws of the State of New Jersey, whose business is the gathering and selling of news to its customers and clients, consisting of newspapers published throughout the United States, under contracts by which they pay certain amounts at stated times for defendant's service. It has wide-spread news-gathering agencies; the cost of its operations amounts, it is said, to more than \$2,000,000 per annum; and it serves about 400 newspapers located in the various cities of the United States and abroad, a few of which are represented, also, in the membership of the Associated Press.

The parties are in the keenest competition between themselves in the distribution of news throughout the United States; and so, as a rule, are the newspapers that they serve, in their several districts.

Complainant in its bill, defendant in its answer, have set forth in almost identical terms the rather obvious circumstances and conditions under which their business is conducted. The value of the service, and of the news furnished, depends upon the promptness of transmission, as well as upon the accuracy and impartiality of the news; it being essential that the news be transmitted to members or subscribers as early or earlier than similar information can be furnished to competing newspapers by other news services, and that the news furnished by each agency shall not be furnished to newspapers which do not contribute to the expense of gathering it. And further, to quote from the answer: "Prompt knowledge and publication of world-wide news is essential to the conduct of a modern newspaper, and by reason of the enormous expense incident to the gathering and distribution of such news, the only practical way in which a proprietor of a newspaper can obtain the same is, either through cooperation with a considerable number of other newspaper proprietors in the work of collecting and distributing such news, and the equitable division with them of the expenses thereof, or by the purchase of such news from some existing agency engaged in that business."

The bill was filed to restrain the pirating of complainant's news by defendant in three ways: First, by bribing employees of newspapers published by complainant's members to furnish Associated Press news to defendant before publication, for transmission by telegraph and telephone to defendant's clients for publication by them; Second, by inducing Associated Press members to violate its by-laws and permit defendant to obtain news before publication; and Third, by copying news from bulletin boards and from early editions of complainant's newspapers and selling this, either bodily or after rewriting it, to defendant's customers.

The District Court, upon consideration of the bill and answer, with voluminous affidavits on both sides, granted a preliminary injunction under the first and second heads; but refused at that stage to restrain the systematic practice admittedly pursued by defendant, of taking news bodily from the bulletin boards and early editions of complainant's newspapers and selling it as its own. The court expressed itself as satisfied that this practice amounted to unfair trade, but as the legal question was one of first impression it considered that the allowance of an injunction should await the outcome of an appeal. 240 Fed. Rep. 983, 996. Both parties having appealed, the Circuit Court of Appeals sustained the injunction order so far as it went, and upon complainant's appeal modified it and remanded the cause with directions to issue an injunction also against any bodily taking of the words or substance of complainant's news until its commercial value as news had passed away. 245 Fed. Rep. 244, 253. The present writ of certiorari was then allowed. 245 U.S. 644.

The only matter that has been argued before us is whether defendant may lawfully be restrained from appropriating news taken from bulletins issued by complainant or any of its members, or from newspapers published by them, for the purpose of selling it to defendant's clients. Complainant asserts that defendant's admitted course of conduct in this regard both violates complainant's property right in the news and constitutes unfair competition in business. And notwithstanding the case has proceeded only to the stage of a preliminary injunction, we have deemed it proper to consider the underlying questions, since they go to the very merits of the action and are presented upon facts that are not in dispute. As presented in argument, these questions are: 1. Whether there is any property in news; 2. Whether, if there be property in news collected for the purpose of being published, it survives the instant of its publication in the first newspaper to which it is communicated by the news-gatherer; and 3. Whether defendant's admitted course of conduct in appropriating for commercial use matter taken from bulletins or early editions of Associated Press publications constitutes unfair competition in trade.

The federal jurisdiction was invoked because of diversity of citizenship, not upon the ground that the suit arose under the copyright or other laws of the United States. Complainant's news matter is not copyrighted. It is said that it could not, in practice, be copyrighted, because of the large number of dispatches that are sent daily; and, according to complainant's contention, news is not within the operation of the copyright act. Defendant, while apparently conceding this, nevertheless invokes the analogies of the law of literary property and copyright, insisting as its principal contention that, assuming complainant has a right of property in its news, it can be maintained (unless the copyright act be complied with) only by being kept secret and confidential, and that upon the publication with complainant's consent of uncopyrighted news by any of complainant's members in a newspaper or upon a bulletin board, the right of property is lost, and the subsequent use of the news by the public or by defendant for any purpose whatever becomes lawful.

A preliminary objection to the form in which the suit is brought may be disposed of at the outset. It is said that the Circuit Court of Appeals granted relief upon considerations applicable to particular members of the Associated Press, and that this was erroneous because the suit was brought by complainant as a corporate entity, and not by its members; the argument being that their interests cannot be protected in this proceeding any more than the individual rights of a stockholder can be enforced in an action brought by the corporation. From the averments of the bill, however, it is plain that the suit in substance was brought for the benefit of complainant's members, and that they would be proper parties, and, except for their numbers, perhaps necessary parties. Complainant is a proper party to conduct the suit as representing their interest; and since no specific objection, based upon the want of parties, appears to have been made below, we will treat the objection as waived. See Equity Rules 38, 43, 44.

In considering the general question of property in news matter, it is necessary to recognize its dual character, distinguishing between the substance of the information and the particular form or collocation of words in which the writer has communicated it.

No doubt news articles often possess a literary quality, and are the subject of literary property at the common law; nor do we question that such an article, as a literary production, is the subject of copyright by the terms of the act as it now stands. In an early case at the circuit Mr. Justice Thompson held in effect that a newspaper was not within the protection of the copyright acts of 1790 and 1802 (*Clayton v. Stone*, 2 Paine, 382; 5 Fed. Cas. No. 2872). But the present act is broader; it provides that the works for which copyright may be secured shall include "all the writings of an author," and specifically

mentions “periodicals, including newspapers.” Act of March 4, 1909, c. 320, §§ 4 and 5, 35 Stat. 1075, 1076. Evidently this admits to copyright a contribution to a newspaper, notwithstanding it also may convey news; and such is the practice of the copyright office, as the newspapers of the day bear witness. See Copyright Office Bulletin No. 15 (1917), pp. 7, 14, 16-17.

But the news element — the information respecting current events contained in the literary production — is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day. It is not to be supposed that the framers of the Constitution, when they empowered Congress “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” (Const., Art I, § 8, par. 8), intended to confer upon one who might happen to be the first to report a historic event the exclusive right for any period to spread the knowledge of it.

We need spend no time, however, upon the general question of property in news matter at common law, or the application of the copyright act, since it seems to us the case must turn upon the question of unfair competition in business. And, in our opinion, this does not depend upon any general right of property analogous to the common-law right of the proprietor of an unpublished work to prevent its publication without his consent; nor is it foreclosed by showing that the benefits of the copyright act have been waived. We are dealing here not with restrictions upon publication but with the very facilities and processes of publication. The peculiar value of news is in the spreading of it while it is fresh; and it is evident that a valuable property interest in the news, as news, cannot be maintained by keeping it secret. Besides, except for matters improperly disclosed, or published in breach of trust or confidence, or in violation of law, none of which is involved in this branch of the case, the news of current events may be regarded as common property. What we are concerned with is the business of making it known to the world, in which both parties to the present suit are engaged. That business consists in maintaining a prompt, sure, steady, and reliable service designed to place the daily events of the world at the breakfast table of the millions at a price that, while of trifling moment to each reader, is sufficient in the aggregate to afford compensation for the cost of gathering and distributing it, with the added profit so necessary as an incentive to effective action in the commercial world. The service thus performed for newspaper readers is not only innocent but extremely useful in itself, and indubitably constitutes a legitimate business. The parties are competitors in this field; and, on fundamental principles, applicable here as elsewhere, when the rights or privileges of the one are liable to conflict with those of the other, each party is under a duty so to conduct its own business as not unnecessarily or unfairly to injure that of the other. *Hitchman Coal & Coke Co. v. Mitchell*, 245 U.S. 229, 254.

Obviously, the question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business. The question here is not so much the rights of either party as against the public but their rights as between themselves. See *Morison v. Moat*, 9 Hare, 241, 258. And although we may and do assume that neither party has any remaining property interest as against the public in uncopyrighted news matter after the moment of its first publication, it by no means follows that there is no remaining property interest in it as between themselves. For, to both of them alike, news matter, however little susceptible of ownership or dominion in the absolute sense, is stock in trade, to be gathered at the cost of enterprise, organization, skill, labor, and money, and to be distributed and sold to those who will pay money for it, as for any other merchandise. Regarding the news, therefore, as but the material out of which both parties are seeking to make profits at the same time and in the same field, we hardly can fail to recognize that for this purpose, and

as between them, it must be regarded as *quasi* property, irrespective of the rights of either as against the public.

In order to sustain the jurisdiction of equity over the controversy, we need not affirm any general and absolute property in the news as such. The rule that a court of equity concerns itself only in the protection of property rights treats any civil right of a pecuniary nature as a property right (*In re Sawyer*, 124 U.S. 200, 210; *In re Debs*, 158 U.S. 564, 593); and the right to acquire property by honest labor or the conduct of a lawful business is as much entitled to protection as the right to guard property already acquired. *Truax v. Raich*, 239 U.S. 33, 37-38; *Brennan v. United Hatters*, 73 N.J.L. 729, 742; *Barr v. Essex Trades Council*, 53 N.J. Eq. 101. It is this right that furnishes the basis of the jurisdiction in the ordinary case of unfair competition.

The question, whether one who has gathered general information or news at pains and expense for the purpose of subsequent publication through the press has such an interest in its publication as may be protected from interference, has been raised many times, although never, perhaps, in the precise form in which it is now presented.

Board of Trade v. Christie Grain & Stock Co., 198 U.S. 236, 250, related to the distribution of quotations of prices on dealings upon a board of trade, which were collected by plaintiff and communicated on confidential terms to numerous persons under a contract not to make them public. This court held that, apart from certain special objections that were overruled, plaintiff's collection of quotations was entitled to the protection of the law; that, like a trade secret, plaintiff might keep to itself the work done at its expense, and did not lose its right by communicating the result to persons, even if many, in confidential relations to itself, under a contract not to make it public; and that strangers should be restrained from getting at the knowledge by inducing a breach of trust.

In *National Tel. News Co. v. Western Union Tel. Co.*, 119 Fed. Rep. 294, the Circuit Court of Appeals for the Seventh Circuit dealt with news matter gathered and transmitted by a telegraph company, and consisting merely of a notation of current events having but a transient value due to quick transmission and distribution; and, while declaring that this was not copyrightable although printed on a tape by tickers in the offices of the recipients, and that it was a commercial not a literary product, nevertheless held that the business of gathering and communicating the news — the service of purveying it — was a legitimate business, meeting a distinctive commercial want and adding to the facilities of the business world, and partaking of the nature of property in a sense that entitled it to the protection of a court of equity against piracy.

Other cases are cited, but none that we deem it necessary to mention.

Not only do the acquisition and transmission of news require elaborate organization and a large expenditure of money, skill, and effort; not only has it an exchange value to the gatherer, dependent chiefly upon its novelty and freshness, the regularity of the service, its reputed reliability and thoroughness, and its adaptability to the public needs; but also, as is evident, the news has an exchange value to one who can misappropriate it.

The peculiar features of the case arise from the fact that, while novelty and freshness form so important an element in the success of the business, the very processes of distribution and publication necessarily occupy a good deal of time. Complainant's service, as well as defendant's, is a daily service to daily newspapers; most of the foreign news reaches this country at the Atlantic seaboard, principally at the City of New York, and because of this, and of time differentials due to the earth's

rotation, the distribution of news matter throughout the country is principally from east to west; and, since in speed the telegraph and telephone easily outstrip the rotation of the earth, it is a simple matter for defendant to take complainant's news from bulletins or early editions of complainant's members in the eastern cities and at the mere cost of telegraphic transmission cause it to be published in western papers issued at least as early as those served by complainant. Besides this, and irrespective of time differentials, irregularities in telegraphic transmission on different lines, and the normal consumption of time in printing and distributing the newspaper, result in permitting pirated news to be placed in the hands of defendant's readers sometimes simultaneously with the service of competing Associated Press papers, occasionally even earlier.

Defendant insists that when, with the sanction and approval of complainant, and as the result of the use of its news for the very purpose for which it is distributed, a portion of complainant's members communicate it to the general public by posting it upon bulletin boards so that all may read, or by issuing it to newspapers and distributing it indiscriminately, complainant no longer has the right to control the use to be made of it; that when it thus reaches the light of day it becomes the common possession of all to whom it is accessible; and that any purchaser of a newspaper has the right to communicate the intelligence which it contains to anybody and for any purpose, even for the purpose of selling it for profit to newspapers published for profit in competition with complainant's members.

The fault in the reasoning lies in applying as a test the right of the complainant as against the public, instead of considering the rights of complainant and defendant, competitors in business, as between themselves. The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not unreasonably interfering with complainant's right to make merchandise of it, may be admitted; but to transmit that news for commercial use, in competition with complainant—which is what defendant has done and seeks to justify—is a very different matter. In doing this defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money, and which is salable by complainant for money, and that defendant in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business.

The underlying principle is much the same as that which lies at the base of the equitable theory of consideration in the law of trusts—that he who has fairly paid the price should have the beneficial use of the property. Pom. Eq. Jur., § 981. It is no answer to say that complainant spends its money for that which is too fugitive or evanescent to be the subject of property. That might, and for the purposes of the discussion we are assuming that it would, furnish an answer in a common-law controversy. But in a court of equity, where the question is one of unfair competition, if that which complainant has acquired fairly at substantial cost may be sold fairly at substantial profit, a competitor who is misappropriating it for the purpose of disposing of it to his own profit and to the disadvantage of complainant cannot be heard to say that it is too fugitive or evanescent to be regarded as property. It has all the attributes of property necessary for determining that a misappropriation of it by a competitor is unfair competition because contrary to good conscience.

The contention that the news is abandoned to the public for all purposes when published in the first newspaper is untenable. Abandonment is a question of intent, and the entire organization of the Associated Press negatives such a purpose. The cost of the service would be prohibitive if the reward were to be so limited. No single newspaper, no small group of newspapers, could sustain the expenditure. Indeed, it is one of the most obvious results of defendant's theory that, by permitting indiscriminate publication by anybody and everybody for purposes of profit in competition with the news-gatherer, it would render publication profitless, or so little profitable as in effect to cut off the service by rendering the cost prohibitive in comparison with the return. The practical needs and requirements of the business are reflected in complainant's by-laws which have been referred to. Their effect is that publication by each member must be deemed not by any means an abandonment of the news to the world for any and all purposes, but a publication for limited purposes; for the benefit of the readers of the bulletin or the newspaper as such; not for the purpose of making merchandise of it as news, with the result of depriving complainant's other members of their reasonable opportunity to obtain just returns for their expenditures.

It is to be observed that the view we adopt does not result in giving to complainant the right to monopolize either the gathering or the distribution of the news, or, without complying with the copyright act, to prevent the reproduction of its news articles; but only postpones participation by complainant's competitor in the processes of distribution and reproduction of news that it has not gathered, and only to the extent necessary to prevent that competitor from reaping the fruits of complainant's efforts and expenditure, to the partial exclusion of complainant, and in violation of the principle that underlies the maxim *sic utere tuo*, etc.

It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118, 140. But we cannot concede that the right to equitable relief is confined to that class of cases. In the present case the fraud upon complainant's rights is more direct and obvious. Regarding news matter as the mere material from which these two competing parties are endeavoring to make money, and treating it, therefore, as *quasi* property for the purposes of their business because they are both selling it as such, defendant's conduct differs from the ordinary case of unfair competition in trade principally in this that, instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own.

Besides the misappropriation, there are elements of imitation, of false pretense, in defendant's practices. The device of rewriting complainant's news articles, frequently resorted to, carries its own comment. The habitual failure to give credit to complainant for that which is taken is significant. Indeed, the entire system of appropriating complainant's news and transmitting it as a commercial product to defendant's clients and patrons amounts to a false representation to them and to their newspaper readers that the news transmitted is the result of defendant's own investigation in the field. But these elements, although accentuating the wrong, are not the essence of it. It is something more than the advantage of celebrity of which complainant is being deprived.

The doctrine of unclean hands is invoked as a bar to relief; it being insisted that defendant's practices against which complainant seeks an injunction are not different from the practice attributed to complainant, of utilizing defendant's news published by its subscribers. At this point it becomes necessary to consider a distinction that is drawn by complainant, and, as we understand it, was recognized by defendant also in the submission of proofs in the District Court, between two kinds of

use that may be made by one news agency of news taken from the bulletins and newspapers of the other. The first is the bodily appropriation of a statement of fact or a news article, with or without rewriting, but without independent investigation or other expense. This form of pirating was found by both courts to have been pursued by defendant systematically with respect to complainant's news, and against it the Circuit Court of Appeals granted an injunction. This practice complainant denies having pursued, and the denial was sustained by the finding of the District Court. It is not contended by defendant that the finding can be set aside, upon the proofs as they now stand. The other use is to take the news of a rival agency as a "tip" to be investigated, and if verified by independent investigation the news thus gathered is sold. This practice complainant admits that it has pursued and still is willing that defendant shall employ.

Both courts held that complainant could not be debarred on the ground of unclean hands upon the score of pirating defendant's news, because not shown to be guilty of sanctioning this practice.

As to securing "tips" from a competing news agency, the District Court (240 Fed. Rep. 991, 995), while not sanctioning the practice, found that both parties had adopted it in accordance with common business usage, in the belief that their conduct was technically lawful, and hence did not find in it any sufficient ground for attributing unclean hands to complainant. The Circuit Court of Appeals (245 Fed. Rep. 247) found that the tip habit, though discouraged by complainant, was "incurably journalistic," and that there was "no difficulty in discriminating between the utilization of 'tips' and the bodily appropriation of another's labor in accumulating and stating information."

We are inclined to think a distinction may be drawn between the utilization of tips and the bodily appropriation of news matter, either in its original form or after rewriting and without independent investigation and verification; whatever may appear at the final hearing, the proofs as they now stand recognize such a distinction; both parties avowedly recognize the practice of taking tips, and neither party alleges it to be unlawful or to amount to unfair competition in business. In a line of English cases a somewhat analogous practice has been held not to amount to an infringement of the copyright of a directory or other book containing compiled information. In *Kelly v. Morris*, L.R. 1 Eq. 697, 701, 702, Vice Chancellor Sir William Page Wood (afterwards Lord Hatherly), dealing with such a case, said that defendant was "not entitled to take one word of the information previously published without independently working out the matter for himself, so as to arrive at the same result from the same common sources of information, and the only use that he can legitimately make of a previous publication is to verify his own calculations and results when obtained." This was followed by Vice Chancellor Giffard in *Morris v. Ashbee*, L.R. 7 Eq. 34, where he said: "In a case such as this no one has a right to take the results of the labour and expense incurred by another for the purposes of a rival publication, and thereby save himself the expense and labour of working out and arriving at these results by some independent road." A similar view was adopted by Lord Chancellor Hatherly and the former Vice Chancellor, then Giffard, L.J., in *Pike v. Nicholas*, L.R. 5 Ch. App. Cas. 251, and shortly afterwards by the latter judge in *Morris v. Wright*, L.R. 5 Ch. App. Cas. 279, 287, where he said, commenting upon *Pike v. Nicholas*: "It was a perfectly legitimate course for the defendant to refer to the plaintiff's book, and if, taking that book as his guide, he went to the original authorities and compiled his book from them, he made no unfair or improper use of the plaintiff's book; and so here, if the fact be that Mr. Wright used the plaintiff's book in order to guide himself to the persons on whom it would be worth his while to call, and for no other purpose, he made a perfectly legitimate use of the plaintiff's book."

A like distinction was recognized by the Circuit Court of Appeals for the Second Circuit in *Edward*

Thompson Co. v. American Law Book Co., 122 Fed. Rep. 922, and in *West Publishing Co. v. Edward Thompson Co.*, 176 Fed. Rep. 833, 838.

In the case before us, in the present state of the pleadings and proofs, we need go no further than to hold, as we do, that the admitted pursuit by complainant of the practice of taking news items published by defendant's subscribers as tips to be investigated, and, if verified, the result of the investigation to be sold—the practice having been followed by defendant also, and by news agencies generally—is not shown to be such as to constitute an unconscientious or inequitable attitude towards its adversary so as to fix upon complainant the taint of unclean hands, and debar it on this ground from the relief to which it is otherwise entitled.

There is some criticism of the injunction that was directed by the District Court upon the going down of the mandate from the Circuit Court of Appeals. In brief, it restrains any taking or gainfully using of the complainant's news, either bodily or in substance, from bulletins issued by the complainant or any of its members, or from editions of their newspapers, "*until its commercial value as news to the complainant and all of its members has passed away.*" The part complained of is the clause we have italicized; but if this be indefinite, it is no more so than the criticism. Perhaps it would be better that the terms of the injunction be made specific, and so framed as to confine the restraint to an extent consistent with the reasonable protection of complainant's newspapers, each in its own area and for a specified time after its publication, against the competitive use of pirated news by defendant's customers. But the case presents practical difficulties; and we have not the materials, either in the way of a definite suggestion of amendment, or in the way of proofs, upon which to frame a specific injunction; hence, while not expressing approval of the form adopted by the District Court, we decline to modify it at this preliminary stage of the case, and will leave that court to deal with the matter upon appropriate application made to it for the purpose.

The decree of the Circuit Court of Appeals will be

Affirmed.

2. THE NORMATIVE OBJECTIVES OF INTELLECTUAL PROPERTY LAWS

Learning Objectives: Unit 2

Upon completion of unit 2, you should be able to:

1. Recall the articulated justifications for intellectual property.
2. Explain the articulated justifications for intellectual property.
3. Identify counterarguments to these justifications for intellectual property.
4. Apply these justifications to factual scenarios.
5. Recall the primary constitutional basis for copyright and patent law.

Many of the core concepts underlying intellectual property laws are not new. To the contrary: there are numerous articulations of these concepts in the historical record. We will focus on some of the most well-known. Two theories, in particular, have direct ties to our own Constitutional foundation for intellectual property law: natural or moral rights theory and utilitarian theory. We will also discuss two additional theories that intersect with intellectual property law: personhood and social justice.

The reading assignment for today consists of excerpts from the writings of John Locke, Jeremy Bentham, Thomas Jefferson, and James Madison, along with the Patent and Copyright Clause of the United States Constitution¹, together with the beginning of an essay discussing theories of intellectual property. As you read these materials, ask yourself the following questions:

- How would you articulate each primary source writer's reasoning in sixty seconds?
- What are the parallels between the four primary source writers?
- What concepts underlie each writing?
- What issues arise when these concepts are applied to creative intangibles?
- How do these conceptions of property manifest in the Patent and Copyright clause?
- What is the meaning of "Science" in the Patent and Copyright clause? Of "useful Arts"? Of "Authors and Inventors"? Of "Writings"? "Discoveries"?

1. (Article I, Section 8, Clause 8)

CHAPTER. V.
OF PROPERTY.

Sect. 25. Whether we consider natural reason, which tells us, that men, being once born, have a right to their preservation, and consequently to meat and drink, and such other things as nature affords for their subsistence: or revelation, which gives us an account of those grants God made of the world to Adam, and to Noah, and his sons, it is very clear, that God, as king David says, Psal. cxv. 16. has given the earth to the children of men; given it to mankind in common. But this being supposed, it seems to some a very great difficulty, how any one should ever come to have a property in any thing: I will not content myself to answer, that if it be difficult to make out property, upon a supposition that God gave the world to Adam, and his posterity in common, it is impossible that any man, but one universal monarch, should have any property upon a supposition, that God gave the world to Adam, and his heirs in succession, exclusive of all the rest of his posterity. But I shall endeavour to shew, how men might come to have a property in several parts of that which God gave to mankind in common, and that without any express compact of all the commoners.

Sect. 26. God, who hath given the world to men in common, hath also given them reason to make use of it to the best advantage of life, and convenience. The earth, and all that is therein, is given to men for the support and comfort of their being. And tho' all the fruits it naturally produces, and beasts it feeds, belong to mankind in common, as they are produced by the spontaneous hand of nature; and no body has originally a private dominion, exclusive of the rest of mankind, in any of them, as they are thus in their natural state: yet being given for the use of men, there must of necessity be a means to appropriate them some way or other, before they can be of any use, or at all beneficial to any particular man. The fruit, or venison, which nourishes the wild Indian, who knows no enclosure, and is still a tenant in common, must be his, and so his, i.e. a part of him, that another can no longer have any right to it, before it can do him any good for the support of his life.

Sect. 27. Though the earth, and all inferior creatures, be common to all men, yet every man has a property in his own person: this no body has any right to but himself. The labour of his body, and the work of his hands, we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his labour with, and joined to it something that is his own, and thereby makes it his property. It being by him removed from the common state nature hath placed it in, it hath by this labour something annexed to it, that excludes the common right of other men: for this labour being the unquestionable property of the labourer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good, left in common for others.

Sect. 28. He that is nourished by the acorns he picked up under an oak, or the apples he gathered from the trees in the wood, has certainly appropriated them to himself. No body can deny but the nourishment is his. I ask then, when did they begin to be his? when he digested? or when he eat? or when he boiled? or when he brought them home? or when he picked them up? and it is plain, if the first gathering made them not his, nothing else could. That labour put a distinction between them and common: that added something to them more than nature, the common mother of all, had done; and so they became his private right. And will any one say, he had no right to those acorns or apples, he thus appropriated, because he had not the consent of all mankind to make them his? Was it a robbery thus to assume to himself what belonged to all in common? If such a consent as that was necessary, man had starved, notwithstanding the plenty God had given him. We see in commons, which remain so by compact, that it is the taking any part of what is common, and removing it out of the state nature leaves it in, which begins the property; without which the common is of no use. And the taking of this or that part, does not depend on the express consent of all the commoners. Thus the grass my horse has bit; the turfs my servant has cut; and the ore I have digged in any place, where I have a right to them in common with others, become my property, without the assignation or consent of any body. The labour that was mine, removing them out of that common state they were in, hath fixed my property in them.

SECTION 23 . . . After the examination we have given to the different methods by which real wealth may be increased, we see that government may rely upon the intelligence and inclination of individuals for putting them in operation, and that nothing is necessary to be done on its part but to leave them in possession of the power, to insure to them the right of enjoyment, and to hasten the development of general knowledge. All that it can do with success may be ranged under this small number of heads: — 1. To encourage the study of different branches of natural philosophy. The difficulties of science form a barrier between practice and theory, between the artisan and the philosopher. 2. To institute prizes for discoveries and experiments. 3. To cause the processes employed in every branch of trade to be published. The French government, rising above little jealousies, has distinguished itself in this manner, and has rendered itself a benefactor to the human race. 4. To cause everything of the same nature in foreign countries to be observed with attention, and to give the knowledge they obtain the same publicity. 5. To cause the price of different articles of trade to be published. The price of an article is an extra reward for whoever can manufacture or furnish it at a cheaper rate. 6. To grant patents for a limited number of years. With respect to a great number of inventions in the arts, an exclusive privilege is absolutely necessary, in order that what is sown may be reaped. In new inventions, protection against imitators is not less necessary than in established manufactures protection against thieves. He who has no hope that he shall reap, will not take the trouble to sow. But that which one man has invented, all the world can imitate. Without the assistance of the laws, the inventor would almost always be driven out of the market by his rival, who finding himself, without any expense, in possession of a discovery which has cost the inventor much time and expense, would be able to deprive him of all his deserved advantages, by selling at a lower price. An exclusive privilege is of all rewards the best proportioned, the most natural, and the least burthensome. It produces an infinite effect, and it costs nothing. “Grant me fifteen years,” says the inventor, “that I may reap the fruit of my labours; after this term, it shall be enjoyed by all the world.” Does the sovereign say, “No, you shall not have it,” what will happen? It will be enjoyed by no one, neither for fifteen years nor afterwards: everybody will be disappointed—inventors, workmen consumers—everything will be stifled, both benefit and enjoyment. . . . 7. To class with the crime of forgery the injustice done by the artisan who puts upon his own productions the mark of another.—In order to prevent the commission of this crime through ignorance, it would be necessary to establish a register, in which every artisan might make an entry of his mark. This would tend to secure the privilege which nature has established in favour of skill, and which the legislator ought to maintain. It can never be obtained without labour, and it can never be abused.¹

1. (This edition comes from Jeremy Bentham, *The Works of Jeremy Bentham*, vol. 3 (Usury, Political Economy, Equity, Parliamentary Reform) (John Bowring, ed. 1843). It can be found in full at: <http://oll.libertyfund.org/titles/bentham-the-works-of-jeremy-bentham-vol-3>)

JAMES MADISON, FEDERALIST PAPER NO. 43 (1788)

A power “to promote the progress of science and useful arts, by securing, for a limited time, to authors and inventors, the exclusive right to their respective writings and discoveries.”

The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals. The States cannot separately make effectual provisions for either of the cases, and most of them have anticipated the decision of this point, by laws passed at the instance of Congress.

THOMAS JEFFERSON, LETTER TO ISAAC MCPHERSON (AUGUST 13, 1813)

It has been pretended by some, (and in England especially,) that inventors have a natural and exclusive right to their inventions, and not merely for their own lives, but inheritable to their heirs. But while it is a moot question whether the origin of any kind of property is derived from nature at all, it would be singular to admit a natural and even an hereditary right to inventors. It is agreed by those who have seriously considered the subject, that no individual has, of natural right, a separate property in an acre of land, for instance. By an universal law, indeed, whatever, whether fixed or movable, belongs to all men equally and in common, is the property for the moment of him who occupies it, but when he relinquishes the occupation, the property goes with it. Stable ownership is the gift of social law, and is given late in the progress of society. It would be curious then, if an idea, the fugitive fermentation of an individual brain, could, of natural right, be claimed in exclusive and stable property. If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself into the possession of every one, and the receiver cannot dispossess himself of it. Its peculiar character, too, is that no one possesses the less, because every other possesses the whole of it. He who receives an idea from me, receives instruction himself without lessening mine; as he who lights his taper at mine, receives light without darkening me. That ideas should freely spread from one to another over the globe, for the moral and mutual instruction of man, and improvement of his condition, seems to have been peculiarly and benevolently designed by nature, when she made them, like fire, expansible over all space, without lessening their density in any point, and like the air in which we breathe, move, and have our physical being, incapable of confinement or exclusive appropriation. Inventions then cannot, in nature, be a subject of property. Society may give an exclusive right to the profits arising from them, as an encouragement to men to pursue ideas which may produce utility, but this may or may not be done, according to the will and convenience of the society, without claim or complaint from anybody. Accordingly, it is a fact, as far as I am informed, that England was, until we copied her, the only country on earth which ever, by a general law, gave a legal right to the exclusive use of an idea. In some other countries it is sometimes done, in a great case, and by a special and personal act, but, generally speaking, other nations have thought that these monopolies produce more embarrassment than advantage to society; and it may be observed that the nations which refuse monopolies of invention, are as fruitful as England in new and useful devices.¹

1. (The full text of the letter is available at: <http://www.let.rug.nl/usa/presidents/thomas-jefferson/letters-of-thomas-jefferson/jefl220.php>)

U.S. CONSTITUTION, ARTICLE 1, SECTION 8, CLAUSE 8

The Congress shall have power...

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

WILLIAM FISHER, THEORIES OF INTELLECTUAL PROPERTY

William Fisher†*

The term “intellectual property” refers to a loose cluster of legal doctrines that regulate the uses of different sorts of ideas and insignia. The law of copyright protects various “original forms of expression,” including novels, movies, musical compositions, and computer software programs. Patent law protects inventions and some kinds of discoveries. Trademark law protects words and symbols that identify for consumers the goods and services manufactured or supplied by particular persons or firms. Trade-secret law protects commercially valuable information (soft-drink formulas, confidential marketing strategies, etc.) that companies attempt to conceal from their competitors. The “right of publicity” protects celebrities’ interests in their images and identities.

The economic and cultural importance of this collection of rules is increasing rapidly. The fortunes of many businesses now depend heavily on intellectual-property rights. A growing percentage of the legal profession specializes in intellectual-property disputes. And lawmakers throughout the world are busily revising their intellectual-property laws.[\[1\]](#)

Partly as a result of these trends, scholarly interest in the field has risen dramatically in recent years. In law reviews and in journals of economics and philosophy, articles deploying “theories” of intellectual property have proliferated. This essay canvasses those theories, evaluates them, and considers the roles they do and ought to play in lawmaking.

1. A Preliminary Survey

Most of the recent theoretical writing consists of struggles among and within four approaches. The first and most popular of the four employs the familiar utilitarian guideline that lawmakers’ beacon when shaping property rights should be the maximization of net social welfare. Pursuit of that end in the context of intellectual property, it is generally thought, requires lawmakers to strike an optimal balance between, on one hand, the power of exclusive rights to stimulate the creation of inventions and works of art and, on the other, the partially offsetting tendency of such rights to curtail widespread public enjoyment of those creations.

A good example of scholarship in this vein is William Landes’ and Richard Posner’s essay on copyright law. The distinctive characteristics of most intellectual products, Landes and Posner argue, are that they are easily replicated and that enjoyment of them by one person does not prevent enjoyment of them by other persons. Those characteristics in combination create a danger that the creators of such products will be unable to recoup their “costs of expression” (the time and effort devoted to writing or composing and the costs of negotiating with publishers or record companies), because they will be undercut by copyists who bear only the low “costs of production” (the costs of manufacturing and distributing books or CDs) and thus can offer consumers identical products at very low prices. Awareness of that danger will deter creators from making socially valuable intellectual products in the first instance. We can avoid this economically inefficient outcome by allocating to the creators (for limited times) the exclusive right to make copies of their creations. The creators of works that

consumers find valuable – *i.e.*, for which there are not, in the opinion of consumers, equally attractive substitutes – will be empowered thereby to charge prices for access to those works substantially greater than they could in a competitive market. All of the various alternative ways in which creators might be empowered to recover their costs, Landes and Posner contend, are, for one reason or another, more wasteful of social resources. This utilitarian rationale, they argue, should be — and, for the most part, has been — used to shape specific doctrines within the field.^[2]

A related argument dominates the same authors' study of trademark law. The primary economic benefits of trademarks, they contend, are (1) the reduction of consumers' "search costs" (because it's easier to pick a box of "Cheerios" off the grocery shelf than to read the list of ingredients on each container, and because consumers can rely upon their prior experiences with various brands of cereal when deciding which box to buy in the future) and (2) the creation of an incentive for businesses to produce consistently high-quality goods and services (because they know that their competitors cannot, by imitating their distinctive marks, take a free ride on the consumer good will that results from consistent quality). Trademarks, Landes and Posner claim, also have an unusual ancillary social benefit: they improve the quality of our language. By increasing our stock of nouns and by "creating words or phrases that people value for their intrinsic pleasingness as well as their information value," they simultaneously economize on communication costs and make conversation more pleasurable. To be sure, trademarks can sometimes be socially harmful — for example by enabling the first entrant into a market to discourage competition by appropriating for itself an especially attractive or informative brand name. Awareness of these benefits and harms should (and usually does), Landes and Posner claim, guide legislators and judges when tuning trademark law; marks should be (and usually are) protected when they are socially beneficial and not when they are, on balance, deleterious.^[3]

The second of the four approaches that currently dominate the theoretical literature springs from the propositions that a person who labors upon resources that are either unowned or "held in common" has a natural property right to the fruits of his or her efforts — and that the state has a duty to respect and enforce that natural right. These ideas, originating in the writings of John Locke, are widely thought to be especially applicable to the field of intellectual property, where the pertinent raw materials (facts and concepts) do seem in some sense to be "held in common" and where labor seems to contribute so importantly to the value of finished products.^[4]

A good illustration of this perspective is Robert Nozick's brief but influential discussion of patent law in *Anarchy, State, and Utopia*.^[5] After associating himself with Locke's argument, Nozick turns his attention to Locke's famously ambiguous "proviso" — the proposition that a person may legitimately acquire property rights by mixing his labor with resources held "in common" only if, after the acquisition, "there is enough and as good left in common for others."^[6] Nozick contends that the correct interpretation of this limitation ("correct" in the senses (a) that it probably corresponds to Locke's original intent and (b) that, in any event, it is entailed by "an adequate theory of justice") is that the acquisition of property through labor is legitimate if and only if other persons do not suffer thereby any net harm. "Net harm" for these purposes includes such injuries as being left poorer than they would have been under a regime that did not permit the acquisition of property through labor or a constriction of the set of resources available for their *use* — but does not include a diminution in their opportunities to acquire property rights in unowned resources by being the first to labor upon them. Construed in this fashion, the Lockean proviso is not violated, Nozick argues, by the assignment of a patent right to an inventor because, although other persons' access to the invention is undoubtedly limited by the issuance of the patent, the invention would not have existed at all without the efforts of the inventor. In other words, consumers are helped, not hurt, by the grant of the

patent. Nozick contends, however, that fidelity to Locke's theory would mandate two limitations on the inventor's entitlements. First, persons who subsequently invented the same device independently must be permitted to make and sell it. Otherwise the assignment of the patent to the first inventor would leave them worse off. Second, for the same reason, patents should not last longer than, on average, it would have taken someone else to invent the same device had knowledge of the invention not disabled them from inventing it independently. Although Nozick may not have been aware of it, implementation of the first of these limitations would require a substantial reform of current patent law — which, unlike copyright law, does not contain a safe harbor for persons who dream up the same idea on their own.

The premise of the third approach — derived loosely from the writings of Kant and Hegel — is that private property rights are crucial to the satisfaction of some fundamental human needs; policymakers should thus strive to create and allocate entitlements to resources in the fashion that best enables people to fulfill those needs. From this standpoint, intellectual property rights may be justified either on the ground that they shield from appropriation or modification artifacts through which authors and artists have expressed their “wills” (an activity thought central to “personhood”) or on the ground that they create social and economic conditions conducive to creative intellectual activity, which in turn is important to human flourishing.^[7]

In perhaps the most fully developed argument of this sort, Justin Hughes derives from Hegel's *Philosophy of Right* the following guidelines concerning the proper shape of an intellectual-property system. (a) We should be more willing to accord legal protection to the fruits of highly expressive intellectual activities, such as the writing of novels, than to the fruits of less expressive activities, such as genetic research. (b) Because a person's “persona” — his “public image, including his physical features, mannerisms, and history” — is an important “receptacle for personality,” it deserves generous legal protection, despite the fact that ordinarily it does not result from labor. (c) Authors and inventors should be permitted to earn respect, honor, admiration, and money from the public by selling or giving away copies of their works, but should not be permitted to surrender their right to prevent others from mutilating or misattributing their works.^[8]

The last of the four approaches is rooted in the proposition that property rights in general — and intellectual-property rights in particular — can and should be shaped so as to help foster the achievement of a just and attractive culture. Theorists who work this vein typically draw inspiration from an eclectic cluster of political and legal theorists, including Jefferson, the early Marx, the Legal Realists, and the various proponents (ancient and modern) of classical republicanism.^[9] This approach is similar to utilitarianism in its teleological orientation, but dissimilar in its willingness to deploy visions of a desirable society richer than the conceptions of “social welfare” deployed by utilitarians.

A provocative example may be found in Neil Netanel's recent essay, “Copyright and a Democratic Civil Society.” Netanel begins by sketching a picture of “a robust, participatory, and pluralist civil society,” teeming with “unions, churches, political and social movements, civic and neighborhood associations, schools of thought, and educational institutions.” In this world, all persons would enjoy both some degree of financial independence and considerable responsibility in shaping their local social and economic environments. A civil society of this sort is vital, Netanel claims, to the perpetuation of democratic political institutions. It will not, however, emerge spontaneously; it must be nourished by government. In two ways, copyright law can help foster it.

The first is a production function. Copyright provides an incentive for creative expression on a wide array of political, social, and aesthetic issues, thus bolstering the discursive foundations for democratic culture and civic association. The second function is structural. Copyright supports a sector of creative and communicative activity that is relatively free from reliance on state subsidy, elite patronage, and cultural hierarchy.

Promotion of these two objectives does not require that we retain all aspects of the current copyright system. On the contrary, Netanel suggests, they would be advanced more effectively by a copyright regime trimmed along the following lines: The copyright term should be shortened, thereby increasing the size of the “public domain” available for creative manipulation. Copyright owners’ authority to control the preparation of “derivative works” should be reduced for the same reason. Finally, compulsory licensing systems should be employed more frequently to balance the interests of artists and “consumers” of their works.[\[10\]](#)

Other writers who have approached intellectual-property law from similar perspectives include Keith Aoki, Rosemary Coombe, Niva Elkin-Koren, Michael Madow, and myself.[\[11\]](#) As yet, however, this fourth approach is less well established and recognized than the other three. It does not even have a commonly accepted label. To describe a closely analogous perspective developed in the context of land law, Greg Alexander suggests the term “Proprietarian” theory.[\[12\]](#) I find more helpful the phrase, “Social Planning Theory.”

1. Explaining the Pattern

Those, then, are (in order of prominence and influence) the four perspectives that currently dominate theoretical writing about intellectual property: Utilitarianism; Labor Theory; Personality Theory; and Social Planning Theory. What accounts for the influence of these particular approaches? In large part, their prominence derives from the fact that they grow out of and draw support from lines of argument that have long figured in the raw materials of intellectual property law — constitutional provisions, case reports, preambles to legislation, and so forth.

The dependence of theorists on ideas formulated and popularized by judges, legislators, and lawyers is especially obvious in the case of utilitarianism. References to the role of intellectual-property rights in stimulating the production of socially valuable works riddle American law. Thus, for example, the constitutional provision upon which the copyright and patent statutes rest indicates that the purpose of those laws is to provide incentives for creative intellectual efforts that will benefit the society at large.[\[13\]](#) The United States Supreme Court, when construing the copyright and patent statutes, has repeatedly insisted that their primary objective is inducing the production and dissemination of works of the intellect.[\[14\]](#) A host of lower courts have agreed.[\[15\]](#)

References to the importance of rewarding authors and inventors for their labor are almost as common. Proponents of legislative extensions of copyright or patent protection routinely make arguments like: “Our American society is founded on the principle that the one who creates something of value is entitled to enjoy the fruits of his labor.”[\[16\]](#) The United States Supreme Court often uses a similar vocabulary. For example, Justice Reed ended his opinion in *Mazer v. Stein* with the solemn statement: “Sacrificial days devoted to . . . creative activities deserve rewards commensurate with the services rendered.”[\[17\]](#) Lower court opinions and appellate arguments frequently take the same tack.[\[18\]](#)

Until recently, the personality theory had much less currency in American law. By contrast, it has

long figured very prominently in Europe. The French and German copyright regimes, for example, have been strongly shaped by the writings of Kant and Hegel. This influence is especially evident in the generous protection those countries provide for “moral rights” — authors’ and artists’ rights to control the public disclosure of their works, to withdraw their works from public circulation, to receive appropriate credit for their creations, and above all to protect their works against mutilation or destruction. This cluster of entitlements has traditionally been justified on the ground that a work of art embodies and helps to realize its creator’s personality or will. In the past two decades, “moral-rights” doctrine — and the philosophic perspective on which it rests — have found increasing favor with American lawmakers, as evidenced most clearly by the proliferation of state art-preservation statutes and the recent adoption of the federal Visual Artists Rights Act.^[19]

Finally, deliberate efforts to craft or construe rules in order to advance a vision of a just and attractive culture — the orientation that underlies Social Planning Theory — can be found in almost all of the provinces of intellectual property law. Such impulses underlie, for example, both the harsh response of most courts when applying copyright or trademark law to scatological humor and the generally favorable treatment they have accorded criticism, commentary, and education. Social-planning arguments also figure prominently in current debates concerning the appropriate scope of intellectual-property rights on the Internet.^[20]

To summarize, one source of the prominence of utilitarian, labor, personality, and social-planning theories in recent theoretical literature is the strength of similar themes in judicial opinions, statutes, and appellate briefs. But two circumstances suggest that such parallelism and resonance cannot fully explain the configuration of contemporary theories. First, there exist in the materials of intellectual-property law several important themes that have not been echoed and amplified by a significant number of theorists. Many American courts, for example, strive when construing copyright or trademark law to reflect and reinforce custom — either customary business practices or customary standards of “good faith” and “fair dealing.”^[21] That orientation has deep roots both in the common law in general and in the early-twentieth-century writings of the American Legal Realists.^[22] Yet few contemporary intellectual-property theorists pay significant attention to custom.^[23] Much the same can be said of concern for privacy interests. Long a major concern of legislators and courts,^[24] protection of privacy has been given short shrift by contemporary American theorists.

The second circumstance is that, in legislative and judicial materials, arguments of the various sorts we have been considering typically are blended. Here, for example, is the preamble to Connecticut’s first copyright statute:

Whereas it is perfectly agreeable to the principles of natural equity and justice, that every author should be secured in receiving the profits that may arise from the sale of his works, and such security may encourage men of learning and genius to publish their writings; which may do honor to their country, and service to mankind . . .^[25]

Two hundred years later, in the *Harper & Row* case, the Supreme Court took a similar line:

We agree with the Court of Appeals that copyright is intended to increase and not to impede the harvest of knowledge. But we believe the Second Circuit gave insufficient deference to the scheme established by the Copyright Act for fostering the original works that provide the seed and substance of this harvest. The rights conferred by copyright are designed to assure contributors to the store of knowledge a fair return for their labors.^[26]

Fairness, incentives, culture-shaping — in these and countless other passages, they swirl together. In contemporary theoretical writing, by contrast, such themes are typically disentangled and juxtaposed.

How can we account for these two respects in which intellectual-property theory deviates from extant legal materials? The answer seems to be that the theorists are seeing the law through glasses supplied by political philosophy. In contemporary philosophic debates, natural law, utilitarianism, and theories of the good are generally seen as incompatible perspectives.^[27] It is not surprising that legal theorists, familiar with those debates, should separate ideas about intellectual property into similar piles.

One additional circumstance also likely plays a part: Many contemporary *intellectual*-property theorists also participate in similar arguments about the appropriate shape of property law in general. In that arena, there is now a well-established canon of rival perspectives, again drawn in large part from Anglo-American political philosophy. Labor theory, utilitarianism, and personality theory are the primary contenders.^[28] We should not be surprised to see them replicated in the context of intellectual property.

You can continue reading at: <https://cyber.harvard.edu/people/tfisher/iptheory.pdf>

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[1] The history of these doctrines in the United States — and possible reasons for their growing importance — are considered in William Fisher, “Geistiges Eigentum – ein ausufernder Rechtsbereich: Die Geschichte des Ideenschutzes in den Vereinigten Staaten,” in *Eigentum im internationalen Vergleich* (Göttingen: Vandenhoeck & Ruprecht, 1999) (available in English at http://www.law.harvard.edu/Academic_Affairs/coursepages/tfisher/iphistory.html).

[2] William Landes and Richard Posner, “An Economic Analysis of Copyright Law,” *Journal of Legal Studies* 18 (1989): 325. This argument is derived in substantial part from Jeremy Bentham, *A Manual of Political Economy* (New York: Putnam, 1839); John Stuart Mill, *Principles of Political Economy*, 5th ed. (New York: Appleton, 1862); and A.C. Pigou, *The Economics of Welfare*, 2d ed. (London: Macmillan & Co., 1924).

[3] William Landes and Richard Posner, “Trademark Law: An Economic Perspective,” *Journal of Law and Economics* 30 (1987): 265. Other works that address trademark law in similar terms include Nicholas Economides, “The Economics of Trademarks,” *Trademark Reporter* 78 (1988): 523-39 and Daniel McClure, “Trademarks and Competition: The Recent History,” *Law and Contemporary Problems* 59 (1996): 13-43.

[4] See, for example, Justin Hughes, “The Philosophy of Intellectual Property,” *Georgetown Law Journal* 77 (1988): 287, at 299-330. These initial impressions are examined in more detail in part III, below.

[5] Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974), pp. 178-82.

[6] John Locke, *Two Treatises of Government* (P. Laslett, ed., Cambridge: Cambridge University Press, 1970), *Second Treatise*, sec. 27.

[7] See Margaret Jane Radin, *Reinterpreting Property* (Chicago: University of Chicago Press, 1993); Jeremy Waldron, *The Right to Private Property* (Oxford: Clarendon, 1988).

[8] See Hughes, "Philosophy of Intellectual Property," at 330-350

[9] See, for example, James Harrington, *Oceana* (Westport, Conn.: Hyperion Press, 1979); Thomas Jefferson, *Notes on the State of Virginia* (New York: Norton, 1972); Karl Marx, *Economic and Philosophic Manuscripts of 1844* (New York: International Publishers, 1964); Morris Cohen, "Property & Sovereignty," *Cornell Law Quarterly* 13 (1927): 8; Frank Michelman, "Law's Republic," *Yale Law Journal* 97 (1988): 1493; William Fisher, Morton Horwitz, and Thomas Reed, eds., *American Legal Realism* (New York: Oxford University Press, 1993).

[10] "Copyright and a Democratic Civil Society," *Yale Law Journal* 106 (1996): 283. See also idem., "Asserting Copyright's Democratic Principles in the Global Arena," *Vanderbilt Law Review* 51 (1998): 217-329.

[11] See, for example, Rosemary J. Coombe, "Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue," *Texas Law Review* 69 (1991): 1853; Niva Elkin-Koren, "Copyright Law and Social Dialogue on the Information Superhighway: The Case Against Copyright Liability of Bulletin Board Operators," *Cardozo Arts & Entertainment Law Journal* 13 (1995): 345; Michael Madow, "Private Ownership of Public Image: Popular Culture and Publicity Rights," *California Law Review* 81 (1993): 125; William Fisher, "Reconstructing the Fair Use Doctrine," *Harvard Law Review* 101 (1988): 1659-1795, at 1744-94.

[12] Gregory S. Alexander, *Commodity and Propriety* (Chicago: University of Chicago Press, 1997), p. 1.

[13] Article I, section 8, clause 8 of the United States Constitution empowers Congress "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."

[14] See, for example, *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127-28 (1932); *Kendall v. Winsor*, 62 U.S. (21 How.) 322, 327-28 (1858).

[15] See, for example, *Hustler Magazine v. Moral Majority*, 796 F.2d 1148, 1151 (9th Cir. 1986); *Consumers Union of United States v. General Signal Corp.*, 724 F.2d 1044, 1048 (2d Cir. 1983).

[16] Testimony of Elizabeth Janeway, *Copyright Law Revision: Hearings on H.R. 4347, 5680, 6831, 6835 Before Subcomm. No. 3 of the House Comm. on the Judiciary, 89th Cong., 1st Sess.* (1965), reprinted in George S. Grossman, *Omnibus Copyright Revision Legislative History*, vol. 5 (1976), p. 100.

[17] 347 U.S. 201, 219 (1954). For a similar argument in the patent context, see *Motion Picture Patents Co. v. Universal Film Manufacturing Co.*, 243 U.S. 502 (1917).

[18] Many examples are set forth in Stewart E. Sterk, "Rhetoric and Reality in Copyright Law," *Michigan Law Review* 94 (1996): 1197; Alfred C. Yen, "Restoring the Natural Law: Copyright as Labor and Possession," *Ohio State Law Journal* 51 (1990): 517; and Lloyd Weinreb, "Copyright for Functional Expression," *Harvard Law Review* 111 (1998): 1149-1254, at 1211-14.

[19] See Thomas Cotter, "Pragmatism, Economics, and the *Droit Moral*," *North Carolina Law Review* 76 (1997): 1, 6-27; Jeri D. Yonover, "The 'Dissing' of Da Vinci: The Imaginary Case of Leonardo v. Duchamp: Moral Rights, Parody, and Fair Use," *Valparaiso University Law Review* 29 (1995): 935-1004.

[20] See Niva Elkin-Koren, "Cyberlaw and Social Change: A Democratic Approach to Copyright Law in Cyberspace," *Cardozo Arts & Entertainment Law Journal* 14 (1996): 215.

[21] *Harper & Row v. Nation Enterprises*, 471 U.S. 539, 563 (1985). See also *Time v. Bernard Geis Associates*, 293 F.Supp. 130, 146 (S.D.N.Y. 1968); *Rosemont Enterprises v. Random House*, 366 F.2d 303, 307 (2d Cir. 1966); *Holdridge v. Knight Publishing Corp.*, 214 F.Supp. 921, 924 (S.D.Cal. 1963).

[22] See Fisher et al., *American Legal Realism*, p. 170.

[23] But cf. Weinreb, "Copyright for Functional Expression."

[24] See *Harper & Row v. Nation Enterprises*, 471 U.S. 539, 564 (1985); *Salinger v. Random House*, 811 F.2d 90, 97 (2d Cir. 1987).

[25] 1783 Conn. Pub. Acts Jan. Sess., reprinted in U.S. Copyright Office, *Copyright Enactments of the United States, 1783-1906*, at 11 (2d ed., Washington: G.P.O., 1906).

[26] *Harper & Row v. Nation Enterprises*, 471 U.S. 539, 545-46 (1985).

[27] The pertinent literature is enormous. A few entries, suggesting the importance of the divisions drawn in the text, are H.L.A. Hart, "Between Utility and Rights," *Columbia Law Review* 79 (1979): 828; Michael Sandel, *Liberalism and the Limits of Justice* (Cambridge: Cambridge University Press, 1982).

[28] For discussions and illustrations of the canon, see, J. Roland Pennock and John W. Chapman, eds., *Property (Nomos XXII)* (New York: New York University Press, 1980); Alan Ryan, *Property and Political Theory* (Oxford: Blackwell, 1984); Waldron, *Right to Private Property*. To be sure, not all property theorists are inclined to maintain the traditional boundaries between natural law, utilitarianism, and theories of the good. For one prominent pluralist theory, see Stephen R. Munzer, *A Theory of Property* (Cambridge: Cambridge University Press, 1990).

3. THE ELEMENTS OF A TRADE SECRET

Learning Objectives: Unit 3

Upon completion of this unit, you should be able to:

- Recall the legal authority and components of trade secret law.
- Recall the elements of a trade secret.
- Explain the concept of a trade secret and reasonable precautions with reference to the Defend Trade Secret Act and caselaw.
- Analyze whether something is a trade secret.

International News Service v. Associate Press involved legal rights in intangibles that were largely defined in the context of that specific litigation—so much so that the Court coined a term, *quasi-property*. But most rights in creative intangibles are much more formally defined. This allows people to have a clear understanding of what is encompassed by the intellectual property right.

We'll begin our study of these rights with something that is not so far off from the legal theory in *INS v. AP*: misappropriation of trade secrets. These laws govern information—in particular, economically valuable information that its creator would prefer to keep secret.

Secrecy, by itself, is a relatively easy concept: if you don't tell anyone about information that only you possess, it's difficult for other people to know it. The problem is that information that is not shared with anyone else is of relatively little value, and it is extremely difficult to build a business of more than one person without sharing economically valuable information.

Employing contracts—specifically, non-disclosure agreements—is one way to limit disclosure. But as you learned in contract law, contracts aren't perfect mechanisms: they necessarily are unable to deal with every possible situation, they rely on the prognosticating ability of the parties at the time the contract was created as opposed to their knowledge at the time of alleged breach, they can be both over- and under-restrictive of the parties' activities, and they require that the parties actually have entered into a contract with relevant provisions.

Trade secret law largely fills these gaps. It begins by defining the concept of trade secrets, differentiating between information that is protectable and that which is not. It then provides a tort-based cause of action for the owner of trade secrets as against a person who misappropriates those secrets.

Trade secret law has historically been governed by state law, modeled after the Uniform Trade Secrets

Act (UTSA) (most states) or the relevant provisions of the Restatement (Second) of Torts. The UTSA is available at on the Uniform Law Commission’s website, <https://www.uniformlaws.org/> (search for “Uniform Trade Secrets Act”). In 2016, however, Congress enacted the Defend Trade Secrets Act. The DTSA provides a federal cause of action for trade secret misappropriation. It largely mirrors the UTSA and general principles of trade secret law, so while neither case involves the DTSA, the basic component of the law are the same.

The Federal Defend Trade Secrets Act was signed into law by President Obama in 2016. It is codified at 18 U.S.C. § 1836, et seq. The specific portions that we’ll refer to are excerpted below.

18 U.S.C §1836(b)(1) – Private Civil Actions (2016)

An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.

18 U.S.C §1839 – Definitions (2016)

...

(3) the term “trade secret” means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if:

- a. the owner thereof has taken reasonable measures to keep such information secret; and
- b. the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information

(4) the term “owner”, with respect to a trade secret, means the person or entity in whom or in which rightful legal or equitable title to, or license in, the trade secret is reposed;

(5) the term misappropriation means—

- A. acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or
- B. disclosure or use of a trade secret of another without express or implied consent by a person who—
 - (i) used improper means to acquire knowledge of the trade secret;

(ii) at the time of disclosure or use, knew or had reason to know that the knowledge of the trade secret was—

(I) derived from or through a person who had used improper means to acquire the trade secret;

(II) acquired under circumstances giving rise to a duty to maintain the secrecy of the trade secret or limit the use of the trade secret; or

(III) derived from or through a person who owed a duty to the person seeking relief to maintain the secrecy of the trade secret or limit the use of the trade secret; or

(iii) before a material change of the position of the person, knew or had reason to know that—

(I) the trade secret was a trade secret; and

(II) knowledge of the trade secret had been acquired by accident or mistake;

(6) the term “improper means”—

A. includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means; and

B. does not include reverse engineering, independent derivation, or any other lawful means of acquisition...

LEARNING CURVE TOYS V. PLAYWOOD TOYS (7TH CIR. 2003)

READING WITH PURPOSE

As you read *Learning Curve v. PlayWood*, ask yourself the following questions:

- What is a trade secret?
- What is the legal analysis for determining whether something is a trade secret?
- What underlying policies at play in this opinion? How do they differ from the policies involved in copyright disputes?
- Based on this opinion and the DTSA, would the list of contacts on a sales representative's LinkedIn account be a trade secret? The password for the LinkedIn account?
- What is the requirement of "reasonable measures"?

Learning Curve Toys v. PlayWood Toys

342 F.3d 714 (7th Cir. 2003)

RIPPLE, Circuit Judge.

PlayWood Toys, Inc. ("PlayWood") obtained a jury verdict against Learning Curve Toys, Inc. and its representatives, Roy Wilson, Harry Abraham and John Lee (collectively, "Learning Curve"), for misappropriation of a trade secret in a realistic looking and sounding toy railroad track under the Illinois Trade Secrets Act, 765 ILCS 1065/1 et seq. The jury awarded PlayWood a royalty of "8% for a license that would have been negotiated [absent the misappropriation] to last for the lifetime of the product." R.194. Although there was substantial evidence of misappropriation before the jury, the district court did not enter judgment on the jury's verdict. Instead, it granted judgment as a matter of law in favor of Learning Curve, holding that PlayWood did not have a protectable trade secret in the toy railroad track. PlayWood appealed. For the reasons set forth in the following opinion, we reverse the judgment of the district court and reinstate the jury's verdict. We further remand the case to the district court for a jury trial on exemplary damages and for consideration of PlayWood's request for attorneys' fees.

I

BACKGROUND

A. Facts

In 1992, Robert Clausi and his brother-in-law, Scott Moore, began creating prototypes of wooden

toys under the name PlayWood Toys, Inc., a Canadian corporation. Clausi was the sole toy designer and Moore was the sole officer and director of PlayWood. Neither Clausi nor Moore had prior experience in the toy industry, but Clausi had “always been a bit of a doodler and designer,” Trial Tr. at 58, and the two men desired to “create high-quality hardwood maple toys for the independent toy market,” *id.* at 241. As a newly formed corporation, PlayWood did not own a facility in which it could produce toys. Instead, it worked in conjunction with Mario Borsato, who owned a wood-working facility. Subject to a written confidentiality agreement with PlayWood, Borsato manufactured prototypes for PlayWood based on Clausi’s design specifications.

PlayWood’s first attempt to market publicly its toys was at the Toronto Toy Fair on January 31, 1992. PlayWood received favorable reviews from many of the toy retailers in attendance; PlayWood also learned that the best way to get recognition for its toys was to attend the New York Toy Fair (“Toy Fair”) the following month. Based on this information, Clausi and Moore secured a position at the Toy Fair in order to display PlayWood’s prototypes. It was during this Toy Fair that Clausi and Moore first encountered Learning Curve representatives Roy Wilson, Harry Abraham and John Lee.

On the morning of February 12, 1993, the first day of the Toy Fair, Roy Wilson stopped at PlayWood’s booth and engaged Clausi and Moore in conversation. Wilson identified himself as Learning Curve’s toy designer and explained that his company had a license from the Britt Allcroft Company to develop Thomas the Tank Engine & FriendsTM (hereinafter “Thomas”) trains and accessories. Wilson commented that he was impressed with the look and quality of PlayWood’s prototypes and raised the possibility of working together under a custom manufacturing contract to produce Learning Curve’s line of Thomas products. Clausi and Moore responded that such an arrangement would be of great interest to PlayWood. Later that same day, Harry Abraham, Learning Curve’s vice president, and John Lee, Learning Curve’s president, also stopped by PlayWood’s booth. They too commented on the quality of PlayWood’s prototypes and indicated that PlayWood might be a good candidate for a manufacturing contract with Learning Curve.

Clausi and Moore continued to have discussions with Learning Curve’s representatives over the remaining days of the Toy Fair, which ended on February 14. During these discussions, Lee indicated that he would like two of his people, Abraham and Wilson, to visit PlayWood in Toronto the day after the Toy Fair ended in order to determine whether the two parties could work out a manufacturing arrangement for some or all of Learning Curve’s wooden toys. Clausi, feeling a little overwhelmed by the suggestion, requested that their visit be postponed a few days so that he could better acquaint himself with Learning Curve’s products. The parties ultimately agreed that Abraham and Wilson would visit PlayWood at Borsato’s facility on February 18, 1993, four days after the conclusion of the Toy Fair. Clausi spent the next several days after the Toy Fair researching Learning Curve’s products and considering how PlayWood could produce Learning Curve’s trains and track.

On February 18, 1993, Abraham and Wilson visited PlayWood in Toronto as planned. The meeting began with a tour of Borsato’s woodworking facility, where the prototypes on display at the Toy Fair had been made. After the tour, the parties went to the conference room at Borsato’s facility. At this point, according to Clausi and Moore, the parties agreed to make their ensuing discussion confidential. Clausi testified:

After we sat down in the board room, Harry [Abraham of Learning Curve] immediately said: “Look, we’re going to disclose confidential information to you guys, and we’re going to disclose some designs that Roy [Wilson of Learning Curve] has that are pretty confidential. If

Brio were to get their hands on them, then we wouldn't like that. And we're going to do it under the basis of a confidential understanding."

And I said: "I also have some things, some ideas on how to produce the track and produce the trains now that I've had a chance to look at them for the last couple of days, and I think they're confidential as well. So if we're both okay with that, we should continue." So we did.

Trial Tr. at 76-77. Moore testified to the existence of a similar conversation:

It was at this point that Harry Abraham told us that they were going to disclose some confidential documents, drawings, pricing, margins, and asked us if we would keep that information confidential.

* * * * *

I believe it was Robert [Clausi] who said that, you know, absolutely, we would keep it confidential. In fact, we had some ideas that we felt would be confidential we would be disclosing to them, and would they keep it, you know, confidential? Would they reciprocate? And Harry [Abraham] said: "Absolutely." And then we proceeded to go along with the meeting.

Trial Tr. at 247-48.

Immediately after the parties agreed to keep their discussion confidential, Wilson, at Abraham's direction, showed Clausi and Moore drawings of various Thomas characters and provided information on the projected volume of each of the products. Clausi testified that he considered the documents disclosed by Learning Curve during the meeting confidential because they included information on products not yet released to the public, as well as Learning Curve's projected volumes, costs and profit margins for various products. After viewing Wilson's various drawings, the parties discussed PlayWood's ideas on how to manufacture Learning Curve's trains. Clausi suggested that they might use a CNC machine, which he defined as a computer numerically controlled drill that carves in three dimensions, to create Learning Curve's trains out of a single piece of wood (as opposed to piecing together separate pieces of wood).

The parties' discussion eventually moved away from train production and focused on track design. Wilson showed Clausi and Moore drawings of Learning Curve's track and provided samples of their current product. At this point, Abraham confided to Clausi and Moore that track had posed "a bit of a problem for Learning Curve." Trial Tr. at 85. Abraham explained that sales were terrific for Learning Curve's Thomas trains, but that sales were abysmal for its track. Abraham attributed the lack of sales to the fact that Learning Curve's track was virtually identical to that of its competitor, Brio, which had the lion's share of the track market. Because there was "no differentiation" between the two brands of track, Learning Curve's track was not even displayed in many of the toy stores that carried Learning Curve's products. *Id.* Learning Curve had worked unsuccessfully for several months attempting to differentiate its track from that of Brio.

After detailing the problems with Learning Curve's existing track, Abraham inquired of Clausi whether "there was a way to differentiate" its track from Brio's track. Trial Tr. at 86. Clausi immediately responded that he "had had a chance to look at the track and get a feel for it [over] the last few days" and that his "thoughts were that if the track were more realistic and more functional, that kids would enjoy playing with it more and it would give the retailer a reason to carry the product,

especially if it looked different than the Brio track.” *Id.* at 87. Clausi further explained that, if the track “made noise and [] looked like real train tracks, that the stores wouldn’t have any problem, and the Thomas the Tank line, product line would have [] its own different track” and could “effectively compete with Brio.” *Id.* Abraham and Wilson indicated that they were “intrigued” by Clausi’s idea and asked him what he meant by “making noise.” *Id.*

Clausi decided to show Abraham and Wilson exactly what he meant. Clausi took a piece of Learning Curve’s existing track from the table, drew some lines across the track (about every three-quarters of an inch), and stated: “We can go ahead and machine grooves right across the upper section . . . , which would look like railway tracks, and down below machine little indentations as well so that it would look more like or sound more like real track. You would roll along and bumpity-bumpity as you go along.” Trial Tr. at 255. Clausi then called Borsato into the conference room and asked him to cut grooves into the wood “about a quarter of an inch deep from the top surface.” *Id.* at 88. Borsato left the room, complied with Clausi’s request, and returned with the cut track three or four minutes later. Clausi ran a train back and forth over the cut piece of track. The track looked more realistic than before, but it did not make noise because the grooves were not deep enough. Accordingly, Clausi instructed Borsato to cut the grooves “just a little bit deeper so that they go through the rails.” *Id.* Borsato complied with Clausi’s request once again and returned a few minutes later with the cut piece of track. Clausi proceeded to run a train back and forth over the track. This time the track made a “clickety-clack” sound, but the train did not run smoothly over the track because the grooves were cut “a little bit too deep.” *Id.* at 258. Based on the sound produced by the track, Clausi told Abraham and Moore that if PlayWood procured a contract with Learning Curve to produce the track, they could call it “Clickety-Clack Track.” *Id.* at 89.

Both Abraham and Wilson indicated that Clausi’s concept of cutting grooves into the track to produce a clacking sound was a novel concept. Thereafter, Wilson and Clausi began to discuss how they could improve the idea to make the train run more smoothly on the track, but Abraham interrupted them and stated: “No, focus. You guys have to get the contract for the basic product first, and then we can talk about new products, because . . . it takes [our licensor] a long time to approve new products and new designs.” Trial Tr. at 89.

The meeting ended shortly thereafter without further discussion about Clausi’s concept for the noise-producing track. Before he left, Wilson asked Clausi if he could take the piece of track that Borsato had cut with him while the parties continued their discussions. Clausi gave Wilson the piece of track without hesitation. The piece of track was the only item that Abraham and Wilson took from the meeting. Clausi and Moore did not ask Wilson for a receipt for the cut track, nor did they seek a written confidentiality agreement to protect PlayWood’s alleged trade secret. After the meeting, Clausi amended PlayWood’s confidentiality agreement with Borsato to ensure that materials discussed during the meeting would remain confidential. Clausi also stamped many of the documents that he received from Learning Curve during the meeting as confidential because they included information on products not yet released to the public. PlayWood never disclosed the contents of Learning Curve’s documents to anyone.

During March of 1993, PlayWood and Learning Curve met on three separate occasions to discuss further the possibility of PlayWood manufacturing Learning Curve’s Thomas products. At one of the meetings, and at Learning Curve’s request, PlayWood submitted a manufacturing proposal for the Thomas products. Learning Curve rejected PlayWood’s proposal. Learning Curve told Clausi that its licensor wanted the Thomas products to be made in the United States.

Thereafter, PlayWood had no contact with Learning Curve until late October of 1993, when Abraham contacted Clausi to discuss another possible manufacturing contract because Learning Curve's secondary supplier was not providing enough product. Again, PlayWood submitted a manufacturing proposal at Learning Curve's request, but it too was rejected. Learning Curve later stated that its new business partner had decided to manufacture the product in China.

Clausi and Moore continued to work on PlayWood's toy concepts. After the 1994 New York Toy Fair, which was not particularly successful for PlayWood, Clausi and Moore began to focus their efforts on refining PlayWood's concept for the noise-producing track. During this time, Clausi and Moore made no attempt to license or sell the concept to other toy companies because they believed that PlayWood still had "an opportunity to get in the door" with Learning Curve if they could perfect the concept and also because they believed that they were bound by a confidentiality agreement. Trial Tr. at 267.

In December of 1994, while shopping for additional track with which to experiment, Moore discovered that Learning Curve was selling noise-producing track under the name "Clickety-Clack Track." Like the piece of track that Clausi had Borsato cut during PlayWood's February 18, 1993, meeting with Learning Curve, Clickety-Clack Track™ has parallel grooves cut into the wood, which cause a "clacking" sound as train wheels roll over the grooves. Learning Curve was promoting the new track as

"the first significant innovation in track design since the inception of wooden train systems . . . It is quite simply the newest and most exciting development to come along recently in the wooden train industry, and it's sure to cause a sensation in the marketplace . . . [I]t brings that sound and feel of the real thing to a child's world of make-believe without bells, whistles, electronic sound chips or moving parts."

PlayWood's Tr. Ex.71.

Moore was "stunned" when he saw the track because he believed that Learning Curve had stolen PlayWood's concept. Trial Tr. at 268. He testified: "This was our idea. This is what we've been working on even up to that day to go back to [Learning Curve] as an opportunity to get in the door, and there it is on the shelf." *Id.* Moore purchased a package of Clickety-Clack Track™ and showed it to Clausi. Clausi testified that he was disappointed when he saw the track because he believed that Learning Curve had taken PlayWood's name and design concept "almost exactly as per [their] conversation" on February 18, 1993. Trial Tr. at 103.

PlayWood promptly wrote a cease and desist letter to Learning Curve. The letter accused Learning Curve of stealing PlayWood's concept for the noise-producing track that it disclosed to Learning Curve "in confidence in the context of a manufacturing proposal." PlayWood's Tr. Ex.66 at 1. Learning Curve responded by seeking a declaratory judgment that it owned the concept.

Previously, on March 16, 1994, Learning Curve had applied for a patent on the noise-producing track. The patent, which was obtained on October 3, 1995, claims the addition of parallel impressions or grooves in the rails, which cause a "clacking" sound to be emitted as train wheels roll over them. The patent identifies Roy Wilson of Learning Curve as the inventor.

Clickety-Clack Track™ provided an enormous boost to Learning Curve's sales. Learning Curve had \$20 million in track sales by the first quarter of 2000, and \$40 million for combined track and accessory sales.

B. District Court Proceedings

Learning Curve responded to PlayWood's cease and desist letter by seeking a declaratory judgment that it owned the concept for noise-producing toy railroad track, as embodied in Clickety-Clack Track.TM PlayWood counterclaimed against Learning Curve, as well as its representatives, Roy Wilson, Harry Abraham and John Lee. PlayWood asserted that it owned the concept and that Learning Curve had misappropriated its trade secret.¹ Learning Curve voluntarily dismissed its complaint for declaratory relief, and PlayWood's claim for trade secret misappropriation proceeded to trial. The jury returned a verdict in favor of PlayWood. The trial court declined to enter judgment on the verdict and instead asked the parties to brief Learning Curve's Rule 50 motion on the issue of whether PlayWood had a protectable trade secret under the Illinois Trade Secrets Act, 765 ILCS 1065/1 et seq. The district court granted Learning Curve's motion and entered judgment in its favor on the ground that PlayWood presented insufficient evidence of a trade secret. *See* R.202. Specifically, the court determined that PlayWood did not have a trade secret in its concept for noise-producing toy railroad track under Illinois law because: (1) PlayWood did not demonstrate that its concept was unknown in the industry; (2) PlayWood's concept could have been easily acquired or duplicated through proper means; (3) PlayWood failed to guard the secrecy of its concept; (4) PlayWood's concept had no economic value; and (5) PlayWood expended no time, effort or money to develop the concept. *See id.*

II

DISCUSSION

A. Trade Secret Status

We review the district court's decision to grant Learning Curve's motion for judgment as a matter of law de novo, viewing the evidence in the light most favorable to PlayWood. *See Veach v. Sheeks*, 316 F.3d 690, 692 (7th Cir.2003). "We shall not second-guess the jury's view of the contested evidence; the proper inquiry is whether, given the totality of the evidence, [PlayWood] presented sufficient evidence from which a reasonable jury could find in [its] favor." *David v. Caterpillar, Inc.*, 324 F.3d 851, 858 (7th Cir. 2003).

The parties agree that their dispute is governed by the Illinois Trade Secrets Act ("Act"), 765 ILCS 1065/1 et seq. To prevail on a claim for misappropriation of a trade secret under the Act, the plaintiff must demonstrate that the information at issue was a trade secret, that it was misappropriated and that it was used in the defendant's business. *See Composite Marine Propellers, Inc. v. Van Der Woude*, 962 F.2d 1263, 1265-66 (7th Cir.1992) (per curiam); *Southwest Whey, Inc. v. Nutrition 101, Inc.*, 117 F.Supp.2d 770, 775-76 (N.D.Ill.2000); *Magellan Int'l. Corp. v. Salzgitter Handel GmbH.*, 76 F.Supp.2d 919, 926 (N.D.Ill.1999). The issue currently before us is whether there was legally sufficient evidence for

1. In its amended counterclaim, PlayWood asserted eight causes of action: (1) implied-in-fact contract; (2) quasi-contract; (3) idea misappropriation; (4) fraud and deceptive business practices under the Illinois Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/1 et seq.; (5) misappropriation of trade secrets under the Illinois Trade Secrets Act, 765 ILCS 1065/1 et seq.; (6) unfair competition under § 44(b) of the Lanham Act, 15 U.S.C. § 1126; (7) unfair competition under § 43(a) of the Lanham Act, 15 U.S.C. § 1125; and (8) deceptive trade practices under the Uniform Deceptive Trade Practices Act, 815 ILCS § 510/1 et seq. R.35. With the exception of misappropriation of trade secrets, the district court entered summary judgment against PlayWood on all counts. PlayWood does not appeal the grant of summary judgment on those counts.

the jury to find that PlayWood had a trade secret in its concept for the noise-producing toy railroad track that it revealed to Learning Curve on February 18, 1993.

The Act defines a trade secret as:

[I]nformation, including but not limited to, technical or non-technical data, a formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, or list of actual or potential customers or suppliers, that:

(1) is sufficiently secret to derive economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality.

765 ILCS 1065/2(d). Both of the Act's statutory requirements focus fundamentally on the secrecy of the information sought to be protected. See *Mangren Research & Dev. Corp. v. Nat'l Chem. Co., Inc.*, 87 F.3d 937, 942 (7th Cir.1996); *Computer Care v. Serv. Sys. Enters., Inc.*, 982 F.2d 1063, 1072 (7th Cir.1992); *Pope v. Alberto-Culver Co.*, 296 Ill.App.3d 512, 230 Ill.Dec. 646, 694 N.E.2d 615, 617 (1998); *Stampede Tool Warehouse, Inc. v. May*, 272 Ill. App.3d 580, 209 Ill.Dec. 281, 651 N.E.2d 209, 215 (1995); *Serv. Ctrs. of Chicago, Inc. v. Minogue*, 180 Ill.App.3d 447, 129 Ill.Dec. 367, 535 N.E.2d 1132, 1136 (1989). However, the requirements emphasize different aspects of secrecy. The first requirement, that the information be sufficiently secret to impart economic value because of its relative secrecy, "precludes trade secret protection for information generally known or understood within an industry even if not to the public at large." *Pope*, 230 Ill.Dec. 646, 694 N.E.2d at 617. The second requirement, that the plaintiff take reasonable efforts to maintain the secrecy of the information, prevents a plaintiff who takes no affirmative measures to prevent others from using its proprietary information from obtaining trade secret protection. See *Jackson v. Hammer*, 274 Ill.App.3d 59, 210 Ill.Dec. 614, 653 N.E.2d 809, 816 (1995) ("[T]he Act requires a plaintiff to take 'affirmative measures' to prevent others from using information.").

Although the Act explicitly defines a trade secret in terms of these two requirements, Illinois courts frequently refer to six common law factors (which are derived from § 757 of the Restatement (First) of Torts) in determining whether a trade secret exists: (1) the extent to which the information is known outside of the plaintiff's business; (2) the extent to which the information is known by employees and others involved in the plaintiff's business; (3) the extent of measures taken by the plaintiff to guard the secrecy of the information; (4) the value of the information to the plaintiff's business and to its competitors; (5) the amount of time, effort and money expended by the plaintiff in developing the information; and (6) the ease or difficulty with which the information could be properly acquired or duplicated by others. See *Delta Med. Sys. v. Mid-America Med. Sys., Inc.*, 331 Ill. App.3d 777, 265 Ill.Dec. 397, 772 N.E.2d 768, 780 (2002); *Stampede Tool Warehouse*, 209 Ill.Dec. 281, 651 N.E.2d at 215-16; *George S. May Int'l Co. v. Int'l Profit Assocs.*, 256 Ill.App.3d 779, 195 Ill.Dec. 183, 628 N.E.2d 647, 653 (1993); see also *C & F Packing Co., Inc. v. IBP, Inc.*, 224 F.3d 1296, 1302 (Fed.Cir.2000) (applying Illinois law).

Contrary to Learning Curve's contention, we do not construe the foregoing factors as a six-part test, in which the absence of evidence on any single factor necessarily precludes a finding of trade secret protection. Instead, we interpret the common law factors as instructive guidelines for ascertaining whether a trade secret exists under the Act. The language of the Act itself makes no reference to

these factors as independent requirements for trade secret status, and Illinois case law imposes no such requirement that each factor weigh in favor of the plaintiff. *See ILG Indus., Inc. v. Scott*, 49 Ill.2d 88, 273 N.E.2d 393, 396 (1971) (“An exact definition of a trade secret, applicable to all situations, is not possible. Some factors to be considered in determining whether given information is one’s trade secret are [the six factors enumerated in the Restatement.]”) (internal quotation marks omitted). In this respect, Illinois law is compatible with the approach in other states. Courts from other jurisdictions, as well as legal scholars, have noted that the Restatement factors are not to be applied as a list of requisite elements. *See, e.g., Basic American, Inc. v. Shatila*, 133 Idaho 726, 992 P.2d 175, 184 (1999); *Minuteman, Inc. v. Alexander*, 147 Wis.2d 842, 434 N.W.2d 773, 778 (Wis.1989); 2 Gregory E. Upchurch, *Intellectual Property Litigation Guide: Patents & Trade Secrets* § 16.02, at 16-17 to 16-18 (2002) (“On the whole, these factors are a guide to the proper decision on the existence of a trade secret, not a list of requirements.”).

The existence of a trade secret ordinarily is a question of fact.² As aptly observed by our colleagues on the Fifth Circuit, a trade secret “is one of the most elusive and difficult concepts in the law to define.” *Lear Siegler, Inc. v. Ark-Ell Springs, Inc.*, 569 F.2d 286, 288 (5th Cir. 1978). In many cases, the existence of a trade secret is not obvious; it requires an ad hoc evaluation of all the surrounding circumstances. For this reason, the question of whether certain information constitutes a trade secret ordinarily is best “resolved by a fact finder after full presentation of evidence from each side.” *Id.* at 289. We do not believe that the district court was sufficiently mindful of these principles. The district court, in effect, treated the Restatement factors as requisite elements and substituted its judgment for that of the jury. PlayWood presented sufficient evidence for the jury reasonably to conclude that the Restatement factors weighed in PlayWood’s favor.

1. Extent to which PlayWood’s concept for noise-producing toy railroad track was known outside of PlayWood’s business

PlayWood presented substantial evidence from which the jury could have determined that PlayWood’s concept for noise-producing toy railroad track was not generally known outside of PlayWood’s business. It was undisputed at trial that no similar track was on the market until Learning Curve launched Clickety-Clack Track™ in late 1994, more than a year after PlayWood first conceived of the concept. Of course, as Learning Curve correctly points out, “[m]erely being the first or only one to use particular information does not in and of itself transform otherwise general knowledge into a trade secret.” *George S. May Int’l*, 195 Ill.Dec. 183, 628 N.E.2d at 654. “If it did, the first person to use the information, no matter how ordinary or well known, would be able to appropriate it to his own use under the guise of a trade secret.” *Serv. Ctrs.*, 129 Ill.Dec. 367, 535 N.E.2d at 1137. However, in this case, there was additional evidence from which the jury could have determined that PlayWood’s concept was not generally known within the industry.

First, there was substantial testimony that Learning Curve had attempted to differentiate its track from that of its competitors for several months, but that it had been unable to do so successfully.

Furthermore, PlayWood’s expert witness, Michael Kennedy, testified that PlayWood’s concept, as

2. *See Nilssen v. Motorola, Inc.*, 963 F.Supp. 664, 675 (N.D.Ill.1997) (applying Illinois law); *see also Penalty Kick Mgm’t Ltd. v. Coca Cola Co.*, 318 F.3d 1284, 1291 (11th Cir.2003) (applying Georgia law); *Pate v. Nat’l Fund Raising Consultants, Inc.*, 20 F.3d 341, 344 (8th Cir.1994) (applying Colorado law); *Chevron U.S.A. Inc. v. Roxen Serv., Inc.*, 813 F.2d 26, 29 (2d Cir.1987) (applying New York law); 1 Melvin F. Jager, *Trade Secrets Law* § 5.2, at 5-3 (2002); 2 Gregory E. Upchurch, *Intellectual Property Litigation Guide: Patents & Trade Secrets* § 16.03, at 16-18 (2002).

embodied in Clickety-Clack TrackTM, was unique and permitted “its seller to differentiate itself from a host of competitors who [were] making a generic product.” Trial Tr. at 518. Kennedy explained that the look, sound and feel of the track made it distinct from other toy railroad track: “[W]hen a child runs a train across this track, he can feel it hitting those little impressions. And when you’re talking about young children[,] having the idea that they can see something that they couldn’t see before, feel something that they couldn’t feel before, hear something that they couldn’t hear before, that is what differentiates this toy from its other competitors.” *Id.* at 489.

Finally, PlayWood presented evidence that Learning Curve sought and obtained a patent on the noise-producing track. It goes without saying that the requirements for patent and trade secret protection are not synonymous. Unlike “a patentable invention, a trade secret need not be novel or unobvious.” 2 Rudolf Callmann, *The Law of Unfair Competition, Trademarks and Monopolies* § 14.15, at 14-124 (4th ed.2003). “The idea need not be complicated; it may be intrinsically simple and nevertheless qualify as a secret, unless it is common knowledge and, therefore, within the public domain.” *Forest Labs., Inc. v. Pillsbury Co.*, 452 F.2d 621, 624 (7th Cir. 1971) (internal quotation marks omitted). However, it is commonly understood that “[i]f an invention has sufficient novelty to be entitled to patent protection, it may be said a fortiori to be entitled to protection as a trade secret.” 1 Roger M. Milgrim, *Milgrim on Trade Secrets* § 1.08[1], at 1-353 (2002) (internal footnotes omitted). In light of this evidence, we cannot accept Learning Curve’s argument that no rational jury could have found that PlayWood’s concept was unknown outside of its business.

2. Extent to which PlayWood’s concept was known to employees and others involved in PlayWood’s business

The district court did not address the extent to which PlayWood’s concept was known to employees and others involved in PlayWood’s business. However, we agree with PlayWood that the evidence was sufficient to establish that its concept for noise-producing track was known only by key individuals in its business.

At the outset, we note briefly that PlayWood was a small business, consisting only of Clausi and Moore. Illinois courts have recognized on several occasions that the expectations for ensuring secrecy are different for small companies than for large companies. See *Jackson*, 210 Ill.Dec. 614, 653 N.E.2d at 815 (“[T]he determination of what steps are reasonably necessary to protect information is different for a large company than for a small one.”); *Elmer Miller, Inc. v. Landis*, 253 Ill.App.3d 129, 192 Ill.Dec. 378, 625 N.E.2d 338, 342 (1993) (“[R]easonable steps for a two or three person shop may be different from reasonable steps for a larger company.”). Apart from Clausi (PlayWood’s sole toy designer and the person who conceived of the concept for noise-producing track) and Moore (PlayWood’s sole officer and director), the only person who knew about the concept was Borsato, the person who physically produced PlayWood’s prototype at Clausi’s direction. The concept was disclosed to Borsato in order for PlayWood to develop fully its trade secret. See 1 Roger M. Milgrim, *Milgrim on Trade Secrets* § 1.04, at 1-173 (2002) (“A trade secret does not lose its character by being confidentially disclosed to agents or servants, without whose assistance it could not be made of any value.”) (internal quotation marks omitted). Moreover, Borsato’s actions were governed by a written confidentiality agreement with PlayWood. Indeed, as an extra precaution, Clausi even amended PlayWood’s confidentiality agreement with Borsato immediately after the February 18, 1993, meeting to ensure that materials discussed during the meeting would remain confidential. From this evidence, the jury reasonably could have determined that this factor also weighed in favor of PlayWood.

3. Measures taken by PlayWood to guard the secrecy of its concept

There also was sufficient evidence for the jury to determine that PlayWood took reasonable precautions to guard the secrecy of its concept. The Act requires the trade secret owner to take actions that are “reasonable under the circumstances to maintain [the] secrecy or confidentiality” of its trade secret; it does not require perfection. 765 ILCS 1065/2(d)(2). Whether the measures taken by a trade secret owner are sufficient to satisfy the Act’s reasonableness standard ordinarily is a question of fact for the jury.³ Indeed, we previously have recognized that “only in an extreme case can what is a ‘reasonable’ precaution be determined [as a matter of law], because the answer depends on a balancing of costs and benefits that will vary from case to case.” *Rockwell Graphic Sys., Inc. v. DEV Indus., Inc.*, 925 F.2d 174, 179 (7th Cir.1991).

Here, the jury was instructed that it must find “by a preponderance of the evidence that PlayWood’s trade secrets were given to Learning Curve as a result of a confidential relationship between the parties.” Trial Tr. at 1449. By returning a verdict in favor of PlayWood, the jury necessarily found that Learning Curve was bound to PlayWood by a pledge of confidentiality. The jury’s determination is amply supported by the evidence. Both Clausi and Moore testified that they entered into an oral confidentiality agreement with Abraham and Wilson before beginning their discussion on February 18, 1993. In particular, Clausi testified that he told Abraham and Wilson: “I also have some things, some ideas on how to produce the track and produce the trains now that I’ve had a chance to look at them for the last couple of days, and I think they’re confidential as well. So if we’re both okay with that, we should continue.” Trial Tr. at 77. In addition to this testimony, the jury heard that Learning Curve had disclosed substantial information to PlayWood during the February 18th meeting, including projected volumes, costs and profit margins for various products, as well as drawings for toys not yet released to the public. The jury could have inferred that Learning Curve would not have disclosed such information in the absence of a confidentiality agreement. Finally, the jury also heard (from several of Learning Curve’s former business associates) that Learning Curve routinely entered into oral confidentiality agreements like the one with PlayWood.

PlayWood might have done more to protect its secret. As Learning Curve points out, PlayWood gave its only prototype of the noise-producing track to Wilson without first obtaining a receipt or written confidentiality agreement from Learning Curve—a decision that proved unwise in hindsight. Nevertheless, we believe that the jury was entitled to conclude that PlayWood’s reliance on the oral confidentiality agreement was reasonable under the circumstances of this case.⁴ First, it is well established that “[t]he formation of a confidential relationship imposes upon the discloser the duty to maintain the information received in the utmost secrecy” and that “the unprivileged use or disclosure of another’s trade secret becomes the basis for an action in tort.” *Burten v. Milton Bradley Co.*, 763 F.2d 461, 463 (1st Cir.1985). Second, both Clausi and Moore testified that they believed PlayWood had a realistic chance to “get in the door” with Learning Curve and to produce the concept as part of Learning Curve’s line of Thomas products. Clausi and Moore did not anticipate that Learning Curve

3. See *Mangren Research & Dev. Corp. v. Nat’l Chem. Co., Inc.*, 87 F.3d 937, 943 (7th Cir. 1996); *Rockwell Graphic Sys., Inc. v. DEV Indus., Inc.*, 925 F.2d 174, 179 (7th Cir.1991); see also 1 Roger M. Milgrim, *Milgrim on Trade Secrets* § 1.04, at 1-170 (2002); 2 Rudolf Callmann, *The Law of Unfair Competition, Trademarks and Monopolies* § 14.26, at 14-209 (4th ed.2003).

4. We iterate that the proper inquiry is not whether, in our independent judgment, we believe that PlayWood took reasonable precautions to maintain the secrecy of its concept; rather, the issue is whether PlayWood’s “failure to do more was so plain a breach of the obligation of a trade secret owner to make reasonable efforts to maintain secrecy as to justify” overturning the jury verdict in its favor. *Rockwell*, 925 F.2d at 177.

would violate the oral confidentiality agreement and utilize PlayWood's concept without permission; rather, they believed in good faith that they "were going to do business one day again with Learning Curve with respect to the design concept." Trial Tr. at 236-37. Finally, we believe that, as part of the reasonableness inquiry, the jury could have considered the size and sophistication of the parties, as well as the relevant industry. Both PlayWood and Learning Curve were small toy companies, and PlayWood was the smaller and less experienced of the two. Viewing the evidence in the light most favorable to PlayWood, as we must, we conclude that there was sufficient evidence for the jury to determine that PlayWood took reasonable measures to protect the secrecy of its concept.

4. Value of the concept to PlayWood and to its competitors

There was substantial evidence from which the jury could have determined that PlayWood's concept had value both to PlayWood and to its competitors. It was undisputed at trial that Learning Curve's sales skyrocketed after it began to sell Clickety-Clack Track™. In addition, PlayWood's expert witness, Michael Kennedy, testified that PlayWood's concept for noise-producing track had tremendous value. Kennedy testified that the "cross-cuts and changes in the [track's] surface" imparted value to its seller by causing the track to "look different, feel different and sound different than generic track." Trial Tr. at 504. Kennedy further testified that, in his opinion, the track would have commanded a premium royalty under a negotiated license agreement because the "invention allows its seller to differentiate itself from a host of competitors who are making a generic product with whom it is competing in a way that is proprietary and exclusive, and it gives [the seller] a significant edge over [its] competition." *Id.* at 518-19.

Despite this evidence, the district court concluded that PlayWood's concept had no economic value. The court's conclusion was based, in part, on the fact that PlayWood's prototype did not work perfectly; as noted by the court, the first set of cuts were too shallow to produce sound and the second set of cuts were too deep to permit the train to roll smoothly across the track. In the district court's view, even if the concept of cutting grooves into the wooden track in order to produce noise originated with Clausi, the concept lacked value until it was refined, developed and manufactured by Learning Curve.

We cannot accept the district court's conclusion because it is belied by the evidence. At trial, Kennedy was asked whether, in his opinion, the fact that PlayWood's prototype did not work perfectly affected the value of PlayWood's concept, and he testified that it did not. *See* Trial Tr. at 578. Kennedy testified that he would assign the same value to PlayWood's concept as it was conceived on February 18, 1993, as he would the finished product that became known as Clickety-Clack Track™ because, at that time, he would have known "that most of the design [had] already been done and that [he] just need[ed] to go a little bit further to make it really lovely." *Id.* at 578. Kennedy further testified that it was standard practice in the industry for a license to be negotiated based on a prototype (much like the one PlayWood disclosed to Learning Curve) rather than a finished product and that the license generally would cover the prototypical design, as well as any enhancements or improvements of that design. *See* Trial Tr. at 500-01.⁵

5. Specifically, Kennedy testified:

Q: Now, when you were at Tyco, you were in the toy business and people were bringing you inventions, did people bring you inventions or trade secrets that were in the kind of form that we find Defendants' Exhibit 9 [Clickety-Clack Track], fully polished and finished and so on?

Based on this testimony, we cannot accept the district court's conclusion that PlayWood's concept possessed no economic value.

It is irrelevant under Illinois law that PlayWood did not actually use the concept in its business. "[T]he proper criterion is not 'actual use' but whether the trade secret is 'of value' to the company." *Syntex Ophthalmics, Inc. v. Tsuetaki*, 701 F.2d 677, 683 (7th Cir.1983).⁶ Kennedy's testimony was more than sufficient to permit the jury to conclude that the concept was "of value" to PlayWood. It is equally irrelevant that PlayWood did not seek to patent its concept. So long as the concept remains a secret, i.e., outside of the public domain, there is no need for patent protection. Professor Milgrim makes this point well: "Since every inventor has the right to keep his invention secret, one who has made a patentable invention has the option to maintain it in secrecy, relying upon protection accorded to a trade secret rather than upon the rights which accrue by a patent grant." 1 Roger M. Milgrim, *Milgrim on Trade Secrets* § 1.08[1], at 1-353 (2002). It was up to PlayWood, not the district court, to determine when and how the concept should have been disclosed to the public.

5. Amount of time, effort and money expended by PlayWood in developing its concept

PlayWood expended very little time and money developing its concept; by Clausi's own account, the cost to PlayWood was less than one dollar and the time spent was less than one-half hour. The district court determined that "[s]uch an insignificant investment is . . . insufficient as a matter of Illinois law to establish the status of a 'trade secret.'" R.202 at 16. We believe that the district court gave too much weight to the time, effort and expense of developing the track.⁷

A: I've seen some pretty rough-looking toys in meeting with inventors. I've seen toys that were obviously made by hand. I've seen toys that had cracks, seams and joints that you don't expect to see when they're manufactured. Certainly that's true So the answer is: You don't see a final product when you meet with an inventor. You see a preliminary product or a prototype kind of product.

Q: Now, when a prototype is brought to you as a disclosure, as a secret, as an invention that somebody wants to license to you, does it make a difference to you whether it's a prototype or a finished product?

A: Not necessarily, because it depends on who is going to make it, which is uncertain at the time. It depends on how difficult it is to make, which could be uncertain at that time. It's helpful if we know that it's easy to make. It's helpful if we know how much it costs to make. But you don't always know that.

Q: When you go to license that kind of invention that's brought to you, is it your intent to license only the prototype that's brought to you?

A: No. I think every license agreement that I negotiate in the toy industry includes the prototypical design. It includes enhancements and improvements on that design, regardless of whether they're made by the inventor or whether they're made by the manufacturer. It includes something called line extensions, which is the transfer of this invention to a toy which maybe wasn't first thought of for its application. It includes all of those things. Trial Tr. at 499-501.

6. Both the Uniform Trade Secrets Act and the Restatement (Third) of Unfair Competition expressly reject prior use by the person asserting rights in the information as a prerequisite to trade secret protection. *See* Unif. Trade Secrets Act § 1 cmt. (1990) ("The broader definition in the proposed Act extends protection to a plaintiff who has not yet had an opportunity or acquired the means to put a trade secret to use."); Restatement (Third) of Unfair Competition § 39 cmt. e (1995) ("Use by the person asserting rights in the information is not a prerequisite to protection under the rule stated in this Section," in part, because such a "requirement can deny protection during periods of research and development and is particularly burdensome for innovators who do not possess the capability to exploit their innovations.").

7. Professor Milgrim, for one, rejects any per se requirement of developmental costs: Where cost is referred to it is almost always invariably incidental to other, basic definitional elements, such as secrecy. Since it is established that a trade secret

Although Illinois courts commonly look to the Restatement factors for guidance in determining whether a trade secret exists, as we have noted earlier, the requisite statutory inquiries under Illinois law are (1) whether the information “is sufficiently secret to derive economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use;” and (2) whether the information “is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality.” 765 ILCS 1065/2(d). A significant expenditure of time and/or money in the production of information may provide evidence of value, which is relevant to the first inquiry above. However, we do not understand Illinois law to require such an expenditure in all cases.

As pointed out by the district court, several Illinois cases have emphasized the importance of developmental costs. However, notably, none of those cases concerned the sort of innovative and creative concept that we have in this case. Indeed, several of the cases in Illinois that emphasize developmental costs concern compilations of data, such as customer lists.⁸ In that context, it makes sense to require the expenditure of significant time and money because there is nothing original or creative about the alleged trade secret. Given enough time and money, we presume that the plaintiff’s competitors could compile a similar list.

Here, by contrast, we are dealing with a new toy design that has been promoted as “the first significant innovation in track design since the inception of wooden train systems.” PlayWood’s Tr. Ex.71. Toy designers, like many artistic individuals, have intuitive flashes of creativity. Often, that intuitive flash is, in reality, the product of earlier thought and practice in an artistic craft. We fail to see how the value of PlayWood’s concept would differ in any respect had Clausi spent several months and several thousand dollars creating the noise-producing track. Accordingly, we conclude that PlayWood’s lack of proof on this factor does not preclude the existence of a trade secret.

6. Ease or difficulty with which PlayWood’s concept could have been properly acquired or duplicated by others

Finally, we also believe that there was sufficient evidence for the jury to determine that PlayWood’s concept could not have been easily acquired or duplicated through proper means. PlayWood’s expert

can be discovered fortuitously (ergo, without costly development), or result purely from the exercise of creative facilities, it would appear inconsistent to consider expense of development of a trade secret as an operative substantive element. See 1 Roger M. Milgrim, *Milgrim on Trade Secrets* § 1.02[2], at 1-146 & 1-150 (2002) (internal footnotes omitted).

8. See, e.g., *Delta Med. Sys. v. Mid-America Med. Sys., Inc.*, 331 Ill.App.3d 777, 265 Ill. Dec. 397, 772 N.E.2d 768, 781 (2002) (“Delta presented no testimony at the hearing as to the amount of effort expended in acquiring its customer list.”); *Strata Mktg., Inc. v. Murphy*, 317 Ill.App.3d 1054, 251 Ill.Dec. 595, 740 N.E.2d 1166, 1177 (2000) (“Strata’s customer lists, which it alleged take considerable effort, time, and money to compile, could be deemed a trade secret.”); *Stampede Tool Warehouse, Inc. v. May*, 272 Ill.App.3d 580, 209 Ill.Dec. 281, 651 N.E.2d 209, 216 (1995) (“The customer list has been developed through the laborious method of prospecting, which requires a substantial amount of time, effort, and expense by Stampede.”); *Springfield Rare Coin Galleries, Inc. v. Mileham*, 250 Ill.App.3d 922, 189 Ill.Dec. 511, 620 N.E.2d 479, 485 (1993) (“Under Illinois law, customer lists and other customer information will constitute confidential information only when the information has been developed by the employer over a number of years at great expense and kept under tight security.”); *Abbott-Interfast Corp. v. Harkabus*, 250 Ill. App.3d 13, 189 Ill.Dec. 288, 619 N.E.2d 1337, 1344 (1993) (“Items such as customer lists, pricing information, and business techniques can be trade secrets if the employer has developed the information over a number of years at great expense and kept [it] under tight security.”) (internal quotation marks omitted); *Prudential Ins. Co. of America v. Van Matre*, 158 Ill.App.3d 298, 110 Ill.Dec. 563, 511 N.E.2d 740, 745 (1987) (“A customer list or other customer information constitutes a trade secret in which an employer holds a protectable interest where the employer developed the information over a number of years, at great expense, and kept the information under lock and key.”).

witness, Michael Kennedy, testified: “This is a fairly simple product if you look at it. But the truth is that because it delivers feeling and sound as well as appearance, it isn’t so simple as it first appears. It’s a little more elegant, actually, than you might think.” Trial Tr. at 504. In addition to Kennedy’s testimony, the jury heard that Learning Curve had spent months attempting to differentiate its track from Brio’s before Clausi disclosed PlayWood’s concept of noise-producing track. From this evidence, the jury could have inferred that, if PlayWood’s concept really was obvious, Learning Curve would have thought of it earlier.

Despite this evidence, the district court concluded that PlayWood’s concept was not a trade secret because it could have been easily duplicated, stating that “[h]ad PlayWood succeeded in producing and marketing [the] notched track, the appearance of the track product itself would have fully revealed the concept PlayWood now claims as a secret.” R.202 at 5-6. Of course, the district court was correct in one sense; PlayWood’s own expert recognized that, in the absence of patent or copyright protection, the track could have been reverse engineered just by looking at it. *See* Trial Tr. at 562. However, the district court failed to appreciate the fact that PlayWood’s concept was not publicly available. As Professor Milgrim states: “A potent distinction exists between a trade secret which will be disclosed if and when the product in which it is embodied is placed on sale, and a ‘trade secret’ embodied in a product which has been placed on sale, which product admits of discovery of the ‘secret’ upon inspection, analysis, or reverse engineering.” 1 Roger M. Milgrim, *Milgrim on Trade Secrets* § 1.05[4], at 1-228 (2002). “Until disclosed by sale the trade secret should be entitled to protection.” *Id.*; see also 2 Rudolf Callmann, *The Law of Unfair Competition, Trademarks and Monopolies* § 14.15, at 14-123 (4th ed. 2003) (“The fact that a secret is easy to duplicate after it becomes known does not militate against its being a trade secret prior to that time.”). Reverse engineering can defeat a trade secret claim, but only if the product could have been properly acquired by others, as is the case when the product is publicly sold. Here, PlayWood disclosed its concept to Learning Curve (and Learning Curve alone) in the context of a confidential relationship; Learning Curve had no legal authority to reverse engineer the prototype that it received in confidence. *See Laff v. John O. Butler Co.*, 64 Ill.App.3d 603, 21 Ill.Dec. 314, 381 N.E.2d 423, 433 (1978) (“[A] trade secret is open to anyone, not bound by a confidential relationship or a contract with the secret’s owner, who can discover the secret through lawful means.”). Accordingly, we must conclude that the jury was entitled to determine that PlayWood’s concept could not easily have been acquired or duplicated through proper means.

B. Exemplary Damages

The Illinois Trade Secrets Act authorizes exemplary damages of up to twice the amount of compensatory damages if there was a “willful and malicious misappropriation.” 765 ILCS 1065/4(b). The jury was not given an instruction on exemplary damages because the district court granted Learning Curve’s motion for judgment as a matter of law on this issue prior to closing argument. *See* Trial Tr. at 1355. PlayWood submits that the jury should have been permitted to determine whether Learning Curve’s intentional misappropriation of PlayWood’s trade secret in the realistic looking and sounding toy railroad track justified an award of exemplary damages. *See Medow v. Flavin*, 336 Ill.App.3d 20, 270 Ill.Dec. 174, 782 N.E.2d 733, 746 (2002) (stating generally that “the question of whether a defendant’s conduct was sufficiently willful or wanton to justify the imposition of punitive damages is for the jury to decide”) (quoting *Schmidt v. Ameritech Illinois*, 329 Ill.App.3d 1020, 263 Ill.Dec. 543, 768 N.E.2d 303 (2002)).

There are no Illinois cases construing the phrase “willful and malicious misappropriation” under the Act. However, we previously have held that the phrase includes “an intentional misappropriation as

well as a misappropriation resulting from the conscious disregard of the rights of another.” *Mangren Research & Dev. Corp. v. Nat’l Chem. Co., Inc.*, 87 F.3d 937, 946 (7th Cir.1996); see also *Lucini Italia Co. v. Grappolini*, No. 01 C 6405, 2003 WL 1989605, at *19 (N.D.Ill. Apr.28, 2003); *RKI, Inc. v. Grimes*, 177 F.Supp.2d 859, 879 (N.D.Ill.2001); *Richardson Elecs., Ltd. v. Avnet, Inc.*, No. 98 C 5095, 1999 WL 59976, at *5 (N.D.Ill. Feb.6, 1999); *but see Roton Barrier, Inc. v. Stanley Works*, 79 F.3d 1112, 1120 (Fed.Cir.1996) (holding that exemplary damages are not permitted under the Act when the defendant was motivated by competition, rather than by malice).⁹

We agree with PlayWood that a rational jury could determine that exemplary damages are justified in this case. Specifically, we believe that a rational jury could determine that Learning Curve intentionally misappropriated PlayWood’s trade secret in the noise-producing track and then attempted to conceal the misappropriation by creating false evidence of prior independent development. Accordingly, we remand this case to the district court with the instruction to hold a jury trial on exemplary damages.¹⁰ We leave it to the district court on remand to consider PlayWood’s request for attorneys’ fees. See 765 ILCS 1065/5(iii) (permitting the court to award reasonable attorneys’ fees to the prevailing party where “willful and malicious misappropriation exists”).

Conclusion

For the foregoing reasons, the judgment of the district court is reversed, and the jury’s verdict is reinstated. The case is remanded to the district court for a jury trial on exemplary damages and for consideration of attorneys’ fees by the court. PlayWood may recover its costs in this court.

Reversed and remanded.

9. In other contexts, Illinois courts routinely have held that “exemplary damages may be awarded when torts are committed with fraud, actual malice, deliberate violence or oppression, or when the defendant acts willfully, or with such gross negligence as to indicate a wanton disregard of the rights of others.” *Kelsay v. Motorola, Inc.*, 74 Ill.2d 172, 23 Ill.Dec. 559, 384 N.E.2d 353, 359 (1978); see also *Medow v. Flavin*, 336 Ill. App.3d 20, 270 Ill.Dec. 174, 782 N.E.2d 733, 747 (2002); *Tucker v. Illinois Power Co.*, 232 Ill.App.3d 15, 173 Ill.Dec. 512, 597 N.E.2d 220, 231 (1992).

10. We decline to consider PlayWood’s argument that the district court erred by excluding under *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993), the testimony of PlayWood’s ink expert that a handwritten entry in Lee’s “100-Day Agenda” relating to noise-producing track was not written contemporaneously with the other handwritten entries. Rule 10(b)(2) of the Federal Rules of Appellate Procedure provides that “[i]f the appellant intends to urge on appeal that a finding or conclusion is unsupported by the evidence or is contrary to the evidence, the appellant must include in the record a transcript of all evidence relevant to that finding or conclusion.” Fed. R.App. P. 10(b)(2). PlayWood did not request that the transcript of the Daubert hearing be included in the record on appeal. As a result, we are unable to evaluate whether the district court erred in excluding the testimony of PlayWood’s ink expert; accordingly, PlayWood has forfeited this argument. See *Hotaling v. Chubb Sovereign Life Ins. Co.*, 241 F.3d 572, 581 (7th Cir.2001); *LaFollette v. Savage*, 63 F.3d 540, 545 (7th Cir.1995); *Wilson v. Electro Marine Sys., Inc.*, 915 F.2d 1110, 1117 (7th Cir. 1990). We recognize that, as an alternative to forfeiture, we have the authority under Rule 10(e) of the Federal Rules of Appellate Procedure to order PlayWood to supplement the record to include the Daubert hearing. See Fed. R.App. P. 10(e); see also *LaFollette*, 63 F.3d at 545. However, we decline to exercise that authority in this case because PlayWood “ha[s] had ample opportunity to correct the problem but ha[s] failed to do so.” *LaFollette*, 63 F.3d at 545. Learning Curve pointed out in its answer brief that the Daubert hearing was not made part of the record on appeal. See Appellees’ Br. at 41 (“PlayWood would have this Court undertake a de novo review and reverse the trial court’s ruling on the admissibility of expert testimony, rendered after a Daubert hearing, without any reference to the evidence introduced at that hearing! Indeed, PlayWood has not included the hearing transcript in the record before the Court.”). Despite notice of Learning Curve’s objection to the incomplete record, PlayWood made no attempt to supplement the record or to explain why a transcript of the hearing was not necessary to permit meaningful appellate review.

4. MISAPPROPRIATION OF TRADE SECRETS

Learning Objectives: Unit 4

Upon completion of this unit, you should be able to:

- Recall the forms of misappropriation of trade secrets.
- Identify what is not misappropriation of trade secrets.
- Analyze whether a given form of conduct constitutes misappropriation of a trade secret.

Assuming that information is a protectable trade secret, the second step of a trade secret misappropriation analysis is to determine whether the trade secret has been misappropriated. In this class we will study the different forms that misappropriation can take, as well as identify some conduct that is expressly not deemed to constitute misappropriation. In identifying these categories, it will help to reread the DTSA.

E. I. DUPONT DENEMOURS V. CHRISTOPHERS (5TH CIR. 1970)

READING WITH PURPOSE

As you read *E.I. DuPont v. Christophers* and *Uncle B's Bakery v. O'Rourke*, ask yourself the following questions:

- What does it mean to misappropriate a trade secret? What is the difference between misappropriation and appropriation?
- Is there a difference between misappropriation as defined in *DuPont v. Christopher* and *Uncle B's Bakery v. O'Rourke* versus the DTSA?
- What underlying policies are at play in these opinions? How do they manifest themselves in the analysis of whether an activity constitutes misappropriation?
- Based on these opinions and the DTSA, would an examination of a plant being constructed today using Google Earth images constitute misappropriation?

E. I. DuPont deNemours v. Christophers

431 F.2d 1012 (5th Cir. 1970)

GOLDBERG, Circuit Judge:

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

DuPont employees apparently noticed the airplane on March 19 and immediately began an investigation to determine why the craft was circling over the plant. By that afternoon the investigation had disclosed that the craft was involved in a photographic expedition and that the Christophers were the photographers. DuPont contacted the Christophers that same afternoon and asked them to reveal the name of the person or corporation requesting the photographs. The Christophers refused to disclose this information, giving as their reason the client's desire to remain anonymous.

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

gave DuPont a competitive advantage over other producers. This process, DuPont alleged, was a trade secret developed after much expensive and time-consuming research, and a secret which the company had taken special precautions to safeguard. The area photographed by the Christophers was the plant designed to produce methanol by this secret process, and because the plant was still under construction parts of the process were exposed to view from directly above the construction area. Photographs of that area, DuPont alleged, would enable a skilled person to deduce the secret process for making methanol. DuPont thus contended that the Christophers had wrongfully appropriated DuPont trade secrets by taking the photographs and delivering them to the undisclosed third party. In its suit DuPont asked for damages to cover the loss it had already sustained as a result of the wrongful disclosure of the trade secret and sought temporary and permanent injunctions prohibiting any further circulation of the photographs already taken and prohibiting any additional photographing of the methanol plant.

The Christophers answered with motions to dismiss for lack of jurisdiction and failure to state a claim upon which relief could be granted. Depositions were taken during which the Christophers again refused to disclose the name of the person to whom they had delivered the photographs. DuPont then filed a motion to compel an answer to this question and all related questions.

On June 5, 1969, the trial court held a hearing on all pending motions and an additional motion by the Christophers for summary judgment. The court denied the Christophers' motions to dismiss for want of jurisdiction and failure to state a claim and also denied their motion for summary judgment. The court granted DuPont's motion to compel the Christophers to divulge the name of their client. Having made these rulings, the court then granted the Christophers' motion for an interlocutory appeal under 28 U.S.C.A. § 1292(b) to allow the Christophers to obtain immediate appellate review of the court's finding that DuPont had stated a claim upon which relief could be granted. Agreeing with the trial court's determination that DuPont had stated a valid claim, we affirm the decision of that court.

This is a case of first impression, for the Texas courts have not faced this precise factual issue, and sitting as a diversity court we must sensitize our *Erie* antennae to divine what the Texas courts would do if such a situation were presented to them. The only question involved in this interlocutory appeal is whether DuPont has asserted a claim upon which relief can be granted. The Christophers argued both at trial and before this court that they committed no "actionable wrong" in photographing the DuPont facility and passing these photographs on to their client because they conducted all of their activities in public airspace, violated no government aviation standard, did not breach any confidential relation, and did not engage in any fraudulent or illegal conduct. In short, the Christophers argue that for an appropriation of trade secrets to be wrongful there must be a trespass, other illegal conduct, or breach of a confidential relationship. We disagree.

It is true, as the Christophers assert, that the previous trade secret cases have contained one or more of these elements. However, we do not think that the Texas courts would limit the trade secret protection exclusively to these elements. On the contrary, in *Hyde Corporation v. Huffines*, 1958, 158 Tex. 566, 314 S.W. 2d 763, the Texas Supreme Court specifically adopted the rule found in the Restatement of Torts which provides:

One who discloses or uses another's trade secret, without a privilege to do so, is liable to the other if

(a) he discovered the secret by improper means, or

(b) his disclosure or use constitutes a breach of confidence reposed in him by the other in disclosing the secret to him * * *.”

Restatement of Torts § 757 (1939).

Thus, although the previous cases have dealt with a breach of a confidential relationship, a trespass, or other illegal conduct, the rule is much broader than the cases heretofore encountered. Not limiting itself to specific wrongs, Texas adopted subsection (a) of the Restatement which recognizes a cause of action for the discovery of a trade secret by any “improper” means.

The defendants, however, read *Furr’s Inc. v. United Specialty Advertising Co.*, Tex.Civ.App.1960, 338 S.W.2d 762, writ ref’d n.r.e., as limiting the Texas rule to breach of a confidential relationship. The court in *Furr’s* did make the statement that

The use of someone else’s idea is not automatically a violation of the law. It must be something that meets the requirements of a ‘trade secret’ and has been obtained through a breach of confidence in order to entitle the injured party to damages and/or injunction. 338 S.W.2d at 766 (emphasis added).

We think, however, that the exclusive rule which defendants have extracted from this statement is unwarranted. In the first place, in *Furr’s* the court specifically found that there was no trade secret involved because the entire advertising scheme claimed to be the trade secret had been completely divulged to the public. Secondly, the court found that the plaintiff in the course of selling the scheme to the defendant had voluntarily divulged the entire scheme. Thus the court was dealing only with a possible breach of confidence concerning a properly discovered secret; there was never a question of any impropriety in the discovery or any other improper conduct on the part of the defendant. The court merely held that under those circumstances the defendant had not acted improperly if no breach of confidence occurred. We do not read *Furr’s* as limiting the trade secret protection to a breach of confidential relationship when the facts of the case do raise the issue of some other wrongful conduct on the part of one discovering the trade secrets of another. If breach of confidence were meant to encompass the entire panoply of commercial improprieties, subsection (a) of the Restatement would be either surplusage or persiflage, an interpretation abhorrent to the traditional precision of the Restatement. We therefore find meaning in subsection (a) and think that the Texas Supreme Court clearly indicated by its adoption that there is a cause of action for the discovery of a trade secret by any “improper means.” *Hyde Corporation v. Huffines, supra*.

The question remaining, therefore, is whether aerial photography of plant construction is an improper means of obtaining another’s trade secret. We conclude that it is and that the Texas courts would so hold. The Supreme Court of that state has declared that “the undoubted tendency of the law has been to recognize and enforce higher standards of commercial morality in the business world.” *Hyde Corporation v. Huffines, supra* 314 S.W.2d at 773. That court has quoted with approval articles indicating that the proper means of gaining possession of a competitor’s secret process is “through inspection and analysis” of the product in order to create a duplicate. *K & G Tool & Service Co. v. G & G Fishing Tool Service*, 1958, 158 Tex. 594, 314 S.W.2d 782, 783, 788. Later another Texas court explained:

The means by which the discovery is made may be obvious, and the experimentation leading from known factors to presently unknown results may be simple and lying in the public domain. But these facts do not destroy the value of the discovery and will not advantage a competitor who by unfair means obtains the knowledge without paying the price expended

by the discoverer.” *Brown v. Fowler*, Tex.Civ. App.1958, 316 S.W.2d 111, 114, writ ref’d n.r.e. (emphasis added).

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

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

We note that this view is in perfect accord with the position taken by the authors of the Restatement. In commenting on improper means of discovery the savants of the Restatement said:

f. Improper means of discovery. The discovery of another’s trade secret by improper means subjects the actor to liability independently of the harm to the interest in the secret. Thus, if one uses physical force to take a secret formula from another’s pocket, or breaks into another’s office to steal the formula, his conduct is wrongful and subjects him to liability apart from the rule stated in this Section. Such conduct is also an improper means of procuring the secret under this rule. But means may be improper under this rule even though they do not cause any other harm than that to the interest in the trade secret. Examples of such means are fraudulent misrepresentations to induce disclosure, tapping of telephone wires, eavesdropping or other espionage. A complete catalogue of improper means is not possible. In general they are means which fall below the generally accepted standards of commercial morality and reasonable conduct.” Restatement of Torts § 757, comment f at 10 (1939).

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

manufacture. Perhaps ordinary fences and roofs must be built to shut out incursive eyes, but we need not require the discoverer of a trade secret to guard against the unanticipated, the undetectable, or the unpreventable methods of espionage now available.

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

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

The decision of the trial court is affirmed and the case remanded to that court for proceedings on the merits.

UNCLE B'S BAKERY, INC. V. KEVIN O'ROURKE AND BROOKLYN BAGEL BOYS, INC. (N.D. IOWA 1996)

Uncle B's Bakery, Inc. v. Kevin O'Rourke and Brooklyn Bagel Boys, Inc.

920 F.Supp. 1405 (N.D. Iowa 1996)

MEMORANDUM OPINION AND ORDER REGARDING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

BENNETT, District Judge.

Although the court had not imagined that supermarket bagels could spawn rivalries more intense than that between cream cheese and butter, the court has discovered in this "trade secrets" case that rival bagel makers hone their competitive edges with as much alacrity as other entrepreneurs. Presently before the court is the application of one maker and distributor of supermarket bagels for a preliminary injunction seeking to protect its "trade secrets" in bagel making and packaging by enjoining a former employee from disclosing those secrets to, or working for, a competitor, and the competitor's misappropriation of any of those secrets. The court must decide what is, or was, "secret" in this case, and what "secrets," if any, it should protect. The former employee argues that the "secret" in the case, at least from him, was the non-disclosure and non-competition agreement the bagel maker seeks to enforce against him, but which he claims he never saw, signed, or otherwise agreed to. Governing law and a balance of equities must determine what are protectable secrets in this case, whether those secrets should be protected by a preliminary injunction, and what is the proper scope of such an injunction should the court find that one must issue.

I. INTRODUCTION

A. Procedural Background

Plaintiff Uncle B's Bakery, Inc., filed its complaint in this matter on February 6, 1996, against defendant Kevin O'Rourke, the former manager of Uncle B's Bakery's Ellsworth, Iowa, plant, and defendant Brooklyn Bagel Boys, Inc., O'Rourke's current employer. Diversity jurisdiction is asserted pursuant to 28 U.S.C. § 1332(a) and (c). Uncle B's Bakery is an Iowa corporation with its principal place of business in Iowa. O'Rourke is a citizen of the State of Virginia, but is currently employed as the plant manager of one of Brooklyn Bagel Boys' bagel manufacturing plants in Franklin Park, a suburb of Chicago, Illinois. Brooklyn Bagel Boys is an Illinois corporation with its principal place of business in Illinois.

Uncle B's Bakery's complaint in this matter is in eight counts, each alleging misconduct under Iowa law following O'Rourke's termination of his employment with Uncle B's Bakery and subsequent employment with Brooklyn Bagel Boys, which Uncle B's Bakery asserts is one of its direct competitors in the business of making and distributing bagels sold through supermarkets. Uncle B's Bakery's claims center upon alleged disclosure by O'Rourke of Uncle B's Bakery's trade secrets and O'Rourke's

alleged violation of a non-competition agreement as the actual or threatened results of his employment with Brooklyn Bagel Boys. The complaint also alleges Brooklyn Bagel Boys' misappropriation of Uncle B's Bakery's trade secrets, as well as alleged interference by Brooklyn Bagel Boys with Uncle B's Bakery's prospective business advantage or Uncle B's Bakery's contractual relationship with O'Rourke.¹

The matter immediately pending before the court is Uncle B's Bakery's motion for a preliminary injunction, filed the same day as Uncle B's Bakery's complaint, seeking to enjoin O'Rourke's violation of a non-competition agreement and the defendants' misappropriation of Uncle B's Bakery's trade secrets.² In its motion for a preliminary injunction, Uncle B's Bakery also requested an expedited evidentiary hearing. On March 8, 1996, the court granted the request for an expedited hearing, and scheduled a hearing on the motion for a preliminary injunction for March 25, 1996, in Fort Dodge, Iowa.

In the interim, on February 28, 1996, Brooklyn Bagel Boys and O'Rourke filed a joint answer to the complaint denying all of Uncle B's Bakery's claims. In addition, the defendants asserted three affirmative defenses: (1) Uncle B's Bakery's complaint fails to state a claim upon which relief can be granted; (2) Uncle B's Bakery first breached its employment agreement with O'Rourke by failing to pay him for moving expenses and vacation pay; and (3) O'Rourke never signed nor agreed to the terms of any restrictive covenant with Uncle B's Bakery. On February 28, 1996, Brooklyn Bagel Boys and O'Rourke also filed a motion for an extension of time to respond to Uncle B's Bakery's motion for a

1. Specifically, Count I of the complaint alleges O'Rourke's breach of a confidentiality agreement by using or disclosing to others, without authorization of Uncle B's Bakery, information relating to the production or packaging of food products manufactured and distributed by Uncle B's Bakery. As relief, this count seeks a preliminary and permanent injunction restraining O'Rourke from using or disclosing confidential information or trade secrets in violation of the confidentiality agreement with Uncle B's Bakery, damages, attorneys fees, and costs. Count II alleges breach of a non-competition clause in an employment agreement allegedly signed by O'Rourke when he entered into his employment with Uncle B's Bakery. As relief, this count seeks a preliminary and permanent injunction restraining O'Rourke from accepting or continuing employment with any competitor of Uncle B's Bakery, liquidated damages as specified in the contract of employment in which the non-competition clause is contained, punitive damages, attorneys fees and costs, and such other relief as the court deems proper. Count III alleges intentional interference by Brooklyn Bagel Boys with the contractual relationship between O'Rourke and Uncle B's Bakery. As relief on this claim, Uncle B's Bakery seeks actual and punitive damages and such other relief as the court deems proper. Count III alleges intentional interference by Brooklyn Bagel Boys with the contractual relationship between O'Rourke and Uncle B's Bakery. As relief on this claim, Uncle B's Bakery seeks actual and punitive damages and such other relief as the court deems just and proper. Count IV alleges that Brooklyn Bagel Boys intentionally interfered with a prospective business advantage of Uncle B's Bakery. This claim seeks as relief actual and punitive damages, costs, and such other relief as the court deems just and proper. Count V alleges both defendants have made an actual or threatened misappropriation of Uncle B's Bakery's trade secrets in violation of Iowa Code Ch. 550, the Iowa Uniform Trade Secrets Act. It seeks relief in the form of a preliminary and permanent injunction preventing such misappropriation or threatened misappropriation of trade secrets and requiring affirmative acts, not specified, to protect Uncle B's Bakery's trade secrets, actual and punitive damages, attorneys fees and costs, and such other relief as the court deems just and proper. Count VI alleges O'Rourke's breach of a fiduciary duty to maintain the confidentiality of Uncle B's Bakery's trade secrets, and seeks actual and punitive damages and plaintiff's costs as relief, as well as such other relief as the court deems just and proper. Count VII alleges that O'Rourke fraudulently misrepresented his intention to work for a competitor of Uncle B's Bakery with intent to deceive Uncle B's Bakery, thus causing a delay in Uncle B's Bakery's efforts to protect its trade secrets. This count also seeks actual and punitive damages, costs, and such other relief as the court deems just and proper. The final count of the complaint, Count VIII, is an alternative to Count VII, alleging negligent misrepresentation. It also seeks actual and punitive damages, costs, and such other relief as the court deems just and proper.

2. Thus, Uncle B's Bakery's motion for a preliminary injunction is the companion motion to the prayers for preliminary and permanent injunctions made in Counts I, II, and V of the complaint.

preliminary injunction. The court granted the defendants' motion for an extension of time, requiring a response to the motion for preliminary injunction on or before March 6, 1996. A timely response to the motion for preliminary injunction was therefore filed on March 6, 1996.

This matter proceeded to hearing on March 25 and 26, 1996. At the hearing, plaintiff Uncle B's Bakery was represented by counsel Dennis W. Johnson of Dorsey & Whitney, P.L.L.P., in Des Moines, Iowa. Defendants Brooklyn Bagel Boys and Kevin O'Rourke were represented by local counsel Richard H. Moeller of Berenstein, Moore, Moser, Berenstein & Heffernan, in Sioux City, Iowa. At the hearing, Uncle B's Bakery presented numerous exhibits and the testimony of several witnesses, including Uncle B's Bakery's CEO, William Rose, Jr., and six other officers and employees of the company. Defendants also presented exhibits and the testimony of two witnesses, Kevin O'Rourke and Christopher Scott, Brooklyn Bagel Boys' vice president for operations.

At the hearing, the parties submitted a stipulation for a protective order to protect information the parties perceived to be sensitive or confidential from disclosure except to authorized persons and the court. A courtesy copy of the stipulation and proposed protective order had been transmitted to the court by facsimile on March 21, 1996. During the hearing, the court granted the parties' motion for a protective order, and entered the protective order as proposed by the parties. Thus, several portions of the preliminary injunction hearing were closed to the public and the representative for Brooklyn Bagel Boys, Christopher Scott, also left the courtroom.

The parties declined the opportunity for any post-hearing briefing. This matter is therefore fully submitted.

B. Findings Of Fact

1. The Provisional Nature Of Findings And Conclusions

Although the court is disposing of Uncle B's Bakery's motion for a preliminary injunction following briefing by all parties and an evidentiary hearing lasting a day and a half, it is well to remember that in the context of preliminary injunction applications, the court typically operates under "severe time constraints" and must customarily decide the motion "on the basis of procedures that are less formal and evidence that is less complete than in a trial on the merits." *University of Texas v. Camenisch*, 451 U.S. 390, 395, 101 S.Ct. 1830, 1835, 68 L.Ed.2d 175 (1981). Thus, the Supreme Court in *Camenisch* stated the general rule that "the findings of fact and conclusions of law made by a court granting a preliminary injunction are not binding at trial on the merits." *University of Texas v. Camenisch*, 451 U.S. 390, 395, 101 S.Ct. 1830, 1835, 68 L.Ed.2d 175 (1981); accord *Henderson v. Bodine Aluminum, Inc.*, 70 F.3d 958, 962 (8th Cir.1995) (citing this statement from *Camenisch* as the "general rule" for findings of fact and conclusions of law in preliminary injunction rulings); *United States v. Barnes*, 912 F.Supp. 1187, 1190 (N.D.Iowa 1996) (applying the "general rule" of *Camenisch* to a preliminary injunction ruling on the government's request for a preliminary injunction pursuant to 18 U.S.C. § 1345 to enjoin activities of defendants who were allegedly engaged in mail fraud in violation of 18 U.S.C. § 1341). Any findings of fact in this ruling, made either in this section or in the course of the legal analysis, as well as any conclusions of law forming part of the court's determination of whether the issuance of a preliminary injunction is proper in this case, are intended to be subject to this "general rule" and are not to be considered "final." With this caveat in mind, the court turns to the findings of fact upon which Uncle B's Bakery's motion for a preliminary injunction depends as those facts are established by the documentary evidence and testimony presented at the hearing on March 25 and 26, 1996.

2. The bagel makers and their products

Uncle B's Bakery is in the business of producing and distributing what it describes as "fresh, never-frozen bagels" that are sold in supermarket refrigerated cases nationwide. Uncle B's Bakery's bagels are unique in that they are the only never-frozen bagels that are sold in the refrigerated cases of supermarkets. The "fresh, never-frozen" line of bagels sold in refrigerator cases constitutes the majority of Uncle B's Bakery's production and sales. Uncle B's Bakery has also introduced a fresh bagel, also sold in supermarkets, but in bread aisles, in-store bakeries, and deli departments, under Uncle B's Bakery's "Millspring" brand name. According to its market evaluations, Uncle B's Bakery asserts that, while the entire bagel market is growing at a phenomenal rate, "frozen" bagel sales are growing only at a 2–3% rate. Faster growth rates in sales are apparent for "fresh," or bread aisle, bagels, and for refrigerated bagels, currently the smallest share of bagel sales. Uncle B's Bakery's sales of its unique refrigerated product are growing at over 120%, according to Uncle B's Bakery's market estimates. Uncle B's Bakery controls about 48% of the refrigerated bagel sales, but asserts that other bagels sold in the refrigerated case have first been frozen, then "slacked out," or thawed, prior to sale from a store's refrigerated or dairy case. Uncle B's Bakery does not sell a frozen bagel. All of Uncle B's Bakery's bagels are currently sold under its own labels.

Brooklyn Bagel Boys, to the contrary, has the largest share of its production and sales in "frozen" bagels. Thus, its bagels are sold primarily in supermarket freezer sections, but under a variety of private labels, that is, labels bearing a name other than Brooklyn Bagel Boys. In fact, ninety-six percent of Brooklyn Bagel Boys' sales are made under private labels, with only the small remainder of its sales under its own Brooklyn Bagel Boys' label. Like Uncle B's Bakery, Brooklyn Bagel Boys also makes a "fresh," or bread aisle, bagel, also sold under private label brand names. As will be discussed more extensively below, the nature of the packaging used by each bagel maker is critical in the present controversy. Although Uncle B's Bakery's bagels are sold in "air tight" bags, Brooklyn Bagel Boys' bagels are sold in plastic bags closed with a plastic fastener, which does not produce an "air tight" seal. Each bagel company involved in this litigation employs its own unique, and secret, recipes for its bagels.

Brooklyn Bagel Boys attempted to cast doubt on Uncle B's Bakery's assertion that the two companies are "direct competitors," because Brooklyn Bagel Boys produces bagels sold in the frozen foods section of supermarkets, while Uncle B's Bakery produces bagels sold in refrigerator cases, as well as in fresh bread, deli, and bakery sections of supermarkets. The court is convinced that whether or not bagel producers consider the slight difference in the location in which their bagels are sold in a supermarket to be of overweening significance to their perception of whether or not their bagels "compete," to consumers, grocery store bagels are grocery store bagels—at least in the absence of any empirical or other evidence to the contrary. By contrast, the court recognizes that a consumer might not conceive of bagel producers as "direct competitors" where one produces grocery store bagels and the other produces fresh bagels sold on site in its own bakery outlets or franchised restaurants. Furthermore, the two companies produce bagels for marketing in some of the same store chains, and virtually identical, nationwide geographical markets. Uncle B's Bakery markets in forty-three states, and Brooklyn Bagel Boys in forty-four, as well as Puerto Rico and the Virgin Islands. Finally, at the preliminary injunction hearing it was demonstrated that the two companies each produce a "fresh," or bread aisle, bagel, and those products do compete directly. Thus, Uncle B's Bakery and Brooklyn Bagel Boys are both direct and indirect competitors in the supermarket bagel business.

3. Bagels, shelf life, and technology

Uncle B's Bakery guarantees a ninety-day shelf life for its refrigerated bagels, which its representatives testified is less than the 120 days its testing has indicated is the actual shelf life, thus allowing thirty days for storage and shipping. The shelf life of Uncle B's Bakery's "fresh," or bread aisle, bagels is also long by industry standards, approaching four weeks. The longest shelf life guaranteed by any competitor identified at the preliminary injunction hearing was sixty to seventy days, but the court finds that the vast majority of grocery store bagels sold in the "fresh" bread aisle or refrigerator case typically have a significantly shorter shelf life, usually of less than three weeks. Only "frozen" bagels can rival Uncle B's Bakery's guaranteed shelf life for its refrigerator case bagels, which Uncle B's Bakery achieves without freezing. Uncle B's Bakery presented testimony that it has had less than one percent returns of its product for any reason, including reasons unrelated to its product failing to survive in saleable form for the full duration of the guaranteed shelf life. Uncle B's Bakery believes the industry average for returns is eleven to twelve percent.

Uncle B's Bakery asserts that it is able to maintain the quality and shelf life of both its refrigerated and "fresh" bagel products without freezing owing to confidential and proprietary formulations and manufacturing and packaging processes, including an "air tight" packaging process. At the hearing, it was demonstrated that Uncle B's Bakery's "air tight" packaging process, instrumental in the long shelf life and quality of its products maintained without freezing, involves placing Uncle B's Bakery's bagels in "air tight" bags and back-flushing the bags with medical grade gases to inhibit staling and molding. This process was described as "controlled atmosphere packaging" (CAP), or "modified atmosphere packaging" (MAP). The "air tight" packaging process involves special equipment made exclusively for Uncle B's Bakery. Although the CAP or MAP process has been used for several years for a variety of foods, such as meats and cheeses, Uncle B's Bakery is the only bagel maker and distributor employing this approach to improving product freshness, quality, and shelf life. Although Brooklyn Bagel Boys was aware of the MAP process years ago, like other commercial bakers of bagels and other products, Brooklyn Bagel Boys considered this packaging process too expensive and unnecessary an investment to explore it further. Uncle B's Bakery asserted that the material of the "air tight" bags it employs meets unique specifications and the suppliers of these bags are bound not to disclose Uncle B's Bakery's use of the material in question. Kevin O'Rourke testified, however, that the material used by Uncle B's Bakery for its bags, at least during his tenure with the company, was a "stock" material available from a number of suppliers. The court finds that whether or not the material used is a "stock" material of packaging suppliers, what material is actually used by Uncle B's Bakery for its packaging, the specifications that material must meet, and who actually supplies the bags to Uncle B's Bakery are all "secret." Furthermore, the court finds that there is no reason, based on the preliminary injunction record, that the packaging secrets, as well as some of the other production secrets Uncle B's Bakery treasures, could not be applied to bagels other than refrigerated, never frozen bagels.

Other significant contributors to the long shelf life of Uncle B's Bakery's bagels are its unique recipes, including special ingredients to prevent molding or staling, and its bagel-making processes. Uncle B's Bakery's bagel-making process employs special, assertedly secret, cold treatments to the bagels to shorten the period of "retarding," or refrigerated rising, after the yeast are activated. The "retarding" process is common to various commercial bakery products. However, Uncle B's Bakery employs unique, and secret, methods to shorten significantly this retarding period, cutting the "retarding" time to approximately three-quarters of the period it formerly required. A shorter retarding time obviously increases the daily capacity for bagel production at Uncle B's Bakery's plant. Uncle B's Bakery has also explored other bagel-making techniques focusing on the benefits of specific, assertedly secret, ingredients and processes. As part of the development of special processes, CEO William Rose, Jr.,

and then plant manager Kevin O'Rourke took an extended trip to Europe to test various techniques employed there. From its research and development, Uncle B's Bakery has developed certain new processes it is currently beginning to implement.

Despite several years of attempting to obtain a "process" patent for its bagel production and bagging process, Uncle B's Bakery has thus far failed to obtain a patent. Nonetheless, Uncle B's Bakery has invested over seven years and several million dollars in developing its freshness technology and processes.

4. Uncle B's Bakery's efforts to protect its secrets

Uncle B's Bakery asserts, and the court finds, that it has carefully guarded its trade secrets and confidential information. For example, anyone who visits Uncle B's Bakery's plant is required to sign a confidentiality agreement. Indeed, employees are instructed that if any unescorted person appears in the plant, that person is to be escorted to the company's offices to complete a confidentiality agreement before he or she can conduct any other business or visit any portion of the plant.

The confidentiality agreement signed by visitors, according to the copy of the agreement signed by O'Rourke, states, *inter alia*, that the parties recognize that Uncle B's Bakery "desires to keep its processes and equipment for the production and packaging of its products confidential." Plaintiff's Exhibit 1, Plant Visitor Confidentiality Agreement (hereinafter, "Confidentiality Agreement"), p. 1. The confidential information in question

includes, but is not limited to, any and all of Company's past, present, or future raw or processed products, ingredients, manufacturing, advertising or design techniques, plans, ideas, formulas, equipment brands and types, processes, methods, and operating conditions not previously publicly known (hereinafter the "Information").

Id. The Confidentiality Agreement also states that the parties "consider their relationship one of confidence with respect to the Information and agree that the Information constitutes valuable trade secrets which are the sole property of Company." *Id.* Visitors signing the Confidentiality Agreement, including O'Rourke, therefore agreed that they would "hold the Information in confidence," and "take all reasonable action to prevent the unauthorized use or disclosure of the Information and to protect the confidentiality of the Company's interests in the Information." *Id.* at p. 2, ¶ 1. Furthermore, the Confidentiality Agreement states that

Visitor understands that any violation of this Agreement will cause Company immediate and irreparable harm which money damages cannot adequately remedy. Therefore, upon any actual or impending violation of this Agreement, Visitor consents to issuance by any court of competent jurisdiction, a restraining order, preliminary injunction, and/or permanent injunction, without bond, restraining or enjoining such violation by Visitor or any entity or person acting in concert with Visitor. Visitor understands that such orders are in addition to, and do not limit, any other remedies available to the Company.

Id. at p. 2, ¶ 2. The Confidentiality Agreement further provides that it "shall remain valid and in effect indefinitely," *id.* at p. 2, ¶ 3, and that "[i]n the event that Visitor enters the Plant at a future date, Visitor

will remain bound by this Agreement and will not be required to sign an additional Agreement.” *Id.* at p. 2, ¶ 4.³

As a further example of Uncle B’s Bakery’s efforts to maintain confidentiality of its manufacturing processes, Uncle B’s Bakery extracts from all of its suppliers a more comprehensive confidentiality agreement, requiring the suppliers to keep confidential Uncle B’s Bakery’s use of particular machinery or supplies. In a number of cases in which Uncle B’s Bakery believes that particularly unique or sensitive technology or supplies are used in its production or bagging processes, it has extracted “exclusivity” agreements from key suppliers, forbidding the suppliers from providing identical products to Uncle B’s Bakery’s competitors, as well as requiring them not to disclose Uncle B’s Bakery’s use of such products.

Furthermore, Uncle B’s Bakery requires all employees to enter into a “Non-Disclosure/Non-Compete” Agreement before commencing employment with the company. The “Non-Disclosure/Non-Compete” Agreement defines the confidential information to which it pertains as

the following categories of information (hereinafter the “Trade Secrets and Confidential Information”): the development of original and unique recipes, ingredients, manufacturing techniques, packaging techniques, processes [sic] involved in the production and/or packaging of Employer’s products, equipment brands and types used, and trade secrets for the production and packaging of bread products.

Plaintiff’s Exhibit 3, “Non-Disclosure/Non-Compete” Agreement, p. 1. For essentially the same reasons stated in the Confidentiality Agreement described above, the “Non-Disclosure/Non-Compete” Agreement embodies the signatories’ agreement to the following terms significant in the context of the present motion for a preliminary injunction:

2. *NON-DISCLOSURE* Employee agrees that such Trade Secrets and Confidential Information, as set forth above, are the property of the Employer and that any of the Trade Secrets and Confidential Information hereafter revealed to Employee directly or indirectly are revealed in strict confidence. Employee expressly agrees and covenants to keep and respect such confidences and shall not, during or after the term of employment, disclose Employer’s Trade Secrets and Confidential Information to any person, business, corporation, or other entity for any reason or purpose unless explicitly authorized by Employer.

3. *NON-COMPETE* It is expressly understood and agreed that during Employee’s training and employment, Employee will be exposed to Employer’s Trade Secrets and Confidential Information and will therefore become a valuable asset. Employee expressly agrees and covenants not to compete directly or indirectly, nor have an interest in any business, corporation or other entity which competes directly or indirectly, nor work for any person, business, corporation or other entity which competes directly or indirectly with Employer

3. The Confidentiality Agreement has other provisions not pertinent to this preliminary injunction ruling. For example, it also provides that in any dispute under the Confidentiality Agreement involving litigation, the prevailing party shall be entitled to attorney fees and other costs in addition to all other remedies; it provides that it is a fully integrated contract that is binding on successors and that is made and to be performed in the state of Iowa, “whose substantive laws, without regard to conflicts of law, shall apply to its construction and enforcement”; and it provides that the visitor acknowledges receipt and review of a copy of the agreement before signing it and understands all of its terms.

within a 500 mile radius of any of Employer's marketing outlets either during the term of Employee's employment or for a period of five years thereafter.

4. *INJUNCTION* It is expressly understood and agreed that in the event of the violation by Employee of this agreement or of the threatened violation thereof, the Employer shall be entitled to obtain an injunction enjoining and restraining Employee from violating the terms of this agreement. Employee consents upon such violation or threatened violation to the issuance of an *ex parte* [sic] temporary injunction until such time as opportunity for hearing thereon be granted upon notice prescribed by the courts.

"Non-Disclosure/Non-Compete" Agreement, p. 2. ⁴ The "Non-Disclosure/Non-Compete" Agreement also provides that it "shall be construed according to the laws of" the State of Iowa. *Id.* at p. 3, ¶ 9. ⁵

A good share of the testimony of Uncle B's Bakery's witnesses was devoted to establishing that it is a company policy, with no exceptions, that every employee, down to the lowest levels, immediately sign a "Non-Disclosure/Non-Compete" Agreement upon starting employment with Uncle B's Bakery, and the court finds that this was indeed the policy. Based on the uniformity with which the policy was enforced, the court finds that it would be only in the most extraordinary of circumstances that this policy would not be known to a particular employee. Upon arriving to start employment, the company's protocol is for each new employee of Uncle B's Bakery to be presented with a packet of forms he or she must sign. This packet includes, in addition to W-2 forms and forms required by the Immigration and Naturalization Service, an "Non-Disclosure/Non-Compete" Agreement. The employee is required to complete all forms, and Uncle B's Bakery's Human Resources Manager, JoAnn Kuhfus, or her assistant, then reviews all forms for completeness and correctness. If all forms have not been completed, Ms. Kuhfus testified that she "followed up" with that employee until all forms were completed. She testified that no employee had ever refused to sign the "Non-Disclosure/Non-Compete" Agreement, but if that occurred, she would likely refer the matter to her direct supervisor, CFO Howard McClellan. Witnesses for Uncle B's Bakery had reviewed the personnel files of all current employees and those employees to depart during 1995, numbering approximately 160 files, and could discover only two in which a signed "Non-Disclosure/Non-Compete" Agreement could not be found. One file missing a "Non-Disclosure/Non-Compete" Agreement was Kevin O'Rourke's. The entire file of another employee, Mr. Conrad, could not be located at all. His file had been sent to the company's attorneys when Mr. Conrad threatened litigation after termination for poor performance, and the attorneys had been unable to find and return it as of the time of the preliminary injunction hearing.

The court finds the evidence that Uncle B's Bakery's policy is that all employees sign "Non-Disclosure/Non-Compete" Agreements is overwhelming. Although perhaps less well founded

4. Another form of the "Non-Disclosure/Non-Compete" Agreement, also acknowledged to have been used by Uncle B's Bakery at some time, stated a non-competition period of only two years. However, the parties stipulated that such agreements with a five-year non-competition period were signed by two new employees, one on February 9, 1994, shortly before O'Rourke began his employment with Uncle B's Bakery, and another in the fall of 1993, as indicative of when the change over from a two-year to a five-year non-competition period occurred in the standard "Non-Disclosure/Non-Compete" Agreement employed by the company.

5. Additional terms of the "Non-Disclosure/Non-Compete" Agreement not relevant at this stage of the proceedings pertain to damages and other remedies for breach of its terms, a non-waiver of the employer's rights under the agreement except in writing signed by the employer, and attorneys' fees and costs in actions to protect the employer's rights under the agreement.

in objective evidence, the court also finds that, in general, employees of Uncle B's Bakery were aware of the requirement that they sign a "Non-Disclosure/Non-Compete" Agreement. Adherence to Uncle B's Bakery's policy of requiring "Non-Disclosure/Non-Compete" Agreements from its employees has been so nearly unanimous, and the knowledge among the workforce that such agreements are required is so general, as to raise a reasonable inference that the apparent exceptions, O'Rourke and Conrad, also conformed to the policy by entering into "Non-Disclosure/Non-Compete" Agreements. O'Rourke has attempted to rebut that inference as to him, and the court considers below whether his argument that he never saw, signed, or knew about such an agreement sufficiently undermines Uncle B's Bakery's likelihood of success on the merits to preclude entry of a preliminary injunction enjoining his employment with a competitor.

5. Kevin O'Rourke's employment with Uncle B's Bakery

It is undisputed that Kevin O'Rourke was hired as the production manager for Uncle B's Bakery's Ellsworth, Iowa, plant in early 1994. O'Rourke was recruited by Uncle B's Bakery from his position as plant manager for a supermarket chain in Richmond, Virginia, where his duties included managing a bakery and bagel manufacturing plant. O'Rourke came to work for Uncle B's Bakery on February 15, 1994. It is also undisputed that, as plant manager, O'Rourke was privy to and, in most cases, deeply involved in the development or implementation of all of the matters Uncle B's Bakery asserts are secret concerning the operations of its Ellsworth plant. O'Rourke was at least generally aware of matters outside of bagel production as well, such as sales, accounting, purchasing, and planning, because of his involvement with other members of Uncle B's Bakery's management team in regular company meetings. Thus, the most significant factual questions here involve whether O'Rourke was bound by Uncle B's Bakery's ubiquitous Confidentiality Agreement, "Non-Disclosure/Non-Compete" Agreement, or both.

Uncle B's Bakery entered into evidence a copy of a visitor confidentiality agreement signed by Kevin O'Rourke on December 14, 1993, prior to O'Rourke's employment with Uncle B's Bakery. In addition to O'Rourke's signature, the confidentiality agreement bears the signature of a representative of Uncle B's Bakery, its CFO, Howard McClellan, who also initialed as a witness to O'Rourke's signature. Although defendants asserted as an affirmative defense in their answer that O'Rourke had neither signed nor agreed to the terms of any restrictive covenants with Uncle B's Bakery, defendants also admitted in their answer that O'Rourke visited Uncle B's Bakery's production facility in Ellsworth, Iowa, on or about December 14, 1993, and that he signed a confidentiality agreement that day. O'Rourke's executed copy of the Confidentiality Agreement was not kept in his personnel file, but in William Rose, Jr.'s own files, as O'Rourke was a candidate for a high position in the company. The usual practice of the company is to keep executed visitor Confidentiality Agreements in a file in the reception area.

Although the parties agree, and the court finds, that O'Rourke signed the Confidentiality Agreement described above, a significant bone of contention at the preliminary injunction hearing was whether O'Rourke had ever signed a non-disclosure/non-compete agreement upon which Uncle B's Bakery also founds its demand for a preliminary injunction enjoining misappropriation of trade secrets, as well as its further demand for a preliminary injunction enjoining violation of a non-competition agreement. Although it could produce no executed copy, either with its complaint, as an attachment to its motion for a preliminary injunction, or as an exhibit in the preliminary injunction hearing, Uncle B's Bakery asserts that O'Rourke, upon entering into his employment as plant manager of Uncle B's Bakery's Ellsworth, Iowa, plant, signed a "Non-Disclosure/Non-Compete" Agreement of the form

described above. The defendants contend to the contrary. O'Rourke asserts, not only that he never saw nor signed such an agreement, but that he never required any employee he hired for Uncle B's Bakery to sign such an agreement. O'Rourke contends further that he never received nor signed any contract of employment at all, but only received a letter from Uncle B's Bakery's Chairman and CEO, William Rose, Jr., stating the terms of his employment.

Although all the rest of the usual forms were found in Mr. O'Rourke's personnel file, no signed "Non-Disclosure/Non-Compete" Agreement could be located. Ms. Kuhfus could not recall whether she had ever seen an executed copy of O'Rourke's "Non-Disclosure/Non-Compete" Agreement in his personnel file. Lacking any positive evidence of his agreement to the terms of the "Non-Disclosure/Non-Compete" Agreement, in the form of a signed copy of the agreement, the court is confronted with a credibility contest concerning whether O'Rourke ever entered into such an agreement. Witnesses for the two sides tell markedly different versions of the circumstances under which O'Rourke either did or did not sign the "Non-Disclosure/Non-Compete" Agreement.

Both William Rose, Jr., and William Rose, Sr., testified that the two of them had cleaned and readied O'Rourke's office for his arrival in mid-February of 1994, and that O'Rourke arrived somewhat earlier than expected late in the afternoon of February 15, 1994. William Rose, Sr., testified that the Roses greeted O'Rourke, showed him his office, and then asked him to execute the "Non-Disclosure/Non-Compete" Agreement, which was the only portion of a new employee's packet they considered essential to get signed immediately. William Rose, Sr., testified that he observed O'Rourke sign the agreement, then countersigned it himself. William Rose, Jr., then took the executed "Non-Disclosure/Non-Compete" Agreement and placed it on a desk in the reception area, as Jo Kuhfus was gone for the day by that time. O'Rourke was then given another tour of the plant before the Roses left him to settle into his office.

Uncle B's Bakery's explanation for the absence of an executed "Non-Disclosure/Non-Compete" Agreement from O'Rourke's personnel file centers on O'Rourke's motive and opportunity to remove the agreement from his personnel file when he determined to accept employment with a competitor. O'Rourke did not deny that he had access to a lockbox in the office area that contained keys to JoAnn Kuhfus' office, where all personnel records were kept, and that he was, upon several occasions, the only person in that area of the plant. However, O'Rourke denied removing anything from his file prior to his departure from Uncle B's Bakery's employment. O'Rourke testified that he was aware of two forms of the Confidentiality Agreement, the visitor's form and the more extensive form for suppliers and key persons associated with the company. However, he testified that, until the hearing, he was unaware of any "Non-Disclosure/Non-Compete" Agreement. When asked about a copy of the "Non-Disclosure/Non-Compete" Agreement of another employee that he had countersigned, which Uncle B's Bakery had introduced as demonstrating that O'Rourke was indeed aware of the "Non-Disclosure/Non-Compete" Agreement, O'Rourke testified that he had believed the document in question at the time was simply the longer form of the confidentiality agreement he knew was used by the company. O'Rourke testified that he had witnessed the execution of the document only because no one from human resources was then available to take care of it.

O'Rourke's explanation for the absence of a "Non-Disclosure/Non-Compete" Agreement from his file is simpler than Uncle B's Bakery's: He simply never signed one. O'Rourke testified that no non-competition agreement was ever discussed prior to his employment, although confidentiality agreements were discussed extensively. His version of events on the day he arrived was that he was not asked to sign nor presented with any "Non-Disclosure/Non-Compete" Agreement, although he

agreed that the Roses had been preparing his office when he arrived, did greet him, and then took him on a tour of the plant. O'Rourke testified that at some time shortly after his arrival, although the exact timing is uncertain, he received the usual packet of forms for new employees, but that it did not contain a "Non-Disclosure/Non-Compete" Agreement. The portion of O'Rourke's personnel file submitted into evidence shows that all of the other usual employment forms were executed a week or ten days after O'Rourke's arrival.⁶

The court finds both O'Rourke's and William Rose, Sr.'s versions of the signing or non-signing of the "Non-Disclosure/Non-Compete" Agreement to be plausible, and that the witnesses presenting those differing versions were credible. Indeed, the credibility assessment here is perhaps the closest the court has encountered in a civil case. Whether or not Uncle B's Bakery can ultimately prevail on its claim of breach of the "Non-Disclosure/Non-Compete" Agreement depends upon whether or not O'Rourke signed or otherwise agreed to be bound by such an agreement. However, for the purposes of a preliminary injunction, the court may not need to make even a provisional credibility finding, because the court's role is to determine the movant's likelihood of success on the merits, not predict the outcome of the movant's claim. Thus, the court will make only such provisional findings as it must concerning the execution of the "Non-Disclosure/Non-Compete" Agreement and only after discussing, in the legal analysis portion of this ruling, precisely what and to what extent factual issues must be resolved.

O'Rourke contends that the only employment agreement he ever signed was not the "Non-Disclosure/Non-Compete" Agreement proffered by Uncle B's Bakery, but a letter from Uncle B's Bakery's CEO, William Rose, Jr., to O'Rourke, dated January 10, 1994. That letter states certain terms of Uncle B's Bakery's employment offer to O'Rourke. This letter is also the foundation of defendants' affirmative defense that Uncle B's Bakery first breached the terms of its employment agreement with O'Rourke. O'Rourke asserts that Uncle B's Bakery breached the terms stated in that letter pertaining to paid vacation and an allowance for moving costs. Thus, the pertinent parts of the January 10, 1994, letter, at least for the present purposes, are as follows:

Dear Kevin:

To confirm our discussion, for [sic] following are the terms of our employment offer:

* * * * *

*Two weeks paid vacation the first year of employment, with increases as the board designates.

* * * * *

*\$5,000 allowance for moving cost. \$1000 to \$2500 now and remainder if needed for family move.

Plaintiff's Exhibit 2, Letter of January 10, 1994. The January 10, 1994, letter is signed by "Bill Rose," and, under the typed heading "Agreed to and accepted by:", is signed by Kevin O'Rourke, with the accompanying date of "1/10/94." *Id.*

Whatever the controversy over O'Rourke's signing of a "Non-Disclosure/Non-Compete"

6. The dates on these documents are indicated as either February 23 or February 24, 1994, which O'Rourke testified was probably simply his mistake about the date on some of the documents, because all were executed at the same time.

Agreement, it is clear that the employment relationship between O'Rourke and Uncle B's Bakery did not remain amicable for long. By the fall of 1995, O'Rourke began seeking other employment. O'Rourke testified that his renewed job search was prompted by an on-going disagreement with Uncle B's Bakery's upper management centering on the failure of Uncle B's Bakery to reimburse O'Rourke for moving expenses as promised in the January 10, 1994, letter from Mr. Rose. He also testified that his disenchantment with Uncle B's Bakery also stemmed from two public "dressings down" he had received from William Rose, Jr., at trade shows or public functions, concerning production and quality at the bagel plant. After one of these public dressings down, O'Rourke testified that a Uncle B's Bakery shareholder and member of its board of directors, who was also a supplier of some of Uncle B's Bakery's unique production equipment, told O'Rourke he had taken enough, and that the shareholder would assist O'Rourke in looking for other employment. That shareholder, according to O'Rourke, informed him of an opening for a plant manager at Brooklyn Bagel Boys and made the initial contacts with Brooklyn Bagel Boys on his behalf. O'Rourke eventually tendered his resignation on November 6, 1995, to become effective December 1, 1995.

William Rose, Jr., however, testified that O'Rourke became annoyed with him when he refused to make him a loan under the guise of an advance of moving expenses. Rose testified that he told O'Rourke he was not entitled to any more moving money until he moved his family from Virginia. Although Rose asserted that all of O'Rourke's own moving expenses had been paid, he produced no documentary evidence of such payments at the preliminary injunction hearing. O'Rourke testified that he had never been reimbursed or paid any of the \$1,000 to \$2,500 the letter of January 10, 1994, indicated he was entitled to up front.

The court need not resolve any question concerning why O'Rourke decided to leave his position, nor, indeed, need the court determine whether or not Uncle B's Bakery breached the employment agreement embodied in the January 10, 1994, letter, in order to determine whether O'Rourke is bound by the Confidentiality Agreement he undeniably signed or the "Non-Disclosure/Non-Compete" Agreement he contends he did not sign. Both of those agreements are independent of the terms of the January 10, 1994, letter.

Both of the Roses testified that after he submitted his resignation, O'Rourke assured them that he would not be going to work for a competitor. Other of Uncle B's Bakery's witnesses also testified that O'Rourke had led them to believe that his new job was not with a competitor.⁷ O'Rourke stated in an affidavit submitted in resistance to the motion for a preliminary injunction that he never told anyone where he was going to be employed next, because at the time of his resignation he did not know which of several employment offers he was going to accept. However, at the preliminary injunction hearing, O'Rourke testified that, although he had other employment prospects, he had chosen Brooklyn Bagel Boys by the time he had advised the Roses that he was leaving. The reason he declined to state where he was going, he testified, was that he did not want to compromise the Uncle B's Bakery shareholder who had assisted him in finding other employment.

Once he had made up his mind to leave, O'Rourke testified that he never gave any assurances that he would not work for a competitor, although he testified that he told the Roses and other Uncle B's Bakery employees that they need have no fears about his breaching any confidentiality agreement. O'Rourke testified that William Rose, Jr., at one time reminded him that he could not work for

7. The court finds no reason here to address or resolve the conflicting testimony concerning whether O'Rourke indicated to coworkers at Uncle B's Bakery prior to his departure that he was going to get even with the Roses or instead only suggested that the Roses were going to damage their own business for reasons unrelated to him.

a competitor because of the non-competition agreement he had signed. O'Rourke testified that he responded that he had never signed any such agreement. O'Rourke testified that William Rose, Jr., became agitated, and went looking for the "Non-Disclosure/Non-Compete" Agreement O'Rourke had purportedly signed, but could not find it. O'Rourke testified that the Roses thereafter pestered him to sign a "Non-Disclosure/Non-Compete" Agreement, but that he saw no reason to when he had promised to honor his obligations not to disclose their confidential information. Certainly, no "Non-Disclosure/Non-Compete" Agreement was signed at that time.

The court finds that the question of whether a preliminary injunction should issue in this case will turn on whether O'Rourke is bound by the Confidentiality Agreement, the "Non-Disclosure/Non-Compete" Agreement, or both, not on whether or not O'Rourke misled Uncle B's Bakery's representatives concerning where he would next be employed.⁸ Believing that it should not make any unnecessary findings of fact, even provisional ones, on a preliminary injunction record, the court will address other matters.

6. O'Rourke's employment with Brooklyn Bagel Boys

Whatever assurances were or were not given about his future employment, O'Rourke accepted employment with Brooklyn Bagel Boys, and began working as the plant manager of one of Brooklyn Bagel Boys' two bagel production plants in Franklin Park in December of 1995. Another very significant factual dispute involves whether O'Rourke's employment with Brooklyn Bagel Boys necessarily threatens disclosure of Uncle B's Bakery's confidential information and trade secrets, as well as whether it violates the terms of O'Rourke's purported non-competition agreement with Uncle B's Bakery. Uncle B's Bakery asserts that O'Rourke's employment with a "direct competitor" necessarily threatens disclosure and misappropriation of Uncle B's Bakery's trade secrets, because of the managerial position O'Rourke held with Uncle B's Bakery and now holds with Brooklyn Bagel Boys and the information he was privy to while employed with Uncle B's Bakery.

The court found above that Brooklyn Bagel Boys is indeed a direct competitor of Uncle B's Bakery's in the "fresh," bread aisle bagel market, and is at least an indirect competitor in the more broadly defined "supermarket" bagel market. Defendants, however, presented the testimony of Christopher Scott that Brooklyn Bagel Boys has specifically asked O'Rourke not to divulge any trade secrets of Uncle B's Bakery concerning its recipes, manufacturing processes, and, more particularly, its "air tight" packaging processes. He testified that Brooklyn Bagel Boys was already aware of the MAP process, and had rejected it as neither commercially necessary nor commercially feasible. He testified that Brooklyn Bagel Boys therefore does not use and has no plans to develop or employ an "air tight" packaging process in its production process, so there is little risk that it will appropriate Uncle B's Bakery's "air tight" freshness secrets. He also testified that Brooklyn Bagel Boys has no intention or interest in branching out into the refrigerated bagel business, but stated that if one of its private label customers specifically requested that Brooklyn Bagel Boys make such a product, and could demonstrate a commercially viable ground for doing so, Brooklyn Bagel Boys would probably try to fulfill that demand. Both O'Rourke and Scott testified that, to date, O'Rourke has not disclosed any trade secrets of Uncle B's Bakery, and that it is not necessary for him to do so in the

8. The testimony concerning these supposed assurances may convince a trier of fact that Uncle B's Bakery was lulled into a false sense of security in order to conceal from Uncle B's Bakery that O'Rourke was going to work for a competitor and to delay Uncle B's Bakery's discovery of the threat of disclosure of its trade secrets. This factual controversy may be pertinent to some of the claims in Uncle B's Bakery's lawsuit, but the court finds that it is unnecessary to resolve, even provisionally, whether assurances were given in order to rule on the application for a preliminary injunction.

performance of his job with Brooklyn Bagel Boys, because of his own fund of experience with the bagel-making and distributing business, as the result of years of experience in the field, and because of the significant differences between Brooklyn Bagel Boys' recipes and processes and those employed by Uncle B's Bakery. Scott and O'Rourke both asserted that Brooklyn Bagel Boys has its own recipes and manufacturing processes for bagels, which differ significantly from Uncle B's Bakery's, and that Brooklyn Bagel Boys has no desire or motivation to change its own successful recipes and processes. O'Rourke, who is the only witness thoroughly familiar with both production systems, asserted that it would be impossible to revamp Brooklyn Bagel Boys's present production line to incorporate Uncle B's Bakery's unique process. Most specifically, Brooklyn Bagel Boys' bagel production system involves no "retarding" process, which, even under Uncle B's Bakery's unique cold treatment, still takes several hours, and there is no practicable way to introduce such a process into the Brooklyn Bagel Boys production system at this time. Furthermore, Brooklyn Bagel Boys has just conducted a major expansion involving the completion of another bakery production line for non-bagel products, and no further expansions are contemplated.

Although the court accepts this testimony at its face value, the court nonetheless finds that Uncle B's Bakery has reason to be concerned about disclosure of its trade secrets and confidential information as the result of O'Rourke's employment with Brooklyn Bagel Boys. The reasons for that conclusion are discussed below, following the court's examination of the standards for determining whether Uncle B's Bakery has shown a threat of irreparable harm from O'Rourke's employment with Brooklyn Bagel Boys.

With this factual background in mind, recognizing that it at best provides the court with a provisional record upon which to base decisions of some significance to the parties, the court turns to the legal analysis of Uncle B's Bakery's motion to enjoin disclosure and misappropriation of trade secrets and improper employment of a former employee with a competitor. With the proper legal framework in mind, the court will return to some of the necessary factual determinations it must make in order to resolve the question of whether a preliminary injunction should issue in this case.

II. LEGAL ANALYSIS

(Including some further preliminary findings of fact)

A. Standards For Preliminary Injunctions

In their briefs, admittedly prepared under the "severe time constraints" that necessarily attend prosecution of a motion for a preliminary injunction, the parties have given but little attention to the standards applicable to a motion for a preliminary injunction.⁹ This slim discussion of the applicable standards may be attributable, as well, to the fact that it is well-settled in this circuit that applications for preliminary injunctions are generally measured against the standards set forth in the decision of the Eighth Circuit Court of Appeals in *Dataphase Sys., Inc. v. CL Sys., Inc.*, 640 F.2d 109, 113 (8th Cir.1981) (*en banc*). Whatever the reason for largely leaving to the court the responsibility for discovering the proper standards, there is little danger that the court will act in

9. Indeed, in its brief, Uncle B's Bakery, the party upon whom the burden to show entitlement of preliminary injunction devolves, does not so much as list or identify the standards by which a motion for a preliminary injunction is to be decided, instead relying entirely on two federal cases from this district in which the court enjoined a former employee's employment with a competitor, either to enjoin possible disclosure of the former employer's trade secrets or to enforce a non-competition agreement.

ignorance of those standards, because this court has several times during the last year or so extensively discussed in published opinions the *Dataphase* standards for granting a temporary restraining order or issuing a preliminary injunction. See *United States v. Barnes*, 912 F.Supp. 1187, 1192–93 (N.D.Iowa 1996) (applying *Dataphase* standards to motion for preliminary injunction under 18 U.S.C. § 1345 after finding a correlation between the *Dataphase* standards and the special requirements of the fraud injunction statute); *Heather K. v. City of Mallard*, 887 F.Supp. 1249, 1256–66 (N.D.Iowa 1995) (ruling on application for TRO in ADA case, which sought to enjoin municipality’s open burning ordinance which was causing injury to child with severe respiratory problems, including explication and application of each of the *Dataphase* factors); *Curtis 1000, Inc. v. Youngblade*, 878 F.Supp. 1224, 1243–49 (N.D.Iowa 1995) (ruling on application for preliminary injunction, which sought to enjoin conduct by a former salesman in violation of a covenant not to compete, also including discussion and application of *Dataphase* factors); *Sports Design and Development, Inc. v. Schoneboom*, 871 F.Supp. 1158, 1162–65 (N.D.Iowa 1995) (concluding standards are the same for a TRO or preliminary injunction, citing *S.B. McLaughlin & Co. v. Tudor Oaks Condominium Project*, 877 F.2d 707, 708 (8th Cir.1989), and applying those standards from *Dataphase* in case involving alleged trademark infringement of fishing lures); but see *Terra Int’l, Inc. v. Mississippi Chem. Corp.*, 896 F.Supp. 1468, 1473 (N.D.Iowa 1995) (*Dataphase* factors are *not* applicable to a motion for a preliminary injunction to enjoin a second-filed action, citing *Northwest Airlines, Inc. v. American Airlines, Inc.*, 989 F.2d 1002, 1004 (8th Cir.1993)). The court will not expound upon those standards extensively here. The important point is that the standards generally applicable to issuance of either a temporary restraining order or a preliminary injunction in this circuit are set out in the seminal *Dataphase* decision. See *Dataphase Sys., Inc.*, 640 F.2d at 113 & n. 5.

1. “*Dataphase*” standards

Over the last decade and a half, the Eighth Circuit Court of Appeals has repeatedly cited the standards stated in *Dataphase* as the basis on which courts are to determine whether or not to issue a preliminary injunction in a civil case. *Heather K.*, 887 F.Supp. at 1256–57 (citing Eighth Circuit Court of Appeals cases applying these standards). The Eighth Circuit Court of Appeals most recently applied these standards in *Henderson v. Bodine Aluminum, Inc.*, 70 F.3d 958 (8th Cir.1995). One recent formulation of the *Dataphase* standards is as follows:

When considering a motion for a preliminary injunction, a district court weighs the movant’s probability of success on the merits, the threat of irreparable harm to the movant absent the injunction, the balance between the harm and the injury that the injunction’s issuance would inflict on other interested parties, and the public interest. *Dataphase Sys., Inc. v. C L. Sys., Inc.*, 640 F.2d 109, 114 (8th Cir.1981) (*en banc*). We reverse the issuance of a preliminary injunction only if the issuance “is the product of an abuse of discretion or misplaced reliance on an erroneous legal premise.” *City of Timber Lake v. Cheyenne River Sioux Tribe*, 10 F.3d 554, 556 (8th Cir.1993), cert. denied, 512 U.S. 1236, 114 S.Ct. 2741, 129 L.Ed.2d 861 (1994).

Pottgen v. Missouri State High Sch. Activities Ass’n, 40 F.3d 926, 929 (8th Cir.1994). The burden of establishing the propriety of a preliminary injunction is on the movant. *Baker Elec. Co-op., Inc. v. Chaske*, 28 F.3d 1466, 1472 (8th Cir.1994); *Modern Computer Sys., Inc. v. Modern Banking Sys., Inc.*, 871 F.2d 734, 737 (8th Cir.1989) (*en banc*). “No single [*Dataphase*] factor in itself is dispositive; in each case all of the factors must be considered to determine whether on balance they weigh towards granting the injunction.” *Baker Elec. Co-op.*, 28 F.3d at 1472 (quoting *Calvin Klein Cosmetics Corp. v. Lenox Labs., Inc.*, 815 F.2d 500, 503 (8th Cir.1987), and also citing *Dataphase*).

2. Other standards

Although the *Dataphase* standards are generally applicable to motions for preliminary injunctions in civil cases in this circuit, the court cannot pass on without comment on at least two other candidates in this case for articulations of the applicable standards. First, in another diversity action also involving efforts by a former employer to enjoin competition by a former employee purportedly in violation of a non-competition agreement, this court considered whether the Erie doctrine, requiring application of state law to substantive questions in diversity cases, required application of state or federal standards to issuance of a preliminary injunction. See *Curtis 1000, Inc.*, 878 F.Supp. at 1243–44. In *Curtis 1000*, this court concluded that it should apply federal rather than Iowa law to the determination of whether a preliminary injunction should issue in that case, because, the court found, federal courts are to apply their own rules of civil procedure, including Fed.R.Civ.P. 65, which incorporates traditional federal equity practice for the issuance of preliminary injunctions. *Id.* at 1244. The parties here have not raised the question of whether state or federal law applies to the issuance of a preliminary injunction in this case, this court has decided the question in a prior decision and finds no ground to abandon that decision, and, furthermore, again as in *Curtis 1000*, the court concludes that, as a practical matter, application of federal rather than Iowa law to the question before the court would not be “outcome determinative,” as Iowa courts apply roughly the same test as do federal courts of this circuit to issuance of a preliminary injunction, although the Iowa standard may in fact be more lenient. *Id.* Therefore, the court will look to the federal standards, rather than state standards, for issuance of a preliminary injunction.

That is not the end of the potentially applicable standards in this case, however, any more than it was the end of the question in *Curtis 1000*. In both this case and *Curtis 1000*, the court has been confronted with purported agreements between the parties stating standards applicable to issuance of a preliminary injunction in the circumstances alleged here, breach of a confidentiality agreement and breach of a non-competition agreement. See *Curtis 1000*, 878 F.Supp. at 1249–51. In *Curtis 1000*, the parties had entered into a non-competition agreement which provided that the employer need only prove the existence of a breach of the covenant not to compete, not proof of each of the *Dataphase* factors, in order to be entitled to injunctive relief. *Id.* at 1250. Here, the court notes that the Confidentiality Agreement signed by O’Rourke provides that the parties recognize that “any violation of this Agreement will cause Company immediate and irreparable harm which money damages cannot adequately remedy,” and “[t]herefore, upon any actual or impending violation of this Agreement,” O’Rourke consented to issuance of a preliminary injunction, “without bond,” enjoining violation of the Confidentiality Agreement. Confidentiality Agreement, p. 2, ¶ 2. Furthermore, the “Non-Disclosure/Non-Compete” Agreement O’Rourke is purported to have signed also contains provisions governing issuance of a preliminary injunction, which provide that “[i]t is expressly understood and agreed that in the event of the violation by Employee of this agreement or of the threatened violation thereof, the Employer shall be entitled to obtain an injunction enjoining and restraining Employee from violating the terms of this agreement,” and stating the employee’s consent to issuance of an ex parte TRO upon any violation or threatened violation of the agreement. “Non-Disclosure/Non-Compete” Agreement, p. 2, ¶ 4.

Thus, these contractual standards for issuance of a preliminary injunction are even broader than those encountered in *Curtis 1000*, because they provide for issuance of a preliminary injunction upon proof of either a violation, or threatened violation, of the terms of the agreements, without proof of each of the *Dataphase* factors, in order to be entitled to injunctive relief. Cf. *Curtis 1000*, 878 F.Supp. at 1250 (preliminary injunction to issue on proof of a breach of the non-competition agreement). As in *Curtis*

1000, the court concludes that these contractual standards are not at odds with Eighth Circuit Court of Appeals standards, because “the Court of Appeals of this circuit has held that irreparable harm ‘can be inferred from a trial court’s actual finding of a breach [of a restrictive covenant] by the defendant.’” *Id.* (quoting *Overholt Crop Ins. Serv. Co. v. Travis*, 941 F.2d 1361, 1371 (8th Cir.1991)). Furthermore, the principle of freedom of contract is entitled to some precedence where courts have accepted certain restraints on trade. *Id.* However, as in *Curtis 1000*, the court again concludes that it need not decide whether to apply *Dataphase* standards or contractual standards in this case, at least not immediately, because “if in this case [Uncle B’s Bakery] is entitled to a preliminary injunction under the more stringent standards established by *Dataphase* and its progeny, then the court need not consider the lower threshold purportedly set by the contract[s].” *Id.* at 1250–51. Only if the court concludes that Uncle B’s Bakery is not entitled to a preliminary injunction under the *Dataphase* standards will it return to the question of whether Uncle B’s Bakery is nonetheless entitled to a preliminary injunction under the contractual standards.

B. Application Of The Standards

The court will consider Uncle B’s Bakery’s motion for a preliminary injunction in light of each of the *Dataphase* factors in turn, to determine whether these factors weigh in favor of enjoining, to some extent, the conduct of either O’Rourke or Brooklyn Bagel Boys. The court reserves for further consideration below the question of the extent or scope of any injunctive relief, should the court first determine that issuance of a preliminary injunction is appropriate.

1. Likelihood of success on the merits

The first factor considered by the courts under *Dataphase* when ruling on an application for a TRO or preliminary injunction is the likelihood or probability of success on the merits. *Pottgen*, 40 F.3d at 929. When considering this factor, the court is not deciding whether the movant for a preliminary injunction will ultimately win. *Glenwood Bridge, Inc. v. City of Minneapolis*, 940 F.2d 367, 371 (8th Cir.1991); *O’Connor v. Peru State College*, 728 F.2d 1001, 1002 (8th Cir.1984) (in such preliminary proceedings, “the court should avoid deciding with any degree of certainty who will succeed or not succeed.”). In isolation, the likelihood of success on the merits is meaningless. *Glenwood Bridge*, 940 F.2d at 371 (quoting similar language in *Dataphase*). Therefore, the court must consider other factors, especially the threat of irreparable harm. XXXX

In order to weigh in the movant’s favor, the movant’s success on the merits must be “at least ... sufficiently likely to support the kind of relief it requests.”¹⁰

10. Another circuit court of appeals has recently described the meaning of likelihood of success on the merits and its interplay with the balance of harms as follows:

What is true is that if the party seeking the preliminary injunction would suffer more harm from the denial of it than his opponent would suffer from its being granted, the injunction should be granted even if the party seeking it has no more than a 50–50 chance of winning, and even, in some cases, if the odds are worse. If for example the party seeking the injunction would lose \$10,000 if it was denied, and has a 40 percent chance of being in the right, and the other party would lose only \$1,000 if the injunction is granted and has (necessarily) a 60 percent chance of being in the right, then the cost of denial of the injunction to the party seeking it, when discounted by the probability that he is in the right, would exceed the cost of granting the injunction to the other party, when discounted by the probability of his being in the right. (That is, \$4,000 (\$10,000 x .40) is greater than \$600 (\$1,000 x .60).) *E.g.*, *Green River Bottling Co. v. Green River Corp.*, 997 F.2d 359, 361 (7th Cir.1993); *Curtis v. Thompson*, 840 F.2d 1291, 1296 (7th Cir.1988). But if as in this case the judge, having obtained in the preliminary hearing all the facts that [the judge] believes pertinent to

Sanborn Mfg. v. Campbell Hausfeld/Scott Fetzer Co., 997 F.2d 484, 488 (8th Cir.1993) (action under the Lanham Act in which the court concluded that either result argued by the opposing parties was directly supported by the evidence presented). Thus, likelihood of success on the merits requires that the movant find support for its position in governing law. *See, e.g., Baker Elec. Co-op*, 28 F.3d at 1473–74 (Indian tribe’s sovereignty to regulate electrical services); *ILQ Inv., Inc. v. City of Rochester*, 25 F.3d 1413, 1416 (8th Cir.) (first amendment and prior restraint of expression), *cert. denied*, 513 U.S. 1017, 115 S.Ct. 578, 130 L.Ed.2d 493 (1994); *City of Timber Lake v. Cheyenne River Sioux Tribe*, 10 F.3d 554, 556–58 (8th Cir.1993) (Indian tribe’s regulatory authority and authority of states to regulate activities on tribal lands), *cert. denied*, 512 U.S. 1236, 114 S.Ct. 2741, 129 L.Ed.2d 861 (1994); *Aziz v. Moore*, 8 F.3d 13, 15 (8th Cir.1993) (denial of injunctive relief proper because federal courts “must abstain from imposing injunctions on prison officials [in an action under 42 U.S.C. § 1983 action] ‘in the absence of a concrete showing of a valid claim and constitutionally mandated directives for relief,’ ” quoting *Rogers v. Scurr*, 676 F.2d 1211, 1214 (8th Cir.1982)). The court therefore must consider what law governs Uncle B’s Bakery’s claims concerning misappropriation of trade secrets and violation of a non-competition agreement.

a. The law governing misappropriation of trade secrets

In this diversity action, the substantive law governing Uncle B’s Bakery’s trade secrets claim is Iowa law. *See generally Erie Railroad Co. v. Tompkins*, 304 U.S. 64, 58 S.Ct. 817, 82 L.Ed. 1188 (1938); *Austin v. Super Valu Stores, Inc.*, 31 F.3d 615, 618 (8th Cir.1994) (citing *Erie*); *Jackson v. Anchor Packing Co.*, 994 F.2d 1295, 1310 (8th Cir.1993) (in a diversity action, the federal court is not free to fashion rules of law from whole cloth, but is instead bound to apply the law of the state in which it sits as far as it is able to discern it from the rulings of the state’s courts). The court finds that protection of trade secrets is a matter of Iowa statutory and common law. *See 205 Corp. v. Brandow*, 517 N.W.2d 548, 551 (Iowa 1994) (holding that by omitting a section of the uniform act, which would have specifically displaced all other trade secret recoveries, at the time the act was adopted by the Iowa legislature, “Chapter 550 has not preempted all tort theories involving trade secrets,” although duplicative recoveries would not be allowed; therefore, the court allowed claims of both misappropriation of trade secrets and inducement to breach a duty not to disclose confidential information); *see also Diversified Fastening Sys., Inc. v. Rogge*, 786 F.Supp. 1486, 1490–91 (N.D.Iowa 1991) (considering a statutory claim under Chapter 550 and a common-law breach of fiduciary duty not to disclose confidential information claim as alternative bases for granting a preliminary injunction to prevent disclosure of trade secrets).

i. The Iowa Uniform Trade Secrets Act. The Iowa legislature passed the Iowa Uniform Trade Secrets Act, Iowa Code Ch. 550, in 1990, and amended that act in 1991. *See Acts 1990 (73 G.A.) ch. 1201; Acts 1991 (74 G.A.) ch. 35; see also Diversified Fastening Sys.*, 786 F.Supp. at 1491 (Iowa Code Chapter 550 was adopted in April of 1990). The Iowa Supreme Court recently discussed the essential features of the Trade Secrets Act in *Economy Roofing & Insulating Co. v. Zumaris*, 538 N.W.2d 641 (Iowa 1995):

Iowa Code section 550.3(1) (1991) provides that “[t]he owner of a trade secret may petition the district court to enjoin an actual or threatened misappropriation.” Iowa Code section

deciding which party is in the right, is able to make up [his or her] mind that the party seeking the injunction has no legal ground for his case, [the judge] should not only deny the injunction, [he or she] should dismiss the suit; for [the judge] knows how it will come out.

Curtis 1000, Inc. v. Suess, 24 F.3d 941, 945 (7th Cir.1994).

550.4(1) provides that “an owner of a trade secret is entitled to recover damages for the misappropriation.”

Iowa Code section 550.2(4) defines a trade secret as [follows:] information, including but not limited to a formula, pattern, compilation, program, device, method, technique, or process that is both of the following:

- a. Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by a person able to obtain economic value from its disclosure or use.
- b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Iowa Code § 550.2(4).

Iowa Code section 550.2(3) in pertinent part defines misappropriation as doing any of the following:

- a. Acqui[ring] a trade secret by a person who knows that the trade secret is acquired by improper means.
- b. Disclos[ing] or us[ing] a trade secret by a person who uses improper means to acquire the trade secret.
- c. Disclos[ing] or us[ing] a trade secret by a person who at the time of disclosure or use, knows that the trade secret is derived from or through a person who had utilized improper means to acquire the trade secret.

Iowa Code § 550.2(3).

“Improper means” is defined as “theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage, including but not limited to espionage through an electronic device.” Iowa Code § 550.2(1).

Economy Roofing, 538 N.W.2d at 646; *205 Corp. v. Brandow*, 517 N.W.2d 548, 550 (Iowa 1994) (Sections 550.4 and 550.5 provide for damages or injunctions misappropriation of trade secrets, respectively, and also quoting the statute’s definition of trade secrets in 550.2(4));¹¹ *see also Pioneer Hi-Bred Int’l v. Holden Foundation Seeds*, 35 F.3d 1226, 1238 (8th Cir.1994) (finding that misappropriation of a trade secret under the common-law requires, *inter alia*, “improper means,” but that improper means are not necessarily unlawful, and further finding that direct evidence of improper conduct is not required, and is rarely available; therefore, circumstantial evidence is sufficient, and an inference of misappropriation from limited facts is warranted, particularly where

11. One of the 1991 amendments to the Trade Secrets Act substituted the word “both” in Iowa Code § 550.2(4) for “either,” thus defining a “trade secret” as requiring both the limitations stated in subdivisions (a) and (b). Acts 1991 (74 G.A.) ch. 35, § 1, eff. April 23, 1991; *see also Brown v. Iowa Legislative Council*, 490 N.W.2d 551, 554 n. 2 (Iowa 1992) (noting the change from “either” to “both” in § 550.2(4), and considering a claim brought before the change under the former version of the statute, and finding that efforts to keep source codes encrypted and intervention in litigation to assert trade secrecy were sufficient to satisfy § 550.2(4)(b), and therefore finding the information at issue qualified under the statute as a trade secret, without suggesting that the information failed § 550.2(4)(a)).

the secret is so unique its duplication would probably be improper);¹² *Diversified Fastening Sys., Inc.*, 786 F.Supp. at 1490–91 (identifying the essential elements of the Iowa act as later stated by the Iowa Supreme Court in *Economy Roofing*).

An essential element of a claim, for an injunction or damages, under the Trade Secrets Act is whether the information in question could legally constitute “trade secrets,” just as it was under the pre-existing common-law protection for trade secrets under Iowa law. See *Economy Roofing*, 538 N.W.2d at 646–47 (reversing district court’s dismissal of trade secrets claim, because district court had erroneously concluded that the information in question “could never legally constitute trade secrets”); *205 Corp.*, 517 N.W.2d at 550–51 (also focusing on proper definition of “trade secret” to determine viability of claim under the act); *US West Communications, Inc., v. Office of Consumer Advocate*, 498 N.W.2d 711, 714 (Iowa 1993) (same); and compare *Kendall/Hunt Publishing Co. v. Rowe*, 424 N.W.2d 235, 245–46 (Iowa 1988) (common-law claim of misappropriation of a trade secret, brought before the Uniform Trade Secrets Act had been adopted in Iowa, identified the elements of such a claim as “(1) existence of a trade secret, (2) acquisition of the secret as a result of a confidential relationship, and (3) unauthorized use of the secret,” quoting *Basic Chemicals, Inc. v. Benson*, 251 N.W.2d 220, 226 (Iowa 1977)); and see also *Pioneer Hi-Bred Int’l*, 35 F.3d at 1235 (finding that the elements of a common-law misappropriation of trade secrets claim under Iowa law are those stated in *Basic Chemicals*, 251 N.W.2d at 226, and citing *Restatement of Torts*, § 757 cmt. b (1939), as embodying the definition of a trade secret; the court was not, however, faced with a challenge to the definition of a trade secret, but only considered whether the plaintiff had failed to keep the genetic messages for seed corn in question “secret,” whether the defendant had actually possessed the protected genetic messages, and whether the defendant had obtained the material “by improper means.”); *E.W. Bliss Co. v. Struthers-Dunn, Inc.*, 408 F.2d 1108, 1112 (8th Cir.1969) (stating elements of a common-law misappropriation of trade secrets claim identical to those stated in *Basic Chemicals*); *Diversified Fastening Sys.*, 786 F.Supp. at 1491 (considering injunction under the Iowa Trade Secrets Act, and stating, “The court does not decide whether th[e] common law action [available under Iowa law prior to enactment of the uniform act] has been supplanted by Iowa Code Chapter 550, or whether elements of the tort outlined by the Iowa courts are equally applicable to an action under Chapter 550,” then citing the elements of the common-law claim of misappropriation of trade secrets under Iowa law as stated in *Kendall/Hunt Publishing* and *Basic Chemicals*). In a case decided shortly before *Economy Roofing*, the Iowa Supreme Court rejected any common-law definition of trade secrets as applicable under the trade secrets act, because the court found that “the words of the statute are plain and unambiguous.” *205 Corp.*, 517 N.W.2d at 550; and contrast *Kendall/Hunt Publishing*, 424 N.W.2d at 246 (finding that an exact definition of a “trade secret” under the common law did not exist, and employing a multi-factor test to determine whether information was or was not a trade secret). In *Economy Roofing*, the Iowa Supreme Court reaffirmed its broad interpretation of the definition of “trade secret” under Iowa Code § 550.2(4):

In a recent case we gave a broad interpretation of “information” that could legally constitute “trade secrets”:

Under the plain language of [Iowa Code section 550.2(4)] “trade secret” is defined as

12. The Eighth Circuit Court of Appeals’s decision in *Pioneer Hi-Bred Int’l*, in which federal jurisdiction was based on federal questions under the Lanham trademark act, but which also involved a complicated pendent claim, under Iowa law, asserting misappropriation of trade secrets, does not address the Iowa Trade Secrets Act or any provision of Iowa Code Ch. 550. However, the *Pioneer Hi-Bred* litigation spanned many years, and was based on alleged misappropriation of trade secrets for corn seed that had occurred during the 1980s, prior to Iowa’s passage of its trade secrets act. See *Pioneer Hi-Bred Int’l*, 35 F.3d at 1228–29.

“information” and eight examples of this term are provided. Although these examples cover items normally associated with the production of goods, “trade secrets” are not limited to the listed examples. Business information may also fall within the definition of a trade secret, including such matters as maintenance of data on customer lists and needs, source of supplies, confidential costs, price data and figures. One commentator explains:

Trade secrets can range from customer information, to financial information, to information about manufacturing processes to the composition of products. There is virtually no category of information that cannot, as long as the information is protected from disclosure to the public, constitute a trade secret.

We believe that a broad range of business data and facts which, if kept secret, provide the holder with an economic advantage over competitors or others, qualify as trade secrets.

US West Communications, Inc. v. Office of Consumer Advocate, 498 N.W.2d 711, 714 (Iowa 1993) (citations omitted).

Economy Roofing, 538 N.W.2d at 646–47 (emphasis in the original). The court, after reaffirming this broad interpretation of a “trade secret” under the act, noted that whether or not information in question constitutes a trade secret is “a mixed question of law and fact.” *Id.* at 648. The “legal part of the question” is whether the information in question “could constitute a trade secret under the first part of the definition of trade secret in section 550.2(4) (“Trade secret ’ means information, including but not limited to a formula, pattern, compilation, program, device, method, technique, or process...”).” *Id.* The “fact part of the question,” on the other hand, arises from the remaining part of the statutory definition found in subdivisions (a) and (b) of § 550.2(4). *Id.* at 648–49. In other words, the factual question is whether the information is both of the following:

- a. Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by a person able to obtain economic value from its disclosure or use[; and]
- b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Iowa Code § 550.2(4); *Economy Roofing*, 538 N.W.2d at 649. ¹³

In *205 Corp.*, the Iowa Supreme Court further explained these two factual elements of a trade secret. *205 Corp.*, 517 N.W.2d at 550–51. The court noted that as to the first limitation, in § 550.2(4)(a), the plaintiff must “show it derived economic value because the [confidential pizza recipes] were unknown to, and not readily ascertainable by, a person who would profit from their disclosure and use.” *205 Corp.*, 517 N.W.2d at 550; *US West*, 498 N.W.2d at 714 (§ 550.2(4)(a) requires proof of “independent economic value”). In referring to “economic value,” the Iowa Supreme Court has

13. In *Economy Roofing*, the Iowa Supreme Court held that a court’s determination that information is not, and presumably a determination that information is, a trade secret in the course of a preliminary injunction hearing is not a “final” determination on the merits of the question, but instead does not remove the issue from contention at a trial on the merits. *Economy Roofing*, 538 N.W.2d at 648. This, of course, is in keeping with the “general rule” this court has found applicable to preliminary injunction rulings under the law of the U.S. Supreme Court and this circuit. Furthermore, in the case before it in *Economy Roofing*, in which the district court had made only the legal part of the determination in the course of a preliminary injunction hearing, and the district court’s determination on that part was clearly erroneous, the Iowa Supreme Court held that the court’s refusal to reconsider the question at a summary judgment hearing was reversible error. *Id.* at 649.

held, this subsection of the statute “speaks to the value of the information to either the owner or a competitor; any information which protects the owner’s competitive edge or advantage.” *US West*, 498 N.W.2d at 714 (citing *Millgrim on Trade Secrets*, § 9.03(3)(f); *Stork–Werkspoor V.V. v. Koek*, 534 So.2d 983, 985 (La.Ct.App.1988)). Thus, the court has held, “information kept secret that would be useful to a competitor and require cost, time and effort to duplicate is of economic value.” *Id.* (citing *Surgidev Corp. v. Eye Technology, Inc.*, 648 F.Supp. 661, 683 (D.Minn.1986), *aff’d*, 828 F.2d 452 (8th Cir.1987)).

However, “[b]eyond independent economic value, [the plaintiff] was required to show that it expended reasonable efforts under the circumstances to maintain secrecy of [its] [purported trade secrets],” citing Iowa Code § 550.2(4)(b) for this second limitation. *205 Corp.*, 517 N.W.2d at 550. This second element of a trade secret under the Iowa statutory definition is in keeping with the recognition of “secrecy” as one of the elements of the common-law definition of a trade secret. *See, e.g., Pioneer Hi–Bred Int’l*, 35 F.3d at 1235 (citing *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 475, 94 S.Ct. 1879, 1883, 40 L.Ed.2d 315 (1974), for the proposition that “[f]undamental to the existence of a trade secret is that the matter be, in fact, secret.”); *Coenco, Inc. v. Coenco Sales, Inc.*, 940 F.2d 1176, 1178–79 (8th Cir.1991) (same). In *205 Corp.*, the court concluded that the “key to this second element of the trade secret test is found in the words ‘reasonable under the circumstances.’ ” *Id.* at 551 (in the case before it, the court found reasonable efforts under the circumstances even though all employees knew one of the recipes in question, because it was necessary for all employees to know it in order to maintain the freshness of the product by preparing it daily); *see also Pioneer Hi–Bred Int’l*, 35 F.3d at 1235 (common-law case holding, “The secrecy [of a purported trade secret], however, need not be absolute. Reasonable precautions to protect the secrecy of a trade secret will suffice,” citing, *inter alia*, *Surgidev Corp. v. Eye Technology, Inc.*, 828 F.2d 452, 455 (8th Cir.1987), and focusing, in that case, on “unanticipated,” “undetected,” or “unpreventable” methods of espionage as exceeding what could reasonably be guarded against).

ii. *Is the information in question “trade secrets”?* The court concludes, at least provisionally, for the purposes of this preliminary injunction ruling, that Uncle B’s Bakery’s information identified, for example, in the Confidentiality Agreement, concerning its recipes, manufacturing, and packaging processes, is all “trade secrets” within the meaning of Iowa Code § 550.2(4). As to the legal part of the question, the court concludes that this information fits the statutory list of “trade secrets” as including, but not limited to, “a formula, pattern, compilation, program, device, method, technique, or process...” *See* Iowa Code § 550.2(4); *Economy Roofing*, 538 N.W.2d at 648. As to the two companion factual tests of a “trade secret” under the Iowa act, the court finds, first, that Uncle B’s Bakery has “show[n] it derived economic value because the [confidential recipes and processes] were unknown to, and not readily ascertainable by, a person who would profit from their disclosure and use.” *205 Corp.*, 517 N.W.2d at 550 (§ 550.2(4)(a) is the source of this requirement); *see also Economy Roofing*, 538 N.W.2d at 648; *US West*, 498 N.W.2d at 714. Brooklyn Bagel Boys argues that almost all the individual segments of Uncle B’s Bakery’s production system were generally known to the baking industry, including MAP and some of the processes Uncle B’s Bakery uses in raising its bagels, but, on the basis of the preliminary injunction record, the court concludes that the entirety of Uncle B’s Bakery’s manufacturing process, from ingredients through bagging, is sufficiently unique to constitute a trade secret under Iowa law. Furthermore, although it may be readily ascertainable that Uncle B’s Bakery’s bagels are packaged in an “air tight” bag, it is not readily ascertainable what equipment or process is involved in so bagging the bagels, nor is it readily ascertainable what part the formulation and preparation of the bagels themselves may have in their freshness without freezing and long shelf-life. Certainly, Uncle B’s Bakery has “derived economic value” from its secret processes, because, as it

asserts, it is the only bagel maker to produce “fresh, never-frozen” bagels for supermarket distribution, giving it a unique share of the grocery store bagel market. This value of the information would accrue to “either the owner or a competitor [and is] information which protects the owner’s competitive edge or advantage.” *US West*, 498 N.W.2d at 714. Indeed, Brooklyn Bagel Boys’ assertion that it had found the MAP process impracticably expensive suggests that a bagel production system that is founded on the process, at least one beginning to enjoy significant commercial success, may have some unique qualities that could cause a reevaluation of the practicability of MAP for the bagel industry and therefore constitute a process of independent economic value to competitors.

Not only does the information concerning recipes, production, and packaging processes pass the “independent economic value” prong of the “trade secret” test under § 550.2(4)(a), but it also passes the “reasonable efforts under the circumstances to maintain secrecy” prong of the test stated in Iowa Code § 550.2(4)(b). *205 Corp.*, 517 N.W.2d at 550; *see also Economy Roofing*, 538 N.W.2d at 648 (§ 550.2(4)(b) provides the second factual inquiry of the trade secrets test). The court finds that Uncle B’s Bakery’s requirement that all visitors to its plant, including prospective employees, sign a Confidentiality Agreement, like that signed by O’Rourke, constitutes a “reasonable” effort under the circumstances to maintain the secrecy of its recipes, manufacturing, and packaging processes. Thus, the information concerning recipes, manufacturing, and packaging processes that Uncle B’s Bakery seeks to protect from disclosure here by way of a preliminary injunction is indeed “trade secrets” entitled to that protection. Thus, Uncle B’s Bakery has shown a reasonable likelihood of success on its trade secrets claim to the extent that the information it seeks to protect is trade secrets under governing law.¹⁴ Cf. *United Centrifugal Pumps v. Cusimano*, 708 F.Supp. 1038, 1042–43 (W.D.Ark.1988) (where the court simply could not tell if the information in question was trade secrets, even though the court did not need to determine with certainty that the movant had a better than fifty percent chance of succeeding on the merits of its trade secrets claim, the court found no sufficient likelihood of success on the merits to issue a preliminary injunction on disclosure or employment with a competitor).

iii. *Is there a likelihood of disclosure by “improper means”?* Governing law, in the form of the Iowa Trade Secrets Act, also provides a legal basis for Uncle B’s Bakery’s claim that its “trade secrets” have been “misappropriated,” because, pursuant to § 550.2(3), O’Rourke’s disclosure of, and Brooklyn Bagel Boys’ acquisition of these “trade secrets” would be through “improper means.” See Iowa Code § 550.2(3)(a)–(c). “Improper means” include “breach of a duty to maintain secrecy.” Iowa Code § 550.2(a); *Economy Roofing*, 538 N.W.2d at 646. Here, Uncle B’s Bakery has shown, to the extent necessary to demonstrate a reasonable likelihood of success on the merits of its claim, that O’Rourke was subject to such a duty not to disclose information Uncle B’s Bakery considered trade secrets or otherwise confidential. That duty arises, in the first instance, from the Confidentiality Agreement O’Rourke signed on December 14, 1993. Any breach of that duty would occur if O’Rourke were to disclose confidential information to Brooklyn Bagel Boys through his employment, and therefore any disclosure to Brooklyn Bagel Boys or any acquisition of that information by Brooklyn Bagel Boys from O’Rourke would be via “improper means” in violation of the statute. As shall be discussed

14. That is not to say that all of the information Uncle B’s Bakery claimed was trade secrets at the preliminary injunction hearing fits the definition. The court rejects a “trade secrets” designation for information concerning identity of brokers, for example, because Uncle B’s Bakery failed to demonstrate that this information is not readily ascertainable upon inquiry in the industry. The court has found three specific categories of information to be trade secrets, recipes, manufacturing, and packaging processes, and no more information need be specifically identified as trade secrets in order to demonstrate likelihood of success on the merits. Thus, although there is “not limited to” language in Uncle B’s Bakery’s Confidentiality Agreement, the court limits the scope of its provisional finding of “trade secrets” here to the categories of information specifically identified in the Confidentiality Agreement and in the “Non-Disclosure/Non-Compete” Agreement.

further in the next subsection, however, the Confidentiality Agreement is not the only source of such a duty the breach of which would be “improper.”

iv. Likelihood of a successful common-law claim. As a further matter, the Iowa Supreme Court in *Economy Roofing* considered the question of whether, irrespective of whether the information in question constituted a “trade secret” within the meaning of the statute, the plaintiff should have been allowed to offer evidence that the defendants had breached a fiduciary duty to maintain the secrecy of the information considered confidential by their former employer. *Economy Roofing*, 538 N.W.2d at 648. The court read its prior fiduciary duty cases to encompass not only a fiduciary duty of an employee to an employer, but, more specifically, a fiduciary duty of an employee “to maintain the secrecy of the information [the former employer] described as trade secrets.” *Id.* (emphasis added). The court found that “misappropriation” of trade secrets under the Trade Secrets Act, § 550.2(3) and § 550.2(1), included disclosure when the person making the disclosure had acquired the information under circumstances giving rise to a duty to maintain its secrecy or limit its use, or had breached a duty to maintain secrecy, and also found that the defendants were employees subject to a fiduciary duty to their employer. *Id.* For both of these reasons, the court concluded that the plaintiff former employer should have been allowed “to present evidence on whether (1) the information in the computer constituted trade secrets under the statutory definition of trade secrets, and (2) [the former employee defendants] had a fiduciary duty to maintain the secrecy of this information.” *Id.* at 648.

¹⁵ The court in *Economy Roofing* cited with approval the conclusion of the federal district court in *Norand Corp. v. Parkin*, 785 F.Supp. 1353 (N.D.Iowa 1990), in which the court, applying Iowa law, had found the likely existence of a fiduciary duty not to disclose trade secrets and confidential information in part by looking at the definition of “misappropriation” in § 550.2(3)(b), and therefore enjoined a former employee from accepting a position with a competitor. *Norand Corp.*, 785 F.Supp. at 1355; see also *Diversified Fastening Sys., Inc.*, 786 F.Supp. at 1491 (taking note of a plaintiff employer’s assertion that there is an Iowa common-law fiduciary duty to maintain the secrecy of trade secrets and confidential business information, but finding that all of the information in question was probably trade secrets, and therefore there was sufficient likelihood of success on a statutory or common-law claim of misappropriation of trade secrets). This court reads these cases, at least for the purposes of ruling on the preliminary injunction motion, as standing for the proposition that disclosure of information the employer desires to keep confidential, and makes reasonable efforts to maintain as confidential, even if the information is not technically “trade secrets” under the statutory definition, may be enjoined as a violation of the common-law fiduciary duty of a former employee to a former employer. See *205 Corp.*, 517 N.W.2d at 551 (holding that “Chapter 550 has not preempted all tort theories involving trade secrets”). Because the court finds, for the purposes of its preliminary injunction ruling, that O’Rourke was an employee subject to this fiduciary duty, and was certainly aware that Uncle B’s Bakery valued the secrecy or confidentiality of the information in question irrespective of whether the information was technically “trade secrets” under the Iowa act, the court concludes that Uncle B’s Bakery has also shown a reasonable likelihood of success under governing law on its claim that the information in question should not be disclosed, even if it is not trade secrets. The practical effect of this conclusion is to bring within the scope of any preliminary injunction not only the information provisionally held to be “trade secrets” above, but such other information as Uncle B’s Bakery asserted in the preliminary injunction hearing was “confidential.”

15. The court also held that although employees may take with them general knowledge acquired during their employment, an allegation that the employees took with them information surreptitiously copied or stolen and provided it to a competitor should have survived a motion for summary judgment. *Id.*

v. Substantial defenses. The court therefore turns to the question of whether Uncle B's Bakery's likelihood of success has been undermined by an adequate showing of an affirmative defense by the defendants. The essence of the court's conclusions above is that Uncle B's Bakery has not failed to state a "trade secrets" claim, so that defendants' first affirmative defense does not substantially undermine Uncle B's Bakery's likelihood of success on the merits of its "trade secrets" claims. As to the defendants' third affirmative defense, that O'Rourke never signed any restrictive covenant with Uncle B's Bakery, the court has found, at least for the purposes of this preliminary injunction ruling, that O'Rourke did indeed sign the Confidentiality Agreement, which is such a restrictive covenant. Thus, only the second of defendants' affirmative defenses, that Uncle B's Bakery first breached the employment contract with O'Rourke, requires further discussion.

Defendants' assertion that Uncle B's Bakery first breached any employment contract by failing to honor the vacation pay and moving expenses provisions of the January 10, 1994, letter agreement bears no necessary connection to any duty O'Rourke had not to disclose information Uncle B's Bakery regarded as "secret" or confidential. First, that duty upon O'Rourke arises from the common law fiduciary duty of an employee to an employer, *Economy Roofing*, 538 N.W.2d at 648, not from any employment contract. Second, the Confidentiality Agreement, which embodies an agreement not to disclose confidential information, pertained not to O'Rourke's status as an employee, but to his status as a "visitor" to Uncle B's Bakery's production facility, and, by its terms, pertained to any and all future visits to the plant. Confidentiality Agreement, p. 2, ¶ 3. Thus, the second affirmative defense does not undermine Uncle B's Bakery's likelihood of success on its "trade secrets" claims.

Defendants' second affirmative defense at least hints at a further ground for finding Uncle B's Bakery has only a limited likelihood of success on the merits: the Confidentiality Agreement might be unenforceable. In *Diversified Fastening Systems*, a federal decision from this district applying Iowa trade secrets law to a motion for a preliminary injunction to prevent disclosure of purported trade secrets, the court, first concluded that the information in question had been shown to be trade secrets, to the degree necessary to demonstrate probability of success on the merits. *Diversified Fastening Sys.*, 786 F.Supp. at 1491. The court then considered whether the plaintiff former employer's likelihood of success had been undermined by an assertion of the unenforceability of the non-disclosure and non-competition agreements upon which the employer in part founded its right to enjoin a former employee's disclosure of trade secrets to his new employer, a competitor. *Id.* at 1491–95; *accord Curtis 1000*, 878 F.Supp. at 1257–63 (considering whether a non-competition clause upon which a motion for a preliminary injunction was based was valid and enforceable as part of the determination of the plaintiff's likelihood of success). In both *Diversified Fastening Systems* and *Curtis 1000*, the court found that the Iowa Supreme Court applies a three-prong test to the enforceability of any restrictive covenant:

(1) Is the restriction reasonably necessary for the protection of the employer's business; (2) is it unreasonably restrictive of the employee's rights; and (3) is it prejudicial to the public interest?

Curtis 1000, 878 F.Supp. at 1260 (citing, *inter alia*, *Lamp v. American Prosthetics, Inc.*, 379 N.W.2d 909, 910 (Iowa 1986), and *Iowa Glass Depot, Inc. v. Jindrich*, 338 N.W.2d 376, 381 (Iowa 1983)); *Diversified Fastening Sys.*, 786 F.Supp. at 1493 (same). Although the court concludes, to the extent it would make such a conclusion in ruling on a motion for a preliminary injunction, that the Confidentiality Agreement complies with these three tests, the court also concludes that in this case, at least as to misappropriation and disclosure of trade secrets, the Iowa Trade Secrets Act and common law provide all the legal basis necessary for a preliminary injunction to enjoin such disclosures and

misappropriations. Therefore, whether or not the Confidentiality Agreement is unenforceable would not undermine Uncle B's Bakery's likelihood of success on a claim of misappropriation and disclosure of trade secrets under governing law. *See, e.g., Baker Elec. Co-op*, 28 F.3d at 1473–74 (likelihood of success on the merits requires that the movant find support for its position in governing law). Thus, Uncle B's Bakery's likelihood of success on its misappropriation of trade secrets claims is sufficient to weigh in favor of the preliminary injunction it seeks.

b. Non-competition

In *Diversified Fastening Systems*, then-District Court Judge David Hansen also noted that “Iowa Code Chapter 550 and the common law protection for trade secrets applies only to prevent the disclosure of trade secrets. It does not apply to prevent competition with an employer, except to the extent that that competition utilizes trade secrets.” *Diversified Fastening Sys.*, 786 F.Supp. at 1491. Contrary to Brooklyn Bagel Boys' assertions, the court finds, at least provisionally, that Brooklyn Bagel Boys is a competitor of Uncle B's Bakery, because both make and distribute grocery store bagels and, furthermore, among the products of both companies are bread aisle bagels. That issue provisionally resolved, the question remains whether Uncle B's Bakery can show a likelihood of success on the merits of its claim to enjoin O'Rourke's employment with a competitor, Brooklyn Bagel Boys.

When there is a non-competition agreement between the parties, in order to determine a likelihood of success on the merits of enforcing such a clause under governing law, the court must consider, as it did in *Curtis 1000*, whether the non-competition is valid and enforceable under Iowa law. *See Curtis 1000*, 878 F.Supp. at 1257–64, 1268–72; *accord Vencor, Inc. v. Webb*, 33 F.3d 840, 845 (7th Cir.1994) (where non-competition clause was unenforceable as unreasonable under Kentucky law, movant for preliminary injunction to enforce non-competition failed to show likelihood of success on the merits); *Baxter Int'l, Inc. v. Morris*, 976 F.2d 1189, 1197 (8th Cir.1992) (Illinois law, applicable under Missouri choice of law rules, requires that court consider enforceability of covenants not to compete in light of their reasonableness); *Millard v. Electronic Cable Specialists*, 790 F.Supp. 857, 862 (D.Minn.1992) (likelihood of success on claim to enforce non-competition agreement, for purposes of a preliminary injunction, required the court to consider factors of validity and enforceability under Minnesota law). In this prior decision, the court concluded that non-competition covenants are generally valid and enforceable under Iowa law, and that, applying the same analytical questions for the enforceability of a restrictive covenant stated above, concluded that the covenant not to compete in question was enforceable. *Id.* The court, applying this analysis to the covenant not to compete proffered here, also finds it valid and enforceable, as a general matter.¹⁶

More specifically, the first prong of the test, whether or not the restriction is reasonably necessary for the protection of the employer's business, *Curtis 1000*, 878 F.Supp. at 1260, has been met, because Uncle B's Bakery has made an adequate showing for preliminary injunction purposes that O'Rourke, in his position as plant manager, “pirated or had the chance to pirate part of plaintiff's business.” *Id.* (quoting *Iowa Glass Depot*, 338 N.W.2d at 381). Because of O'Rourke's involvement in the company

16. At the preliminary injunction hearing, the court expressed its personal disagreement with the rule that continued employment can serve as adequate consideration for a non-competition agreement. However, as the court recognized both in the hearing and in its decision in *Curtis 1000*, the Iowa Supreme Court is of a different view. *See Curtis 1000*, 878 F.Supp. at 1259–60. The court must here apply Iowa law, not seek to alter it by judicial fiat or personal preference. Adequate consideration for the non-competition agreement, if O'Rourke signed it upon arrival to work, therefore exists in O'Rourke's continued employment with Uncle B's Bakery, even if Uncle B's Bakery demanded agreement to such a covenant without any prior notice that it was a job requirement, or any prior discussion of its terms.

management team meetings, in which he testified the “unusual” customers or sales targets were discussed, even if the whole sales picture was not discussed, O’Rourke had the chance to identify these “unusual” customers for Brooklyn Bagel Boys as customers for Brooklyn Bagel Boys’ products as alternatives to Uncle B’s Bakery’s. More convincingly still, on the preliminary injunction record, O’Rourke “ ‘received from his employer “special training or peculiar knowledge that would allow him to unjustly enrich himself at the expense of his former employer.” ’ ” *Id.* at 1261 (quoting *Dain Bosworth, Inc. v. Brandhorst*, 356 N.W.2d 590, 593 (Iowa Ct.App.1984), in turn quoting *Iowa Glass Depot*, 338 N.W.2d at 382); *accord Millard*, 790 F.Supp. at 862–63 (non-competition clause was reasonably necessary to protect former employer’s development of services and products with which the former employee had been closely associated). That information, in this case, is the trade secrets the court has concluded have independent economic value, and to which O’Rourke was not only privy, but instrumental in their development. As to the second prong of the test, unreasonable restrictiveness to the employee, *id.* at 1260, the court notes that a five-year time period is at the very limits of what the Iowa courts have found enforceable. *See Id.* at 1262 (citing, *inter alia*, *The Phone Connection, Inc. v. Harbst*, 494 N.W.2d 445, 449–50 (Iowa Ct.App.1992)). However, in light of Uncle B’s Bakery’s relative youth and significant investment in development of its unique processes, the court does not find the five-year restriction to be unreasonably restrictive, at least for the purposes of a preliminary injunction, which, if entered, would last for a significantly shorter time period than that. Finally, the court can find no public interest undermining the non-competition clause in this case.

However, the question here is not so much whether the “Non-Disclosure/Non-Compete” Agreement is enforceable by its terms, but whether O’Rourke ever agreed to be bound by its terms. Thus, the court must return to the question of the adequacy of the evidence presented as demonstrating that O’Rourke signed the “Non-Disclosure/Non-Compete” Agreement, even though no signed copy of the agreement has been produced. The court considered above the standards for determining likelihood of success on the merits, and noted, *inter alia*, that the question is not whether the court predicts that the movant for a preliminary injunction will succeed, but whether the movant’s success on the merits is “at least ... sufficiently likely to support the kind of relief it requests.” *Sanborn Mfg.*, 997 F.2d at 488 (the court found sufficient likelihood of success where the court concluded that either result argued by the opposing parties was directly supported by the evidence presented). Here, the court has identified as a critical credibility determination that must ultimately be made by the trier of fact whether O’Rourke signed the non-competition agreement. Plainly, a jury or trier of fact could go either way on the question, and therefore Uncle B’s Bakery’s success is “at least ... sufficiently likely to support the kind of relief it requests.” *Id.* Furthermore, there is evidence to push the determination beyond equipoise, as this is not merely a case in which the contradictory testimony of two witnesses must be weighed. Rather, there is substantial evidence that everyone at Uncle B’s Bakery was aware of and signed “Non-Disclosure/Non-Compete” Agreements, down to the lowest level employees. The court has difficulty believing that the one person a company would most like to see bound by such an agreement, its plant manager, was simply overlooked, although admittedly it is not beyond the realm of possibility. The court therefore finds a reasonable likelihood that Uncle B’s Bakery will succeed in showing that O’Rourke signed and is bound by the terms of the “Non-Disclosure/Non-Compete” Agreement.¹⁷

17. Because the court finds that Uncle B’s Bakery has a reasonable likelihood of success on the merits of a claim that O’Rourke agreed to be bound by the “Non-Disclosure/Non-Compete” Agreement, the court need not here consider the further question of whether an injunction on O’Rourke’s continued employment with Brooklyn Bagel Boys could be based solely on a need to protect trade secrets or confidential information. *Diversified Fastening Sys.*, 786 F.Supp. at 1491. The court recognizes that as a general matter, courts will enjoin employment with a competitor in order to protect a former employer

Because the court concludes that Uncle B's Bakery has shown a reasonable likelihood of success under governing law on its "trade secrets" and "non-competition" claims, the court next addresses the question of whether Uncle B's Bakery can also show the threat of irreparable harm if defendants are not enjoined from disclosing or misappropriating trade secrets or O'Rourke's continued employment with Brooklyn Bagel Boys is not enjoined.

2. Irreparable harm

Despite the requirement that the court consider all of the factors in the *Dataphase* analysis, in this circuit "a party moving for a preliminary injunction is required to show the threat of irreparable harm," *Baker Elec. Co-op*, 28 F.3d at 1472 (citing *Modern Computer Sys., Inc. v. Modern Banking Sys., Inc.*, 871 F.2d 734, 738 (8th Cir.1989) (*en banc*), and *Dataphase*), and the lack of irreparable harm is sufficient ground for denying or vacating a preliminary injunction. *Aswegan v. Henry*, 981 F.2d 313, 314 (8th Cir.1992) (citing *Modern Computer*, 871 F.2d at 738). To put it another way, "[t]he threshold inquiry is whether the movant has shown the threat of irreparable injury." *Glenwood Bridge*, 940 F.2d at 371 (quoting *Gelco Corp. v. Coniston Partners*, 811 F.2d 414, 418 (8th Cir.1987)). Thus, the Eighth Circuit Court of Appeals has held that

the movant's failure to sustain its burden of proving irreparable harm ends the inquiry "and the denial of the injunctive request is warranted." [*Gelco*, 811 F.2d] at 420. *Accord Modern Computer Sys.*, 871 F.2d at 738; *Dataphase*, 640 F.2d at 114 n. 9. We must inquire, then, whether [movant] has met its burden of proving that it will suffer irreparable harm absent a preliminary injunction.

Id. Sufficient showing on this second factor in the *Dataphase* analysis can be made, for example, by showing that the movant has no adequate remedy at law. *Baker Elec. Co-op*, 28 F.3d at 1473. Conversely, where the movant has an adequate legal remedy, a preliminary injunction will not issue. *Frank B. Hall & Co. v. Alexander & Alexander, Inc.*, 974 F.2d 1020, 1025 (8th Cir.1992) (but finding in that case that the district court's conclusion that there was an adequate remedy was based on an erroneous legal premise, and requiring a proper balance of *Dataphase* factors).

Here, the Confidentiality Agreement specifically states that the parties agree that any violation of its terms "will cause Company immediate and irreparable harm which money damages cannot adequately remedy." Confidentiality Agreement, p. 2, ¶ 2; *accord Overholt Crop Ins. Serv. Co.*, 941 F.2d at 1371 (holding that "[i]rreparable harm 'can be inferred from a trial court's actual finding of a breach [of a restrictive covenant] by the defendant.' "); *Curtis 1000*, 878 F.Supp. at 1273 (citing *Overholt*); *Millard*, 790 F.Supp. at 860 ("Courts infer irreparable harm upon the breach of a non-competition covenant where confidential information is involved."). The court has found, at least provisionally, that O'Rourke agreed to be bound by the terms of this agreement, and therefore concludes that,

from disclosure of trade secrets where disclosure appears inevitable from the nature of the former employee's employment with the competitor. *See, e.g., Norand*, 785 F.Supp. at 1355 ("It does concern the court that there is no non-competition agreement between plaintiff and defendant," but the court found that simply prohibiting non-disclosure would be insufficient as the defendant could not help but use his knowledge in his employment with a competitor company, citing as supporting such a conclusion *Emery Indus., Inc. v. Cottier*, 202 U.S.P.Q. (BNA) 829 (S.D. Ohio 1978), and *Air Prods. and Chem., Inc. v. Johnson*, 296 Pa.Super. 405, 442 A.2d 1114 (1982)). Although defendants' counsel particularly directed the court's attention to the decision in *Emery Industries* as indicating critical reasons, not present here, for enjoining continued employment when no non-competition agreement is involved, the court need not discuss that decision where it has found a reasonable likelihood that the defendant is bound by a non-competition agreement.

at least as to its “trade secrets” claims, Uncle B’s Bakery has adequately demonstrated a threat of irreparable harm, because there is a threat of a breach of the agreement implicit in O’Rourke’s employment with a competitor. Similarly, the court finds that there is comparable language in the “Non-Disclosure/Non-Compete” Agreement, and the court has also found that Uncle B’s Bakery has shown a reasonable likelihood that this agreement is binding on O’Rourke. However, the court will still consider defendants’ argument that there is little real threat of disclosure of trade secrets in the course of O’Rourke’s employment, such that he should not also be enjoined from employment with Brooklyn Bagel Boys.

Defendants have argued, and presented supporting testimony to the effect that, O’Rourke has not and will not disclose trade secrets to Brooklyn Bagel Boys, that Brooklyn Bagel Boys has never requested any such disclosure, and has in fact requested that O’Rourke not divulge any of Uncle B’s Bakery’s trade secrets or confidential information. Defendants’ arguments and evidence are also to the effect that Brooklyn Bagel Boys has no desire or need for Uncle B’s Bakery’s trade secrets, because they are satisfied with their own recipes and manufacturing and packaging methods, thank you very much. Defendants also presented substantial evidence that Brooklyn Bagel Boys’ current manufacturing and packaging methods are so different from Uncle B’s Bakery’s that it is unlikely that O’Rourke will necessarily disclose Uncle B’s Bakery’s confidential information or trade secrets in the course of his employment with Brooklyn Bagel Boys. Defendants also argue, far less persuasively, that even if they contemplated using or appropriating “air tight” packaging processes, Uncle B’s Bakery would enjoy for a considerable time its current monopoly on such processes, because of the necessity of obtaining and implementing the required equipment and processes. The court is not inclined to split hairs about how long it might take Brooklyn Bagel Boys to appropriate the technology and processes required, when the real question is whether there is an imminent threat of disclosure of the necessary technology and processes, which is the irreparable harm, even if the economic harm actually comes later in the form of application of the improperly disclosed information. Certainly, if the disclosure allows a competitor to cut corners in the research and development process of a similar packaging process, the competitor will attain a competing product that much sooner, and it is this harm to Uncle B’s Bakery that is irreparable.

The court finds that there is sufficient threat of irreparable harm in this case to weigh in favor of enjoining both disclosure of trade secrets and O’Rourke’s employment with Brooklyn Bagel Boys. As to the former, the harm from disclosures, the Confidentiality Agreement embodies the parties’ agreement that a threat of irreparable harm exists if any confidential information is disclosed, and the court, having found, at least provisionally, that the information in question is indeed trade secrets, of independent economic value to Uncle B’s Bakery or a competitor, also recognizes that disclosure of such information threatens irreparable harm. As to the latter, harm of continued employment, the court notes that there is significant danger of an inadvertent disclosure by O’Rourke of Uncle B’s Bakery’s confidential information in the course of his employment with Brooklyn Bagel Boys. Although an employee is entitled to use the fund of general knowledge he or she has accumulated in the course of employment, that entitlement does not extend to use of trade secrets. Where the one kind of knowledge ends and the other begins is sufficiently uncertain in this case to raise a realistic threat of inadvertent disclosure of trade secrets, and consequently a threat of irreparable harm to Uncle B’s Bakery, from O’Rourke’s continued employment with Brooklyn Bagel Boys. Furthermore, the court finds it highly unlikely that O’Rourke would not draw upon processes or solutions employed by Uncle B’s Bakery should comparable problems arise either in Brooklyn Bagel Boys’ present production system, or in the course of Brooklyn Bagel Boys’ independent development and

implementation of a MAP bagging system or processes for producing never frozen refrigerator bagels, should it eventually find that it does want to enter that sector of the market after all. Accord *PepsiCo, Inc. v. Redmond*, 54 F.3d 1262, 1269 (7th Cir.1995) (affirming district court's determination, under the Illinois version of the Uniform Trade Secrets Act, that employment with a competitor should be enjoined, because "unless Redmond possessed an uncanny ability to compartmentalize information, he would necessarily be making decisions about [the new employer's products] by relying on his knowledge of [his former employer's] trade secrets."); *Baxter Int'l, Inc. v. Morris*, 976 F.2d 1189, 1194 (8th Cir.1992) (after trial on the merits, the district court granted, but limited the scope of, a permanent injunction enjoining disclosure of trade secrets where it was "far from clear" that the new employer would seek to develop products similar to the former employer's or that the new employer could use the former employer's technology for its current purposes). In *Redmond*, the Seventh Circuit Court of Appeals also stated,

It is not the "general skills and knowledge acquired during his tenure with" [the former employer] that [the former employer] seeks to keep from falling into [the new employer's] hands, but rather "the particularized plans or processes developed by [the former employer] and disclosed to him while the employer-employee relationship existed, which are unknown to others in the industry and which give the employer an advantage over his competitors."

Redmond, 54 F.3d at 1269. The court therefore concluded that the former employer had done much more than assert that skilled employees were taking their skills elsewhere, and a preliminary injunction enjoining the former employee's continued employment with a competitor was therefore appropriate. *Id.* The same situation obtains here. O'Rourke would be taking with him far more than his skills, but particularized plans or processes developed by Uncle B's Bakery, in which development O'Rourke was intimately involved. Although Brooklyn Bagel Boys purportedly has no current plans to enter the refrigerated, never frozen sector of the grocery store bagel market, and suggested that it could not use Uncle B's Bakery's processes or technology for its current purposes, Brooklyn Bagel Boys' representative indicated circumstances in which it would reevaluate its product lines and develop a product along Uncle B's Bakery's lines. Thus, it is clear, at least on the preliminary injunction record, that Uncle B's Bakery has reason to fear that Brooklyn Bagel Boys will be motivated to appropriate its technology and processes, and the threat of disclosure of those processes and that technology poses a threat of irreparable harm. Compare *Baxter Int'l, Inc.*, 976 F.2d at 1194 (although it was "far from clear" that there was interest in or the possibility of transfer of technology, limited permanent injunction against disclosure of trade secrets was properly entered). Thus, the court concludes that the "irreparable harm" factor also weighs in favor of the issuance of a preliminary injunction in this case.

3. Balance Of Harm

The court notes that the analysis of the next Dataphase factor, "the balance between the harm and the injury that the injunction's issuance would inflict on other interested parties, and the public interest," *Pottgen*, 40 F.3d at 929, is not identical to the "irreparable harm" analysis. Irreparable harm focuses on the harm or potential harm to the plaintiff of the defendant's conduct or threatened conduct. *Dataphase*, 640 F.2d at 114. In contrast, the balance of harm analysis examines the harm of granting or denying the injunction upon both of the parties to the dispute and upon other interested parties, including the public. *Id.*; see also *Glenwood Bridge*, 940 F.2d at 372 (considering the effect of granting or denying the injunction on the public's interest in a public works construction project as well as upon

the parties in the balance of harm analysis); *Modern Computer Sys.*, 871 F.2d at 737–38 (harm to other interested parties also considered).

In conducting the balance of harm analysis required under *Dataphase*, it is obvious that an illusory harm to the movant will not outweigh any actual harm to the nonmovant. *Frank B. Hall*, 974 F.2d at 1023. To determine what must be weighed, the court finds that courts of this circuit have looked at the threat to the each of the parties' rights that would result from granting or denying the injunction. *Baker Elec. Co-op*, 28 F.3d at 1473. Also, the potential economic harm to each of the parties and to interested third parties of either granting or denying the injunction is relevant. *Id.* Another consideration in the balance of harms calculus is whether the defendant has already voluntarily taken remedial action. *Sanborn*, 997 F.2d at 489. Where the nonmovant has taken such action, the balance of harms is readjusted, because the potential for economic or other harm to the movant has been eliminated. *Id.* (citing *Burndy Corp. v. Teledyne Indus., Inc.*, 748 F.2d 767, 774 (2d Cir.1984), which held that injunctive relief was "wholly unnecessary" when the defendant had voluntarily brought his product labeled with the UL mark into compliance with UL standards and where there was not a likelihood of repetition or hazard to the public). Similarly, present harm as the result of past misconduct is not sufficient to justify the injury to the nonmovant of granting a preliminary injunction requiring some additional corrective action, because such relief "goes beyond the purpose of a preliminary injunction." *Id.* at 490 (emphasis in the original).

As to the balance of harms from enjoining disclosure of trade secrets or confidential information, the court finds that the balance once again tips in favor of a preliminary injunction. As the court has observed, Uncle B's Bakery stands to suffer significant injury, economic and non-economic, if disclosure of its trade secrets is not enjoined. However, defendants' evidence and arguments that there has been and will be no disclosure of trade secrets suggests that they will suffer no harm if the court enjoins what they have already voluntarily done. Controlling precedent of the Eighth Circuit Court of Appeals appears to point the other direction, however, because the appellate court has held that a consideration in the balance of harm calculus is whether the defendants have already voluntarily taken remedial action, and where the nonmovants have taken such action, the balance of harms is readjusted, because the potential for economic or other harm to the movant has been eliminated. *Sanborn*, 997 F.2d at 489. In this case, the court concluded above that notwithstanding defendants' evidence of their remedial measures, there was still a threat of harm from an inadvertent disclosure, and the court concludes therefore that the threat of harm to Uncle B's Bakery has not been eliminated. Thus, the balance of harms still weighs in favor of issuance of an injunction against disclosure of trade secrets.

The balance of harms is more complicated as to enjoining O'Rourke's continued employment with Brooklyn Bagel Boys. In *Curtis 1000*, the court found that, despite an employee's right to work, the balance of harms weighed in the former employer's favor to enjoin an employee from violating a non-competition clause. *Curtis 1000*, 878 F.Supp. at 1274. That conclusion was based on the existence of a non-competition clause, the fact that the validity of the non-competition clause under applicable Delaware law encompassed a balancing of the economic harms to both parties to the agreement, and an observation that the employee would not be precluded from working with his present employer, but only from competing with his former employer for certain customers. *Id.* at 1274. In the case now before the court, however, the court has also found an adequate showing of a non-competition agreement, but the court has not yet balanced the economic harms to the parties of barring O'Rourke's employment with Brooklyn Bagel Boys. Furthermore, an injunction would entirely deprive O'Rourke of his current employment.

The court is hesitant to enter an injunction barring a person from continuing that person's employment, but concludes that the balance of harms nonetheless, if only slightly, actually tips in favor of an injunction on O'Rourke's continued employment with Brooklyn Bagel Boys. The court, once again, has concluded that Uncle B's Bakery is faced with a significant threat of disclosure of its trade secrets, including inadvertent disclosure. The body of secret or confidential information from Uncle B's Bakery known to O'Rourke covers every aspect of Uncle B's Bakery's operations, and is far more extensive than the body of "secret" information known to the defendant employees enjoined from employment with competitors in any decision of the Iowa Supreme Court of which this court is aware. *See Curtis 1000*, 878 F.Supp. at 1260–62 (citing Iowa cases in which the critical information known to the departing employee giving rise to a reasonable need for a covenant not to compete was customer lists and goodwill). Also balanced against O'Rourke's loss of his job is the fact that the bagel-making industry is not the only one in which O'Rourke has considerable work experience and ability, thus an injunction on employment with a competitor does not leave O'Rourke without employment prospects. *Accord Millard*, 790 F.Supp. at 863 (court found little hardship likely to result from enjoining employee not to compete where employee had "demonstrated abilities" and experience in fields in his industry that did not compete with his former employer). Furthermore, O'Rourke's employment with Brooklyn Bagel Boys has been so short-lived at this point that it is doubtful he has established himself as a "key man" without whom Brooklyn Bagel Boys cannot continue to function. The court is not unmindful of the harms O'Rourke may suffer if he loses his current employment, but the court has every reason to believe that those harms will be short-lived, may be eased by reasonable assistance of his current employer who is not blameless in the loss of his current employment, and involves harms that should have been foreseen by the defendants when they contemplated hiring a manager away from a competitor, knowing that competitor employed unique manufacturing and packaging processes.

4. The Public Interest

The final factor in the Dataphase analysis is the impact of granting or denying the preliminary injunction upon the public interest. *Pottgen*, 40 F.3d at 929. The "public interest" factor frequently invites the court to indulge in broad observations about conduct that is generally recognizable as costly or injurious.¹⁸ Here, however, the court finds the public interest embodied and articulated in the Iowa legislature's passage of the Iowa Trade Secrets Act. Thus, the court finds that the public interest in protection of trade secrets weighs in favor of an injunction to accomplish that end. *Accord Heather K.*, 887 F.Supp. at 1266–67 (finding the public interest more than adequately stated in legislation to accomplish the ends also sought by the proposed injunction). Further, an injunction to enforce a contractual agreement, even a contractual agreement not to compete for some period of time, is not repugnant to the public interest, as recognized by Iowa law on enforceability of such agreements. *Curtis 1000*, 878 F.Supp. at 1257–58; *accord Millard*, 790 F.Supp. at 863 (valid non-competition clauses do not violate public policy).

18. The "public interest" factor involves, among other things, the "public's interest in minimizing unnecessary costs" to be met from public coffers. *Baker Elec. Co-op*, 28 F.3d at 1474 (citing *James River Flood Control Ass'n v. Watt*, 680 F.2d 543, 544–45 (8th Cir.1982) (per curiam)); The court is mindful of the venerable decision of the Eighth Circuit Court of Appeals in *E.W. Bliss Co.*, 408 F.2d at 1113–17, in which the appellate court systematically found each provision of the injunction against former employees' disclosure and competition invalid as overbroad. However, the court concludes that the present injunction, fashioned as indicated, would survive such scrutiny, in light of the need to protect Uncle B's Bakery from intentional and inadvertent disclosure of its trade secrets and confidential information.¹⁹ 680 F.2d at 544–45 (public interest served by avoiding "greater expenditures from the public treasury"). The public interest also favors enjoining false statements, and enjoining the safety risks arising from false labeling of products. *Sanborn Mfg.*, 997 F.2d at 490.

All relevant factors therefore tip, to one degree or another, in favor of granting a preliminary injunction in this case enjoining both disclosure of trade secrets and continued employment that threatens such disclosure.

C. The Requirements Of Fed.R.Civ.P. 65(c) & (d)

1. The scope of a preliminary injunction

Pursuant to Federal Rule of Civil Procedure 65(d), which requires, *inter alia*, that “every order granting an injunction and every restraining order ... shall be specific in terms; shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained ...,” the preliminary injunction in this case must specifically sets forth its terms. The court finds that an injunction of proper scope can be fashioned from appropriate language in the Confidentiality Agreement, to which O’Rourke definitely agreed, and from the “Non-Disclosure/Non-Compete” Agreement, to which, although it is disputed, Uncle B’s Bakery has shown a reasonable likelihood O’Rourke agreed.¹⁹

In order to ease somewhat the harm O’Rourke will suffer as the result of an injunction on his present employment, the court will stay that portion of the preliminary injunction pertaining to O’Rourke’s continued employment for a period of thirty days, in order that O’Rourke may make other employment arrangements. The court warns the defendants that any disclosure by O’Rourke or any acquisition by Brooklyn Bagel Boys of Uncle B’s Bakery’s trade secrets or confidential information, either during this thirty-day grace period or afterwards, during the pendency of the preliminary injunction, will be punished as contempts by the severest sanctions of which this court can avail itself.

2. Fed.R.Civ.P. 65(c)’s security requirement

Interesting questions arise as to Fed.R.Civ.P. 65(c)’s security requirement in this case. In *Curtis 1000*, after extensive consideration of the decisions of courts concerning whether or not some security is always required before issuance of a preliminary injunction, and the mandatory language of Fed.R.Civ.P. 65(c), which states that “[n]o restraining order or preliminary injunction shall issue except upon the giving of security by the applicant,” this court concluded “requiring a bond in some amount before issuing a preliminary injunction is far the better course.” *Curtis 1000*, 878 F.Supp. at 1279.

The only reason application of that conclusion might be called into question in this case is that the Confidentiality Agreement specifically states that the party to be enjoined agrees to issuance of a preliminary injunction “without bond.” Confidentiality Agreement, p. 2, ¶ 2. However, the other agreement upon which a prayer for injunctive relief is founded, the “Non-Disclosure/Non-Compete” Agreement, does not contain any “without bond” language in its injunction provisions. “Non-Disclosure/Non-Compete” Agreement, p. 2, ¶ 4. Uncle B’s Bakery’s prayers for relief in its complaint mirror this situation, praying as to Count I, the “trade secrets” claim based on violation of the Confidentiality Agreement, for a preliminary and permanent injunction to issue

19. The court is mindful of the venerable decision of the Eighth Circuit Court of Appeals in *E.W. Bliss Co.*, 408 F.2d at 1113–17, in which the appellate court systematically found each provision of the injunction against former employees’ disclosure and competition invalid as overbroad. However, the court concludes that the present injunction, fashioned as indicated, would survive such scrutiny, in light of the need to protect Uncle B’s Bakery from intentional and inadvertent disclosure of its trade secrets and confidential information.

without bond, but making no reference to the bond requirement as to the other counts on which injunctive relief is sought.

In this case, the court believes that even if it were enjoining misappropriation of trade secrets and O'Rourke's employment with a competitor solely on the basis of the Confidentiality Agreement, even in the face of the "without bond" language in that agreement, "far the better course" would still be to require a bond in some amount. Certainly, where, as here, the injunction on employment with a competitor is directly based on the "Non-Disclosure/Non-Compete" Agreement, which contains no "without bond" language, the court concludes that a bond in some amount is required. There are very sound policy reasons for the bond requirement, identified in *Curtis 1000*. *Curtis 1000*, 878 F.Supp. at 1275-79. First, the defendant who has been wrongfully enjoined has no recourse for damages in the absence of a bond. *Curtis 1000*, 878 F.Supp. at 1277-78 (citing *W.R. Grace & Co. v. Local Union 759*, 461 U.S. 757, 770 n. 14, 103 S.Ct. 2177, 2186 n. 14, 76 L.Ed.2d 298 (1983)). Second, because a preliminary injunction proceeding is both expedited, resulting in only provisional findings of fact, and interlocutory, there is a higher chance that the district court will err in granting the preliminary injunction. *Id.* at 1278 (citing *inter alia*, *Clark v. K-Mart*, 979 F.2d 965, 968 (3d Cir.1992)). In this case, where the preliminary injunction will deprive O'Rourke of his present employment and deprive Brooklyn Bagel Boys of its present manager, both requirements likely to impose some real economic burdens on the defendants, even if those burdens are outweighed, as the court concluded, by Uncle B's Bakery's potential harm, both of the policy reasons for the bond requirement ring true.²⁰ Furthermore, the rule stating the bond requirement is couched in mandatory terms. Fed.R.Civ.P. 65(c). At the preliminary injunction hearing, Uncle B's Bakery did not press any contention that a preliminary injunction in this case, whatever its basis, should issue without bond. For all of these reasons, the posting of a bond in some amount will be required before the preliminary injunction in this case will issue.

Although there may be some split in authority as to whether or not imposition of any bond is mandatory, there is no split in authority that the amount of any bond actually imposed remains a matter of the court's discretion. *See Curtis 1000*, 878 F.Supp. at 1279-80 (citing cases so holding, and identifying some factors to guide the court's discretion). Of some help is the statement of the Eighth Circuit Court of Appeals that security should be imposed "in an amount that fairly protects the [defendants] should it be ultimately found that the [defendants] [have] been wrongfully enjoined." *Glenwood Bridge, Inc.*, 940 F.2d at 373. With this and such other factors as equity suggests in mind, the court turns to consideration of the proper amount of the bond to be required in this case.

First, the court finds that an adequate security would cover O'Rourke's potential loss of salary and benefits during the pendency of the preliminary injunction, less any salary and benefits he can

20. These policy reasons would be just as applicable were the present injunction on employment with a competitor based only on the ground that such an injunction was the only practical means of enforcing the Confidentiality Agreement. If the only barrier to a preliminary injunction to protect fully its trade secrets were a requirement that Uncle B's Bakery provide sufficient security to protect defendants from the obvious consequences of wrongly enjoining O'Rourke's employment with Brooklyn Bagel Boys, and if the risk of harm to Uncle B's Bakery is as dire as that risk has been portrayed to the court, the court thinks it likely that Uncle B's Bakery would accept without hesitation the condition of posting a bond in this case. The alternative for Uncle B's Bakery would be the possibility that an appellate court would deem that imposition of a preliminary injunction without a bond was improper, and Uncle B's Bakery would thereby lose the protection it claims it so desperately needs. Perhaps recognizing these realities, Uncle B's Bakery did not assert that the preliminary injunction should issue without bond even when asserting the Confidentiality Agreement alone was adequate to require enjoining O'Rourke's continued employment with Brooklyn Bagel Boys or any other competitor

reasonably be expected to earn from alternative employment. O'Rourke testified that his present annual salary, exclusive of benefits, is \$80,000, and his previous annual salary with Uncle B's Bakery was \$65,000. Second, the court finds that an adequate security would cover Brooklyn Bagel Boys' inconvenience in seeking an interim or permanent replacement for O'Rourke. The court therefore considers that, with a reasonable expectation of completion of this litigation within the next two years, and a reasonable expectation that O'Rourke will find alternative employment at some point during that period, probably sooner rather than later, a reasonable bond would be in the amount of \$100,000.

The court will therefore issue a preliminary injunction with the scope and bond requirement stated above.

III. CONCLUSION

The court's application of the Dataphase factors in this case leads it to the conclusion that a preliminary injunction must issue enjoining disclosure of Uncle B's Bakery's trade secrets by O'Rourke, misappropriation of those secrets by Brooklyn Bagel Boys, and O'Rourke's continued employment with Brooklyn Bagel Boys. The court finds that some, at least, of the information at issue is indeed trade secrets, and that Brooklyn Bagel Boys is indeed a competitor of Uncle B's Bakery to whom disclosure of its secrets would be detrimental to Uncle B's Bakery. Uncle B's Bakery has demonstrated a reasonable likelihood of success on its claims of misappropriation of trade secrets under Iowa statutory and common law that is sufficient basis for a preliminary injunction. Although finding that Uncle B's Bakery's ultimate success on its claim of violation of a covenant not to compete may be a very close question, coming down to the trier of fact's weighing of credibility of the conflicting accounts of the signing or non-signing of the non-competition agreement, the court nonetheless concludes that Uncle B's Bakery's success on the merits of a claim that O'Rourke is bound by a non-competition agreement is at least sufficiently likely to support the kind of relief it requests. In light of the economic value of the trade secrets in question to Uncle B's Bakery or a competitor, the court concludes that Uncle B's Bakery has also demonstrated a threat of irreparable harm, and that the balance of this harm to Uncle B's Bakery outweighs the harm to O'Rourke of loss of employment and to Brooklyn Bagel Boys of losing its present plant manager. The court finds that there is a public interest in protection of trade secrets articulated in the Iowa Trade Secrets Act and that this public interest will be vindicated by a preliminary injunction to prevent disclosure of trade secrets. The court therefore concludes that a preliminary injunction of appropriate scope should issue after the posting of adequate security.

Uncle B's Bakery's motion for a preliminary injunction is therefore granted.

IT IS SO ORDERED.

PRELIMINARY INJUNCTION

WHEREAS, pursuant to Fed.R.Civ.P. 65(b), the court finds that there is a threat of disclosure of trade secrets and confidential information of plaintiff Uncle B's Bakery, Inc., and an actual or threatened violation of a non-competition agreement between Uncle B's Bakery and defendant Kevin O'Rourke, each of which poses a threat of irreparable harm to plaintiff Uncle B's Bakery, Inc., and whereas, in light of all of the circumstances known to the court and upon a balance of the equities, the court concludes that a preliminary injunction should issue, defendants Kevin O'Rourke and Brooklyn Bagel Boys, Inc., are hereby enjoined as follows:

1. Defendant Kevin O'Rourke is hereby enjoined from disclosing any and all of Uncle B's Bakery's past, present, or future raw or processed products, ingredients, formulas, original and unique recipes, manufacturing, advertising or design techniques, plans, ideas, equipment brands and types, processes, methods, and operating conditions, including packaging techniques or processes, not previously publicly known, and such other information as Uncle B's Bakery has sought to maintain as confidential during Mr. O'Rourke's employment with Uncle B's Bakery. Defendant Brooklyn Bagel Boys is hereby enjoined from appropriating or obtaining or seeking to appropriate or obtain any of the above-listed information from Kevin O'Rourke, or utilizing in any way such information previously obtained from Kevin O'Rourke.

2. Defendant Kevin O'Rourke is hereby enjoined from competing directly or indirectly, or having an interest in any business, corporation or other entity which competes directly or indirectly, or working for any person, business, corporation or other entity which competes directly or indirectly with Uncle B's Bakery, including defendant Brooklyn Bagel Boys, within a 500 mile radius of any of Uncle B's Bakery's marketing outlets during the pendency of this preliminary injunction. This paragraph of this preliminary injunction is stayed for the period of thirty days from the date of this order, in order to allow Kevin O'Rourke a reasonable opportunity to obtain alternative employment, although during that thirty-day period, the defendants shall remain subject to all other terms of this preliminary injunction.

3. This preliminary injunction shall be binding upon the parties to this action, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order.

4. This preliminary injunction shall issue upon the giving of security of One Hundred Thousand Dollars (\$100,000) by applicant Uncle B's Bakery.

5. This preliminary injunction shall remain in full force and effect until further order of this court.

IT IS SO ORDERED.

5. PATENTS

Learning Objectives: Unit 5

Upon completion of this unit, you should be able to:

- Describe the parts of a patent and the function they serve.
- Describe the institutions that relate to patents.
- Explain the policy issues related to patents, both positive and negative.
- Explain the first sale doctrine and its legal basis.

Patent lawyers like to think of patents as the primary driver of technological development. That may be somewhat of an overstatement, but nevertheless patents have historically been an important mechanism for technological advancement over the last two centuries. Many of the most significant technological developments of that period—the telephone, the lightbulb, the airplane, the polymerase chain reaction—involve patents.

A. Patent Law – legal basis

In general terms, a patent is an exclusive right to practice a novel invention for a set period of time. The government grants these rights in exchange for the public disclosure of the details of the invention. There are three types of patents: utility patents, design patents, and plant patents. Utility patents are the most common and are the type of patent that most people think of as “patents.” Design patents are awarded to those who invent new, original, and ornamental designs for articles of manufacture. Plant patents are awarded to those who invent or discover and asexually reproduce any distinct and new variety of plant.

Congress’s authority to create patent laws is based on Article I, Section 8, Clause 8 of the United States Constitution. This clause, commonly referred to as the “Intellectual Property Clause” or the “Patent and Copyright Clause,” states that “[the United States Congress shall have power] To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”

The first major legislation governing patents was enacted in 1790, and most of its core elements have remained relatively unchanged. Over the last 230 years, Congress passed several updated versions of the patent law, with the current legal framework based on the 1952 Patent Act. Another significant amendment, the America Invents Act, was enacted in 2011.

B. Patent Law: core substantive components

Patent law is highly complex, and is made more so by the fact that it often involves highly technical subject matter. However, its fundamental components are relatively simple. In this course we will focus on those fundamentals, relying primarily on inventions that do not require an advanced technical or scientific degree to understand. This is not to say that the following cases are “easy”: they will require a substantial amount of work, particularly the more recent ones. But I have intentionally chosen cases that highlight the fundamental elements of patent law or are landmark cases that everyone knowledgeable about patent law will know.

This section begins with a patent. Even though you may know nothing about patent law, you should look at this document and see what you can figure out about it. You do not need to read the patent in any significant depth—instead, just skim through the parts and try to understand different sections in the document. As you examine the patent, make notes about what you observe.

A few notes about this specific patent. First, it is especially long—the unedited version is 158 pages—and it has a large number of claims at the end (149). Most patents are much shorter and typically have 20 claims at most. Second, this patent went through a special process called “reissue,” in which the original patent was surrendered to the patent office so that the applicant could make changes. Reissue proceedings are limited by statute, and are beyond the scope of an introductory course in intellectual property. For purposes of this course, we will just refer to this document as the Monsanto patent.

After you finish reviewing the patent, read 35 U.S.C. §§ 101, 154(a) & 271(a), along with any relevant statutory definitions. These could be considered the foundational statutes of patent law. Section 101 provides for the grant of a patent to certain people, Section 154(a) states what a patent contains, and Section 271(a) provides the basic cause of action that the owner of a patent may bring.

With this information in mind, next read *Bowman v. Monsanto*. This case involves a common sight in Iowa during the summer: soybeans.

35 U.S.C. §101. Inventions patentable (1952)

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.

35 U.S.C. § 154. Contents and term of patent; provisional rights (2013)

(1) Contents.—Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States, products made by that process, referring to the specification for the particulars thereof.

(2) Term.—Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, 365(c), or 386(c), from the date on which the earliest such application was filed.

(3) Priority.—Priority under section 119, 365(a)(b), 386(a)(b) shall not be taken into account in determining the term of a patent.

(4) Specification and Drawing.—A copy of the specification and drawing shall be annexed to the patent and be a part of such patent.

35 U.S.C. §271. Infringement of patent (2010)

a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

b) Whoever actively induces infringement of a patent shall be liable as an infringer.

c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

READING WITH PURPOSE

As you skim this patent, try to answer the following questions:

- Who are the inventors on this patent?
- When was the application for this patent filed?
- Who was this patent assigned to prior to issuance?
- Where are the legal rights claimed by this patent?



US00RE39247E

(19) **United States**
(12) **Reissued Patent**
Barry et al.

(10) **Patent Number: US RE39,247 E**
(45) **Date of Reissued Patent: Aug. 22, 2006**

(54) **GLYPHOSATE-TOLERANT 5-ENOLPYRUVYLSHIKIMATE-3-PHOSPHATE SYNTHASES**

(75) Inventors: **Gerard F. Barry**, St. Louis, MO (US); **Ganesh M. Kishore**, Creve Coeur, MO (US); **Stephen R. Padgette**, Wildwood, MO (US); **William C. Stallings**, Wildwood, MO (US)

(73) Assignee: **Monsanto Technology LLC**, St. Louis, MO (US)

(21) Appl. No.: **10/622,201**

(22) Filed: **Jul. 18, 2003**

Related U.S. Patent Documents

Reissue of:

(64) Patent No.: **5,633,435**
Issued: **May 27, 1997**
Appl. No.: **08/306,063**
Filed: **Sep. 13, 1994**

U.S. Applications:

(63) Continuation-in-part of application No. 07/749,611, filed on Aug. 28, 1991, now abandoned, which is a continuation-in-part of application No. 07/576,537, filed on Aug. 31, 1990, now abandoned.

(51) **Int. Cl.**
A01H 5/00 (2006.01)
A01H 5/10 (2006.01)
C12N 15/82 (2006.01)

(52) **U.S. Cl.** **800/300**; 435/419; 435/320.1; 536/23.2; 536/23.4; 536/23.7; 800/278; 800/288

(58) **Field of Classification Search** 800/300, 800/278, 288, 312, 298; 536/23.2, 23.7; 435/419, 435/320.1

See application file for complete search history.

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(57) **ABSTRACT**

Genes encoding Class II EPSPS enzymes are disclosed. The genes are useful in producing transformed bacteria and plants which are tolerant to glyphosate herbicide. Class II EPSPS genes share little homology with known, Class I EPSPS genes, and do not hybridize to probes from Class I EPSPS's. The Class II EPSPS enzymes are characterized by being more kinetically efficient than Class I EPSPS's in the presence of glyphosate. Plants transformed with Class II EPSPS genes are also disclosed as well as a method for selectively controlling weeds in a planted transgenic crop field.

127 Claims, 70 Drawing Sheets

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TCATCAAAAATATTTAGCAGCATCCAGATGGGTTCAATCAACAAAGGTACGAGCCATATC 6417
AGTAGTTTATAAATCGTTCGTAAGGTCTAACCCCAAGTTAGTTGTTCCATGCTCGGTATAG
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CATGCATCATGGTCAGTAAGTTTCAGAAAAGACATCCACCGAAGACTTAAAGTTAGTGG 6657
GTACG TAGTACCAGTCAATCAAAAGTCTTTTTTCTGTAGGTGGCTTCTGAATTTCAATCACC

Figure 1A

1

**GLYPHOSATE-TOLERANT 5-
ENOLPYRUVYLSHIKIMATE-3-PHOSPHATE
SYNTHASES**

Matter enclosed in heavy brackets [] appears in the original patent but forms no part of this reissue specification; matter printed in italics indicates the additions made by reissue.

This is a continuation-in-part of a U.S. patent application Ser. No. 07/749,611, filed Aug. 28, 1991 now abandoned, which is a continuation-in-part of U.S. patent application Ser. No. 07/576,537, filed Aug. 31, 1990, now abandoned.

BACKGROUND OF THE INVENTION

This invention relates in general to plant molecular biology and, more particularly, to a new class of glyphosate-tolerant 5-enolpyruvylshikimate-3-phosphate synthases.

Recent advances in genetic engineering have provided the requisite tools to transform plants to contain foreign genes. It is now possible to produce plants which have unique characteristics of agronomic importance. Certainly, one such advantageous trait is more cost effective, environmentally compatible weed control via herbicide tolerance. Herbicide-tolerant plants may reduce the need for tillage to control weeds thereby effectively reducing soil erosion.

One herbicide which is the subject of much investigation in this regard is N-phosphonomethylglycine commonly referred to as glyphosate. Glyphosate inhibits the shikimic acid pathway which leads to the biosynthesis of aromatic compounds including amino acids, plant hormones and vitamins. Specifically, glyphosate curbs the conversion of phosphoenolpyruvic acid (PEP) and 3-phosphoshikimic acid to 5-enolpyruvyl-3-phosphoshikimic acid by inhibiting the enzyme 5-enolpyruvylshikimate-3-phosphate synthase (hereinafter referred to as EPSP synthase or EPSPS). For purposes of the present invention, the term "glyphosate" should be considered to include any herbicidally effective form of N-phosphonomethylglycine (including any salt thereof) and other forms which result in the production of the glyphosate anion in plants.

It has been shown that glyphosate-tolerant plants can be produced by inserting into the genome of the plant the capacity to produce a higher level of EPSP synthase in the chloroplast of the cell (Shah et al., 1986) which enzyme is preferably glyphosate-tolerant (Kishore et al. 1988). Variants of the wild-type EPSPS enzyme have been isolated which are glyphosate-tolerant as a result of alterations in the EPSPS amino acid coding sequence (Kishore and Shah, 1988; Schulz et al., 1984; Sost et al., 1984; Kishore et al., 1986). These variants typically have a higher K_i for glyphosate than the wild-type EPSPS enzyme which confers the glyphosate-tolerant phenotype, but these variants are also characterized by a high K_m for PEP which makes the enzyme kinetically less efficient (Kishore and Shah, 1988; Sost et al., 1984; Schulz et al., 1984; Kishore et al., 1986; Sost and Amrhein, 1990). For example, the apparent K_m for PEP and the apparent K_i for glyphosate for the native EPSPS from *E. coli* are 10 μ M and 0.5 μ M while for a glyphosate-tolerant isolate having a single amino acid substitution of an alanine for the glycine at position 96 these values are 220 μ M and 4.0 mM, respectively. A number of glyphosate-tolerant plant variant EPSPS genes have been constructed by mutagenesis. Again, the glyphosate-tolerant EPSPS was impaired due to an increase in the K_m for PEP and a slight reduction of the V_{max} of the native plant enzyme (Kishore and Shah, 1988) thereby lowering the catalytic efficiency

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(V_{max}/K_m) of the enzyme. Since the kinetic constants of the variant enzymes are impaired with respect to PEP, it has been proposed that high levels of overproduction of the variant enzyme, 40–80 fold, would be required to maintain normal catalytic activity in plants in the presence of glyphosate (Kishore et al., 1988).

While such variant EPSP synthases have proved useful in obtaining transgenic plants tolerant to glyphosate, it would be increasingly beneficial to obtain an EPSP synthase that is highly glyphosate-tolerant while still kinetically efficient such that the amount of the glyphosate-tolerant EPSPS needed to be produced to maintain normal catalytic activity in the plant is reduced or that improved tolerance be obtained with the same expression level.

Previous studies have shown that EPSPS enzymes from different sources vary widely with respect to their degree of sensitivity to inhibition by glyphosate. A study of plant and bacterial EPSPS enzyme activity as a function of glyphosate concentration showed that there was a very wide range in the degree of sensitivity to glyphosate. The degree of sensitivity showed no correlation with any genus or species tested (Schulz et al., 1985). Insensitivity to glyphosate inhibition of the activity of the EPSPS from the *Pseudomonas* sp. PG2982 has also been reported but with no details of the studies (Fitzgibbon, 1988). In general, while such natural tolerance has been reported, there is no report suggesting the kinetic superiority of the naturally occurring bacterial phosphosate-tolerant EPSPS enzymes over those of mutated EPSPS enzymes nor have any of the genes been characterized. Similarly, there are no reports on the expression of naturally glyphosate-tolerant EPSPS enzymes in plants to confer glyphosate tolerance.

For purposes of the present invention the term "mature EPSP synthase" relates to the EPSPS polypeptide without the N-terminal chloroplast transit peptide. It is now known that the precursor form of the EPSP synthase in plants (with the transit peptide) is expressed and upon delivery to the chloroplast, the transit peptide is cleaved yielding the mature EPSP synthase. All numbering of amino acid positions are given with respect to the mature EPSP synthase (without chloroplast transit peptide leader) to facilitate comparison of EPSPS sequences from sources which have chloroplast transit peptides (i.e., plants and fungi) to sources which do not utilize a chloroplast targeting signal (i.e., bacteria).

In the amino acid sequences which follow, the standard single letter or three letter nomenclature are used. All peptide structures represented in the following description are shown in conventional format in which the amino group at the N-terminus appears to the left and the carboxyl group at the C-terminus at the right. Likewise, amino acid nomenclature for the naturally occurring amino acids found in protein is as follows: alanine (Ala;A), asparagine (Asn;N), aspartic acid (Asp;D), arginine (Arg;R), cysteine (Cys;C), glutamic acid (Glu;E), glutamine (Gln;Q), glycine (Gly;G), histidine (His;H), isoleucine (Ile;I), leucine (Leu;L), lysine (Lys;k), methionine (Met;M), phenylalanine (Phe;F), proline (Pro;P), serine (Ser;S), threonine (Thr;T), tryptophan (Trp;W), tyrosine (Tyr;Y), and valine (Val;V). An "X" is used when the amino acid residue is unknown and parentheses designate that an unambiguous assignment is not possible and the amino acid designation within the parentheses is the most probable estimate based on known information.

The term "nonpolar" amino acids include alanine, valine, leucine, isoleucine, proline, phenylalanine, tryptophan, and methionine. The term "uncharged polar" amino acids

include glycine, serine, threonine, cysteine, tyrosine, asparagine and glutamine. The term "charged polar" amino acids includes the "acidic" and "basic" amino acids. The term "acidic" amino acids includes aspartic acid and glutamic acid. The term "basic" amino acid includes lysine, arginine and histidine. The term "polar" amino acids includes both "charged polar" and "uncharged polar" amino acids.

Deoxyribonucleic acid (DNA) is a polymer comprising four mononucleotide units, dAMP (2'-Deoxyadenosine-5-monophosphate), dGMP (2'-Deoxyguanosine-5-monophosphate), dCMP (2'-Deoxycytosine-5-monophosphate) and dTMP (2'-Deoxythymosine-5-monophosphate) linked in various sequences by 3',5'-phosphodiester bridges. The structural DNA consists of multiple nucleotide triplets called "codons" which code for the amino acids. The codons correspond to the various amino acids as follows: Arg (CGA, CGC, CGG, CGT, AGA, AGG); Leu (CTA, CTC, CTG, CTT, TTA, TTG); Ser (TCA, TCC, TCG, TCT, AGC, AGT); Thr (ACA, ACC, ACG, ACT); Pro (CCA, CCC, CCG, CCT); Ala (GCA, GCC, GCG, GCT); Gly (GGA, GGC, GGG, GGT); Ile (ATA, ATC, ATT); Val (GTA, GTC, GTG, GTT); Lys (AAA, AAG); Asn (AAC, AAT); Gln (CAA, CAG); His (CAC, CAT); Glu (GAA, GAG); Asp (GAC, GAT); Tyr (TAC, TAT); Cys (TGC, TGT); Phe (TTC, TTT); Met (ATG); and Trp (UGG). Moreover, due to the redundancy of the genetic code (i.e., more than one codon for all but two amino acids), there are many possible DNA sequences which may code for a particular amino acid sequence.

SUMMARY OF THE INVENTION

DNA molecules comprising DNA encoding kinetically efficient, glyphosate-tolerant EPSP synthases are disclosed. The EPSP synthases of the present invention reduce the amount of overproduction of the EPSPS enzyme in a transgenic plant necessary for the enzyme to maintain catalytic activity while still conferring glyphosate tolerance. The EPSP synthases described herein represent a new class of EPSPS enzymes, referred to hereinafter as Class II EPSPS enzymes. Class II EPSPS enzymes of the present invention usually share only between about 47% and 55% amino acid similarity or between about 22% and 30% amino acid identity to other known bacterial or plant EPSPS enzymes and exhibit tolerance to glyphosate while maintaining suitable K_m (PEP) ranges. Suitable ranges of K_m (PEP) for EPSPS for enzymes of the present invention are between 1-150 μ M, with a more preferred range of between 1-35 μ M, and a most preferred range between 2-25 μ M. These kinetic constants are determined under the assay conditions specified hereinafter. An EPSPS of the present invention preferably has a K_i for glyphosate range of between 15-10000 μ M. The K_i/K_m ratio should be between about 2-500, and more preferably between 25-500. The V_{max} of the purified enzyme should preferably be in the range of 2-100 units/mg (μ moles/minute.mg at 25° C.) and the K_m for shikimate-3-phosphate should preferably be in the range of 0.1 to 50 μ M.

Genes coding for Class II EPSPS enzymes have been isolated from five (5) different bacteria: *Agrobacterium tumefaciens* sp. strain CP4, *Achromobacter* sp. strain LBAA, *Pseudomonas* sp. strain PG2982, *Bacillus subtilis*, and *Staphylococcus aureus*. The LBAA and PG2982 Class II EPSPS genes have been determined to be identical and the proteins encoded by these two genes are very similar to the CP4 protein and share approximately 84% amino acid identity with it. Class II EPSPS enzymes often may be distinguished from Class I EPSPS's by their inability to

react with polyclonal antibodies prepared from Class I EPSPS enzymes under conditions where other Class I EPSPS enzymes would readily react with the Class I antibodies as well as the presence of certain unique regions of amino acid homology which are conserved in Class II EPSP synthases as discussed hereinafter.

Other Class II EPSPS enzymes can be readily isolated and identified by utilizing a nucleic acid probe from one of the Class II EPSPS genes disclosed herein using standard hybridization techniques. Such a probe from the CP4 strain has been prepared and utilized to isolate the Class II EPSPS genes from strains LBAA and PG2982. These genes may also optionally be adapted for enhanced expression in plants by known methodology. Such a probe has also been used to identify homologous genes in bacteria isolated de novo from soil.

The Class II EPSPS enzymes are preferably fused to a chloroplast transit peptide (CTP) to target the protein to the chloroplasts of the plant into which it may be introduced. Chimeric genes encoding this CTP-Class II EPSPS fusion protein may be prepared with an appropriate promoter and 3' polyadenylation site for introduction into a desired plant by standard methods.

To obtain the maximal tolerance to glyphosate herbicide it is preferable to transform the desired plant with a plant-expressible Class II EPSPS gene in conjunction with another plant-expressible gene which expresses a protein capable of degrading glyphosate such as a plant-expressible gene encoding a glyphosate oxidoreductase enzyme as described in PCT Application No. WO 92/00377, the disclosure of which is hereby incorporated by reference.

Therefore, in one aspect, the present invention provides a new class of EPSP synthases that exhibit a low K_m for phosphoenolpyruvate (PEP), a high V_{max}/K_m ratio, and a high K_i for glyphosate such that when introduced into a plant, the plant is made glyphosate-tolerant such that the catalytic activity of the enzyme and plant metabolism are maintained in a substantially normal state. For purposes of this discussion, a highly efficient EPSPS refers to its efficiency in the presence of glyphosate.

More particularly, the present invention provides EPSPS enzymes having a K_m for phosphoenolpyruvate (PEP) between 1-150 μ M and a K_i (glyphosate)/ K_m (PEP) ratio between 3-500, said enzymes having the sequence domains:

- R-X₁-H-X₂-E-(SEQ ID NO:37), in which
X₁ is an uncharged polar or acidic amino acid,
X₂ is serine or threonine; and
- G-D-K-X₃-(SEQ ID NO:38), in which
X₃ is serine or threonine; and
- S-A-Q-X₄-K-(SEQ ID NO:39), in which
X₄ is any amino acid; and
- N-X₅-T-R-(SEQ ID NO:40), in which
X₅ is any amino acid.

Exemplary Class II EPSPS enzyme sequences are disclosed from seven sources: *Agrobacterium* sp. strain designated CP4, *Achromobacter* sp. strain LBAA, *Pseudomonas* sp. strain PG2982, *Bacillus subtilis* 1A2, *Staphylococcus aureus* (ATCC 35556), *Synechocystis* sp. PCC6803 and *Dichelobacter nodosus*.

In another aspect of the present invention, a double-stranded DNA molecule comprising DNA encoding a Class II EPSPS enzyme is disclosed. Exemplary Class II EPSPS enzyme DNA sequences are disclosed from seven sources: *Agrobacterium* sp. strain designated CP4, *Achromobacter* sp. strain LBAA, *Pseudomonas* sp. strain PG2982, *Bacillus subtilis* 1A2, *Staphylococcus aureus* (ATCC 35556), *Synechocystis* sp. PCC6803 and *Dichelobacter nodosus*.

pMON13640, a map of which is presented in FIG. 15, is described here. The plasmid vector is based on a pUC plasmid (Vieira and Messing, 1987) containing, in this case, the nptII gene (kanamycin resistance; KAN) from Tn903 to provide a selectable marker in *E. coli*. The CTP4-EPSPS gene fusion is expressed from the P-FMV35S promoter and contains the NOS 3' polyadenylation sequence fragment and from a second cassette consisting of the E35S promoter, the CTP4-CP4 gene fusion and the NOS 3' sequences. The scoreable GUS marker gene (Jefferson et al., 1987) is expressed from the mannopine synthase promoter (P-MAS; Velten et al., 1984) and the soybean 7S storage protein gene 3' sequences (Schuler et al., 1982). Similar plasmids could also be made in which CTP-CP4 EPSPS fusions are expressed from the enhanced CaMV35S promoter or other plant promoters. Other vectors could be made that are suitable for free DNA delivery into plants and such are within the skill of the art and contemplated to be within the scope of this disclosure.

Plastid transformation:

While transformation of the nuclear genome of plants is much more developed at this time, a rapidly advancing alternative is the transformation of plant organelles. The transformation of plastids of land plants and the regeneration of stable transformants has been demonstrated (Svab et al., 1990; Maliga et al., 1993). Transformants are selected, following double cross-over events into the plastid genome, on the basis of resistance to spectinomycin conferred through rRNA changes or through the introduction of an aminoglycoside 3'-adenyltransferase gene (Svab et al., 1990; Svab and Maliga, 1993), or resistance to kanamycin through the neomycin phosphotransferase NptII (Carr et al., 1993). DNA is introduced by biolistic means (Svab et al., 1990; Maliga et al., 1993) or by using polyethylene glycol (O'Neill et al., 1993). This transformation route results in the production of 500–10,000 copies of the introduced sequence per cell and high levels of expression of the introduced gene have been reported (Carr et al., 1993; Maliga et al., 1993). The use of plastid transformation offers the advantages of not requiring the chloroplast transit peptide signal sequence to result in the localization of the heterologous Class II EPSPS in the chloroplast and the potential to have many copies of the heterologous plant-expressible Class II EPSPS gene in each plant cell since at least one copy of the gene would be in each plastid of the cell.

Plant Regeneration

When expression of the Class II EPSPS gene is achieved in transformed cells (or protoplasts), the cells (or protoplasts) are regenerated into whole plants. Choice of methodology for the generation step is not critical, with suitable protocols being available for hosts from Leguminosae (alfalfa, soybean, clover, etc.), Umbelliferae (carrot, celery, parsnip), Cruciferae (cabbage, radish, rapeseed, etc.), Cucurbitaceae (melons and cucumber), Gramineae (wheat, rice, corn, etc.), Solanaceae (potato, tobacco, tomato, peppers), various floral crops as well as various trees such as poplar or apple, nut crops or vine plants such as grapes. See, e.g., Ammirato, 1984; Shimamoto, 1989; Fromm, 1990; Vasil, 1990.

The following examples are provided to better elucidate the practice of the present invention and should not be interpreted in any way to limit the scope of the present invention. Those skilled in the art will recognize that various modifications, truncations, etc. can be made to the methods and genes described herein while not departing from the spirit and scope of the present invention.

In the examples that follow, EPSPS activity in plants is assayed by the following method. Tissue samples were collected and immediately frozen in liquid nitrogen. One gram of young leaf tissue was frozen in a mortar with liquid nitrogen and ground to a fine powder with a pestle. The powder was then transferred to a second mortar, extraction buffer was added (1 ml/gram), and the sample was ground for an additional 45 seconds. The extraction buffer for canola consists of 100 mM Tris, 1 mM EDTA, 10% glycerol, 5 mM DTT, 1 mM BAM, 5 mM ascorbate, 1.0 mg/ml BSA, pH 7.5 (4° C.). The extraction buffer for tobacco consists of 100 mM Tris, 10 mM EDTA, 35 mM KCl, 20% glycerol, 5 mM DTT, 1 mM BAM, 5 mM ascorbate, 1.0 mg/ml BSA, pH 7.5 (4° C.). The mixture was transferred to a microfuge tube and centrifuged for 5 minutes. The resulting supernatants were desalted on spin G-50 (Pharmacia) columns, previously equilibrated with extraction buffer (without BSA), in 0.25 ml aliquots. The desalted extracts were assayed for EPSP synthase activity by radioactive HPLC assay. Protein concentrations in samples were determined by the BioRad microprotein assay with BSA as the standard.

Protein concentrations were determined using the BioRad Microprotein method, BSA was used to generate a standard curve ranging from 2–24 µg. Either 800 µl of standard or diluted sample was mixed with 200 µl of concentrated BioRad Bradford reagent. The samples were vortexed and read at A(595) after ~5 minutes and compared to the standard curve.

EPSPS enzyme assays contained HEPES (50 mM), shikimate-3-phosphate (2 mM), NH₄ molybdate (0.1 mM) and KF (5 mM), with or without glyphosate (0.5 or 1.0 mM). The assay mix (30 µl) and plant extract (10 µl) were preincubated for 1 minute at 25° C. and the reactions were initiated by adding ¹⁴C-PEP (1 mM). The reactions were quenched after 3 minutes with 50 µl of 90% EtOH/0.1M HOAc, pH 4.5. The samples were spun at 6000 rpm and the resulting supernatants were analyzed for ¹⁴C-EPSP production by HPLC. Percent resistant EPSPS is calculated from the EPSPS activities with and without glyphosate.

The percent conversion of ¹⁴C labeled PEP to ¹⁴C EPSP was determined by HPLC radioassay using a C18 guard column (Brownlee) and an AX₁₀₀ HPLC column (0.4x25 cm, Synchropak) with 0.28M isocratic potassium phosphate eluant, pH 6.5, at 1 ml/min. Initial velocities were calculated by multiplying fractional turnover per unit time by the initial concentration of the labeled substrate (1 mM). The assay was linear with time up to ~3 minutes and 30% turnover to EPSPS. Samples were diluted with 10 mM Tris, 10% glycerol, 10 mM DTT, pH 7.5 (4° C.) if necessary to obtain results within the linear range.

In these assays DL-dithiothreitol (DTT), benzamidin (BAM), and bovine serum albumin (BSA, essentially globulin free) were obtained from Sigma. Phosphoenolpyruvate (PEP) was from Boehringer Mannheim and phosphoenol[¹⁴C]pyruvate (28 mCi/mmol) was from Amersham.

EXAMPLES

Example 1

Transformed tobacco plants have been generated with a number of the Class II EPSPS gene vectors containing the CP4 EPSPS DNA sequence as described above with suitable expression of the EPSPS. These transformed plants exhibit glyphosate tolerance imparted by the Class II CP4 EPSPS.

Transformation of tobacco employs the tobacco leaf disc transformation protocol which utilizes healthy leaf tissue about 1 month old. After a 15–20 minutes surface steriliza-

tion with 10% Clorox plus a surfactant, the leaves are rinsed 3 times in sterile water. Using a sterile paper punch, leaf discs are punched and placed upside down on MS104 media (MS salts 4.3 g/l, sucrose 30 g/l, B5 vitamins 500x2 ml/l, NAA 0.1 mg/l, and BA 1.0 mg/l) for a 1 day preculture.

The discs are then inoculated with an overnight culture of a disarmed Agrobacterium ABI strain containing the subject vector that had been diluted 1/5 (i.e.: about 0.6 OD). The inoculation is done by placing the discs in centrifuge tubes with the culture. After 30 to 60 seconds, the liquid is drained off and the discs were blotted between sterile filter paper. The discs are then placed upside down on MS104 feeder plates with a filter disc to co-culture.

After 2-3 days of co-culture, the discs are transferred, still upside down, to selection plates with MS104 media. After 2-3 weeks, callus tissue formed, and individual clumps are separated from the leaf discs. Shoots are cleanly cut from the callus when they are large enough to be distinguished from stems. The shoots are placed on hormone-free rooting media (MSO: MS salts 4.3 g/l, sucrose 30 g/l, and B5 vitamins 500x2 ml/l) with selection for the appropriate antibiotic resistance. Root formation occurred in 1-2 weeks. Any leaf callus assays are preferably done on rooted shoots while still sterile. Rooted shoots are then placed in soil and kept in a high humidity environment (i.e.: plastic containers or bags). The shoots are hardened off by gradually exposing them to ambient humidity conditions.

Expression of CP4 EPSPS protein in transformed plants

Tobacco cells were transformed with a number of plant vectors containing the native CP4 EPSPS gene, and using different promoters and/or CTP's. Preliminary evidence for expression of the gene was given by the ability of the leaf tissue from antibiotic selected transformed shoots to recallus on glyphosate. In some cases, glyphosate-tolerant callus was selected directly following transformation. The level of expression of the CP4 EPSPS was determined by the level of glyphosate-tolerant EPSPS activity (assayed in the presence of 0.5 mM glyphosate) or by Western blot analysis using a goat anti-CP4 EPSPS antibody. The Western blots were quantitated by densitometer tracing and comparison to a standard curve established using purified CP4 EPSPS. These data are presented as % soluble leaf protein. The data from a number of transformed plant lines and transformation vectors are presented in Table VI below.

TABLE VI

| Expression of CP4 EPSPS in transformed tobacco tissue | | |
|---|---------|------------------------------|
| Vector | Plant # | CP4 EPSPS** (% leaf protein) |
| pMON17110 | 25313 | 0.02 |
| pMON17110 | 25329 | 0.04 |
| pMON17116 | 25095 | 0.02 |
| pMON17119 | 25106 | 0.09 |
| pMON17119 | 25762 | 0.09 |
| pMON17119 | 25767 | 0.03 |

**Glyphosate-tolerant EPSPS activity was also demonstrated in leaf extracts for these plants.

Glyphosate tolerance has also been demonstrated at the whole plant level in transformed tobacco plants. In tobacco, R₀ transformants of CTP2-CP4 EPSPS were sprayed at 0.4 lb/acre (0.448 kg/hectare), a rate sufficient to kill control non-transformed tobacco plants corresponding to a rating of 3, 1 and 0 at days 7, 14 and 28, respectively, and were analyzed vegetatively and reproductively (Table VII).

TABLE VII

| Glyphosate tolerance in R ₀ tobacco CP4 transformants* | | | | |
|---|------------|--------|--------|---------|
| Vector/Plant # | Score** | | | |
| | Vegetative | | | |
| | day 7 | day 14 | day 28 | Fertile |
| pMON17110/25313 | 6 | 4 | 2 | no |
| pMON17110/25329 | 9 | 10 | 10 | yes |
| pMON17119/25106 | 9 | 9 | 10 | yes |

*Spray rate = 0.4 lb/acre (0.448 kg/hectare)

**Plants are evaluated on a numerical scoring system of 0-10 where a vegetative score of 10 represents no damage relative to nonsprayed controls and 0 represents a dead plant. Reproductive scores (Fertile) are determined at 28 days after spraying and are evaluated as to whether or not the plant is fertile.

Example 2A

Canola plants were transformed with the pMON17110, pMON17116, and pMON17131 vectors and a number of plant lines of the transformed canola were obtained which exhibit glyphosate tolerance.

Plant Material

Seedlings of Brassica napus cv Westar were established in 2 inch (~5 cm) pots containing Metro Mix 350. They were grown in a growth chamber at 24° C., 16/8 hour photoperiod, light intensity of 400 μEm⁻²sec⁻¹ (HID lamps). They were fertilized with Peters 20-10-20 General Purpose Special. After 2½ weeks they were transplanted to 6 inch (~15 cm) pots and grown in a growth chamber at 15°/10° C. day/night temperature, 16/8 hour photoperiod, light intensity of 800 μEm⁻²sec⁻¹ (HID lamps). They were fertilized with Peters 15-30-15 Hi-Phos Special.

Transformation/Selection/Regeneration

Four terminal internodes from plants just prior to bolting or in the process of bolting but before flowering were removed and surfaced sterilized in 70% v/v ethanol for 1 minute, 2% w/v sodium hypochlorite for 20 minutes and rinsed 3 times with sterile deionized water. Stems with leaves attached could be refrigerated in moist plastic bags for up to 72 hours prior to sterilization. Six to seven stem segments were cut into 5 mm discs with a Redco Vegetable Slicer 200 maintaining orientation of basal end.

The Agrobacterium was grown overnight on a rotator at 24° C. in 2 mls of Luria Broth containing 50 mg/l kanamycin, 24 mg/l chloramphenicol and 100 mg/l spectinomycin. A 1:10 dilution was made in MS (Murashige and Skoog) media giving approximately 9x10⁸ cells per ml. This was confirmed with optical density readings at 660 mu. The stem discs (explants) were inoculated with 1.0 ml of Agrobacterium and the excess was aspirated from the explants.

The explants were placed basal side down in petri plates containing 1/10x standard MS salts, B5 vitamins, 3% sucrose, 0.8% agar, pH 5.7, 1.0 mg/l 6-benzyladenine (BA). The plates were layered with 1.5 ml of media containing MS salts, B5 vitamins, 3% sucrose, pH 5.7, 4.0 mg/l p-chlorophenoxyacetic acid, 0.005 mg/l kinetin and covered with sterile filter paper.

Following a 2 to 3 day co-culture, the explants were transferred to deep dish petri plates containing MS salts, B5 vitamins, 3% sucrose, 0.8% agar, pH 5.7, 1 mg/l BA, 500 mg/l carbenicillin, 50 mg/l cefotaxime, 200 mg/l kanamycin or 175 mg/l gentamicin for selection. Seven explants were placed on each plate. After 3 weeks they were transferred to fresh media, 5 explants per plate. The explants were cultured in a growth room at 25° C., continuous light (Cool White).

Expression Assay

After 3 weeks shoots were excised from the explants. Leaf recallusing assays were initiated to confirm modification of R_0 shoots. Three tiny pieces of leaf tissue were placed on recallusing media containing MS salts, B5 vitamins, 3% sucrose, 0.8% agar, pH 5.7, 5.0 mg/l BA, 0.5 mg/l naphthalene acetic acid (NAA), 500 mg/l carbenicillin, 50 mg/l cefotaxime and 200 mg/l kanamycin or gentamicin or 0.5 mM glyphosate. The leaf assays were incubated in a growth room under the same conditions as explant culture. After 3 weeks the leaf recallusing assays were scored for herbicide tolerance (callus or green leaf tissue) or sensitivity (bleaching).

Transplantation

At the time of excision, the shoot stems were dipped in Rootone® and placed in 2 inch (~5 cm) pots containing Metro-Mix 350 and placed in a closed humid environment. They were placed in a growth chamber at 24° C., 16/8 hour photoperiod, 400 uEm⁻¹sec⁻²(HID lamps) for a hardening-off period of approximately 3 weeks.

The seed harvested from R_0 plants is R_1 seed which gives rise to R_1 plants. To evaluate the glyphosate tolerance of an R_0 plant, its progeny are evaluated. Because an R_0 plant is assumed to be hemizygous at each insert location, selfing results in maximum genotypic segregation in the R_1 . Because each insert acts as a dominant allele, in the absence of linkage and assuming only one hemizygous insert is required for tolerance expression, one insert would segregate 3:1, two inserts, 15:1, three inserts 63:1, etc. Therefore, relatively few R_1 plants need be grown to find at least one resistant phenotype.

Seed from an R_0 plant is harvested, threshed, and dried before planting in a glyphosate spray test. Various techniques have been used to grow the plants for R_1 spray evaluations. Tests are conducted in both greenhouses and growth chambers. Two planting systems are used; ~10 cm pots or plant trays containing 32 or 36 cells. Soil used for planting is either Metro 350 plus three types of slow release fertilizer or plant Metro 350. Irrigation is either overhead in greenhouses or sub-irrigation in growth chambers. Fertilizer is applied as required in irrigation water. Temperature regimes appropriate for canola were maintained. A sixteen hour photoperiod was maintained. At the onset of flowering, plants are transplanted to ~15 cm pots for seed production.

A spray "batch" consists of several sets of R_1 progenies all sprayed on the same date. Some batches may also include evaluations of other than R_1 plants. Each batch also includes sprayed and unsprayed non-transgenic genotypes representing the genotypes in the particular batch which were putatively transformed. Also included in a batch is one or more non-segregating transformed genotypes previously identified as having some resistance.

Two-six plants from each individual R_0 progeny are not sprayed and serve as controls to compare and measure the glyphosate tolerance, as well as to assess any variability not induced by the glyphosate. When the other plants reach the 2-4 leaf stage, usually 10 to 20 days after planting, glyphosate is applied at rates varying from 0.28 to 1.12 kg/ha, depending on objectives of the study. Low rate technology using low volumes has been adopted. A laboratory track sprayer has been calibrated to deliver a rate equivalent to field conditions.

A scale of 0 to 10 is used to rate the sprayed plants for vegetative resistance. The scale is relative to the unsprayed plants from the same R_0 plant. A 0 is death, while a 10 represents no visible difference from the unsprayed plant. A higher number between 0 and 10 represents progressively

less damage as compared to the unsprayed plant. Plants are scored at 7, 14, and 28 days after treatment (DAT), or until bolting, and a line is given the average score of the sprayed plants within an R_0 plant family.

Six integers are used to qualitatively describe the degree of reproductive damage from glyphosate:

- 0: No floral bud development
- 2: Floral buds present, but aborted prior to opening
- 4: Flowers open, but no anthers, or anthers fail to extrude past petals
- 6: Sterile anthers
- 8: Partially sterile anthers
- 10: Fully fertile flowers

Plants are scored using this scale at or shortly after initiation of flowering, depending on the rate of floral structure development.

Expression of EPSPS in Canola

After the 3 week period, the transformed canola plants were assayed for the presence of glyphosate-tolerant EPSPS activity (assayed in the presence of glyphosate at 0.5 mM). The results are shown in Table VIII.

TABLE VIII

| Expression of CP4 EPSPS in transformed Canola plants | | |
|--|---|-----|
| Plant # | % resistant EPSPS activity of Leaf extract (at 0.5 mM glyphosate) | |
| Vector Control | | 0 |
| pMON17110 | 41 | 47 |
| pMON17110 | 52 | 28 |
| pMON17110 | 71 | 82 |
| pMON17110 | 104 | 75 |
| pMON17110 | 172 | 84 |
| pMON17110 | 177 | 85 |
| pMON17110 | 252 | 29* |
| pMON17110 | 350 | 49 |
| pMON17116 | 40 | 25 |
| pMON17116 | 99 | 87 |
| pMON17116 | 175 | 94 |
| pMON17116 | 178 | 43 |
| pMON17116 | 182 | 18 |
| pMON17116 | 252 | 69 |
| pMON17116 | 298 | 44* |
| pMON17116 | 332 | 89 |
| pMON17116 | 383 | 97 |
| pMON17116 | 395 | 52 |

*assayed in the presence of 1.0 mM glyphosate

R_1 transformants of canola were then grown in a growth chamber and sprayed with glyphosate at 0.56 kg/ha (kilogram/hectare) and rated vegetatively. These results are shown in Table IXA-IXC. It is to be noted that expression of glyphosate resistant EPSPS in all tissues is preferred to observe optimal glyphosate tolerance phenotype in these transgenic plants. In the Tables below, only expression results obtained with leaf tissue are described.

TABLE IXA

| Glyphosate tolerance in Class II EPSPS canola R_1 transformants (pMON17110 = P-E35S; pMON17116 = P-FMV35S; R_1 plants; Spray rate = 0.56 kg/ha) | | | |
|---|--------------------|--------------------|--------|
| Vector/Plant No. | % resistant EPSPS* | Vegetative Score** | |
| | | day 7 | day 14 |
| Control Westar | 0 | 5 | 3 |
| pMON17110/41 | 47 | 6 | 7 |

-continued

| | | | | | | | | | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 165 | | 170 | | 175 | | | | | | | | | | |
| Lys | Ser | Ala | Val | Leu | Leu | Ala | Gly | Leu | Asn | Thr | Pro | Gly | Ile | Thr | Thr |
| | | | 180 | | | | | | 185 | | | | | 190 | |
| Val | Ile | Glu | Pro | Ile | Met | Thr | Arg | Asp | His | Thr | Glu | Lys | Met | Leu | Gln |
| | | 195 | | | | | | 200 | | | | 205 | | | |
| Gly | Phe | Gly | Ala | Asn | Leu | Thr | Val | Glu | Thr | Asp | Ala | Asp | Gly | Val | Arg |
| | | 210 | | | | 215 | | | | | 220 | | | | |
| Thr | Ile | Arg | Leu | Glu | Gly | Arg | Gly | Lys | Leu | Thr | Gly | Gln | Val | Ile | Asp |
| | | 225 | | | 230 | | | | | 235 | | | | | 240 |
| Val | Pro | Gly | Asp | Pro | Ser | Ser | Thr | Ala | Phe | Pro | Leu | Val | Ala | Ala | Leu |
| | | | 245 | | | | | | 250 | | | | | 255 | |
| Leu | Val | Pro | Gly | Ser | Asp | Val | Thr | Ile | Leu | Asn | Val | Leu | Met | Asn | Pro |
| | | | 260 | | | | | | 265 | | | | | 270 | |
| Thr | Arg | Thr | Gly | Leu | Ile | Leu | Thr | Leu | Gln | Glu | Met | Gly | Ala | Asp | Ile |
| | | 275 | | | | | | | 280 | | | | 285 | | |
| Glu | Val | Ile | Asn | Pro | Arg | Leu | Ala | Gly | Gly | Glu | Asp | Val | Ala | Asp | Leu |
| | | 290 | | | | 295 | | | | | 300 | | | | |
| Arg | Val | Arg | Ser | Ser | Thr | Leu | Lys | Gly | Val | Thr | Val | Pro | Glu | Asp | Arg |
| | | 305 | | | 310 | | | | | 315 | | | | | 320 |
| Ala | Pro | Ser | Met | Ile | Asp | Glu | Tyr | Pro | Ile | Leu | Ala | Val | Ala | Ala | Ala |
| | | | 325 | | | | | | 330 | | | | | 335 | |
| Phe | Ala | Glu | Gly | Ala | Thr | Val | Met | Asn | Gly | Leu | Glu | Glu | Leu | Arg | Val |
| | | | 340 | | | | | | 345 | | | | | 350 | |
| Lys | Glu | Ser | Asp | Arg | Leu | Ser | Ala | Val | Ala | Asn | Gly | Leu | Lys | Leu | Asn |
| | | 355 | | | | | 360 | | | | | | | 365 | |
| Gly | Val | Asp | Cys | Asp | Glu | Gly | Glu | Thr | Ser | Leu | Val | Val | Arg | Gly | Arg |
| | | 370 | | | | 375 | | | | | | 380 | | | |
| Pro | Asp | Gly | Lys | Gly | Leu | Gly | Asn | Ala | Ser | Gly | Ala | Ala | Val | Ala | Thr |
| | | 385 | | | 390 | | | | | 395 | | | | | 400 |
| His | Leu | Asp | His | Arg | Ile | Ala | Met | Ser | Phe | Leu | Val | Met | Gly | Leu | Val |
| | | | 405 | | | | | | 410 | | | | | 415 | |
| Ser | Glu | Asn | Pro | Val | Thr | Val | Asp | Asp | Ala | Thr | Met | Ile | Ala | Thr | Ser |
| | | | 420 | | | | | | 425 | | | | | 430 | |
| Phe | Pro | Glu | Phe | Met | Asp | Leu | Met | Ala | Gly | Leu | Gly | Ala | Lys | Ile | Glu |
| | | 435 | | | | 440 | | | | | | 445 | | | |
| Leu | Ser | Asp | Thr | Lys | Ala | Ala | | | | | | | | | |
| | | 450 | | | 455 | | | | | | | | | | |

- We claim:
1. An isolated DNA molecule which encodes an EPSPS enzyme having the sequence of SEQ ID NO:3.
 2. [A] The DNA molecule of claim 1 having the sequence of SEQ ID NO:2.
 3. [A] The DNA molecule of claim 1 having the sequence of SEQ ID NO:9.
 4. A recombinant, double-stranded DNA molecule comprising in sequence:
 - a) a promoter which functions in plant cells to cause the production of an RNA sequence;
 - b) a structural DNA sequence that causes the production of an RNA sequence which encodes a EPSPS enzyme having the sequence domains:
 -R-X₁-H-X₂-E-(SEQ ID NO:37), in which
 X₁ is G, S, T, C, Y, N, Q, D or E;
 X₂ is S or T; and
 - c) a 3' non-translated region which functions in plant cells to cause the addition of a stretch of polyadenyl nucleotides to the 3' end of the RNA sequence;
- where the promoter is heterologous with respect to the structural DNA sequence and adapted to cause sufficient expression of the encoded EPSPS enzyme to enhance the glyphosate tolerance of a plant cell transformed with the DNA molecule.

5. [A] *The DNA molecule of claim 4 in which the structural DNA sequence encodes a fusion polypeptide comprising an amino-terminal chloroplast transit peptide and the EPSPS enzyme.*

6. [A] *The DNA molecule of claim 4 in which X_1 is D or N; X_2 is S or T; X_3 is S or T; X_4 is V, I or L; and X_5 is P or Q, provided that when X_1 is D, X_2 is T, X_3 is S, and X_4 is V, then X_5 is Q.*

[7. A DNA molecule of claim 6 in which the structural DNA sequence encodes an EPSPS enzyme selected from the group consisting of SEQ ID NO:2, SEQ ID NO:4, SEQ ID NO:6, SEQ ID NO:41 and SEQ ID NO:43.]

8. [A] *The DNA molecule of claim 5 in which X_1 is D or N; X_2 is S or T; X_3 is S or T; X_4 is V, I or L; and X_5 is P or Q, provided that when X_1 is D, X_2 is T, X_3 is S, and X_4 is V, then X_5 is Q.*

[9. A DNA molecule of claim 8 in which the structural DNA sequence encodes an EPSPS enzyme selected from the group consisting of SEQ ID NO:2, SEQ ID NO:4, SEQ ID NO:6, SEQ ID NO:41 and SEQ ID NO:43.]

10. [A] *The DNA molecule of claim [8] 137 in which the EPSPS [sequence is] enzyme has the sequence set forth in SEQ ID NO:3.*

11. [A] *The DNA molecule of claim [10] 4 in which the promoter is a plant DNA virus promoter.*

12. [A] *The DNA molecule of claim 11 in which the promoter is selected from the group consisting of CaMV35S and FMV35S promoters.*

13. [A] *The DNA molecule of claim [10] 5 in which the structural DNA sequence encodes a chloroplast transit peptide selected from the group consisting of SEQ ID NO:11 and SEQ ID NO:15.*

14. [A] *The DNA molecule of claim 13 in which the 3' non-translated region is selected from the group consisting of the NOS 3' and the E9 3' non-translated regions.*

15. A method of producing genetically transformed plants which are tolerant toward glyphosate herbicide, comprising the steps of:

a) inserting into the genome of a plant cell a recombinant, double-stranded DNA molecule comprising:

i) a promoter which functions in plant cells to cause the production of an RNA sequence,

ii) a structural DNA sequence that causes the production of an RNA sequence which encodes an EPSPS enzyme having the sequence domains:

-R- X_1 -H- X_2 -E-(SEQ ID NO:37), in which

X_1 is G, S, T, C, Y, N, Q, D or E;

X_2 is S or T; and

-G-D-K- X_3 -(SEQ ID NO:38), in which

X_3 is S or T; and

-S-A-Q- X_4 -K-(SEQ ID NO:39), in which

X_4 is A, R, N, D, C, Q, E, G, H, I, L, K, M, F, P,

S, T, W, Y or V; and

-N- X_5 -T-R-(SEQ ID NO:40), in which

X_5 is A, R, N, D, C, Q, E, G, H, I, L, K, M, F, P,

S, T, W, Y or V, provided that when X_1 is D, X_2

is T, X_3 is S, and X_4 is V, then X_5 is A, R, N, D,

C, Q, E, G, H, I, L, K, M, F, S, T, W, Y or V; and

iii) a 3' non-translated DNA sequence which functions in plant cells to cause the addition of a stretch of polyadenyl nucleotides to the 3' end of the RNA sequence;

where the promoter is heterologous with respect to the structural DNA sequence and adapted to cause sufficient expression of the polypeptide to enhance the glyphosate tolerance of a plant cell transformed with the DNA molecule;

b) obtaining a transformed plant cell; and

c) regenerating from the transformed plant cell a genetically transformed plant which has increased tolerance to glyphosate herbicide.

16. [A] *The method of claim 15 in which X_1 is D or N; X_2 is S or T; X_3 is S or T; X_4 is V, I or L; and X_5 is P or Q, provided that when X_1 is D, X_2 is T, X_3 is S, and X_4 is V, then X_5 is Q.*

[17. A method of claim 16 in which the structural DNA sequence encodes an EPSPS enzyme selected from the group consisting of SEQ ID NO:2, SEQ ID NO:4, SEQ ID NO:6, SEQ ID NO:41 and SEQ ID NO:43.]

18. [A] *The method of claim 15 in which the structural DNA sequence encodes a fusion polypeptide comprising an amino-terminal chloroplast transit peptide and the EPSPS enzyme.*

19. [A] *The method of claim 18 in which X_1 is D or N; X_2 is S or T; X_3 is S or T; X_4 is V, I or L; and X_5 is P or Q, provided that when X_1 is D, X_2 is T, X_3 is S, and X_4 is V, then X_5 is Q.*

[20. A method of claim 19 in which the structural DNA sequence encodes an EPSPS enzyme selected from the group consisting of SEQ ID NO:2, SEQ ID NO:4, SEQ ID NO:6, SEQ ID NO:42 and SEQ ID NO:44.]

21. [A] *The method of claim [19] 143 in which the EPSPS enzyme is that set forth in SEQ ID NO:3.*

22. [A] *The method of claim [21] 15 in which the promoter is from a plant DNA virus.*

23. [A] *The method of claim 22 in which the promoter is selected from the group consisting of CaMV35S and FMV35S promoters.*

24. A glyphosate-tolerant plant cell comprising [a] the DNA molecule of [claims] claim 4, 5 or 8[or 10].

25. [A] *The glyphosate-tolerant plant cell of claim 24 in which the promoter is a plant DNA virus promoter.*

26. [A] *The glyphosate-tolerant plant cell of claim 25 in which the promoter is selected from the group consisting of CaMV35S and FMV35S promoters.*

27. [A] *The glyphosate-tolerant plant cell of claim 24 selected from the group consisting of corn, wheat, rice, barley, soybean, cotton, sugarbeet, oilseed rape, canola, flax, sunflower, potato, tobacco, tomato, alfalfa, poplar, pine, [eukalyptus] eucalyptus, apple, lettuce, peas, lentils, grape and turf grasses.*

28. A glyphosate-tolerant plant comprising the plant [cells] cell of claim 27.

29. [A] *The glyphosate-tolerant plant of claim 28 in which the promoter is from a DNA plant virus promoter.*

30. [A] *The glyphosate-tolerant plant of claim 29 in which the promoter is selected from the group consisting of CaMV35S and FMV35S promoters.*

31. [A] *The glyphosate-tolerant plant of claim 30 selected from the group consisting of corn, wheat, rice, barley, soybean, cotton, sugarbeet, oilseed rape, canola, flax, sunflower, potato, tobacco, tomato, alfalfa, poplar, pine, [eukalyptus] eucalyptus, apple, lettuce, peas, lentils, grape and turf grasses.*

32. A method for selectively controlling weeds in a field containing a crop having plant crop seeds or plants comprising the steps of:

a) planting the crop seeds or plants which are glyphosate-tolerant as a result of a recombinant double-stranded DNA molecule being inserted into the crop seed or plant, the DNA molecule having:

i) a promoter which functions in plant cells to cause the production of an RNA sequence,

ii) a structural DNA sequence that causes the production of an RNA sequence which encodes an EPSPS enzyme having the sequence domains:

UNITED STATES PATENT AND TRADEMARK OFFICE
CERTIFICATE OF CORRECTION

PATENT NO. : RE 39,247 E
APPLICATION NO. : 10/622201
DATED : August 22, 2006
INVENTOR(S) : Gerard F. Barry et al.

Page 1 of 1

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

Col. 157, in claim 10, line 1, replace "137" with --131--.

Col. 158, in claim 21, line 1, replace "143" with --137--.

Col. 158, in claim 32, line 2, replace "plant" with --planted--.

Col. 159, in claim 38, line 1, replace "155" with --149--.

Col. 160, in claim 57, line 1, replace "137" with --131--.

Col. 160, in claim 58, line 1, replace "137" with --131--.

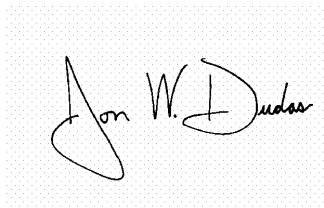
Col. 161, in claim 69, line 2, replace "149" with --143--.

Col. 164, in claim 109, lines 7, 9 and 13, replace "RNS" with --RNA--.

Col. 166, in claim 139, line 1, replace "130" with --138--.

Signed and Sealed this

Third Day of July, 2007

A handwritten signature in black ink on a light gray dotted background. The signature reads "Jon W. Dudas" in a cursive style.

JON W. DUDAS
Director of the United States Patent and Trademark Office

BOWMAN V. MONSANTO CO. (2013)

READING WITH PURPOSE

As you read *Bowman v. Monsanto*, ask yourself the following questions:

- How does a patent work?
- What underlying policies are evident from this opinion?
- What is the first sale doctrine? Can you think of an example where it would clearly apply?
- What legal authorities does the Court draw upon and how do they affect its analysis in this case?

Bowman v. Monsanto Co.

133 S. Ct. 1761 (2013)

JUSTICE KAGAN delivered the opinion of the Court.

Under the doctrine of patent exhaustion, the authorized sale of a patented article gives the purchaser, or any subsequent owner, a right to use or resell that article. Such a sale, however, does not allow the purchaser to make new copies of the patented invention. The question in this case is whether a farmer who buys patented seeds may reproduce them through planting and harvesting without the patent holder's permission. We hold that he may not.

I

Respondent Monsanto invented a genetic modification that enables soybean plants to survive exposure to glyphosate, the active ingredient in many herbicides (including Monsanto's own Roundup). Monsanto markets soybean seed containing this altered genetic material as Roundup Ready seed. Farmers planting that seed can use a glyphosate-based herbicide to kill weeds without damaging their crops. Two patents issued to Monsanto cover various aspects of its Roundup Ready technology, including a seed incorporating the genetic alteration. *See* Supp. App. SA1-21 (U. S. Patent Nos. 5,352,605 and RE39,247E); *see also* 657 F. 3d 1341, 1343-1344 (CA Fed. 2011).

Monsanto sells, and allows other companies to sell, Roundup Ready soybean seeds to growers who assent to a special licensing agreement. *See* App. 27a. That agreement permits a grower to plant the purchased seeds in one (and only one) season. He can then consume the resulting crop or sell it as a commodity, usually to a grain elevator or agricultural processor. *See* 657 F. 3d, at 1344-1345. But under the agreement, the farmer may not save any of the harvested soybeans for replanting, nor may he supply them to anyone else for that purpose. These restrictions reflect the ease of producing new generations of Roundup Ready seed. Because glyphosate resistance comes from the seed's genetic

material, that trait is passed on from the planted seed to the harvested soybeans: Indeed, a single Roundup Ready seed can grow a plant containing dozens of genetically identical beans, each of which, if replanted, can grow another such plant — and so on and so on. *See* App. 100a. The agreement’s terms prevent the farmer from co-opting that process to produce his own Roundup Ready seeds, forcing him instead to buy from Monsanto each season.

Petitioner Vernon Bowman is a farmer in Indiana who, it is fair to say, appreciates Roundup Ready soybean seed. He purchased Roundup Ready each year, from a company affiliated with Monsanto, for his first crop of the season. In accord with the agreement just described, he used all of that seed for planting, and sold his entire crop to a grain elevator (which typically would resell it to an agricultural processor for human or animal consumption).

Bowman, however, devised a less orthodox approach for his second crop of each season. Because he thought such late-season planting “risky,” he did not want to pay the premium price that Monsanto charges for Roundup Ready seed. *Id.*, at 78a; *see* Brief for Petitioner 6. He therefore went to a grain elevator; purchased “commodity soybeans” intended for human or animal consumption; and planted them in his fields. ¹Those soybeans came from prior harvests of other local farmers. And because most of those farmers also used Roundup Ready seed, Bowman could anticipate that many of the purchased soybeans would contain Monsanto’s patented technology. When he applied a glyphosate-based herbicide to his fields, he confirmed that this was so; a significant proportion of the new plants survived the treatment, and produced in their turn a new crop of soybeans with the Roundup Ready trait. Bowman saved seed from that crop to use in his late-season planting the next year—and then the next, and the next, until he had harvested eight crops in that way. Each year, that is, he planted saved seed from the year before (sometimes adding more soybeans bought from the grain elevator), sprayed his fields with glyphosate to kill weeds (and any non-resistant plants), and produced a new crop of glyphosate-resistant—i.e., Roundup Ready—soybeans.

After discovering this practice, Monsanto sued Bowman for infringing its patents on Roundup Ready seed. Bowman raised patent exhaustion as a defense, arguing that Monsanto could not control his use of the soybeans because they were the subject of a prior authorized sale (from local farmers to the grain elevator). The District Court rejected that argument, and awarded damages to Monsanto of \$84,456. The Federal Circuit affirmed. It reasoned that patent exhaustion did not protect Bowman because he had “created a newly infringing article.” 657 F. 3d, at 1348. The “right to use” a patented article following an authorized sale, the court explained, “does not include the right to construct an essentially new article on the template of the original, for the right to make the article remains with the patentee.” *Ibid.* (brackets and internal quotation marks omitted). Accordingly, Bowman could not “replicate’ Monsanto’s patented technology by planting it in the ground to create newly infringing genetic material, seeds, and plants.” *Ibid.* We granted certiorari to consider the important question of patent law raised in this case, 568 U. S. ____ (2012), and now affirm.

II

The doctrine of patent exhaustion limits a patentee’s right to control what others can do with an

1. Grain elevators, as indicated above, purchase grain from farmers and sell it for consumption; under federal and state law, they generally cannot package or market their grain for use as agricultural seed. *See* 7 U. S. C. § 1571; Ind. Code § 15-15-1-32 (2012). But because soybeans are themselves seeds, nothing (except, as we shall see, the law) prevented Bowman from planting, rather than consuming, the product he bought from the grain elevator.

article embodying or containing an invention.² Under the doctrine, “the initial authorized sale of a patented item terminates all patent rights to that item.” *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U. S. 617, 625 (2008). And by “exhaust[ing] the [patentee’s] monopoly” in that item, the sale confers on the purchaser, or any subsequent owner, “the right to use [or] sell” the thing as he sees fit. *United States v. Univis Lens Co.*, 316 U. S. 241, 249-250 (1942). We have explained the basis for the doctrine as follows: “[T]he purpose of the patent law is fulfilled with respect to any particular article when the patentee has received his reward . . . by the sale of the article”; once that “purpose is realized the patent law affords no basis for restraining the use and enjoyment of the thing sold.” *Id.*, at 251.

[1] Consistent with that rationale, the doctrine restricts a patentee’s rights only as to the “particular article” sold, *ibid.*; it leaves untouched the patentee’s ability to prevent a buyer from making new copies of the patented item. “[T]he purchaser of the [patented] machine . . . does not acquire any right to construct another machine either for his own use or to be vended to another.” *Mitchell v. Hawley*, 16 Wall. 544, 548 (1873); *see Wilbur-Ellis Co. v. Kuther*, 377 U. S. 422, 424 (1964) (holding that a purchaser’s “reconstruction” of a patented machine “would impinge on the patentee’s right ‘to exclude others from making’ . . . the article” (quoting 35 U. S. C. § 154 (1964 ed.))). Rather, “a second creation” of the patented item “call[s] the monopoly, conferred by the patent grant, into play for a second time.” *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U. S. 336, 346 (1961). That is because the patent holder has “received his reward” only for the actual article sold, and not for subsequent recreations of it. *Univis*, 316 U. S., at 251. If the purchaser of that article could make and sell endless copies, the patent would effectively protect the invention for just a single sale. Bowman himself disputes none of this analysis as a general matter: He forthrightly acknowledges the “well settled” principle “that the exhaustion doctrine does not extend to the right to ‘make’ a new product.” Brief for Petitioner 37 (citing *Aro*, 365 U. S., at 346).

Unfortunately for Bowman, that principle decides this case against him. Under the patent exhaustion doctrine, Bowman could resell the patented soybeans he purchased from the grain elevator; so too he could consume the beans himself or feed them to his animals. Monsanto, although the patent holder, would have no business interfering in those uses of Roundup Ready beans. But the exhaustion doctrine does not enable Bowman to make additional patented soybeans without Monsanto’s permission (either express or implied). And that is precisely what Bowman did. He took the soybeans he purchased home; planted them in his fields at the time he thought best; applied glyphosate to kill weeds (as well as any soy plants lacking the Roundup Ready trait); and finally harvested more (many more) beans than he started with. That is how “to ‘make’ a new product,” to use Bowman’s words, when the original product is a seed. Brief for Petitioner 37; *see Webster’s Third New International Dictionary* 1363 (1961) (“make” means “cause to exist, occur, or appear,” or more specifically, “plant and raise (a crop)”). Because Bowman thus reproduced Monsanto’s patented invention, the exhaustion doctrine does not protect him.³

2. The Patent Act grants a patentee the “right to exclude others from making, using, offering for sale, or selling the invention.” 35 U. S. C. § 154(a)(1); *see* § 271(a) (“[W]hoever without authority makes, uses, offers to sell, or sells any patented invention . . . infringes the patent”).

3. This conclusion applies however Bowman acquired Roundup Ready seed: The doctrine of patent exhaustion no more protected Bowman’s reproduction of the seed he purchased for his first crop (from a Monsanto-affiliated seed company) than the beans he bought for his second (from a grain elevator). The difference between the two purchases was that the first—but not the second—came with a license from Monsanto to plant the seed and then harvest and market one crop of beans. We do not here confront a case in which Monsanto (or an affiliated seed company) sold Roundup Ready to a farmer without an express license agreement. For reasons we explain below, we think that case unlikely to arise. *See infra*, at 9. And

Were the matter otherwise, Monsanto's patent would provide scant benefit. After inventing the Roundup Ready trait, Monsanto would, to be sure, "receiv[e] [its] reward" for the first seeds it sells. *Univis*, 316 U. S., at 251. But in short order, other seed companies could reproduce the product and market it to growers, thus depriving Monsanto of its monopoly. And farmers themselves need only buy the seed once, whether from Monsanto, a competitor, or (as here) a grain elevator. The grower could multiply his initial purchase, and then multiply that new creation, ad infinitum—each time profiting from the patented seed without compensating its inventor. Bowman's late-season plantings offer a prime illustration. After buying beans for a single harvest, Bowman saved enough seed each year to reduce or eliminate the need for additional purchases. Monsanto still held its patent, but received no gain from Bowman's annual production and sale of Roundup Ready soybeans. The exhaustion doctrine is limited to the "particular item" sold to avoid just such a mismatch between invention and reward.

Our holding today also follows from *J. E. M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U. S. 124 (2001). We considered there whether an inventor could get a patent on a seed or plant, or only a certificate issued under the Plant Variety Protection Act (PVPA), 7 U. S. C. § 2321et seq. We decided a patent was available, rejecting the claim that the PVPA implicitly repealed the Patent Act's coverage of seeds and plants. On our view, the two statutes established different, but not conflicting schemes: The requirements for getting a patent "are more stringent than those for obtaining a PVP certificate, and the protections afforded" by a patent are correspondingly greater. *J. E. M.*, 534 U. S., at 142. Most notable here, we explained that only a patent holder (not a certificate holder) could prohibit "[a] farmer who legally purchases and plants" a protected seed from saving harvested seed "for replanting." *Id.*, at 140; *see id.*, at 143 (noting that the Patent Act, unlike the PVPA, contains "no exemptio[n]" for "saving seed"). That statement is inconsistent with applying exhaustion to protect conduct like Bowman's. If a sale cut off the right to control a patented seed's progeny, then (contrary to *J. E. M.*) the patentee could not prevent the buyer from saving harvested seed. Indeed, the patentee could not stop the buyer from selling such seed, which even a PVP certificate owner (who, recall, is supposed to have fewer rights) can usually accomplish. *See* 7 U. S. C. §§ 2541, 2543. Those limitations would turn upside-down the statutory scheme *J. E. M.* described.

Bowman principally argues that exhaustion should apply here because seeds are meant to be planted. The exhaustion doctrine, he reminds us, typically prevents a patentee from controlling the use of a patented product following an authorized sale. And in planting Roundup Ready seeds, Bowman continues, he is merely using them in the normal way farmers do. Bowman thus concludes that allowing Monsanto to interfere with that use would "creat[e] an impermissible exception to the exhaustion doctrine" for patented seeds and other "self-replicating technologies." Brief for Petitioner 16.

But it is really Bowman who is asking for an unprecedented exception — to what he concedes is the "well settled" rule that "the exhaustion doctrine does not extend to the right to 'make' a new product." *See supra*, at 5. Reproducing a patented article no doubt "uses" it after a fashion. But as already explained, we have always drawn the boundaries of the exhaustion doctrine to exclude that activity, so that the patentee retains an undiminished right to prohibit others from making the thing his patent protects. *See, e.g., Cotton-Tie Co. v. Simmons*, 106 U. S. 89, 93-94 (1882) (holding that a purchaser could not "use" the buckle from a patented cotton-bale tie to "make" a new tie). That is

in the event it did, the farmer might reasonably claim that the sale came with an implied license to plant and harvest one soybean crop.

because, once again, if simple copying were a protected use, a patent would plummet in value after the first sale of the first item containing the invention. The undiluted patent monopoly, it might be said, would extend not for 20 years (as the Patent Act promises), but for only one transaction. And that would result in less incentive for innovation than Congress wanted. Hence our repeated insistence that exhaustion applies only to the particular item sold, and not to reproductions.

Nor do we think that rule will prevent farmers from making appropriate use of the Roundup Ready seed they buy. Bowman himself stands in a peculiarly poor position to assert such a claim. As noted earlier, the commodity soybeans he purchased were intended not for planting, but for consumption. *See supra*, at 2-3. Indeed, Bowman conceded in deposition testimony that he knew of no other farmer who employed beans bought from a grain elevator to grow a new crop. *See App.* 84a. So a non-replicating use of the commodity beans at issue here was not just available, but standard fare. And in the more ordinary case, when a farmer purchases Roundup Ready seed qua seed — that is, seed intended to grow a crop — he will be able to plant it. Monsanto, to be sure, conditions the farmer's ability to reproduce Roundup Ready; but it does not — could not realistically — preclude all planting. No sane farmer, after all, would buy the product without some ability to grow soybeans from it. And so Monsanto, predictably enough, sells Roundup Ready seed to farmers with a license to use it to make a crop. *See supra*, at 2, 6, n. 3. Applying our usual rule in this context therefore will allow farmers to benefit from Roundup Ready, even as it rewards Monsanto for its innovation.

Still, Bowman has another seeds-are-special argument: that soybeans naturally “self-replicate or ‘sprout’ unless stored in a controlled manner,” and thus “it was the planted soybean, not Bowman” himself, that made replicas of Monsanto's patented invention. Brief for Petitioner 42; *see Tr. of Oral Arg.* 14 (“[F]armers, when they plant seeds, they don't exercise any control . . . over their crop” or “over the creative process”). But we think that blame-the-bean defense tough to credit. Bowman was not a passive observer of his soybeans' multiplication; or put another way, the seeds he purchased (miraculous though they might be in other respects) did not spontaneously create eight successive soybean crops. As we have explained, *supra* at 2-3, Bowman devised and executed a novel way to harvest crops from Roundup Ready seeds without paying the usual premium. He purchased beans from a grain elevator anticipating that many would be Roundup Ready; applied a glyphosate-based herbicide in a way that culled any plants without the patented trait; and saved beans from the rest for the next season. He then planted those Roundup Ready beans at a chosen time; tended and treated them, including by exploiting their patented glyphosate-resistance; and harvested many more seeds, which he either marketed or saved to begin the next cycle. In all this, the bean surely figured. But it was Bowman, and not the bean, who controlled the reproduction (unto the eighth generation) of Monsanto's patented invention.

Our holding today is limited — addressing the situation before us, rather than every one involving a self-replicating product. We recognize that such inventions are becoming ever more prevalent, complex, and diverse. In another case, the article's self-replication might occur outside the purchaser's control. Or it might be a necessary but incidental step in using the item for another purpose. Cf. 17 U. S. C. § 117(a)(1) (“[I]t is not [a copyright] infringement for the owner of a copy of a computer program to make . . . another copy or adaptation of that computer program provide[d] that such a new copy or adaptation is created as an essential step in the utilization of the computer program”). We need not address here whether or how the doctrine of patent exhaustion would apply in such circumstances. In the case at hand, Bowman planted Monsanto's patented soybeans solely to make and market replicas of them, thus depriving the company of the reward patent law provides for the sale of each article.

Patent exhaustion provides no haven for that conduct. We accordingly affirm the judgment of the Court of Appeals for the Federal Circuit.

It is so ordered.

6. UTILITY, PRIOR ART, AND NOVELTY

Learning Objectives: Unit 7

Upon completion of this unit, you should be able to:

- Describe the concept of utility in patent law.
- Explain the requirement of novelty.
- Describe the policy concerns implicated by the requirement of novelty.
- Analyze novelty in a factual scenario.

One fundamental question you may have about patents is: what kinds of *stuff* can be patented. The short answer is: inventions. But what, exactly, *is* an invention?

A slightly longer answer is that an invention is something that is *new* and *useful*. These, in turn, involve their own explanations.

A much longer answer is that newness and usefulness isn't enough: there are some kinds of intangibles that might be new and useful, but which aren't really an invention under 35 U.S.C. § 101 or which Congress has otherwise deemed to be unpatentable subject matter. Examples of the former are scientific articulations of how the world works, such as $e = mc^2$ or claims to an invention in terms that are too abstract, such as the idea of escrow exchanges done on a computer, while an example of the latter is 42 U.S. Code § 2181, which prohibits patents on inventions for atomic weapon. However, dealing with questions of patent eligible subject matter at the margins can be a challenging subject for an introductory course on intellectual property. There is a summary of the current state of patent eligible subject matter law at the conclusion of the section on patents, but we will largely skip over the application of Section 101. Instead, we will focus on the core concepts of *utility* and *newness*.

UTILITY

To be entitled to a patent under 35 U.S.C. § 101, a patentee must have invented something useful or something that is a useful improvement of something already in existence. The modern utility inquiry revolves around two main forms of utility: a credible basis for asserting that the invention actually works (credible operability) and that the invention have a practical utility, generally determined based on whether the described utility is both substantial and specific.

Credible utility requires that the invention has a use and that the use is actually possible. An example of an invention that does not have credible utility is a time machine: although this invention presumably would be very useful, it is impossible to make a functioning time machine. Perpetual

motion motion machines are similarly impossible. The patent examiner will presume credible utility unless it is readily apparent that the invention is directed to an impossible undertaking or implausible scientific principle.

For an invention to have practical utility, it must be have some form of real-world utility. The alleged practical utility must be both substantial and specific, meaning that the invention must have “a significant and presently available benefit to the public” and “a use which is not so vague as to be meaningless.” *In re Fisher*, 421 F.3d 1365 (Fed. Cir. 2005)

NOVELTY

A second fundamental requirement for obtaining a patent is that the invention be new. In patent law, the term for newness that is used most often is “novelty,” although you will sometimes hear the question framed in terms of whether the invention is “anticipated.”

The concept of novelty

The next two cases, *Manning v. Cape Ann Isinglass & Glue Co.* and *In re Lister* address the question of what does it mean for an invention to be “new” in the eyes of the law. One dimension of novelty is whether the inventor was actually the first person to come up with the invention or whether someone else sought a patent or disclosed the invention to the public first. A second dimension is whether the inventor him or herself shared the invention with the public before filing a patent application.

Central to novelty is the statutory framework, codified today at 35 U.S.C. § 102. Although the governing statute has changed over time – most recently, by the America Invents Act in 2011 – its core language has remained largely unchanged since these cases were decided (with one major change, the shift to basing novelty solely on the date of filing discussed below). For reference, here is the relevant text of the 1870 Patent Act:

SEC. 24.

And be it further enacted, That any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvement thereof, not known or used by others in this country, and not patented, or described in any printed publication in this or any foreign country, before his invention or discovery thereof, and not in public use or on sale for more than two years prior to his application, unless the same is proved to have been abandoned, may, upon payment of the duty required by law, and other due proceedings had, obtain a patent therefor.

Novelty and the statutory framework

In addition to understanding the basic inquiry for the novelty analysis, it is also important to know the statutory framework, 35 U.S.C. § 102. This section establishes two key components of the novelty analysis: (a) what activities or materials can constitute prior art and (b) the key dates that apply to the analysis.

Which version of § 102 applies?

A challenge in understanding § 102 is that components of this section were changed by the 2011 America Invents Act, and the impact of those changes is still manifesting. Thus, prior to discussing 35 U.S.C. § 102, it is important to first cover the transition from the old statutory framework to the new AIA framework. The effective date of the new § 102 framework under the AIA was March 16, 2013. Any applications with effective filing dates on or after this March 16, 2013 are analyzed under the AIA framework for § 102. We will primarily focus on the “new” version of § 102, but recognize that some patents and a few new applications may still be subject to the “old” version.

“New” section 102(a) states that:

A person shall be entitled to a patent unless –

- (1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention;
- or
- (2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

References qualifying as prior art under 35 U.S.C. § 102(a)(1) are commonly referred to as “One-time-period prior art,” because they involve analysis of only one event, while references qualifying as prior art under 35 U.S.C. § 102(a)(2) are called “Two-time-period prior art” because they require analysis of two events: the original filing date and the subsequent publication of the application or issuance of a patent.

Under 35 U.S.C. § 102(a)(1), the categories of one-time period prior art are: (a) patented, (b) described in a printed publication, (c) in public use, (d) on sale, and (e) otherwise available to the public. To anticipate the invention (i.e.: render it not novel), the activity must take place prior to the effective filing date of the application whose patentability or validity is being analyzed. Two-time-period prior art under 35 U.S.C. § 102(a)(2) consists of patent applications filed prior to the effective filing date of the application in issue that was published or issued as a patent at some later time.

In addition, there are a set of “exceptions” provided in 35 U.S.C. § 102(b). Generally, these take the form of self-disclosures by the inventor less than one year before the effective filing date. In most cases, however, attorneys are reluctant to advise clients to rely on these exceptions, however, as there are several uncertainties about their scope and they almost never apply to patent applications filed in other countries.

35 U.S.C. §102. Conditions for patentability; novelty (2012)

a) Novelty; Prior Art.— A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

b)

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

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

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor

(2) Disclosures appearing in applications and patents. A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

MANNING AND ANOTHER V. CAPE ANN ISINGLASS & GLUE CO. AND OTHERS (1883)

READING WITH PURPOSE

As you read *Manning*, ask yourself the following questions:

- What is the legal basis for a “newness” requirement? The policy rationale?
- How does the law address the issue of newness?
- What is the basis for the Court’s conclusion on the validity of the patent?

Manning and another v. Cape Ann Isinglass & Glue Co. and others

2 S.Ct. 860 (1883)

WOODS. J.

We think that the defense, that the improvement described in the patent had been in public use for more than two years prior to the application therefor, is established by the testimony.

The appellants contend that the patent covers an improvement in the process of making isinglass. It is not contended that the patent covers the rolls between which the fish-sounds are passed, or the keeping of the rolls cool by making them hollow and injecting a stream of cold water into the cavity, nor the automatic scrapers, but in the use of automatic scrapers applied to such rolls to prevent the isinglass from being carried through the rolls a second time without aeration.

The testimony shows that as early as the year 1860, James Manning, the inventor, was engaged in the manufacture of isinglass at Ipswich, Massachusetts, in copartnership with his brother-in-law Caleb Norwood, under the name of Norwood & Manning. In that year Oliver C. Smith, a machinist at Salem, constructed for the firm a machine containing adjustable hollow water-cooled rolls, with stationary scrapers, substantially such as are described in the patent, for converting isinglass into sheets in the manner therein set forth. The use of this machine was continued down to the year 1867, when the firm of Norwood & Manning was dissolved. In the division of the assets of the firm between the partners, the machine with the scraper, made by Smith, fell to Norwood. He took into the business with him as a partner his son, Caleb J. Norwood, and continued it in the same factory from 1867 to 1870, using the machine with the stationary scraper which had been made by Smith.

James Manning, after the dissolution of the firm of Norwood & Manning, established an isinglass factory at Rockport, Massachusetts, and procured to be constructed two machines similar to that disclosed in the patent. With this factory and machinery he set up in business his two sons, John J.

Manning and William N. Manning, and they carried on the business of manufacturing isinglass, under the name of J. J. Manning & Brother, from the year 1868 until the testimony in this case was taken in 1877, using the two machines with scrapers above mentioned. James Manning, the inventor, had no interest in the business carried on by Norwood and his son after the dissolution of the firm of Norwood & Manning in 1867, nor in the business of J. J. Manning & Brother, carried on from 1868 until after the issue of the patent.

Some attempt is made to show that the use of the machines in the factory of Caleb Norwood, from 1867 to 1870, was a secret and not a public use. But we think the testimony shows a use open to the public generally. But whether this be so or not is immaterial, for Norwood and his son were allowed by the inventor the unrestricted use of the patent during the period mentioned, without injunction of secrecy or other condition. This is sufficient to constitute a public use. *Egbert v. Lippman*, 104 U. S. 333.

The decided weight of the evidence shows that there was also a public use of the invention in the factories of J. J. Manning & Brother for more than four years prior to the application for the patent; namely, from 1868 to 1873.

It is also made clear by the testimony, not only that the machinery but the process used by Norwood & Manning from 1860 to 1867, by Norwood & Son from 1867 to 1870, and by J. J. Manning & Brother from 1868 to 1873, and after that year, was substantially the same as that described in the patent. During all these years there was no material change, either in the machinery or the process. The use of the machinery and process was not, therefore, an experimental use. These conclusions of fact are fatal to the complainant's case.

It is the policy of the patent laws to forbid the issue of a patent for an invention which has been in public use before the application therefor. The statute of 1836 (5 St. 117, § 6) did not allow the issue of a patent when the invention had been in public use or on sale for any period, however short, with the consent or allowance of the inventor; and the statute of 1870 (16 St. 201, § 24; Rev. St. § 4886) does not allow the issue, when the invention had been in public use for more than two years prior to the application, either with or without the consent or allowance of the inventor. Under either of these statutes the patent relied on in this case was improvidently issued, for there was a public use, with the consent of the inventor, for more than two years prior to the application. The patent is therefore void. *McClurg v. Kingsland*, 1 How. 202; *Egbert v. Lippman*, *ubi supra*; *Consolidated Fruit-jar Co. v. Wright*, 94 U. S. 92; *Worley v. Tobacco Co.* 104 U. S. 340.

The decree of the circuit court was therefore right, and must be affirmed.

READING WITH PURPOSE

As you read *Lister*, ask yourself the following questions:

- What is “prior art”?
- Are there any meaningful structural limitations on what can constitute prior art?
- Given this precedent, how would you analyze whether an email chain distributed through a listserv that any interested person could join constitutes a “printed publication”?

In re Lister

583 F.3d 1307 (Fed. Cir. 2009)

PROST, Circuit Judge:

Dr. Richard Lister appeals from a decision of the Board of Patent Appeals and Interferences (“Board”) that affirmed the examiner’s rejection of claims 21-25 of his application under 35 U.S.C. § 102(b). Because the record does not contain sufficient evidence that the prior art reference relied upon by the Board was publicly accessible more than one year prior to the date on which Dr. Lister filed his patent application, we vacate and remand.

I. BACKGROUND

Dr. Lister is a Ph.D. clinical psychologist and an avid sportsman. In his earlier days, he competed regularly in organized golf tournaments. However, he eventually grew tired of what he describes as the horrendously slow pace of a game of golf. Although he discontinued his participation in tournaments, he continued to play casually. During this time, he realized that casual golfers have great difficulty with the ordinary requirement that, beginning with the second stroke on each hole, the ball must be hit while lying directly on the ground. This observation led him to conclude that recreational golfers would be able to obtain better scores in a shorter time if they were permitted to tee up their balls on every shot except for those taken from designated hazard areas or the putting green.

Dr. Lister described this method of playing golf in a manuscript entitled “Advanced Handicap Alternatives for Golf” (“the manuscript” or “the Lister manuscript”):

It is strongly advocated that official sanction be given to the concept of a T handicap. That is, the unrestricted use of a golf tee or peg on any golf shot. Currently, it is allowed 18 times, but only when it is the first shot of the hole being played.

The game otherwise would be played the same, including play in hazards of sand and water, where a tee would not be advocated or permitted. On the surface, this may appear to be a small and insignificant change. Ten years of careful research, by this Ph.D. clinical psychologist, sports psychologist, and former professional athlete, has found that a T handicap option would make a profound, positive influence on the game of golf.

Subsequently, Dr. Lister decided to seek intellectual property protection for his method of playing golf. Proceeding without the assistance of a lawyer, he submitted the manuscript to the United States Copyright Office (“Copyright Office”) on July 4, 1994. The Copyright Office issued a certificate of registration on July 18, 1994. At some point in the future, Dr. Lister learned that he needed to obtain a patent rather than a copyright in order to protect his invention. On August 5, 1996, he filed an application with the United States Patent and Trademark Office (“USPTO”).

The prosecution history of Dr. Lister’s application is lengthy. Over the past thirteen years, Dr. Lister has gone through several rounds of rejections and amendments with the examiner and two appeals to the Board. Of the five claims that remain at issue, claim 21, the only independent claim, is representative:

21. A method for playing a game of organized golf wherein the improvement is that each participating player or group of players is permitted under the official or sanctioned rules of said game for normal play to raise or tee the ball up above turf level at any time during play, except for designated hazard areas and greens, and further comprising the step of recording the number of strokes taken by each participating player of [sic] group of players throughout said game for the purpose of comparing said number of strokes with the number of strokes of each other participating player or group of players or to an average or expected number of strokes for golf play in accordance with said game.

In the most recent final rejection, issued on January 31, 2003, the examiner rejected claims 21–25 as anticipated by the Lister manuscript under 35 U.S.C. §§ 102(a) and 102(b). In the examiner’s view, the manuscript was sufficiently publicly accessible to be a printed publication within the meaning of § 102(b) because an interested researcher would have been able to find it by searching the Copyright Office’s catalog by title.

On appeal, the Board reversed the § 102(a) rejection and affirmed the § 102(b) rejection. *Ex parte Lister*, No.2006-0808 (B.P.A.I. Mar. 27, 2008). With respect to § 102(a), the Board pointed out that that subsection bars the patentability of inventions that have been described in a printed publication prior to the applicant’s date of invention. Because “[Dr.] Lister could not have disclosed his own invention before he invented it,” the Board concluded that the § 102(a) rejection was erroneous. Turning to § 102(b), which precludes the patenting of inventions that were described in a printed publication more than one year prior to the applicant’s date of filing, the Board noted that under *In re Klopfenstein*, 380 F.3d 1345 (Fed.Cir.2004), the Lister manuscript must have been “publicly accessible” in order to have been a printed publication. The Board found that the copyright registration for the Lister manuscript was issued on July 18, 1994, more than one year prior to Dr. Lister’s application date of August 5, 1996. It further concluded that an interested researcher would have been able to find the manuscript by searching the Copyright Office’s catalog by title for the word “golf” in combination with the word “handicap.” Additionally, the Board found that an individual seeking to view the manuscript would have been able to do so by visiting the Copyright Office. Finally, the Board rejected Dr. Lister’s arguments that the inconvenience of visiting the Copyright Office and the Copyright Office’s

rules prohibiting individuals from making copies of the manuscript precluded a finding of public accessibility. With respect to the unavailability of copies, the Board found that the inventive concept was straightforward enough that it could be understood and retained by a person of ordinary skill in the art upon reading the manuscript without any need to obtain a copy.

In his request for rehearing before the Board, Dr. Lister argued that the manuscript was not publicly accessible because there was no evidence that it was actually accessed by anyone. Additionally, Dr. Lister argued that the Board erred by relying heavily on *Klopfenstein*, a case about whether a poster presentation at a conference was a printed publication, rather than citing more factually analogous cases, such as *In re Hall*, 781 F.2d 897 (Fed.Cir.1986), and *In re Cronyn*, 890 F.2d 1158 (Fed.Cir.1989), which involved single copies of documents housed in libraries. The Board rejected both arguments, concluding that evidence of actual access was not a requirement under *SRI International, Inc. v. Internet Security Systems, Inc.*, 511 F.3d 1186, 1197 (Fed.Cir.2008), and that the discussion of Hall and Cronyn in *Klopfenstein*, 380 F.3d at 1349, demonstrates that the law set forth in *Klopfenstein* is relevant to library cases. *Ex parte Lister*, No.2006-0808, slip op. at 3-5 (B.P.A.I. July 22, 2008).

Dr. Lister timely appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(4) and 35 U.S.C. § 141.

II. DISCUSSION

A

“Whether an asserted anticipatory document qualifies as a ‘printed publication’ under § 102 is a legal conclusion based on underlying factual determinations.” *Cooper Cameron Corp. v. Kvaerner Oilfield Prods., Inc.*, 291 F.3d 1317, 1321 (Fed.Cir.2002). We review the Board’s factual determinations for substantial evidence, *In re Gartside*, 203 F.3d 1305, 1315 (Fed.Cir.2000), and its legal conclusions de novo, *Klopfenstein*, 380 F.3d at 1347.

Section 102(b) is a bar to patentability if “the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b). “The bar is grounded on the principle that once an invention is in the public domain, it is no longer patentable by anyone.” *Hall*, 781 F.2d at 898.

In order to qualify as a printed publication within the meaning of § 102, a reference “must have been sufficiently accessible to the public interested in the art.” *Cronyn*, 890 F.2d at 1160 (quoting *Constant v. Adv. Micro-Devices, Inc.*, 848 F.2d 1560, 1568 (Fed.Cir.1988)). “Because there are many ways in which a reference may be disseminated to the interested public, ‘public accessibility’ has been called the touchstone in determining whether a reference constitutes a ‘printed publication’ bar under 35 U.S.C. § 102(b).” *Hall*, 781 F.2d at 898-99. Whether a reference is publicly accessible is determined on a case-by-case basis based on the “facts and circumstances surrounding the reference’s disclosure to members of the public.” *Klopfenstein*, 380 F.3d at 1350. A reference is considered publicly accessible if it was “disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art exercising reasonable diligence, can locate it.” *Kyocera Wireless Corp. v. Int’l Trade Comm’n*, 545 F.3d 1340, 1350 (2008) (quotation marks omitted).

Prior cases have looked to a variety of factors when considering whether a reference was publicly accessible. In several cases involving references stored in libraries, we have considered whether the

research tools available would have been sufficient to permit an interested researcher to locate and examine the reference. In *Hall*, for example, we held that a dissertation shelved in the stacks and indexed in the catalog at the Freiburg University library was a printed publication. 781 F.2d at 898, 899-90. In contrast, the thesis at issue in *In re Bayer* was held not to have been publicly accessible as of the critical date because at that time it was uncataloged, unshelved, and could have been found in the library at the University of Toledo “only by one having been informed of its existence by the [author’s] faculty committee, and not by means of the customary research aids available in the library.” 568 F.2d 1357, 1361 (Cust. & Pat. App.1978).

The differences in accessibility in *Bayer* and *Hall* were highlighted in *Cronyn*, where this court explained that “the critical difference between [*Bayer* and *Hall*] that explains the different results is that on the critical date in *Bayer* the thesis was ‘uncatalogued and unshelved’ and therefore not accessible to the public, whereas in *Hall* the ‘dissertation was accessible’ because it had been indexed, cataloged and shelved.” 890 F.2d at 1161. At issue in *Cronyn* was a student’s thesis housed in the main campus library and the chemistry department library at Reed College. Each library contained a collection of student theses and a corresponding set of index cards that listed the title and author of each thesis. *Id.* at 1159. The index cards were filed alphabetically by the author’s last name, which, this court noted, “bears no relationship to the subject of the student’s thesis.” *Id.* at 1161. Although the index cards and the student theses were available for public examination, this court held that the theses were not publicly accessible because “they had not been either cataloged or indexed in a meaningful way.” *Id.*

While cataloging and indexing have played a significant role in our cases involving library references, we have explained that neither cataloging nor indexing is a necessary condition for a reference to be publicly accessible. See *Klopfenstein*, 380 F.3d at 1348 (“[Our cases] do not limit this court to finding something to be a ‘printed publication’ only when there is distribution and/or indexing.”). Depending on the circumstances surrounding the disclosure, a variety of factors may be useful in determining whether a reference was publicly accessible. See, e.g., *id.* at 1350 (listing four factors relevant to whether a slide presentation was a printed publication); *Bruckelmyer v. Ground Heaters, Inc.*, 445 F.3d 1374, 1379 (Fed.Cir.2006) (explaining that an application that resulted in the issuance of a published Canadian patent was publicly accessible because the issued patent served as a “roadmap to the application file”); see also *id.* at 1380 (Linn, J., dissenting) (opining that the application was not publicly accessible because “the text of an issued patent does not generally serve to guide researchers to the file history for a more expansive disclosure of the described invention, and it certainly does not lead researchers to the file history for disclosure of subject matter not described in the issued text”). In short, we must consider all of the facts and circumstances surrounding the disclosure and determine whether an interested researcher would have been sufficiently capable of finding the reference and examining its contents.

With the framework of the public accessibility analysis established, we turn to the specifics of Dr. Lister’s appeal.

B

Several of the facts that are pertinent to our public accessibility analysis are not in dispute. First, the parties agree that the Lister manuscript discloses the claimed invention. Next, it is undisputed that the Copyright Office issued a certificate of registration for the Lister manuscript on July 18, 1994. It is also undisputed that the Copyright Office retained a copy of the manuscript in Washington, D.C., that was available upon request to be inspected by the public. Additionally, the parties agree that, absent

limited special circumstances, the Copyright Office will neither provide copies of the manuscript nor permit individuals inspecting the document to make copies themselves.¹ However, the parties do not agree as to when, if ever, the manuscript was listed in a catalog or index that would have permitted an interested researcher to learn of its existence and locate it for inspection.

Dr. Lister raises two arguments on appeal. First, he argues that even if the manuscript was sufficiently indexed so that an interested researcher could learn of its existence and relevance, the task of traveling to Washington, D.C., and inspecting the manuscript at the Library of Congress was too burdensome for it to have been considered publicly accessible. Second, he argues that the manuscript was not a printed publication as of the critical date because there is no evidence that it was included in a catalog or index at that time that would have permitted an interested researcher to discover it. We address each argument in turn.

1. Availability for Inspection

Dr. Lister analogizes this case to *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 936-37 (Fed.Cir.1990), a case in which this court held that several documents relating to a military system for distributed computer processing of logistical data were not printed publications within the meaning of § 102(b) because they were not “generally available” to the interested public. According to Dr. Lister, the burden of traveling to Washington, D.C., and navigating what he describes as the “cumbersome procedures” necessary to gain access to the manuscript precludes a finding of general availability. In support of his position, he cites a September 10, 2004 letter from the Copyright Office that states that it searched its records but did not find a single request for inspection of the manuscript. Additionally, Dr. Lister emphasizes that the Copyright Office is unable to provide copies of the manuscript to interested researchers. *See* 37 C.F.R. § 201.2(d)(2). Thus, in Dr. Lister’s view, the difficulty of accessing the manuscript, combined with affirmative evidence that no one has ever requested to inspect it, demonstrates that the manuscript was effectively unavailable to the public.

We cannot accept Dr. Lister’s argument. First, there is a critical difference between the requirements for obtaining access to the documents at issue in *Northern Telecom* and the steps that one must take to view the Lister manuscript at the Copyright Office. In *Northern Telecom*, the documents were housed within the library at Mitre Corporation, and “[a]ccess to the library was restricted to persons authorized by Mitre.” 908 F.2d at 936. In contrast, in this case, any member of the public who submits a proper request is capable of gaining access to the manuscript without any need for special authorization. Second, we have previously recognized that a reference can be considered publicly accessible even if gaining access to it might require a significant amount of travel. *See Hall*, 781 F.2d at 899-900 (holding that a copy of a dissertation shelved in a library in Germany was a printed publication). Additionally, as the Board noted, an interested person could hire someone local to inspect the manuscript on their behalf. Finally, our cases have held that once accessibility is shown, it is unnecessary to show that anyone actually inspected the reference. *See, e.g., SRI*, 511 F.3d at 1197 (“[A]ctual retrieval of a publication is not a requirement for public accessibility...”); *Constant*, 848 F.2d at 1569 (“Accessibility goes to the issue of whether interested members of the relevant public could obtain the information if they wanted to. If accessibility is proved, there is no requirement to show that particular members of the public actually received the information.”). Finally, we agree with

1. Under 37 C.F.R. § 201.2(d)(2), the Copyright Office will provide copies of copyrighted works in only three circumstances: (1) the copyright holder provides written authorization; (2) a written request is filed by an attorney representing either a plaintiff or defendant in connection with litigation relating to the copyrighted work; or (3) the Copyright Office receives a court order for reproduction of a work that is the subject of litigation.

the Board that an interested researcher would be able to gain and retain an understanding of Dr. Lister's invention upon inspection of the manuscript and without any need to obtain a copy.

2. Existence and Adequacy of an Index

The above conclusion that the Lister manuscript was available at the Copyright Office for inspection by any interested person does not end our inquiry. We must also consider whether anyone would have been able to learn of its existence and potential relevance prior to the critical date. Dr. Lister argues that this criterion is not met for two reasons. First, he asserts that the catalogs and databases relied upon by the Board were not sufficiently searchable to lead an interested researcher to the manuscript. Second, he argues that even if some of the catalogs and databases were adequate, there is no evidence that the manuscript was in fact listed in any of them prior to the critical date.

The parties agree that the only evidence in the record pertaining to the cataloging or indexing of the Lister manuscript is a statement made by Dr. Lister in an Information Disclosure Statement ("IDS") filed with the USPTO during prosecution of his application. *See* Oral Arg., 20:31-47, June 4, 2009; available at <http://oralarguments.cafc.uscourts.gov/mp3/2009-1060.mp3>. In relevant part, that statement reads:

[A]lthough the Copyright Office maintains a public record of the registrations of copyrighted works, searching of the catalog cannot be done by subject. *See* U.S. Copyright Office, *How to Investigate The Copyright Status of a Work* 4, Circular 22, Jan. 1991 (visited Dec. 30, 1997) ("The Copyright Office does not maintain any listings of works by subject"). Effective with registrations made since 1978, copyright registration information is available to the public through an automated catalog, accessible either at the Library of Congress or over the Internet. [Id. at 3] Searching of the automated catalog can be performed by the first word in the title of the work or by the author's last name. However, the automated catalog does not enable subject matter searching or key word searching of the text of deposits. Telephone Interview with Copyright Information Specialist, U.S. Copyright Office (Jan. 6, 1998)...

Applicant further submits that any copyright information available through computerized databases such as DIALOG is not sufficiently indexed to make Applicant's deposited work § 102(b) prior art. The information contained in these databases comes directly from the Library of Congress, and therefore is available in essentially the exact same format as found in the automated catalog of the Library of Congress. Telephone Interview with Linda Jarmy, Catalog Distribution Service, Library of Congress (Jan. 9, 1998). Computerized searching in these databases does not offer subject matter searching of copyright registrations. The only additional feature offered by computerized searching, such as in the WESTLAW database, is the ability to search the title of works using key words.

J.A. 122-23 (footnote omitted).

As stated in the IDS and confirmed by the parties at oral argument, the undisputed facts relating to the indexing of the manuscript are summarized as follows. There are three relevant databases, the Copyright Office's automated catalog and two commercial databases, Westlaw and Dialog. The automated catalog was not sorted by subject matter and could only be searched by either the author's last name or the first word of the title of the work. Westlaw and Dialog obtained the automated catalog data from the Copyright Office and entered it into their own databases. Users of the Westlaw and Dialog databases could perform keyword searches of the titles, but not the full texts, of the works.

Relying on *Cronyn*, Dr. Lister argues that none of the databases indexed or cataloged the manuscript in a “meaningful way” that would permit a researcher to locate it. See 890 F.2d at 1161. With respect to the Copyright Office’s automated catalog, he asserts that neither searching by author nor the first word in the title (“Advanced”) would guide a researcher interested in his golfing method to the manuscript. At oral argument, the government conceded that the automated catalog alone would have been insufficient to support a finding of public accessibility. Oral Arg. at 18:48-19:08, 29:47-30:05; *Cronyn*, 890 F.2d at 1161 (“Here, the only research aid was the student’s name, which, of course, bears no relationship to the subject of the student’s thesis.”).

Turning to the Westlaw and Dialog commercial databases, which, unlike the Copyright Office’s automated catalog, permit the searching of titles by keyword, Dr. Lister argues that the Board erred by concluding that a researcher would have found the manuscript by searching for the word “golf” in combination with the word “handicap.” Dr. Lister criticizes the Board’s conclusion as not taking into account the possibility that such a search would have either inundated the researcher with hundreds or thousands of irrelevant results or failed to retrieve relevant documents that happened not to include both words in their title. Additionally, he suggests that the term “handicap” is not a good descriptor of the invention because it is not used in any of the claims and that an interested researcher would have used other search terms, such as “tee” or “ball,” which would not have yielded the manuscript.

Dr. Lister attempts to impose too rigid of a test for whether an interested researcher could find a reference. The question is not whether an individual, selecting terms from the claim language, could execute a single keyword search that would yield all relevant references including the anticipatory reference at issue. Rather, our inquiry is whether it could be located by “persons interested and ordinarily skilled in the subject matter or *artexercising reasonable diligence.*” *Kyocera*, 545 F.3d at 1350(emphasis added) (quotation marks omitted). A reasonably diligent researcher with access to a database that permits the searching of titles by keyword would be able to attempt several searches using a variety of keyword combinations. We agree with the Board that an individual interested in ways to expedite the game of golf and make it easier for casual players would be inclined to use “handicap” as a search term. Indeed, Dr. Lister used the term in his specification to describe his invention. See, e.g., J.A. 81 (“In accordance with one embodiment the present invention provides ... a golf handicap method (T Handicap) which generally involves the unrestricted use of teeing the ball after the first shot, except in hazards and greens.”). Regardless of whether Dr. Lister views other search terms as more descriptive of his invention, a reasonably diligent researcher would have searched for “golf” in combination with “handicap.”² Accordingly, we conclude that the Lister manuscript was publicly accessible as of the date that it was included in either Westlaw or Dialog, the databases that permitted keyword searching of titles.

In order for the manuscript to be a bar to patentability under § 102(b), it must have been publicly accessible more than one year prior to Dr. Lister filing his application on August 5, 1996. Dr. Lister argues that there is no evidence that it was in fact included in either Westlaw or Dialog prior to the critical date.³ See Manual of Patent Examining Procedures § 2128 (“Prior art disclosures on the

2. Because there is no evidence in the record suggesting that such a search would have yielded an unmanageable number of references, we need not decide whether in some circumstances an overwhelming number of search results might warrant a conclusion that a particular reference included in the list was not publicly accessible.

3. The government argues that Dr. Lister waived this argument by failing to raise it before the Board. Although it may not have been the primary focus of the brief he submitted to the Board, we nevertheless find that the brief sufficiently expressed Dr.

Internet or on an on-line database are considered to be publicly available as of the date the item was publicly posted. Absent evidence of the date that the disclosure was publicly posted, if the publication itself does not include a publication date (or retrieval date), it cannot be relied upon as prior art under 35 U.S.C. 102(a) or (b).”). The government offers two responses, neither of which is persuasive.

First, it asserts that Dr. Lister’s IDS provides substantial evidence that the manuscript was listed in the commercial databases prior to the critical date. At oral argument, the government relied on the portion of the IDS stating that “[t]he information contained in [the commercial] databases comes *directly* from the Library of Congress.” J.A. 123 (emphasis added); see Oral Arg. at 21:25-24:10. In the government’s view, the use of the word “directly” is sufficient evidence that the manuscript was listed in either Westlaw or Dialog shortly after the Copyright Office issued Dr. Lister’s certificate of registration on July 18, 1994. We disagree. We see nothing in the IDS that speaks to the date on which the Lister manuscript was incorporated into the Westlaw and Dialog databases. When pressed to identify such a date at oral argument, the government’s only answer was “directly around the time of the Copyright Office’s housing [of the manuscript].” Oral Arg. at 23:48-24:10. The government asks us to read too much into the word “directly.” There is no indication that that portion of the IDS was meant to address the timing of the database updates and, indeed, Westlaw or Dialog could acquire the catalog information “directly from the Library of Congress” ten years after it was first generated for the Copyright Office automated catalog. Further, there is no other evidence that speaks to the timing or process by which Westlaw or Dialog incorporated the Copyright Office’s updated automated catalog information into their databases. Although “evidence establishing a *specific* date of cataloging” was not required in Hall, in that case we held that “competent evidence of the general library practice” of cataloging and shelving established that the thesis became accessible prior to the critical date. 781 F.2d at 899. In contrast, in this case the government has not identified any evidence of the general practice of the Copyright Office, Westlaw, or Dialog with regard to database updates. Absent such evidence, we have no basis to conclude that the manuscript was publicly accessible prior to the critical date.

The government’s second argument is that it made a prima facie showing that the manuscript was included in the commercial databases shortly after the Copyright Office granted the certificate of registration and the burden has shifted to Dr. Lister to present evidence that it was not in either database before the critical date. Because he has presented no such evidence, the government asserts that Dr. Lister has failed to meet his burden and it was proper for the Board to make a finding in the government’s favor. We do not agree that the government has established a prima facie case that warrants shifting the burden to Dr. Lister. Essentially, the evidence shows that at some point in time Westlaw and Dialog incorporated the Copyright Office’s automated catalog information about the Lister manuscript into their own databases. There is no indication as to when that occurred or whether it was prior to the critical date. We see little difference between the evidence in this case and a situation in which an examiner comes across an undated reference that discloses an invention for which an applicant is seeking the patent. We surely would not view the mere existence of the reference in the latter scenario as prima facie evidence that it was available prior to the applicant’s critical date. The government urges us that it is appropriate in this case to presume that the manuscript information was added to the Westlaw and Dialog databases prior to the critical date because the critical date was more than a year after the certificate of registration was granted. However, absent any evidence pertaining to the general practices of the Copyright Office, Westlaw,

Lister’s disagreement with the examiner’s finding that the manuscript was listed in a keyword searchable database prior to the critical date. See J.A. 296-98.

and Dialog, or the typical time that elapses between copyright registration, inclusion in the Copyright Office's automated catalog, and subsequent incorporation into one of the commercial databases, any presumption along those lines would be pure speculation.

Because the evidence contained in the IDS neither provides substantial evidence that the Lister manuscript was publicly accessible as of the critical date nor suffices to prove a prima facie case of accessibility that would shift the burden to Dr. Lister to show inaccessibility, we conclude that the Board erred in affirming the examiner's § 102(b) rejection.

III. CONCLUSION

For the foregoing reasons, we vacate the Board's decision and remand for further proceedings consistent with this opinion.⁴

VACATED AND REMANDED

4. Citing the thirteen-year pendency of his application, Dr. Lister also asks us to issue an order requiring the USPTO to conclude prosecution and issue a notice of allowance. Dr. Lister did not argue to the Board that the allegedly excessive delays during prosecution entitle him to the issuance of a patent. Accordingly, that issue is not properly before us. *See In re Watts*, 354 F.3d 1362, 1367-68 (Fed. Cir.2004). Additionally, we note that our decision is limited to the question of whether the Board properly affirmed the examiner's § 102(b) rejection. Other bars to patentability are not before us and may be raised during the proceedings on remand.

7. NONOBVIOUSNESS

Learning Objectives: Unit 7

Upon completion of this unit, you should be able to:

- Explain the nonobviousness requirement, including its legal basis and analytical framework.
- Explain the policy issues implicated in the nonobviousness requirement.
- Describe the general history of the nonobviousness requirement.
- Analyze nonobviousness in a factual scenario.

Unlike the novelty analysis, nonobviousness is not about whether every limitation of a claimed invention was disclosed in a single reference. Instead, the nonobviousness inquiry is a determination of whether the claimed invention would be obvious based on a reference or combination of references. The nonobviousness inquiry is always completed from the view of someone having ordinary skill in the art—in other words, the critical question being asked is whether the claimed invention was obvious to a person having ordinary skill in the art based on the prior art.

As a preliminary matter, it is important to discuss what is considered prior art for the purposes of the nonobviousness analysis. Generally, any reference that qualifies as prior art under 35 U.S.C. § 102 is also prior art for the purposes of a nonobviousness analysis under 35 U.S.C. § 103.

Graham v. John Deere (1966) is probably the most cited patent law case of all time. Like *Manning* and *Lister*, *Graham* involved the issue of newness. Unlike those cases, however, *Graham* involved an invention that was technically new, in the sense that no one had ever created it before, but yet was not be new enough to constitute a valid patent.

Graham was hardly the first case to involve the issue of non-literal newness, however. Opinions as far back as *Hotchkiss v. Greenwood* in 1850, which involved the substitution of porcelain for wood or metal in a doorknob when other types of knobs using porcelain were already known, struggled with this question, although it was framed in terms of “invention” rather than “nonobviousness.” Although *Hotchkiss* was decided more than 170 years ago, its holding is still relevant to the modern nonobviousness inquiry. *Hotchkiss* held that trivial changes to an invention, such as changing a material or composition, is not an inventive modification and therefore would be considered obvious to someone having ordinary skill in the art. Further, *Hotchkiss* also states that combining two know elements or inventions also is not considered inventive when there is an obvious reason to do so.

Although the principles from *Hotchkiss* were consistently used in the nonobviousness inquiry, analyses

and outcomes were not particularly consistent. This led Congress to codify the requirement in the 1952 Patent Act, imposing structure on what had become (in the patent bar's eyes) an arbitrary and unfettered mechanism for invalidating patents.

Graham was the first Supreme Court case to address the nonobviousness requirement added by the 1952 Patent Act. *Graham* not only affirmed the constitutionality of 35 U.S.C. § 103, but also set forth a framework to guide the nonobviousness inquiry under *Graham*: (1) the scope and content of the prior art, (2) the differences between prior art and the claims at issue, (3) the level of ordinary skill in the art, and (4) any relevant secondary indicia such as commercial success, long felt unsolved needs, or failure of others.

In the years following *Graham*, concerns persisted about the nonobviousness analysis. Supreme Court decisions in the 1970's seemed to apply a high bar for nonobviousness, and circuit courts varied widely in their application of the nonobviousness requirement.

In 1982, Congress created the United States Court of Appeals for the Federal Circuit and granted it jurisdiction over all appeals involving patents including both from the USPTO and the federal district courts. As it sought to develop a more unified and consistent patent law, the Federal Circuit constructed several doctrinal frameworks for analyzing nonobviousness, the most well known of which was a test called the "teaching, suggestion, or motivation" (TSM). Under the TSM test, a claimed invention could only be obvious if there was a teaching, suggestion, or motivation to combine prior art references to arrive at the claimed invention.

The Supreme Court's opinion in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), both affirmed *Graham* and addressed changes to the nonobviousness inquiry that had developed in the Federal Circuit over the previous two decades. While *KSR* rejected the exclusive use of the TSM test to determine obviousness, the Court recognized the need to identify a reason why a person of ordinary skill in the art would have combined references to make the claimed invention.

We will not read *Graham*, its two companion cases, *Calmar, Inc. v. Cook Chemical Co.* and *United States v. Adams, Hotchkiss*, or *KSR*. Instead, we'll read a more recent Federal Circuit case analyzing nonobviousness: *Apple v. Samsung*.

35 U.S.C. §103. Conditions for patentability; non-obvious subject matter (2011)

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

READING WITH PURPOSE

As you read this case, ask yourself the following questions:

- How does the newness issue embodied in § 103 differ from that embodied in § 102?
- What might be the policy rationales underlying § 103?
- How is the nonobviousness inquiry structured? Why structure the inquiry this way?
- Are there any meaningful legal constraints on the nonobviousness analysis or is it essentially an arbitrary inquiry?

Apple, Inc. v. Samsung Electronics Co., Ltd.

839 F.3d 1034 (Fed. Cir. 2016) (en banc)

Concurring in the result without opinion Circuit Judge Hughes.

Dissenting Opinion filed by Chief Judge Prost.

Dissenting Opinion filed by Circuit Judge Dyk.

Dissenting Opinion filed by Circuit Judge Reyna.

Moore, Circuit Judge.

I. INTRODUCTION

The current appeal results from a patent infringement suit and countersuit between Apple Inc. (“Apple”) and Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Telecommunications America, LLC (collectively, “Samsung”). Relevant to this en banc decision, the district court granted summary judgment that Samsung’s accused devices infringe the asserted claim of U.S. Patent No. 8,074,172 (“the ‘172 patent”). After a thirteen day trial, the jury found the asserted claim of U.S. Patent No. 5,946,647 (“the ‘647 patent”) infringed, and the district court denied Samsung’s requested judgment as a matter of law (“JMOL”). The jury also found the asserted claim of U.S. Patent No. 8,046,721 (“the ‘721 patent”) infringed and not invalid and the asserted claim of the ‘172 patent not invalid. The district court later denied Samsung’s requested JMOL and entered

judgment accordingly.¹ Samsung appealed the district court's grant of summary judgment of infringement as to the '172 patent, denial of JMOL of non-infringement as to the '647 patent, and denial of JMOL of obviousness as to the '721 and '172 patents.

[Text omitted]

III. DISCUSSION

We review a district court's order granting or denying JMOL under the standard applied by the regional circuit. In the Ninth Circuit, JMOL "is proper when the evidence permits only one reasonable conclusion and the conclusion is contrary to that of the jury." See *Monroe v. City of Phoenix*, 248 F.3d 851, 861 (9th Cir. 2001). The Ninth Circuit explains that "[t]he evidence must be viewed in the light most favorable to the nonmoving party, and all reasonable inferences must be drawn in favor of that party." *Id.* The Ninth Circuit reviews a district court's decision to grant or deny JMOL de novo. *Id.*

[Text omitted]

B. The '721 Patent

Apple asserted infringement of claim 8 of the '721 patent. The jury entered a verdict that claim 8 was infringed and would not have been obvious. J.A. 40872, 40874. Samsung challenges the district court's denial of JMOL that claim 8 would have been obvious. We agree with the district court that there was substantial evidence to support the jury's underlying fact findings and that these fact findings supported the conclusion that Samsung failed to establish by clear and convincing evidence that claim 8 would have been obvious.

Obviousness is a question of law based on underlying facts. *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1342, 1356–57 (Fed. Cir. 2012). When reviewing a denial of JMOL of obviousness, where there is a black box jury verdict, as is the case here, we presume the jury resolved underlying factual disputes in favor of the verdict winner and leave those presumed findings undisturbed if supported by substantial evidence. *Id.* We then examine the legal conclusion de novo in light of those facts. *Id.* at 1357.

In *Graham v. John Deere Co.*, 383 U.S. 1, 17–18, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966), and *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406, 127 S.Ct. 1727, 167 L.Ed.2d 705 (2007), the Supreme Court set out the framework for the obviousness inquiry under 35 U.S.C. § 103:

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

1. Separately, the jury found that Samsung had not infringed the asserted claims of Apple's '414 or '959 patents. Additionally, the jury found that Apple had infringed the asserted claim of Samsung's '449 patent but had not infringed the asserted claim of Samsung's '239 patent and awarded Samsung \$158,400 in damages. We reinstate the panel decision as to the appeals relating to these issues.

A determination of whether a patent claim is invalid as obvious under § 103 requires consideration of all four Graham factors, and it is error to reach a conclusion of obviousness until all those factors are considered. *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 676 F.3d 1063, 1075–76 (Fed. Cir. 2012) (citing *Richardson-Vicks Inc. v. Upjohn Co.*, 122 F.3d 1476, 1483 (Fed. Cir. 1997)).² Objective indicia of nonobviousness must be considered in every case where present. *See, e.g., Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340, 1349 (Fed. Cir. 2012) (“[E]vidence rising out of the so-called ‘secondary considerations’ must always when present be considered en route to a determination of obviousness.” (quoting *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538 (Fed. Cir. 1983))); *Simmons Fastener Corp. v. Illinois Tool Works, Inc.*, 739 F.2d 1573, 1575 (Fed. Cir. 1984) (“The section 103 test of nonobviousness set forth in Graham is a four part inquiry comprising, not only the three familiar elements (scope and content of the prior art, differences between the prior art and the claims at issue, and level of ordinary skill in the pertinent art), but also evidence of secondary considerations when such evidence is, of course, present.”). This requirement is in recognition of the fact that each of the Graham factors helps inform the ultimate obviousness determination. *Kinetic Concepts*, 688 F.3d at 1360; *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1340 (Fed. Cir. 2016) (holding that evidence of secondary considerations must be examined to determine its impact on the first three Graham factors).

The '721 patent discloses a portable device with a touch-sensitive display that can be “unlocked via gestures” performed on the screen. '721 patent at Abstract. The patent teaches that a “problem associated with using touch screens on portable devices is the unintentional activation or deactivation of functions due to unintentional contact with the touch screen.” *Id.* at 1:38–40. “Unintentional activation or deactivation of functions due to unintentional contact with the touch screen” is commonly referred to as “pocket dialing.” *See, e.g., J.A. 10638:9–13* (Andrew Cockburn) (describing the “pocket dial problem”); *Apple Br. 25* (“Apple’s '721 patent discloses a user-friendly solution to the problem of accidental activation of mobile touchscreen devices (e.g., ‘pocket dialing’).”). Greg Christie, an inventor of the '721 patent, described the problem he and his colleagues set out to solve:

[W]e were worried about accidental use, pocket dialling [sic], the phone getting shut down accidentally, or since we were going to have all these features on the phone, like e-mail and messaging, we were worried that, you know, mail could be sent accidentally or deleted accidentally or the phone would answer itself simply because the touch surface—you know, if it was like, like, the touch surface against your leg in your pocket, we were worried that just, like, you know, jostling around, moving around would trigger things on the screen.

J.A. 10601:4–13.

The '721 patent also describes the importance of making phone activation as “user-friendly” and “efficient” as possible. It teaches:

Accordingly, there is a need for more efficient, user-friendly procedures for unlocking such devices, touch screens, and/or applications. More generally, there is a need for more efficient, user-friendly procedures for transitioning such devices, touch screens, and/or applications between user interface states (e.g., from a user interface state for a first application to a user interface state for a second application, between user interface states in the same application,

2. Even though no secondary considerations were argued to the Supreme Court in *KSR* with regard to obviousness, the Court explains: “Graham sets forth a broad inquiry and invited courts, where appropriate, to look at any secondary considerations that would prove instructive.” *KSR*, 550 U.S. at 415, 127 S.Ct. 1727.

or between locked and unlocked states). In addition, there is a need for sensory feedback to the user regarding progress towards satisfaction of a user input condition that is required for the transition to occur.

'721 patent at 1:56–67. Mr. Christie testified that the ease of the user interface was a central design consideration when developing the slide to unlock feature:

[W]e thought to introduce some sort of definite gesture. We knew we wanted to have some instruction. We knew we wanted the interface to be obvious to the customer. It would be possibly the first experience even in a retail environment. They're deciding whether they want to buy it. They pick up this iPhone, you know, it would be very bad if they looked at the phone that they had heard so much about and they look at it and say "I can't figure out how to use this. I don't know how to unlock it. It's locked." At the same time, we knew that people would be unlocking their phone, you know, tens or hundreds of times a day, so we didn't want the instruction to be, you know, insulting or talk down to the customer. We didn't want it to be cumbersome, something that they would grow tired of after a while.

J.A. 10602:6–20. Apple's expert, Dr. Cockburn, explained that there was a tension between preventing pocket dialing and ease of use: "... [I]t has to work. It has to succeed in preventing accidental activation by mistake. But yet it needs to be something that's easy to do, but not so easy that it can occur by accident, and it succeeds in that." J.A. 10639:19–23.

Apple asserted claim 8, which depends from claim 7, against several Samsung devices. These claims recite:

7. A portable electronic device, comprising:

a touch-sensitive display;

memory;

one or more processors; and

one or more modules stored in the memory and configured for execution by the one or more processors, the one or more modules including instructions:

to detect a contact with the touch-sensitive display at a first predefined location corresponding to an unlock image;

to continuously move the unlock image on the touch-sensitive display in accordance with the movement of the detected contact while continuous contact with the touch-sensitive display is maintained, wherein the unlock image is a graphical, interactive user-interface object with which a user interacts in order to unlock the device; and

to unlock the hand-held electronic device if the unlock image is moved from the first predefined location on the touch screen to a predefined unlock region on the touch-sensitive display.

8. The device of claim 7, further comprising instructions to display visual cues to communicate a direction of movement of the unlock image required to unlock the device.

The jury found that Samsung's accused devices infringed claim 8 of the '721 patent. J.A. 40872. Samsung does not appeal this aspect of the verdict. The jury also found that Samsung's infringement was willful and that Samsung failed to prove by clear and convincing evidence claim 8 is invalid. J.A. 40874. Following the verdict, Samsung moved for JMOL that, inter alia, claim 8 would have been obvious and Samsung did not willfully infringe the claim. The district court denied Samsung's motion as to obviousness but granted the motion as to willfulness.

Samsung argues claim 8 would have been obvious in light of the combination of Neonode and Plaisant. "Neonode" refers to the Neonode N1 Quickstart Guide. J.A. 20713. Neonode discloses a mobile device with a touch-sensitive screen. It explains that a user may unlock the device by pressing the power button. After the user presses the power button, text appears instructing the user to "Right sweep to unlock." Sweeping right then unlocks the unit. J.A. 20725.

"Plaisant" refers to a video and corresponding two-page paper published in 1992 titled "Touchscreen Toggle Design" by Catherine Plaisant and Daniel Wallace. J.A. 20742. The authors of the paper conducted an experiment to determine which controls ("toggles") users prefer on wall-mounted controllers for "entertainment, security, and climate control systems." *Id.* These controllers were intended to be installed "flushmounted into the wall or the cabinetry." *Id.* The authors presented six alternative unlocking mechanisms to a group of fifteen undergraduate students, including a "slider toggle" where a user could activate the controller by "grab[bing] the pointer and slid[ing] it to the other side." J.A. 20743. The students preferred "toggles that are pushed" over "toggles that slide," and generally ranked the slider fifth of the six alternatives. *Id.* The paper also notes that sliders "were not preferred," "sliding is a more complex task than simply touching," and that "sliders are more difficult to implement than buttons." *Id.*

On appeal, Apple does not contest that, together, Neonode and Plaisant disclose all the elements of claim 8.¹⁴⁵ Rather, the parties dispute whether a person of ordinary skill in the art would have been motivated to combine one of the unlocking mechanisms disclosed in Plaisant with Neonode. Samsung argues "there was no evidence of any kind suggesting that Plaisant's application to a wall-mounted device would lead inventors not to combine Plaisant with Neonode." Samsung Resp. Br. 19–20. Its expert, Dr. Greenberg, testified that a person of ordinary skill "would be highly interested" in both references because "they both deal with touch base systems, they both deal with user interfaces." J.A. 11982:13–17. Dr. Greenberg testified that "a person looking at this would just think it natural to combine these two, as well taking the ideas in Plaisant, the slider, and putting them on the Neonode is, is just a very routine thing to think about in terms of interaction design." J.A. 11982:23–11983:2. Samsung points to the Plaisant reference which states that sliding movement "is less likely to be done inadvertently." Samsung Br. 35–36 (quoting J.A. 20743).

Apple counters that a skilled artisan designing a mobile phone would not have been motivated to turn to a wall-mounted air conditioning controller to solve the pocket dialing problem. Apple Br. 26–27. Its expert, Dr. Cockburn, testified that a person of ordinary skill would not have been naturally motivated to combine Neonode and Plaisant. J.A. 12877:17–21. Dr. Cockburn testified that the way the Plaisant controllers "were intended to be used was the touch screen would be mounted into a wall or into cabinetry and it would be used to control, for remote control, office or home appliances, like air conditioning units or heaters." J.A. 12876:20–23. He also explained to the jury that Plaisant itself discloses that sliding toggles were less preferred than the other switches disclosed. J.A. 12877:7–16. Apple points to Plaisant's teachings that "sliders were not preferred," "sliding is a more complex task," and "sliders are more difficult to implement." Apple Br. 27–28. Apple argues there was substantial

evidence for the jury to conclude that there would not have been a motivation to combine Plaisant and Neonode to arrive at the claimed invention.

What a prior art reference teaches and whether a skilled artisan would have been motivated to combine references are questions of fact. See *Par Pharm., Inc. v. TWI Pharms., Inc.*, 773 F.3d 1186, 1196–97 (Fed. Cir. 2014); *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296, 1303 (Fed. Cir. 2010). “Before KSR, we had also consistently treated the question of motivation to combine prior art references as a question of fact... KSR did not change this rule ...” *Wyers v. Master Lock Co.*, 616 F.3d 1231, 1238–39 (Fed. Cir. 2010); *id.* at 1237 (“[W]hether there was sufficient motivation to combine the references” is a “factual issue[.]”). The district court determined that a reasonable jury could have found that a person of ordinary skill would not have been motivated to combine Plaisant and Neonode:

A reasonable jury could infer from [Dr. Cockburn’s] testimony that an ordinary artisan would not have been motivated to combine elements from a wall-mounted touchscreen for home appliances and a smartphone, particularly in view of the “pocket dialing” problem specific to mobile devices that Apple’s invention sought to address.

Additionally, Dr. Cockburn explained that Plaisant “teach[es] away from the use of sliding” because it “tells you not to use the sliding [toggle] mechanism.”

J.A. 55 (citations omitted).¹⁴⁶ After noting that what a reference teaches is a question of fact, the district court discussed the various statements in Plaisant about sliding toggles and concluded that substantial evidence supports the jury’s fact findings that Samsung failed to establish a motivation to combine. J.A. 55–56. We agree with the district court that on this record, the jury’s implicit fact findings that Plaisant would not have provided a skilled artisan with a motivation to combine its slider toggle switch with Neonode is supported by substantial evidence. In addition to the statements in Plaisant, the court explained:

Dr. Cockburn testified, contrary to Dr. Greenberg, that a person of ordinary skill in the art would not have been motivated to combine the Neonode and Plaisant in such a way as to invent claim 8. He provided two reasons. First, Plaisant described “toggle designs” intended to be used with a “touch screen [that] would be mounted into a wall or into cabinetry” for controlling “office or home appliances, like air conditioning units or heaters.” A reasonable jury could infer from this testimony that an ordinary artisan would not have been motivated to combine elements from a wall-mounted touchscreen for home appliances and a smartphone, particularly in view of the “pocket dialing” problem specific to mobile devices that Apple’s invention sought to address.

J.A. 54–55 (citations omitted).

We agree with the district court’s analysis. Because the jury found the issue of validity in favor of Apple, we presume it resolved the conflicting expert testimony and found that a skilled artisan would not have been motivated to combine the slider toggle in Plaisant with the cell phone disclosed in Neonode. The question for our review is whether substantial evidence supports this implied fact finding. We conclude that it does. Neonode discloses a mobile phone. Plaisant discloses a wall-mounted air conditioning controller. The jury had both references before it. Although Samsung presents arguments for combining the two references, these arguments were before the jury. Our job is not to review whether Samsung’s losing position was also supported by substantial evidence

or to weigh the relative strength of Samsung's evidence against Apple's evidence. We are limited to determining whether there was substantial evidence for the jury's findings, on the entirety of the record. And under the Ninth Circuit standard, we cannot conclude that the evidence affords only one reasonable conclusion and that it is contrary to that of the jury. See *Monroe*, 248 F.3d at 861. We agree with the district court: "A reasonable jury could infer from this testimony that an ordinary artisan would not have been motivated to combine elements from a wall-mounted touchscreen for home appliances and a smartphone, particularly in view of the 'pocket dialing' problem specific to mobile devices that Apple's invention sought to address." J.A. 55.

1. The Objective Indicia of Non-Obviousness

The Supreme Court explained that various factors "may also serve to 'guard against slipping into use of hindsight,' and to resist the temptation to read into the prior art the teachings of the invention in issue." *Graham*, 383 U.S. at 36, 86 S.Ct. 684 (citation omitted). These factors are commonly known as secondary considerations or objective indicia of non-obviousness. These include: commercial success enjoyed by devices practicing the patented invention, industry praise for the patented invention, copying by others, and the existence of a long-felt but unsatisfied need for the invention. As this court held in *Stratoflex*:

Indeed, evidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not. It is to be considered as part of all the evidence, not just when the decisionmaker remains in doubt after reviewing the art.

713 F.2d at 1538–39. Apple introduced evidence of industry praise, copying, commercial success, and long-felt need. We presume the jury found that the evidence was sufficient to establish each by a preponderance of the evidence. We find substantial evidence in the record to support each of those findings.

a. Industry Praise

Evidence that the industry praised a claimed invention or a product that embodies the patent claims weighs against an assertion that the same claimed invention would have been obvious. Industry participants, especially competitors, are not likely to praise an obvious advance over the known art. Thus, if there is evidence of industry praise of the claimed invention in the record, it weighs in favor of the non-obviousness of the claimed invention. See, e.g., *Institut Pasteur & Universite Pierre Et Marie Curie v. Focarino*, 738 F.3d 1337, 1347 (Fed. Cir. 2013) ("[I]ndustry praise ... provides probative and cogent evidence that one of ordinary skill in the art would not have reasonably expected [the claimed invention]."); *Power-One, Inc. v. Artesyn Techs., Inc.*, 599 F.3d 1343, 1352 (Fed. Cir. 2010) (noting that industry praise, and specifically praise from a competitor, tends to indicate that the invention would not have been obvious).

Samsung's entire appeal regarding the jury's fact finding that industry praise weighed in favor of nonobviousness is contained in one half of one sentence: "Indeed, the district court relied solely on generic praise not linked to the actual subject matter of the claim" Samsung Br. 37. The district court rejected Samsung's argument on this issue, determining that substantial evidence supports the jury's underlying findings in favor of "industry praise specifically for Apple's slide to unlock invention." J.A. 56. It cited numerous internal Samsung documents that both praised Apple's slide to

unlock feature and indicated that Samsung should modify its own phones to incorporate Apple's slide to unlock feature:

- PTX 119 at 11: presentation prepared by Samsung's European design team in June 2009 with a picture of the iPhone stating that Apple's slide to unlock invention is a "[c]reative way[] of solving UI complexity" and that "swiping unlock on the screen allows to prevent erroneous unlock," J.A. 50950;
- PTX 121 at 100: Samsung software verification group document with a picture of the iPhone noting that unlike Samsung's "Victory" phone, the iPhone's "unlocking standard is precise as it is handled through sliding, and it allows prevention of any wrong motion," and recommending a "direction of improvement" to make it the "same as iPhone, [and] clarify the unlocking standard by sliding," J.A. 51289;
- PTX 157 at 19–20: Samsung document with a picture of the iPhone recommending improving the Samsung phone by making it "easy to unlock, [given that] lock screen always shows guide text or arrow like the iPhone" and to make the lock icon's movement "be smooth and continuous" like the iPhone, J.A. 57 (JMOL Order citing PTX 157);
- PTX 219 at 14: Samsung document with a picture of the iPhone noting that the iPhone "intuitively indicate[s] the direction and length to move when unlocking on the lock screen," J.A. 51603;
- PTX 120 at 28, 84: Samsung document with a picture of an iPhone that describes the "Direction of Improvement" as using a defined bar to unlock the phone, as is done on the iPhone. The same document describes the "Direction of Improvement" as displaying the unlock instruction on the screen, as is done on the iPhone. J.A. 51028, 51084.

See J.A. 56–57 (JMOL Order citing several Samsung documents). Such internal documents from the patentee's top competitor represent important admissions, acknowledging the merits of the patented advance over the then state of the art and can be used to establish industry praise. Dr. Cockburn, Apple's expert, testified "these various Samsung documents recognized the advantages of claim 8." J.A. 57 (citing J.A. 10640–52).

The court also explained that Apple presented a video at trial showing Steve Jobs unveiling the slide to unlock feature at an Apple event. When Mr. Jobs swiped to unlock the phone, "the audience burst into cheers." J.A. 12879–80 (Andrew Cockburn). The video was shown to the jury, and Apple's expert, an inventor, and Apple's Vice President of Marketing all referenced the video in their testimony. See J.A. 57 (JMOL Order citing 4/4/14 Tr. at 603:6–11 (Greg Christie)); J.A. 12879:17–12880:2 (Andrew Cockburn); 4/1/14 Tr. at 428:12–17 (Phillip Schiller) ("There were many press in attendance at the event, and the reaction was enormous.").

Samsung does not discuss any of this evidence on appeal. In light of this evidence, we find its argument that the district court cited only generic praise of the iPhone, and not praise tied to the claimed slide to unlock feature, is without merit. The jury was presented with substantial evidence of praise in the industry that specifically related to features of the claimed invention, thereby linking that industry praise with the patented invention.

b. Copying

Samsung does not dispute in its briefing that the jury heard substantial evidence that it copied the

iPhone's claimed features. In other words, Samsung does not challenge on appeal that substantial evidence exists in the record that Samsung copied Apple's slide to unlock feature, nor does it challenge on appeal that this evidence of copying supports a conclusion that claim 8 would not have been obvious. Apple cites the same Samsung internal documents for both industry praise and copying, as they show evidence of both. The record contains multiple internal Samsung presentations given by different Samsung groups at different times stating that the iPhone's slide to unlock feature is better than the various Samsung alternatives. *See supra* J.A. 50950 (PTX 119); J.A. 51028, 51084 (PTX 120); J.A. 51289 (PTX 121); J.A. 57 (JMOL Order citing PTX 157); J.A. 51603 (PTX 219). And many of these same presentations conclude that the direction for improvement is for Samsung to modify its unlocking mechanism to be like the iPhone. *See id.* This is substantial evidence of copying by Samsung, and it supports the jury's verdict that the claimed invention would not have been obvious.

c. Commercial Success

In its opening appellate brief, Samsung also glosses over commercial success, giving it one sentence: "Apple made no effort to establish a nexus between commercial success and the subject matter of claim 8." Samsung Br. 37. Commercial success requires a nexus to the claimed invention. *Transocean*, 699 F.3d at 1350. We look to the record to ascertain whether there is substantial evidence for the jury's fact finding that Apple established a nexus between commercial success and the invention in claim 8.

At trial, Apple's expert, Dr. Cockburn, testified that the iPhone practiced the asserted claim of the '721 patent, and "clearly there's been commercial success of the iPhones that use this invention." J.A. 12879:20–22; *see also* J.A. 11984:24–25 ("[T]here's no question that the Apple iPhone was a commercial success.") (Saul Greenberg, Samsung's expert). Critically, Apple presented survey evidence that customers would be less likely to purchase a portable device without the slide to unlock feature and would pay less for products without it, thus permitting the jury to conclude that this feature was a key driver in the ultimate commercial success of the products.³ J.A. 21066, 21108. Apple's Senior Vice President of Worldwide Marketing testified that slide to unlock was the very first feature shown in Apple's original iPhone TV commercial, 4/1/14 Tr. at 433:16–434:18 (Phillip Schiller) (citing PTX 180), and the jury saw that commercial during the trial. *Id.* A reasonable jury could have found evidence that Apple's marketing experts elected to emphasize the claimed feature as evidence of its importance. It is likewise reasonable to conclude that advertising that highlights or focuses on a feature of the invention could influence customer purchasing decisions. And an inventor of the '721 patent—an Apple Vice President—confirmed that slide to unlock was important because it "would possibly be [a customer's] first experience even in a retail environment" when the customer was "deciding whether they want to buy it." J.A. 10601:25–10602:22 (Greg Christie).¹⁴⁸ Mr. Schiller explained the importance of the slide to unlock feature in great detail:

When this ad ran, people hadn't had the opportunity yet to actually use an iPhone for themselves, and so they've never used at this point in time a device anything like it. The challenge is how do you show people, in a simple, 30-second ad, something that gives them a

3. In its reply brief, Samsung argues that Apple's survey evidence "did not even test the '721 patent for smartphones." Samsung Resp. Br. 21. The claims of the '721 patent, however, are not directed to a smartphone, but rather to a "hand-held electronic device." J.A. 685. Apple's survey evidence tested tablets with 7" screens. No one argued that a 7" tablet was not a "hand-held electronic device," nor does this distinction have anything to do with the slide to unlock feature. The dissents suggest that the survey evidence should be rejected because the survey only establishes that customers would prefer to purchase a device with a slide-to-unlock feature and that such evidence does not demonstrate a nexus to Apple's particular slide-to-unlock mechanism. We decline to reach this argument because it was never made in this appeal.

feel for what it's like to use this new generation of Apple's smartphone. And we started the ad with something you're going to be doing every day, many, many times a day, which is to unlock the screen, and to do that, you use a simple gesture, slide to unlock. And that one gesture, having seen that one thing first, you get an instant idea of how multitouch works so that you're doing a gesture on the screen, and it does something simple and useful to you, and that it's easy to use. You don't need a manual to figure it out. And that one starting point was a great beginning to your understanding of what an iPhone is and what this kind of device can do.

4/1/14 Tr. at 433:1–18. Finally, the video of the crowd “burst[ing] into cheers” when Steve Jobs demonstrated the slide to unlock feature supports a conclusion that consumers valued this particular feature. J.A. 12879:20–12880:2 (Andrew Cockburn). It is the fact finders' job to assess the probative value of the evidence presented. *Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568, 1574 (Fed. Cir. 1996) (“It is within the province of the fact-finder to resolve these factual disputes regarding whether a nexus exists between the commercial success of the product and its patented features, and to determine the probative value of Pro-Mold's evidence of secondary considerations ...”).

This record overall contains substantial evidence of a nexus between the slide to unlock feature and the iPhone's commercial success, and we are required to give this jury fact finding deference. It is not our role to reweigh the evidence or consider what the record might have supported. This commercial success evidence supports the jury's verdict that the claimed invention would not have been obvious.

d. Long-Felt Need

Evidence of a long-felt but unresolved need can weigh in favor of the non-obviousness of an invention because it is reasonable to infer the need would not have persisted had the solution been obvious. There is substantial evidence for the jury to have found that there was a long-felt but unresolved need for a solution to the pocket dialing problem until Apple's claimed invention, with its slide to unlock feature, solved that problem. Samsung's appeal of the jury's fact finding of long-felt need was limited to a single sentence, which was itself simply a quote from *George M. Martin Co. v. All. Mach. Sys. Int'l LLC*, 618 F.3d 1294, 1304 (Fed. Cir. 2010): “[w]here the differences between the prior art and the claimed invention are as minimal as they are here, ... it cannot be said that any long felt need was unsolved.” Samsung Br. 37 (alteration in original). In its brief, there was no application to this case, no analysis of the issue of long-felt need, and no citation to any record evidence.

To the extent that Samsung's quote should be interpreted as precluding a jury finding of long-felt need favoring non-obviousness when the difference between the prior art and the claimed invention is small, we reject such a categorical rule. This type of hard and fast rule is not appropriate for the factual issues that are left to the province of the jury. There could be a long-felt need for what might be considered a relatively small improvement over the prior art—it all depends upon the evidence, and it is up to the fact finder to assess that evidence.

Moreover, we do not understand the quote from *George M. Martin* to be a proclamation of law but instead simply an application to the particular facts of that case. The quoted language makes clear that the court was evaluating the facts in that particular case regarding the claimed advances over the prior art, “as minimal as they are here.” *George M. Martin*, 618 F.3d at 1304. And importantly, the *George M. Martin* court explains that the “need” had already been met by the prior art devices that already solved the problem at issue. *Id.* at 1305. Thus, in *George M. Martin*, not only was the difference between the prior art and the claimed invention minimal, but the prior art had already solved the problem for

which the patentee claimed there was a long-felt need. *Id.* Samsung’s sole argument on long-felt need is thus based on a misreading of *George M. Martin*.

In this case, there is substantial evidence for the jury’s finding that long-felt need supported the nonobviousness of the claimed invention. Denying JMOL on this issue, the district court cited testimony from Apple’s expert: “Dr. Cockburn’s testimony that phone designers had been trying to solve the problem of accidental activation and the ‘pocket dial problem’ before the iPhone existed, but had only come up with ‘frustrat[ing]’ solutions.” J.A. 57 (quoting J.A. 10638–39). While the expert discusses particular examples in the first person: “I have been very frustrated with [the prior art options],” the jury could still reasonably find that this testimony was probative of a long-felt need. *See* J.A. 10638:17–19.

The district court also cited the testimony of one of the inventors, where he discussed concerns over pocket dialing.⁴

In addition to the portion of Dr. Cockburn’s testimony cited by the district court, there are other portions of his testimony upon which the jury fact finding could be predicated. The record contained a document (PTX 55) in which Samsung listed all the alternatives to the iPhone slide to unlock. *See* 4/4/14 Tr. at 680:10–687:15 (Andrew Cockburn). Apple’s expert went through several of the alternatives, including the Ripple unlock, the glass unlock, and the circle unlock, and explained how each of these failed to solve the accidental activation problem. *Id.* The jury could have reasonably found that this testimony established long-felt unresolved need.

In addition, the jury could have found that the same internal Samsung documents Apple relied upon for industry praise and copying demonstrate that Samsung compared four of its own rejected alternative unlock mechanisms (Kepler, Victory, Behold, & Amythest) to the iPhone slide to unlock mechanism, and that Samsung concluded the iPhone slide to unlock was better. *See, e.g.*, J.A. 51028 (PTX 120 at 28 (“Behold3: Unintentional unlock occurs ... iPhone Lock undone only when sliding action is applied to a specific button”)); J.A. 51289 (PTX 121 at 100 (“Victory: The Screen Lock gets unlocked with a slight flick motion”; “iPhone Unlocking standard is precise as it is handled through sliding, and it allows prevention of any wrong motion”)). The jury could have found that these Samsung documents show that Samsung, Apple’s fiercest competitor, was unsuccessfully trying to solve the same problem. All of this evidence was presented to the jury during the trial in this case. This evidence constitutes substantial evidence for the jury fact finding that there was a long-felt but unresolved need, which Apple’s ’721 patented invention solved. This evidence weighs in favor of non-obviousness.

2. Conclusion on Obviousness of the ’721 Patent

Acknowledging that “it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention

4. This is how the inventor described the problem to be solved:

Q: What was the problem that you guys were working on at the time that you came up with the ’721 invention?

A: ... We were worried about accidental use, pocket dialling [sic], the phone getting shut down accidentally, or since we were going to have all these features on the phone, like e-mail and messaging, we were worried that, you know, mail could be sent accidentally or deleted accidentally or the phone would answer itself simply because the touch surface—you know, if it was like, like, the touch surface against your leg in your pocket, we were worried that just, like, you know, jostling around, moving around would trigger things on the screen.

does,” the Supreme Court cautioned that “[h]elpful insights, however, need not become rigid and mandatory formulas.” *KSR*, 550 U.S. at 418–19, 127 S.Ct. 1727. The Supreme Court explained:

The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents. The diversity of inventive pursuits and of modern technology counsels against limiting the analysis in this way.

Id. at 419, 127 S.Ct. 1727. “Rigid preventative rules that deny factfinders recourse to common sense, however, are neither necessary under our case law nor consistent with it.” *Id.* at 421, 127 S.Ct. 1727. With these principles in mind, we review de novo the ultimate legal determination and conclude that it would not have been obvious to a skilled artisan to combine the prior art to arrive at the claimed invention.

Common sense and real world indicators indicate that to conclude otherwise would be to give in to hindsight, to allow the exact ex post reasoning against which the Supreme Court cautioned in *Graham* and *KSR*. The record includes *Plaisant* and *Neonode* and all that these references teach, including *Plaisant*’s reference to inadvertent activation, complexity, difficult implementability, and that users do not prefer sliders. Though the prior art references each relate to touchscreens, the totality of the evidence supports the conclusion that it would not have been obvious for a skilled artisan, seeking an unlock mechanism that would be both intuitive to use and solve the pocket dialing problem for cell phones, to look to a wall-mounted controller for an air conditioner. The two-page *Plaisant* paper published in 1992 reported the results of a user-preference survey of fifteen undergraduates on six different computer-based switches. That a skilled artisan would look to the *Plaisant* paper directed to a wall-mounted interface screen for appliances and then choose the slider toggle, which the study found rated fifth out of six options in usability, to fulfill a need for an intuitive unlock mechanism that solves the pocket dialing problem for cell phones seems far from obvious.

We have considered the jury’s implicit fact findings about the teachings of *Plaisant* and *Neonode*. We have also considered the objective indicia found by the jury which are particularly strong in this case and powerfully weigh in favor of validity. They include copying, industry praise, commercial success, and long-felt need. These real world indicators of whether the combination would have been obvious to the skilled artisan in this case “tip the scales of patentability,” *Graham*, 383 U.S. at 36, 86 S.Ct. 684, or “dislodge the determination that claim [8 would have been] obvious,” *KSR*, 550 U.S. at 426, 127 S.Ct. 1727. Weighing all of the *Graham* factors, we agree with the district court on the ultimate legal determination that Samsung failed to establish by clear and convincing evidence that claim 8 of the ’721 patent would have been obvious. We affirm the district court’s denial of JMOL.

[Text omitted]

IV. CONCLUSION

We affirm and reinstate the district court judgment as to the ’647, ’721, and ’172 patents. We reinstate the portions of the panel decision that pertain to the ’959, ’414, ’239, and ’449 patents, for which the panel decision affirmed the district court’s rulings on all issues of those patents. We thus reinstate the district court’s award of costs which the panel had vacated. We remand the willfulness issue for the district court to consider under the Supreme Court’s *Halo* standard in the first instance.

AFFIRMED

Prost, Chief Judge, dissenting.

At the outset, I share Judge Dyk's and Judge Reyna's concerns as to the procedural irregularities surrounding this case at the en banc stage. There was no need to take this case en banc. However, having done so, the en banc court would certainly have benefited from our normal practice of allowing further briefing and argument from the parties and from hearing the views of amici, such as the government.

On the merits, I agree with Judge Dyk that *KSR International Co. v. Teleflex Inc.* significantly reduced the evidentiary burden necessary to establish a motivation to combine prior art references and held that motivation to combine can be found in "any need or problem known in the field of endeavor," not just the problem faced by the inventor. 550 U.S. 398, 420, 127 S.Ct. 1727, 167 L.Ed.2d 705 (2007). I also agree with his concerns regarding the majority's elevation of secondary considerations beyond their historic role, which is that secondary considerations take on less importance when there is little doubt as to obviousness. See *Dow Chem. Co. v. Halliburton Oil Well Cementing Co.*, 324 U.S. 320, 330, 65 S.Ct. 647, 89 L.Ed. 973 (1945) ("But these considerations are relevant only in a close case where all other proof leaves the question of invention in doubt."); *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U.S. 275, 279, 64 S.Ct. 593, 88 L.Ed. 721 (1944) ("These factors were entitled to weight in determining whether the improvement amounted to invention and should, in a close case, tip the scales in favor of patentability.").

Aside from these broader legal principles, though, I write separately to express concern that the majority misapplies the substantial evidence standard of review with respect to the invalidity analysis, finding evidence in the record when there is none to support the jury's implicit factual findings. With respect to the '647 patent, the majority goes too far by implicitly modifying our prior claim construction that is binding on and agreed upon by the parties.

In the majority's view, the existence of any evidence that could theoretically support a jury verdict would seem to end our substantial evidence review on appeal. *But see Consol. Edison Co. of N.Y. v. Nat'l Labor Relations Bd.*, 305 U.S. 197, 229, 59 S.Ct. 206, 83 L.Ed. 126 (1938) ("Substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion."). Indeed, as Judge Reyna forcefully articulates in his dissent today, the majority has abdicated its role in substantial evidence review. For the additional reasons discussed below, I respectfully dissent.

DISCUSSION

I

A

Under the majority's analysis, the question with respect to the validity of claim 8 of the '721 patent is straightforward: whether there is substantial evidence to support the jury's implicit finding that there was no motivation to combine Neonode and Plaisant. The en banc majority relies on the testimony of Apple's expert, Dr. Cockburn, to say that a skilled artisan would not be motivated to combine Neonode and Plaisant. In support, the en banc majority cites only one fact (that is self-evident from the face of the references themselves): Neonode concerns a portable telephone and Plaisant concerns wall-mounted touchscreen devices. That lone statement does not rise to the level of substantial evidence.

Neonode describes a portable phone that may be activated by “[s]weep[ing] right” on the screen. J.A. 20725. Plaisant discloses a toggle device for use on a touch screen, referred to as a “[s]lider toggle,” which requires a user to slide a pointer from one side of the toggle to the other in order to activate it. J.A. 20743. Plaisant also teaches that an “advantage of the sliding movement is that it is less likely to be done inadvertently therefore making the toggle very secure (the finger has to land on and lift off the right locations).” *Id.* It is undisputed that Neonode and Plaisant are analogous art references that together disclose all of the limitations of claim 8. The relevant question is whether a skilled artisan would be motivated to combine the references to solve the problem addressed by the ’721 patent, namely “the unintentional activation or deactivation of functions due to unintentional contact with the touch screen.”⁵

’721 patent col. 1 ll. 38–40. *See KSR*, 550 U.S. at 420, 127 S.Ct. 1727 (noting that a motivation to combine may be found in “any need or problem known in the field of endeavor at the time of invention and addressed by the patent”).

The majority holds that there is no motivation to combine Neonode with Plaisant because a person of ordinary skill would not turn to Plaisant’s wall-mounted touchscreen to solve the “unintentional activation” problem of a portable phone. The problem with that conclusion is that Apple did not present any evidence to support it. Indeed, a review of the entirety of Dr. Cockburn’s testimony on motivation to combine reveals the striking absence of any evidence that a skilled artisan would not look to Plaisant simply because it discloses wall-mounted touchscreens:

Q. And can you show us, please, using some graphics, remind us what the Plaisant application is.

A. Sure. Quickly I’ve got a few slides on Plaisant, this is the paper, the two-page paper, it describes touch screen toggle designs, so these are on/off switches.

And the way they were intended to be used was the touch screen would be mounted into a wall or into cabinetry and it would be used to control, for remote control, office or home appliances, like air conditioning units or heaters.

The publication itself and the video that accompanies it both teach away from the use of sliding.... [Plaisant] tells us that toggles that are pushed seem to be preferred over toggles that slide; and the sliding is more complex than simply touching; and also that sliders are harder to implement.

5. Apple also argued at the district court and on appeal that Plaisant teaches away from using sliders because they were “not preferred” over other toggle devices. Apple Br. 27. The majority declined to address teaching away, focusing instead on motivation to combine. The majority states, however, that “even if Plaisant does not teach away, its statements regarding users preferring other forms of switches are relevant to a finding regarding whether a skilled artisan would be motivated to combine the slider toggle in Plaisant with the mobile phone in Neonode.” Majority Op. at 1051 n.13. This rationale is new. It was never before the jury, *see* J.A. 12876–78, and even Apple does not assert that rationale. In any event, there is no teaching away here. Though Plaisant notes that sliders may not be preferred, it also describes advantages that sliders have over other toggle methods. J.A. 20743. As a matter of law, “the mere disclosure of more than one alternative does not amount to teaching away from one of the alternatives where the reference does not criticize, discredit, or otherwise discourage the solution” presented by the disclosure. *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1320 (Fed. Cir. 2015) (internal quotation marks omitted) (citation omitted); *see also Allergan, Inc. v. Apotex Inc.*, 754 F.3d 952, 964 (Fed. Cir. 2014) (stating that “mere disclosure of alternative preferences” does not teach away).

And the figure at the top shows those results for user preference indicating that both of the two designs that they considered, levers and sliders, was the least preferred, that's the slider highlighted in red and the lever.

Q. [Samsung's expert] told this jury that a person of ordinary skill in the art would have been naturally motivated to combine the Neocode guide with the Plaisant article.

Did you agree with that opinion?

A. No, I do not.

Q. And why do you say that?

A. The patent office, the patent examiner, had all of the Neocode guide available to them.

They also had Plaisant, in its complete form, available to them, and they commented extensively on Plaisant. There was an extensive discussion of Plaisant, and at the end of that discussion, they conclude that Plaisant does not, or none of the prior art discloses continuous movement of the unlock image to order to unlock the device.

J.A. 12876–78 (emphases added to denote portions of the testimony relied on by the majority).⁶

Dr. Cockburn's statement concerning wall-mounted touchscreens did not concern whether a person of ordinary skill would look to Plaisant to solve the problem of "unintentional activation"; it was merely a restatement of Plaisant's express disclosure. See J.A. 20742 ("Users see the screen flushmounted into the wall or the cabinetry.").⁷ Indeed, leaving aside his reference to the entirely discrete issue of teaching away, Dr. Cockburn's only purported rationale for a lack of motivation to combine was that both Neocode and Plaisant were before the Patent Office during prosecution—a fact that Apple does not rely on before us with respect to motivation to combine.

In stark contrast, the jury heard compelling evidence that a skilled artisan would be motivated to combine the references to solve the problem of unintentional activation. Most importantly, Plaisant itself expressly teaches that an "advantage of the sliding movement is that it is less likely to be done inadvertently." J.A. 20743. Indeed, this disclosure alone does more than motivate the combination of Plaisant with Neocode—it actually teaches and suggests it.

Samsung's expert, Dr. Greenberg, explained this to the jury when asked whether a skilled artisan would be motivated to combine the references:

They both specifically describe how a sliding action is used to prevent accidental activation.

So this is—you know, a person looking at this would just think it natural to combine these two,

6. Apple never even argued to the jury that Plaisant's disclosure being a wall-mounted device had any bearing on motivation to combine. See *Apple Inc. v. Samsung Elecs. Co.*, No. 5:12-cv-630, Trial Tr. of Apr. 29, 2014 at 3212–14, ECF No. 1929.

7. The majority only cites Dr. Cockburn's statement that he did not believe there was a motivation to combine Neocode with Plaisant but not his subsequent explanation. A court may not treat a conclusory answer without any context as evidence. See *Telemac Cellular Corp. v. Topp Telecom, Inc.*, 247 F.3d 1316, 1329 (Fed. Cir. 2001) (holding that conclusory statements offered by experts are not evidence).

as well taking the ideas in Plaisant, the slider, and putting them on the Neonode is, is just a very routine thing to think about in terms of interaction design.

J.A. 11982–83. By the end of trial, the jury had thus heard from Samsung’s expert, who articulated a specific motivation to combine based on the explicit disclosure of Plaisant itself, and from Apple’s expert, who gave no explanation as to why a skilled artisan would not be so motivated.

Nonetheless, the majority finds that there is substantial evidence of a lack of motivation to combine. But a reviewing court in our situation must “review the record as a whole,” crediting not only evidence favoring the nonmovant but also “evidence supporting the moving party that is uncontradicted and unimpeached, at least to the extent that that evidence comes from disinterested witnesses.” *Reeves v. Sanderson Plumbing Prods., Inc.*, 530 U.S. 133, 151, 120 S.Ct. 2097, 147 L.Ed.2d 105 (2000) (internal quotation marks omitted). Here, the record as a whole makes clear that a skilled artisan, starting with the portable phone of Neonode, would have seen a benefit to adding Plaisant’s sliders to solve the accidental activation problem described by the ’721 patent.⁸ See *KSR*, 550 U.S. at 424, 127 S.Ct. 1727. A straightforward evaluation of the entire record compels only one reasonable conclusion—there is a motivation to combine Neonode with Plaisant.

In sum, there is no support in the record for the majority’s conclusion that substantial evidence supports the jury’s implicit factual finding that a person of ordinary skill in the art would not be motivated to combine Neonode and Plaisant. Substantial evidence may be a lenient standard, but it is a standard nonetheless that cannot be met with the stark absence of evidence. Therefore, no rational jury could find that a motivation to combine the references to arrive at the claimed invention was lacking.

B

Despite the majority’s statement that there is no motivation to combine, the majority does not appear to rest its conclusion on that basis. See Majority Op. at 1052. Instead, the majority goes on to state that it considers Plaisant’s teachings, including the reference to “inadvertent activation,” against the evidence of secondary considerations. *Id.* at 1058–59. It is unclear what analytical framework the majority has adopted in its analysis and whether this goes to the question of motivation to combine. We have only weighed the teachings of a prior art reference related to motivation to combine against each other in the teaching away context. See, e.g., *Galderma Labs., L.P. v. Tolmar, Inc.*, 737 F.3d 731, 739 (Fed. Cir. 2013) (a teaching that a concentration of 0.1% was optimal did not weigh against a teaching that 0.3% concentration was possible); *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1327 (Fed. Cir. 2009) (a teaching expressing a “general preference for an alternative” did not weigh against a teaching). Doing so as part of the ultimate legal question of obviousness, as the majority does now, is a new approach that neither we nor the Supreme Court has sanctioned.

Given the majority’s conclusion (with which I disagree) that there was no motivation to combine references in this case, there is no reason for the majority to go on to opine on the question of secondary considerations at all—that discussion is arguably dicta.⁹ See, e.g., *Allergan, Inc. v. Sandoz*

8. Because it is undisputed that Plaisant is analogous art, a hypothetical person of ordinary skill would be aware of it. See *Mast, Foos, & Co. v. Stover Mfg. Co.*, 177 U.S. 485, 494, 20 S.Ct. 708, 44 L.Ed. 856 (1900) (“[I]n determining the question of invention, we must presume the patentee was fully informed of everything which preceded him, whether such were the actual fact or not.”); *Kimberly–Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1449–54 (Fed. Cir. 1984) (collecting cases).

9. The majority’s assessment of secondary considerations also relies on additional evidence that was not presented by Apple

Inc., 796 F.3d 1293, 1304–07 (Fed. Cir. 2015) (affirming a nonobvious determination based only on issues of teaching away and unexpected results); *Stryker Corp. v. Zimmer, Inc.*, No. 2013–1668, 837 F.3d 1268, 1277–78, 2016 WL 4729504, at *7 (Fed. Cir. Sept. 12, 2016) (declining to reach secondary considerations in reaching a determination of nonobviousness), vacated and remanded on other grounds sub nom. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, --- U.S. ----, 136 S.Ct. 1923, 195 L.Ed.2d 278 (2016); *In re Fine*, 837 F.2d 1071, 1076 (Fed. Cir. 1988) (same).

In my analysis, however, I conclude that no reasonable jury could find a lack of motivation to combine, so I am obligated to consider Apple’s proffered evidence of secondary considerations. *Nike, Inc. v. Adidas AG*, 812 F.3d 1326, 1339 (Fed. Cir. 2016).

In the history of our court, we have only once held that evidence of secondary considerations outweighs strong evidence of obviousness. See *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699 F.3d 1340 (Fed. Cir. 2012). In that case, the jury, in view of “compelling” evidence, made express findings that seven types of secondary considerations supported nonobviousness. *Id.* at 1349, 1354. However, we acknowledged that “[f]ew cases present such extensive objective evidence of nonobviousness, and thus we have rarely held that objective evidence is sufficient to overcome a prima facie case of obviousness.” *Id.* at 1354. This is not a case where evidence of secondary considerations is so “extensive.” See *KSR*, 550 U.S. at 426, 127 S.Ct. 1727 (“Like the District Court, finally, we conclude Teleflex has shown no secondary factors to dislodge the determination that claim 4 is obvious.”).

When examining evidence of secondary considerations, “courts must exercise care in assessing proffered evidence of objective considerations, giving such evidence weight only where the objective indicia are attributable to the inventive characteristics of the discovery as claimed in the patent.” *In re Cyclobenzaprine Hydrochloride Extended–Release Capsule Patent Litig.*, 676 F.3d 1063, 1079 n.6 (Fed. Cir. 2012) (internal quotation marks omitted) (citations omitted). The proponent of such evidence of secondary considerations, in this case Apple, “bears the burden of showing that a nexus exists between the claimed features of the invention and the objective evidence offered to show non-obviousness.” *WMS Gaming, Inc. v. Int’l Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999). Though the existence of such a nexus is a question of fact, which we review for substantial evidence, the consideration of objective indicia is part of the ultimate determination of obviousness which we review de novo. See *Agrizap, Inc. v. Woodstream Corp.*, 520 F.3d 1337, 1344 (Fed. Cir. 2008) (“Even when we presume the jury found that the objective evidence of nonobviousness favored [the patentee], this evidence is insufficient to overcome the overwhelming strength of [the alleged infringer’s] prima facie case of obviousness.”); *Leapfrog Enters., Inc. v. Fisher–Price, Inc.*, 485 F.3d 1157, 1162 (Fed. Cir. 2007) (agreeing with the district court’s conclusion that even substantial evidence of various secondary considerations was “inadequate to overcome” obviousness as a matter of law). The mere existence of evidence of secondary considerations does not control the obviousness determination. *Richardson–Vicks Inc. v. Upjohn Co.*, 122 F.3d 1476, 1483 (Fed. Cir. 1997).

In this case, Apple presented evidence that it contends shows there was commercial success, long-felt need, industry praise, and copying. However, Apple’s evidence of commercial success does not establish a nexus with the patented feature, and the remaining evidence, even if a nexus is assumed, is

to the district court or to us on appeal in opposition to Samsung’s obviousness evidence, and relies on theories that appear nowhere in Apple’s briefs. Compare Majority Op. at 1052–59 with Apple’s Opp’n to Samsung’s Mot. for J. as a Matter of Law Pursuant to Fed. R. Civ. P. 50(b) & Mot. to Am. the J. at 18, *Apple Inc. v. Samsung Elecs. Co.*, No. 5:12–cv–630, ECF No. 1908–03 (“Apple JMOL Opposition”); Apple Br. 29.

not sufficient to “tip the scales of patentability.” *Graham v. John Deere Co.*, 383 U.S. 1, 36, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966).

1

To argue commercial success on appeal, Apple only relies on a portion of a survey introduced to establish the value of the “patent-related” slide-to-unlock feature on tablets with screens larger than 7 inches, J.A. 21066, 21108, coupled with Dr. Greenberg’s statement that “there’s no question that the Apple iPhone was a commercial success.” J.A. 11984; *see* Apple Br. 29. This evidence does not establish a nexus for commercial success.¹⁰

With respect to the survey, it did not ask about the slide-to-unlock feature on smartphones, which in the survey had screens no larger than 5.5 inches (smaller than the surveyed tablet screens). J.A. 21076, 21108. Apple does not point to any separate evidence regarding the sales of those tablets. As for the success of the iPhone device, there is no evidence tying that success specifically to the features embodied in the claimed invention. To establish the requisite nexus, there needs to be some record evidence to tie the commercial success of a product to the slide-to-unlock feature of that product embodying the claimed invention. Here, there is none.

In addition, although Dr. Greenberg testified that the iPhone was commercially successful, he continued: “[b]ut I’ve seen no evidence that says that that commercial success was due to the lock screen.” J.A. 11985. No reasonable juror could conclude that Dr. Greenberg’s statement that he had seen no evidence of a nexus was somehow evidence of a nexus.¹¹

2

The remainder of Apple’s secondary consideration arguments consists of long-felt need, industry praise, and copying. To show long-felt need, Apple relies on the testimony of Dr. Cockburn, who provided a single example of a portable phone that he characterized as “entirely unintuitive.” J.A. 10638–39. For industry praise, Apple relies upon the audience reaction at the first public unveiling of the iPhone. J.A. 12879–80. Finally, Apple relies on internal Samsung documents that it argues show both copying and industry praise. *See, e.g.*, J.A. 51289.157

Even assuming that the jury implicitly found a nexus between Apple’s evidence and the claimed invention, this evidence is insufficient in the face of the strong evidence of obviousness. The testimony of an expert testifying as to a single example of unsatisfactory prior art is, at best, weak. *Cf. Cyclobenzaprine*, 676 F.3d at 1083 (testimony regarding an expert’s experience over ten years). Similarly, Apple’s evidence of applause at its own press event is also weak evidence of nonobviousness. *See In re Cree*, 818 F.3d 694, 702 (Fed. Cir. 2016) (finding a company’s press release unpersuasive

10. To find a nexus for commercial success, the majority also relies on testimony by Apple’s Senior Vice President of Worldwide Marketing, a television commercial shown to the jury, and additional testimony from Apple’s witness, Mr. Christie. Majority Op. at 1054-56. Apple did not rely on any of that evidence before the district court in its JMOL opposition or before us on appeal to support a showing of commercial success. *See* Apple JMOL Opposition 18; Apple Br. 29. These rationales are new. There is no need to reach these arguments because they were never made in this appeal.

11. Apple also argued before the district court, but not on appeal, that Dr. Cockburn’s testimony was evidence of commercial success for the ’721 patent. *See* Apple JMOL Opposition 18. But Dr. Cockburn only testified that the iPhone was commercially successful, not that the iPhone was commercially successful because of the slide-to-unlock feature. *See* J.A. 12879 (“Well, clearly there’s been commercial success both of the iPhones that use this invention, and for the devices that have copied the technique.”). This testimony is also insufficient to establish nexus.

evidence of nonobviousness). Finally, though Samsung’s internal documents are probative of copying (and industry praise), they do not move the needle in this case. *See Tokai Corp. v. Easton Enters., Inc.*, 632 F.3d 1358, 1370 (Fed. Cir. 2011) (finding evidence of copying unpersuasive evidence of nonobviousness).

Considering the totality of the evidence, Apple’s evidence relating to secondary considerations does not “tip the scales of patentability.” *Graham*, 383 U.S. at 36, 86 S.Ct. 684; see also *Leapfrog Enters.*, 485 F.3d at 1162 (finding substantial evidence of commercial success, industry praise, and long-felt need insufficient to overcome strong evidence of obviousness); *Richardson–Vicks*, 122 F.3d at 1483 (“Evidence of secondary considerations ... are but a part of the ‘totality of the evidence’ that is used to reach the ultimate conclusion of obviousness.”). The asserted claim of the ‘721 patent is therefore obvious as a matter of law.¹²

[Text omitted]

CONCLUSION

For the foregoing reasons, no jury could rationally conclude that the ‘721 and ‘172 patents were not obvious, or that Samsung infringed the ‘647 patent. Therefore, I respectfully dissent.

[Dissents by Judge Dyk and Judge Reyna omitted]

12. As a basis for affirmance, the majority implies that it would be inappropriate to “reverse nearly a dozen fact findings.” *See* Majority Op. at 1039-40. The number of underlying findings to a legal conclusion is irrelevant in a legal analysis. Reversal of a jury finding of nonobviousness, which we have done not infrequently, usually requires by its very nature the explicit or implicit reversal of multiple fact findings. *See, e.g., W. Union Co. v. MoneyGram Payment Sys., Inc.*, 626 F.3d 1361, 1368–1374 (Fed. Cir. 2010) (reversing jury’s implicit factual findings of the scope and content of the prior art, motivation to combine, and evidence of secondary considerations); *Ecolab, Inc. v. FMC Corp.*, 569 F.3d 1335, 1348–50 (reversing a jury determination of nonobviousness and, implicitly, the underlying factual findings); *PharmaStem Therapeutics, Inc. v. ViaCell, Inc.*, 491 F.3d 1342, 1360–67 (Fed. Cir. 2007) (reversing a jury’s implicit factual findings regarding the scope and teaching of the prior art, expectation of success, and secondary considerations).

8. PATENT CLAIMS AND PROCESS

Learning Objectives: Unit 8

Upon completion of this unit, you should be able to:

- Explain the concept of patent claims and their legal requirements.
- Explain the concept of claim definiteness.
- Explain the policy issues involved in patent claims.
- Describe the general process of patent prosecution.

Our primary focus in this class will be on the patent claim, which establishes the boundaries of the patent holder's right to exclude. In connection with this discussion, we will look at two aspects of claiming: the process for obtaining a patent (typically referred to as "patent prosecution") and the requirement of definiteness. We will discuss the interpretation of patent claims in this class.

A. The process of obtaining a patent

The process of obtaining a patent involves a series of interactions between the applicant (or more commonly, their attorney), and an examiner at the United States Patent and Trademark office (USPTO or PTO). This process is often referred to as "patent prosecution" (from the perspective of the applicant) or "patent examination" (from the perspective of the public). Patent prosecution begins when the applicant files their patent application with the PTO. This application is then assigned to an examiner, who assesses the patentability of the claims proposed by the applicant. If the applicant has not met one or more of the requirements of patentability, the examiner will issue an office action to which the applicant must respond with any amendments and/or comments addressing the examiner's rejections. This process will continue until the application is allowed or the examiner issues a final office action.

An application will be allowed if the applicant has satisfied all of the patentability requirements, meaning the application can issue as a patent. If, on the other hand, the examiner issues a final office action rejecting the application, the applicant can either file a request for continued examination or appeal the final rejection to the Patent Trial and Appeal Board (PTAB). If the applicant files a request for continued examination, the process of examination and response continues again until the examiner finds the application allowable or issues another final office action.

There are also several post-issuances proceedings that can occur at the PTO. These include inter partes review (IPR), ex parte review, post-grant review (PGR), supplemental examination, and covered

business methods review. Decisions in these proceedings are made by the PTAB, and all PTAB decisions are appealable to the United States Court of Appeals for the Federal Circuit.

B. The requirement of claim definiteness

Nautilus v. Biosig (2014) involves the issue of claim definiteness. Under 35 U.S.C. § 112(b), an application should include “one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention...” This text is generally referred to as the “claim definiteness” requirement.

Issues of definiteness can arise both in when interpreting the meaning of claims and when applying the claims. Problems with the application of the claim language include grammatical or word errors, terms of degree, open-ended ranges, subjective terms, and multiple methods of measuring.

Definiteness issues can also arise when the applicant uses functional language in the claims. Under 35 U.S.C. § 112(f), “[a]n element in a claim for a combination may be expressed as a means or step for performing a specified function without recital of the structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” A means-plus-function claim is indefinite if the “means” are not properly described elsewhere in the specification.

35 U.S.C §112. Specification (2011)

(a) In General. – The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor or joint inventor of carrying out the invention.

(b) Conclusion. – The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.

(c) Form. – A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

...

(f) Element in Claim for a Combination. – An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

READING WITH PURPOSE

Nautilus involves the core standard for determining whether a claim meets the definiteness requirement. As you read the opinion, ask yourself the following questions:

- How would you describe in two minutes the process for obtaining a patent?
- According to the Court, what standard was the Federal Circuit using?
- What is the Court’s standard for determining whether a patent claim is indefinite?
- What are the policy rationales underlying the Court’s decision in *Nautilus*?

Nautilus, Inc. v. Biosig Instruments, Inc.

134 S. Ct. 2120 (2014)

JUSTICE GINSBURG delivered the opinion of the Court.

The Patent Act requires that a patent specification “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention.” 35 U.S.C. § 112, ¶ 2 (2006 ed.) (emphasis added). This case, involving a heart-rate monitor used with exercise equipment, concerns the proper reading of the statute’s clarity and precision demand. According to the Federal Circuit, a patent claim passes the § 112, ¶ 2 threshold so long as the claim is “amenable to construction,” and the claim, as construed, is not “insolubly ambiguous.” 715 F.3d 891, 898-899 (2013). We conclude that the Federal Circuit’s formulation, which tolerates some ambiguous claims but not others, does not satisfy the statute’s definiteness requirement. In place of the “insolubly ambiguous” standard, we hold that a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention. Expressing no opinion on the validity of the patent-in-suit, we remand, instructing the Federal Circuit to decide the case employing the standard we have prescribed.

I

Authorized by the Constitution “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries,” Art. I, § 8, cl. 8, Congress has enacted patent laws rewarding inventors with a limited monopoly. “Th[at] monopoly is a property right,” and “like any property right, its boundaries should be clear.” *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730, 122 S.Ct. 1831, 152 L.Ed.2d 944 (2002). See also *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996) (“It has long

been understood that a patent must describe the exact scope of an invention and its manufacture”). Thus, when Congress enacted the first Patent Act in 1790, it directed that patent grantees file a written specification “containing a description . . . of the thing or things . . . invented or discovered,” which “shall be so particular” as to “distinguish the invention or discovery from other things before known and used.” Act of Apr. 10, 1790, § 2, 1 Stat. 110.

The patent laws have retained this requirement of definiteness even as the focus of patent construction has shifted. Under early patent practice in the United States, we have recounted, it was the written specification that “represented the key to the patent.” *Markman*, 517 U.S., at 379, 116 S.Ct. 1384. Eventually, however, patent applicants began to set out the invention’s scope in a separate section known as the “claim.” See generally 1 R. Moy, Walker on Patents § 4.2, pp. 4-17 to 4-20 (4th ed. 2012). The Patent Act of 1870 expressly conditioned the receipt of a patent on the inventor’s inclusion of one or more such claims, described with particularity and distinctness. See Act of July 8, 1870, § 26, 16 Stat. 201 (to obtain a patent, the inventor must “particularly point out and distinctly claim the part, improvement, or combination which [the inventor] claims as his invention or discovery”).

The 1870 Act’s definiteness requirement survives today, largely unaltered. Section 112 of the Patent Act of 1952, applicable to this case, requires the patent applicant to conclude the specification with “one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.” 35 U.S.C. § 112, ¶ 2 (2006 ed.). A lack of definiteness renders invalid “the patent or any claim in suit.” § 282, ¶ 2(3).¹⁵⁹

II

A

The patent in dispute, U.S. Patent No. 5,337,753 (“753 patent”), issued to Dr. Gregory Lekhtman in 1994 and assigned to respondent Biosig Instruments, Inc., concerns a heart-rate monitor for use during exercise. Previous heart-rate monitors, the patent asserts, were often inaccurate in measuring the electrical signals accompanying each heartbeat (electrocardiograph or ECG signals). The inaccuracy was caused by electrical signals of a different sort, known as electromyogram or EMG signals, generated by an exerciser’s skeletal muscles when, for example, she moves her arm, or grips an exercise monitor with her hand. These EMG signals can “mask” ECG signals and thereby impede their detection. App. 52, 147.

Dr. Lekhtman’s invention claims to improve on prior art by eliminating that impediment. The invention focuses on a key difference between EMG and ECG waveforms: while ECG signals detected from a user’s left hand have a polarity opposite to that of the signals detected from her right hand,¹⁶⁰ EMG signals from each hand have the same polarity. The patented device works by measuring equalized EMG signals detected at each hand and then using circuitry to subtract the identical EMG signals from each other, thus filtering out the EMG interference.

As relevant here, the “753 patent describes a heart-rate monitor contained in a hollow cylindrical bar that a user grips with both hands, such that each hand comes into contact with two electrodes, one “live” and one “common.” The device is illustrated in figure 1 of the patent, *id.*, at 41, reproduced in the Appendix to this opinion.

Claim 1 of the “753 patent, which contains the limitations critical to this dispute, refers to a “heart rate monitor for use by a user in association with exercise apparatus and/or exercise procedures.” *Id.*, at 61.

The claim “comprise[s],” among other elements, an “elongate member” (cylindrical bar) with a display device; “electronic circuitry including a difference amplifier”; and, on each half of the cylindrical bar, a live electrode and a common electrode “mounted . . . in spaced relationship with each other.” *Ibid.*¹ The claim sets forth additional elements, including that the cylindrical bar is to be held in such a way that each of the user’s hands “contact[s]” both electrodes on each side of the bar. *Id.*, at 62. Further, the EMG signals detected by the two electrode pairs are to be “of substantially equal magnitude and phase” so that the difference amplifier will “produce a substantially zero [EMG] signal” upon subtracting the signals from one another. *Ibid.*

B

The dispute between the parties arose in the 1990’s, when Biosig allegedly disclosed the patented technology to StairMaster Sports Medical Products, Inc. According to Biosig, StairMaster, without ever obtaining a license, sold exercise machines that included Biosig’s patented technology, and petitioner Nautilus, Inc., continued to do so after acquiring the StairMaster brand. In 2004, based on these allegations, Biosig brought a patent infringement suit against Nautilus in the U.S. District Court for the Southern District of New York.

With Biosig’s lawsuit launched, Nautilus asked the U.S. Patent and Trademark Office (PTO) to reexamine the ‘753 patent. The reexamination proceedings centered on whether the patent was anticipated or rendered obvious by prior art — principally, a patent issued in 1984 to an inventor named Fujisaki, which similarly disclosed a heart-rate monitor using two pairs of electrodes and a difference amplifier. Endeavoring to distinguish the ‘753 patent from prior art, Biosig submitted a declaration from Dr. Lekhtman. The declaration attested, among other things, that the ‘753 patent sufficiently informed a person skilled in the art how to configure the detecting electrodes so as “to produce equal EMG [signals] from the left and right hands.” *Id.*, at 160. Although the electrodes’ design variables — including spacing, shape, size, and material — cannot be standardized across all exercise machines, Dr. Lekhtman explained, a skilled artisan could undertake a “trial and error” process of equalization. This would entail experimentation with different electrode configurations in order to optimize EMG signal cancellation. *Id.*, at 155-156, 158.² In 2010, the PTO issued a determination confirming the patentability of the ‘753 patent’s claims.

Biosig thereafter reinstated its infringement suit, which the parties had voluntarily dismissed without prejudice while PTO reexamination was underway. In 2011, the District Court conducted a hearing to determine the proper construction of the patent’s claims, *see Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996) (claim construction is a matter of law reserved for court decision), including the claim term “in spaced relationship with each other.” According to Biosig, that “spaced relationship” referred to the distance between the live electrode and the common electrode in each electrode pair. Nautilus, seizing on Biosig’s submissions to the PTO during the reexamination, maintained that the “spaced relationship” must be a distance “greater than the width of each electrode.” App. 245. The District Court ultimately construed the term to mean “there is a defined relationship between the live electrode and the common electrode on one side of

1. As depicted in figure 1 of the patent, *id.*, at 41, reproduced in the Appendix to this opinion, the live electrodes are identified by numbers 9 and 13, and the common electrodes, by 11 and 15.

2. Dr. Lekhtman’s declaration also referred to an expert report prepared by Dr. Henrietta Galiana, Chair of the Department of Biomedical Engineering at McGill University, for use in the infringement litigation. That report described how Dr. Galiana’s laboratory technician, equipped with a wooden dowel, wire, metal foil, glue, electrical tape, and the drawings from the ‘753 patent, was able in two hours to build a monitor that “worked just as described in the . . . patent.” *Id.*, at 226.

the cylindrical bar and the same or a different defined relationship between the live electrode and the common electrode on the other side of the cylindrical bar,” without any reference to the electrodes’ width. App. to Pet. for Cert. 43a-44a.

Nautilus moved for summary judgment, arguing that the term “spaced relationship,” as construed, was indefinite under § 112, ¶ 2. The District Court granted the motion. Those words, the District Court concluded, “did not tell [the court] or anyone what precisely the space should be,” or even supply “any parameters” for determining the appropriate spacing. *Id.*, at 72a.

The Federal Circuit reversed and remanded. A claim is indefinite, the majority opinion stated, “only when it is ‘not amenable to construction’ or ‘insolubly ambiguous.’” 715 F.3d 891, 898 (2013) (quoting *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1347 (C.A.Fed.2005)). Under that standard, the majority determined, the ‘753 patent survived indefiniteness review. Considering first the “intrinsic evidence”—i.e., the claim language, the specification, and the prosecution history—the majority discerned “certain inherent parameters of the claimed apparatus, which to a skilled artisan may be sufficient to understand the metes and bounds of ‘spaced relationship.’” 715 F.3d, at 899. These sources of meaning, the majority explained, make plain that the distance separating the live and common electrodes on each half of the bar “cannot be greater than the width of a user’s hands”; that is so “because claim 1 requires the live and common electrodes to independently detect electrical signals at two distinct points of a hand.” *Ibid.* Furthermore, the majority noted, the intrinsic evidence teaches that this distance cannot be “infinitesimally small, effectively merging the live and common electrodes into a single electrode with one detection point.” *Ibid.* The claim’s functional provisions, the majority went on to observe, shed additional light on the meaning of “spaced relationship.” Surveying the record before the PTO on reexamination, the majority concluded that a skilled artisan would know that she could attain the indicated functions of equalizing and removing EMG signals by adjusting design variables, including spacing.

In a concurring opinion, Judge Schall reached the majority’s result employing “a more limited analysis.” *Id.*, at 905. Judge Schall accepted the majority’s recitation of the definiteness standard, under which claims amenable to construction are nonetheless indefinite when “the construction remains insolubly ambiguous.” *Ibid.* (internal quotation marks omitted). The District Court’s construction of “spaced relationship,” Judge Schall maintained, was sufficiently clear: the term means “there is a fixed spatial relationship between the live electrode and the common electrode” on each side of the cylindrical bar. *Ibid.* Judge Schall agreed with the majority that the intrinsic evidence discloses inherent limits of that spacing. But, unlike the majority, Judge Schall did not “presum[e] a functional linkage between the ‘spaced relationship’ limitation and the removal of EMG signals.” *Id.*, at 906. Other limitations of the claim, in his view, and not the “‘spaced relationship’ limitation itself,” “included a functional requirement to remove EMG signals.” *Ibid.*

We granted certiorari, 571 U.S. ____, 134 S.Ct. 896, 187 L.Ed.2d 702 (2014), and now vacate and remand.

III

A

Although the parties here disagree on the dispositive question — does the ‘753 patent withstand definiteness scrutiny — they are in accord on several aspects of the § 112, ¶ 2 inquiry. First, definiteness is to be evaluated from the perspective of someone skilled in the relevant art. *See, e.g.*,

General Elec. Co. v. Wabash Appliance Corp., 304 U.S. 364, 371, 58 S.Ct. 899, 82 L.Ed. 1402 (1938). See also § 112, ¶ 1 (patent’s specification “shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same” (emphasis added)). Second, in assessing definiteness, claims are to be read in light of the patent’s specification and prosecution history. See, e.g., *United States v. Adams*, 383 U.S. 39, 48-49, 86 S.Ct. 708, 15 L.Ed.2d 572 (1966) (specification); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 741, 122 S.Ct. 1831, 152 L.Ed.2d 944 (2002) (prosecution history). Third, “[d]efiniteness is measured from the viewpoint of a person skilled in [the] art at the time the patent was filed.” Brief for Respondent 55 (emphasis added). See generally E. Manzo, Patent Claim Construction in the Federal Circuit § 0.2, p. 9 (2014) (“Patent claims . . . should be construed from an objective perspective of a [skilled artisan], based on what the applicant actually claimed, disclosed, and stated during the application process.”).

The parties differ, however, in their articulations of just how much imprecision § 112, ¶ 2 tolerates. In *Nautilus*’ view, a patent is invalid when a claim is “ambiguous, such that readers could reasonably interpret the claim’s scope differently.” Brief for Petitioner 37. *Biosig* and the Solicitor General would require only that the patent provide reasonable notice of the scope of the claimed invention. See Brief for Respondent 18; Brief for United States as Amicus Curiae 9-10.

Section 112, we have said, entails a “delicate balance.” *Festo*, 535 U.S., at 731, 122 S.Ct. 1831. On the one hand, the definiteness requirement must take into account the inherent limitations of language. See *ibid.* Some modicum of uncertainty, the Court has recognized, is the “price of ensuring the appropriate incentives for innovation.” *Id.*, at 732, 122 S.Ct. 1831. One must bear in mind, moreover, that patents are “not addressed to lawyers, or even to the public generally,” but rather to those skilled in the relevant art. *Carnegie Steel Co. v. Cambria Iron Co.*, 185 U.S. 403, 437, 22 S.Ct. 698, 46 L.Ed. 968 (1902) (also stating that “any description which is sufficient to apprise [steel manufacturers] in the language of the art of the definite feature of the invention, and to serve as a warning to others of what the patent claims as a monopoly, is sufficiently definite to sustain the patent”).³

At the same time, a patent must be precise enough to afford clear notice of what is claimed, thereby “appris[ing] the public of what is still open to them.” *Markman*, 517 U.S., at 373, 116 S.Ct. 1384 (quoting *McClain v. Ortmyer*, 141 U.S. 419, 424, 12 S.Ct. 76, 35 L.Ed. 800 (1891)).⁴ Otherwise there would be “[a] zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims.” *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236, 63 S.Ct. 165, 87 L.Ed. 232 (1942). And absent a meaningful definiteness check, we are told, patent applicants face powerful incentives to inject ambiguity into their claims. See Brief for Petitioner 30-32 (citing patent treatises and drafting guides). See also Federal Trade Commission, *The Evolving IP Marketplace*:

3. See also *Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 58, 65-66, 43 S.Ct. 322, 67 L.Ed. 523 (1923) (upholding as definite a patent for an improvement to a paper-making machine, which provided that a wire be placed at a “high” or “substantial elevation,” where “readers . . . skilled in the art of paper making and versed in the use of the . . . machine” would have “no difficulty. . . in determining . . . the substantial [elevation] needed” for the machine to operate as specified).

4. See also *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236, 63 S.Ct. 165, 87 L.Ed. 232 (1942) (“The statutory requirement of particularity and distinctness in claims is met only when they clearly distinguish what is claimed from what went before in the art and clearly circumscribe what is foreclosed from future enterprise.”); *General Elec. Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369, 58 S.Ct. 899, 82 L.Ed. 1402 (1938) (“The limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius of others and the assurance that the subject of the patent will be dedicated ultimately to the public.”).

Aligning Patent Notice and Remedies With Competition 85 (2011) (quoting testimony that patent system fosters “an incentive to be as vague and ambiguous as you can with your claims” and “defer clarity at all costs”).⁵ Eliminating that temptation is in order, and “the patent drafter is in the best position to resolve the ambiguity in . . . patent claims.” *Halliburton Energy Servs., Inc. v. M-I LLC*, 514 F.3d 1244, 1255 (C.A.Fed.2008). See also *Hormone Research Foundation, Inc. v. Genentech, Inc.*, 904 F.2d 1558, 1563 (C.A.Fed.1990) (“It is a well-established axiom in patent law that a patentee is free to be his or her own lexicographer . . .”).

To determine the proper office of the definiteness command, therefore, we must reconcile concerns that tug in opposite directions. Cognizant of the competing concerns, we read § 112, ¶ 2 to require that a patent’s claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty. The definiteness requirement, so understood, mandates clarity, while recognizing that absolute precision is unattainable. The standard we adopt accords with opinions of this Court stating that “the certainty which the law requires in patents is not greater than is reasonable, having regard to their subject-matter.” *Minerals Separation, Ltd. v. Hyde*, 242 U.S. 261, 270, 37 S.Ct. 82, 61 L.Ed. 286 (1916). See also *United Carbon*, 317 U.S., at 236, 63 S.Ct. 165 (“claims must be reasonably clear-cut”); *Markman*, 517 U.S., at 389, 116 S.Ct. 1384 (claim construction calls for “the necessarily sophisticated analysis of the whole document,” and may turn on evaluations of expert testimony).

B

In resolving *Nautilus*’ definiteness challenge, the Federal Circuit asked whether the ‘753 patent’s claims were “amenable to construction” or “insolubly ambiguous.” Those formulations can breed lower court confusion,⁶ for they lack the precision § 112, ¶ 2 demands. It cannot be sufficient that a court can ascribe some meaning to a patent’s claims; the definiteness inquiry trains on the understanding of a skilled artisan at the time of the patent application, not that of a court viewing matters post hoc. To tolerate imprecision just short of that rendering a claim “insolubly ambiguous” would diminish the definiteness requirement’s public-notice function and foster the innovation-discouraging “zone of uncertainty,” *United Carbon*, 317 U.S., at 236, 63 S.Ct. 165, against which this Court has warned.

Appreciating that “terms like ‘insolubly ambiguous’ may not be felicitous,” Brief for Respondent 34, *Biosig* argues the phrase is a shorthand label for a more probing inquiry that the Federal Circuit applies in practice. The Federal Circuit’s fuller explications of the term “insolubly ambiguous,” we recognize, may come closer to tracking the statutory prescription. See, e.g., 715 F.3d, at 898 (case below) (“[I]f reasonable efforts at claim construction result in a definition that does not provide sufficient particularity and clarity to inform skilled artisans of the bounds of the claim, the claim is insolubly ambiguous and invalid for indefiniteness.” (internal quotation marks omitted)). But although this Court does not “micromanag[e] the Federal Circuit’s particular word choice” in applying patent-law doctrines, we must ensure that the Federal Circuit’s test is at least “probative of the essential

5. Online at <http://www.ftc.gov/sites/default/files/documents/reports/evolving-ip-marketplace-aligning-patent-notice-and-remedies-competition-report-federal-trade/110307patentreport.pdf> (as visited May 30, 2014, and available in Clerk of Court’s case file).

6. See, e.g., *Every Penny Counts, Inc. v. Wells Fargo Bank, N. A.*, ___ F.Supp.2d ___, ___, 2014 WL 869092, *4 (M.D.Fla., Mar. 5, 2014) (finding that “the account,” as used in claim, “lacks definiteness,” because it might mean several different things and “no informed and confident choice is available among the contending definitions,” but that “the extent of the indefiniteness . . . falls far short of the ‘insoluble ambiguity’ required to invalidate the claim”).

inquiry.” *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 40, 117 S.Ct. 1040, 137 L.Ed.2d 146 (1997). Falling short in that regard, the expressions “insolubly ambiguous” and “amenable to construction” permeate the Federal Circuit’s recent decisions concerning § 112, ¶ 2’s requirement.⁷ We agree with Nautilus and its amici that such terminology can leave courts and the patent bar at sea without a reliable compass.⁸

IV

Both here and in the courts below, the parties have advanced conflicting arguments as to the definiteness of the claims in the ‘753 patent. Nautilus maintains that the claim term “spaced relationship” is open to multiple interpretations reflecting markedly different understandings of the patent’s scope, as exemplified by the disagreement among the members of the Federal Circuit panel.⁹ Biosig responds that “spaced relationship,” read in light of the specification and as illustrated in the accompanying drawings, delineates the permissible spacing with sufficient precision.

“[M]indful that we are a court of review, not of first view,” *Cutter v. Wilkinson*, 544 U.S. 709, 718, n. 7, 125 S.Ct. 2113, 161 L.Ed.2d 1020 (2005), we decline to apply the standard we have announced to the controversy between Nautilus and Biosig. As we have explained, the Federal Circuit invoked a standard more amorphous than the statutory definiteness requirement allows. We therefore follow our ordinary practice of remanding so that the Court of Appeals can reconsider, under the proper standard, whether the relevant claims in the ‘753 patent are sufficiently definite. *See, e.g., Johnson v. California*, 543 U.S. 499, 515, 125 S.Ct. 1141, 160 L.Ed.2d 949 (2005); *Gasperini v. Center for Humanities, Inc.*, 518 U.S. 415, 438, 116 S.Ct. 2211, 135 L.Ed.2d 659 (1996).

* * *

For the reasons stated, we vacate the judgment of the United States Court of Appeals for the Federal Circuit and remand the case for further proceedings consistent with this opinion.

7. *E.g., Hearing Components, Inc. v. Shure Inc.*, 600 F.3d 1357, 1366 (C.A.Fed.2010) (“the definiteness of claim terms depends on whether those terms can be given any reasonable meaning”); *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1347 (C.A.Fed. 2005) (“Only claims ‘not amenable to construction’ or ‘insolubly ambiguous’ are indefinite.”); *Exxon Research & Engineering Co. v. United States*, 265 F.3d 1371, 1375 (C.A.Fed. 2001) (“If a claim is insolubly ambiguous, and no narrowing construction can properly be adopted, we have held the claim indefinite.”). *See also* Dept. of Commerce, Manual of Patent Examining Procedure § 2173.02(I), p. 294 (9th ed. 2014) (PTO manual describing Federal Circuit’s test as upholding a claim’s validity “if some meaning can be gleaned from the language”).

8. The Federal Circuit suggests that a permissive definiteness standard “accord[s] respect to the statutory presumption of patent validity.” 715 F.3d 891, 902 (2013) (quoting *Exxon Research*, 265 F.3d, at 1375). *See also* § 282, ¶ 1 (“[a] patent shall be presumed valid,” and “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity”); *Microsoft Corp. v. i4i Ltd. Partnership*, 564 U.S. ___, ___, 131 S.Ct. 2238, 2242, 180 L.Ed.2d 131 (2011) (invalidity defenses must be proved by “clear and convincing evidence”). As the parties appear to agree, however, this presumption of validity does not alter the degree of clarity that § 112, ¶ 2 demands from patent applicants; to the contrary, it incorporates that definiteness requirement by reference. *See* § 282, ¶ 2(3) (defenses to infringement actions include “[i]nvalidity of the patent or any claim in suit for failure to comply with . . . any requirement of [§ 112]”). The parties nonetheless dispute whether factual findings subsidiary to the ultimate issue of definiteness trigger the clear-and-convincing-evidence standard and, relatedly, whether deference is due to the PTO’s resolution of disputed issues of fact. We leave these questions for another day. The court below treated definiteness as “a legal issue [the] court reviews without deference,” 715 F.3d, at 897, and Biosig has not called our attention to any contested factual matter—or PTO determination thereof—pertinent to its infringement claims.

9. Notably, however, all three panel members found Nautilus’ arguments unavailing.

It is so ordered.

9. DISCLOSURE

Learning Objectives: Unit 9

Upon completion of this unit, you should be able to:

- Explain the modern requirement of disclosure.
- Explain the policy issues underlying the enablement and written description requirements.
- Analyze a hypothetical scenario involving enablement and written description issues.

Although an invention may meet the newness requirements of §§ 102 and 103, and may be claimed in a sufficiently definite manner, an inventor is still not entitled to a patent until the invention has been adequately disclosed. Put another way, an inventor is limited to claims that are commensurate with what was actually disclosed. As the readings reveal, this disclosure requirement serves multiple purposes.

The classic entry point into this discussion is *The Incandescent Lamp Patent* (1895), which involves the general concept of a disclosure requirement. Here, Thomas Edison is being sued for patent infringement by the owners of an earlier patent. In the excerpt provided, the Court is grappling with the question of whether the knowledge disclosed by the patentees, Sawyer & Man, is sufficient to support their claims.

The Incandescent Lamp Patent was decided in an era in which patent law doctrine was much more inchoate and less crystallized than its current form. Beginning around the enactment of the 1952 Patent Act, courts—in particular, the Court of Customs and Patent Appeals, which heard appeals of decisions by the USPTO to deny patents—began to formalize and crystallize patent law doctrine.

Today, the disclosure requirement takes two primary doctrinal forms: enablement, which involves the question of whether the technical disclosure of the patent is sufficient to enable one of ordinary skill in the art to make and use the invention without undue experimentation, and written description, which involves the question of whether a person of ordinary skill in the art would consider the inventor to have had “possession” of the claimed invention based on the application as initially filed. The statutory basis for both requirements is 35 U.S.C. § 112(a). However, the underpinnings of these modern doctrines remain rooted in the core principles discussed in the *Incandescent Lamp Patent* case.

The contemporary case that you will read is *Amgen v. Sanofi*, a patent infringement case involving antibody technologies. As in *Incandescent Lamp Patent* case, the accused infringer is defending by arguing that the patent owner’s patent is invalid—in this instance, by failing to meet the statutory requirement of enablement.

W. E. SAWYER & A. MAN.
ELECTRIC LIGHT.

No. 317,676.

Patented May 12, 1885.

Figure 2.

Figure 3.

Figure 4.

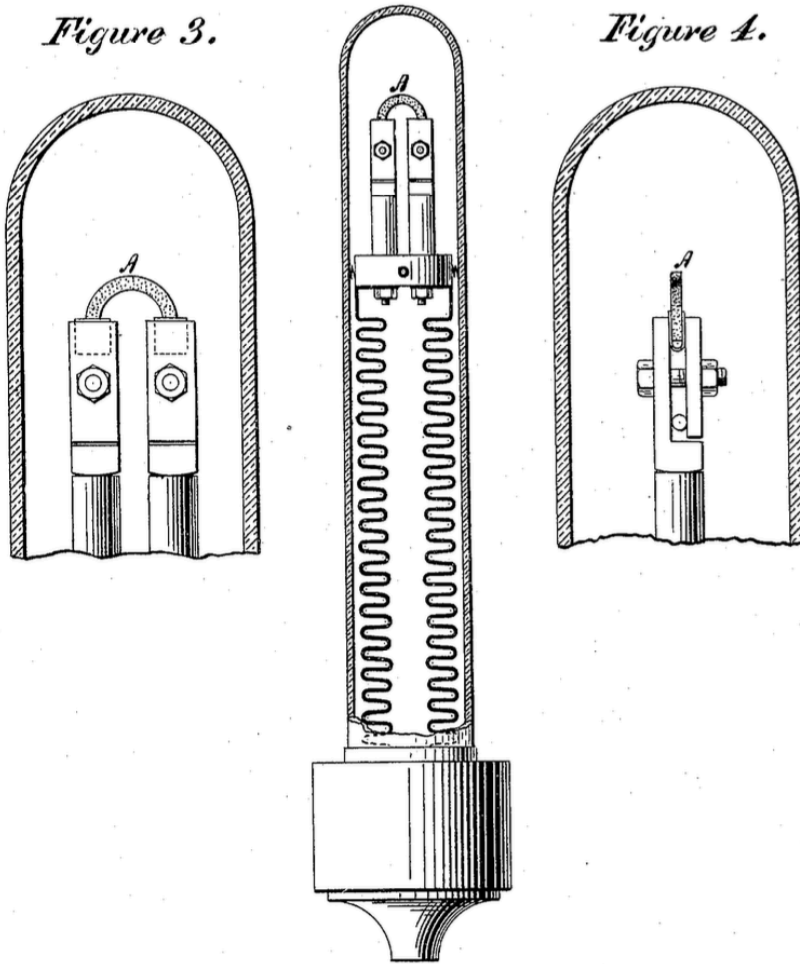


Figure 1.

Witnesses:

Geo. W. Mott
Jas. G. Cooper.



Inventors:

W. E. Sawyer
Allen Man
by their atty.
W. D. Baldwin

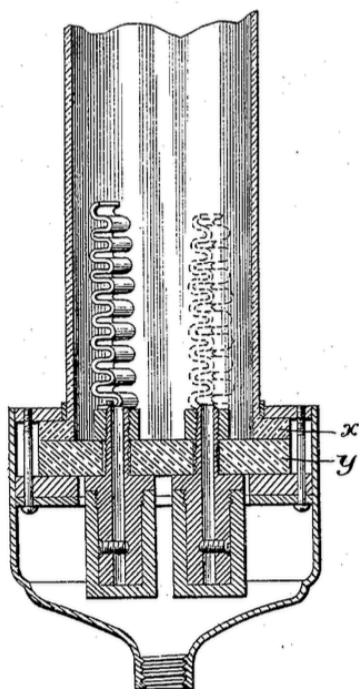
W. E. SAWYER & A. MAN.

ELECTRIC LIGHT.

No. 317,676.

Patented May 12, 1885.

Fig 5



Witnesses:

W. M. Evans

D. W. Edelin

Inventor:

William E. Sawyer
Alton Mass, My

Amos Gooden
Atty-

UNITED STATES PATENT OFFICE.

WILLIAM EDWARD SAWYER, OF NEW YORK, AND ALBON MAN, OF BROOKLYN, N. Y., ASSIGNORS TO ELECTRO-DYNAMIC LIGHT COMPANY OF NEW YORK.

ELECTRIC LIGHT.

SPECIFICATION forming part of Letters Patent No. 317,676, dated May 12, 1885.

Application filed January 9, 1880.

To all whom it may concern:

Be it known that we, WILLIAM E. SAWYER, a resident of the city, county, and State of New York, and ALBON MAN, a resident of Brooklyn, in the county of Kings and State aforesaid, both citizens of the United States, jointly have invented certain new and useful improvements in Electric Lamps, of which improvements the following is a specification.

Our invention, speaking generally, relates to that class of electric lamps employing an incandescent conductor inclosed in a transparent hermetically-sealed vessel or chamber, from which oxygen is excluded, and constitutes an improvement upon the apparatus shown in Letters Patent No. 205,144, granted to us June 18, 1878.

Our invention relates more especially to the incandescing conductor, its substance, its form, and its combination with the other elements composing the lamp. Its object is to secure a cheap and effective apparatus; and our improvement consists, first, of the combination, in a lamp-chamber composed wholly of glass, as described in Patent No. 205,144, of an incandescing conductor of carbon made from a vegetable fibrous material, in contradistinction to a similar conductor made from mineral or gas carbon, and also in the form of such conductor so made from such vegetable carbon, and combined in the lighting-circuit within the exhausted chamber of the lamp.

The accompanying drawings show all our improvements embodied in an apparatus or lamp substantially like that represented in the patent above referred to, being the form in which we have practically used it; but some of our improvements may be used in connection with other forms of lamps with equally good effect.

Reference being had to said drawings, Figure 1 is a top view of the lamp; Fig. 2, a side elevation thereof; Fig. 3, a side view in elevation of the burner on an enlarged scale to show its details more clearly, and Fig. 4 is a similar edge view.

Fig. 5 of the drawings shows a vertical section through the bottom of the lamp. In this figure *x* is a glass flange on the bottom of the lamp-chamber. *y* is a glass disk corresponding

in size to the flange, and is ground to the bottom thereof to form an air-tight joint, so that the entire wall of the chamber is formed of glass, the electrodes passing through the glass disk in the manner shown to form the lighting-circuit in the chamber, substantially as in said Patent No. 205,144. The sealing of the electrodes, where they pass through the glass wall, is done with any suitable cement, or in any of the well-known methods of sealing glass upon metal electrodes previous to the filing of this application.

The electric connections of this lamp are made in the base thereof, substantially the same as in our Patent No. 210,809, dated December 10, 1878, and the whole bottom is inclosed in a cup filled with wax or other suitable cement, the same as in that patent, the cement sealing in this lamp being also applied in substantially the same way as in the patent last above mentioned, the invention making the subject-matter of this application being improvements upon the lamps described in the patents above referred to, to the extent of the claims making part hereof.

In the practice of our invention we have made use of carbonized paper, and also wood carbon. We have also used such conductors or burners of various shapes, such as pieces with their lower ends secured to their respective supports and having their upper ends united so as to form an inverted V-shaped burner. We have also used conductors of varying contours—that is, with rectangular bends instead of curvilinear ones; but we prefer the arch shape.

No especial description of making the illuminating carbon conductors, described in this specification and making the subject-matter of this improvement, is thought necessary, as any of the ordinary methods of forming the material to be carbonized to the desired shape and size, and carbonizing it while confined in retorts in powdered carbon, substantially according to the methods in practice before the date of this improvement, may be adopted in the practice thereof by any one skilled in the arts appertaining to the making of carbons for electric lighting or for other use in the arts.

An important practical advantage which is

secured by the arch form of incandescing carbon is that it permits the carbon to expand and contract under the varying temperatures to which it is subjected when the electric current is turned on or off without altering the position of its fixed terminals. Thus the necessity for a special mechanical device to compensate for the expansion and contraction which has heretofore been necessary is entirely dispensed with, and thus the lamp is materially simplified in its construction. Another advantage of the arch form is that the shadow cast by such burners is less than that produced by other forms of burners when fitted with the necessary devices to support them.

Another important advantage resulting from our construction of the lamp results from the fact that the wall forming the chamber of the lamp through which the electrodes pass to the interior of the lamp is made wholly of glass, by which all danger of oxidation, leakage, or short-circuiting is avoided.

The advantages resulting from the manufacture of the carbon from vegetable fibrous or textile material instead of mineral or gas carbon are many. Among them may be mentioned the convenience afforded for cutting and making the conductor in the desired form and size, the purity and equality of the carbon obtained, its susceptibility to tempering, both as to hardness and resistance, and its toughness and durability. We have used such burners in closed or hermetically-sealed transparent chambers, in a vacuum, in nitrogen gas, and in hydrogen gas; but we have obtained the best results in a vacuum, or an attenuated atmosphere of nitrogen gas, the great desideratum being to exclude oxygen or other gases capable of combining with carbon at high temperatures from the incandescing-chamber, as is well understood.

The nature of our inventions and the operation of our improved lamp will be readily understood from the foregoing description and the following claims.

We claim as our joint invention—

1. An incandescing conductor for an electric lamp, of carbonized fibrous or textile material and of an arch or horseshoe shape, substantially as hereinbefore set forth.
2. The combination, substantially as hereinbefore set forth, of an electric circuit and an incandescing conductor of carbonized fibrous material, included in and forming part of said circuit, and a transparent hermetically-sealed chamber in which the conductor is inclosed.
3. The incandescing conductor for an electric lamp, formed of carbonized paper, substantially as described.
4. An incandescing electric lamp consisting of the following elements in combination: first, an illuminating-chamber made wholly of glass hermetically sealed, and out of which all carbon-consuming gas has been exhausted or driven; second, an electric-circuit conductor passing through the glass wall of said chamber and hermetically sealed therein, as described; third, an illuminating conductor in said circuit, and forming part thereof within said chamber, consisting of carbon made from a fibrous or textile material, having the form of an arch or loop, substantially as described, for the purpose specified.

In testimony whereof we have hereunto subscribed our names this 8th day of January, 1880.

WILLIAM EDWARD SAWYER.
ALBON MAN.

Witnesses:

WM. H. CHURCH,
WM. D. BALDWIN.

THE INCANDESCENT LAMP PATENT (1895)

READING WITH PURPOSE

As you read the *Incandescent Lamp Patent*, ask yourself the following questions:

- What purposes does the disclosure requirement serve?
- Why does the third claim of the Sawyer & Man patent probably satisfy the disclosure requirement but the first claim does not?
- How is the analysis described in The Incandescent Lamp Patent similar to and different from the statutory language of § 112(a)?

The Incandescent Lamp Patent¹

159 U.S. 465 (1895)

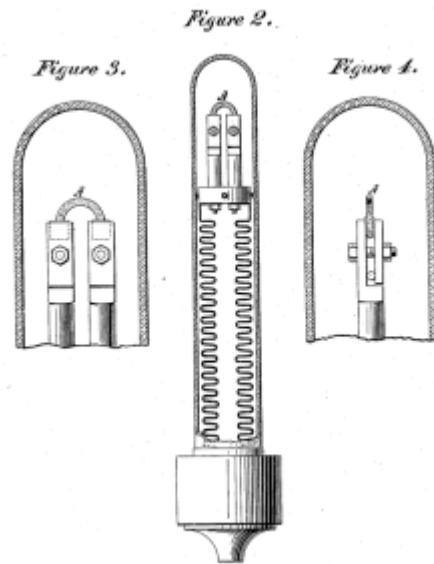
Case Background:

This was a bill in equity, filed by the Consolidated Electric Light Company against the McKeesport Light Company, to recover damages for the infringement of letters patent No. 317,076,* issued May 12, 1885, to the Electro-Dynamic Light Company, assignee of Sawyer and Man, for an electric light. The defendants justified under certain patents to Thomas A. Edison, particularly No. 223,898, issued January 27, 1880; denied the novelty and utility of the complainant's patent; and averred that the same had been fraudulently and illegally procured. The real defendant was the Edison Electric Light Company, and the case involved a contest between what are known as the Sawyer and Man and the Edison systems of electric lighting.

In their application, Sawyer and Man stated that their invention related to 'that class of electric lamps employing an incandescent conductor inclosed in a transparent, hermetically sealed vessel or chamber, from which oxygen is excluded, and * * * more especially to the incandescing conductor, its substance, its form, and its combination with the other elements composing the lamp. Its object is to secure a cheap and effective apparatus; and our improvement consists, first, of the combination, in a lamp chamber, composed wholly of glass, as described in patent No. 205,144,' upon which this patent was declared to be an improvement, 'of an incandescing conductor of carbon made from a vegetable fibrous material, in contradistinction to a similar conductor made from mineral or gas carbon, and also in the form of such conductor so made from such vegetable carbon, and combined in the lighting circuit with the exhausted chamber of the lamp.'

1. This is the title of this case in the opinion of the court; but its docket title is, "The Consolidated Electric Light Company, Appellant, v. The McKeesport Light Company."

The following drawings exhibit the substance of the invention:



The specification further stated that:

‘In the practice of our invention, we have made use of carbonized paper, and also wood carbon. We have also used such conductors or burners of various shapes, such as pieces with their lower ends secured to their respective supports, and having their upper ends united so as to form an inverted V-shaped burner. We have also used conductors of varying contours,—that is, with rectangular bends instead of curvilinear ones; but we prefer the arch shape.’

‘No especial description of making the illuminating carbon conductors, described in this specification, and making the subject-matter of this improvement, is thought necessary, as any of the ordinary methods of forming the material to be carbonized to the desired shape and size, and carbonizing it while confined in retorts in powdered carbon, substantially according to the methods in practice before the date of this improvement, may be adopted in the practice thereof by any one skilled in the arts appertaining to the making of carbons for electric lighting or for other use in the arts.’

‘An important practical advantage which is secured by the arch form of incandescing carbon is that it permits the carbon to expand and contract under the varying temperatures to which it is subjected when the electric current is turned on or off without altering the position of its fixed terminals. Thus, the necessity for a special mechanical device to compensate for the expansion and contraction which has heretofore been necessary is entirely dispensed with, and thus the lamp is materially simplified in its construction. Another advantage of the arch form is that the shadow cast by such burners is less than that produced by other forms of burners when fitted with the necessary devices to support them.’

‘Another important advantage resulting from our construction of the lamp results from the fact that the wall forming the chamber of the lamp through which the electrodes pass to the interior of the lamp is made wholly of glass, by which all danger of oxidation, leakage, or short-circuiting is avoided.’

'The advantages resulting from the manufacture of the carbon from vegetable fibrous or textile material instead of mineral or gas carbon are many. Among them may be mentioned the convenience afforded for cutting and making the conductor in the desired form and size, the purity and equality of the carbon obtained, its susceptibility to tempering, both as to hardness and resistance, and its toughness and durability. We have used such burners in closed or hermetically sealed transparent chambers, in a vacuum, in nitrogen gas, and in hydrogen gas; but we have obtained the best results in a vacuum, or an attenuated atmosphere of nitrogen gas, the great desideratum being to exclude oxygen or other gases capable of combining with carbon at high temperatures from the incandescing chamber, as is well understood.'

The claims were as follows:

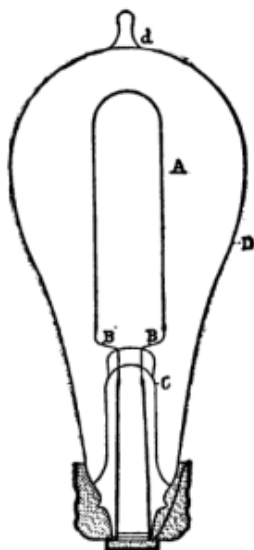
'(1) An incandescing conductor for an electric lamp, of carbonized fibrous or textile material, and of an arch or horseshoe shape, substantially as hereinbefore set forth.'

'(2) The combination, substantially as hereinbefore set forth, of an electric circuit and an incandescing conductor of carbonized fibrous material, included in and forming part of said circuit, and a transparent, hermetically sealed chamber, in which the conductor is inclosed.'

'(3) The incandescing conductor for an electric lamp, formed of carbonized paper, substantially as described.'

'(4) An incandescing electric lamp consists of the following elements in combination: First, an illuminating chamber made wholly of glass hermetically sealed, and out of which all carbon-consuming gas has been exhausted or driven; second, an electric-circuit conductor passing through the glass wall of said chamber, and hermetically sealed therein, as described; third, an illuminating conductor in said circuit, and forming part thereof within said chamber, consisting of carbon made from a fibrous or textile material, having the form of an arch or loop, substantially as described, for the purpose specified.'

The commercial Edison lamp used by the appellee, and which is illustrated below, is composed of a burner, A, made of carbonized bamboo of a peculiar quality, discovered by Mr. Edison to be highly useful for the purpose, and having a length of about 6 inches, a diameter of about 5/1000 of an inch, and an electrical resistance of upward of 100 ohms. This filament of carbon is bent into the form of a loop, and its ends are secured by good electrical and mechanical connections to two fine platinum wires, B, B. These wires pass through a glass stem, C, the glass being melted and fused upon the platinum wires. A glass globe, D, is fused to the glass stem, C. This glass globe has originally attached to it, at the point d, a glass tube, by means of which a connection is made with highly organized and refined exhausting apparatus, which produces in the globe a high vacuum, whereupon the glass tube is melted off by a flame, and the globe is closed by the fusion of the glass at the point d.



Upon a hearing in the circuit court before Mr. Justice Bradley, upon pleadings and proofs, the court held the patent to be invalid, and dismissed the bill. 40 Fed. 21. Thereupon complainant appealed to this court.

Case Opinion:

MR. JUSTICE BROWN, after stating the case as above reported, delivered the opinion of the court.

In order to obtain a complete understanding of the scope of the Sawyer and Man patent, it is desirable to consider briefly the state of the art at the time the application was originally made, which was in January, 1880.

Two general forms of electric illumination had for many years been the subject of experiments more or less successful, one of which was known as the arc light, produced by the passage of a current of electricity between the points of two carbon pencils, placed end to end, and slightly separated from each other. In its passage from one point to the other through the air, the electric current took the form of an arc, and gave the name to the light. This form of light had been produced by Sir Humphry Davy as early as 1810, and by successive improvements in the carbon pencils and in their relative adjustment to each other, had come into general use as a means of lighting streets, halls, and other large spaces; but by reason of its intensity, the uncertain and flickering character of the light, and the rapid consumption of the carbon pencils, it was wholly unfitted for domestic use. The second form of illumination is what is known as the incandescent system, and consists generally in the passage of a current of electricity through a continuous strip or piece of refractory material, which is a conductor of electricity, but a poor conductor — in other words, a conductor offering a considerable resistance to the flow of the current through it. It was discovered early in this century that various substances might be heated to a white heat by passing a sufficiently strong current of electricity through them. The production of a light in this way does not in any manner depend upon the consumption or wearing away of the conductor, as it does in the arc light. A third system was a combination of the two others, but it never seems to have come into general use, and is unimportant in giving a history of the art.

For many years prior to 1880, experiments had been made by a large number of persons, in various countries, with a view to the production of an incandescent light which could be made available for domestic purposes, and could compete with gas in the matter of expense. Owing partly to a failure to find a proper material, which should burn but not consume, partly to the difficulty of obtaining a perfect vacuum in the globe in which the light was suspended, and partly to a misapprehension of the true principle of incandescent lighting, these experiments had not been attended with success; although it had been demonstrated as early as 1845 that, whatever material was used, the conductor must be enclosed in an air-tight bulb, to prevent it from being consumed by the oxygen in the atmosphere. The chief difficulty was that the carbon burners were subject to a rapid disintegration or evaporation, which electricians assumed was due to the disrupting action of the electric current, and, hence, the conclusion was reached that carbon contained in itself the elements of its own destruction, and was not a suitable material for the burner of an incandescent lamp.

It is admitted that the lamp described in the Sawyer and Man patent is no longer in use, and was never a commercial success; that it does not embody the principle of high resistance with a small illuminating surface; that it does not have the filament burner of the modern incandescent lamp; that the lamp chamber is defective, and that the lamp manufactured by the complainant and put upon the market is substantially the Edison lamp; but it is said that, in the conductor used by Edison, (a particular part of the stem of the bamboo lying directly beneath the silicious cuticle, the peculiar fitness for which purpose was undoubtedly discovered by him,) he made use of a fibrous or textile material, covered by the patent to Sawyer and Man, and is, therefore, an infringer. It was admitted, however, that the third claim — for a conductor of carbonized paper — was not infringed.

The two main defences [sic] to this patent are (1) that it is defective upon its face, in attempting to monopolize the use of all fibrous and textile materials for the purpose of electric illumination; and (2) that Sawyer and Man were not in fact the first to discover that these were better adapted than mineral carbons to such purposes.

Is the complainant entitled to a monopoly of all fibrous and textile materials for incandescent conductors? If the patentees had discovered in fibrous and textile substances a quality common to them all, or to them generally, as distinguishing them from other materials, such as minerals, etc., and such quality or characteristic adapted them peculiarly to incandescent conductors, such claim might not be too broad. If, for instance, minerals or porcelains had always been used for a particular purpose, and a person should take out a patent for a similar article of wood, and woods generally were adapted to that purpose, the claim might not be too broad, though defendant used wood of a different kind from that of the patentee. But if woods generally were not adapted to the purpose, and yet the patentee had discovered a wood possessing certain qualities, which gave it a peculiar fitness for such purpose, it would not constitute an infringement for another to discover and use a different kind of wood, which was found to contain similar or superior qualities. The present case is an apt illustration of this principle. Sawyer and Man supposed they had discovered in carbonized paper the best material for an incandescent conductor. Instead of confining themselves to carbonized paper, as they might properly have done, and in fact did in their third claim, they made a broad claim for every fibrous or textile material, when in fact an examination of over six thousand vegetable growths showed that none of them possessed the peculiar qualities that fitted them for that purpose. Was everybody then precluded by this broad claim from making further investigation? We think not.

The injustice of so holding is manifest in view of the experiments made, and continued for several months, by Mr. Edison and his assistants, among the different species of vegetable growth, for the

purpose of ascertaining the one best adapted to an incandescent conductor. Of these he found suitable for his purpose only about three species of bamboo, one species of cane from the Valley of the Amazon, impossible to be procured in quantities on account of the climate, and one or two species of fibres from the agave family. Of the special bamboo, the walls of which have a thickness of about three-eighths of an inch, he used only about twenty-thousandths of an inch in thickness. In this portion of the bamboo the fibres are more nearly parallel, the cell walls are apparently smallest, and the pithy matter between the fibres is at its minimum. It seems that carbon filaments cannot be made of wood — that is, exogenous vegetable growth — because the fibres are not parallel and the longitudinal fibres are intercepted by radial fibres. The cells composing the fibres are all so large that the resulting carbon is very porous and friable. Lamps made of this material proved of no commercial value. After trying as many as thirty or forty different woods of exogenous growth, he gave them up as hopeless. But finally, while experimenting with a bamboo strip which formed the edge of a palmleaf fan, cut into filaments, he obtained surprising results. After microscopic examination of the material, he despatched a man to Japan to make arrangements for securing the bamboo in quantities. It seems that the characteristic of the bamboo which makes it particularly suitable is, that the fibres run more nearly parallel than in other species of wood. Owing to this, it can be cut up into filaments having parallel fibres, running throughout their length, and producing a homogeneous carbon. There is no generic quality, however, in vegetable fibres, because they are fibrous, which adapts them to the purpose. Indeed, the fibres are rather a disadvantage. If the bamboo grew solid without fibres, but had its peculiar cellular formation, it would be a perfect material, and incandescent lamps would last at least six times as long as at present. All vegetable fibrous growths do not have a suitable cellular structure. In some the cells are so large that they are valueless for that purpose. No exogenous, and very few endogenous, growths are suitable. The messenger whom he despatched to different parts of Japan and China sent him about forty different kinds of bamboo, in such quantities as to enable him to make a number of lamps, and from a test of these different species he ascertained which was best for the purpose. From this it appears very clearly that there is no such quality common to fibrous and textile substances generally as makes them suitable for an incandescent conductor, and that the bamboo which was finally pitched upon, and is now generally used, was not selected because it was of vegetable growth, but because it contained certain peculiarities in its fibrous structure which distinguished it from every other fibrous substance. The question really is whether the imperfectly successful experiments of Sawyer and Man, with carbonized paper and wood carbon, conceding all that is claimed for them, authorize them to put under tribute the results of the brilliant discoveries made by others.

It is required by Rev. Stat. § 4888 that the application shall contain a written description of the device “and of the manner and process of making, constructing, compounding, and using it in such full, clear, concise, and exact terms as to enable any person, skilled in the art or science to which it appertains or with which it is most nearly connected, to make, construct, compound, and use the same.” The object of this is to apprise the public of what the patentee claims as his own, the courts of what they are called upon to construe, and competing manufacturers and dealers of exactly what they are bound to avoid. *Grant v. Raymond*, 6 Pet. 218, 247. If the description be so vague and uncertain that no one can tell, except by independent experiments, how to construct the patented device, the patent is void.

It was said by Mr. Chief Justice Taney in *Wood v. Underhill*, 5 How. 1, 5, with respect to a patented compound for the purpose of making brick or tile, which did not give the relative proportions of the different ingredients: “But when the specification of a new composition of matter gives only the names of the substances which are to be mixed together, without stating any relative proportion,

undoubtedly it would be the duty of the court to declare the patent void. And the same rule would prevail where it was apparent that the proportions were stated ambiguously and vaguely. For in such cases it would be evident, on the face of the specification, that no one could use the invention without first ascertaining, by experiment, the exact proportion of the different ingredients required to produce the result intended to be obtained . . . And if, from the nature and character of the ingredients to be used, they are not susceptible of such exact description, the inventor is not entitled to a patent.”

So in *Tyler v. Boston*, 7 Wall. 327, 330, wherein the plaintiff professed to have discovered a combination of fusel oil with the mineral and earthy oils, constituting a burning fluid, the patentee stated that the exact quantity of fusel oil, which is necessary to produce the most desirable compound, must be determined by experiment. And the court observed: “Where a patent is claimed for such a discovery it should state the component parts of the new manufacture claimed with clearness and precision, and not leave a person attempting to use the discovery to find it out ‘by experiment.’” See also *Béné v. Jeantet*, 129 U.S. 683; *Howard v. Detroit Stove Works*, 150 U.S. 164, 167; *Schneider v. Lovell*, 10 Fed. Rep. 666; *Welling v. Crane*, 14 Fed. Rep. 571.

Applying this principle to the patent under consideration, how would it be possible for a person to know what fibrous or textile material was adapted to the purpose of an incandescent conductor, except by the most careful and painstaking experimentation? If, as before observed, there were some general quality, running through the whole fibrous and textile kingdom, which distinguished it from every other, and gave it a peculiar fitness for the particular purpose, the man who discovered such quality might justly be entitled to a patent; but that is not the case here. An examination of materials of this class carried on for months revealed nothing that seemed to be adapted to the purpose; and even the carbonized paper and wood carbons specified in the patent, experiments with which first suggested their incorporation therein, were found to be so inferior to the bamboo, afterwards discovered by Edison, that the complainant was forced to abandon its patent in that particular, and take up with the material discovered by its rival. Under these circumstances, to hold that one, who had discovered that a certain fibrous or textile material answered the required purpose, should obtain the right to exclude everybody from the whole domain of fibrous and textile materials, and thereby shut out any further efforts to discover a better specimen of that class than the patentee had employed, would be an unwarranted extension of his monopoly, and operate rather to discourage than to promote invention. If Sawyer and Man had discovered that a certain carbonized paper would answer the purpose, their claim to all carbonized paper would, perhaps, not be extravagant; but the fact that paper happens to belong to the fibrous kingdom did not invest them with sovereignty over this entire kingdom, and thereby practically limit other experimenters to the domain of minerals.

In fact, such a construction of this patent as would exclude competitors from making use of any fibrous or textile material would probably defeat itself, since, if the patent were infringed by the use of any such material, it would be anticipated by proof of the prior use of any such material. In this connection it would appear, not only that wood charcoal had been constantly used since the days of Sir Humphry Davy for arc lighting, but that in the English patent to Greener and Staite of 1846, for an incandescent light, “charcoal, reduced to a state of powder,” was one of the materials employed. So also, in the English patent of 1841 to De Moleyns, “a finely pulverized boxwood charcoal or plumbago” was used for an incandescent electric lamp. Indeed, in the experiments of Sir Humphry Davy, early in the century, pieces of well-burned charcoal were heated to a vivid whiteness by the electric current, and other experiments were made which evidently contemplated the use of charcoal heated to the point of incandescence. Mr. Broadnax, the attorney who prepared the application, it seems, was also of opinion that a broad claim for vegetable carbons could not be sustained because

charcoal had been used before in incandescent lighting. There is undoubtedly a good deal of testimony tending to show that, for the past fifty or sixty years, the word "charcoal" has been used in the art, not only to designate carbonized wood, but mineral or hard carbons, such as were commonly employed for the carbon pencils of arc lamps. But we think it quite evident that, in the patents and experiments above referred to, it was used in its ordinary sense of charcoal obtained from wood. The very fact of the use of such word to designate mineral carbons indicates that such carbons were believed to possess peculiar properties required for illumination, which before that had been supposed to belong to wood charcoal.

We have not found it necessary in this connection to consider the amendments that were made to the original specification, upon which so much stress was laid in the opinion of the court below, since we are all agreed that the claims of this patent, with the exception of the third, are too indefinite to be the subject of a valid monopoly.

As these suggestions are of themselves sufficient to dispose of the case adversely to the complainant, a consideration of the question of priority of invention, or rather of the extent and results of the Sawyer and Man experiments, which was so fully argued upon both sides, and passed upon by the court below, becomes unnecessary.

For the reasons above stated the decree of the Circuit Court is

Affirmed.

AMGEN V. SANOFI (2023)

Amgen Inc. et al. v. Sanofi et al.

598 U.S. 594 (2023)

Justice GORSUCH delivered the opinion of the Court.

The development of antibody drugs has yielded life-changing therapies. Individuals across the world now rely on antibody drugs to treat conditions ranging from Crohn’s disease to cancer. This case concerns patents covering antibodies that help reduce levels of low-density lipoprotein cholesterol, sometimes called LDL cholesterol (for the obvious reason) or bad cholesterol (because it can lead to cardiovascular disease, heart attacks, and strokes).

The case comes to us this way. Several years ago, petitioners (Amgen) obtained two patents. Together, these patents claim a monopoly over all antibodies that (1) bind to specific amino acids on a naturally occurring protein known as PCSK9, and (2) block PCSK9 from impairing the body’s mechanism for removing LDL cholesterol from the bloodstream. Soon after receiving these patents, Amgen sued respondents (Sanofi) for infringement. In response, Sanofi argued that the patents were invalid under §112 of the Patent Act. That provision requires a patent applicant to describe its invention “in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the [invention].” 35 U. S. C. §112(a). Sanofi contended that

Amgen’s patents failed to meet this standard because they sought to claim for Amgen’s exclusive use potentially millions more antibodies than the company had taught scientists to make. In the end, both the district court and Federal Circuit sided with Sanofi. The question we face is whether to disturb their judgment.

I

A

The immune system produces antibodies as a defense to foreign agents called antigens. When a particular antigen—a virus, for example—enters the body, the immune system generates antibodies to attack it. In a successful attack, the antibodies target and bind to the antigen, stopping it from causing harm to the body. See Brief for Sir Gregory Paul Winter et al. as *Amici Curiae* 8 (Winter Brief); M. Lemley & J. Sherkow, *The Antibody Patent Paradox*, 132 *Yale L. J.* 994, 1001-1002 (2023).

Antibodies are incredibly diverse. Some scientists estimate that there may be as many unique antibodies as there are stars in the galaxy. See *id.*, at 1003; see also B. Briney, A. Inderbitzin, C. Joyce, & D. Burton, *Commonality Despite Exceptional Diversity in the Baseline Human Antibody Repertoire*, 566 *Nature* 393, 397 (No. 7744, Feb. 2019) (estimating that the immune system could potentially generate up to a quintillion unique antibodies). This diversity shows up in both structure and function.

Start with structure. “When scientists refer to an antibody’s ‘structure,’” they may have in mind “several related concepts,” each of which describes “what an antibody is.” Winter Brief 10. Antibodies are made up of amino acids, and scientists commonly identify a particular antibody according to its specific sequence of amino acids—what they call an antibody’s “‘primary structure.’” *Id.*, at 9-10. But antibodies are not just linear chains of amino acids. As the atoms of the amino acids interact with each other, they create folds that result in complex three-dimensional shapes. *Ibid.* Scientists refer to an antibody’s intricate topography as its “tertiary structure.” *Id.*, at 10.

An antibody’s structure does much to dictate its function—its ability to bind to an antigen and, in some instances, to block other molecules in the body from doing the same. “For an antibody to bind to an antigen, the two surfaces have to fit together and contact each other at multiple points.” *Id.*, at 11. But just because an antibody can bind to an antigen does not mean that it can also block. To bind and block, the antibody must establish a sufficiently broad, strong, and stable bond to the antigen. See *ibid.* Different antibodies have different binding and blocking capacities based on the amino acids that compose them and their three-dimensional shapes. See *id.*, at 11-12.

Despite recent advances, aspects of antibody science remain unpredictable. For example, scientists understand that changing even one amino acid in the sequence can alter an antibody’s structure and function. See *id.*, at 14. But scientists cannot always accurately predict exactly how trading one amino acid for another will affect an antibody’s structure and function. *Ibid.* As Amgen’s expert testified at trial: “[T]he way in which you get from sequence to that three-dimensional structure isn’t fully understood today. It’s going to get a Nobel Prize for somebody at some point, but translating that sequence into a known three-dimensional structure is still not possible.” *Id.*, at 14-15.

B

While the immune system naturally produces an army of antibodies to protect us from various harms, scientists are now able to engineer antibodies to assist in treating diseases. Some of these lab-made antibodies target not foreign agents but the body’s own proteins, receptors, and ligands. “While naturally occurring in our bodies, these [proteins, receptors, and ligands] can also be involved in inflammatory disorders, uncontrolled cell growth, or other biological pathways that may be associated with disease.” *Id.*, at 8.

One part of this effort has focused on the creation of antibodies to treat patients with high LDL cholesterol. A silent killer, LDL cholesterol can contribute to the formation of plaque in the arteries that may lead to cardiovascular disease, heart attacks, and strokes. For many people with high LDL cholesterol, drugs called statins offer an effective treatment. For others, statins do not work well or come with unwelcome side effects. In those cases, a relatively new antibody-based treatment known as a PCSK9 inhibitor may be appropriate. See *Amgen Inc. v. Sanofi*, 872 F.3d 1367, 1371 (CA Fed. 2017).

PCSK9 is a naturally occurring protein that binds to and degrades LDL receptors. That can pose a problem because the body produces LDL receptors to perform the beneficial function of extracting LDL cholesterol from the bloodstream. See *ibid.* Scientists have understood this much for some time. But it wasn’t until fairly recently that they began exploring how antibodies might be used to inhibit PCSK9 from binding to and degrading LDL receptors as a way to treat patients with high LDL cholesterol.

In the mid-2000s, a number of pharmaceutical companies began looking into the possibility of

making antibodies to target PCSK9. See Brief for Respondents 7; Brief for Arnold Ventures et al. as *Amici Curiae* 17-20. More precisely, they sought to create antibodies that could bind to a particular region of PCSK9 called the “sweet spot.” See Brief for Petitioners 10-11. The sweet spot is a sequence of 15 amino acids out of PCSK9’s 692 total amino acids. *Id.*, at 11. By binding to the sweet spot, scientists found, an antibody could prevent PCSK9 from binding to and degrading LDL receptors. See *id.*, at 10-11; *Amgen*, 872 F. 3d, at 1371.

Eventually, Amgen developed a PCSK9-inhibiting drug that it marketed under the name Repatha, and Sanofi produced one it labeled Praluent. Each drug employs a distinct antibody with its own unique amino acid sequence. See *id.*, at 1371-1372; Brief for Respondents 8-10. In 2011, Amgen obtained a patent for the antibody employed in Repatha, and Sanofi received one covering the antibody used in Praluent. See *id.*, at 8, 9. Each patent describes the relevant antibody by its amino acid sequence. See *ibid.* Neither of these patents is at issue in this case.

Instead, our dispute focuses on two additional patents Amgen obtained in 2014 that relate back to the company’s 2011 patent. See U. S. Patent No. 8,829,165 (Sept. 9, 2014); U. S. Patent No. 8,859,741 (Oct. 14, 2014). We refer to them as the ‘165 and ‘741 patents. In particular, this case revolves around claims 19 and 29 of the ‘165 patent and claim 7 of the ‘741 patent. See 987 F. 3d 1080, 1082 (CA Fed. 2021). In these claims, Amgen did not seek protection for any particular antibody described by amino acid sequence. Instead, Amgen purported to claim for itself “the entire genus” of antibodies that (1) “bind to specific amino acid residues on PCSK9,” and (2) “block PCSK9 from binding to [LDL receptors].” *Amgen*, 872 F. 3d, at 1372.

As part of its submission to the patent office, Amgen identified the amino acid sequences of 26 antibodies that perform these two functions, and it depicted the three-dimensional structures of two of these 26 antibodies. 987 F. 3d, at 1083. But beyond that, Amgen only offered scientists two methods to make other antibodies that perform the binding and blocking functions it described. The first method is what Amgen calls the “roadmap.” Brief for Petitioners 13. At a high level, the roadmap directs scientists to: (1) generate a range of antibodies in the lab; (2) test those antibodies to determine whether any bind to PCSK9; (3) test those antibodies that bind to PCSK9 to determine whether any bind to the sweet spot as described in the claims; and (4) test those antibodies that bind to the sweet spot as described in the claims to determine whether any block PCSK9 from binding to LDL receptors. See *id.*, at 13-14. The second method is what Amgen calls “conservative substitution.” *Id.*, at 14, 17. This technique requires scientists to: (1) start with an antibody known to perform the described functions; (2) replace select amino acids in the antibody with other amino acids known to have similar properties; and (3) test the resulting antibody to see if it also performs the described functions. See *id.*, at 14-15.

C

Soon after receiving the ‘165 and ‘741 patents, Amgen sued Sanofi for infringing them. Sanofi replied that it was not liable to Amgen because the relevant claims were invalid as a matter of law. Invalid, Sanofi said, because Amgen had not enabled a person skilled in the art to make and use all of the antibodies that perform the two functions Amgen described in its claims. See 987 F. 3d, at 1083-1085. While Amgen had identified the amino acid sequences of 26 antibodies that bind to PCSK9 and block it from binding to LDL receptors, Sanofi observed that Amgen’s claims cover potentially millions more undisclosed antibodies that perform these same functions. And, Sanofi argued, neither of the two methods Amgen had outlined for generating additional antibodies with the

same functions enable a person skilled in the art to do so reliably. Instead, Sanofi submitted, those methods require scientists to engage in little more than a trial-and-error process of discovery. See *id.*, at 1085.

After lengthy proceedings, the district court granted Sanofi judgment as a matter of law, concluding that the claims at issue “are not enabled.” 2019 WL 4058927, *13 (Del., Aug. 28, 2019). The Federal Circuit affirmed. 987 F. 3d, at 1088. It determined that “no reasonable factfinder could conclude” that Amgen had provided “adequate guidance” to make and use the claimed antibodies “beyond the narrow scope of the [26] working examples” it had identified by their amino acid sequences. *Ibid.* In response to Amgen’s petition for certiorari, we agreed to take up the case. 598 U. S. ____ (2022).

II

The Constitution vests Congress with the power to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Art. I, §8, cl. 8. Right there in the text, one finds the outline of what this Court has called the patent “bargain.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U. S. 141, 150 (1989). In exchange for bringing “new designs and technologies into the public domain through disclosure,” so they may benefit all, an inventor receives a limited term of “protection from competitive exploitation.” *Id.*, at 151; see also *The Federalist* No. 43, p. 272 (C. Rossiter ed. 1961) (J. Madison) (explaining that in such cases “[t]he public good fully coincides . . . with the claims of individuals”).

Congress has exercised this authority from the start. The Patent Act of 1790 promised up to a 14-year monopoly to any applicant who “invented or discovered any useful art, manufacture, . . . or device, or any improvement therein not before known or used.” Act of Apr. 10, 1790, §1, 1 Stat. 110. Reflecting the *quid-pro-quo* premise of patent law, the statute required the applicant to deposit with the Secretary of State a “specification . . . so particular . . . as not only to distinguish the invention or discovery from other things before known and used, but also to enable a workman or other person skilled in the art or manufacture . . . to make, construct, or use the same.” §2, *ibid.* The statute made clear that this disclosure would ensure “the public may have the full benefit [of the invention or discovery], after the expiration of the patent term.” *Ibid.*

Even as Congress has revised the patent laws over time, it has left this “enablement” obligation largely intact. See 35 U. S. C. §§111, 112. Section 111 of the current Patent Act provides that a patent application “shall include . . . a specification as prescribed by section 112.” §111(a)(2)(A). Section 112, in turn, requires a specification to include “a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same.” §112(a). So today, just as in 1790, the law secures for the public its benefit of the patent bargain by ensuring that, “upon the expiration of [the patent], the knowledge of the invention [i]nures to the people, who are thus enabled without restriction to practice it.” *United States v. Dubilier Condenser Corp.*, 289 U. S. 178, 187 (1933); see also *Grant v. Raymond*, 6 Pet. 218, 247 (1832) (Marshall, C. J.) (“This is necessary in order to give the public, after the privilege shall expire, the advantage for which the privilege is allowed, and is the foundation of the power to issue a patent.”); *Whittemore v. Cutter*, 29 F. Cas. 1120, 1122 (No. 17,600) (CC Mass. 1813) (Story, J.) (“If therefore [the disclosure] be so obscure, loose, and imperfect, that this cannot be done, it is defrauding the public of all the consideration, upon which the monopoly is granted.”).

This Court has addressed the enablement requirement on many prior occasions. See, e.g., *Wood v. Underhill*, 5 How. 1 (1846); *O'Reilly v. Morse*, 15 How. 62 (1854); *The Incandescent Lamp Patent*, 159 U. S. 465 (1895); *Minerals Separation, Ltd. v. Hyde*, 242 U. S. 261 (1916); *Holland Furniture Co. v. Perkins Glue Co.*, 277 U. S. 245 (1928). While the technologies in these older cases may seem a world away from the antibody treatments of today, the decisions are no less instructive for it.

Begin with *Morse*. While crossing the Atlantic Ocean in 1832 aboard a ship named *Sully*, Samuel Morse found himself in conversation with other passengers about “experiments and discoveries” around electromagnetism. 15 How., at 68. “In the course of this discussion, it occurred to [Morse] that, by means of electricity, signs representing figures, letters, or words, might be legibly written down at any distance.” *Id.*, at 69. So clear was the idea in Morse’s mind that, “[b]efore he landed in the United States, he had . . . drawn out in his sketch book . . . the form of an instrument for an electro-magnetic telegraph.” *Ibid.*

Immediately upon his arrival in New York, Morse showed his brothers his sketches. See *id.*, at 69-70. He spent the next few years refining his invention. See *id.*, at 70-76. The “great difficulty” he faced was that “the galvanic current, however strong in the beginning, became gradually weaker as it advanced on the wire[,] and was not strong enough to produce a mechanical effect, after a certain distance.” *Id.*, at 107. By 1837, Morse had a solution: “combining two or more electric or galvanic circuits, with independent batteries for the purpose of overcoming the diminished force of electro-magnetism in long circuits.” *Id.*, at 109. Morse demonstrated his telegraph the following year at the Franklin Institute in Philadelphia, and he displayed it soon after in Congress. See *id.*, at 76. He received a patent in 1840, which reissued in 1848. See *id.*, at 81-83.

The litigation that brought Morse before this Court concerned a telegraphic system that Henry O’Reilly had installed between Louisville and Nashville. See *id.*, at 65. Morse sued O’Reilly for infringement, alleging that O’Reilly’s system was “identical with” Morse’s own. *Id.*, at 66. O’Reilly mounted a number of defenses, including that Morse’s patent was void because it lacked an adequate specification. See *id.*, at 99-101, 112.

Morse’s patent included eight claims, and this Court had no trouble upholding seven of them—those limited to the telegraphic structures and systems he had designed. See *id.*, at 85-86, 112, 117. But the Court paused on the eighth. That claim covered “the essence” of the invention, which Morse described as “the use of the motive power of the electric or galvanic current . . . however developed for marking or printing intelligible characters, signs, or letters, at any distances.” *Id.*, at 112 (internal quotation marks omitted). Leaving no doubt about this claim’s scope, Morse stated plainly: “I do not propose to limit myself to the specific machinery or parts of machinery described in the foregoing specification and claims.” *Ibid.*

The Court held the eighth claim “too broad, and not warranted by law.” *Id.*, at 113. The problem was that it covered *all* means of achieving telegraphic communication, yet Morse had not described how to make and use them all. See *id.*, at 113-117; see also 3 Chisum on Patents §7.03[1], pp. 7-18 to 7-19 (2021). “[I]f the eighth claim . . . can be maintained,” the Court concluded, “there was no necessity for any specification, further than to say that he had discovered that, by using the motive power of electro-magnetism, he could print intelligible characters at any distance.” 15 How., at 119. “[I]t will be admitted on all hands, that no patent could have issued on such a specification.” *Ibid.*

Consider, too, *Incandescent Lamp*. For much of the 19th century, gas lamps helped illuminate streets

and supplemented candles inside homes, factories, offices, and theaters. But gas lighting had drawbacks. It took effort to ignite lamps each night and extinguish them each morning. Then there were the problems of soot and fumes. See R. Stross, *The Wizard of Menlo Park* 84-85 (2007) (Stross). By the 1870s, many had experimented with other forms of lighting, including incandescence and the arc light. 159 U. S., at 470. But these alternatives burned unreliably or with unbearable brightness. See *id.*, at 470-471. The latter problem in particular led one observer to lament this “new sort of urban star,” which shines “horrible, unearthly, obnoxious” light. R. L. Stevenson, *A Plea for Gas Lamps*, in *Virginibus Puerisque and Other Papers* 295 (1881).

Enter Thomas Edison. From his laboratory in Menlo Park, Edison and a team toiled to improve upon the prevailing method of incandescent lighting, which tended to employ carbon filaments. 159 U. S., at 471-473. The problem with carbon filaments was that they disintegrated rapidly. In a sense, “carbon contained in itself the elements of its own destruction.” *Id.*, at 471. Seeking an alternative, Edison tinkered for a time with platinum, but it was expensive and difficult to bring to the point of incandescence without melting. Stross 78, 82. Eventually, Edison dispatched men across the globe to collect specimens of bamboo. *Id.*, at 109-110. One sample from Japan worked brilliantly because “[its] fibres [ran] more nearly parallel than in other species of wood.” 159 U. S., at 473. Satisfied, Edison arranged to have a Japanese farmer supply all of the bamboo he would ever need. Stross 110.

But there was a catch. William Sawyer and Albon Man had obtained a patent for an “electric lamp” with an “incandescing conductor” made of “carbonized fibrous or textile material,” which they claimed was an improvement over conductors made of “mineral or gas carbon.” 159 U. S., at 466, 468. Sawyer and Man’s patent had not won them commercial success. They had designed a lamp with a conductor made of carbonized paper, but the lamp proved defective and quickly fell out of use. See *id.*, at 471-472. Still, their failure did not stop them from seeking to share in some of Edison’s success. Sawyer and Man alleged that Edison’s lamp infringed their patent because it “made use of a fibrous or textile material, covered by the patent.” *Id.*, at 471. What was that offending material? Bamboo.

This Court sided with Edison. It held that Sawyer and Man’s patent claimed much but enabled little. “Sawyer and Man supposed they had discovered in carbonized paper the best material for an incandescent conductor.” *Id.*, at 472. But “[i]nstead of confining themselves to carbonized paper, as they might properly have done, and in fact did in their third claim, they made a broad claim for every fibrous and textile material.” *Ibid.* Even that broad claim “might” have been permissible, the Court allowed, if Sawyer and Man had disclosed “a quality common” to fibrous and textile substances that made them “peculiarly” adapted to incandescent lighting. *Ibid.* Had they done so, others would have known how to select among such materials to make an operable lamp. But the record showed that most fibrous and textile materials failed to work. Only through “painstaking experimentation” did Edison discover that bamboo “answered the required purpose.” *Id.*, at 475-476. The Court summed up things this way: “[T]he fact that paper happens to belong to the fibrous kingdom did not invest [Sawyer and Man] with sovereignty over this entire kingdom.” *Id.*, at 476.

The Court returned to these principles in *Holland Furniture*. There, the evidence indicated that animal glue has properties that have long made it excellent for wood veneering. See 277 U. S., at 247. Seeking a substitute, Perkins Glue Company had developed and patented a starch glue similar enough to animal glue that craftsmen could also use it for wood veneering. See *ibid.* Yet Perkins’s patent included a claim that went beyond the specific starch glue it manufactured. See *id.*, at 250-251. This claim covered all “starch glue which, [when] combined with about three parts or less by weight of water, will have substantially the same properties as animal glue.” *Id.*, at 251. Perkins’s specification instructed

gluemakers to choose a “starch ingredient” with “such qualities” that it would yield a product “as good as animal glue” for wood veneering “when combined with three parts of water and with alkali.” *Id.*, at 256.

The Court held this broad claim invalid for lack of enablement. *Id.*, at 258. The specification described the key input—the “starch ingredient”—in terms of its “use or function” rather than its “physical characteristics or chemical properties.” *Id.*, 256. And that left gluemakers in a bind. As the Court put it: “One attempting to use or avoid the use of Perkins’ discovery as so claimed and described functionally could do so only after elaborate experimentation” with different starches. *Id.*, at 257. To be sure, the Court held, Perkins was entitled to its patent on the specific starch glue it had invented. See *id.*, at 255. The specification described that glue’s “characteristic ingredient” with “particularity.” *Ibid.* But just as Morse could not claim all means of telegraphic communication, and Sawyer and Man could not claim all fibrous and textile materials for incandescence, Perkins could not claim all starch glues made from whatever starch happened to perform as well as animal glue. To hold otherwise, the Court said, “would extend the monopoly beyond the invention.” *Id.*, at 258.

Our decisions in *Morse*, *Incandescent Lamp*, and *Holland Furniture* reinforce the simple statutory command. If a patent claims an entire class of processes, machines, manufactures, or compositions of matter, the patent’s specification must enable a person skilled in the art to make and use the entire class. In other words, the specification must enable the full scope of the invention as defined by its claims. The more one claims, the more one must enable. See §112(a); see also *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U. S. 405, 419 (1908) (“[T]he claims measure the invention.”).

That is not to say a specification always must describe with particularity how to make and use every single embodiment within a claimed class. For instance, it may suffice to give an example (or a few examples) if the specification also discloses “some general quality . . . running through” the class that gives it “a peculiar fitness for the particular purpose.” *Incandescent Lamp*, 159 U. S., at 475. In some cases, disclosing that general quality may reliably enable a person skilled in the art to make and use all of what is

claimed, not merely a subset. See *id.*, at 475-476.¹

Nor is a specification necessarily inadequate just because it leaves the skilled artist to engage in some measure of adaptation or testing. In *Wood*, a patent claimed a process for making bricks by mixing coal dust into clay. 5 How., at 4. The patent included “a general rule” about the proportion of dust and clay to use and offered two alternative proportions “where the clay has some peculiarity.” *Id.*, at 5. The Court upheld the claim, recognizing that “some small difference in the proportions must occasionally be required” given the varieties of clay. *Ibid.* Similarly, in *Minerals Separation*, the Court dismissed a challenge to a claimed process for separating metal from mineral ores. 242 U. S., at 270. The record showed that “preliminary tests” were required to adapt the process to any particular ore. *Ibid.* Once more, the Court explained that “the certainty which the law requires in patents is not greater than is

1. See also *Béné v. Jeantet*, 129 U. S. 683, 684-686 (1889) (rejecting claim to method of shrinking coarse hair because the specification failed to give “one skilled in chemistry such an idea of the particular kinds and character of the chemicals, or combination of chemicals, with the relative proportions of each, as would enable him to use the invention without having to resort to experiments of his own to discover those ingredients”); *Corona Cord Tire Co. v. Dovan Chemical Corp.*, 276 U. S. 358, 385 (1928) (rejecting claims to process of treating rubber with “a disubstituted guanidine” because “between fifty and one hundred substances” fit that description and the specification did not disclose “any general quality common to disubstituted guanidines which makes them all effective”).

reasonable.” *Ibid.* And because the “composition of ores varies infinitely,” it was “impossible to specify in a patent the precise treatment which would be most successful and economical in each case.” *Id.*, at 271.²

Decisions such as *Wood* and *Minerals Separation* establish that a specification may call for a reasonable amount of experimentation to make and use a patented invention. What is reasonable in any case will depend on the nature of the invention and the underlying art. See *Minerals Separation*, 242 U. S., at 270-271; see also *Mowry v. Whitney*, 14 Wall. 620, 644 (1872) (“[T]he definiteness of a specification must vary with the nature of its subject. Addressed as it is to those skilled in the art, it may leave something to their skill in applying the invention.”). But in allowing that much tolerance, courts cannot detract from the basic statutory requirement that a patent’s specification describe the invention “in such full, clear, concise, and exact terms as to enable any person skilled in the art” to “make and use” the invention. §112(a). Judges may no more subtract from the requirements for obtaining a patent that Congress has prescribed than they may add to them. See *Bilski v. Kappos*, 561 U. S. 593, 602-603, 612 (2010).

III

With these principles in mind, we return to claims 19 and 29 of the ‘165 patent and claim 7 of the ‘741 patent. In doing so, we do not doubt that Amgen’s specification enables the 26 exemplary antibodies it identifies by their amino acid sequences. Even Sanofi concedes that description is enough to allow a person skilled in the art to make and use those embodiments. See Tr. of Oral Arg. 68. But the claims before us sweep much broader than those 26 antibodies. And we agree with the lower courts that Amgen has failed to enable all that it has claimed, even allowing for a reasonable degree of experimentation.

While the technology at the heart of this case is thoroughly modern, from the law’s perspective Amgen’s claims bear more than a passing resemblance to those this Court faced long ago in *Morse*, *Incandescent Lamp*, and *Holland Furniture*. Amgen seeks to monopolize an entire class of things defined by their function—every antibody that both binds to particular areas of the sweet spot of PCSK9 and blocks PCSK9 from binding to LDL receptors. The record reflects that this class of antibodies does not include just the 26 that Amgen has described by their amino acid sequences, but a “vast” number of additional antibodies that it has not. 987 F. 3d, at 1085, 1088; see 2019 WL 4058927, *8 (“at least millions of candidates”); see also Tr. of Oral Arg. 52-53. Much as *Morse* sought to claim all telegraphic forms of communication, *Sawyer and Man* sought to claim all fibrous and textile materials for incandescence, and *Perkins* sought to claim all starch glues that work as well as animal glue for wood veneering, Amgen seeks to claim “sovereignty over [an] entire kingdom” of antibodies. *Incandescent Lamp*, 159 U. S., at 476.

That poses Amgen with a challenge. For if our cases teach anything, it is that the more a party claims, the broader the monopoly it demands, the more it must enable. That holds true whether the case involves telegraphs devised in the 19th century, glues invented in the 20th, or antibody treatments

2. See also, e.g., *Ives v. Hamilton*, 92 U. S. 426, 429, 432 (1876) (upholding claim “for an improvement in sawmills” based on “curved guides at the upper end of the saw,” even though the specification did not “stat[e] the nature of the curve,” because a “good mechanic acquainted with the construction of sawmills, and having the patent and diagram before him, would have no difficulty in adopting the improvement, and making suitable curves”); *Tilghman v. Proctor*, 102 U. S. 707, 732-733 (1881) (upholding claim for process of separating fats and oils even though the specification “suggests a trial . . . with different degrees of heat so as to ascertain that which is best for each particular kind of fat”).

developed in the 21st. To be fair, Amgen does not dispute this much. It freely admits that it seeks to claim for itself an entire universe of antibodies. Still, it says, its broad claims are enabled because scientists can make and use every undisclosed but functional antibody if they simply follow the company’s “roadmap” or its proposal for “conservative substitution.”

We cannot agree. These two approaches amount to little more than two research assignments. The first merely describes step-by-step Amgen’s own trial-and-error method for finding functional antibodies—calling on scientists to create a wide range of candidate antibodies and then screen each to see which happen to bind to PCSK9 in the right place and block it from binding to LDL receptors. See Part I-B, *supra*; 987 F. 3d, at 1088; 2019 WL 4058927, *10-*13. The second isn’t much different. It requires scientists to make substitutions to the amino acid sequences of antibodies known to work and then test the resulting antibodies to see if they do too—an uncertain prospect given the state of the art. See Parts I-A, I-B, *supra*; 987 F. 3d, at 1088; 2019 WL 4058927, *10-*13. Whether methods like a “roadmap” or “conservative substitution” might suffice to enable other claims in other patents—perhaps because, as this Court suggested in *Incandescent Lamp*, the inventor identifies a quality common to every functional embodiment, *supra*, at 13—they do not here. They leave a scientist about where Sawyer and Man left Edison: forced to engage in “painstaking experimentation” to see what works. 159 U. S., at 475. That is not enablement. More nearly, it is “a hunting license.” *Brenner v. Manson*, 383 U. S. 519, 536 (1966).

Think about it this way. “Imagine a combination lock with 100 tumblers, each of which can be set to 20 different positions.” Brief for Intellectual Property Law Professors and Scholars as *Amici Curiae* 20. “Through trial and error, imagine that an inventor finds and discloses 26 different successful lock combinations.” *Ibid.* But imagine, too, “that the inventor tries to claim much more, namely all successful combinations,” while instructing others “to randomly try a large set of combinations and then record the successful ones.” *Id.*, at 21. Sure enough, that kind of “roadmap” would produce functional combinations. *Ibid.* But it would not enable others to make and use functional combinations; it would instead leave them to “random trial-and-error discovery.” *Ibid.* Like many analogies, this one may oversimplify a bit, but it captures the gist of the problem.

Failing in its primary argument that it has enabled all of the antibodies it claims, Amgen tries a few alternative lines of attack. First, it suggests that the Federal Circuit erred by applying an enablement test unmoored from the statutory text. As Amgen sees it, that court conflated the question whether an invention is enabled with the question how long may it take a person skilled in the art to make every embodiment within a broad claim. See Brief for Petitioners 24-29; see also *id.*, at 2, 19-20, 30-36. We do not see it that way. While we agree with Amgen that enablement is not measured against the cumulative time and effort it takes to make every embodiment within a claim, we are not so sure the Federal Circuit thought otherwise. That court went out of its way to say that it “do[es] not hold that the effort required to exhaust a genus is dispositive.” 987 F. 3d, at 1088 (emphasis deleted). Instead, the court stressed, the problem it saw is the same problem we see: Amgen offers persons skilled in the art little more than advice to engage in “trial and error.” *Ibid.* (internal quotation marks omitted). In any event, we review judgments of the lower courts, not statements in their opinions. See *Black v. Cutter Laboratories*, 351 U. S. 292, 297 (1956).

Taking a similar tack, Amgen next argues that the Federal Circuit erroneously “raise[d] the bar” for enablement of claims that, like Amgen’s, encompass an entire “genus” of embodiments defined by their function. Brief for Petitioners 25 (internal quotation marks omitted). This is impermissible, Amgen argues, because the Patent Act “provides a single, universal enablement standard for all

invention[s].” *Ibid.* (internal quotation marks omitted). Here, too, we agree with Amgen in principle: There is one statutory enablement standard. But, once more, we do not understand the Federal Circuit to have thought differently. Instead, we understand that court to have recognized only that the more a party claims for itself the more it must enable. As we have seen, that much is entirely consistent with Congress’s directive and this Court’s precedents.

Finally, Amgen warns that an affirmance risks “destroy[ing] incentives for breakthrough inventions.” *Id.*, at 38. But striking the proper balance between incentivizing inventors and ensuring the public receives the full benefit of their innovations is a policy judgment that belongs to Congress. Since 1790, Congress has included an enablement mandate as one feature among many designed to achieve the balance it wishes. Our only duty in this case lies in applying that mandate faithfully.

Section 112 of the Patent Act reflects Congress’s judgment that if an inventor claims a lot, but enables only a little, the public does not receive its benefit of the bargain. For more than 150 years, this Court has enforced the statutory enablement requirement according to its terms. If the Court had not done so in *Incandescent Lamp*, it might have been writing decisions like *Holland Furniture* in the dark. Today’s case may involve a new technology, but the legal principle is the same. The judgment is

Affirmed.

10. CLAIM CONSTRUCTION AND INFRINGEMENT

Learning Objectives: Unit 10

Upon completion of unit 10, you should be able to:

- Explain the concept of direct infringement.
- Explain the processes and methods for construing claim terms.
- Analyze a hypothetical claim term.

35 U.S.C. § 271(a) states that

“whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

The “patented invention” is understood to be the “claimed invention.” Thus, patent infringement consists of making, using offering to sell, selling or importing the claimed invention.

INFRINGEMENT

Determinations of whether a patent is infringed involve two basic questions: was a prohibited act performed and did it involve the claimed invention?

Although there can be disagreements over whether a prohibited act was performed (particularly when the claimed invention involves a method rather than a product), most infringement disputes involve the issue of whether the claimed invention was involved. Answering this question involves a comparison between the accused product or method and the relevant patent claim. If all of the limitations of the claim are met by an accused product or method, the claim is deemed to be *literally* infringed.

This comparison is easier said than done, however. Infringement analyses, like novelty analyses, involve a limitation-by-limitation approach rather than a holistic comparison. Think of the limitations in a claim as stars in a constellation. The question is whether each of the stars is present

in an accused product. Just as different people might see different pictures in the stars, differences in other aspects between the accused product and the embodiment shown in the patent are irrelevant. Put another way, infringement and novelty analyses involve looking at the parts rather than at the whole.

Infringement litigation is typically filed in a US District Court, but infringement disputes can be heard in other courts such as the Court of Federal Claims or the Court of International Trade. Decisions made with respect to patent infringement are appealed to the Court of Appeals for the Federal Circuit, and possibly later to the Supreme Court.

CLAIM CONSTRUCTION

In addition, as you likely have already noticed, most claims are not particularly easy to read. Nor are the words necessarily ones with only a singular meaning. Language is imprecise, and since claims are written in English, they can exhibit all the ambiguities and uncertainties our language contains. Just as statutes and contracts can be subjected to multiple interpretations, so to can patent claims.

Sometimes there are claim terms that must be interpreted so that the meaning can be properly understood by the fact finder. The process of interpreting the words of a patent claim and then giving those interpretations legal meaning is known as *claim construction*. Because many patent disputes can turn on the meaning of a particular term in the claim, numerous opinions have been written that construe those terms. Claim construction is only done in the context of a dispute, such as infringement litigation or validity challenges, because there is no need to construe a claim in the abstract.

More recently, questions have been raised involving the issue of *who* gets to construe claim terms and what form of appellate review is appropriate. The Supreme Court recently addressed this issue in *Teva v. Sandoz* (2015), a case I will discuss in class.

Begin by reading 35 U.S.C. § 271(a) for yourself. Next, read *Phillips v. AWH*.

35 U.S.C. §271. Infringement of patent (2010)

- a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.
- b) Whoever actively induces infringement of a patent shall be liable as an infringer.
- c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

United States Patent [19]

Phillips

[11] Patent Number: 4,677,798

[45] Date of Patent: Jul. 7, 1987

[54] **STEEL SHELL MODULES FOR PRISONER DETENTION FACILITIES**

[76] Inventor: Edward H. Phillips, P.O. Box 979, Fort Collins, Colo. 80522

[21] Appl. No.: 852,021

[22] Filed: Apr. 14, 1986

[51] Int. Cl.⁴ E04H 3/08

[52] U.S. Cl. 52/106; 52/79.4; 52/79.9; 52/144; 52/404; 109/79

[58] Field of Search 52/106, 79.1, 79.4, 52/79.5, 79.9, 79.12, 144, 243, 404; 109/78, 79

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Primary Examiner—J. Karl Bell

Attorney, Agent, or Firm—Laurence R. Brown

[57] **ABSTRACT**

Vandalism resistant building modules suitable for deten-

tion and secured storage facilities provide good architectural properties and significant resistance to noise, fire and impact. Thus, steel shell modules are welded together to produce steel inner and outer walls. The modules contain strengthening and bullet deflecting internally directed steel baffles and various types of insulating materials. Construction is facilitated by providing modules that are welded together along only two lines coinciding with mating end positions on the steel plate inner and outer walls. Three steel panel pieces are formed into a module, each being partly triangular in cross section so that only one weld seam between two of the panels is required in assembling the three pieces which thereby form the internal baffles at angles for deflecting bullets. The baffles form an intermediate barrier between the walls and flanges at the ends of the module between which an insulating rope is compressed to provide a thermal and sound barrier between the inner and outer steel walls. Different types of internally disposed insulating materials may be disposed on either side of the intermediate barrier thus to provide the best combination of impact, fire and sound resistant properties.

26 Claims, 18 Drawing Figures

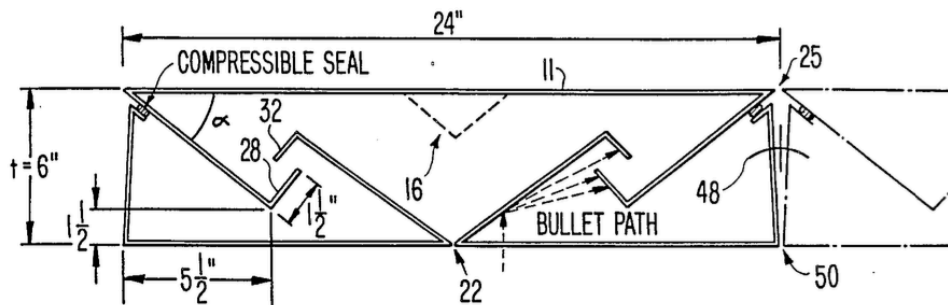


FIG. 1.

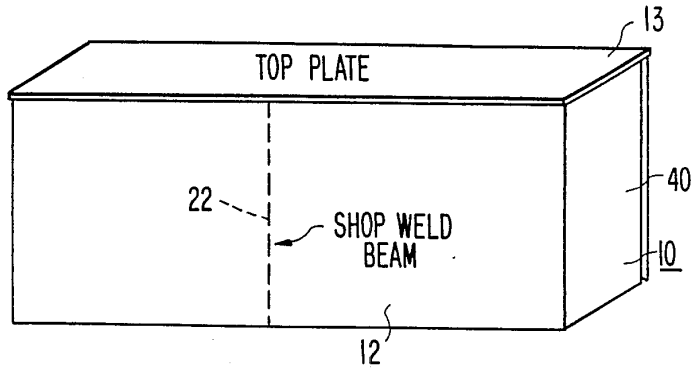


FIG. 3.

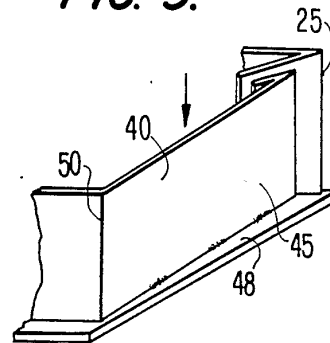


FIG. 2.

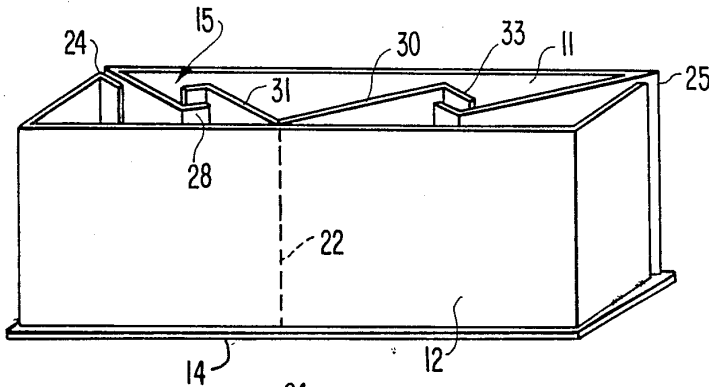


FIG. 4.

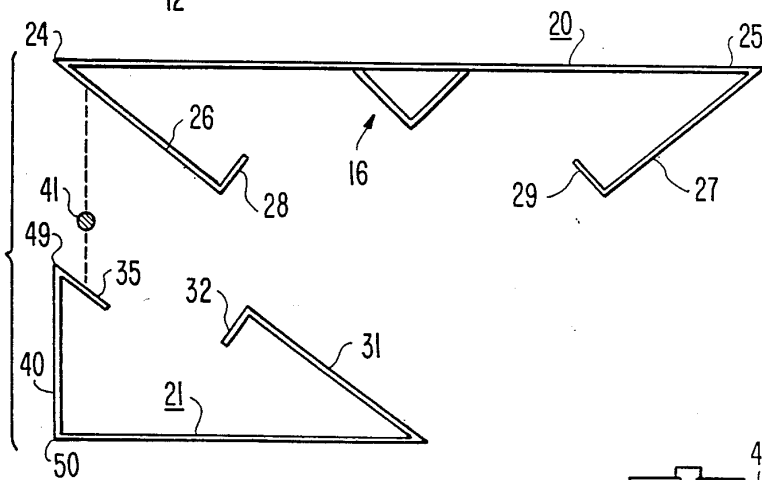


FIG. 5.

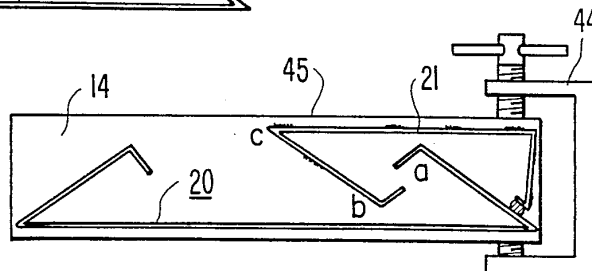


FIG. 6.

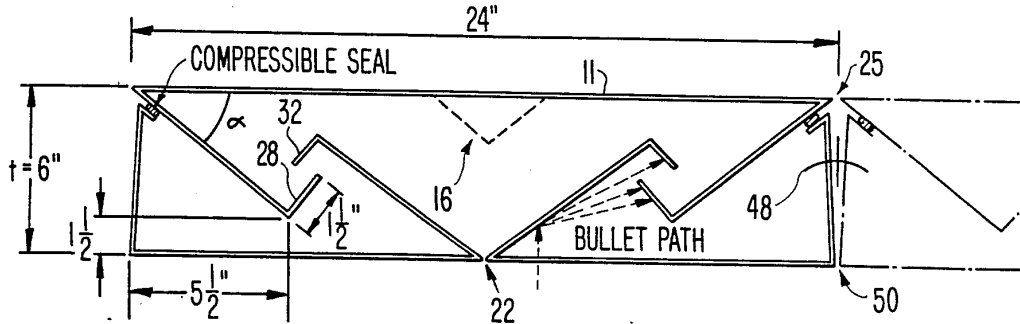


FIG. 7.

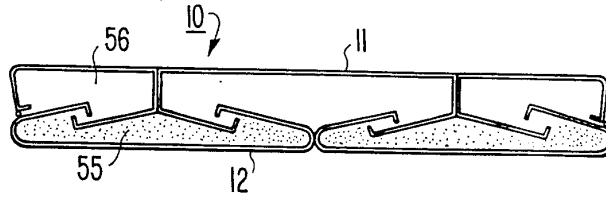


FIG. 8.

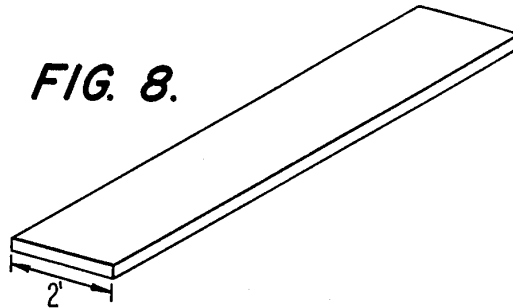


FIG. 10.

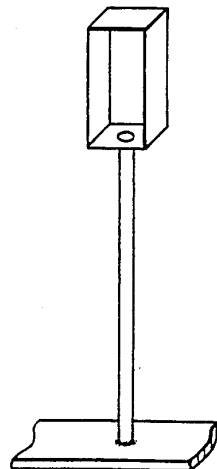


FIG. 9.

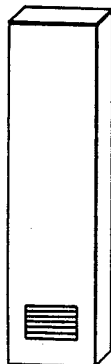
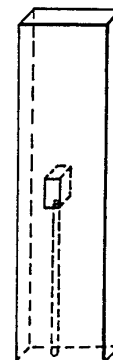


FIG. 11.



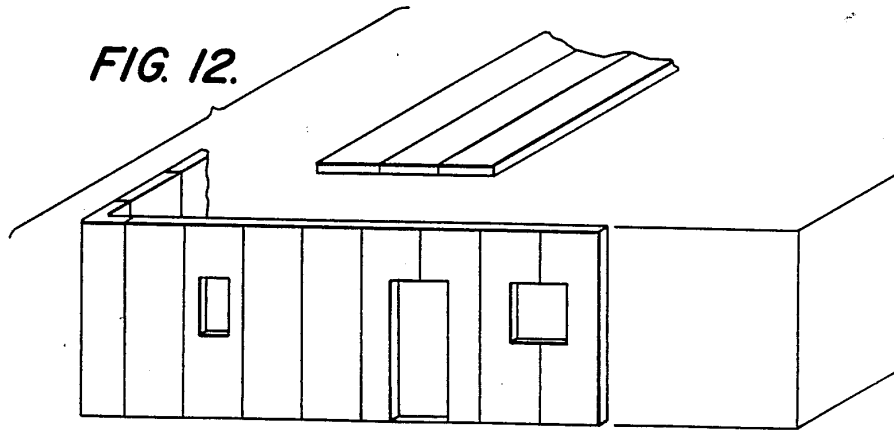


FIG. 13

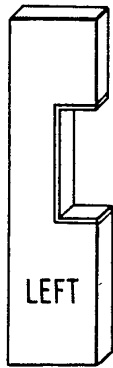


FIG. 14.

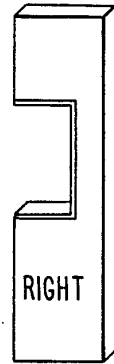


FIG. 15.

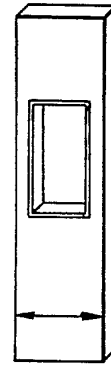


FIG. 16.

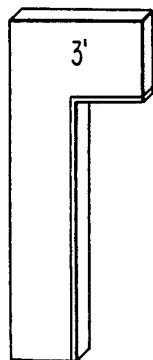


FIG. 17.

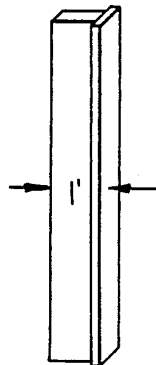
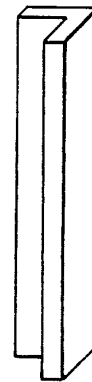


FIG. 18.



STEEL SHELL MODULES FOR PRISONER DETENTION FACILITIES

TECHNICAL FIELD

This invention relates to modular building construction techniques and more particularly it relates to prisoner detention facilities such as jails and jail cells constructed from building modules.

BACKGROUND ART

When overflow detention facilities are needed for jails or corresponding secured facilities for storage vaults, it is pertinent that quick construction may be available without sacrifice of desired security features, whether the construction be temporary or permanent.

Both desirable architectural and functional features are unusually demanding in secured facilities. The load bearing ratings may need be greater than in other types of building construction because of vandalism possibilities. In any event the usual architectural loads for building weights and building loading weights such as bank vaults need be accommodated. Acceptable building appearance and upkeep is an essential feature. In the present state of the building arts it is conventional to use modular construction techniques. Thus, for example, building facings may be modularized for both appearance and ease or cost of construction, with a major part of the assembly and construction being done efficiently in large numbers at a module production center. However, it is not usual to have the entire building or outer wall construction made of modular building elements of such small sizes that they can be conveniently handled manually.

Furthermore the functional features required for secured facilities have not heretofore been available in modular form. To appreciate the critical nature of these features, the environment for jail facilities need be understood. Several types of vandalism need be considered, including jailbreak efforts, riot conditions with attempts to destroy property by fire, impact or explosion and defacing of internal construction. Also the facilities need be sanitary and easily maintained in sanitary condition. There is also concern for adequate creature comforts in terms of temperature, lighting and ventilation. No modular units have been available for meeting these critical specialty needs.

Modularized jail construction has been suggested by N. A. Faerber in U.S. Pat. No. 3,312,019 issued Apr. 4, 1967. However this equipment did not meet many security needs such as sound proofing, impact resistance to great forces such as explosions and projectiles. It is particularly vulnerable to vandalism and noise disturbances because of its single layer panel construction that is easily damaged and which transmits noise with little attenuation, and possibly with amplification due to the vibration propensity of large single layer panels.

It is therefore an objective of this invention to provide modules specially adapted to jail cell security conditions that may be used wherever vandalism and entry security is desired as well as exceptional fire, noise and impact resistance.

DISCLOSURE OF THE INVENTION

This invention provides modular equipment for formulating detention structures comprising of a multiplicity of interchangeable modules of similar size having steel plate inner and outer wall sections defining end

closures and internally directed load supporting baffles. The modules comprise three steel plate wall panel sections of partially triangular cross section shape positioned to provide the internally directed baffles and the end closure walls. Modules of a size that may be manually processed are abutted together end to end in registration and welded together along two weld lines to form walls for the detention structure. The ends are indented so that the two weld lines at the wall section surfaces are the sole lines of registered contact.

The baffles provided by the triangular shaped panels to extend inwardly form an intermediate interlocking barrier with the baffles disposed at such angles that bullets which might penetrate the outer steel panels are deflected. Flanges are formed between the inner and outer wall panels between which a ropelike insulating seal is compressed to isolate the two walls. Two different kinds of filler insulating material may be inserted on opposite sides of the intermediate layer to increase the versatility of the modules. Thus, insulation properties, impact properties or load bearing properties may be emphasized by the appropriate filler materials.

Accordingly jail or other detention structures may have substantially sound, impact and fire resistant characteristics. Thus, vandalism resistance is provided. The exterior steel plate walls are smooth and strong and easy to decorate and maintain. The modules may carry utility instruments and utility flow lines. This construction is also ideal for storage vault use, safety barriers and other secure facilities.

BRIEF DESCRIPTION OF THE DRAWINGS

Like reference characters designate similar features throughout the accompanying drawings, in which:

FIGS. 1, 2 and 3 are respectively perspective line drawing views of building module construction afforded by this invention showing the closed module with a top plate, an assembled module before the top plate is affixed and an enlarged end segment;

FIG. 4 is an exploded line drawing plan view sketch showing two shaped steel plate panel elements arranged in spaced relationship before moving together to form inner and outer wall panels on the building modules afforded by this invention;

FIG. 5 is a plan view sketch of an assembly jig used with the building module in an assembly step;

FIG. 6 is a plan line drawing section view through an assembled module providing typical dimensions and showing the end to end mating with similar modules in phantom view;

FIG. 7 is a section line view through the module showing the baffle construction and the internally disposed insulation materials for one embodiment of the invention;

FIG. 8 is a perspective view of a roofing module;

FIGS. 9, 10 and 11 are perspective views of module construction with utility accessories and flow paths;

FIG. 12 is a perspective exploded sketch of a cell or prisoner detention facility constructed in accordance with the invention; and

FIGS. 13 to 18 are perspective sketches of modules provided by the invention to form openings such as doors and windows.

There are a number of requirements or security storage vaults, detention facilities and jail cells that are not available in prior art construction techniques. It is however desirable to have steel walls, both inner and outer.

That provides the several advantages of ease of maintenance, building strength, ease of sanitation and security against vandalism and destruction. One serious problem is that noise is easily generated and amplified by vibrating or resonance when the walls are struck. This problem was alleviated by H. E. White in U.S. Pat. No. 1,100,804, June 23, 1914 by making jail cell walls of hollow steel panels and filling the space between the panels with a sound deadening material such as concrete.

Fire resistance is also a very real problem, particularly when vandalism is a possibility, and safety assurance is necessary. Thin steel walls have little heat resisting capability, and this disadvantage need be overcome to be able to effectively use steel walls. Steel is also costly, and heavy. Thus to have high load bearing strength for supporting a heavy load of stored materials, such as paper files or instruments that need a protective environment, is costly and requires special handling equipment because of the weight of the panels when used in building construction. It is therefore one object of the present invention to provide low cost building construction materials using thinner gauge steel panels without sacrificing economy and the ability to handle manually.

In secured facilities, and protective barriers, it is feasible that projectiles may be encountered, such as bullets from high powered guns or bomb fragments. There have not been effective ways of dealing with these powerful impact weapons with inexpensive housing in the prior art.

At present there is a considerable lack of prisoner housing and detention space available, and thus a need has developed for inexpensive temporary and permanent housing. Prior art construction techniques are not suitable for providing quick jail cell construction at low cost. In particular conventional prior art techniques are unacceptable in providing secure facilities. Neither wood nor masonry is generally acceptable in vandal proof qualities. Wood easily burns, or is penetrable with easily available instruments. It may not be wholly sanitary. Masonry is not usually impact resistant in the presence of projectiles and particularly when mortar is involved may not be able to detain ingenious escape minded prisoners. There are no known acceptable synthetic materials that have ideal properties for safety, detention, comfort, strength and resistance to various forms of vandalism, such as noise, impact and fire. Accordingly, it is an object of this invention to provide new construction materials and techniques that are particularly useful in detention barriers and cells.

In particular, even though modular building blocks, such as bricks, have long been used in construction, and larger prefabricated modules are used in modern construction methods, they are not suitable for use in jail cells and the like. Yet there is a significant economic advantage if prefabrication of standard modules is possible, particularly if modules are of a size that can be handled manually in the field without special cranes or equipment. It is an objective of this invention to achieve that.

Thus, as shown in the drawings, this invention provides building modules adapted to fit together for construction of fire, sound and impact resistant security barriers and rooms for use in securing records and persons. In particular jail cells, protection barriers and security storage vaults may be constructed in situ with

prefabricated modules with few field labor hours and requiring a minimum of special construction equipment.

The module 10 thus has an outer steel shell of substantially parallelepiped shape with two outer steel plate panel sections of greater surface area 11, 12 serving as inner and outer walls for a structure when a plurality of the modules are fitted together. Top and bottom plates 13, 14 are provided either for each of the modules or at the bottom and top of the walls formed by the modules when stacked upon each other.

To increase the load bearing capacity and to permit the module steel plate shells to be of small gauge means are disposed inside the shell for increasing its load bearing capacity. That may comprise at least in part inwardly directed steel baffles 15, 16. Also filler materials of various sorts, useful for other purposes such as insulation as well, will keep the steel shells from buckling, and fillers such as concrete may add considerable strength to the modules.

The modules are constructed not only for ease in prefabrication, but for ease in in-situ assembly in the field. Thus, with particular reference to FIGS. 2 and 4, it may be seen that each module has its side and end walls formed from two kinds of standard panel sections, 20, 21. In the panel section 20, the load bearing baffles 16 are optionally used with longer panels or smaller gauge panel thicknesses, and are thus shown in phantom view. Two of the shorter panel sections 21 meet at a center shop weld seam 22.

The longer panel sections 20 comprise a cross section shape substantially that of the base and two partial legs of a triangle forming acute angles having apex points at opposite ends 24, 25 of the completed module. This construction affords integrally attached inwardly pointing baffles 26, 27, with end flanges 28, 29. Thus the only welds necessary for panel 20 are for the strengthening triangular baffle 16, if used.

Two of the shorter panel sections 21 abutted together, with each extending substantially half the dimension of the triangle base wall 11 of the longer panel, similarly form internally directed baffles 30, 31 and corresponding end flanges 32, 33. In these shorter panel sections, the flanges 35 is also formed on the end walls of the modules. These panel sections 21 then form in cross section a part of a substantially right triangle having the right angle leg forming the end walls 40 of the module.

The two opposing panels 20, 21, are spaced by sealant means such as glass fiber rope, 41, which is compressed between the flange 35 and the baffle 26, such as by means of the clamp 44 in FIG. 5. The panels 20, 21 are then welded in place to the base plate 14, such as at 45, etc. This provides an insulating barrier keeping the front and rear panel sections from steel to steel contact with each other by a thermal-acoustical barrier material. Thus transmission of sound, for example by pounding on the inner jail cell wall by a detained inmate, as otherwise carried by steel to steel contact to the outer wall is substantially restricted.

As best seen from FIG. 3, the module ends 40 are not perpendicular to the front and back panel facings 11 and 12. Thus the apex 49 of the right angle triangular panel section 21 is displaced inwardly toward the center of the module from the apex 25 of the longer panel section 20. The end plate 40 thus is at an angle 48 of a few degrees. As a result there is only line contact between adjacent modules along the apex 25 and along the apex 50 when the modules are assembled in registration by

welding the two modules together. Thus only the seam 22 and the corresponding seams along the apex lines 25 and 50 need be finished by sanding, etc. to provide smooth inner and outer wall surfaces.

FIG. 6 shows the end to end relationship of two such mated modules. This Figure also shows preferred dimensions of modules that may be manually processed without special cranes or other on site tooling, except for appropriate welding apparatus. It is clear that the labor cost of the on site assembly is minimal and the economic advantages of pre-fabricated factory controlled modules provides low cost and quickly erected buildings in accordance with this invention.

The additional feature of this module construction is that it gives additional protection against projectile penetration. Thus it may be seen from FIG. 6 that if a bullet were to penetrate the outer steel shell wall, the baffles are disposed at angles which tend to deflect the bullets. This then affords a higher degree of protection with lighter gauge steel in the outer module shell. Note that even at the weld seam 22, which may of itself provide more strength for stopping projectiles, if a bullet were to penetrate directly, the rear wall baffle 16 may also serve as a deflection baffle.

As may be seen from the module 10 of FIG. 7, the overlapping flanges 28, 32, etc. provide for overlapping and interlocking the baffles to produce substantially an intermediate barrier wall between the opposite faces 11 and 12. Thus, two different types of insulation may be used in the subcompartments 55 and 56 adjacent the opposite module walls. Thus, in compartment 55 a mixture of gravel or river rock with gypsum will provide substantial resistance to bullet penetration and also is good fire resist insulation. Compartment 56 then might contain rock wool or other type sound and thermal insulation. Accordingly the module characteristics may be easily custom tailored for the specific needs of each installation.

For different security levels the wall thicknesses may be varied. Typically 14 to 10 gauge steel may be used. The fillers may also contribute to strength and security. Thus concrete or reinforced concrete may be used as a filler, or gravel may have an epoxy binder, etc.

Although buildings, cells and barriers may be built primarily of these modules, a set of cooperating special purpose modules is convenient for other building blocks, thus contributing to lower cost and faster construction. For example, a top roofing member is shown in FIG. 8. The hollow construction permits secure and escape proof cells with utility flow access channels and outlets typically as shown in FIGS. 9 to 11. Air flow and electric wiring is easily provided in this manner.

As seen in the building sketch of FIG. 12, provision may need be made for doors and windows. The special modules of FIGS. 13 to 18 provide for matched registration in place in a building of compatible modules. Heavy steel plates may be provided for hanging doors, etc. Small windows as in FIG. 15 may be pre-installed at the plant, and larger ones fitting between the modules of FIGS. 13 and 14 may be installed in the field by welding in place.

The walls of the building of FIG. 12 may be simply barrier walls used for security purposes in impeding autos or other impact instruments. Thus the modular building construction afforded by this invention provides significant advantage wherever security provisions need be provided. Typical wall characteristics include bullet and explosion resistance, fire and heat

resistance, acoustic insulation, ease of manual assembly on site, and high structural strength. Thus the modules and modular construction of this invention is particularly adapted to use in jails, bank vaults, armories, firing ranges, embassy security areas, barrier walls, military applications and in special construction requiring unusual thermal, noise and impact resistance combined with architectural needs in construction safety and strength, sanitation and ease of maintenance.

Therefore this invention has advanced the art by providing modular buildings and modules of high strength, bullet resistance, extraordinary acoustical and thermal insulation, easy site construction with convenient manually installable module sizes. Uniquely the advantages of steel shell modules are combined with thermal and acoustical isolation of two spaced walls and protection against bullet penetration of the walls. Accordingly those novel features believed descriptive of the nature and spirit of the invention are defined with particularity in the claims.

I claim:

1. Building modules adapted to fit together for construction of fire, sound and impact resistant security barriers and rooms for use in securing records and persons, comprising in combination, an outer shell of substantially parallelepiped shaped with two outer steel plate panel sections of greater surface area serving as inner and outer walls for a structure when a plurality of the modules are fitted together, sealant means spacing the two panel sections from steel to steel contact with each other by a thermal-acoustical barrier material, and further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls.

2. Modules as defined in claim 1 wherein the steel baffles are oriented with the panel sections disposed at angles for deflecting projectiles such as bullets able to penetrate the steel plates.

3. Modules as defined in claim 2 including insulating material disposed inside said shell to provide significant resistance to penetration and travel of projectiles that might penetrate the plates.

4. Building modules adapted to fit together for construction of fire, sound and impact resistant security barriers and rooms for use in securing records and persons, comprising in combination, an outer shell of substantially parallelepiped shape with two outer steel plate panel sections of greater surface area serving as inner and outer walls for a structure when a plurality of the modules are fitted together, sealant means spacing the two panel sections from steel to steel contact with each other by a thermal-acoustical barrier material, and further means disposed inside the shell for increasing its load bearing capacity wherein a first outer steel plate panel section comprises a cross section shape substantially that of the base and two partial legs of a triangle forming acute angles having apex points at opposite ends of the module and wherein the legs are inwardly directed to provide internal baffles.

5. Modules as defined in claim 4 wherein the other outer steel panel section comprises two abutted parts each extending substantially half the dimension of the triangle base of the first panel and each comprising a cross section shape substantially that of the base and two partial legs of a substantially right triangle having the right angle leg forming end walls of the modules and the remaining leg directed internally and thereby forming an internal baffle.

6. Modules as defined in claim 5 wherein the internal baffles of both outer panel sections overlap and interlock at angles providing deflector panels extending from one end of the module to the other for changing the direction of projectiles that might penetrate the outer wall.

7. Modules as defined in claim 5 wherein the substantially right angle leg forming the module end walls is slightly less than 90 degrees to produce end walls on the modules which thereby abut with similar modules at the outer wall panel ends at substantially only two lines along the height of the panels at the respective ends of the two outer panel sections.

8. Modules as defined in claim 7 placed end to end with the two abutting lines of the end to end modules in abutted registration and welded together along the two abutted lines.

9. Modules as defined in claim 8 forming a barrier wall.

10. Modules as defined in claim 8 forming a jail cell, with the modules providing fire resistance, sound barrier, thermal insulation, projectile repellent characteristics and high impact resistance.

11. Modules as defined in claim 8 forming a security storage facility with the modules providing fire resistance, thermal insulation and high impact resistance.

12. Modules as defined in claim 5 wherein the two panel sections form with said internal baffles a confronting pair of flanges near each end of the module, and further including means fixing the panels in place with a ropelike thermal seal extending between and being compressed by the flanges along the height of the panels.

13. Modules as defined in claim 5 wherein closure plates are affixed as top and bottom panels to the wall panels.

14. Modules as defined in claim 13 wherein the modules are filled with an insulating material providing thermal and acoustical insulation and energy absorption.

15. Modules as defined in claim 13 wherein the deflector panels form substantially two internal compartments respectively abutting the outer steel plate panels and wherein the insulating material in each of the compartments differ.

16. Modules as defined in claim 13 wherein the insulating material in the compartment abutting one outer wall is a mixture of gravel and gypsum.

17. Projectile resistant building modules for fitting together to form steel wall surfaces in construction of

jail cells and the like comprising a steel plate outer shell, inner steel baffles projecting inwardly from the outer shell at angles tending to deflect projectiles that penetrate the outer shell and internal packing material that significantly resists the travel of a moving projectile.

18. Modules as defined in claim 17 welded together to form barrier walls with steel plate surfaces.

19. Modules as defined in claim 18 having sound, thermal and impact resisting insulating material within the shells and with the walls forming secured facilities for confining internal fire, sound and impact disturbances within the facilities and for providing impact and projectile resistance from vandalism and outside disturbances.

20. Modules as defined in claim 18 having fire, impact and thermal resisting insulating material within the shells and joined together to provide secured facilities for storage of materials.

21. A prisoner detention facility providing vandalism resistance constructed of modular shells having outer steel plate wall panels welded together to provide unitary inner and outer steel walls and internal baffles, with the modular shells enclosing insulating material providing substantial thermal, sound and impact resistance.

22. Modular equipment for formulating detention structures comprising of a multiplicity of interchangeable modules of similar size having steel plate inner and outer wall sections defining end closures and internally directed load supporting baffles with said modules welded together to form said detention structure.

23. Modular equipment as defined in claim 22 wherein the internally directed baffles are disposed at angles for deflecting projectiles such as bullets which might penetrate the outer steel plate walls.

24. Modular equipment as defined in claim 22 including insulation material inside the modules for resisting fire, sound and impact.

25. Modular equipment as defined in claim 22 including modular shape for abutting modules end to end in registration to meet substantially only along two welded lines appearing at the inner and outer wall outer surfaces, wherein the multiplicity of modules are welded together along the two weld lines.

26. Modular equipment as defined in claim 22 including means defined in the end closures disposing thermal insulation between the inner and outer walls to interrupt steel to steel contact.

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PHILLIPS V. AWH CORPORATION (FED. CIR. 2005)

READING WITH PURPOSE

As you read, ask yourself the following questions:

- What is claim construction?
- What is the process for claim construction? How is it actually done?
- What policy rationales underlie the *Phillips* process for claim construction?

Phillips v. AWH Corporation

415 F.3d 1303 (Fed. Cir. 2005) (en banc)

Opinion for the court filed by Circuit Judge BRYSON, in which Chief Judge MICHEL and Circuit Judges CLEVINGER, RADER, SCHALL, GAJARSA, LINN, DYK, and PROST join; and in which Circuit Judge LOURIE joins with respect to parts I, II, III, V, and VI; and in which Circuit Judge NEWMAN joins with respect to parts I, II, III, and V. Opinion concurring in part and dissenting in part filed by Circuit Judge LOURIE, in which Circuit Judge NEWMAN joins. Dissenting opinion filed by Circuit Judge MAYER, in which Circuit Judge NEWMAN joins.

BRYSON, Circuit Judge.

Edward H. Phillips invented modular, steel-shell panels that can be welded together to form vandalism-resistant walls. The panels are especially useful in building prisons because they are load-bearing and impact-resistant, while also insulating against fire and noise. Mr. Phillips obtained a patent on the invention, U.S. Patent No. 4,677,798 (“the ‘798 patent”), and he subsequently entered into an arrangement with AWH Corporation, Hopeman Brothers, Inc., and Lofton Corporation (collectively “AWH”) to market and sell the panels. That arrangement ended in 1990. In 1991, however, Mr. Phillips received a sales brochure from AWH that suggested to him that AWH was continuing to use his trade secrets and patented technology without his consent. In a series of letters in 1991 and 1992, Mr. Phillips accused AWH of patent infringement and trade secret misappropriation. Correspondence between the parties regarding the matter ceased after that time.

In February 1997, Mr. Phillips brought suit in the United States District Court for the District of Colorado charging AWH with misappropriation of trade secrets and infringement of claims 1, 21, 22, 24, 25, and 26 of the ‘798 patent. *Phillips v. AWH Corp.*, No. 97-N-212 (D.Colo.). The district court dismissed the trade secret misappropriation claim as barred by Colorado’s three-year statute of limitations.

With regard to the patent infringement issue, the district court focused on the language of claim 1, which recites “further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls.” The court interpreted that language as “a means . . . for performing a specified function,” subject to 35 U.S.C. § 112, paragraph 6, which provides that such a claim “shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.” Looking to the specification of the ‘798 patent, the court noted that “every textual reference in the Specification and its diagrams show baffle deployment at an angle other than 90 to the wall faces” and that “placement of the baffles at such angles creates an intermediate interlocking, but not solid, internal barrier.” The district court therefore ruled that, for purposes of the ‘798 patent, a baffle must “extend inward from the steel shell walls at an oblique or acute angle to the wall face” and must form part of an interlocking barrier in the interior of the wall module. Because Mr. Phillips could not prove infringement under that claim construction, the district court granted summary judgment of noninfringement.

Mr. Phillips appealed with respect to both the trade secret and patent infringement claims. A panel of this court affirmed on both issues. *Phillips v. AWH Corp.*, 363 F.3d 1207 (Fed.Cir.2004). As to the trade secret claim, the panel unanimously upheld the district court’s ruling that the claim was barred by the applicable statute of limitations. *Id.* at 1215. As to the patent infringement claims, the panel was divided. The majority sustained the district court’s summary judgment of noninfringement, although on different grounds. The dissenting judge would have reversed the summary judgment of noninfringement.

The panel first determined that because the asserted claims of the ‘798 patent contain a sufficient recitation of structure, the district court erred by construing the term “baffles” to invoke the “means-plus-function” claim format authorized by section 112, paragraph 6. *Id.* at 1212. Nonetheless, the panel concluded that the patent uses the term “baffles” in a restrictive manner. Based on the patent’s written description, the panel held that the claim term “baffles” excludes structures that extend at a 90 degree angle from the walls. The panel noted that the specification repeatedly refers to the ability of the claimed baffles to deflect projectiles and that it describes the baffles as being “disposed at such angles that bullets which might penetrate the outer steel panels are deflected.” ‘798 patent, col. 2, ll. 13-15; *see also id.* at col. 5, ll. 17-19 (baffles are “disposed at angles which tend to deflect the bullets”). In addition, the panel observed that nowhere in the patent is there any disclosure of a baffle projecting from the wall at a right angle and that baffles oriented at 90 degrees to the wall were found in the prior art. Based on “the specification’s explicit descriptions,” the panel concluded “that the patentee regarded his invention as panels providing impact or projectile resistance and that the baffles must be oriented at angles other than 90.” *Phillips*, 363 F.3d at 1213. The panel added that the patent specification “is intended to support and inform the claims, and here it makes it unmistakably clear that the invention involves baffles angled at other than 90.” *Id.* at 1214. The panel therefore upheld the district court’s summary judgment of noninfringement.

The dissenting judge argued that the panel had improperly limited the claims to the particular embodiment of the invention disclosed in the specification, rather than adopting the “plain meaning” of the term “baffles.” The dissenting judge noted that the parties had stipulated that “baffles” are a “means for obstructing, impeding, or checking the flow of something,” and that the panel majority had agreed that the ordinary meaning of baffles is “something for deflecting, checking, or otherwise regulating flow.” *Phillips*, 363 F.3d at 1216-17. In the dissent’s view, nothing in the specification redefined the term “baffles” or constituted a disclaimer specifically limiting the term to less than the full scope of its ordinary meaning. Instead, the dissenting judge contended, the specification “merely

identifies impact resistance as one of several objectives of the invention.” *Id.* at 1217. In sum, the dissent concluded that “there is no reason to supplement the plain meaning of the claim language with a limitation from the preferred embodiment.” *Id.* at 1218. Consequently, the dissenting judge argued that the court should have adopted the general purpose dictionary definition of the term baffle, i.e., “something for deflecting, checking, or otherwise regulating flow,” *id.*, and therefore should have reversed the summary judgment of noninfringement.

This court agreed to rehear the appeal en banc and vacated the judgment of the panel. *Phillips v. AWH Corp.*, 376 F.3d 1382 (Fed.Cir.2004). We now affirm the portion of the district court’s judgment addressed to the trade secret misappropriation claims. However, we reverse the portion of the court’s judgment addressed to the issue of infringement.

I

Claim 1 of the ‘798 patent is representative of the asserted claims with respect to the use of the term “baffles.” It recites:

Building modules adapted to fit together for construction of fire, sound and impact resistant security barriers and rooms for use in securing records and persons, comprising in combination, an outer shell . . . , sealant means . . . and further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls.

As a preliminary matter, we agree with the panel that the term “baffles” is not means-plus-function language that invokes 35 U.S.C. § 112, paragraph 6. To be sure, the claim refers to “means disposed inside the shell for increasing its load bearing capacity,” a formulation that would ordinarily be regarded as invoking the means-plus-function claim format. However, the claim specifically identifies “internal steel baffles” as structure that performs the recited function of increasing the shell’s load-bearing capacity. In contrast to the “load bearing means” limitation, the reference to “baffles” does not use the word “means,” and we have held that the absence of that term creates a rebuttable presumption that section 112, paragraph 6, does not apply. *See Personalized Media Communications, LLC v. Int’l Trade Comm’n*, 161 F.3d 696, 703-04 (Fed.Cir.1998).

Means-plus-function claiming applies only to purely functional limitations that do not provide the structure that performs the recited function. *See Watts v. XL Sys., Inc.*, 232 F.3d 877, 880-81 (Fed.Cir. 2000). While the baffles in the ‘798 patent are clearly intended to perform several functions, the term “baffles” is nonetheless structural; it is not a purely functional placeholder in which structure is filled in by the specification. *See TurboCare Div. of Demag Delaval Turbomachinery Corp. v. Gen. Elec. Co.*, 264 F.3d 1111, 1121 (Fed.Cir.2001) (reasoning that nothing in the specification or prosecution history suggests that the patentee used the term “compressed spring” to denote any structure that is capable of performing the specified function); *Greenberg v. Ethicon Endo-Surgery, Inc.*, 91 F.3d 1580, 1583 (Fed.Cir.1996) (construing the term “detent mechanism” to refer to particular structure, even though the term has functional connotations). The claims and the specification unmistakably establish that the “steel baffles” refer to particular physical apparatus. The claim characterizes the baffles as “extend[ing] inwardly” from the steel shell walls, which plainly implies that the baffles are structures. The specification likewise makes clear that the term “steel baffles” refers to particular internal wall structures and is not simply a general description of any structure that will perform a particular function. *See, e.g.*, ‘798 patent, col. 4, ll. 25-26 (“the load bearing baffles 16 are optionally used with longer panels”); *id.*, col. 4, ll. 49-50 (opposing panels are “compressed between the flange 35 and the

baffle 26”). Because the term “baffles” is not subject to section 112, paragraph 6, we agree with the panel that the district court erred by limiting the term to corresponding structures disclosed in the specification and their equivalents. Accordingly, we must determine the correct construction of the structural term “baffles,” as used in the ‘798 patent.

II

The first paragraph of section 112 of the Patent Act, 35 U.S.C. § 112, states that the specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same

The second paragraph of section 112 provides that the specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Those two paragraphs of section 112 frame the issue of claim interpretation for us. The second paragraph requires us to look to the language of the claims to determine what “the applicant regards as his invention.” On the other hand, the first paragraph requires that the specification describe the invention set forth in the claims. The principal question that this case presents to us is the extent to which we should resort to and rely on a patent’s specification in seeking to ascertain the proper scope of its claims.

This is hardly a new question. The role of the specification in claim construction has been an issue in patent law decisions in this country for nearly two centuries. We addressed the relationship between the specification and the claims at some length in our en banc opinion in *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979-81 (Fed.Cir.1995) (*en banc*), *aff’d*, 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996). We again summarized the applicable principles in *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576 (Fed.Cir.1996), and more recently in *Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 381 F.3d 1111 (Fed.Cir.2004). What we said in those cases bears restating, for the basic principles of claim construction outlined there are still applicable, and we reaffirm them today. We have also previously considered the use of dictionaries in claim construction. What we have said in that regard requires clarification.

A

It is a “bedrock principle” of patent law that “the claims of a patent define the invention to which the patentee is entitled the right to exclude.” *Innova*, 381 F.3d at 1115; *see also Vitronics*, 90 F.3d at 1582 (“we look to the words of the claims themselves . . . to define the scope of the patented invention”); *Markman*, 52 F.3d at 980 (“The written description part of the specification itself does not delimit the right to exclude. That is the function and purpose of claims.”). That principle has been recognized since at least 1836, when Congress first required that the specification include a portion in which the inventor “shall particularly specify and point out the part, improvement, or combination, which he claims as his own invention or discovery.” Act of July 4, 1836, ch. 357, § 6, 5 Stat. 117, 119. In the following years, the Supreme Court made clear that the claims are “of primary importance, in the effort to ascertain precisely what it is that is patented.” *Merrill v. Yeomans*, 94 U.S. 568, 570, 24 L.Ed. 235 (1876). Because the patentee is required to “define precisely what his invention is,” the Court

explained, it is “unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.” *White v. Dunbar*, 119 U.S. 47, 52, 7 S.Ct. 72, 30 L.Ed. 303 (1886); *see also Conti'l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 419, 28 S.Ct. 748, 52 L.Ed. 1122 (1908) (“the claims measure the invention”); *McCarty v. Lehigh Valley R.R. Co.*, 160 U.S. 110, 116, 16 S.Ct. 240, 40 L.Ed. 358 (1895) (“if we once begin to include elements not mentioned in the claim, in order to limit such claim . . . , we should never know where to stop”); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 339, 81 S.Ct. 599, 5 L.Ed.2d 592 (1961) (“the claims made in the patent are the sole measure of the grant”).

We have frequently stated that the words of a claim “are generally given their ordinary and customary meaning.” *Vitronics*, 90 F.3d at 1582; *see also Toro Co. v. White Consol. Indus., Inc.*, 199 F.3d 1295, 1299 (Fed.Cir.1999); *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed.Cir.1998). We have made clear, moreover, that the ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application. *See Innova*, 381 F.3d at 1116 (“A court construing a patent claim seeks to accord a claim the meaning it would have to a person of ordinary skill in the art at the time of the invention.”); *Home Diagnostics, Inc. v. LifeScan, Inc.*, 381 F.3d 1352, 1358 (Fed.Cir.2004) (“customary meaning” refers to the “customary meaning in [the] art field”); *Ferguson Beauregard/Logic Controls v. Mega Sys., LLC*, 350 F.3d 1327, 1338 (Fed.Cir.2003) (claim terms “are examined through the viewing glass of a person skilled in the art”); *see also PC Connector Solutions LLC v. SmartDisk Corp.*, 406 F.3d 1359, 1363 (Fed.Cir.2005) (meaning of claim “must be interpreted as of [the] effective filing date” of the patent application); *Schering Corp. v. Amgen Inc.*, 222 F.3d 1347, 1353 (Fed. Cir.2000) (same).

The inquiry into how a person of ordinary skill in the art understands a claim term provides an objective baseline from which to begin claim interpretation. *See Innova*, 381 F.3d at 1116. That starting point is based on the well-settled understanding that inventors are typically persons skilled in the field of the invention and that patents are addressed to and intended to be read by others of skill in the pertinent art. *See Verve, LLC v. Crane Cams, Inc.*, 311 F.3d 1116, 1119 (Fed.Cir.2002) (patent documents are meant to be “a concise statement for persons in the field”); *In re Nelson*, 47 C.C.P.A. 1031, 280 F.2d 172, 181 (1960) (“The descriptions in patents are not addressed to the public generally, to lawyers or to judges, but, as section 112 says, to those skilled in the art to which the invention pertains or with which it is most nearly connected.”).

Importantly, the person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification. This court explained that point well in *Multiform Desiccants, Inc. v. Medzam, Ltd.*, 133 F.3d 1473, 1477 (Fed.Cir.1998):

It is the person of ordinary skill in the field of the invention through whose eyes the claims are construed. Such person is deemed to read the words used in the patent documents with an understanding of their meaning in the field, and to have knowledge of any special meaning and usage in the field. The inventor’s words that are used to describe the invention—the inventor’s lexicography—must be understood and interpreted by the court as they would be understood and interpreted by a person in that field of technology. Thus the court starts the decision making process by reviewing the same resources as would that person, viz., the patent specification and the prosecution history.

See also *Medrad, Inc. v. MRI Devices Corp.*, 401 F.3d 1313, 1319 (Fed.Cir.2005) (“We cannot look at the ordinary meaning of the term . . . in a vacuum. Rather, we must look at the ordinary meaning in the context of the written description and the prosecution history.”); *V-Formation, Inc. v. Benetton Group SpA*, 401 F.3d 1307, 1310 (Fed.Cir.2005) (intrinsic record “usually provides the technological and temporal context to enable the court to ascertain the meaning of the claim to one of ordinary skill in the art at the time of the invention”); *Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.*, 375 F.3d 1341, 1351 (Fed.Cir.2004) (proper definition is the “definition that one of ordinary skill in the art could ascertain from the intrinsic evidence in the record”).

B

In some cases, the ordinary meaning of claim language as understood by a person of skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words. See *Brown v. 3M*, 265 F.3d 1349, 1352 (Fed. Cir.2001) (holding that the claims did “not require elaborate interpretation”). In such circumstances, general purpose dictionaries may be helpful. In many cases that give rise to litigation, however, determining the ordinary and customary meaning of the claim requires examination of terms that have a particular meaning in a field of art. Because the meaning of a claim term as understood by persons of skill in the art is often not immediately apparent, and because patentees frequently use terms idiosyncratically, the court looks to “those sources available to the public that show what a person of skill in the art would have understood disputed claim language to mean.” *Innova*, 381 F.3d at 1116. Those sources include “the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.” *Id.*; see also *Gemstar-TV Guide Int’l, Inc. v. Int’l Trade Comm’n*, 383 F.3d 1352, 1364 (Fed.Cir.2004); *Vitronics*, 90 F.3d at 1582-83; *Markman*, 52 F.3d at 979-80.

1

Quite apart from the written description and the prosecution history, the claims themselves provide substantial guidance as to the meaning of particular claim terms. See *Vitronics*, 90 F.3d at 1582; see also *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1088 (Fed.Cir.2003) (“the context of the surrounding words of the claim also must be considered in determining the ordinary and customary meaning of those terms”).

To begin with, the context in which a term is used in the asserted claim can be highly instructive. To take a simple example, the claim in this case refers to “steel baffles,” which strongly implies that the term “baffles” does not inherently mean objects made of steel. This court’s cases provide numerous similar examples in which the use of a term within the claim provides a firm basis for construing the term. See, e.g., *Mars, Inc. v. H.J. Heinz Co.*, 377 F.3d 1369, 1374 (Fed.Cir.2004) (claim term “ingredients” construed in light of the use of the term “mixture” in the same claim phrase); *Process Control Corp. v. HydReclaim Corp.*, 190 F.3d 1350, 1356 (Fed.Cir.1999) (claim term “discharge rate” construed in light of the use of the same term in another limitation of the same claim).

Other claims of the patent in question, both asserted and unasserted, can also be valuable sources of enlightenment as to the meaning of a claim term. *Vitronics*, 90 F.3d at 1582. Because claim terms are normally used consistently throughout the patent, the usage of a term in one claim can often illuminate the meaning of the same term in other claims. See *Rexnord Corp. v. Laitram Corp.*, 274 F.3d

1336, 1342 (Fed.Cir.2001); *CVI/Beta Ventures, Inc. v. Tura LP*, 112 F.3d 1146, 1159 (Fed.Cir.1997). Differences among claims can also be a useful guide in understanding the meaning of particular claim terms. See *Laitram Corp. v. Rexnord, Inc.*, 939 F.2d 1533, 1538 (Fed.Cir.1991). For example, the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim. See *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 910 (Fed.Cir.2004).

2

The claims, of course, do not stand alone. Rather, they are part of “a fully integrated written instrument,” *Markman*, 52 F.3d at 978, consisting principally of a specification that concludes with the claims. For that reason, claims “must be read in view of the specification, of which they are a part.” *Id.* at 979. As we stated in *Vitronics*, the specification “is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.” 90 F.3d at 1582.

This court and its predecessors have long emphasized the importance of the specification in claim construction. In *Autogiro Co. of America v. United States*, 181 Ct.Cl. 55, 384 F.2d 391, 397-98 (1967), the Court of Claims characterized the specification as “a concordance for the claims,” based on the statutory requirement that the specification “describe the manner and process of making and using” the patented invention. The Court of Customs and Patent Appeals made a similar point. See *In re Fout*, 675 F.2d 297, 300 (CCPA 1982) (“Claims must always be read in light of the specification. Here, the specification makes plain what the appellants did and did not invent . . .”).

Shortly after the creation of this court, Judge Rich wrote that “[t]he descriptive part of the specification aids in ascertaining the scope and meaning of the claims inasmuch as the words of the claims must be based on the description. The specification is, thus, the primary basis for construing the claims.” *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 452 (Fed.Cir.1985). On numerous occasions since then, we have reaffirmed that point, stating that “[t]he best source for understanding a technical term is the specification from which it arose, informed, as needed, by the prosecution history.” *Multiform Desiccants*, 133 F.3d at 1478; *Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1360 (Fed.Cir. 2004) (“In most cases, the best source for discerning the proper context of claim terms is the patent specification wherein the patent applicant describes the invention.”); see also, e.g., *Kinik Co. v. Int’l Trade Comm’n*, 362 F.3d 1359, 1365 (Fed. Cir.2004) (“The words of patent claims have the meaning and scope with which they are used in the specification and the prosecution history.”); *Moba, B.V. v. Diamond Automation, Inc.*, 325 F.3d 1306, 1315 (Fed.Cir.2003) (“[T]he best indicator of claim meaning is its usage in context as understood by one of skill in the art at the time of invention.”).

That principle has a long pedigree in Supreme Court decisions as well. See *Hogg v. Emerson*, 47 U.S. (6 How.) 437, 482, 12 L.Ed. 505 (1848) (the specification is a “component part of the patent” and “is as much to be considered with the [letters patent] in construing them, as any paper referred to in a deed or other contract”); *Bates v. Coe*, 98 U.S. 31, 38, 25 L.Ed. 68 (1878) (“in case of doubt or ambiguity it is proper in all cases to refer back to the descriptive portions of the specification to aid in solving the doubt or in ascertaining the true intent and meaning of the language employed in the claims”); *White v. Dunbar*, 119 U.S. 47, 51, 7 S.Ct. 72, 30 L.Ed. 303 (1886) (specification is appropriately resorted to “for the purpose of better understanding the meaning of the claim”); *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 217, 61 S.Ct. 235, 85 L.Ed. 132 (1940) (“The claims of a patent are always to

be read or interpreted in light of its specifications.”); *United States v. Adams*, 383 U.S. 39, 49, 86 S.Ct. 708, 15 L.Ed.2d 572 (1966) (“[I]t is fundamental that claims are to be construed in the light of the specifications and both are to be read with a view to ascertaining the invention.”).

The importance of the specification in claim construction derives from its statutory role. The close kinship between the written description and the claims is enforced by the statutory requirement that the specification describe the claimed invention in “full, clear, concise, and exact terms.” 35 U.S.C. § 112, para. 1; see *Netword, LLC v. Centraal Corp.*, 242 F.3d 1347, 1352 (Fed.Cir.2001) (“The claims are directed to the invention that is described in the specification; they do not have meaning removed from the context from which they arose.”); see also *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996) (“[A claim] term can be defined only in a way that comports with the instrument as a whole.”). In light of the statutory directive that the inventor provide a “full” and “exact” description of the claimed invention, the specification necessarily informs the proper construction of the claims. See *Merck & Co. v. Teva Pharms. USA, Inc.*, 347 F.3d 1367, 1371 (Fed.Cir. 2003) (“A fundamental rule of claim construction is that terms in a patent document are construed with the meaning with which they are presented in the patent document. Thus claims must be construed so as to be consistent with the specification, of which they are a part.”) (citations omitted). In *Renishaw*, this court summarized that point succinctly:

Ultimately, the interpretation to be given a term can only be determined and confirmed with a full understanding of what the inventors actually invented and intended to envelop with the claim. The construction that stays true to the claim language and most naturally aligns with the patent’s description of the invention will be, in the end, the correct construction.

158 F.3d at 1250 (citations omitted).

Consistent with that general principle, our cases recognize that the specification may reveal a special definition given to a claim term by the patentee that differs from the meaning it would otherwise possess. In such cases, the inventor’s lexicography governs. See *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366 (Fed.Cir.2002). In other cases, the specification may reveal an intentional disclaimer, or disavowal, of claim scope by the inventor. In that instance as well, the inventor has dictated the correct claim scope, and the inventor’s intention, as expressed in the specification, is regarded as dispositive. See *SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337, 1343-44 (Fed.Cir.2001).

The pertinence of the specification to claim construction is reinforced by the manner in which a patent is issued. The Patent and Trademark Office (“PTO”) determines the scope of claims in patent applications not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction “in light of the specification as it would be interpreted by one of ordinary skill in the art.” *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed.Cir.2004). Indeed, the rules of the PTO require that application claims must “conform to the invention as set forth in the remainder of the specification and the terms and phrases used in the claims must find clear support or antecedent basis in the description so that the meaning of the terms in the claims may be ascertainable by reference to the description.” 37 C.F.R. § 1.75(d)(1). It is therefore entirely appropriate for a court, when conducting claim construction, to rely heavily on the written description for guidance as to the meaning of the claims.

In addition to consulting the specification, we have held that a court “should also consider the patent’s prosecution history, if it is in evidence.” *Markman*, 52 F.3d at 980; *see also Graham v. John Deere Co.*, 383 U.S. 1, 33, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966) (“[A]n invention is construed not only in the light of the claims, but also with reference to the file wrapper or prosecution history in the Patent Office.”). The prosecution history, which we have designated as part of the “intrinsic evidence,” consists of the complete record of the proceedings before the PTO and includes the prior art cited during the examination of the patent. *Autogiro*, 384 F.2d at 399. Like the specification, the prosecution history provides evidence of how the PTO and the inventor understood the patent. *See Lemelson v. Gen. Mills, Inc.*, 968 F.2d 1202, 1206 (Fed.Cir.1992). Furthermore, like the specification, the prosecution history was created by the patentee in attempting to explain and obtain the patent. Yet because the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes. *See Inverness Med. Switz. GmbH v. Warner Lambert Co.*, 309 F.3d 1373, 1380-82 (Fed.Cir.2002) (the ambiguity of the prosecution history made it less relevant to claim construction); *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1580 (Fed.Cir.1996) (the ambiguity of the prosecution history made it “unhelpful as an interpretive resource” for claim construction). Nonetheless, the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be. *Vitronics*, 90 F.3d at 1582-83; *see also Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1384 (Fed.Cir. 2005) (“The purpose of consulting the prosecution history in construing a claim is to ‘exclude any interpretation that was disclaimed during prosecution.’”), quoting *ZMI Corp. v. Cardiac Resuscitator Corp.*, 844 F.2d 1576, 1580 (Fed.Cir.1988); *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed.Cir.1995).

C

Although we have emphasized the importance of intrinsic evidence in claim construction, we have also authorized district courts to rely on extrinsic evidence, which “consists of all evidence external to the patent and prosecution history, including expert and inventor testimony, dictionaries, and learned treatises.” *Markman*, 52 F.3d at 980, citing *Seymour v. Osborne*, 78 U.S. (11 Wall.) 516, 546, 20 L.Ed. 33 (1870); *see also Vitronics*, 90 F.3d at 1583. However, while extrinsic evidence “can shed useful light on the relevant art,” we have explained that it is “less significant than the intrinsic record in determining ‘the legally operative meaning of claim language.’” *C.R. Bard, Inc. v. U.S. Surgical Corp.*, 388 F.3d 858, 862 (Fed.Cir.2004), quoting *Vanderlande Indus. Nederland BV v. Int’l Trade Comm’n*, 366 F.3d 1311, 1318 (Fed.Cir.2004); *see also Astrazeneca AB v. Mutual Pharm. Co.*, 384 F.3d 1333, 1337 (Fed.Cir.2004).

Within the class of extrinsic evidence, the court has observed that dictionaries and treatises can be useful in claim construction. *See Renishaw*, 158 F.3d at 1250; *Rexnord*, 274 F.3d at 1344. We have especially noted the help that technical dictionaries may provide to a court “to better understand the underlying technology” and the way in which one of skill in the art might use the claim terms. *Vitronics*, 90 F.3d at 1584 n. 6. Because dictionaries, and especially technical dictionaries, endeavor to collect the accepted meanings of terms used in various fields of science and technology, those resources have been properly recognized as among the many tools that can assist the court in determining the meaning of particular terminology to those of skill in the art of the invention. *See Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1325 (Fed.Cir.2002). Such evidence, we have held, may be considered if the court deems it helpful in determining “the true meaning of language used in the patent claims.” *Markman*, 52 F.3d at 980.

We have also held that extrinsic evidence in the form of expert testimony can be useful to a court for a variety of purposes, such as to provide background on the technology at issue, to explain how an invention works, to ensure that the court's understanding of the technical aspects of the patent is consistent with that of a person of skill in the art, or to establish that a particular term in the patent or the prior art has a particular meaning in the pertinent field. See *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1308-09 (Fed.Cir.1999); *Key Pharms. v. Hercon Labs. Corp.*, 161 F.3d 709, 716 (Fed.Cir.1998). However, conclusory, unsupported assertions by experts as to the definition of a claim term are not useful to a court. Similarly, a court should discount any expert testimony "that is clearly at odds with the claim construction mandated by the claims themselves, the written description, and the prosecution history, in other words, with the written record of the patent." *Key Pharms.*, 161 F.3d at 716.

We have viewed extrinsic evidence in general as less reliable than the patent and its prosecution history in determining how to read claim terms, for several reasons. First, extrinsic evidence by definition is not part of the patent and does not have the specification's virtue of being created at the time of patent prosecution for the purpose of explaining the patent's scope and meaning. Second, while claims are construed as they would be understood by a hypothetical person of skill in the art, extrinsic publications may not be written by or for skilled artisans and therefore may not reflect the understanding of a skilled artisan in the field of the patent. Third, extrinsic evidence consisting of expert reports and testimony is generated at the time of and for the purpose of litigation and thus can suffer from bias that is not present in intrinsic evidence. The effect of that bias can be exacerbated if the expert is not one of skill in the relevant art or if the expert's opinion is offered in a form that is not subject to cross-examination. See *Senmed, Inc. v. Richard-Allan Med. Indus., Inc.*, 888 F.2d 815, 819 n. 8 (Fed.Cir.1989). Fourth, there is a virtually unbounded universe of potential extrinsic evidence of some marginal relevance that could be brought to bear on any claim construction question. In the course of litigation, each party will naturally choose the pieces of extrinsic evidence most favorable to its cause, leaving the court with the considerable task of filtering the useful extrinsic evidence from the fluff. See *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 595, 113 S.Ct. 2786, 125 L.Ed.2d 469 (1993) ("Expert evidence can be both powerful and quite misleading because of the difficulty in evaluating it."). Finally, undue reliance on extrinsic evidence poses the risk that it will be used to change the meaning of claims in derogation of the "indisputable public records consisting of the claims, the specification and the prosecution history," thereby undermining the public notice function of patents. *Southwall Techs.*, 54 F.3d at 1578.

In sum, extrinsic evidence may be useful to the court, but it is unlikely to result in a reliable interpretation of patent claim scope unless considered in the context of the intrinsic evidence. Nonetheless, because extrinsic evidence can help educate the court regarding the field of the invention and can help the court determine what a person of ordinary skill in the art would understand claim terms to mean, it is permissible for the district court in its sound discretion to admit and use such evidence. In exercising that discretion, and in weighing all the evidence bearing on claim construction, the court should keep in mind the flaws inherent in each type of evidence and assess that evidence accordingly.

III

Although the principles outlined above have been articulated on numerous occasions, some of this court's cases have suggested a somewhat different approach to claim construction, in which the court has given greater emphasis to dictionary definitions of claim terms and has assigned a less prominent

role to the specification and the prosecution history. The leading case in this line is *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed.Cir. 2002).

A

In *Texas Digital*, the court noted that “dictionaries, encyclopedias and treatises are particularly useful resources to assist the court in determining the ordinary and customary meanings of claim terms.” 308 F.3d at 1202. Those texts, the court explained, are “objective resources that serve as reliable sources of information on the established meanings that would have been attributed to the terms of the claims by those of skill in the art,” and they “deserve no less fealty in the context of claim construction” than in any other area of law. *Id.* at 1203. The court added that because words often have multiple dictionary meanings, the intrinsic record must be consulted to determine which of the different possible dictionary meanings is most consistent with the use of the term in question by the inventor. If more than one dictionary definition is consistent with the use of the words in the intrinsic record, the court stated, “the claim terms may be construed to encompass all such consistent meanings.” *Id.*

The *Texas Digital* court further explained that the patent’s specification and prosecution history must be consulted to determine if the patentee has used “the words [of the claim] in a manner clearly inconsistent with the ordinary meaning reflected, for example, in a dictionary definition.” 308 F.3d at 1204. The court identified two circumstances in which such an inconsistency may be found. First, the court stated, “the presumption in favor of a dictionary definition will be overcome where the patentee, acting as his or her own lexicographer, has clearly set forth an explicit definition of the term different from its ordinary meaning.” *Id.* Second, “the presumption also will be rebutted if the inventor has disavowed or disclaimed scope of coverage, by using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.” *Id.*

The *Texas Digital* court explained that it advanced the methodology set forth in that opinion in an effort to combat what this court has termed “one of the cardinal sins of patent law—reading a limitation from the written description into the claims,” *SciMed Life Sys.*, 242 F.3d at 1340. The court concluded that it is improper to consult “the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves.” *Texas Digital*, 308 F.3d at 1204. To do so, the court reasoned, “invites a violation of our precedent counseling against importing limitations into the claims.” *Id.* Summarizing its analysis, the *Texas Digital* court stated:

By examining relevant dictionaries, encyclopedias, and treatises to ascertain possible meanings that would have been attributed to the words of the claims by those skilled in the art, and by further utilizing the intrinsic record to select from those possible meanings the one or ones most consistent with the use of the words by the inventor, the full breadth of the limitations intended by the inventor will be more accurately determined and the improper importation of unintended limitations from the written description into the claims will be more easily avoided.

Id. at 1205.

B

Although the concern expressed by the court in *Texas Digital* was valid, the methodology it adopted placed too much reliance on extrinsic sources such as dictionaries, treatises, and encyclopedias and

too little on intrinsic sources, in particular the specification and prosecution history. While the court noted that the specification must be consulted in every case, it suggested a methodology for claim interpretation in which the specification should be consulted only after a determination is made, whether based on a dictionary, treatise, or other source, as to the ordinary meaning or meanings of the claim term in dispute. Even then, recourse to the specification is limited to determining whether the specification excludes one of the meanings derived from the dictionary, whether the presumption in favor of the dictionary definition of the claim term has been overcome by “an explicit definition of the term different from its ordinary meaning,” or whether the inventor “has disavowed or disclaimed scope of coverage, by using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.” 308 F.3d at 1204. In effect, the *Texas Digital* approach limits the role of the specification in claim construction to serving as a check on the dictionary meaning of a claim term if the specification requires the court to conclude that fewer than all the dictionary definitions apply, or if the specification contains a sufficiently specific alternative definition or disavowal. *See, e.g., Texas Digital*, 308 F.3d at 1202 (“unless compelled otherwise, a court will give a claim term the full range of its ordinary meaning”); *Nystrom v. TREX Co.*, 374 F.3d 1105, 1111-13 (Fed. Cir.2004) (ascertaining the “full range” of the ordinary meaning of the term “board” through a collection of dictionary definitions, and stating that those candidate definitions should be removed from consideration only if they were “disclaimed” in the written description or prosecution history); *Inverness Med. Switz.*, 309 F.3d at 1379 (claim should be construed to encompass multiple dictionary meanings unless “the specification or prosecution history clearly demonstrates that only one of the multiple meanings was intended”). That approach, in our view, improperly restricts the role of the specification in claim construction.

Assigning such a limited role to the specification, and in particular requiring that any definition of claim language in the specification be express, is inconsistent with our rulings that the specification is “the single best guide to the meaning of a disputed term,” and that the specification “acts as a dictionary when it expressly defines terms used in the claims or when it defines terms by implication.” *Vitronics*, 90 F.3d at 1582; *Irdeto Access, Inc. v. Echostar Satellite Corp.*, 383 F.3d 1295, 1300 (Fed.Cir.2004) (“Even when guidance is not provided in explicit definitional format, the specification may define claim terms by implication such that the meaning may be found in or ascertained by a reading of the patent documents.”) (citations omitted); *Novartis Pharms. Corp. v. Abbott Labs.*, 375 F.3d 1328, 1334-35 (Fed.Cir.2004) (same); *Bell Atl. Network Servs., Inc. v. Covad Communications Group, Inc.*, 262 F.3d 1258, 1268 (Fed.Cir.2001) (“[A] claim term may be clearly redefined without an explicit statement of redefinition.”).

The main problem with elevating the dictionary to such prominence is that it focuses the inquiry on the abstract meaning of words rather than on the meaning of claim terms within the context of the patent. Properly viewed, the “ordinary meaning” of a claim term is its meaning to the ordinary artisan after reading the entire patent. Yet heavy reliance on the dictionary divorced from the intrinsic evidence risks transforming the meaning of the claim term to the artisan into the meaning of the term in the abstract, out of its particular context, which is the specification. The patent system is based on the proposition that claims cover only the invented subject matter. As the Supreme Court has stated, “[i]t seems to us that nothing can be more just and fair, both to the patentee and the public, than that the former should understand, and correctly describe, just what he has invented, and for what he claims a patent.” *Merrill v. Yeomans*, 94 U.S. at 573-74. The use of a dictionary definition can conflict with that directive because the patent applicant did not create the dictionary to describe the invention. Thus, there may be a disconnect between the patentee’s responsibility to describe and claim

his invention, and the dictionary editors' objective of aggregating all possible definitions for particular words.

Although the *Texas Digital* line of cases permit the dictionary definition to be narrowed in some circumstances even when there is not an explicit disclaimer or redefinition in the specification, too often that line of cases has been improperly relied upon to condone the adoption of a dictionary definition entirely divorced from the context of the written description. The problem is that if the district court starts with the broad dictionary definition in every case and fails to fully appreciate how the specification implicitly limits that definition, the error will systematically cause the construction of the claim to be unduly expansive. The risk of systematic overbreadth is greatly reduced if the court instead focuses at the outset on how the patentee used the claim term in the claims, specification, and prosecution history, rather than starting with a broad definition and whittling it down.

Dictionaries, by their nature, provide an expansive array of definitions. General dictionaries, in particular, strive to collect all uses of particular words, from the common to the obscure. By design, general dictionaries collect the definitions of a term as used not only in a particular art field, but in many different settings. In such circumstances, it is inevitable that the multiple dictionary definitions for a term will extend beyond the "construction of the patent [that] is confirmed by the avowed understanding of the patentee, expressed by him, or on his behalf, when his application for the original patent was pending." *Goodyear Dental Vulcanite Co. v. Davis*, 102 U.S. 222, 227, 26 L.Ed. 149 (1880). Thus, the use of the dictionary may extend patent protection beyond what should properly be afforded by the inventor's patent. See *Smith v. Snow*, 294 U.S. 1, 14, 55 S.Ct. 279, 79 L.Ed. 721 (1935) ("if the claim were fairly susceptible of two constructions, that should be adopted which will secure to the patentee his actual invention") (emphasis added). For that reason, we have stated that "a general-usage dictionary cannot overcome art-specific evidence of the meaning" of a claim term. *Vanderlande Indus. Nederland*, 366 F.3d at 1321; see also *Renishaw*, 158 F.3d at 1250, quoting *Liebscher v. Boothroyd*, 46 C.C.P.A. 701, 258 F.2d 948, 951 (CCPA 1958) ("Indiscriminate reliance on definitions found in dictionaries can often produce absurd results One need not arbitrarily pick and choose from the various accepted definitions of a word to decide which meaning was intended as the word is used in a given claim. The subject matter, the context, etc., will more often than not lead to the correct conclusion.").

Even technical dictionaries or treatises, under certain circumstances, may suffer from some of these deficiencies. There is no guarantee that a term is used in the same way in a treatise as it would be by the patentee. In fact, discrepancies between the patent and treatises are apt to be common because the patent by its nature describes something novel. See *Autogiro*, 384 F.2d at 397 ("Often the invention is novel and words do not exist to describe it. The dictionary does not always keep abreast of the inventor. It cannot.").

Moreover, different dictionaries may contain somewhat different sets of definitions for the same words. A claim should not rise or fall based upon the preferences of a particular dictionary editor, or the court's independent decision, uninformed by the specification, to rely on one dictionary rather than another. Finally, the authors of dictionaries or treatises may simplify ideas to communicate them most effectively to the public and may thus choose a meaning that is not pertinent to the understanding of particular claim language. See generally Ellen P. Aprill, *The Law of the Word: Dictionary Shopping in the Supreme Court*, 30 Ariz. St. L.J. 275, 293-314 (1998). The resulting definitions therefore do not necessarily reflect the inventor's goal of distinctly setting forth his invention as a person of ordinary skill in that particular art would understand it.

As we have noted above, however, we do not intend to preclude the appropriate use of dictionaries. Dictionaries or comparable sources are often useful to assist in understanding the commonly understood meaning of words and have been used both by our court and the Supreme Court in claim interpretation. See *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126, 134, 62 S.Ct. 513, 86 L.Ed. 736 (1942) (relying on dictionaries to construe the claim term “embedded”); *Weber Elec. Co. v. E.H. Freeman Elec. Co.*, 256 U.S. 668, 678, 41 S.Ct. 600, 65 L.Ed. 1162 (1921) (approving circuit court’s use of dictionary definitions to define claim terms); *Renishaw*, 158 F.3d at 1247-53 (approving the use of dictionaries with proper respect for the role of intrinsic evidence). A dictionary definition has the value of being an unbiased source “accessible to the public in advance of litigation.” *Vitronics*, 90 F.3d at 1585. As we said in *Vitronics*, judges are free to consult dictionaries and technical treatises “at any time in order to better understand the underlying technology and may also rely on dictionary definitions when construing claim terms, so long as the dictionary definition does not contradict any definition found in or ascertained by a reading of the patent documents.” *Id.* at 1584 n. 6.

We also acknowledge that the purpose underlying the *Texas Digital* line of cases—to avoid the danger of reading limitations from the specification into the claim—is sound. Moreover, we recognize that the distinction between using the specification to interpret the meaning of a claim and importing limitations from the specification into the claim can be a difficult one to apply in practice. See *Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182, 1186-87 (Fed.Cir.1998) (“there is sometimes a fine line between reading a claim in light of the specification, and reading a limitation into the claim from the specification”). However, the line between construing terms and importing limitations can be discerned with reasonable certainty and predictability if the court’s focus remains on understanding how a person of ordinary skill in the art would understand the claim terms. For instance, although the specification often describes very specific embodiments of the invention, we have repeatedly warned against confining the claims to those embodiments. See, e.g., *Nazomi Communications, Inc. v. ARM Holdings, PLC*, 403 F.3d 1364, 1369 (Fed.Cir.2005) (claims may embrace “different subject matter than is illustrated in the specific embodiments in the specification”); *Liebel-Flarsheim*, 358 F.3d at 906-08; *Teleflex*, 299 F.3d at 1327; *SRI Int’l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1121 (Fed.Cir.1985). In particular, we have expressly rejected the contention that if a patent describes only a single embodiment, the claims of the patent must be construed as being limited to that embodiment. *Gemstar-TV Guide*, 383 F.3d at 1366. That is not just because section 112 of the Patent Act requires that the claims themselves set forth the limits of the patent grant, but also because persons of ordinary skill in the art rarely would confine their definitions of terms to the exact representations depicted in the embodiments.

To avoid importing limitations from the specification into the claims, it is important to keep in mind that the purposes of the specification are to teach and enable those of skill in the art to make and use the invention and to provide a best mode for doing so. See *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1533 (Fed.Cir.1987). One of the best ways to teach a person of ordinary skill in the art how to make and use the invention is to provide an example of how to practice the invention in a particular case. Much of the time, upon reading the specification in that context, it will become clear whether the patentee is setting out specific examples of the invention to accomplish those goals, or whether the patentee instead intends for the claims and the embodiments in the specification to be strictly coextensive. See *SciMed Life Sys.*, 242 F.3d at 1341. The manner in which the patentee uses a term within the specification and claims usually will make the distinction apparent. See *Snow v. Lake Shore & M.S. Ry. Co.*, 121 U.S. 617, 630, 7 S.Ct. 1343, 30 L.Ed. 1004 (1887) (it was clear from the

specification that there was “nothing in the context to indicate that the patentee contemplated any alternative” embodiment to the one presented).

In the end, there will still remain some cases in which it will be hard to determine whether a person of skill in the art would understand the embodiments to define the outer limits of the claim term or merely to be exemplary in nature. While that task may present difficulties in some cases, we nonetheless believe that attempting to resolve that problem in the context of the particular patent is likely to capture the scope of the actual invention more accurately than either strictly limiting the scope of the claims to the embodiments disclosed in the specification or divorcing the claim language from the specification.

In *Vitronics*, this court grappled with the same problem and set forth guidelines for reaching the correct claim construction and not imposing improper limitations on claims. 90 F.3d at 1582. The underlying goal of our decision in *Vitronics* was to increase the likelihood that a court will comprehend how a person of ordinary skill in the art would understand the claim terms. *See id.* at 1584. In that process, we recognized that there is no magic formula or catechism for conducting claim construction. Nor is the court barred from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence. *See id.* at 1583-84; *Intel Corp. v. VIA Techs., Inc.*, 319 F.3d 1357, 1367 (Fed.Cir.2003). For example, a judge who encounters a claim term while reading a patent might consult a general purpose or specialized dictionary to begin to understand the meaning of the term, before reviewing the remainder of the patent to determine how the patentee has used the term. The sequence of steps used by the judge in consulting various sources is not important; what matters is for the court to attach the appropriate weight to be assigned to those sources in light of the statutes and policies that inform patent law. *Vitronics*, 90 F.3d at 1582. In *Vitronics*, we did not attempt to provide a rigid algorithm for claim construction, but simply attempted to explain why, in general, certain types of evidence are more valuable than others. Today, we adhere to that approach and reaffirm the approach to claim construction outlined in that case, in *Markman*, and in *Innova*. We now turn to the application of those principles to the case at bar.

IV

A

The critical language of claim 1 of the ‘798 patent—“further means disposed inside the shell for increasing its load bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls”—imposes three clear requirements with respect to the baffles. First, the baffles must be made of steel. Second, they must be part of the load-bearing means for the wall section. Third, they must be pointed inward from the walls. Both parties, stipulating to a dictionary definition, also conceded that the term “baffles” refers to objects that check, impede, or obstruct the flow of something. The intrinsic evidence confirms that a person of skill in the art would understand that the term “baffles,” as used in the ‘798 patent, would have that generic meaning.

The other claims of the ‘798 patent specify particular functions to be served by the baffles. For example, dependent claim 2 states that the baffles may be “oriented with the panel sections disposed at angles for deflecting projectiles such as bullets able to penetrate the steel plates.” The inclusion of such a specific limitation on the term “baffles” in claim 2 makes it likely that the patentee did not contemplate that the term “baffles” already contained that limitation. *See Dow Chem. Co. v.*

United States, 226 F.3d 1334, 1341-42 (Fed.Cir.2000) (concluding that an independent claim should be given broader scope than a dependent claim to avoid rendering the dependent claim redundant). Independent claim 17 further supports that proposition. It states that baffles are placed “projecting inwardly from the outer shell at angles tending to deflect projectiles that penetrate the outer shell.” That limitation would be unnecessary if persons of skill in the art understood that the baffles inherently served such a function. *See TurboCare*, 264 F.3d at 1123 (claim terms should not be read to contain a limitation “where another claim restricts the invention in exactly the [same] manner”). Dependent claim 6 provides an additional requirement for the baffles, stating that “the internal baffles of both outer panel sections overlap and interlock at angles providing deflector panels extending from one end of the module to the other.” If the baffles recited in claim 1 were inherently placed at specific angles, or interlocked to form an intermediate barrier, claim 6 would be redundant.

The specification further supports the conclusion that persons of ordinary skill in the art would understand the baffles recited in the ‘798 patent to be load-bearing objects that serve to check, impede, or obstruct flow. At several points, the specification discusses positioning the baffles so as to deflect projectiles. *See* ‘798 patent, col. 2, II. 13-15; *id.*, col. 5, II. 17-19. The patent states that one advantage of the invention over the prior art is that “[t]here have not been effective ways of dealing with these powerful impact weapons with inexpensive housing.” *Id.*, col. 3, II. 28-30. While that statement makes clear the invention envisions baffles that serve that function, it does not imply that in order to qualify as baffles within the meaning of the claims, the internal support structures must serve the projectile-deflecting function in all the embodiments of all the claims. The specification must teach and enable all the claims, and the section of the written description discussing the use of baffles to deflect projectiles serves that purpose for claims 2, 6, 17, and 23, which specifically claim baffles that deflect projectiles. *See In re Wright*, 999 F.2d 1557, 1561 (Fed.Cir.1993).

The specification discusses several other purposes served by the baffles. For example, the baffles are described as providing structural support. The patent states that one way to increase load-bearing capacity is to use “at least in part inwardly directed steel baffles 15, 16.” ‘798 patent, col. 4, II. 14-15. The baffle 16 is described as a “strengthening triangular baffle.” *Id.*, col. 4, line 37. Importantly, Figures 4 and 6 do not show the baffles as part of an “intermediate interlocking, but not solid, internal barrier.” In those figures, the baffle 16 simply provides structural support for one of the walls, as depicted below:

[Reference Figures 4 and 6 in Patent]

Other uses for the baffles are listed in the specification as well. In Figure 7, the overlapping flanges “provide for overlapping and interlocking the baffles to produce substantially an intermediate barrier wall between the opposite [wall] faces”:

[Reference Figure 7 in Patent]

‘798 patent, col. 5, II. 26-29. Those baffles thus create small compartments that can be filled with either sound and thermal insulation or rock and gravel to stop projectiles. *Id.*, col. 5, II. 29-34. By separating the interwall area into compartments (*see, e.g.*, compartment 55 in Figure 7), the user of the modules can choose different types of material for each compartment, so that the module can be “easily custom tailored for the specific needs of each installation.” *Id.*, col. 5, II. 36-37. When material is placed into the wall during installation, the baffles obstruct the flow of material from one compartment to another so that this “custom tailoring” is possible.

The fact that the written description of the '798 patent sets forth multiple objectives to be served by the baffles recited in the claims confirms that the term "baffles" should not be read restrictively to require that the baffles in each case serve all of the recited functions. We have held that "[t]he fact that a patent asserts that an invention achieves several objectives does not require that each of the claims be construed as limited to structures that are capable of achieving all of the objectives." *Liebel-Flarsheim*, 358 F.3d at 908; see also *Resonate Inc. v. Alteon Websystems, Inc.*, 338 F.3d 1360, 1367 (Fed.Cir.2003). Although deflecting projectiles is one of the advantages of the baffles of the '798 patent, the patent does not require that the inward extending structures always be capable of performing that function. Accordingly, we conclude that a person of skill in the art would not interpret the disclosure and claims of the '798 patent to mean that a structure extending inward from one of the wall faces is a "baffle" if it is at an acute or obtuse angle, but is not a "baffle" if it is disposed at a right angle.

B

Invoking the principle that "claims should be so construed, if possible, as to sustain their validity," *Rhine v. Casio, Inc.*, 183 F.3d 1342, 1345 (Fed.Cir.1999), AWH argues that the term "baffles" should be given a restrictive meaning because if the term is not construed restrictively, the asserted claims would be invalid.

While we have acknowledged the maxim that claims should be construed to preserve their validity, we have not applied that principle broadly, and we have certainly not endorsed a regime in which validity analysis is a regular component of claim construction. See *Nazomi Communications*, 403 F.3d at 1368-69. Instead, we have limited the maxim to cases in which "the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous." *Liebel-Flarsheim*, 358 F.3d at 911; see also *Generation II Orthotics Inc. v. Med. Tech. Inc.*, 263 F.3d 1356, 1365 (Fed.Cir.2001) ("[C]laims can only be construed to preserve their validity where the proposed claim construction is 'practicable,' is based on sound claim construction principles, and does not revise or ignore the explicit language of the claims."); *Elekta Instrument S.A. v. O.U.R. Scientific Int'l, Inc.*, 214 F.3d 1302, 1309 (Fed.Cir.2000) ("having concluded that the amended claim is susceptible of only one reasonable construction, we cannot construe the claim differently from its plain meaning in order to preserve its validity"); *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1434 (Fed.Cir.1988) (rejecting argument that limitations should be added to claims to preserve the validity of the claims). In such cases, we have looked to whether it is reasonable to infer that the PTO would not have issued an invalid patent, and that the ambiguity in the claim language should therefore be resolved in a manner that would preserve the patent's validity.

That is the rationale that gave rise to the maxim in the first place. In *Klein v. Russell*, 86 U.S. (19 Wall.) 433, 466, 22 L.Ed. 116 (1873), the owner of a reissued patent argued for a narrow construction of the patent, while the accused infringer argued for a broader construction. The Court noted that the law "required that the reissue should be for the same invention as the original patent." *Id.* Because the reissue, which was granted under the predecessor to 35 U.S.C. § 251, would have been improper under the broader construction, the Court "presumed the Commissioner did his duty" and did not issue an invalid patent. For that reason, among others, the Court construed the disputed claim language in a manner that "sustain[ed] the patent and the construction claimed by the patentee," since that "can be done consistently with the language which he has employed." *Id.* The applicability of the doctrine in a particular case therefore depends on the strength of the inference that the PTO would have recognized that one claim interpretation would render the claim invalid, and that the PTO would not have issued the patent assuming that to be the proper construction of the term.

In this case, unlike in *Klein* and other cases in which the doctrine of construing claims to preserve their validity has been invoked, the claim term at issue is not ambiguous. Thus, it can be construed without the need to consider whether one possible construction would render the claim invalid while the other would not. The doctrine of construing claims to preserve their validity, a doctrine of limited utility in any event, therefore has no applicability here.

In sum, we reject AWH's arguments in favor of a restrictive definition of the term "baffles." Because we disagree with the district court's claim construction, we reverse the summary judgment of noninfringement. In light of our decision on claim construction, it is necessary to remand the infringement claims to the district court for further proceedings.

V

With respect to Mr. Phillips's allegation of misappropriation of trade secrets, we agree with the panel's decision upholding the district court's ruling on that issue, in which the district court dismissed the trade secret claim on statute of limitations grounds. *See Phillips*, 363 F.3d at 1214-1216. Accordingly, based on the panel's disposition of that issue, we affirm the district court's dismissal of the trade secret claim. With respect to AWH's cross-appeal, we also agree with the panel's reasoning and its conclusion that the cross-appeal is improper. *See id.* at 1216. We therefore dismiss the cross-appeal.

VI

In our order granting rehearing en banc, we asked the parties to brief various questions, including the following: "Consistent with the Supreme Court's decision in *Markman v. Westview Instruments*, 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996), and our en banc decision in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed.Cir.1998), is it appropriate for this court to accord any deference to any aspect of trial court claim construction rulings? If so, on what aspects, in what circumstances, and to what extent?" After consideration of the matter, we have decided not to address that issue at this time. We therefore leave undisturbed our prior en banc decision in *Cybor*.

Each party shall bear its own costs for this appeal.

AFFIRMED IN PART, REVERSED IN PART, DISMISSED IN PART, and REMANDED.

LOURIE, Circuit Judge, concurring in part and dissenting in part, with whom NEWMAN, Circuit Judge, joins.

MAYER, Circuit Judge, with whom NEWMAN, Circuit Judge, joins, dissenting.

11. DESIGN PATENTS

The following chapter was originally published in Sarah Burstein, Sarah Wasserman Rajec, & Andres Sawicki, *Patent Law: An Open Access Casebook* (2021), and is available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3890945. The full textbook is available at <https://patentlawcasebook.com/>.

This chapter contains some images in color. In order to keep publishing costs low, physical copies of this book have been printed in black and white. Color images can be viewed in the original version of the chapter, the digital version of this book, or on this book's Pressbooks site.

Design patents, which have existed since 1842, are available for “any new, original and ornamental design for an article of manufacture.” 35 U.S.C. § 171. Unlike utility patents, which protect how things work, design patents protect how things look.

The statutory subject matter provision for design patents is 35 U.S.C. § 171. *In re Finch*, 535 F.2d 70, 71–72 (C.C.P.A. 1976). Section 171(a) provides: “Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.” Therefore, “design patents are granted only for a design applied to an article of manufacture, and not a design *per se* . . .” *Curver Luxembourg, SARL v. Home Expressions Inc.*, 938 F.3d 1334, 1340 (Fed. Cir. 2019).

What types of designs might be applied to an article of manufacture? There are three longstanding types of patentable designs:

- (1) A design for “surface ornamentation applied to an article”;
- (2) A design for “the configuration or shape of an article”; or
- (3) A design for the combination of both.

See U.S. Dep’t of Commerce, Patent & Trademark Office, Manual of Patent Examining Procedure § 1504.01 (9th ed. Jan. 2018) (“MPEP”). Today, applicants can obtain design patents for any of these types of designs, or any part (or parts) thereof. See *In re Zahn*, 617 F.2d 261 (C.C.P.A. 1980). The USPTO also allows applicants to claim designs that “encompass multiple articles or multiple parts within that article.” MPEP § 1504.01(b).

Section 171(b) states that “[t]he provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.” So what is “otherwise provided”? Sections 171-173 provide specific rules that apply only to design patents—specifically, § 172 provides only six months priority for international applications and § 173 sets the term of a design patent as “15 years from the date of grant.” Section 289 provides a special remedy that is only available for certain acts of design patent infringement. Otherwise, the statutory provisions we’ve studied in connection with utility patents also apply to design patents. So, for example, a patentable design must be novel and nonobvious. 35 U.S.C. §§ 102, 103. And a design patent must satisfy the requirements of § 112. However, the application of these sections and the tests used to analyze a design’s compliance with them are quite different. This sometimes strikes those who’ve studied only utility patents as odd or even troubling. But design patents cover fundamentally different types of inventions and use an entirely different claiming system; under these circumstances, it would be odd if the statutory requirements weren’t applied differently. Principles or practices developed with only utility patents in mind may or may not make sense for design patents and there is no reason why such principles or practices necessarily need to be applied to designs.

Like other patents, design patents are granted by the U.S. Patent & Trademark Office (USPTO) following substantive examination. Who examines design patent claims? Design patent examiners are not drawn from the general USPTO examiner corps. Instead, the USPTO hires people with backgrounds in design—people who majored (or have the equivalent experience) in fields like industrial design, architecture, graphic design, and fine arts—as design patent examiners. But you still have to have a technical background (i.e., be a member of the “patent bar”) to prosecute design patents for other people or to be lead counsel in a design patent proceeding before the PTAB. Does that make sense? For one argument for change, *see* Christopher Buccafusco & Jeanne C. Curtis, *The Design Patent Bar: An Occupational Licensing Failure*, 37 *Cardozo Arts & Ent. L.J.* 263 (2019).

A. SCOPE

Before diving into the design patent validity doctrines, it’s important to understand the scope of a design patent. So we’ll start with how designs are claimed and then look at the test for design patent infringement.

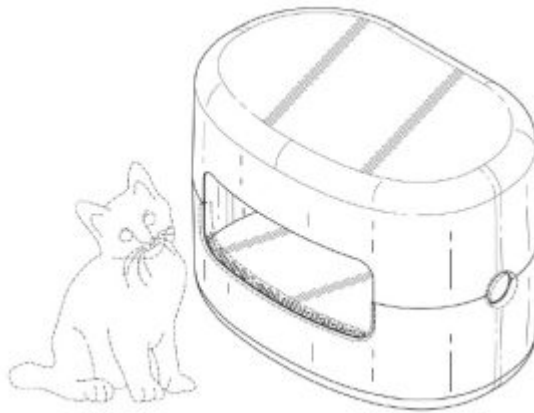
1. CLAIMING

A design patent can only have one claim and that “claim shall be in formal terms to the ornamental design for the article (specifying name) as shown, or as shown and described.” 37 C.F.R. § 1.153(a). How is a design “shown and described”? The applicant must submit drawings or photographs, including “a sufficient number of views to constitute a complete disclosure of the appearance of the design.” 37 C.F.R. § 1.152. *See also* MPEP § 1503.02 (noting that photographs are also allowed). Color can also be claimed as part of a design, either by using color drawings or photographs or by using certain color shading conventions. *Id.*

For line drawings, anything shown in full lines is part of the claimed design. Applicants are also allowed to use broken lines in their design patent drawings:

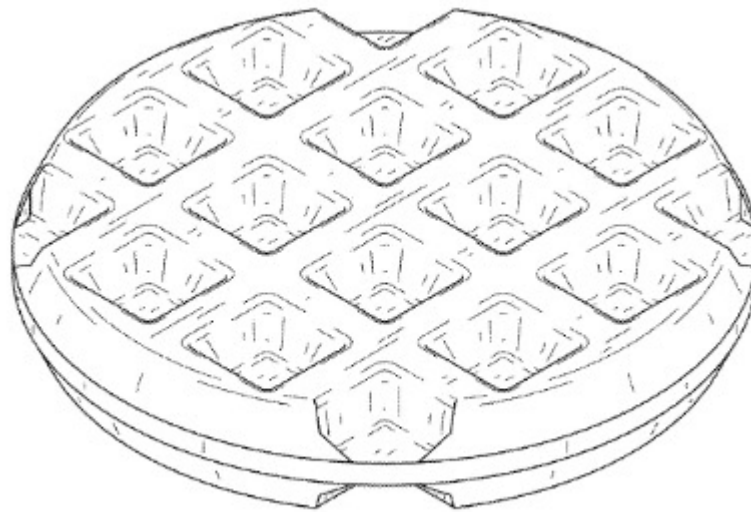
The two most common uses of broken lines are to disclose the environment related to the claimed design and to define the bounds of the claim. Structure that is not part of the claimed design, but is considered necessary to show the environment in which the design is associated, may be represented in the drawing by broken lines. This includes any portion of an article in which the design is embodied, or applied to, that is not considered part of the claimed design. *See In re Zahn*, 617 F.2d 261 (CCPA 1980).

MPEP § 1503.02. (Note that the rules for broken line use have changed over time; don’t assume that broken lines in older design patents mean the same things they mean today.) An applicant might use broken lines to show how a claimed design might look in use, as in this drawing from a design patent that claims a design for a “Litter Box”:

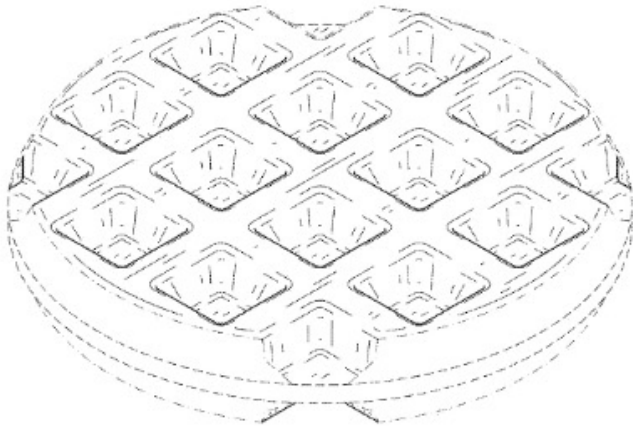


U.S. Patent D816,281, fig. 1 (issued Apr . 24 , 2018). The cat is shown in broken lines and, therefore, is not a part of the claimed design. (If you look closely, you can see some other details of the litter box are also disclaimed.)

Broken lines can also be used to disclaim parts of an article's shape or surface ornamentation. Consider, for example, this illustration from a design patent that claims a design for a "Pressed Shredded Potato Product":



U.S. Patent No. D857,332, fig. 7 (issued Aug. 27 , 2019). The entire shape is shown in solid lines; therefore, the claim covers the entire shape. Compare that drawing to this one, from a design patent that was issued to the same patentee:



U.S. Patent D884,309 fig. 7 (issued May 19 , 2020). Why would an applicant want to disclaim part of a design? They do it to increase the scope of the design patent. As we'll see below, a design patent is infringed when an accused product looks the same as the *claimed* design. If the claim only covers part of an article's shape or surface ornamentation, then only the corresponding part of the accused product has to look the same. So this claim could be infringed by a pressed, shredded potato product that was round or square or any shape—as long as the dimple pattern (the part shown in solid lines) looks the

same.

Broken lines can also be used to show unclaimed boundaries. In this case, “[i]t would be understood that the claimed design extends to the boundary but does not include the boundary.” MPEP § 1503.02. These boundary lines are often (though not always) depicted using dot-dash lines, while environmental and disclaimer lines are often depicted using plain dashed lines. Here is an example of a drawing, from a design patent that claims a design for “Footwear,” that uses both dashed disclaimer lines and dot-dash boundary lines:



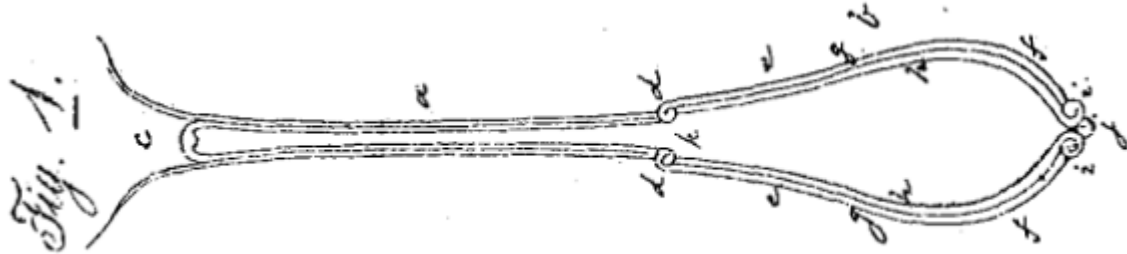
U.S. Patent D787,798, fig. 1 (issued May 30, 2017). Why would someone want to draft a claim like this? Is it a “design for an article of manufacture”? See 35 U.S.C. § 171(a).

2. INFRINGEMENT

It is an infringement to make, use, sell, offer to sell, or import a patented design (or to do any of the other things specified in 35 U.S.C. § 271). But how do we know if someone has made, used, or sold a patented design? The rules that have been developed to evaluate utility patent infringement don't work for design patents because the claims and the inventions are so different. Indeed, ever since

the Supreme Court's first design patent case, *Gorham v. White*, courts have recognized that different infringement rules are needed.

Gorham Co. v. White, involved U.S. Patent D1,440, issued in 1861 for a design for a "Fork and Spoon Handle." Here is a representative drawing from that patent:



The lower court held that:

A patent for a design, like a patent for an improvement in machinery, must be for the means of producing a certain result or appearance, and not for the result or appearance itself. The plaintiffs' patent is for their described means of producing a certain appearance in the completed handle. Even if the same appearance is produced by another design, if the means used in such other design to produce the appearance are substantially different from the means used in the prior patented design to produce such appearance, the later design is not an infringement of the patented one.

10 F. Cas. 827, 830 (C.C.S.D.N.Y. 1870). The lower court also held that infringement was to be determined from the point of view of an expert ("a person in the trade"), not from the perspective of "an ordinary purchaser." *Id.* The patent owner appealed to the Supreme Court (which at that time, heard direct appeals in patent cases). As you read the excerpt below, pay close attention to how the Court answers the following questions: (1) What is the test for identity (infringement) of a design? and (2) From whose perspective should infringement be evaluated?

Gorham Co. v. White

81 U.S. 511 (1871)

Mr. Justice STRONG delivered the opinion of the court.

The sole question is one of fact. Has there been an infringement? Are the designs used by the defendant substantially the same as that owned by the complainants? To answer these questions correctly, it is indispensable to understand what constitutes identity of design, and what amounts to infringement?

The acts of Congress which authorize the grant of patents for designs were plainly intended to give encouragement to the decorative arts. They contemplate not so much utility as appearance, and that, not an abstract impression, or picture, but an aspect given to those objects mentioned in the acts. . . . The law manifestly contemplates that giving certain new and original appearances to a manufactured

article may enhance its salable value, may enlarge the demand for it, and may be a meritorious service to the public. It therefore proposes to secure for a limited time to the ingenious producer of those appearances the advantages flowing from them. . . . The appearance may be the result of peculiarity of configuration, or of ornament alone, or of both conjointly, but, in whatever way produced, it is the new thing, or product, which the patent law regards. To speak of the invention as a combination or process, or to treat it as such, is to overlook its peculiarities. As the acts of Congress embrace only designs applied, or to be applied, they must refer to finished products of invention rather than to the process of finishing them, or to the agencies by which they are developed. . . .

We are now prepared to inquire what is the true test of identity of design. Plainly, it must be sameness of appearance

If, then, identity of appearance, or sameness of effect upon the eye, is the main test of substantial identity of design, the only remaining question upon this part of the case is, whether it is essential that the appearance should be the same to the eye of an expert. The court below thought there could be no infringement unless there was ‘substantial identity’ ‘in view of the observation of a person versed in designs in the particular trade in question—of a person engaged in the manufacture or sale of articles containing such designs—of a person accustomed to compare such designs one with another, and who sees and examines the articles containing them side by side.’ There must, he thought, be a comparison of the features which make up the two designs. With this we cannot concur. Such a test would destroy all the protection which the act of Congress intended to give. There never could be piracy of a patented design, for human ingenuity has never yet produced a design, in all its details, exactly like another, so like, that an expert could not distinguish them. No counterfeit bank note is so identical in appearance with the true that an experienced artist cannot discern a difference. . . . Experts, therefore, are not the persons to be deceived. Much less than that which would be substantial identity in their eyes would be undistinguishable in the eyes of men generally, of observers of ordinary acuteness, bringing to the examination of the article upon which the design has been placed that degree of observation which men of ordinary intelligence give. . . . The purpose of the law must be effected if possible; but, plainly, it cannot be if, while the general appearance of the design is preserved, minor differences of detail in the manner in which the appearance is produced, observable by experts, but not noticed by ordinary observers, by those who buy and use, are sufficient to relieve an imitating design from condemnation as an infringement.

We hold, therefore, that if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other. . . .

Context & Application

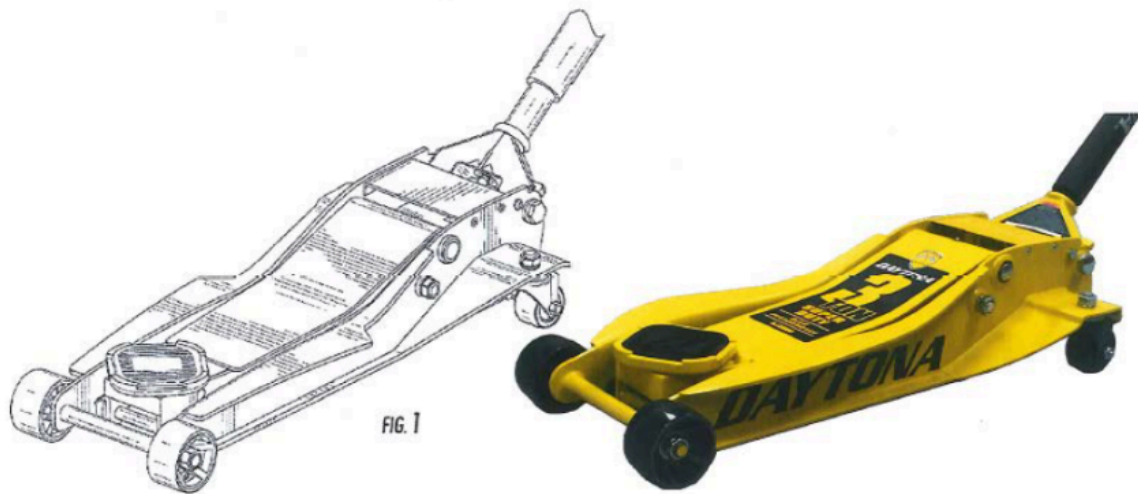
1. What does *Gorham* tell us about the purpose or purposes of design patent law? Do the goals identified by the Supreme Court seem like good goals for the system?
2. The most-quoted line from *Gorham*—“We hold, therefore, that if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other”—may strike contemporary readers as setting forth a trademark-like “likelihood of confusion” test. But that is not how the test was originally understood nor how it is understood today. *Unette Corp. v. Unit Pack Co.*, 785 F.2d 1026, 1027 (Fed.

Cir. 1986) (answering the question of “whether ‘likelihood of confusion’ is a factor to be determined under the *Gorham* test for infringement of a design patent” in the negative). See also *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 820 (Fed. Cir. 1992) (“Design patent infringement does not concern itself with the broad issue of consumer behavior in the marketplace.”). Read in the context of the case as a whole, *Gorham* sets forth a test of visual similarity. That most-quoted line tells us *how* similar the designs must be—so similar that an ordinary observer would mistake one for the other. See, e.g., *Goodyear Tire & Rubber Co. v. Hercules Tire & Rubber Co.*, 162 F.3d 1113, 1118 (Fed. Cir. 1998) (“Infringement of a design patent requires that *the designs have the same general visual appearance*, such that it is likely that the purchaser would be deceived into confusing the design of the accused article with the patented design.”) (emphasis added); Hector T. Fenton, *The Law of Patents for Designs* 129 (1889) (“The general rule for the determination of the question of infringement of design patents was enunciated by the Supreme Court, in *Gorham v. White*, to be *similarity of general appearance* to the eye of average observers.”) (emphasis added).

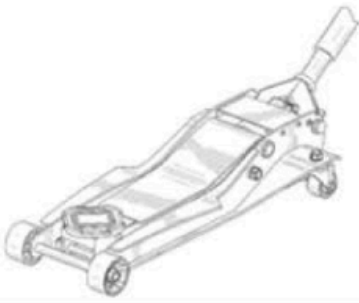








3. In *Egyptian Goddess, Inc. v. Swisa, Inc.*, the *en banc* Federal Circuit stated that:

In some instances, the claimed design and the accused design will be sufficiently distinct that it will be clear without more that the patentee has not met its burden of proving the two designs would appear “substantially the same” to the ordinary observer In other instances, when the claimed and accused designs are not plainly dissimilar, resolution of the question whether the ordinary observer would consider the two designs to be substantially the same will benefit from a comparison of the claimed and accused designs with the prior art, as in many of the cases discussed above and in the case at bar. Where there are many examples of similar prior art designs . . . differences between the claimed and accused designs that might not be noticeable in the abstract can become significant to the hypothetical ordinary observer who is conversant with the prior art.

543 F.3d 665, 678–89 (2008). So there are two steps. First, the claimed design and the accused design must be compared. If the designs are “sufficiently distinct that it will be clear without more that the patentee has not met its burden of proving the two designs would appear ‘substantially the same’ to the ordinary observer,” then there is no infringement. Second, if the designs are “not plainly dissimilar,” the prior art (i.e., earlier designs) may be used to narrow the presumptive scope of the patent. This is a one-way ratchet—the prior art can only be used to narrow the presumptive scope of a design patent, not to expand it. *Ethicon Endo-Surgery, Inc. v. Covidien, Inc.*, 796 F.3d 1312, 1337 (Fed. Cir. 2015) (“[C]omparing the claimed and accused designs with the prior art is beneficial *only* when the claimed and accused designs are not plainly dissimilar.”) (emphasis added). How does this work in practice? An example might help. Here is the asserted design patent and accused product from *Snap-On Inc. v. Harbor Freight Tools USA, Inc.*, No. 2:16-cv-01265, 2017 WL 44833 (E.D. Wis. Jan. 4, 2017):

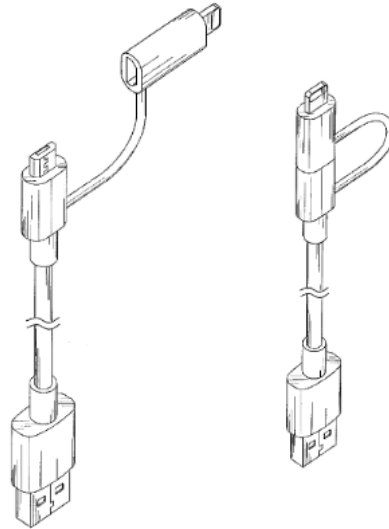


Considered in the abstract, these designs might not be plainly dissimilar. But when viewed in light of the prior art, visual differences between the claimed design (top left) and accused design (bottom right) become more apparent:

| | | |
|---|--|---|
|  |  |  |
| D'612 (2014) | D646,453 (2010) | Performance Tool W1642 2-Ton (2011) |
|  |  |  |
| Mac Tools JSA350LR (2014) | Pittsburgh 3-Ton Low Profile (2013) | HeinWarner 3-Ton (2006) |
|  |  |  |
| Jackco 66300B 3-Ton (2010) | Arcan LL-35 (2004) | D388,926 (1996) |
|  |  |  |
| Cornwell Tools Blue Monster (2011) | Performance Tool W1627 3.5-Ton (2012) | Daytona (2016) |

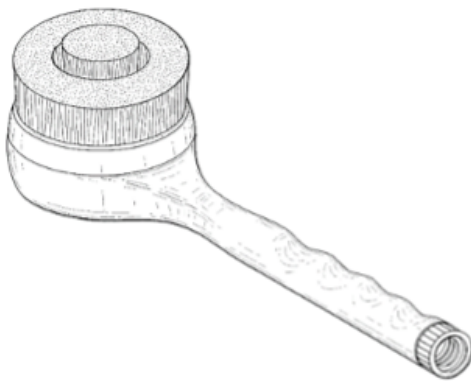
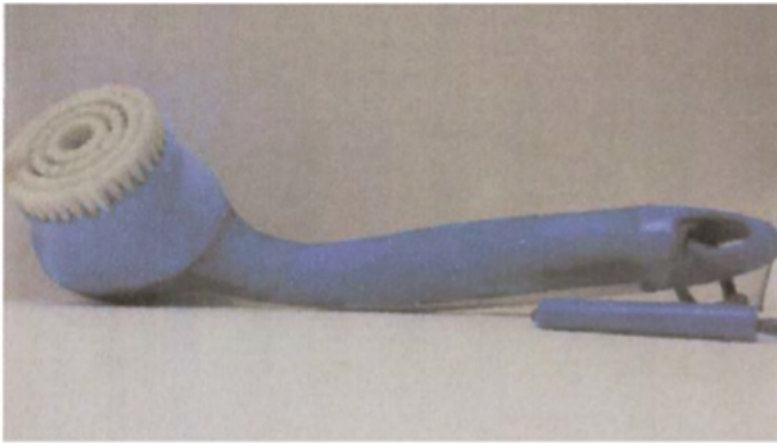
See *id.* at *4. The court concluded that the patent owner was not likely to succeed on the merits and denied the patent owner’s motion for a preliminary injunction.

4. How close is too close under *Egyptian Goddess*? In *Lin v. Belkin International, Inc.*, the plaintiff alleged that this USB cable infringed this design patent:



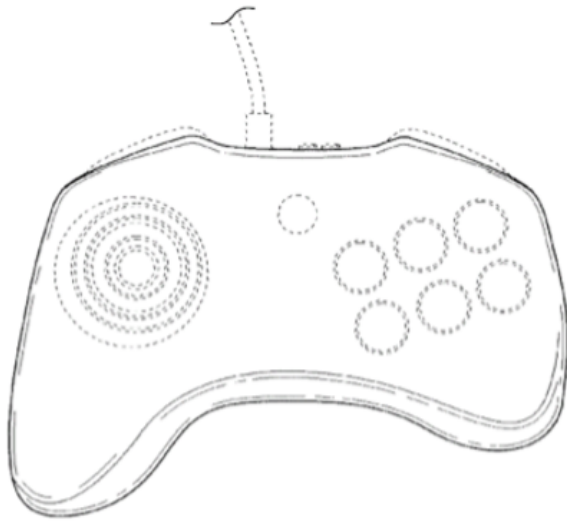
The court granted summary judgment of noninfringement. Based on its own visual review, the court found that the designs were so “sufficiently distinct and plainly dissimilar . . . that no reasonable jury could find the two designs to be substantially the same.” *Lin v. Belkin Int’l, Inc.*, No. 8:16-cv-00628, 2017 WL 2903261, at *6 (C.D. Cal. May 12, 2017).

In *Wallace v. Ideavillage Products Corp.*, the plaintiff alleged that this spinning brush infringed this design patent:



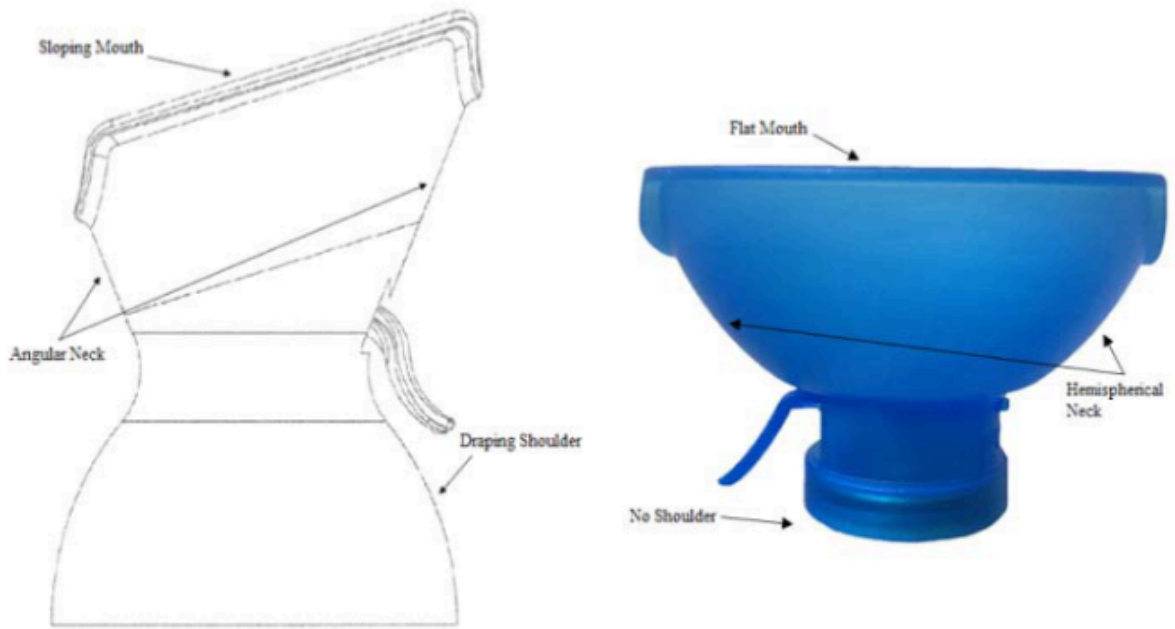
The district court granted the defendant's motion for summary judgment of noninfringement, concluding, upon visual review, that the designs were "sufficiently distinct" and that the plaintiff could not, "as a matter of law, prove that the designs appear substantially the same." *Wallace v. Ideavillage Prods. Corp.*, No. 2:06-cv-05673, 2014 WL 4637216, at *4 (D.N.J. Sept. 15, 2014), *aff'd*, 640 F. App'x 970, 972 (Fed. Cir. 2016).

In *Performance Designed Products LLC v. Mad Catz, Inc.*, the plaintiff alleged that this video game controller infringed this design patent:



The judge dismissed the claim with prejudice under Federal Rule of Civil Procedure 12(b)(6), concluding that these designs were so “plainly dissimilar” under *Egyptian Goddess* that any attempt to amend the claim would be “futile.” *Performance Designed Prods. LLC v. Mad Catz, Inc.*, No. 3:16-cv-00629, 2016 WL 3552063, at *6-7 (S.D. Cal. June 29, 2016).

In *Boost Oxygen, LLC v. Oxygen Plus, Inc.*, No. 0:17-cv-05004, 2020 WL 4582253, at *6 (D. Minn. Aug. 10, 2020), the court ruled that this accused product was plainly dissimilar from this patented design:

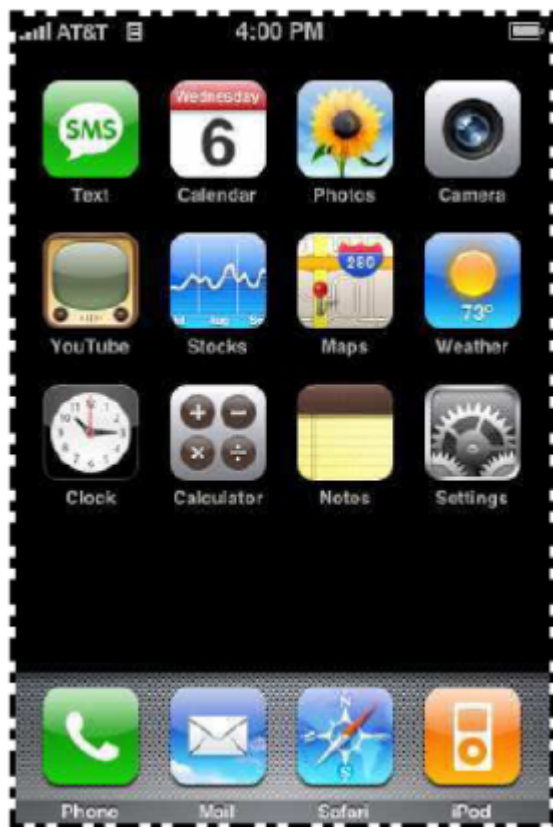


By contrast, in *C&A Mktg., Inc. v. GoPro, Inc.*, No. 1:15-cv-07854, 2016 WL 1626018, at *1 (D.N.J. Apr. 25, 2016), the court ruled that these designs were *not* plainly dissimilar:



To be clear: A finding that an accused design is “not plainly dissimilar” is not the same as a finding of infringement. Even if the designs are not plainly dissimilar, there is still a second step of the *Egyptian Goddess* test. At step two, the accused infringer can introduce evidence of prior art designs to narrow the presumptive scope of the asserted patent. And the ultimate test is whether the designs look the same to the ordinary observer. See Sarah Burstein, *Intelligent Design & Egyptian Goddess: A Response to Professors Buccafusco, Lemley & Masur*, 68 Duke L.J. Online 94 (2019).

Courts sometimes give—or allow juries to give—design patents a broader scope. For example, in *Apple v. Samsung*, where the jury found that this design patent for a graphical user interface was infringed by various devices, including this one:



See Amended Verdict Form at 7, *Apple Inc. v. Samsung Elecs. Co.*, No. 5:11-cv-01846 (N.D. Cal. Aug. 24, 2012), ECF 1931. Is the jury’s verdict consistent with the other examples you’ve seen in this chapter? Note: Samsung did not seek summary judgment of

noninfringement on this and similar claims. See *Apple, Inc. v. Samsung Elecs. Co.*, No. 5:11-cv-01846, 2012 WL 2571719, at *20 (N.D. Cal. June 30, 2012).

- As you can see from these representative examples, design patents have narrow scopes. So why do people want them? One answer is remedies. Design patent owners are entitled to all of the basic patent remedies, such as injunctive relief under § 283 of the Patent Act and “damages adequate to compensate for the infringement, but in no event less than a reasonable royalty” under § 284. But, for certain acts of infringement, design patent owners have an additional remedy—namely, an award of the infringer’s “total profits” under § 289. Note that § 289 provides an alternative form of monetary relief; a design patent owner cannot recover under both § 289 and § 284 for the same act of infringement. Also, while a court may treble a damages award under § 284, it may not treble an award under § 289. Therefore, depending on the circumstances, a § 284 award may well be larger than a § 289 award. This “total profits” remedy has been around since 1887 but it’s still not entirely clear how it should be applied—especially in light of the contemporary broken-line claiming system. See *Samsung Elecs. Co., Ltd. v. Apple Inc.*, 137 S. Ct. 429, 436 (2016) (creating a two-part test for applying § 289 but “declin[ing] to lay out a test for the first step . . .”). For some suggestions about how courts should apply § 289 post-*Samsung*, see Pamela Samuelson & Mark Gergen, *The Disgorgement Remedy of Design Patent Law*, 108 Cal. L. Rev. 183, 184 (2020) and Sarah Burstein, *The “Article of Manufacture” Today*, 31 Harv. J.L. & Tech. 781, 835 (2018).

B. THE REQUIREMENTS OF PATENTABILITY

Like other types of inventions, a design must be novel and nonobvious to be patentable. 35 U.S.C. §§ 102, 103. A patentable design must also be “ornamental.” 35 U.S.C. § 171(a). In theory, these might sound like difficult requirements to satisfy. We’ll see how the Federal Circuit has applied them in practice.

High Point Design LLC v. Buyers Direct, Inc.

730 F.3d 1301 (Fed. Cir. 2013)

SCHALL, Circuit Judge.

Buyer’s Direct, Inc. (“BDI”) appeals from a final judgment of the United States District Court for the Southern District of New York holding BDI’s asserted design patent invalid on summary judgment and also dismissing BDI’s trade dress claims with prejudice. For the reasons set forth below, we reverse the grant of summary judgment of invalidity . . . and remand for further proceedings consistent with this opinion.

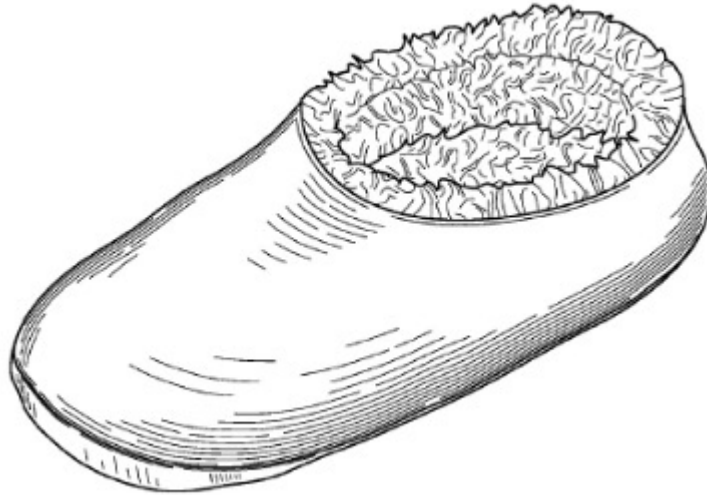
Background

I

BDI is the owner of U.S. Design Patent No. D598,183 (the “’183 patent”) and the manufacturer of slippers known as SNOOZIES®. An exemplary pair of SNOOZIES® slippers is shown below:



The ’183 patent recites one claim, for “the ornamental design for a slipper, as shown and described.” [One] of the drawings included in the ’183 patent [is] shown below:



As additional design features, the '183 patent discloses two different soles: a smooth bottom (as shown in Figure 8) and a sole with two groups of raised dots (as shown in Figure 7):



FIG. 8

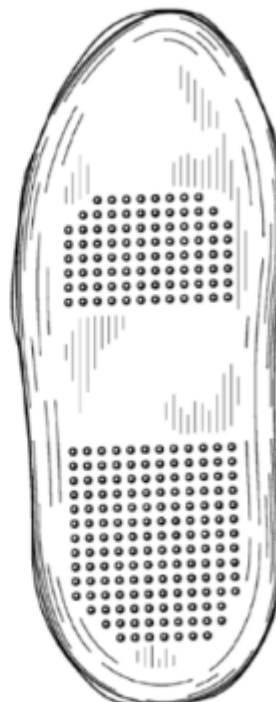


FIG. 7

BDI alleges that SNOOZIES® are an embodiment of the design disclosed in the '183 patent.

II

High Point Design LLC (“High Point”) manufactures and distributes the accused FUZZY BABBA® slippers, which are sold through various retailers, including appellees Meijer, Inc., Sears Holdings Corporation, and WalMart Stores, Inc. (collectively, the “Retail Entities”). An exemplary pair of FUZZY BABBA® slippers is shown below:



On June 22, 2011, after becoming aware of the manufacturing and sale of FUZZY BABBA® slippers, BDI sent High Point a cease and desist letter, in which BDI asserted infringement of the '183 patent. With a responsive letter sent on July 6, 2011, High Point included a copy of a complaint for declaratory judgment that it had filed five days earlier in federal district court. In the complaint, High Point alleged (1) that the manufacturing and sale of FUZZY BABBA® slippers did not infringe the '183 patent and (2) that the '183 patent is invalid and/or unenforceable.

In its answer to High Point's declaratory judgment complaint, filed on December 29, 2011, BDI lodged counterclaims for infringement of the '183 patent and for infringement of the trade dress found in BDI's SNOOZIES® slippers. That same day, BDI filed a third-party complaint alleging that the Retail Entities infringed the '183 patent and infringed BDI's trade dress based on sales of High Point's FUZZY BABBA® slippers.

III

On May 15, 2012, the district court granted the motion for summary judgment, holding the '183 patent invalid on the ground that the design claimed in it was . . . obvious in light of the prior art The court characterized the '183 patent as disclosing "slippers with an opening for a foot that contain a fuzzy (fleece) lining and have a smooth outer surface." As to the prior art, the court found that a consumer apparel company, known as Woolrich, had, prior to the effective filing date of the '183 patent, sold two different models of footwear: the "Penta" and the "Laurel Hill" (collectively, the "Woolrich Prior Art"). The Penta and the Laurel Hill models are shown in photographs below:



FIG. 1



FIG. 4

J.A. 486-87 (Penta).



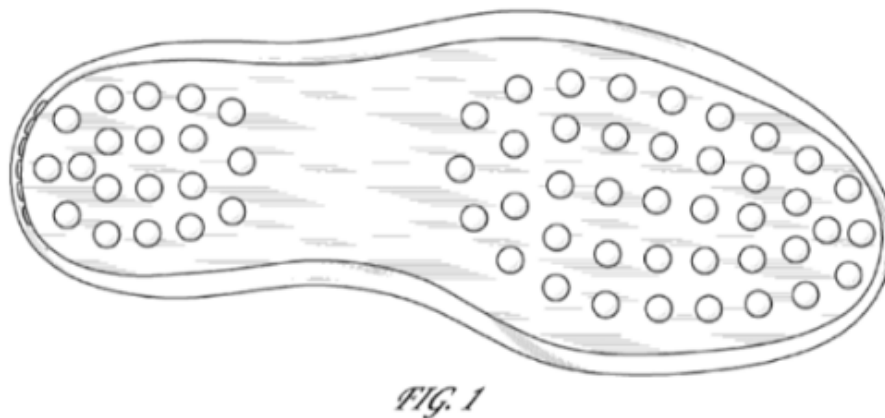
FIG. 1



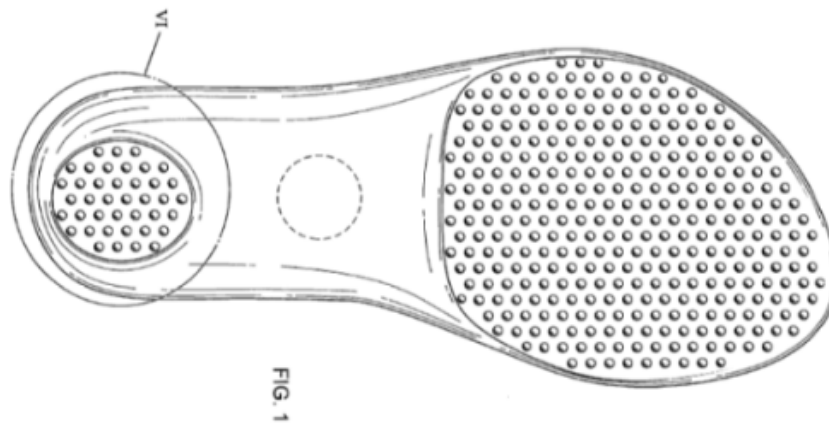
J.A. 490–91 (Laurel Hill).

The [district] court found that the Penta “looks indistinguishable from the drawing shown in the ’183 Patent,” and that the Laurel Hill, “while having certain differences with the Penta slipper that are insubstantial and might be referred to as streamlining, nonetheless has the precise look that an ordinary observer would think of as a physical embodiment of the drawings shown on the ’183 Patent.”

The district court also identified two secondary references—U.S. Design Patent Nos. D566,934 and D540,517 (collectively, the “Secondary References”)—that disclose “slippers with a pattern of small dots on the bottom surface.” Representative drawings from the Secondary References are shown below:



U.S. Design Patent No. D566,934 fig. 1.



U.S. Design Patent No. D540,517 fig. 1. Based on these findings, the court concluded that the design in the '183 patent was invalid as obvious:

The overall visual effect created by the Woolrich prior art is the same overall visual effect created by the '183 patent. To an ordinary observer, they are the same slippers. The only difference between the slippers relates to the sole of the slippers, which is quite minor in the context of the overall slipper. Even if, however, this Court were to find that the differences in the sole design were of any note, the design of the dots on the '183 patent are anticipated by the dots on the Secondary References.

Since both of those design patents were noted on the face of the '183 patent, and since both relate to slippers, they would have been available to a slipper designer skilled in the art—and would have easily suggested the addition of “dots” to the sole of a slipper. Combining the dots shown on those two design patents with the prior art in the Woolrich slipper would have been obvious to any designer. That combination would have created a slipper with a virtually identical visual impression as the '183 patent.

Discussion

On appeal, BDI challenges both the grant of summary judgment of invalidity

II

A

When assessing the potential obviousness of a design patent, a finder of fact employs two distinct steps: first, “one must find a single reference, a something in existence, the design characteristics of which are basically the same as the claimed design”; second, “once this primary reference is found, other references may be used to modify it to create a design that has the same overall visual appearance as the claimed design.” *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996) (internal quotations omitted); *see also Apple, Inc. v. Samsung Elecs. Co.*, 678 F.3d 1314, 1329 (Fed. Cir. 2012).

Under the first step, a court must both “(1) discern the correct visual impression created by the patented design as a whole; and (2) determine whether there is a single reference that creates ‘basically the same’ visual impression.” *Durling*, 101 F.3d at 103. The ultimate inquiry in an obviousness analysis

is “whether the claimed design would have been obvious to a designer of ordinary skill who designs articles of the type involved.”

B

BDI asserts that the district court erred by using the Woolrich Prior Art as primary references because their design characteristics are not “basically the same as the claimed design,” as required under the first step set forth in *Durling*. Specifically, BDI relies on the Rake Declaration to argue that various design features distinguish the ’183 patent from the Woolrich Prior Art, including differences in (1) the fleece collars, (2) the height of the sidewalls, and (3) the thickness of the soles. According to BDI, these alleged differences create genuine issues of material facts as to whether the Woolrich Prior Art can properly serve as primary references.

Next, BDI asserts that the district court identified no motivation to modify the Woolrich Prior Art to achieve the “same overall visual appearance as the claimed design,” as required under the second step set forth in *Durling*. According to BDI, the court erred by ignoring the design features that distinguish the ’183 patent from the Woolrich Prior Art, and finding that the only differences relate to the soles.

BDI also argues that the district court failed to perform a proper obviousness analysis. First, BDI asserts that the court erred by applying an “ordinary observer” standard, because this court’s case law requires application of an “ordinary designer” standard in an obviousness analysis relating to a design patent. Second, BDI argues that the district court failed to properly communicate its reasoning in either step of the obviousness analysis. Finally, BDI asserts that the court erred by not addressing secondary considerations, including copying and commercial sales.

In response, High Point and the Retail Entities (collectively, the “Appellees”) assert that either the Penta or the Laurel Hill could act as the primary reference for the obviousness analysis because they are both “basically the same as the claimed design,” which, according to the Appellees, is all that is required under the first step. The Appellees assert that BDI seeks to apply a “virtual identity” standard in the first step, rather than the proper standard, which allows for minor differences. According to the Appellees, under this court’s case law, a district court can assess the “overall visual appearance,” as required by the second step under *Durling*, without expert testimony and “almost instinctively.”

The Appellees also argue that the district court properly discounted the Rake Declaration because obviousness should be assessed from the vantage point of the ordinary observer, not an ordinary designer such as Mr. Rake. According to the Appellees, the district court properly applied the ordinary observer standard to find obviousness based on the combination of either the Penta or the Laurel Hill with the Secondary References.

As to secondary considerations, the Appellees argue that BDI failed to show the nexus necessary to demonstrate that either the alleged copying or the commercial sale of SNOOZIES® support the nonobviousness of the ’183 patent. Specifically, the Appellees assert that BDI has not established that SNOOZIES® actually embody the ’183 patent, as is necessary to support BDI’s nonobviousness arguments.

C

We first address the standard applied by the district court here. The use of an “ordinary observer” standard to assess the potential obviousness of a design patent runs contrary to the precedent of this

court and our predecessor court, under which the obviousness of a design patent must, instead, be assessed from the viewpoint of an ordinary designer. Given this precedent, the district court erred in applying the ordinary observer standard to assess the obviousness of the design patent at issue.

Although obviousness is assessed from the vantage point of an ordinary designer in the art, “an expert’s opinion on the legal conclusion of obviousness is neither necessary nor controlling.” That said, an expert’s opinion may be relevant to the factual aspects of the analysis leading to that legal conclusion. For that reason, the district court erred by categorically disregarding the Rake Declaration.

We now turn to what we conclude were additional errors in the district court’s application of the two-step analysis set forth in *Durling*. As to the first part of the first step—“discerning the correct visual impression created by the patented design as a whole”—the district court erred by failing to translate the design of the ’183 patent into a verbal description. *See Durling*, 101 F.3d at 103 (“From this translation, the parties and appellate courts can discern the internal reasoning employed by the trial court to reach its decision as to whether or not a prior art design is basically the same as the claimed design.”). The closest to the necessary description was the court’s comment characterizing the design in the ’183 patent as “slippers with an opening for a foot that can contain a fuzzy (fleece) lining and have a smooth outer surface.” This, however, represents “too high a level of abstraction” by failing to focus “on the distinctive visual appearances of the reference and the claimed design.” On remand, the district court should add sufficient detail to its verbal description of the claimed design to evoke a visual image consonant with that design.

As to the second part of the first step—“determining whether there is a single reference that creates ‘basically the same’ visual impression”—the court erred by failing to provide its reasoning, as required under this court’s precedent. Absent such reasoning, we cannot discern how the district court concluded that the Woolrich Prior Art was “basically the same as the claimed design,” so that either design could act as a primary reference. On remand, the district court should do a side-by-side comparison of the two designs to determine if they create the same visual impression. *See, e.g., Apple*, 678 F.3d at 1330 (comparing images of the claimed design to images of the asserted primary references). In addition, based on the record before us, there appear to be genuine issues of material fact as to whether the Woolrich Prior Art are, in fact, proper primary references. For this additional reason, summary judgment must be reversed.

To the extent that the obviousness of the ’183 patent remains at issue on remand, the district court will, after properly completing the first step under *Durling*, be in a better position to assess whether or not the Woolrich Prior Art, modified by the Secondary References, provide a design with the “same overall visual appearance as the claimed design,” as required under the second step of *Durling*.³

³ Having setting forth the proper framework for the obviousness analysis, we take no position on whether the district court could or should find obviousness under the proper standard.

Finally, we turn to secondary considerations, which the district court did not address in the Final Decision. This court has held that “evidence rising out of the so-called ‘secondary considerations’ must always when present be considered en route to a determination of obviousness.” Here, BDI alleged both commercial success of the claimed design as well as copying. To the extent that the obviousness of the ’183 patent remains at issue on remand, the district court should address any evidence of secondary considerations.

For the foregoing reasons, we reverse the grant of summary judgment of obviousness and remand the case to the district court.

Context & Application

1. What test does the Federal Circuit use to evaluate whether or not a claimed design is obvious?
2. The “primary reference” is sometimes called a “*Rosen* reference.” In *In re Rosen*, the C.C.P.A. held that “there must be a reference, a something in existence, the design characteristics of which are basically the same as the claimed design in order to support a holding of obviousness.” 673 F.2d 388, 391 (C.C.P.A. 1982). This reference is required “whether the holding is based on the basic reference alone or on the basic reference in view of modifications suggested by secondary references.” *Id.* Once a proper primary reference is identified, “other references may be used to modify it to create a design that has the same overall visual appearance as the claimed design.” *Durling v. Spectrum Furniture Co.*, 101 F.3d 100, 103 (Fed. Cir. 1996). But “secondary references may only be used to modify the primary reference if they are so related to the primary reference that the appearance of certain ornamental features in one would suggest the application of those features to the other.” *Id.* What does that mean? The case law is less than clear. And in light of the high standard of visual similarity the Federal Circuit requires for primary references, few cases reach this second step at all. For more on these issues, see Sarah Burstein, *Visual Invention*, 16 Lewis & Clark L. Rev. 169, 214 (2012).
3. The court states in *High Point* “evidence rising out of the so-called ‘secondary considerations’ must always when present be considered en route to a determination of obviousness.” These secondary considerations include commercial success and copying. Are these considerations a good fit for designs?

High Point Design LLC v. Buyers Direct, Inc.

621 F. App’x 632 (Fed. Cir. 2015)

CHEN, Circuit Judge.

This is the second time this case has been appealed to our court. In *High Point Design LLC v. Buyers Direct, Inc.*, 730 F.3d 1301 (Fed. Cir. 2013) (“*High Point I*”), we reversed the . . . grant of summary judgment of invalidity of the design patent belonging to Buyers Direct, Inc. (BDI). . . .

On remand, the district court again granted summary judgment, finding that: (1) the asserted patent was anticipated; (2) the accused products did not infringe;

BDI challenges each of these determinations on appeal. For the reasons set forth below, we reverse summary judgment of invalidity [and] affirm summary judgment of non-infringement

I

The background of the case is set forth in *High Point I* We recount below only the facts pertinent to the issues on appeal.

BDI owns a design patent for the ornamental appearance of a fuzzy slipper, U.S. Patent No. D598,183 (the D’183 patent). The D’183 patent is entitled “Slipper,” and recites one claim for “the ornamental design for a slipper, as shown and described” in eight figures. . . .

The claimed design discloses two embodiments for the slipper soles. One embodiment has a sole with two groups of raised dots, and the other has a sole with a smooth bottom.

BDI manufactures a slipper called the SNOOZIE® (Snoozie), which it contends is an embodiment of the design disclosed in the D'183 patent. . . .

High Point Design LLC (High Point) manufactures and distributes the accused FUZZY BABBA® slipper (Fuzzy Babba). . . .

D

On remand, the district court again granted summary judgment of invalidity. This time the district court found that the D'183 patent was anticipated by the Woolrich Prior Art. The district court offered the following description of the claimed design in support of its decision:

To an ordinary observer, the '183 Patent is the design of a slipper with a formed body, a protrusion of fuzz or fluff, and a sole with some solidity. The outside of the slipper appears durable and looks to be made of a relatively tough material; the inside looks soft, plush, and made of a warm material. The sole appears to be fairly thick and looks sturdy.

Addressing each of the prior art designs in turn, the district court first determined that the Laurel Hill anticipated because it also had “a structured body, a soft-looking fluff surrounding the opening of the slipper, and a sole that appears durable and fairly thick.” The district court then found that the Penta also anticipated, concluding that the Penta was even more similar to the D'183 patent than the Laurel Hill. The court found that the Penta “conveys the visual effect of a slipper, the body and sole of which have some defined shape and solidity but which has a protrusion of fluff or fuzz emanating from the foot opening.” Although the district court noted that a close study of the patented and prior art designs revealed differences, those differences were “minor” and insufficient to defeat anticipation.

The district court also ruled in favor of High Point on grounds that the Fuzzy Babba slipper did not infringe the patented design. In particular, the district court found:

The Fuzzy Babba conveys the visual effect of an entirely soft and malleable body with an indistinguishable sole; it is soft and malleable all around. In contrast, the visual effect of the '183 Patent is of a formed body and sole with some solidity; and a body distinct from the sole.

II

A

We turn first to the district court's grant of summary judgment on anticipation.

Design patents are presumed to be valid. 35 U.S.C. § 282(a). A party seeking to invalidate a patent on the basis of anticipation must do so by clear and convincing evidence. Design patent anticipation requires a showing that a single prior art reference is “identical in all material respects” to the claimed invention. In other words, the two designs must be substantially the same. Two designs are substantially the same “if the resemblance is such as to deceive an ordinary observer, inducing him to purchase one supposing it to be the other.” Anticipation is a question of fact. Summary judgment is proper only when the evidence underlying anticipation is clear and convincing such that no reasonable fact-finder could find otherwise.

Viewing all evidence in the light most favorable to the non-moving party—BDI—we conclude that a reasonable jury could have found there was not clear and convincing evidence of anticipation.

In *High Point I*, we instructed that on remand, the district court should “add sufficient detail to its verbal description of the claimed design to evoke a visual image consonant with the claimed design.” We also instructed that the district court should perform a side-by-side comparison of the claimed and prior art designs as part of the proper obviousness determination. Notably, we cautioned that there appeared to be “genuine issues of material fact as to whether the Woolrich Prior Art are, in fact, proper primary references” for obviousness purposes under 35 U.S.C. § 103.

On remand, the district court did not perform a side-by-side comparison, but concluded that the claimed and prior art designs share the “same characteristics” because they share “a structured body, a soft-looking fluff surrounding the opening of the slipper, and a sole that appears durable and fairly thick.”

We find again that the district court fundamentally erred in its analysis by analyzing the designs from “too high a level of abstraction” and failing to focus “on the distinctive visual appearances of the reference and the claimed design.” Specifically, the court’s description does little more than point out the main concepts of the claimed design: a structured slipper having fuzzy material at the foot opening. In doing so, the court failed to properly consider the ornamental aspects of the designs at issue. There are numerous such features in the body, the fuzzy material, and the sole of the designs, all of which were overlooked in the district court’s analysis.

For example, there are meaningful differences between the curvatures of the slipper body designs. The body of the patented design has a distinct ‘S’ curve between the foot opening and the front of the slipper as viewed from the side, which ends in a downward slope toward the front of the body. By contrast, the Laurel Hill has a prominent upward curve near the front. The Penta is also different because it has a noticeably flatter, more even slope from the foot opening towards the front.

There are also clear differences between the protruding fuzz of the claimed and prior art designs. In particular, the Woolrich Prior Art appears to differ from the claims in that both prior art slippers have a pronounced fleece overlap oriented outward and which obscures the top edge of the foot opening. By contrast, no such overlap is visible in the patented design.

We also find that the district court failed to take into consideration the substantial differences between the ornamental aspects of the soles of the claimed design and the prior art designs. As we stated in *Contessa Food Prods., Inc. v. Conagra, Inc.*, “our precedent makes clear that all of the ornamental features illustrated in the figures must be considered in evaluating design patent infringement.” 282 F.3d 1370, 1378 (Fed. Cir. 2002).

The district court did not address the ornamental aspects of the soles in the Remand Order, but stated in the 2012 Order that “the only difference between the slippers relates to the sole of the slippers, which is quite minor in the context of the overall slipper.” We disagree. There are unmistakable differences between the sole design of the D’183 patent and the Woolrich Prior Art. The patent claims one embodiment, shown in Figure 7, where the sole has dots. Those dots are arranged in a uniformly spaced pattern of rows and columns in two separate groups. One group is positioned closer to the front of the slipper, and narrows slightly toward the toe area. The other group is placed closer to the rear, and has a corresponding taper toward the rear area. The other embodiment, shown in Figure 8, has a smooth sole. Neither of the Woolrich Prior Art designs has either of these design components.

The prior art designs instead each have their own distinct ornamental designs. The Laurel Hill sole has embedded within it images of four trees and two moose. The Laurel Hill also has a grooved border not present in the claimed design. The Penta sole has a large “WOOLRICH” image imprinted thereon and is also decorated with a distinct pattern. Like the Laurel Hill—but unlike the claimed design—the Penta also has a grooved border.

As we cautioned in *High Point I*, there appeared to be genuine issues of material fact regarding whether the Woolrich Prior Art properly served as base references under this court’s obviousness law. We now similarly hold that the evidence is not so clear and convincing such that a reasonable fact-finder could not find for BDI on anticipation. For these reasons, we reverse summary judgment of invalidity.

B

We turn next to the district court’s grant of summary judgment of non-infringement.

Infringement is a question of fact and must be proved by a preponderance of the evidence. Summary judgment of non-infringement is appropriate when no reasonable fact-finder could find the accused design substantially similar to the claimed design.

Infringement of design patents is judged by the same test as anticipation—whether two designs are “substantially the same.” See *Egyptian Goddess*, 543 F.3d at 678 (adopting test set forth in *Gorham*, 81 U.S. at 528 as sole test for design patent infringement). Under *Egyptian Goddess*, where the claimed and accused designs are “sufficiently distinct” and “plainly dissimilar,” the patentee does not meet its burden of proving infringement. Only if the claimed and accused designs are not plainly dissimilar does the inquiry potentially benefit from comparison of the claimed and the accused designs . . . with the prior art. We agree with the district court that it is not necessary to resort to a comparison with the prior art in ruling on infringement here.

The district court conducted a side-by-side comparison between the claimed design and the accused Fuzzy Babba slippers, and concluded that “the Fuzzy Babba’s appearance evokes a soft, gentle image, while the D’183 patent appears robust and durable.” Finding that a consumer would not confuse the two designs, the court then granted summary judgment of non-infringement.

We conclude that the patented and accused designs bring to mind different impressions. The Fuzzy Babba design appears soft and formless, whereas the claimed design appears structured and formed. These differences are reflected in the ornamental aspects of each of the designs. For example, the side profile of the Fuzzy Babba shows a relatively smooth, downward slope from the rear toward the front area of the slipper. By contrast, the D’183 patent design has a relatively defined, curved opening that is lower in the middle and higher at the edges. Further, the Fuzzy Babba has a relatively straight rear line, whereas the rear of [the] claimed design bulges outward. The front areas of the two designs are also substantially dissimilar. The Fuzzy Babba has a relatively flatly sloping side profile, whereas the patented design has a curved profile, roughly following in an ‘S’ curve shape.

As we did with respect to invalidity, we also find that there are meaningful differences in the soles which affect the overall visual effect of the two designs. Unlike the D’183 patent design, the Fuzzy has a continuous distribution of dots throughout almost the entire length of the sole. These dots are of a constant width and in one group, in contrast to the varying width of dot columns displayed in Figure 7, and in further contrast to the embodiment in Figure 8 that has a smooth sole and no dots.

We recognize that both designs essentially consist of a slipper with a fuzzy portion extending upward out of the foot opening. Such high-level similarities, however, are not sufficient to demonstrate infringement.

BDI also argues that the district court erred by not performing a comparison of the accused Fuzzy Babba slipper to BDI's alleged commercial embodiment, the Snoozie. We have long-cautioned that it is generally improper to determine infringement by comparing an accused product with the patentee's purported commercial embodiment.

If a patentee is able to show that there is no substantial difference between the claimed design and the purported commercial embodiment, a comparison between that embodiment and the accused design is permissible. Contrary to BDI's suggestion, however, we have never mandated such comparisons and decline to do so here. The proper test for infringement is performed by measuring the accused products against the claimed design.

BDI also argues that the district court erred by failing to take into account how the accused products appeared as worn. We disagree. Even as worn, there are meaningful differences in the visual impression between the two designs. The Fuzzy Babba lacks the distinctive 'S' curve of the front area visible in Figure 4 of the claimed design. Moreover, the protrusion of fuzz in the Fuzzy Babba remains thicker toward the back than toward the front of the foot opening. And critically, there remain the aforementioned differences in the soles of the two designs.

For all these reasons, we affirm the district court's grant of summary judgment of non-infringement.

Context & Application

1. What is the Federal Circuit's test for anticipation of a design patent? Is it an easy standard for a challenger to meet?
2. When can a patentee's commercial embodiment be used in the infringement inquiry? Who has the burden of proving that a product is, in fact, a commercial embodiment of a claimed design?
3. In *High Point*, the court mentioned that the patent-in-suit "disclose[d] two embodiments for the slipper soles." Although a design patent can only have one claim, "[m]ore than one embodiment of a design may be protected by a single claim. However, such embodiments may be presented only if they involve a single inventive concept according to the nonstatutory double patenting practice for designs." MPEP § 1504.05 (citing *In re Rubinfeld*, 270 F.2d 391 (C.C.P.A. 1959)). What does it mean to have the same inventive concept? To be a different "embodiment" of the same "design"? It's not clear. In practice, some attorneys report that it's really a matter of what you can "get past the examiner." But overaggressive embodiment claiming is a risky strategy, because the doctrine of prosecution history estoppel also applies to design patents. See *Pac. Coast Marine Windshields Ltd. v. Malibu Boats, LLC*, 739 F.3d 694, 697 (Fed. Cir. 2014).
4. In a portion of *High Point I* that was omitted above, the Federal Circuit reversed the district court's determination that the claimed design was invalid as "functional." See 730 F.3d 1301, 1317 (Fed. Cir. 2013). The Federal Circuit has interpreted the design patent requirement of ornamentality, see 35 U.S.C. § 171(a), as being the opposite of "functional." But the case law is less than clear on the issue of how to analyze functionality. (One word of warning for those who have studied trademark law: The word "functional" does not mean the same thing in contemporary design patent law that it does in

contemporary trademark law. *See* Sarah Burstein, *Faux Amis in Design Law*, 105 Trademark Rep. 1455 (2015).)

Many cases say that a design is not functional if there are alternative designs. *See, e.g., Best Lock Corp. v. Ilco Unican Corp.*, 94 F.3d 1563, 1566 (Fed. Cir. 1996) (“[I]f the design claimed in a design patent is dictated solely by the function of the article of manufacture, the patent is invalid because the design is not ornamental. A design is not dictated solely by its function when alternative designs for the article of manufacture are available.”). A few other cases, citing *dicta* from *Berry Sterling Corp. v. Pescor Plastics, Inc.*, 122 F.3d 1452 (Fed. Cir. 1997), say that other factors can be used to evaluate design patent functionality. In a recent decision, the court summarized—and attempted to reconcile—these different lines of cases as follows:

In determining whether a claimed design is primarily functional, “the function of the article itself must not be confused with ‘functionality’ of the design of the article.” *Hupp v. Siroflex of Am., Inc.*, 122 F.3d 1456, 1462 (Fed. Cir. 1997). In *Hupp*, we separated the function inherent in a concrete mold—producing a simulated stone pathway by molding concrete—from the particular pattern of the stone produced by the mold itself—an aesthetic design choice. . . . Because there was no utilitarian reason the mold had to impress the particular claimed rock walkway pattern into the concrete, we determined that the claimed design was “primarily ornamental,” and not invalid as functional. In *High Point Design LLC v. Buyers Direct, Inc.*, we found that the district court had incorrectly relied on the functional aspects of a slipper—a seam connecting two components, a curved front accommodating the foot, an opening facilitating ingress and egress of the foot, a forward lean of the heel keeping the heel in place, and a fleece interior providing warmth—to find the particular ornamental design of that slipper to be impermissibly functional. 730 F.3d 1301, 1316 (Fed. Cir. 2013). We explained that a claimed design was not invalid as functional simply because the “primary features” of the design could perform functions. . . .

By contrast, in *Best Lock*, we affirmed a district court’s determination that a design patent to the blade of a key was invalid as functional, finding no clear error in the district court’s conclusion that the claimed key blade design was dictated by functional concerns. 94 F.3d at 1567. In *Best Lock*, the claimed design was limited to a specific shape of a blank key blade. The parties did not dispute that the claimed key blade shape was designed specifically to perform its intended function—to fit into a similarly-shaped cylinder lock keyhole. Further, the patentee presented no evidence of alternative compatible key blade designs, admitting that no differently-shaped key blade could fit into the keyhole of the corresponding cylinder lock. Because no alternative design would allow the underlying article to perform its intended function, we determined the district court did not clearly err by finding that the claimed key blade design was dictated by function, and therefore invalid.

...

We have not mandated applying any particular test for determining whether a claimed design is dictated by its function and therefore impermissibly functional. We have often focused, however, on the availability of alternative designs as an important—if not dispositive—factor in evaluating the legal functionality of a claimed design. For example, the district court in *L.A. Gear* referenced the evidence of many alternative designs that accomplished the same functionality associated with the underlying athletic sneaker. 988 F.2d at 1123. In view of that evidence, we noted that “when there are several ways to achieve the function of an article of manufacture, the design of the article is more likely to serve a primarily ornamental purpose.” *Id.* *See also Rosco*, 304 F.3d at 1378 (“[I]f other designs

could produce the same or similar functional capabilities, the design of the article in question is likely ornamental, not functional.”); *Best Lock*, 94 F.3d at 1566 (same); *Hupp*, 122 F.3d at 1460 (same).

Here, the district court appeared to discount the existence and availability of alternative designs in determining that the claimed Design Patents were “primarily functional” based on its evaluation of the five considerations identified in *PHG*, 469 F.3d at 1366 (quoting *Berry Sterling*, 122 F.3d at 1456). In *Berry Sterling*, we vacated and remanded a district court’s grant of summary judgment of invalidity where it had failed to “elicit the appropriate factual underpinnings for a determination of invalidity of a design patent due to functionality.” 122 F.3d at 1454. In our instructions on remand, we explained that where the existence of alternative designs is not dispositive of the invalidity inquiry, the district court may look to several other factors for its analysis:

whether the protected design represents the best design; whether alternative designs would adversely affect the utility of the specified article; whether there are any concomitant utility patents; whether the advertising touts particular features of the design as having specific utility; and whether there are any elements in the design or an overall appearance clearly not dictated by function.

Id. at 1456. We explained that evaluating these other considerations “might” be relevant to assessing whether the overall appearance of a claimed design is dictated by functional considerations. *Id.* Thus, while the *Berry Sterling* factors can provide useful guidance, an inquiry into whether a claimed design is primarily functional should begin with an inquiry into the existence of alternative designs.

Ethicon Endo-Surgery, Inc. v. Covidien, Inc., 796 F.3d 1312, 1328–30 (Fed. Cir. 2015). What is the status of the *Berry Sterling* factors following *Ethicon*? When (and how) should courts use them? Is the court’s attempt to reconcile these lines of precedent convincing? For more on design patent functionality—and on design patents in general—see Chapter 12 in Sarah Burstein, Sarah R. Wasserman Rajec & Andres Sawicki, *Patent Law: An Open-Access Casebook* (2021).

12. COPYRIGHTABLE SUBJECT MATTER AND THE REQUIREMENTS OF ORIGINALITY AND FIXATION

Learning Objectives: Unit 12

Upon completion of this unit, you should be able to:

- Recall the facts and legal holding of *Feist v. Rural*.
- Explain the Court’s analysis in *Feist v. Rural* and the concept of “thin” copyright protection.
- Explain the meaning of author, originality, and the fact/expression dichotomy in the context of copyright law.
- Recall the basic statutory structure of copyright law.

A fundamental question in intellectual property law is whether the subject matter over which a legal right is being asserted is the kind of stuff that is within the scope of a given intellectual property right. This question matters because it effectuates a policy decision that a given legal right will only apply to certain types of human-created intangibles. *Feist v. Rural* exemplifies this issue. It involves a claim of copyright infringement over a telephone directory—or, at least, the contents of that directory. To understand the issue of subject matter and the problem posed in *Feist v. Rural*, you will first necessary to have a background knowledge of the relevant provisions of the Copyright Act. Before reading *Feist*, you should read 17 U.S.C. §§ 101, 102, 103, 104, & 105.

17 U.S.C. §101. Definitions (2010)

...

A “collective work” is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

...

A “compilation” is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term “compilation” includes collective works.

...

“Copies” are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the material object, other than a phonorecord, in which the work is first fixed.

...

A “derivative work” is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work”.

17 U.S.C. §102. Subject matter of copyright: In general (1990)

(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. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery

17 U.S. Code § 103. Subject matter of copyright: Compilations and derivative works (1976)

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 U.S. Code § 104. Subject matter of copyright: National origin (1998)

(a) Unpublished Works.— The works specified by sections 102 and 103, while unpublished, are subject to protection under this title without regard to the nationality or domicile of the author.

(b) Published Works.—The works specified by sections 102 and 103, when published, are subject to protection under this title if—

1. on the date of first publication, one or more of the authors is a national or domiciliary of the United States, or is a national, domiciliary, or sovereign authority of a treaty party, or is a stateless person, wherever that person may be domiciled; or
2. the work is first published in the United States or in a foreign nation that, on the date of first publication, is a treaty party; or
3. the work is a sound recording that was first fixed in a treaty party; or
4. the work is a pictorial, graphic, or sculptural work that is incorporated in a building or other structure, or an architectural work that is embodied in a building and the building or structure is located in the United States or a treaty party; or
5. the work is first published by the United Nations or any of its specialized agencies, or by the Organization of American States; or
6. the work comes within the scope of a Presidential proclamation

For purposes of paragraph (2), a work that is published in the United States or a treaty party within 30 days after publication in a foreign nation that is not a treaty party shall be considered to be first published in the United States or such treaty party, as the case may be.

(c) Effect of Berne Convention.—No right or interest in a work eligible for protection under this title may be claimed by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto. Any rights in a work eligible for protection under this title that derive from this title, other Federal or State statutes, or the common law, shall not be expanded or reduced by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto.

...

17 U.S. Code § 105. Subject matter of copyright: United States Government works (2019)

(a) In General.— Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise.

...

READING WITH PURPOSE

As you read this opinion, ask yourself the following questions:

- What underlying policies are at play in this opinion? How do those policies manifest themselves in the law?
- What is the primary legal issue in this case? How and why does the Court draw the line that it does?
- Based on this opinion, how would you determine whether something is or is not subject to copyright?
- Would the outcome of this case be the same if it involved a directory of businesses that was organized by business type instead of alphabetically (i.e.: a “yellow pages”)? What if businesses had to pay to be included in that directory?
- What is meant by “thin” copyright protection?

Feist Publications, Inc. v. Rural Telephone Service

499 U.S. 340 (1991)

JUSTICE O’CONNOR delivered the opinion of the Court.

This case requires us to clarify the extent of copyright protection available to telephone directory white pages.

I

Rural Telephone Service Company, Inc., is a certified public utility that provides telephone service to several communities in northwest Kansas. It is subject to a state regulation that requires all telephone companies operating in Kansas to issue annually an updated telephone directory. Accordingly, as a condition of its monopoly franchise, Rural publishes a typical telephone directory, consisting of white pages and yellow pages. The white pages list in alphabetical order the names of Rural’s subscribers, together with their towns and telephone numbers. The yellow pages list Rural’s business subscribers alphabetically by category and feature classified advertisements of various sizes. Rural distributes its directory free of charge to its subscribers, but earns revenue by selling yellow pages advertisements.

Feist Publications, Inc., is a publishing company that specializes in area-wide telephone directories. Unlike a typical directory, which covers only a particular calling area, Feist’s area-wide directories cover a much larger geographical range, reducing the need to call directory assistance or consult

multiple directories. The Feist directory that is the subject of this litigation covers 11 different telephone service areas in 15 counties and contains 46,878 white pages listings—compared to Rural’s approximately 7,700 listings. Like Rural’s directory, Feist’s is distributed free of charge and includes both white pages and yellow pages. Feist and Rural compete vigorously for yellow pages advertising.

As the sole provider of telephone service in its service area, Rural obtains subscriber information quite easily. Persons desiring telephone service must apply to Rural and provide their names and addresses; Rural then assigns them a telephone number. Feist is not a telephone company, let alone one with monopoly status, and therefore lacks independent access to any subscriber information. To obtain white pages listings for its area-wide directory, Feist approached each of the 11 telephone companies operating in northwest Kansas and offered to pay for the right to use its white pages listings.

Of the 11 telephone companies, only Rural refused to license its listings to Feist. Rural’s refusal created a problem for Feist, as omitting these listings would have left a gaping hole in its area-wide directory, rendering it less attractive to potential yellow pages advertisers. In a decision subsequent to that which we review here, the District Court determined that this was precisely the reason Rural refused to license its listings. The refusal was motivated by an unlawful purpose “to extend its monopoly in telephone service to a monopoly in yellow pages advertising.” *Rural Telephone Service Co. v. Feist Publications, Inc.*, 737 F. Supp. 610, 622 (Kan. 1990).

Unable to license Rural’s white pages listings, Feist used them without Rural’s consent. Feist began by removing several thousand listings that fell outside the geographic range of its area-wide directory, then hired personnel to investigate the 4,935 that remained. These employees verified the data reported by Rural and sought to obtain additional information. As a result, a typical Feist listing includes the individual’s street address; most of Rural’s listings do not. Notwithstanding these additions, however, 1,309 of the 46,878 listings in Feist’s 1983 directory were identical to listings in Rural’s 1982-1983 white pages. App. 54 (¶ 15-16), 57. Four of these were fictitious listings that Rural had inserted into its directory to detect copying.

Rural sued for copyright infringement in the District Court for the District of Kansas taking the position that Feist, in compiling its own directory, could not use the information contained in Rural’s white pages. Rural asserted that Feist’s employees were obliged to travel door-to-door or conduct a telephone survey to discover the same information for themselves. Feist responded that such efforts were economically impractical and, in any event, unnecessary because the information copied was beyond the scope of copyright protection. The District Court granted summary judgment to Rural, explaining that “[c]ourts have consistently held that telephone directories are copyrightable” and citing a string of lower court decisions. 663 F. Supp. 214, 218 (1987). In an unpublished opinion, the Court of Appeals for the Tenth Circuit affirmed “for substantially the reasons given by the district court.” App. to Pet. for Cert. 4a, judgt. order reported at 916 F. 2d 718 (1990). We granted certiorari, 498 U. S. 808 (1990), to determine whether the copyright in Rural’s directory protects the names, towns, and telephone numbers copied by Feist.

II

A

This case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. Each of these propositions possesses an impeccable pedigree. That there can be no valid copyright in facts is universally understood. The

most fundamental axiom of copyright law is that “[n]o author may copyright his ideas or the facts he narrates.” *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U. S. 539, 556 (1985). Rural wisely concedes this point, noting in its brief that “[f]acts and discoveries, of course, are not themselves subject to copyright protection.” Brief for Respondent 24. At the same time, however, it is beyond dispute that compilations of facts are within the subject matter of copyright. Compilations were expressly mentioned in the Copyright Act of 1909, and again in the Copyright Act of 1976.

There is an undeniable tension between these two propositions. Many compilations consist of nothing but raw data— i.e., wholly factual information not accompanied by any original written expression. On what basis may one claim a copyright in such a work? Common sense tells us that 100 uncopyrightable facts do not magically change their status when gathered together in one place. Yet copyright law seems to contemplate that compilations that consist exclusively of facts are potentially within its scope.

The key to resolving the tension lies in understanding why facts are not copyrightable. The sine qua non of copyright is originality. To qualify for copyright protection, a work must be original to the author. See *Harper & Row*, *supra*, at 547-549. Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. 1 M. Nimmer & D. Nimmer, *Copyright* §§ 2.01[A], [B] (1990) (hereinafter Nimmer). To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, “no matter how crude, humble or obvious” it might be. *Id.*, § 1.08[C][1]. Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable. See *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F. 2d 49, 54 (CA2 1936).

Originality is a constitutional requirement. The source of Congress’ power to enact copyright laws is Article I, § 8, cl. 8, of the Constitution, which authorizes Congress to “secur[e] for limited Times to Authors . . . the exclusive Right to their respective Writings.” In two decisions from the late 19th century—*The Trade-Mark Cases*, 100 U. S. 82 (1879); and *Burrow-Giles Lithographic Co. v. Sarony*, 111 U. S. 53 (1884)—this Court defined the crucial terms “authors” and “writings.” In so doing, the Court made it unmistakably clear that these terms presuppose a degree of originality.

In *The Trade-Mark Cases*, the Court addressed the constitutional scope of “writings.” For a particular work to be classified “under the head of writings of authors,” the Court determined, “originality is required.” 100 U. S., at 94. The Court explained that originality requires independent creation plus a modicum of creativity: “[W]hile the word writings may be liberally construed, as it has been, to include original designs for engraving, prints, &c., it is only such as are original, and are founded in the creative powers of the mind. The writings which are to be protected are the fruits of intellectual labor, embodied in the form of books, prints, engravings, and the like.” *Ibid.* (emphasis in original).

In *Burrow-Giles*, the Court distilled the same requirement from the Constitution’s use of the word “authors.” The Court defined “author,” in a constitutional sense, to mean “he to whom anything owes its origin; originator; maker.” 111 U. S., at 58 (internal quotation marks omitted). As in *The Trade-Mark Cases*, the Court emphasized the creative component of originality. It described copyright as being limited to “original intellectual conceptions of the author,” 111 U. S., at 58, and stressed the

importance of requiring an author who accuses another of infringement to prove “the existence of those facts of originality, of intellectual production, of thought, and conception.” *Id.*, at 59-60.

The originality requirement articulated in *The Trade-Mark Cases* and *Burrow-Giles* remains the touchstone of copyright protection today. See *Goldstein v. California*, 412 U. S. 546, 561-562 (1973). It is the very “premise of copyright law.” *Miller v. Universal City Studios, Inc.*, 650 F. 2d 1365, 1368 (CA5 1981). Leading scholars agree on this point. As one pair of commentators succinctly puts it: “The originality requirement is constitutionally mandated for all works.” Patterson & Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. Rev. 719, 763, n. 155 (1989) (emphasis in original) (hereinafter Patterson & Joyce). Accord, *id.*, at 759-760, and n. 140; Nimmer § 1.06[A] (“[O]riginality is a statutory as well as a constitutional requirement”); *id.*, § 1.08[C][1] (“[A] modicum of intellectual labor . . . clearly constitutes an essential constitutional element”).

It is this bedrock principle of copyright that mandates the law’s seemingly disparate treatment of facts and factual compilations. “No one may claim originality as to facts.” *Id.*, § 2.11[A], p. 2-157. This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. To borrow from *Burrow-Giles*, one who discovers a fact is not its “maker” or “originator.” 111 U. S., at 58. “The discoverer merely finds and records.” Nimmer § 2.03[E]. Census takers, for example, do not “create” the population figures that emerge from their efforts; in a sense, they copy these figures from the world around them. Denicola, *Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works*, 81 Colum. L. Rev. 516, 525 (1981) (hereinafter Denicola). Census data therefore do not trigger copyright because these data are not “original” in the constitutional sense. Nimmer § 2.03[E]. The same is true of all facts—scientific, historical, biographical, and news of the day. “[T]hey may not be copyrighted and are part of the public domain available to every person.” *Miller, supra*, at 1369.

Factual compilations, on the other hand, may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws. Nimmer §§ 2.11[D], 3.03; Denicola 523, n. 38. Thus, even a directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement. See *Harper & Row*, 471 U. S., at 547. Accord, Nimmer § 3.03.

This protection is subject to an important limitation. The mere fact that a work is copyrighted does not mean that every element of the work may be protected. Originality remains the sine qua non of copyright; accordingly, copyright protection may extend only to those components of a work that are original to the author. Patterson & Joyce 800-802; Ginsburg, *Creation and Commercial Value: Copyright Protection of Works of Information*, 90 Colum. L. Rev. 1865, 1868, and n. 12 (1990) (hereinafter Ginsburg). Thus, if the compilation author clothes facts with an original collocation of words, he or she may be able to claim a copyright in this written expression. Others may copy the underlying facts from the publication, but not the precise words used to present them. In *Harper & Row*, for example, we explained that President Ford could not prevent others from copying bare historical facts from his autobiography, see 471 U. S., at 556-557, but that he could prevent others

from copying his “subjective descriptions and portraits of public figures.” *Id.*, at 563. Where the compilation author adds no written expression but rather lets the facts speak for themselves, the expressive element is more elusive. The only conceivable expression is the manner in which the compiler has selected and arranged the facts. Thus, if the selection and arrangement are original, these elements of the work are eligible for copyright protection. See Patry, *Copyright in Compilations of Facts (or Why the “White Pages” Are Not Copyrightable)*, 12 *Com. & Law* 37, 64 (Dec. 1990) (hereinafter Patry). No matter how original the format, however, the facts themselves do not become original through association. See *Patterson & Joyce* 776.

This inevitably means that the copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another’s publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement. As one commentator explains it: “[N]o matter how much original authorship the work displays, the facts and ideas it exposes are free for the taking [T]he very same facts and ideas may be divorced from the context imposed by the author, and restated or reshuffled by second comers, even if the author was the first to discover the facts or to propose the ideas.” Ginsburg 1868.

It may seem unfair that much of the fruit of the compiler’s labor may be used by others without compensation. As JUSTICE BRENNAN has correctly observed, however, this is not “some unforeseen byproduct of a statutory scheme.” *Harper & Row*, 471 U. S., at 589 (dissenting opinion). It is, rather, “the essence of copyright,” *ibid.*, and a constitutional requirement. The primary objective of copyright is not to reward the labor of authors, but “[t]o promote the Progress of Science and useful Arts.” Art. I, § 8, cl. 8. Accord, *Twentieth Century Music Corp. v. Aiken*, 422 U. S. 151, 156 (1975). To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. *Harper & Row, supra*, at 556-557. This principle, known as the idea/expression or fact/expression dichotomy, applies to all works of authorship. As applied to a factual compilation, assuming the absence of original written expression, only the compiler’s selection and arrangement may be protected; the raw facts may be copied at will. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.

This Court has long recognized that the fact/expression dichotomy limits severely the scope of protection in fact-based works. More than a century ago, the Court observed: “The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book.” *Baker v. Selden*, 101 U. S. 99, 103 (1880). We reiterated this point in *Harper & Row*:

“[N]o author may copyright facts or ideas. The copyright is limited to those aspects of the work—termed ‘expression’—that display the stamp of the author’s originality.

“[C]opyright does not prevent subsequent users from copying from a prior author’s work those constituent elements that are not original—for example . . . facts, or materials in the public domain—as long as such use does not unfairly appropriate the author’s original contributions.” 471 U. S., at 547-548 (citation omitted).

This, then, resolves the doctrinal tension: Copyright treats facts and factual compilations in a wholly consistent manner. Facts, whether alone or as part of a compilation, are not original and therefore

may not be copyrighted. A factual compilation is eligible for copyright if it features an original selection or arrangement of facts, but the copyright is limited to the particular selection or arrangement. In no event may copyright extend to the facts themselves.

B

As we have explained, originality is a constitutionally mandated prerequisite for copyright protection. The Court's decisions announcing this rule predate the Copyright Act of 1909, but ambiguous language in the 1909 Act caused some lower courts temporarily to lose sight of this requirement.

The 1909 Act embodied the originality requirement, but not as clearly as it might have. See Nimmer § 2.01. The subject matter of copyright was set out in §§ 3 and 4 of the Act. Section 4 stated that copyright was available to “all the writings of an author.” 35 Stat. 1076. By using the words “writings” and “author”—the same words used in Article I, § 8, of the Constitution and defined by the Court in *The Trade-Mark Cases* and *Burrow-Giles*—the statute necessarily incorporated the originality requirement articulated in the Court's decisions. It did so implicitly, however, thereby leaving room for error.

Section 3 was similarly ambiguous. It stated that the copyright in a work protected only “the copyrightable component parts of the work.” It thus stated an important copyright principle, but failed to identify the specific characteristic—originality—that determined which component parts of a work were copyrightable and which were not.

Most courts construed the 1909 Act correctly, notwithstanding the less-than-perfect statutory language. They understood from this Court's decisions that there could be no copyright without originality. See *Patterson & Joyce* 760-761. As explained in the Nimmer treatise: “The 1909 Act neither defined originality, nor even expressly required that a work be ‘original’ in order to command protection. However, the courts uniformly inferred the requirement from the fact that copyright protection may only be claimed by ‘authors’ . . . It was reasoned that since an author is ‘the . . . creator, originator’ it follows that a work is not the product of an author unless the work is original.” Nimmer § 2.01 (footnotes omitted) (citing cases).

But some courts misunderstood the statute. See, e. g., *Leon v. Pacific Telephone & Telegraph Co.*, 91 F. 2d 484 (CA9 1937); *Jeweler's Circular Publishing Co. v. Keystone Publishing Co.*, 281 F. 83 (CA2 1922). These courts ignored §§ 3 and 4, focusing their attention instead on § 5 of the Act. Section 5, however, was purely technical in nature: It provided that a person seeking to register a work should indicate on the application the type of work, and it listed 14 categories under which the work might fall. One of these categories was “[b]ooks, including composite and cyclopædic works, directories, gazetteers, and other compilations.” § 5(a). Section 5 did not purport to say that all compilations were automatically copyrightable. Indeed, it expressly disclaimed any such function, pointing out that “the subject-matter of copyright [i]s defined in section four.” Nevertheless, the fact that factual compilations were mentioned specifically in § 5 led some courts to infer erroneously that directories and the like were copyrightable per se, “without any further or precise showing of original—personal—authorship.” Ginsburg 1895.

Making matters worse, these courts developed a new theory to justify the protection of factual compilations. Known alternatively as “sweat of the brow” or “industrious collection,” the underlying notion was that copyright was a reward for the hard work that went into compiling facts. The classic formulation of the doctrine appeared in *Jeweler's Circular Publishing Co.*, 281 F., at 88:

“The right to copyright a book upon which one has expended labor in its preparation does not depend upon whether the materials which he has collected consist or not of matters which are *publici juris*, or whether such materials show literary skill or originality, either in thought or in language, or anything more than industrious collection. The man who goes through the streets of a town and puts down the names of each of the inhabitants, with their occupations and their street number, acquires material of which he is the author” (emphasis added).

The “sweat of the brow” doctrine had numerous flaws, the most glaring being that it extended copyright protection in a compilation beyond selection and arrangement—the compiler’s original contributions—to the facts themselves. Under the doctrine, the only defense to infringement was independent creation. A subsequent compiler was “not entitled to take one word of information previously published,” but rather had to “independently wor[k] out the matter for himself, so as to arrive at the same result from the same common sources of information.” *Id.*, at 88-89 (internal quotation marks omitted). “Sweat of the brow” courts thereby eschewed the most fundamental axiom of copyright law—that no one may copyright facts or ideas. See *Miller v. Universal City Studios, Inc.*, 650 F. 2d, at 1372 (criticizing “sweat of the brow” courts because “ensur[ing] that later writers obtain the facts independently . . . is precisely the scope of protection given . . . copyrighted matter, and the law is clear that facts are not entitled to such protection”).

Decisions of this Court applying the 1909 Act make clear that the statute did not permit the “sweat of the brow” approach. The best example is *International News Service v. Associated Press*, 248 U. S. 215 (1918). In that decision, the Court stated unambiguously that the 1909 Act conferred copyright protection only on those elements of a work that were original to the author. *International News Service* had conceded taking news reported by Associated Press and publishing it in its own newspapers. Recognizing that § 5 of the Act specifically mentioned “periodicals, including newspapers,” § 5(b), the Court acknowledged that news articles were copyrightable. *Id.*, at 234. It flatly rejected, however, the notion that the copyright in an article extended to the factual information it contained: “[T]he news element—the information respecting current events contained in the literary production—is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day.” *Ibid.*

Without a doubt, the “sweat of the brow” doctrine flouted basic copyright principles. Throughout history, copyright law has “recognize[d] a greater need to disseminate factual works than works of fiction or fantasy.” *Harper & Row*, 471 U. S., at 563. Accord, Gorman, Fact or Fancy: The Implications for Copyright, 29 J. Copyright Soc. 560, 563 (1982). But “sweat of the brow” courts took a contrary view; they handed out proprietary interests in facts and declared that authors are absolutely precluded from saving time and effort by relying upon the facts contained in prior works. In truth, “[i]t is just such wasted effort that the proscription against the copyright of ideas and facts . . . [is] designed to prevent.” *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F. 2d 303, 310 (CA2 1966), cert. denied, 385 U. S. 1009 (1967). “Protection for the fruits of such research . . . may in certain circumstances be available under a theory of unfair competition. But to accord copyright protection on this basis alone distorts basic copyright principles in that it creates a monopoly in public domain materials without the necessary justification of protecting and encouraging the creation of ‘writings’ by ‘authors.’” Nimmer § 3.04, p. 3-23 (footnote omitted).

C

“Sweat of the brow” decisions did not escape the attention of the Copyright Office. When Congress

decided to over-haul the copyright statute and asked the Copyright Office to study existing problems, see *Mills Music, Inc. v. Snyder*, 469 U. S. 153, 159 (1985), the Copyright Office promptly recommended that Congress clear up the confusion in the lower courts as to the basic standards of copyrightability. The Register of Copyrights explained in his first report to Congress that “originality” was a “basic requisit[e]” of copyright under the 1909 Act, but that “the absence of any reference to [originality] in the statute seems to have led to misconceptions as to what is copyrightable matter.” Report of the Register of Copyrights on the General Revision of the U. S. Copyright Law, 87th Cong., 1st Sess., p. 9 (H. Judiciary Comm. Print 1961). The Register suggested making the originality requirement explicit. *Ibid.*

Congress took the Register’s advice. In enacting the Copyright Act of 1976, Congress dropped the reference to “all the writings of an author” and replaced it with the phrase “original works of authorship.” 17 U. S. C. § 102(a). In making explicit the originality requirement, Congress announced that it was merely clarifying existing law: “The two fundamental criteria of copyright protection [are] originality and fixation in tangible form The phrase ‘original works of authorship,’ which is purposely left undefined, is intended to incorporate without change *the standard of originality established by the courts under the present [1909] copyright statute.*” H. R. Rep. No. 94-1476, p. 51 (1976) (emphasis added) (hereinafter H. R. Rep.); S. Rep. No. 94-473, p. 50 (1975) (emphasis added) (hereinafter S. Rep.). This sentiment was echoed by the Copyright Office: “Our intention here is to maintain the *established standards* of originality. . . .” Supplementary Report of the Register of Copyrights on the General Revision of U. S. Copyright Law, 89th Cong., 1st Sess., pt. 6, p. 3 (H. Judiciary Comm. Print 1965) (emphasis added).

To ensure that the mistakes of the “sweat of the brow” courts would not be repeated, Congress took additional measures. For example, § 3 of the 1909 Act had stated that copyright protected only the “copyrightable component parts” of a work, but had not identified originality as the basis for distinguishing those component parts that were copyrightable from those that were not. The 1976 Act deleted this section and replaced it with § 102(b), which identifies specifically those elements of a work for which copyright is not available: “In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.” Section 102(b) is universally understood to prohibit any copyright in facts. *Harper & Row, supra*, at 547, 556. Accord, Nimmer § 2.03[E] (equating facts with “discoveries”). As with § 102(a), Congress emphasized that § 102(b) did not change the law, but merely clarified it: “Section 102(b) in no way enlarges or contracts the scope of copyright protection under the present law. Its purpose is to restate . . . that the basic dichotomy between expression and idea remains unchanged.” H. R. Rep., at 57; S. Rep., at 54.

Congress took another step to minimize confusion by deleting the specific mention of “directories . . . and other compilations” in § 5 of the 1909 Act. As mentioned, this section had led some courts to conclude that directories were copyrightable per se and that every element of a directory was protected. In its place, Congress enacted two new provisions. First, to make clear that compilations were not copyrightable per se, Congress provided a definition of the term “compilation.” Second, to make clear that the copyright in a compilation did not extend to the facts themselves, Congress enacted § 103.

The definition of “compilation” is found in § 101 of the 1976 Act. It defines a “compilation” in the copyright sense as “a work formed by the collection and assembling of preexisting materials or of data

that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship” (emphasis added).

The purpose of the statutory definition is to emphasize that collections of facts are not copyrightable per se. It conveys this message through its tripartite structure, as emphasized above by the italics. The statute identifies three distinct elements and requires each to be met for a work to qualify as a copyrightable compilation: (1) the collection and assembly of pre-existing material, facts, or data; (2) the selection, coordination, or arrangement of those materials; and (3) the creation, by virtue of the particular selection, coordination, or arrangement, of an “original” work of authorship. “[T]his tripartite conjunctive structure is self-evident, and should be assumed to ‘accurately express the legislative purpose.’” Patry 51, quoting *Mills Music*, 469 U. S., at 164.

At first glance, the first requirement does not seem to tell us much. It merely describes what one normally thinks of as a compilation—a collection of pre-existing material, facts, or data. What makes it significant is that it is not the sole requirement. It is not enough for copyright purposes that an author collects and assembles facts. To satisfy the statutory definition, the work must get over two additional hurdles. In this way, the plain language indicates that not every collection of facts receives copyright protection. Otherwise, there would be a period after “data.”

The third requirement is also illuminating. It emphasizes that a compilation, like any other work, is copyrightable only if it satisfies the originality requirement (“an original work of authorship”). Although § 102 states plainly that the originality requirement applies to all works, the point was emphasized with regard to compilations to ensure that courts would not repeat the mistake of the “sweat of the brow” courts by concluding that fact-based works are treated differently and measured by some other standard. As Congress explained it, the goal was to “make plain that the criteria of copyrightable subject matter stated in section 102 apply with full force to works . . . containing preexisting material.” H. R. Rep., at 57; S. Rep., at 55.

The key to the statutory definition is the second requirement. It instructs courts that, in determining whether a fact-based work is an original work of authorship, they should focus on the manner in which the collected facts have been selected, coordinated, and arranged. This is a straightforward application of the originality requirement. Facts are never original, so the compilation author can claim originality, if at all, only in the way the facts are presented. To that end, the statute dictates that the principal focus should be on whether the selection, coordination, and arrangement are sufficiently original to merit protection.

Not every selection, coordination, or arrangement will pass muster. This is plain from the statute. It states that, to merit protection, the facts must be selected, coordinated, or arranged “in such a way” as to render the work as a whole original. This implies that some “ways” will trigger copyright, but that others will not. See Patry 57, and n. 76. Otherwise, the phrase “in such a way” is meaningless and Congress should have defined “compilation” simply as “a work formed by the collection and assembly of preexisting materials or data that are selected, coordinated, or arranged.” That Congress did not do so is dispositive. In accordance with “the established principle that a court should give effect, if possible, to every clause and word of a statute,” *Moskal v. United States*, 498 U. S. 103, 109-110 (1990) (internal quotation marks omitted), we conclude that the statute envisions that there will be some fact-based works in which the selection, coordination, and arrangement are not sufficiently original to trigger copyright protection.

As discussed earlier, however, the originality requirement is not particularly stringent. A compiler may settle upon a selection or arrangement that others have used; novelty is not required. Originality requires only that the author make the selection or arrangement independently (i. e., without copying that selection or arrangement from another work), and that it display some minimal level of creativity. Presumably, the vast majority of compilations will pass this test, but not all will. There remains a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent. See generally *Bleistein v. Donaldson Lithographing Co.*, 188 U. S. 239, 251 (1903) (referring to “the narrowest and most obvious limits”). Such works are incapable of sustaining a valid copyright. Nimmer § 2.01[B].

Even if a work qualifies as a copyrightable compilation, it receives only limited protection. This is the point of § 103 of the Act. Section 103 explains that “[t]he subject matter of copyright . . . includes compilations,” § 103(a), but that copyright protects only the author’s original contributions—not the facts or information conveyed:

“The copyright in a compilation . . . extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material.” § 103(b).

As § 103 makes clear, copyright is not a tool by which a compilation author may keep others from using the facts or data he or she has collected. “The most important point here is one that is commonly misunderstood today: copyright . . . has no effect one way or the other on the copyright or public domain status of the preexisting material.” H. R. Rep., at 57; S. Rep., at 55. The 1909 Act did not require, as “sweat of the brow” courts mistakenly assumed, that each subsequent compiler must start from scratch and is precluded from relying on research undertaken by another. See, e. g., *Jeweler’s Circular Publishing Co.*, 281 F., at 88-89. Rather, the facts contained in existing works may be freely copied because copyright protects only the elements that owe their origin to the compiler—the selection, coordination, and arrangement of facts.

In summary, the 1976 revisions to the Copyright Act leave no doubt that originality, not “sweat of the brow,” is the touchstone of copyright protection in directories and other fact-based works. Nor is there any doubt that the same was true under the 1909 Act. The 1976 revisions were a direct response to the Copyright Office’s concern that many lower courts had misconstrued this basic principle, and Congress emphasized repeatedly that the purpose of the revisions was to clarify, not change, existing law. The revisions explain with painstaking clarity that copyright requires originality, § 102(a); that facts are never original, § 102(b); that the copyright in a compilation does not extend to the facts it contains, § 103(b); and that a compilation is copyrightable only to the extent that it features an original selection, coordination, or arrangement, § 101.

The 1976 revisions have proven largely successful in steering courts in the right direction. A good example is *Miller v. Universal City Studios, Inc.*, 650 F. 2d, at 1369-1370: “A copyright in a directory . . . is properly viewed as resting on the originality of the selection and arrangement of the factual material, rather than on the industriousness of the efforts to develop the information. Copyright protection does not extend to the facts themselves, and the mere use of information contained in a directory without a substantial copying of the format does not constitute infringement” (citation omitted). Additionally, the Second Circuit, which almost 70 years ago issued the classic formulation of the “sweat of the brow” doctrine in *Jeweler’s Circular Publishing Co.*, has now fully repudiated the reasoning of that decision. See, e. g., *Financial Information, Inc. v. Moody’s Investors Service, Inc.*, 808 F. 2d

204, 207 (CA2 1986), cert. denied, 484 U. S. 820 (1987); *Financial Information, Inc. v. Moody's Investors Service, Inc.*, 751 F. 2d 501, 510 (CA2 1984) (Newman, J., concurring); *Hoehling v. Universal City Studios, Inc.*, 618 F. 2d 972, 979 (CA2 1980). Even those scholars who believe that "industrious collection" should be rewarded seem to recognize that this is beyond the scope of existing copyright law. See Denicola 516 ("[T]he very vocabulary of copyright is ill suited to analyzing property rights in works of nonfiction"); *id.*, at 520-521, 525; Ginsburg 1867, 1870.

III

There is no doubt that Feist took from the white pages of Rural's directory a substantial amount of factual information. At a minimum, Feist copied the names, towns, and telephone numbers of 1,309 of Rural's subscribers. Not all copying, however, is copyright infringement. To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original. See *Harper & Row*, 471 U. S., at 548. The first element is not at issue here; Feist appears to concede that Rural's directory, considered as a whole, is subject to a valid copyright because it contains some foreword text, as well as original material in its yellow pages advertisements. See Brief for Petitioner 18; Pet. for Cert. 9.

The question is whether Rural has proved the second element. In other words, did Feist, by taking 1,309 names, towns, and telephone numbers from Rural's white pages, copy anything that was "original" to Rural? Certainly, the raw data does not satisfy the originality requirement. Rural may have been the first to discover and report the names, towns, and telephone numbers of its subscribers, but this data does not "ow[e] its origin" to Rural. *Burrow-Giles*, 111 U. S., at 58. Rather, these bits of information are uncopyrightable facts; they existed before Rural reported them and would have continued to exist if Rural had never published a telephone directory. The originality requirement "rule[s] out protecting . . . names, addresses, and telephone numbers of which the plaintiff by no stretch of the imagination could be called the author." *Patterson & Joyce* 776.

Rural essentially concedes the point by referring to the names, towns, and telephone numbers as "preexisting material." Brief for Respondent 17. Section 103(b) states explicitly that the copyright in a compilation does not extend to "the preexisting material employed in the work."

The question that remains is whether Rural selected, coordinated, or arranged these uncopyrightable facts in an original way. As mentioned, originality is not a stringent standard; it does not require that facts be presented in an innovative or surprising way. It is equally true, however, that the selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever. The standard of originality is low, but it does exist. See *Patterson & Joyce* 760, n. 144 ("While this requirement is sometimes characterized as modest, or a low threshold, it is not without effect") (internal quotation marks omitted; citations omitted). As this Court has explained, the Constitution mandates some minimal degree of creativity, see *The Trade-Mark Cases*, 100 U. S., at 94; and an author who claims infringement must prove "the existence of . . . intellectual production, of thought, and conception." *Burrow-Giles, supra*, at 59-60.

The selection, coordination, and arrangement of Rural's white pages do not satisfy the minimum constitutional standards for copyright protection. As mentioned at the outset, Rural's white pages are entirely typical. Persons desiring telephone service in Rural's service area fill out an application and Rural issues them a telephone number. In preparing its white pages, Rural simply takes the data

provided by its subscribers and lists it alphabetically by surname. The end product is a garden-variety white pages directory, devoid of even the slightest trace of creativity.

Rural's selection of listings could not be more obvious: It publishes the most basic information—name, town, and telephone number—about each person who applies to it for telephone service. This is “selection” of a sort, but it lacks the modicum of creativity necessary to transform mere selection into copyrightable expression. Rural expended sufficient effort to make the white pages directory useful, but insufficient creativity to make it original.

We note in passing that the selection featured in Rural's white pages may also fail the originality requirement for another reason. Feist points out that Rural did not truly “select” to publish the names and telephone numbers of its subscribers; rather, it was required to do so by the Kansas Corporation Commission as part of its monopoly franchise. See 737 F. Supp., at 612. Accordingly, one could plausibly conclude that this selection was dictated by state law, not by Rural.

Nor can Rural claim originality in its coordination and arrangement of facts. The white pages do nothing more than list Rural's subscribers in alphabetical order. This arrangement may, technically speaking, owe its origin to Rural; no one disputes that Rural undertook the task of alphabetizing the names itself. But there is nothing remotely creative about arranging names alphabetically in a white pages directory. It is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course. See Brief for Information Industry Association et al. as *Amici Curiae* 10 (alphabetical arrangement “is universally observed in directories published by local exchange telephone companies”). It is not only unoriginal, it is practically inevitable. This time-honored tradition does not possess the minimal creative spark required by the Copyright Act and the Constitution.

We conclude that the names, towns, and telephone numbers copied by Feist were not original to Rural and therefore were not protected by the copyright in Rural's combined white and yellow pages directory. As a constitutional matter, copyright protects only those constituent elements of a work that possess more than a *de minimis* quantum of creativity. Rural's white pages, limited to basic subscriber information and arranged alphabetically, fall short of the mark. As a statutory matter, 17 U. S. C. § 101 does not afford protection from copying to a collection of facts that are selected, coordinated, and arranged in a way that utterly lacks originality. Given that some works must fail, we cannot imagine a more likely candidate. Indeed, were we to hold that Rural's white pages pass muster, it is hard to believe that any collection of facts could fail.

Because Rural's white pages lack the requisite originality, Feist's use of the listings cannot constitute infringement. This decision should not be construed as demeaning Rural's efforts in compiling its directory, but rather as making clear that copyright rewards originality, not effort. As this Court noted more than a century ago, “great praise may be due to the plaintiffs for their industry and enterprise in publishing this paper, yet the law does not contemplate their being rewarded in this way.” *Baker v. Selden*, 101 U. S., at 105.

The judgment of the Court of Appeals is

Reversed.

JUSTICE BLACKMUN concurs in the judgment.

13. THE IDEA/EXPRESSION DICHOTOMY

Learning Objectives: Unit 13

Upon completion of this unit, you should be able to:

- Recall the facts and legal holding of *Baker v. Selden*.
- Explain the idea/expression dichotomy.
- Recall the statutory components of the idea/expression dichotomy.
- Analyze fact patterns in terms of the idea/expression dichotomy.

In the previous class we discussed the idea that copyright is limited to material that possesses the requisite “originality,” and does not extend to facts. Rather, copyrightable subject matter is limited to creative expression. We will explore another key limit on copyrightable subject matter: the idea/expression dichotomy. *Baker v. Selden*, involves copyright over blank forms in a book describing an accounting system and long predates our modern copyright act. (The most relevant provision of the Copyright Act of 1831 is provided below.) However, it is frequently referred to as a foundational authority for the distinction between expression, which can be copyrighted, and ideas, which cannot. After reading *Baker*, you should look at the way that this “idea/expression dichotomy” has been articulated in contemporary statutory law at 17 U.S.C. § 102(b). As we discuss this dichotomy, we will also talk about situations where there is only one or a few ways to express a particular idea.

Copyright Act of 1831

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That from and after the passing of this act, any person or persons, being a citizen or citizens of the 15 United States or resident therein, who shall be the author or authors of any book or books, map, chart, or musical composition, which may be now made or composed, and not printed and published, or shall hereafter be made or composed, or who shall invent, design, etch, engrave, work, or cause to be engraved, etched, or worked from his own design, any print or engraving, and the executors, administrators, or legal assigns of such person or persons, shall have the sole right and liberty of printing, reprinting, publishing, and vending such book or books, map, chart, musical composition, print, cut, or engraving, in whole or in part, for the term of twenty-eight years from the time of recording the title thereof, in the manner hereinafter directed.

(The full text of the act can be found at: https://www.copyright.gov/history/Copyright_Enactments_1783-1973.pdf)

BAKER V. SELDEN (1879)

READING WITH PURPOSE

As you read *Baker*, ask yourself the following questions:

- What underlying policies are at play in this opinion? How do those policies manifest themselves in the law?
- What is the primary legal issue in this case? How and why does the Court draw the line where it does?
- Based on this opinion, how would you determine whether something is or is not copyrightable?
- What challenges do you foresee with the application of the idea/expression dichotomy?

Baker v. Selden

101 U.S. 99 (1879)

MR. JUSTICE BRADLEY delivered the opinion of the court.

Charles Selden, the testator of the complainant in this case, in the year 1859 took the requisite steps for obtaining the copyright of a book, entitled "Selden's Condensed Ledger, or Book-keeping Simplified," the object of which was to exhibit and explain a peculiar system of book-keeping. In 1860 and 1861, he took the copyright of several other books, containing additions to and improvements upon the said system. The bill of complaint was filed against the defendant, Baker, for an alleged infringement of these copyrights. The latter, in his answer, denied that Selden was the author or designer of the books, and denied the infringement charged, and contends on the argument that the matter alleged to be infringed is not a lawful subject of copyright.

The parties went into proofs, and the various books of the complainant, as well as those sold and used by the defendant, were exhibited before the examiner, and witnesses were examined on both sides. A decree was rendered for the complainant, and the defendant appealed.

The book or series of books of which the complainant claims the copyright consists of an introductory essay explaining the system of book-keeping referred to, to which are annexed certain forms or blanks, consisting of ruled lines, and headings, illustrating the system and showing how it is to be used and carried out in practice. This system effects the same results as book-keeping by double entry; but, by a peculiar arrangement of columns and headings, presents the entire operation, of a day, a week, or a month, on a single page, or on two pages facing each other, in an account-book. The defendant uses a similar plan so far as results are concerned; but makes a different arrangement of the columns, and uses different headings. If the complainant's testator had the exclusive right to

the use of the system explained in his book, it would be difficult to contend that the defendant does not infringe it, notwithstanding the difference in his form of arrangement; but if it be assumed that the system is open to public use, it seems to be equally difficult to contend that the books made and sold by the defendant are a violation of the copyright of the complainant's book considered merely as a book explanatory of the system. Where the truths of a science or the methods of an art are the common property of the whole world, any author has the right to express the one, or explain and use the other, in his own way. As an author, Selden explained the system in a particular way. It may be conceded that Baker makes and uses account-books arranged on substantially the same system; but the proof fails to show that he has violated the copyright of Selden's book, regarding the latter merely as an explanatory work; or that he has infringed Selden's right in any way, unless the latter became entitled to an exclusive right in the system.

The evidence of the complainant is principally directed to the object of showing that Baker uses the same system as that which is explained and illustrated in Selden's books. It becomes important, therefore, to determine whether, in obtaining the copyright of his books, he secured the exclusive right to the use of the system or method of book-keeping which the said books are intended to illustrate and explain. It is contended that he has secured such exclusive right, because no one can use the system without using substantially the same ruled lines and headings which he has appended to his books in illustration of it. In other words, it is contended that the ruled lines and headings, given to illustrate the system, are a part of the book, and, as such, are secured by the copyright; and that no one can make or use similar ruled lines and headings, or ruled lines and headings made and arranged on substantially the same system, without violating the copyright. And this is really the question to be decided in this case. Stated in another form, the question is, whether the exclusive property in a system of book-keeping can be claimed, under the law of copyright, by means of a book in which that system is explained? The complainant's bill, and the case made under it, are based on the hypothesis that it can be.

It cannot be pretended, and indeed it is not seriously urged, that the ruled lines of the complainant's account-book can be claimed under any special class of objects, other than books, named in the law of copyright existing in 1859. The law then in force was that of 1831, and specified only books, maps, charts, musical compositions, prints, and engravings. An account-book, consisting of ruled lines and blank columns, cannot be called by any of these names unless by that of a book.

There is no doubt that a work on the subject of book-keeping, though only explanatory of well-known systems, may be the subject of a copyright; but, then, it is claimed only as a book. Such a book may be explanatory either of old systems, or of an entirely new system; and, considered as a book, as the work of an author, conveying information on the subject of book-keeping, and containing detailed explanations of the art, it may be a very valuable acquisition to the practical knowledge of the community. But there is a clear distinction between the book, as such, and the art which it is intended to illustrate. The mere statement of the proposition is so evident, that it requires hardly any argument to support it. The same distinction may be predicated of every other art as well as that of book-keeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, — would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the

copyright. To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

The difference between the two things, letters-patent and copyright, may be illustrated by reference to the subjects just enumerated. Take the case of medicines. Certain mixtures are found to be of great value in the healing art. If the discoverer writes and publishes a book on the subject (as regular physicians generally do), he gains no exclusive right to the manufacture and sale of the medicine; he gives that to the public. If he desires to acquire such exclusive right, he must obtain a patent for the mixture as a new art, manufacture, or composition of matter. He may copyright his book, if he pleases; but that only secures to him the exclusive right of printing and publishing his book. So of all other inventions or discoveries.

The copyright of a book on perspective, no matter how many drawings and illustrations it may contain, gives no exclusive right to the modes of drawing described, though they may never have been known or used before. By publishing the book, without getting a patent for the art, the latter is given to the public. The fact that the art described in the book by illustrations of lines and figures which are reproduced in practice in the application of the art, makes no difference. Those illustrations are the mere language employed by the author to convey his ideas more clearly. Had he used words of description instead of diagrams (which merely stand in the place of words), there could not be the slightest doubt that others, applying the art to practical use, might lawfully draw the lines and diagrams which were in the author's mind, and which he thus described by words in his book.

The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book. And where the art it teaches cannot be used without employing the methods and diagrams used to illustrate the book, or such as are similar to them, such methods and diagrams are to be considered as necessary incidents to the art, and given therewith to the public; not given for the purpose of publication in other works explanatory of the art, but for the purpose of practical application.

Of course, these observations are not intended to apply to ornamental designs, or pictorial illustrations addressed to the taste. Of these it may be said, that their form is their essence, and their object, the production of pleasure in their contemplation. This is their final end. They are as much the product of genius and the result of composition, as are the lines of the poet or the historian's periods. On the other hand, the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them. But as embodied and taught in a literary composition or book, their essence consists only in their statement. This alone is what is secured by the copyright. The use by another of the same methods of statement, whether in words or illustrations, in a book published for teaching the art, would undoubtedly be an infringement of the copyright.

Recurring to the case before us, we observe that Charles Selden, by his books, explained and described

a peculiar system of book-keeping, and illustrated his method by means of ruled lines and blank columns, with proper headings on a page, or on successive pages. Now, whilst no one has a right to print or publish his book, or any material part thereof, as a book intended to convey instruction in the art, any person may practise [sic] and use the art itself which he has described and illustrated therein. The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on book-keeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book. Whether the art might or might not have been patented, is a question which is not before us. It was not patented, and is open and free to the use of the public. And, of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it.

The plausibility of the claim put forward by the complainant in this case arises from a confusion of ideas produced by the peculiar nature of the art described in the books which have been made the subject of copyright. In describing the art, the illustrations and diagrams employed happen to correspond more closely than usual with the actual work performed by the operator who uses the art. Those illustrations and diagrams consist of ruled lines and headings of accounts; and it is similar ruled lines and headings of accounts which, in the application of the art, the book-keeper makes with his pen, or the stationer with his press; whilst in most other cases the diagrams and illustrations can only be represented in concrete forms of wood, metal, stone, or some other physical embodiment. But the principle is the same in all. The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters-patent.

The remarks of Mr. Justice Thompson in the Circuit Court in *Clayton v. Stone & Hall* (2 Paine, 392), in which copyright was claimed in a daily price-current, are apposite and instructive. He says: "In determining the true construction to be given to the act of Congress, it is proper to look at the Constitution of the United States, to aid us in ascertaining the nature of the property intended to be protected. 'Congress shall have power to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their writings and discoveries.' The act in question was passed in execution of the power here given, and the object, therefore, was the promotion of science; and it would certainly be a pretty extraordinary view of the sciences to consider a daily or weekly publication of the state of the market as falling within any class of them. They are of a more fixed, permanent, and durable character. The term 'science' cannot, with any propriety, be applied to a work of so fluctuating and fugitive a form as that of a newspaper or price-current, the subject-matter of which is daily changing, and is of mere temporary use. Although great praise may be due to the plaintiffs for their industry and enterprise in publishing this paper, yet the law does not contemplate their being rewarded in this way: it must seek patronage and protection from its utility to the public, and not as a work of science. The title of the act of Congress is, 'for the encouragement of learning,' and was not intended for the encouragement of mere industry, unconnected with learning and the sciences... We are, accordingly, of opinion that the paper in question is not a book the copyright to which can be secured under the act of Congress."

The case of *Cobbett v. Woodward* (Law Rep. 14 Eq. 407) was a claim to copyright in a catalogue of furniture which the publisher had on sale in his establishment, illustrated with many drawings of furniture and decorations. The defendants, being dealers in the same business, published a similar book, and copied many of the plaintiff's drawings, though it was shown that they had for sale the articles represented thereby. The court held that these drawings were not subjects of copyright. Lord

Romilly, M.R., said: "This is a mere advertisement for the sale of particular articles which any one might imitate, and any one might advertise for sale. If a man not being a vendor of any of the articles in question were to publish a work for the purpose of informing the public of what was the most convenient species of articles for household furniture, or the most graceful species of decorations for articles of home furniture, what they ought to cost, and where they might be bought, and were to illustrate his work with designs of each article he described, — such a work as this could not be pirated with impunity, and the attempt to do so would be stopped by the injunction of the Court of Chancery; yet if it were done with no such object, but solely for the purpose of advertising particular articles for sale, and promoting the private trade of the publisher by the sale of articles which any other person might sell as well as the first advertiser, and if in fact it contained little more than an illustrated inventory of the contents of a warehouse, I know of no law which, while it would not prevent the second advertiser from selling the same articles, would prevent him from using the same advertisement; provided he did not in such advertisement by any device suggest that he was selling the works and designs of the first advertiser."

Another case, that of *Page v. Wisden* (20 L.T.N.S. 435), which came before *Vice-Chancellor Malins* in 1869, has some resemblance to the present. There a copyright was claimed in a cricket scoring-sheet, and the Vice-Chancellor held that it was not a fit subject for copyright, partly because it was not new, but also because "to say that a particular mode of ruling a book constituted an object for a copyright is absurd."

These cases, if not precisely in point, come near to the matter in hand, and, in our view, corroborate the general proposition which we have laid down.

In *Drury v. Ewing* (1 Bond, 540), which is much relied on by the complainant, a copyright was claimed in a chart of patterns for cutting dresses and basques for ladies, and coats, jackets, &c., for boys. It is obvious that such designs could only be printed and published for information, and not for use in themselves. Their practical use could only be exemplified in cloth on the tailor's board and under his shears; in other words, by the application of a mechanical operation to the cutting of cloth in certain patterns and forms. Surely the exclusive right to this practical use was not reserved to the publisher by his copyright of the chart. Without undertaking to say whether we should or should not concur in the decision in that case, we think it cannot control the present.

The conclusion to which we have come is, that blank account-books are not the subject of copyright; and that the mere copyright of Selden's book did not confer upon him the exclusive right to make and use account-books, ruled and arranged as designated by him and described and illustrated in said book.

The decree of the Circuit Court must be reversed, and the cause remanded with instructions to dismiss the complainant's bill; and it is

So ordered.

17 U.S.C. §102. SUBJECT MATTER OF COPYRIGHT: IN GENERAL

17 U.S.C. §102. Subject matter of copyright: In general (1990)

(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. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

14. TERMS & FORMALITIES AND OWNERSHIP OF COPYRIGHTS

Learning Objectives: Unit 14

Upon completion of this unit, you should be able to:

- Recall the statutory components of authorship and ownership.
- Explain what a work-for-hire is and how to analyze whether a something is a work made for hire.
- Analyze issues of authorship and ownership in a given factual scenario.
- Recall the consequences of authorship and ownership.

Assuming that a work is subject to copyright, the next question is “who owns the copyright.” The simple answer—the individual who created the work—is intuitive but not always correct. Under 17 U.S.C. § 201(a), it is true that the initial owner of a work is its author or authors. However, copyrights may be, and are, frequently transferred to another, as permitted by § 201(d). In addition, under the “works made for hire” doctrine, codified at 17 U.S.C. § 201(b), an employer may be deemed the “author” of the work under certain circumstances. *CCNV v. Reid* involves these issues. Before reading *CCNV v. Reid*, read 17 U.S.C. § 201. You should also be sure to look at the definition of “work made for hire” in 17 U.S.C. § 101.

17 U.S. Code § 201. Ownership of copyright (1978)

(a) Initial Ownership.— Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are coowners of copyright in the work.

(b) Works Made for Hire.— In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright

17 U.S.C. §101. Definitions (2010)

...

A “work made for hire” is –

- (1) a work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a “supplementary work” is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an “instructional text” is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

COMMUNITY FOR CREATIVE NON-VIOLENCE V. REID (1989)

READING WITH PURPOSE

As you read *CCNV v. Reid*, ask yourself the following questions:

- What is the primary legal issue in this case? How and why does the court draw the line where it does?
- Based on this opinion, how would you determine who initially owns a copyright in a work?
- The term “work” is used multiple times in the statutes and opinions you’ve read. What do you think a “work” is?
- Would the outcome of this case be different if the subject matter was a movie rather than a statue?

Community for Creative Non-Violence v. Reid

490 U.S. 730 (1989)

JUSTICE MARSHALL delivered the opinion of the Court.

In this case, an artist and the organization that hired him to produce a sculpture contest the ownership of the copyright in that work. To resolve this dispute, we must construe the “work made for hire” provisions of the Copyright Act of 1976 (Act or 1976 Act), 17 U. S. C. §§ 101 and 201(b), and in particular, the provision in § 101, which defines as a “work made for hire” a “work prepared by an employee within the scope of his or her employment” (hereinafter § 101(1)).

I

Petitioners are the Community for Creative Non-Violence (CCNV), a nonprofit unincorporated association dedicated to eliminating homelessness in America, and Mitch Snyder, a member and trustee of CCNV. In the fall of 1985, CCNV decided to participate in the annual Christmastime Pageant of Peace in Washington, D. C., by sponsoring a display to dramatize the plight of the homeless. As the District Court recounted:

“Snyder and fellow CCNV members conceived the idea for the nature of the display: a sculpture of a modern Nativity scene in which, in lieu of the traditional Holy Family, the two adult figures and the infant would appear as contemporary homeless people huddled on a streetside steam grate. The family was to be black (most of the homeless in Washington being black); the figures were to be life-sized, and the steam grate would be positioned atop a platform ‘pedestal,’ or base, within which

special-effects equipment would be enclosed to emit simulated 'steam' through the grid to swirl about the figures. They also settled upon a title for the work — 'Third World America' — and a legend for the pedestal: 'and still there is no room at the inn.'" 652 F. Supp. 1453, 1454 (DC 1987).

Snyder made inquiries to locate an artist to produce the sculpture. He was referred to respondent James Earl Reid, a Baltimore, Maryland, sculptor. In the course of two telephone calls, Reid agreed to sculpt the three human figures. CCNV agreed to make the steam grate and pedestal for the statue. Reid proposed that the work be cast in bronze, at a total cost of approximately \$100,000 and taking six to eight months to complete. Snyder rejected that proposal because CCNV did not have sufficient funds, and because the statue had to be completed by December 12 to be included in the pageant. Reid then suggested, and Snyder agreed, that the sculpture would be made of a material known as "Design Cast 62," a synthetic substance that could meet CCNV's monetary and time constraints, could be tinted to resemble bronze, and could withstand the elements. The parties agreed that the project would cost no more than \$15,000, not including Reid's services, which he offered to donate. The parties did not sign a written agreement. Neither party mentioned copyright.

After Reid received an advance of \$3,000, he made several sketches of figures in various poses. At Snyder's request, Reid sent CCNV a sketch of a proposed sculpture showing the family in a crechelike setting: the mother seated, cradling a baby in her lap; the father standing behind her, bending over her shoulder to touch the baby's foot. Reid testified that Snyder asked for the sketch to use in raising funds for the sculpture. Snyder testified that it was also for his approval. Reid sought a black family to serve as a model for the sculpture. Upon Snyder's suggestion, Reid visited a family living at CCNV's Washington shelter but decided that only their newly born child was a suitable model. While Reid was in Washington, Snyder took him to see homeless people living on the streets. Snyder pointed out that they tended to recline on steam grates, rather than sit or stand, in order to warm their bodies. From that time on, Reid's sketches contained only reclining figures.

Throughout November and the first two weeks of December 1985, Reid worked exclusively on the statue, assisted at various times by a dozen different people who were paid with funds provided in installments by CCNV. On a number of occasions, CCNV members visited Reid to check on his progress and to coordinate CCNV's construction of the base. CCNV rejected Reid's proposal to use suitcases or shopping bags to hold the family's personal belongings, insisting instead on a shopping cart. Reid and CCNV members did not discuss copyright ownership on any of these visits.

On December 24, 1985, 12 days after the agreed-upon date, Reid delivered the completed statue to Washington. There it was joined to the steam grate and pedestal prepared by CCNV and placed on display near the site of the pageant. Snyder paid Reid the final installment of the \$15,000. The statue remained on display for a month. In late January 1986, CCNV members returned it to Reid's studio in Baltimore for minor repairs. Several weeks later, Snyder began making plans to take the statue on a tour of several cities to raise money for the homeless. Reid objected, contending that the Design Cast 62 material was not strong enough to withstand the ambitious itinerary. He urged CCNV to cast the statue in bronze at a cost of \$35,000, or to create a master mold at a cost of \$5,000. Snyder declined to spend more of CCNV's money on the project.

In March 1986, Snyder asked Reid to return the sculpture. Reid refused. He then filed a certificate of copyright registration for "Third World America" in his name and announced plans to take the sculpture on a more modest tour than the one CCNV had proposed. Snyder, acting in his capacity as CCNV's trustee, immediately filed a competing certificate of copyright registration.

Snyder and CCNV then commenced this action against Reid and his photographer, Ronald Purtee,¹ seeking return of the sculpture and a determination of copyright ownership. The District Court granted a preliminary injunction, ordering the sculpture's return. After a 2-day bench trial, the District Court declared that "Third World America" was a "work made for hire" under § 101 of the Copyright Act and that Snyder, as trustee for CCNV, was the exclusive owner of the copyright in the sculpture. 652 F. Supp., at 1457. The court reasoned that Reid had been an "employee" of CCNV within the meaning of § 101(1) because CCNV was the motivating force in the statue's production. Snyder and other CCNV members, the court explained, "conceived the idea of a contemporary Nativity scene to contrast with the national celebration of the season," and "directed enough of [Reid's] effort to assure that, in the end, he had produced what they, not he, wanted." *Id.*, at 1456.

The Court of Appeals for the District of Columbia Circuit reversed and remanded, holding that Reid owned the copyright because "Third World America" was not a work for hire. 270 U. S. App. D. C. 26, 35, 846 F. 2d 1485, 1494 (1988). Adopting what it termed the "literal interpretation" of the Act as articulated by the Fifth Circuit in *Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F. 2d 323, 329 (1987), cert. denied, 485 U. S. 981 (1988), the court read § 101 as creating "a simple dichotomy in fact between employees and independent contractors." 270 U. S. App. D. C., at 33, 846 F. 2d, at 1492. Because, under agency law, Reid was an independent contractor, the court concluded that the work was not "prepared by an employee" under § 101(1). *Id.*, at 35, 846 F. 2d, at 1494. Nor was the sculpture a "work made for hire" under the second subsection of § 101 (hereinafter § 101(2)): sculpture is not one of the nine categories of works enumerated in that subsection, and the parties had not agreed in writing that the sculpture would be a work for hire. *Ibid.* The court suggested that the sculpture nevertheless may have been jointly authored by CCNV and Reid, *id.*, at 36, 846 F. 2d, at 1495, and remanded for a determination whether the sculpture is indeed a joint work under the Act, *id.*, at 39-40, 846 F. 2d, at 1498-1499.

We granted certiorari to resolve a conflict among the Courts of Appeals over the proper construction of the "work made for hire" provisions of the Act.² 488 U. S. 940 (1988). We now affirm.

II

A

The Copyright Act of 1976 provides that copyright ownership "vests initially in the author or authors of the work." 17 U. S. C. § 201(a). As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection. § 102. The Act carves out an important exception, however, for "works made for hire."³ If the work is for hire, "the employer or other person for whom the work was prepared is considered the author" and owns the copyright, unless there is a written agreement to the contrary. § 201(b).

1. Purtee was named as a defendant but never appeared or claimed any interest in the statue.

2. Compare *Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F. 2d 323 (CA5 1987), (agency law determines who is an employee under § 101), cert. denied, 485 U. S. 981 (1988), with *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*, 810 F. 2d 410 (CA4 1987) (supervision and control standard determines who is an employee under § 101); *Evans Newton, Inc. v. Chicago Systems Software*, 793 F. 2d 889 (CA7) (same), cert. denied, 479 U. S. 949 (1986); and *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F. 2d 548 (CA2) (same), cert. denied, 469 U. S. 982 (1984). See also *Dumas v. Gommerman*, 865 F. 2d 1093 (CA9 1989) (a multifactor formal, salaried employee test determines who is an employee under § 101).

3. We use the phrase "work for hire" interchangeably with the more cumbersome statutory phrase "work made for hire."

Classifying a work as “made for hire” determines not only the initial ownership of its copyright, but also the copyright’s duration, § 302(c), and the owners’ renewal rights, § 304(a), termination rights, § 203(a), and right to import certain goods bearing the copyright, § 601(b)(1). See 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 5.03 [A], pp. 5-10 (1988). The contours of the work for hire doctrine therefore carry profound significance for freelance creators — including artists, writers, photographers, designers, composers, and computer programmers — and for the publishing, advertising, music, and other industries which commission their works.⁴

Section 101 of the 1976 Act provides that a work is “for hire” under two sets of circumstances:

“(1) a work prepared by an employee within the scope of his or her employment; or

(2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.”⁵

Petitioners do not claim that the statue satisfies the terms of § 101(2). Quite clearly, it does not. Sculpture does not fit within any of the nine categories of “specially ordered or commissioned” works enumerated in that subsection, and no written agreement between the parties establishes “Third World America” as a work for hire.

The dispositive inquiry in this case therefore is whether “Third World America” is “a work prepared by an employee within the scope of his or her employment” under § 101(1). The Act does not define these terms. In the absence of such guidance, four interpretations have emerged. The first holds that a work is prepared by an employee whenever the hiring party⁶ retains the right to control the product. See *Peregrine v. Lauren Corp.*, 601 F. Supp. 828, 829 (Colo. 1985); *Clarkstown v. Reeder*, 566 F. Supp. 137, 142 (SDNY 1983). Petitioners take this view. Brief for Petitioners 15; Tr. of Oral Arg. 12. A second, and closely related, view is that a work is prepared by an employee under § 101(1) when the hiring party has actually wielded control with respect to the creation of a particular work. This approach was formulated by the Court of Appeals for the Second Circuit, *Aldon Accessories Ltd. v. Spiegel, Inc.*, 738 F. 2d 548, cert. denied, 469 U. S. 982 (1984), and adopted by the Fourth Circuit, *Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co.*, 810 F. 2d 410 (1987), the Seventh Circuit, *Evans Newton, Inc. v. Chicago Systems Software*, 793 F. 2d 889, cert. denied, 479 U. S. 949 (1986), and, at times, by petitioners, Brief for Petitioners 17. A third view is that the term “employee” within § 101(1) carries its common-law agency law meaning. This view was endorsed by the Fifth Circuit in *Easter Seal Society for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enterprises*, 815 F. 2d 323 (1987), and by the Court of Appeals below. Finally, respondent and numerous *amici curiae* contend that the term “employee” only refers to “formal, salaried” employees. See, *e. g.*, Brief for Respondent 23-24; Brief for Register of

4. As of 1955, approximately 40 percent of all copyright registrations were for works for hire, according to a Copyright Office study. See Varmer, *Works Made for Hire and On Commission*, in *Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary*, Study No. 13, 86th Cong., 2d Sess., 139, n. 49 (Comm. Print 1960) (hereinafter Varmer, *Works Made for Hire*). The Copyright Office does not keep more recent statistics on the number of work for hire registrations.

5. Section 101 of the Act defines each of the nine categories of “specially ordered or commissioned” works.

6. By “hiring party,” we mean to refer to the party who claims ownership of the copyright by virtue of the work for hire doctrine.

Copyrights as *Amicus Curiae* 7. The Court of Appeals for the Ninth Circuit recently adopted this view. See *Dumas v. Gommerman*, 865 F. 2d 1093 (1989).

The starting point for our interpretation of a statute is always its language. *Consumer Product Safety Comm'n v. GTE Sylvania, Inc.*, 447 U. S. 102, 108 (1980). The Act nowhere defines the terms “employee” or “scope of employment.” It is, however, well established that “[w]here Congress uses terms that have accumulated settled meaning under . . . the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.” *NLRB v. Amax Coal Co.*, 453 U. S. 322, 329 (1981); see also *Perrin v. United States*, 444 U. S. 37, 42 (1979). In the past, when Congress has used the term “employee” without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine. See, e. g., *Kelley v. Southern Pacific Co.*, 419 U. S. 318, 322-323 (1974); *Baker v. Texas & Pacific R. Co.*, 359 U. S. 227, 228 (1959) (*per curiam*); *Robinson v. Baltimore & Ohio R. Co.*, 237 U. S. 84, 94 (1915). Nothing in the text of the work for hire provisions indicates that Congress used the words “employee” and “employment” to describe anything other than “the conventional relation of employer and employe [sic].” *Kelley, supra*, at 323, quoting *Robinson, supra*, at 94; cf. *NLRB v. Hearst Publications, Inc.*, 322 U. S. 111, 124-132 (1944) (rejecting agency law conception of employee for purposes of the National Labor Relations Act where structure and context of statute indicated broader definition). On the contrary, Congress’ intent to incorporate the agency law definition is suggested by § 101(1)’s use of the term, “scope of employment,” a widely used term of art in agency law. See Restatement (Second) of Agency § 228 (1958) (hereinafter Restatement).

In past cases of statutory interpretation, when we have concluded that Congress intended terms such as “employee,” “employer,” and “scope of employment” to be understood in light of agency law, we have relied on the general common law of agency, rather than on the law of any particular State, to give meaning to these terms. See, e. g., *Kelley*, 419 U. S., at 323-324, and n. 5; *id.*, at 332 (Stewart, J., concurring in judgment); *Ward v. Atlantic Coast Line R. Co.*, 362 U. S. 396, 400 (1960); *Baker, supra*, at 228. This practice reflects the fact that “federal statutes are generally intended to have uniform nationwide application.” *Mississippi Band of Choctaw Indians v. Holyfield, ante*, at 43. Establishment of a federal rule of agency, rather than reliance on state agency law, is particularly appropriate here given the Act’s express objective of creating national, uniform copyright law by broadly pre-empting state statutory and common-law copyright regulation. See 17 U. S. C. § 301(a). We thus agree with the Court of Appeals that the term “employee” should be understood in light of the general common law of agency.

In contrast, neither test proposed by petitioners is consistent with the text of the Act. The exclusive focus of the right to control the product test on the relationship between the hiring party and the product clashes with the language of § 101(1), which focuses on the relationship between the hired and hiring parties. The right to control the product test also would distort the meaning of the ensuing subsection, § 101(2). Section 101 plainly creates two distinct ways in which a work can be deemed for hire: one for works prepared by employees, the other for those specially ordered or commissioned works which fall within one of the nine enumerated categories and are the subject of a written agreement. The right to control the product test ignores this dichotomy by transforming into a work for hire under § 101(1) any “specially ordered or commissioned” work that is subject to the supervision and control of the hiring party. Because a party who hires a “specially ordered or commissioned” work by definition has a right to specify the characteristics of the product desired, at the time the commission is accepted, and frequently until it is completed, the right to control the product test would mean that many works that could satisfy § 101(2) would already have been

deemed works for hire under § 101(1). Petitioners' interpretation is particularly hard to square with § 101(2)'s enumeration of the nine specific categories of specially ordered or commissioned works eligible to be works for hire, *e. g.*, "a contribution to a collective work," "a part of a motion picture," and "answer material for a test." The unifying feature of these works is that they are usually prepared at the instance, direction, and risk of a publisher or producer.⁷ By their very nature, therefore, these types of works would be works by an employee under petitioners' right to control the product test.

The actual control test, articulated by the Second Circuit in *Aldon Accessories*, fares only marginally better when measured against the language and structure of § 101. Under this test, independent contractors who are so controlled and supervised in the creation of a particular work are deemed "employees" under § 101(1). Thus work for hire status under § 101(1) depends on a hiring party's actual control of, rather than right to control, the product. *Aldon Accessories*, 738 F. 2d, at 552. Under the actual control test, a work for hire could arise under § 101(2), but not under § 101(1), where a party commissions, but does not actually control, a product which falls into one of the nine enumerated categories. Nonetheless, we agree with the Court of Appeals for the Fifth Circuit that "[t]here is simply no way to milk the 'actual control' test of *Aldon Accessories* from the language of the statute." *Easter Seal Society*, 815 F. 2d, at 334. Section 101 clearly delineates between works prepared by an employee and commissioned works. Sound though other distinctions might be as a matter of copyright policy, there is no statutory support for an additional dichotomy between commissioned works that are actually controlled and supervised by the hiring party and those that are not.

We therefore conclude that the language and structure of § 101 of the Act do not support either the right to control the product or the actual control approaches.⁸ The structure of § 101 indicates that a work for hire can arise through one of two mutually exclusive means, one for employees and one for independent contractors, and ordinary canons of statutory interpretation indicate that the classification of a particular hired party should be made with reference to agency law.

This reading of the undefined statutory terms finds considerable support in the Act's legislative history. *Cf. Diamond v. Chakrabarty*, 447 U. S. 303, 315 (1980). The Act, which almost completely revised existing copyright law, was the product of two decades of negotiation by representatives of creators and copyright-using industries, supervised by the Copyright Office and, to a lesser extent, by Congress. See *Mills Music, Inc. v. Snyder*, 469 U. S. 153, 159 (1985); Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857, 862 (1987). Despite the lengthy history of negotiation and compromise which ultimately produced the Act, two things remained constant. First, interested

7. See Supplementary Report of the Register of Copyrights on the General Revision of the U. S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess., Copyright Law Revision, pt. 6, pp. 66-67 (H. R. Judiciary Comm. Print 1965) (hereinafter Supplementary Report); Hardy, *Copyright Law's Concept of Employment — What Congress Really Intended*, 35 J. Copr. Soc. USA 210, 244-245 (1988).

8. We also reject the suggestion of respondent and amici that the § 101(1) term "employee" refers only to formal, salaried employees. While there is some support for such a definition in the legislative history, see Varmer, *Works Made for Hire* 130; n. 11, *infra*, the language of § 101(1) cannot support it. The Act does not say "formal" or "salaried" employee, but simply "employee." Moreover, respondent and those amici who endorse a formal, salaried employee test do not agree upon the content of this test. Compare, *e. g.*, Brief for Respondent 37 (hired party who is on payroll is an employee within § 101(1) with Tr. of Oral Arg. 31 (hired party who receives a salary or commissions regularly is an employee within § 101(1)); and Brief for Volunteer Lawyers for the Arts, Inc., et al. as Amici Curiae 4 (hired party who receives a salary and is treated as an employee for Social Security and tax purposes is an employee within § 101(1)). Even the one Court of Appeals to adopt what it termed a formal, salaried employee test in fact embraced an approach incorporating numerous factors drawn from the agency law definition of employee which we endorse. See *Dumas*, 865 F. 2d, at 1104.

parties and Congress at all times viewed works by employees and commissioned works by independent contractors as separate entities. Second, in using the term “employee,” the parties and Congress meant to refer to a hired party in a conventional employment relationship. These factors militate in favor of the reading we have found appropriate.

In 1955, when Congress decided to overhaul copyright law, the existing work for hire provision was § 62 of the 1909 Copyright Act, 17 U. S. C. § 26 (1976 ed.) (1909 Act). It provided that “the word ‘author’ shall include an employer in the case of works made for hire.”⁹ Because the 1909 Act did not define “employer” or “works made for hire,” the task of shaping these terms fell to the courts. They concluded that the work for hire doctrine codified in § 62 referred only to works made by employees in the regular course of their employment. As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party. See, e. g., *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F. 2d 569, 570, rev’d, 223 F. 2d 252 (CA2 1955); *Yardley v. Houghton Mifflin Co.*, 108 F. 2d 28, 31 (CA2 1939), cert. denied, 309 U. S. 686 (1940).¹⁰

In 1961, the Copyright Office’s first legislative proposal retained the distinction between works by employees and works by independent contractors. See Report of the Register of Copyrights on the General Revision of the U. S. Copyright Law, 87th Cong., 1st Sess., Copyright Law Revision 86-87 (H. R. Judiciary Comm. Print 1961). After numerous meetings with representatives of the affected parties, the Copyright Office issued a preliminary draft bill in 1963. Adopting the Register’s recommendation, it defined “work made for hire” as “a work prepared by an employee within the scope of the duties of his employment, but not including a work made on special order or commission.” Preliminary Draft for Revised U. S. Copyright Law and Discussions and Comments on the Draft, 88th Cong., 2d Sess., Copyright Law Revision, Part 3, p. 15, n. 11 (H. R. Judiciary Comm. Print 1964) (hereinafter Preliminary Draft).

In response to objections by book publishers that the preliminary draft bill limited the work for hire doctrine to “employees,”¹¹ the 1964 revision bill expanded the scope of the work for hire

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9. The concept of works made for hire first arose in controversies over copyright ownership involving works produced by persons whom all parties agreed were employees. See, e. g., *Colliery Engineer Co. v. United Correspondence Schools Co.*, 94 F. 152 (CC SDNY 1899); *Little v. Gould*, 15 F. Cas. 612 (No. 8,395) (CC NDNY 1852). This Court first took note of the work for hire doctrine in *Bleistein v. Donaldson Lithographing Co.*, 188 U. S. 239, 248 (1903), where we found that an employer owned the copyright to advertisements that had been created by an employee in the course of his employment. Bleistein did not, however, purport to define “employee.”
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10. See Varmer, Works Made for Hire 130; Fidlow, The “Works Made for Hire” Doctrine and the Employee/Independent Contractor Dichotomy: The Need for Congressional Clarification, 10 Hastings Comm. Ent. L. J. 591, 600-601 (1988). Indeed, the Varmer study, which was commissioned by Congress as part of the revision process, itself contained separate subsections labeled “Works Made for Hire” and “Works Made on Commission.” It nowhere indicated that the two categories might overlap or that commissioned works could be made by an employee.
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11. See, e. g., Preliminary Draft, at 259 (statement of Horace S. Manges, Joint Committee of the American Book Publishers Council and the American Textbook Publishers Institute) (“There would be a necessity of putting people on the payroll whom the employers wouldn’t want to put on the payroll, and where the employees would prefer to work as independent contractors”); id., at 272 (statement of Saul N. Rittenberg, MGM) (“[T]he present draft has given more emphasis to formalism than necessary. If I commission a work from a man, ordering a work specially for my purposes, and I pay for it, what difference does it make whether I put him under an employment contract or establish an independent contractor relationship?”); id., at 260 (statement of John R. Peterson, American Bar Association) (“I don’t think there is any valid philosophical or economic difference between the situation in which you have a man on a continuing basis of orders which justifies placing him on your payroll, and the situation in which you give him a particular order for a particular job”).

classification to reach, for the first time, commissioned works. The bill's language, proposed initially by representatives of the publishing industry, retained the definition of work for hire insofar as it referred to "employees," but added a separate clause covering commissioned works, without regard to the subject matter, "if the parties so agree in writing." S. 3008, H. R. 11947, H. R. 12354, 88th Cong., 2d Sess., § 54 (1964), reproduced in 1964 Revision Bill with Discussions and Comments, 89th Cong., 1st Sess., Copyright Law Revision, pt. 5, p. 31 (H. R. Judiciary Comm. Print 1965). Those representing authors objected that the added provision would allow publishers to use their superior bargaining position to force authors to sign work for hire agreements, thereby relinquishing all copyright rights as a condition of getting their books published. See Supplementary Report, at 67.

In 1965, the competing interests reached a historic compromise, which was embodied in a joint memorandum submitted to Congress and the Copyright Office,¹² incorporated into the 1965 revision bill, and ultimately enacted in the same form and nearly the same terms 11 years later, as § 101 of the 1976 Act. The compromise retained as subsection (1) the language referring to "a work prepared by an employee within the scope of his employment." However, in exchange for concessions from publishers on provisions relating to the termination of transfer rights, the authors consented to a second subsection which classified four categories of commissioned works as works for hire if the parties expressly so agreed in writing: works for use "as a contribution to a collective work, as a part of a motion picture, as a translation, or as supplementary work." S. 1006, H. R. 4347, H. R. 5680, H. R. 6835, 89th Cong., 1st Sess., § 101 (1965). The interested parties selected these categories because they concluded that these commissioned works, although not prepared by employees and thus not covered by the first subsection, nevertheless should be treated as works for hire because they were ordinarily prepared "at the instance, direction, and risk of a publisher or producer." Supplementary Report, at 67. The Supplementary Report emphasized that only the "four special cases specifically mentioned" could qualify as works made for hire; "[o]ther works made on special order or commission would not come within the definition." *Id.*, at 67-68.

In 1966, the House Committee on the Judiciary endorsed this compromise in the first legislative Report on the revision bills. See H. R. Rep. No. 2237, 89th Cong., 2d Sess., 114, 116 (1966). Retaining the distinction between works by employees and commissioned works, the House Committee focused instead on "how to draw a statutory line between those works written on special order or commission that should be considered as works made for hire, and those that should not." *Id.*, at 115. The House Committee added four other enumerated categories of commissioned works that could be treated as works for hire: compilations, instructional texts, tests, and atlases. *Id.*, at 116. With the single addition of "answer material for a test," the 1976 Act, as enacted, contained the same definition of works made for hire as did the 1966 revision bill, and had the same structure and nearly the same terms as the 1966 bill.¹³ Indeed, much of the language of the 1976 House and Senate Reports was borrowed from

12. The parties to the joint memorandum included representatives of the major competing interests involved in the copyright revision process: publishers and authors, composers, and lyricists. See Copyright Law Revision: Hearings on H. R. 4347, 5680, 6831, 6835 before Subcommittee No. 3 of the House Committee on the Judiciary, 89th Cong., 1st Sess., pt. 1, p. 134 (1965).

13. An attempt to add "photographic or other portrait[s]," S. Rep. No. 94-473, p. 4 (1975), to the list of commissioned works eligible for work for hire status failed after the Register of Copyrights objected: "The addition of portraits to the list of commissioned works that can be made into 'works made for hire' by agreement of the parties is difficult to justify. Artists and photographers are among the most vulnerable and poorly protected of all the beneficiaries of the copyright law, and it seems clear that, like serious composers and choreographers, they were not intended to be treated as 'employees' under the carefully negotiated definition in section 101." Second Supplementary Report of the Register of Copyrights on the General Revision of the U. S. Copyright Law: 1975 Revision Bill, Chapter XI, pp. 12-13.

the Reports accompanying the earlier drafts. See, e. g., H. R. Rep. No. 94-1476, p. 121 (1976); S. Rep. No. 94-473, p. 105 (1975).

Thus, the legislative history of the Act is significant for several reasons. First, the enactment of the 1965 compromise with only minor modifications demonstrates that Congress intended to provide two mutually exclusive ways for works to acquire work for hire status: one for employees and the other for independent contractors. Second, the legislative history underscores the clear import of the statutory language: only enumerated categories of commissioned works may be accorded work for hire status. The hiring party's right to control the product simply is not determinative. See Note, *The Creative Commissioner: Commissioned Works Under the Copyright Act of 1976*, 62 N. Y. U. L. Rev. 373, 388 (1987). Indeed, importing a test based on a hiring party's right to control, or actual control of, a product would unravel the "carefully worked out compromise aimed at balancing legitimate interests on both sides." H. R. Rep. No. 2237, *supra*, at 114, quoting Supplemental Report, at 66.¹⁴

We do not find convincing petitioners' contrary interpretation of the history of the Act. They contend that Congress, in enacting the Act, meant to incorporate a line of cases decided under the 1909 Act holding that an employment relationship exists sufficient to give the hiring party copyright ownership whenever that party has the right to control or supervise the artist's work. See, e. g., *Siegel v. National Periodical Publications, Inc.*, 508 F. 2d 909, 914 (CA2 1974); *Picture Music, Inc. v. Bourne, Inc.*, 457 F. 2d 1213, 1216 (CA2), cert. denied, 409 U. S. 997 (1972); *Scherr v. Universal Match Corp.*, 417 F. 2d 497, 500 (CA2 1969), cert. denied, 397 U. S. 936 (1970); *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F. 2d 565, 567-568 (CA2 1966). In support of this position, petitioners note: "Nowhere in the 1976 Act or in the Act's legislative history does Congress state that it intended to jettison the control standard or otherwise to reject the pre-Act judicial approach to identifying a work for hire employment relationship." Brief for Petitioners 20, citing *Aldon Accessories*, 738 F. 2d, at 552.

We are unpersuaded. Ordinarily, "Congress' silence is just that — silence." *Alaska Airlines, Inc. v. Brock*, 480 U. S. 678, 686 (1987). Petitioners' reliance on legislative silence is particularly misplaced here because the text and structure of § 101 counsel otherwise. See *Bourjaily v. United States*, 483 U. S. 171, 178 (1987); *Harrison v. PPG Industries, Inc.*, 446 U. S. 578, 592 (1980).¹⁵ Furthermore, the structure of the work for hire provisions was fully developed in 1965, and the text was agreed upon in essentially final form by 1966. At that time, however, the courts had applied the work for hire doctrine under the 1909 Act exclusively to traditional employees. Indeed, it was not until after the 1965 compromise was forged and adopted by Congress¹⁶ that a federal court for the first time applied the work for hire doctrine to commissioned works. See, e. g., *Brattleboro Publishing Co.*, *supra*, at 567-568. Congress certainly could not have "jettisoned" a line of cases that had not yet been decided.

Finally, petitioners' construction of the work for hire provisions would impede Congress' paramount goal in revising the 1976 Act of enhancing predictability and certainty of copyright ownership. See

14. Strict adherence to the language and structure of the Act is particularly appropriate where, as here, a statute is the result of a series of carefully crafted compromises. See *Rodriguez v. Compass Shipping Co.*, 451 U. S. 596, 617 (1981); *United States v. Sisson*, 399 U. S. 267, 291, 298 (1970).

15. In framing other provisions of the Act, Congress indicated when it intended to incorporate existing case law. See, e. g., H. R. Rep. No. 94-1476, p. 121 (1976) ("There is . . . no need for a specific statutory provision concerning the rights and duties of the coowners [sic] of a work; court-made law on this point is left undisturbed"); S. Rep. No. 94-473, *supra*, at 104 (same).

16. Over the course of the copyright revision process, Congress frequently endorsed a negotiated compromise which years later in 1976 it formally enacted with only minor revisions. See *Mills Music, Inc. v. Snyder*, 469 U. S. 153, 160-161 (1985).

H. R. Rep. No. 94-1476, *supra*, at 129. In a “copyright marketplace,” the parties negotiate with an expectation that one of them will own the copyright in the completed work. *Dumas*, 865 F. 2d, at 1104-1105, n. 18. With that expectation, the parties at the outset can settle on relevant contractual terms, such as the price for the work and the ownership of reproduction rights.

To the extent that petitioners endorse an actual control test,¹⁷ CCNV’s construction of the work for hire provisions prevents such planning. Because that test turns on whether the hiring party has closely monitored the production process, the parties would not know until late in the process, if not until the work is completed, whether a work will ultimately fall within § 101(1). Under petitioners’ approach, therefore, parties would have to predict in advance whether the hiring party will sufficiently control a given work to make it the author. “If they guess incorrectly, their reliance on ‘work for hire’ or an assignment may give them a copyright interest that they did not bargain for.” *Easter Seal Society*, 815 F. 2d, at 333; accord, *Dumas*, *supra*, at 1103. This understanding of the work for hire provisions clearly thwarts Congress’ goal of ensuring predictability through advance planning. Moreover, petitioners’ interpretation “leaves the door open for hiring parties, who have failed to get a full assignment of copyright rights from independent contractors falling outside the subdivision (2) guidelines, to unilaterally obtain work-made-for-hire rights years after the work has been completed as long as they directed or supervised the work, a standard that is hard not to meet when one is a hiring party.” Hamilton, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 U. Pa. L. Rev. 1281, 1304 (1987).

In sum, we must reject petitioners’ argument. Transforming a commissioned work into a work by an employee on the basis of the hiring party’s right to control, or actual control of, the work is inconsistent with the language, structure, and legislative history of the work for hire provisions. To determine whether a work is for hire under the Act, a court first should ascertain, using principles of general common law of agency, whether the work was prepared by an employee or an independent contractor. After making this determination, the court can apply the appropriate subsection of § 101.

B

We turn, finally, to an application of § 101 to Reid’s production of “Third World America.” In determining whether a hired party is an employee under the general common law of agency, we consider the hiring party’s right to control the manner and means by which the product is accomplished.¹⁸ Among the other factors relevant to this inquiry are the skill required;¹⁹ the source of the instrumentalities and tools;²⁰ the location of the work;²¹ the duration of the relationship between

17. Petitioners concede that, as a practical matter, it is often difficult to demonstrate the existence of a right to control without evidence of the actual exercise of that right. See *Murray v. Gelderman*, 566 F. 2d 1307, 1310-1311 (CA5 1978).

18. See, e. g., *Hilton Int’l Co. v. NLRB*, 690 F. 2d 318, 320 (CA2 1982); *NLRB v. Maine Caterers, Inc.*, 654 F. 2d 131, 133 (CA1 1981), cert denied, 455 U. S. 940 (1982); Restatement § 220(1).

19. See, e. g., *Bartels v. Birmingham*, 332 U. S. 126, 132 (1947); *Hilton Int’l Co.*, *supra*, at 320; *NLRB v. A. Duie Pyle, Inc.*, 606 F. 2d 379, 382 (CA3 1979); Restatement § 220(2)(d).

20. See, e. g., *NLRB v. United Ins. Co. of America*, 390 U. S. 254, 258 (1968); *United States v. Silk*, 331 U. S. 704, 717, 718 (1947); *Dumas*, 865 F. 2d, at 1105; Restatement § 220(2)(e).

21. See, e. g., *United Ins. Co.*, *supra*, at 258; *Dumas*, *supra*, at 1105; *Darden v. Nationwide Mutual Ins. Co.*, 796 F. 2d 701, 705 (CA4 1986); Restatement § 220(2)(e).

the parties;²² whether the hiring party has the right to assign additional projects to the hired party;²³ the extent of the hired party's discretion over when and how long to work;²⁴ the method of payment;²⁵ the hired party's role in hiring and paying assistants;²⁶ whether the work is part of the regular business of the hiring party;²⁷ whether the hiring party is in business;²⁸ the provision of employee benefits;²⁹ and the tax treatment of the hired party.³⁰ See Restatement § 220(2) (setting forth a nonexhaustive list of factors relevant to determining whether a hired party is an employee).³¹ No one of these factors is determinative. See *Ward*, 362 U. S., at 400; *Hilton Int'l Co. v. NLRB*, 690 F. 2d 318, 321 (CA2 1982).

Examining the circumstances of this case in light of these factors, we agree with the Court of Appeals that Reid was not an employee of CCNV but an independent contractor. 270 U. S. App. D. C., at 35, n. 11, 846 F. 2d, at 1494, n. 11. True, CCNV members directed enough of Reid's work to ensure that he produced a sculpture that met their specifications. 652 F. Supp., at 1456. But the extent of control the hiring party exercises over the details of the product is not dispositive. Indeed, all the other circumstances weigh heavily against finding an employment relationship. Reid is a sculptor, a skilled occupation. Reid supplied his own tools. He worked in his own studio in Baltimore, making daily supervision of his activities from Washington practicably impossible. Reid was retained for less than two months, a relatively short period of time. During and after this time, CCNV had no right to assign additional projects to Reid. Apart from the deadline for completing the sculpture, Reid had absolute freedom to decide when and how long to work. CCNV paid Reid \$15,000, a sum dependent on "completion of a specific job, a method by which independent contractors are often compensated." *Holt v. Winpisinger*, 258 U. S. App. D. C. 343, 351, 811 F. 2d 1532, 1540 (1987). Reid had total discretion in hiring and paying assistants. "Creating sculptures was hardly 'regular business' for CCNV." 270 U. S. App. D. C., at 35, n. 11, 846 F. 2d, at 1494, n. 11. Indeed, CCNV is not a business at all. Finally, CCNV did not pay payroll or Social Security taxes, provide any employee benefits, or contribute to unemployment insurance or workers' compensation funds.

Because Reid was an independent contractor, whether "Third World America" is a work for hire depends on whether it satisfies the terms of § 101(2). This petitioners concede it cannot do. Thus, CCNV is not the author of "Third World America" by virtue of the work for hire provisions of the Act. However, as the Court of Appeals made clear, CCNV nevertheless may be a joint author of the

22. See, e. g., *United Ins. Co.*, *supra*, at 259; *Bartels*, *supra*, at 132; Restatement § 220(2)(f).

23. See, e. g., *Dumas*, *supra*, at 1105.

24. See, e. g., *United Ins. Co.*, *supra*, at 258; *Short v. Central States, Southeast & Southwest Areas Pension Fund*, 729 F. 2d 567, 574 (CA8 1984).

25. See, e. g., *Dumas*, *supra*, at 1105; *Darden*, *supra*, at 705; *Holt v. Winpisinger*, 258 U. S. App. D. C. 343, 351, 811 F. 2d 1532, 1540 (1987); Restatement § 220(2)(g).

26. See, e. g., *Bartels*, *supra*, at 132; *Silk*, *supra*, at 719; *Darden*, *supra*, at 705; *Short*, *supra*, at 574.

27. See, e. g., *United Ins. Co.*, *supra*, at 259; *Silk*, *supra*, at 718; *Dumas*, *supra*, at 1105; *Hilton Int'l Co.*, *supra*, at 321; Restatement § 220(2)(h).

28. See, e. g., Restatement § 220(2)(j).

29. See, e. g., *United Ins. Co.*, *supra*, at 259; *Dumas*, *supra*, at 1105; *Short*, *supra*, at 574

30. See, e. g., *Dumas*, *supra*, at 1105.

31. In determining whether a hired party is an employee under the general common law of agency, we have traditionally looked for guidance to the Restatement of Agency. See, e. g., *Kelley v. Southern Pacific Co.*, 419 U. S. 318, 323-324, and n. 5 (1974); *id.*, at 332 (Stewart, J., concurring in judgment); *Ward v. Atlantic Coast Line R. Co.*, 362 U. S. 396, 400 (1960); *Baker v. Texas & Pacific R. Co.*, 359 U. S. 227, 228 (1959).

sculpture if, on remand, the District Court determines that CCNV and Reid prepared the work “with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.” 17 U. S. C. § 101.³² In that case, CCNV and Reid would be co-owners of the copyright in the work. See § 201(a).

For the aforesated reasons, we affirm the judgment of the Court of Appeals for the District of Columbia Circuit.

It is so ordered.

32. Neither CCNV nor Reid sought review of the Court of Appeals’ remand order. We therefore have no occasion to pass judgment on the applicability of the Act’s joint authorship provisions to this case.

AALMUHAMMED V. LEE (9TH CIR. 2000)

Aalmuhammed v. Lee et. al.
202 F.3d 1227 (9th Cir. 2000)¹

KLEINFELD, Circuit Judge:

This is a copyright case involving a claim of coauthorship of the movie Malcolm X. We reject the “joint work” claim but remand for further proceedings on a quantum meruit claim.

I. FACTS

In 1991, Warner Brothers contracted with Spike Lee and his production companies to make the movie Malcolm X, to be based on the book, *The Autobiography of Malcolm X*. Lee co-wrote the screenplay, directed, and co-produced the movie, which starred Denzel Washington as Malcolm X. Washington asked Jefri Aalmuhammed to assist him in his preparation for the starring role because Aalmuhammed knew a great deal about Malcolm X and Islam. Aalmuhammed, a devout Muslim, was particularly knowledgeable about the life of Malcolm X, having previously written, directed, and produced a documentary film about Malcolm X.

Aalmuhammed joined Washington on the movie set. The movie was filmed in the New York metropolitan area and Egypt. Aalmuhammed presented evidence that his involvement in making the movie was very extensive. He reviewed the shooting script for Spike Lee and Denzel Washington and suggested extensive script revisions. Some of his script revisions were included in the released version of the film; others were filmed but not included in the released version. Most of the revisions Aalmuhammed made were to ensure the religious and historical accuracy and authenticity of scenes depicting Malcolm X’s religious conversion and pilgrimage to Mecca.

Aalmuhammed submitted evidence that he directed Denzel Washington and other actors while on the set, created at least two entire scenes with new characters, translated Arabic into English for subtitles, supplied his own voice for voice-overs, selected the proper prayers and religious practices for the characters, and edited parts of the movie during post production. Washington testified in his deposition that Aalmuhammed’s contribution to the movie was “great” because he “helped to rewrite, to make more authentic.” Once production ended, Aalmuhammed met with numerous Islamic organizations to persuade them that the movie was an accurate depiction of Malcolm X’s life.

1. The panel unanimously finds this case suitable for decision without oral argument. See Fed. R.App. P. 34(a)(2). This dispute was originally submitted and argued on May 5, 1998 as 97–55403. However, on October 29, 1998, that appeal was dismissed for want of jurisdiction. The District Court had entered a judgment that stated “The Court may amend or amplify this order with a more specific statement of the grounds for its decision.” *National Distrib. Agency v. Nationwide Mutual Ins. Co.*, 117 F.3d 432 (9th Cir.1997), held that the identical language prevented review because “the court left open the possibility that the court might change its ruling,” so no final judgment was entered. On December 10, 1998, the District Court amended its order by removing that one sentence, thus making its order final. The parties then appealed the District Court’s decision again. On April 19, 1999, this court granted appellant’s motion to submit the case without oral argument, to take judicial notice of the briefs and excerpts filed in 97–55403, and to allow filing of letter briefs supplementing the earlier briefs.

Aalmuhammed never had a written contract with Warner Brothers, Lee, or Lee's production companies, but he expected Lee to compensate him for his work. He did not intend to work and bear his expenses in New York and Egypt gratuitously. Aalmuhammed ultimately received a check for \$25,000 from Lee, which he cashed, and a check for \$100,000 from Washington, which he did not cash.

During the summer before Malcolm X's November 1992 release, Aalmuhammed asked for a writing credit as a co-writer of the film, but was turned down. When the film was released, it credited Aalmuhammed only as an "Islamic Technical Consultant," far down the list. In November 1995, Aalmuhammed applied for a copyright with the U.S. Copyright Office, claiming he was a co-creator, co-writer, and co-director of the movie. The Copyright Office issued him a "Certificate of Registration," but advised him in a letter that his "claims conflict with previous registrations" of the film.

On November 17, 1995, Aalmuhammed filed a complaint against Spike Lee, his production companies, and Warner Brothers, (collectively "Lee"), as well as Largo International, N.V., and Largo Entertainment, Inc. (collectively "Largo"), and Victor Company of Japan and JVC Entertainment, Inc. (collectively "Victor"). The suit sought declaratory relief and an accounting under the Copyright Act. In addition, the complaint alleged breach of implied contract, quantum meruit, and unjust enrichment, and federal (Lanham Act) and state unfair competition claims. The district court dismissed some of the claims under Rule 12(b)(6) and the rest on summary judgment.

II. ANALYSIS

A. Copyright claim

Aalmuhammed claimed that the movie Malcolm X was a "joint work" of which he was an author, thus making him a co-owner of the copyright.² He sought a declaratory judgment to that effect, and an accounting for profits. He is not claiming copyright merely in what he wrote or contributed, but rather in the whole work, as a co-author of a "joint work."³ The district court granted defendants summary judgment against Mr. Aalmuhammed's copyright claims. We review *de novo*.⁴

1

Defendants argue that Aalmuhammed's claim that he is one of the authors of a joint work is barred by the applicable statute of limitations. A claim of authorship of a joint work must be brought within three years of when it accrues.⁵ Because creation rather than infringement is the gravamen of an authorship claim, the claim accrues on account of creation, not subsequent infringement, and is barred three years from "plain and express repudiation" of authorship.⁶

2

2. 17 U.S.C. §§ 101, 201(a).

3. Cf. Thomson v. Larson, 147 F.3d 195, 206 (2nd Cir.1998).

4. See Covey v. Hollydale Mobilehome Estates, 116 F.3d 830, 834 (9th Cir.1997), amended by, 125 F.3d 1281 (1997).

5. See 17 U.S.C. § 507(b); Zuill v. Shanahan, 80 F.3d 1366, 1371 (9th Cir.1996), cert. denied, 519 U.S. 1090, 117 S.Ct. 763, 136 L.Ed.2d 710 (1997).

6. Zuill, 80 F.3d at 1371.

The movie credits plainly and expressly repudiated authorship, by listing Aalmuhammed far below the more prominent names, as an “Islamic technical consultant.” That repudiation, though, was less than three years before the lawsuit was filed. The record leaves open a genuine issue of fact as to whether authorship was repudiated before that. Aalmuhammed testified in his deposition that he discussed with an executive producer at Warner Brothers his claim to credit as one of the screenwriters more than three years before he filed suit. Defendants argue that this discussion was an express repudiation that bars the claim. It was not. Aalmuhammed testified that the producer told him “there is nothing I can do for you,” but “[h]e said we would discuss it further at some point.” A trier of fact could construe that communication as leaving the question of authorship open for further discussion. That leaves a genuine issue of fact as to whether the claim is barred by limitations, so we must determine whether there is a genuine issue of fact as to whether Aalmuhammed was an author of a “joint work.”

3

4

Aalmuhammed argues that he established a genuine issue of fact as to whether he was an author of a “joint work,” *Malcolm X*. The Copyright Act does not define “author,” but it does define “joint work”:

A “joint work” is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.⁷

“When interpreting a statute, we look first to the language.”⁸ The statutory language establishes that for a work to be a “joint work” there must be (1) a copyrightable work, (2) two or more “authors,” and (3) the authors must intend their contributions be merged into inseparable or interdependent parts of a unitary whole. A “joint work” in this circuit “requires each author to make an independently copyrightable contribution” to the disputed work.⁹ *Malcolm X* is a copyrightable work, and it is undisputed that the movie was intended by everyone involved with it to be a unitary whole. It is also undisputed that Aalmuhammed made substantial and valuable contributions to the movie, including technical help, such as speaking Arabic to the persons in charge of the mosque in Egypt, scholarly and creative help, such as teaching the actors how to pray properly as Muslims, and script changes to add verisimilitude to the religious aspects of the movie. Speaking Arabic to persons in charge of the mosque, however, does not result in a copyrightable contribution to the motion picture. Coaching of actors, to be copyrightable, must be turned into an expression in a form subject to copyright.¹⁰ The same may be said for many of Aalmuhammed’s other activities. Aalmuhammed has, however, submitted evidence that he rewrote several specific passages of dialogue that appeared in *Malcolm X*, and that he wrote scenes relating to *Malcolm X*’s Hajj pilgrimage that were enacted in the movie. If Aalmuhammed’s evidence is accepted, as it must be on summary judgment, these items would have been independently copyrightable. Aalmuhammed, therefore, has presented a genuine issue of fact as to whether he made a copyrightable contribution. All persons involved intended that Aalmuhammed’s contributions would be merged into interdependent parts of the movie as a unitary

7. 17 U.S.C. § 101.

8. *Richardson v. United States*, 526 U.S. 813, 119 S.Ct. 1707, 1710, 143 L.Ed.2d 985 (1999).

9. *Ashton–Tate Corp. v. Ross*, 916 F.2d 516, 521 (9th Cir.1990).

10. See *Ashton–Tate Corp. v. Ross*, 916 F.2d 516, 521 (9th Cir.1990).

whole. Aalmuhammed maintains that he has shown a genuine issue of fact for each element of a “joint work.”

5

But there is another element to a “joint work.” A “joint work” includes “two or more authors.”¹¹ Aalmuhammed established that he contributed substantially to the film, but not that he was one of its “authors.” We hold that authorship is required under the statutory definition of a joint work, and that authorship is not the same thing as making a valuable and copyrightable contribution. We recognize that a contributor of an expression may be deemed to be the “author” of that expression for purposes of determining whether it is independently copyrightable. The issue we deal with is a different and larger one: is the contributor an author of the joint work within the meaning of 17 U.S.C. § 101.

By statutory definition, a “joint work” requires “two or more authors.”¹² The word “author” is taken from the traditional activity of one person sitting at a desk with a pen and writing something for publication. It is relatively easy to apply the word “author” to a novel. It is also easy to apply the word to two people who work together in a fairly traditional pen-and-ink way, like, perhaps, Gilbert and Sullivan. In the song, “I Am the Very Model of a Modern Major General,” Gilbert’s words and Sullivan’s tune are inseparable, and anyone who has heard the song knows that it owes its existence to both men, Sir William Gilbert and Sir Arthur Sullivan, as its creative originator. But as the number of contributors grows and the work itself becomes less the product of one or two individuals who create it without much help, the word is harder to apply.

Who, in the absence of contract, can be considered an author of a movie? The word is traditionally used to mean the originator or the person who causes something to come into being, or even the first cause, as when Chaucer refers to the “Author of Nature.” For a movie, that might be the producer who raises the money. Eisenstein thought the author of a movie was the editor. The “auteur” theory suggests that it might be the director, at least if the director is able to impose his artistic judgments on the film. Traditionally, by analogy to books, the author was regarded as the person who writes the screenplay, but often a movie reflects the work of many screenwriters. Grenier suggests that the person with creative control tends to be the person in whose name the money is raised, perhaps a star, perhaps the director, perhaps the producer, with control gravitating to the star as the financial investment in scenes already shot grows.¹³ Where the visual aspect of the movie is especially important, the chief cinematographer might be regarded as the author. And for, say, a Disney animated movie like “The Jungle Book,” it might perhaps be the animators and the composers of the music.

The Supreme Court dealt with the problem of defining “author” in new media in *Burrow–Giles Lithographic Co. v. Sarony*.¹⁴ The question there was, who is the author of a photograph: the person who sets it up and snaps the shutter, or the person who makes the lithograph from it. Oscar Wilde, the person whose picture was at issue, doubtless offered some creative advice as well. The Court decided that the photographer was the author, quoting various English authorities: “the person who has superintended the arrangement, who has actually formed the picture by putting the persons in

11. 17 U.S.C. § 101.

12. 17 U.S.C. § 101.

13. See Richard Grenier, *Capturing the Culture*, 206–07 (1991).

14. *Burrow–Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 61, 4 S.Ct. 279, 28 L.Ed. 349 (1884).

position, and arranging the place where the people are to be—the man who is the effective cause of that”; “ ‘author’ involves originating, making, producing, as the inventive or master mind, the thing which is to be protected”; “the man who really represents, creates, or gives effect to the idea, fancy, or imagination.”¹⁵ The Court said that an “author,” in the sense that the Founding Fathers used the term in the Constitution,¹⁶ was “ ‘he to whom anything owes its origin; originator; maker; one who completes a work of science or literature.’ ”¹⁷

Answering a different question, what is a copyrightable “work,” as opposed to who is the “author,” the Supreme Court held in *Feist Publications* that “some minimal level of creativity” or “originality” suffices.¹⁸ But that measure of a “work” would be too broad and indeterminate to be useful if applied to determine who are “authors” of a movie. So many people might qualify as an “author” if the question were limited to whether they made a substantial creative contribution that that test would not distinguish one from another. Everyone from the producer and director to casting director, costumer, hairstylist, and “best boy” gets listed in the movie credits because all of their creative contributions really do matter. It is striking in *Malcolm X* how much the person who controlled the hue of the lighting contributed, yet no one would use the word “author” to denote that individual’s relationship to the movie. A creative contribution does not suffice to establish authorship of the movie.

Burrow–Giles, in defining “author,” requires more than a minimal creative or original contribution to the work.¹⁹ *Burrow–Giles* is still good law, and was recently reaffirmed in *Feist Publications*.²⁰ *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 346, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991). *Burrow–Giles* and *Feist Publications* answer two distinct questions; who is an author, and what is a copyrightable work²¹. *Burrow–Giles* defines author as the person to whom the work owes its origin and who superintended the whole work, the “master mind.”²² In a movie this definition, in the absence of a contract to the contrary, would generally limit authorship to someone at the top of the screen credits, sometimes the producer, sometimes the director, possibly the star, or the screenwriter—someone who has artistic control. After all, in *Burrow–Giles* the lithographer made a substantial copyrightable creative contribution, and so did the person who posed, Oscar Wilde, but the Court held that the photographer was the author.²³

The Second and Seventh Circuits have likewise concluded that contribution of independently copyrightable material to a work intended to be an inseparable whole will not suffice to establish authorship of a joint work²⁴. Although the Second and Seventh Circuits do not base their decisions

15. *Id.* at 61, 4 S.Ct. 279 (quoting *Nottage v. Jackson*, 11 Q.B.D. 627 (1883)).

16. U.S. Const. Art. 1, § 8, cl. 8.

17. *Burrow–Giles*, 111 U.S. at 58, 4 S.Ct. 279 (quoting *Worcester*).

18. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 345, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991).

19. *Burrow–Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58, 4 S.Ct. 279, 28 L.Ed. 349 (1883).

20. 20

21. See *Burrow–Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 4 S.Ct. 279, 28 L.Ed. 349 (1884); *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991).

22. *Burrow–Giles*, 111 U.S. at 61, 4 S.Ct. 279 (quoting *Nottage v. Jackson*, 11 Q.B.D. 627 (1883)).

23. *Id.* at 61, 4 S.Ct. 27

24. *Thomson v. Larson*, 147 F.3d 195, (2d Cir.1998); *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061 (7th Cir.1994); *Childress v. Taylor*, 945 F.2d 500 (2d Cir.1991).

on the word “authors” in the statute, *1234 the practical results they reach are consistent with ours. These circuits have held that a person claiming to be an author of a joint work must prove that both parties intended each other to be joint authors.²⁵ In determining whether the parties have the intent to be joint authors, the Second Circuit looks at who has decision making authority, how the parties bill themselves, and other evidence.²⁶

In *Thomson v. Larson*, an off-Broadway playwright had created a modern version of *La Boheme*, and had been adamant throughout its creation on being the sole author²⁷. He hired a drama professor for “dramaturgical assistance and research,” agreeing to credit her as “dramaturg” but not author, but saying nothing about “joint work” or copyright.²⁸ The playwright tragically died immediately after the final dress rehearsal, just before his play became the tremendous Broadway hit, *Rent*²⁹. The dramaturg then sued his estate for a declaratory judgment that she was an author of *Rent* as a “joint work,” and for an accounting³⁰. The Second Circuit noted that the dramaturg had no decision making authority, had neither sought nor was billed as a co-author, and that the defendant entered into contracts as the sole author.³¹ On this reasoning, the Second Circuit held that there was no intent to be joint authors by the putative parties and therefore it was not a joint work.³²

6

Considering *Burrow–Giles*, the recent cases on joint works³³ (especially the thoughtful opinion in *Thomson v. Larson*³⁴), and the *Gilbert and Sullivan* example, several factors suggest themselves as among the criteria for joint authorship, in the absence of contract. First, an author “superintend[s]”³⁵ the work by exercising control.³⁶ This will likely be a person “who has actually formed the picture by putting the persons in position, and arranging the place where the people are to be—the man who is the effective cause of that,”³⁷ or “the inventive or master mind” who “creates, or gives effect to the idea.”³⁸ Second, putative coauthors make objective manifestations of a shared intent to be coauthors, as by denoting the authorship of *The Pirates of Penzance* as “*Gilbert and Sullivan*.”³⁹ We say objective manifestations because, were the mutual intent to be determined by subjective intent, it could become an instrument of fraud, were one coauthor to hide from the other an intention to take sole credit for

25. *Thomson*, 147 F.3d at 202–05.

26. *Id.*

27. *Id.* at 197.

28. *Id.*

29. *Id.* at 198.

30. *Id.*

31. *Id.* at 202–04.

32. *Id.* at 202–24.

33. See *Thomson v. Larson*, 147 F.3d 195, (2nd Cir.1998); *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061 (7th Cir.1994); *Childress v. Taylor*, 945 F.2d 500 (2nd Cir.1991).

34. *Thomson v. Larson*, 147 F.3d 195 (2nd Cir.1998).

35. *Burrow–Giles v. Sarony*, 111 U.S. at 61, 4 S.Ct. 279 (quoting *Nottage v. Jackson*, 11 Q.B. div. 627 (1883)).

36. *Thomson*, 147 F.3d at 202.

37. *Burrow–Giles v. Sarony*, 111 U.S. at 61, 4 S.Ct. 279 (quoting *Nottage v. Jackson*, 11 Q.B. Div. 627 (1883)).

38. *Id.*

39. Cf. *Thomson v. Larson*, 147 F.3d 195, 202 (2nd Cir.1998).

the work. Third, the audience appeal of the work turns on both contributions and “the share of each in its success cannot be appraised.”⁴⁰ Control in many cases will be the most important factor.

The best objective manifestation of a shared intent, of course, is a contract saying that the parties intend to be or not to be co-authors. In the absence of a contract, the inquiry must of necessity focus on the facts. The factors articulated in this decision and the Second and Seventh Circuit decisions cannot be reduced to a rigid formula, because the creative relationships to which they apply vary too much. Different people do creative work together in different ways, and even among the same people working together the relationship may change over time as the work proceeds.

Aalmuhammed did not at any time have superintendence of the work.⁴¹ Warner Brothers and Spike Lee controlled it. Aalmuhammed was not the person “who has actually formed the picture by putting the persons in position, and arranging the place...”⁴² Spike Lee was, so far as we can tell from the record. Aalmuhammed, like Larson’s dramaturg, could make extremely helpful recommendations, but Spike Lee was not bound to accept any of them, and the work would not benefit in the slightest unless Spike Lee chose to accept them. Aalmuhammed lacked control over the work, and absence of control is strong evidence of the absence of co-authorship.

Also, neither Aalmuhammed, nor Spike Lee, nor Warner Brothers, made any objective manifestations of an intent to be coauthors. Warner Brothers required Spike Lee to sign a “work for hire” agreement, so that even Lee would not be a co-author and co-owner with Warner Brothers. It would be illogical to conclude that Warner Brothers, while not wanting to permit Lee to own the copyright, intended to share ownership with individuals like Aalmuhammed who worked under Lee’s control, especially ones who at the time had made known no claim to the role of co-author. No one, including Aalmuhammed, made any indication to anyone prior to litigation that Aalmuhammed was intended to be a co-author and co-owner.

Aalmuhammed offered no evidence that he was the “inventive or master mind” of the movie. He was the author of another less widely known documentary about Malcolm X, but was not the master of this one. What Aalmuhammed’s evidence showed, and all it showed, was that, subject to Spike Lee’s authority to accept them, he made very valuable contributions to the movie. That is not enough for co-authorship of a joint work.

The Constitution establishes the social policy that our construction of the statutory term “authors” carries out. The Founding Fathers gave Congress the power to give authors copyrights in order “[t]o promote the progress of Science and useful arts.”⁴³ Progress would be retarded rather than promoted, if an author could not consult with others and adopt their useful suggestions without sacrificing sole ownership of the work. Too open a definition of author would compel authors to insulate themselves and maintain ignorance of the contributions others might make. Spike Lee could not consult a scholarly Muslim to make a movie about a religious conversion to Islam, and the arts would be the poorer for that.

40. *Edward B. Marks Music Corp. v. Jerry Vogel Music Co., Inc.*, 140 F.2d 266, 267 (2d Cir.1944) (Hand, J.) modified by, 140 F.2d 268 (1944).

41. See *Burrow–Giles v. Sarony*, 111 U.S. 53, 61, 4 S.Ct. 279, 28 L.Ed. 349 (1883).

42. *Id.*

43. U.S. Const. Art. 1, § 8, cl. 8.

The broader construction that Aalmuhammed proposes would extend joint authorship to many “overreaching contributors,”⁴⁴ like the dramaturg in Thomson, and deny sole authors “exclusive authorship status simply because another person render[ed] some form of assistance.”⁴⁵ Claimjumping by research assistants, editors, and former spouses, lovers and friends would endanger authors who talked with people about what they were doing, if creative copyrightable contribution were all that authorship required.

7

Aalmuhammed also argues that issuance of a copyright registration certificate to him establishes a prima facie case for ownership. A prima facie case could not in any event prevent summary judgment in the presence of all the evidence rebutting his claim of ownership. “The presumptive validity of the certificate may be rebutted and defeated on summary judgment.”⁴⁶ The Copyright Office stated in its response to Aalmuhammed’s application for copyright (during the pendency of this litigation) that his claims “conflict with previous registration claims,” and therefore the Copyright Office had “several questions” for him. One of the questions dealt with the “intent” of “other authors,” i.e., Warner Brothers. The evidence discussed above establishes without genuine issue that the answers to these questions were that Warner Brothers did not intend to share ownership with Aalmuhammed.

Because the record before the district court established no genuine issue of fact as to Aalmuhammed’s co-authorship of Malcolm X as a joint work, the district court correctly granted summary judgment dismissing his claims for declaratory judgment and an accounting resting on co-authorship.

B. Quantum meruit

8

Aalmuhammed alleged in his complaint that defendants accepted his services, knowing that they were not being provided gratuitously, yet paid him neither the fair value of his services nor even his full expenses. He wrote script material, particularly for the important Islamic religious scenes, arranged with the Egyptians in charge of the mosque for the movie to be shot inside (Aalmuhammed is a Muslim and was the only Arabic-speaking person in the production crew), taught the actors how to pray as Muslims and directed the prayer scenes, and talked to Islamic authorities after the movie was made to assure their support when it was exhibited. These services were very important. The movie would be a dark tale of hate, but for the redemptive, uplifting Islamic religious scenes.

All the services were performed in New York and in Egypt (where the Hajj scenes were shot). Aalmuhammed’s fifth, sixth and seventh claims articulated this claim variously as quasicontract, quantum meruit, and unjust enrichment. These claims are different from Aalmuhammed’s claim to authorship of a joint work. Even though he was not an author, it is undisputed that he made a substantial contribution to the film. It may be that the producer or director, seeing that Aalmuhammed was performing valuable and substantial services and expending substantial amounts for travel and lodging, in the apparent expectation of reimbursement, had a duty to sign him up as an employee or independent contractor, obtain his acknowledgment that he was working gratuitously

44. Thomson, 147 F.3d at 200 (internal quotations omitted).

45. *Id.* at 202 (citing *Childress v. Taylor*, 945 F.2d 500, 504 (1991)).

46. *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1086 (9th Cir.1989).

or perhaps for Denzel Washington, or eject him from the set.⁴⁷ We need not decide that, because the question on review is limited to which state's statute of limitations applies.

The defendants moved to dismiss these claims for failure to state a claim under Rule 12(b)(6), on the ground that the claims were barred by California's two year statute of limitations. Aalmuhammed argued that New York's six year statute of limitations applied. The district court granted the motion to dismiss, applying California's shorter statute.

The parties agree that the district court correctly used law of the forum, California, as the source of its rule for choice of law. The applicable rule required, in this case, that "the court must apply the law of the state whose interest would be more impaired if its law were not applied."⁴⁸

Defendants argue that only California had an interest in the application of its statute of limitations, not New York. Their theory is that the defendant corporations have their principal places of business in California, Aalmuhammed resided in neither state (he lives in Florida, though he spent the months of shooting time in New York and Egypt), and Aalmuhammed filed his lawsuit in California.

The defense argument is unpersuasive. The question is which state's interest would suffer more by the application of the other's law.⁴⁹ The strength of the interest is also a factor, however.⁵⁰ California's interest in protecting its residents from stale claims arising from work done outside the state is a weak one: "[t]he residence of the parties is not the determining factor in a choice of law analysis."⁵¹ New York's interest in governing the remedies available to parties working in New York is far more significant.⁵² New York's connection with Aalmuhammed's claim is considerably more substantial, immediate and concrete than California's. We conclude that New York would suffer more damage to its interest if California law were applied than would California if New York law were applied.

Because New York has the stronger interest and would suffer more damage than California if its law were not applied, New York's six year statute of limitations governs. The claims were brought within six years of when they accrued. We therefore vacate the dismissal of Aalmuhammed's implied contract, quantum meruit, and unjust enrichment claims and remand them for further proceedings.

C. Unfair competition

9

Aalmuhammed claimed that defendants passed off his scriptwriting, directing and other work as

47. See 2 George E. Palmer, *Law of Restitution* § 10.11, at 463 (1978) ("When the plaintiff voluntarily submits an idea to the defendant which the defendant uses to his economic advantage, without any express agreement to pay the plaintiff for such use, ... the plaintiff will be able [in some circumstances] to recover the reasonable value of the use of the idea in a contract action.").

48. *Waggoner v. Snow, Becker, Kroll, Klaris & Krauss*, 991 F.2d 1501, 1507 (9th Cir.1993) (citing *Ledesma v. Jack Stewart Produce, Inc.*, 816 F.2d 482, 484 (9th Cir.1987)).

49. *Waggoner v. Snow, Becker, Kroll, Klaris & Krauss*, 991 F.2d 1501, 1507 (9th Cir.1993) (citing *Ledesma v. Jack Stewart Produce, Inc.*, 816 F.2d 482, 484 (9th Cir.1987)).

50. *Id.*

51. *Id.*

52. See *Rosenthal v. Fonda*, 862 F.2d 1398, 1403 (9th Cir.1988).

that of other persons, in violation of the Lanham Act⁵³ and the California statute prohibiting unfair competition.⁵⁴ The dismissal was under Rule 12(b)(6), for failure to state a claim upon which relief can be granted, so we review de novo,⁵⁵ on the basis of allegations in the complaint.⁵⁶

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We have held that, at least in some circumstances, failure to give appropriate credit for a film is “reverse palming off” actionable under the Lanham Act.⁵⁷ And we have held that “actions pursuant to California Business and Professions Code § 17200 are substantially congruent to claims made under the Lanham Act.”⁵⁸ Defendants argue that not enough of Aalmuhammed’s proposed script was used verbatim to amount to a violation. But this argument goes to the evidence, not the complaint, so it cannot sustain the 12(b)(6) dismissal. The complaint alleged that Aalmuhammed “substantially rewrote and expanded the dialogue for various entire and otherwise alleged extensive and substantial use of his work in the final movie. We need not determine whether Aalmuhammed established a genuine issue of fact regarding unfair competition, because the claim never got as far as summary judgment in the district court. We reverse the dismissal of these two claims.

D. Conduct abroad

11

The district court dismissed Aalmuhammed’s claims against the Largo defendants under Rule 12(b)(6) for failure to state a claim. The dismissal was based on our decision in *Subafilms*, that acts of copyright infringement that occur wholly outside of the United States are not actionable under the U.S. Copyright Act.⁵⁹

The complaint does not say whether the Largo defendants’ conduct occurred outside the United States. Defendants argue that it does, by referring to them as “the film’s foreign distributors.” But it also says that their principal place of business is in California. These allegations leave room for proof that the conduct that the Largo defendants engaged in took place within California, even though it had consequences abroad. We cannot tell from the complaint whether foreign distributors do their work in foreign countries, or do it by fax, phone, and email from California. We therefore reverse the dismissal based on extraterritoriality of the claims against the Largo defendants.

AFFIRMED in part, REVERSED and REMANDED in part. Each party to bear its own costs.

53. 15 U.S.C. §§ 1117, 1125.

54. Cal. Bus. & Prof.Code § 17203.

55. See *Cohen v. Stratosphere Corp.*, 115 F.3d 695, 700 (9th Cir.1997).

56. See *Campanelli v. Bockrath*, 100 F.3d 1476, 1479 (9th Cir.1996).

57. *Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir.1981); See also *Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403, 1406–07 (9th Cir.1988).

58. *Cleary v. News Corp.*, 30 F.3d 1255, 1262–63 (9th Cir.1994).

59. See *Subafilms, Ltd. v. MGM–Pathe Communications*, 24 F.3d 1088, 1095–96 (9th Cir.1994) (en banc)

15. INTRODUCTION TO COPYRIGHT INFRINGEMENT

Learning Objectives: Unit 15

Upon completion of this unit, you should be able to:

- Recall the statutory basis of copyright infringement.
- Recall the elements of copyright infringement.
- Explain the ways that copying can be established.
- Explain the way that improper appropriation is analyzed.
- Analyze copyright infringement when there is nonliteral copying.

To this point, we have studied questions relating to the existence and ownership of copyright. Now, we will turn to the right itself—in particular, the legal rights that it conveys to a copyright owner. The basic set of rights is set out in 17 U.S.C. § 106. We will primarily study the first right, the exclusive right to reproduce the copyrighted work in copies or phonorecords. Analyzing copyright infringement is, at heart, a difficult question—and is made more so by the proliferation of human-created works of creative expression, each of which is both a copyrighted work in itself and subject to copyrights in other works. The complexity of these interrelationships is, in short, staggering. Mostly, though, copyright infringement disputes tend to focus on economically significant activities. Although coming from a time that predates much of the proliferation of copyrighted works, *Nichols v. Universal Pictures* is frequently referred to for its description of an analytical framework to use for dealing with a common problem that arises in claims of copyright infringement: what to do about nonliteral copying? Nonliteral copying is copying that does not simply reproduce the work verbatim, such as on a photocopier, but instead copies only elements or pieces of the protected work. Nichols addresses two fundamental questions: (1) Can such conduct be considered copyright infringement, and (2) if so, at what point does nonliteral copying from a work cease to be copyright infringement?

17 U.S.C. §106. Exclusive rights in copyrighted works (2002)

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- 1) to reproduce the copyrighted work in copies or phonorecords;

- 2) to prepare derivative works based upon the copyrighted work;
- 3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- 4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- 5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- 6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

NICHOLS V. UNIVERSAL PICTURES (2ND CIR. 1930)

READING WITH PURPOSE

As you read *Nichols v. Universal Pictures*, ask yourself the following questions:

- What is the primary legal issue in this case? What is the court's reasoning in resolving that issue?
- What underlying policies are at issue in this opinion? How do they manifest in the analytical framework adopted by Judge Hand?
- Based on this opinion, articulate a legal framework for analyzing a violation of the right of reproduction in the abstract.
- Using your knowledge of copyright infringement so far, how would you analyze infringement of Ronnie Mack's He's So Fine (sung by the Chiffons) by George Harrison's My Sweet Lord? (You can find numerous examples of the comparison online.)

Nichols v. Universal Pictures

45 F.2d 119 (2nd Cir. 1930)

L. HAND, Circuit Judge.

The plaintiff is the author of a play, "Abie's Irish Rose," which it may be assumed was properly copyrighted under section five, subdivision (d), of the Copyright Act, 17 USCA § 5(d). The defendant produced publicly a motion picture play, "The Cohens and The Kellys," which the plaintiff alleges was taken from it. As we think the defendant's play too unlike the plaintiff's to be an infringement, we may assume, arguendo, that in some details the defendant used the plaintiff's play, as will subsequently appear, though we do not so decide. It therefore becomes necessary to give an outline of the two plays.

"Abie's Irish Rose" presents a Jewish family living in prosperous circumstances in New York. The father, a widower, is in business as a merchant, in which his son and only child helps him. The boy has philandered with young women, who to his father's great disgust have always been Gentiles, for he is obsessed with a passion that his daughter-in-law shall be an orthodox Jewess. When the play opens the son, who has been courting a young Irish Catholic girl, has already married her secretly before a Protestant minister, and is concerned to soften the blow for his father, by securing a favorable impression of his bride, while concealing her faith and race. To accomplish this he introduces her to his father at his home as a Jewess, and lets it appear that he is interested in her, though he conceals the marriage. The girl somewhat reluctantly falls in with the plan; the father takes the bait, becomes infatuated with the girl, concludes that they must marry, and assumes that of course they will, if he so decides. He calls in a rabbi, and prepares for the wedding according to the Jewish rite.

Meanwhile the girl's father, also a widower, who lives in California, and is as intense in his own religious antagonism as the Jew, has been called to New York, supposing that his daughter is to marry an Irishman and a Catholic. Accompanied by a priest, he arrives at the house at the moment when the marriage is being celebrated, but too late to prevent it, and the two fathers, each infuriated by the proposed union of his child to a heretic, fall into unseemly and grotesque antics. The priest and the rabbi become friendly, exchange trite sentiments about religion, and agree that the match is good. Apparently out of abundant caution, the priest celebrates the marriage for a third time, while the girl's father is inveigled away. The second act closes with each father, still outraged, seeking to find some way by which the union, thus trebly insured, may be dissolved.

The last act takes place about a year later, the young couple having meanwhile been abjured by each father, and left to their own resources. They have had twins, a boy and a girl, but their fathers know no more than that a child has been born. At Christmas each, led by his craving to see his grandchild, goes separately to the young folks' home, where they encounter each other, each laden with gifts, one for a boy, the other for a girl. After some slapstick comedy, depending upon the insistence of each that he is right about the sex of the grandchild, they become reconciled when they learn the truth, and that each child is to bear the given name of a grandparent. The curtain falls as the fathers are exchanging amenities, and the Jew giving evidence of an abatement in the strictness of his orthodoxy.

"The Cohens and The Kellys" presents two families, Jewish and Irish, living side by side in the poorer quarters of New York in a state of perpetual enmity. The wives in both cases are still living, and share in the mutual animosity, as do two small sons, and even the respective dogs. The Jews have a daughter, the Irish a son; the Jewish father is in the clothing business; the Irishman is a policeman. The children are in love with each other, and secretly marry, apparently after the play opens. The Jew, being in great financial straits, learns from a lawyer that he has fallen heir to a large fortune from a great-aunt, and moves into a great house, fitted luxuriously. Here he and his family live in vulgar ostentation, and here the Irish boy seeks out his Jewish bride, and is chased away by the angry father. The Jew then abuses the Irishman over the telephone, and both become hysterically excited. The extremity of his feelings makes the Jew sick, so that he must go to Florida for a rest, just before which the daughter discloses her marriage to her mother.

On his return the Jew finds that his daughter has borne a child; at first he suspects the lawyer, but eventually learns the truth and is overcome with anger at such a low alliance. Meanwhile, the Irish family who have been forbidden to see the grandchild, go to the Jew's house, and after a violent scene between the two fathers in which the Jew disowns his daughter, who decides to go back with her husband, the Irishman takes her back with her baby to his own poor lodgings. The lawyer, who had hoped to marry the Jew's daughter, seeing his plan foiled, tells the Jew that his fortune really belongs to the Irishman, who was also related to the dead woman, but offers to conceal his knowledge, if the Jew will share the loot. This the Jew repudiates, and, leaving the astonished lawyer, walks through the rain to his enemy's house to surrender the property. He arrives in great dejection, tells the truth, and abjectly turns to leave. A reconciliation ensues, the Irishman agreeing to share with him equally. The Jew shows some interest in his grandchild, though this is at most a minor motive in the reconciliation, and the curtain falls while the two are in their cups, the Jew insisting that in the firm name for the business, which they are to carry on jointly, his name shall stand first.

It is of course essential to any protection of literary property, whether at common-law or under the statute, that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations. That has never been the law, but, as soon as literal appropriation ceases to be

the test, the whole matter is necessarily at large, so that, as was recently well said by a distinguished judge, the decisions cannot help much in a new case. *Fendler v. Morosco*, 253 N. Y. 281, 292, 171 N. E. 56. When plays are concerned, the plagiarist may excise a separate scene [*Daly v. Webster*, 56 F. 483 (C. C. A. 2); *Chappell v. Fields*, 210 F. 864 (C. C. A. 2); *Chatterton v. Cave*, L. R. 3 App. Cas. 483]; or he may appropriate part of the dialogue (*Warne v. Seebohm*, L. R. 39 Ch. D. 73). Then the question is whether the part so taken is “substantial,” and therefore not a “fair use” of the copyrighted work; it is the same question as arises in the case of any other copyrighted work. *Marks v. Feist*, 290 F. 959 (C. C. A. 2); *Emerson v. Davies*, Fed. Cas. No. 4436, 3 Story, 768, 795-797. But when the plagiarist does not take out a block in situ, but an abstract of the whole, decision is more troublesome. Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his “ideas,” to which, apart from their expression, his property is never extended. *Holmes v. Hurst*, 174 U. S. 82, 86, 19 S. Ct. 606, 43 L. Ed. 904; *Guthrie v. Curlett*, 36 F.2d 694 (C. C. A. 2). Nobody has ever been able to fix that boundary, and nobody ever can. In some cases the question has been treated as though it were analogous to lifting a portion out of the copyrighted work (*Rees v. Melville*, *MacGillivray’s Copyright Cases* [1911-1916], 168); but the analogy is not a good one, because, though the skeleton is a part of the body, it pervades and supports the whole. In such cases we are rather concerned with the line between expression and what is expressed. As respects plays, the controversy chiefly centers upon the characters and sequence of incident, these being the substance.

We did not in *Dymow v. Bolton*, 11 F. (2d) 690, hold that a plagiarist was never liable for stealing a plot; that would have been flatly against our rulings in *Dam v. Kirk La Shelle Co.*, 175 F. 902, 41 L. R. A. (N. S.) 1002, 20 Ann. Cas. 1173, and *Stodart v. Mutual Film Co.*, 249 F. 513, affirming my decision in (D. C.) 249 F. 507; neither of which we meant to overrule. We found the plot of the second play was too different to infringe, because the most detailed pattern, common to both, eliminated so much from each that its content went into the public domain; and for this reason we said, “this mere subsection of a plot was not susceptible of copyright.” But we do not doubt that two plays may correspond in plot closely enough for infringement. How far that correspondence must go is another matter. Nor need we hold that the same may not be true as to the characters, quite independently of the “plot” proper, though, as far as we know, such a case has never arisen. If *Twelfth Night* were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare’s “ideas” in the play, as little capable of monopoly as Einstein’s Doctrine of Relativity, or Darwin’s theory of the Origin of Species. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.

In the two plays at bar we think both as to incident and character, the defendant took no more — assuming that it took anything at all — than the law allowed. The stories are quite different. One is of a religious zealot who insists upon his child’s marrying no one outside his faith; opposed by another who is in this respect just like him, and is his foil. Their difference in race is merely an obligato to the main theme, religion. They sink their differences through grandparental pride and affection. In the other, zealotry is wholly absent; religion does not even appear. It is true that the parents are hostile to each other in part because they differ in race; but the marriage of their son to a Jew does

not apparently offend the Irish family at all, and it exacerbates the existing animosity of the Jew, principally because he has become rich, when he learns it. They are reconciled through the honesty of the Jew and the generosity of the Irishman; the grandchild has nothing whatever to do with it. The only matter common to the two is a quarrel between a Jewish and an Irish father, the marriage of their children, the birth of grandchildren and a reconciliation.

If the defendant took so much from the plaintiff, it may well have been because her amazing success seemed to prove that this was a subject of enduring popularity. Even so, granting that the plaintiff's play was wholly original, and assuming that novelty is not essential to a copyright, there is no monopoly in such a background. Though the plaintiff discovered the vein, she could not keep it to herself; so defined, the theme was too generalized an abstraction from what she wrote. It was only a part of her "ideas."

Nor does she fare better as to her characters. It is indeed scarcely credible that she should not have been aware of those stock figures, the low comedy Jew and Irishman. The defendant has not taken from her more than their prototypes have contained for many decades. If so, obviously so to generalize her copyright, would allow her to cover what was not original with her. But we need not hold this as matter of fact, much as we might be justified. Even though we take it that she devised her figures out of her brain *de novo*, still the defendant was within its rights.

There are but four characters common to both plays, the lovers and the fathers. The lovers are so faintly indicated as to be no more than stage properties. They are loving and fertile; that is really all that can be said of them, and anyone else is quite within his rights if he puts loving and fertile lovers in a play of his own, wherever he gets the cue. The plaintiff's Jew is quite unlike the defendant's. His obsession is his religion, on which depends such racial animosity as he has. He is affectionate, warm and patriarchal. None of these fit the defendant's Jew, who shows affection for his daughter only once, and who has none but the most superficial interest in his grandchild. He is tricky, ostentatious and vulgar, only by misfortune redeemed into honesty. Both are grotesque, extravagant and quarrelsome; both are fond of display; but these common qualities make up only a small part of their simple pictures, no more than any one might lift if he chose. The Irish fathers are even more unlike; the plaintiff's a mere symbol for religious fanaticism and patriarchal pride, scarcely a character at all. Neither quality appears in the defendant's, for while he goes to get his grandchild, it is rather out of a truculent determination not to be forbidden, than from pride in his progeny. For the rest he is only a grotesque hobbledohy, used for low comedy of the most conventional sort, which any one might borrow, if he chanced not to know the exemplar.

The defendant argues that the case is controlled by my decision in *Fisher v. Dillingham* (D. C.) 298 F. 145. Neither my brothers nor I wish to throw doubt upon the doctrine of that case, but it is not applicable here. We assume that the plaintiff's play is altogether original, even to an extent that in fact it is hard to believe. We assume further that, so far as it has been anticipated by earlier plays of which she knew nothing, that fact is immaterial. Still, as we have already said, her copyright did not cover everything that might be drawn from her play; its content went to some extent into the public domain. We have to decide how much, and while we are as aware as any one that the line, wherever [sic] it is drawn, will seem arbitrary, that is no excuse for not drawing it; it is a question such as courts must answer in nearly all cases. Whatever may be the difficulties *a priori*, we have no question on which side of the line this case falls. A comedy based upon conflicts between Irish and Jews, into which the marriage of their children enters, is no more susceptible of copyright than the outline of *Romeo and Juliet*.

The plaintiff has prepared an elaborate analysis of the two plays, showing a “quadrangle” of the common characters, in which each is represented by the emotions which he discovers. She presents the resulting parallelism as proof of infringement, but the adjectives employed are so general as to be quite useless. Take for example the attribute of “love” ascribed to both Jews. The plaintiff has depicted her father as deeply attached to his son, who is his hope and joy; not so, the defendant, whose father’s conduct is throughout not actuated by any affection for his daughter, and who is merely once overcome for the moment by her distress when he has violently dismissed her lover. “Anger” covers emotions aroused by quite different occasions in each case; so do “anxiety,” “despondency” and “disgust.” It is unnecessary to go through the catalogue for emotions are too much colored by their causes to be a test when used so broadly. This is not the proper approach to a solution; it must be more ingenuous, more like that of a spectator, who would rely upon the complex of his impressions of each character.

We cannot approve the length of the record, which was due chiefly to the use of expert witnesses. Argument is argument whether in the box or at the bar, and its proper place is the last. The testimony of an expert upon such issues, especially his cross-examination, greatly extends the trial and contributes nothing which cannot be better heard after the evidence is all submitted. It ought not to be allowed at all; and while its admission is not a ground for reversal, it cumpers the case and tends to confusion, for the more the court is led into the intricacies of dramatic craftsmanship, the less likely it is to stand upon the firmer, if more naïve, ground of its considered impressions upon its own perusal. We hope that in this class of cases such evidence may in the future be entirely excluded, and the case confined to the actual issues; that is, whether the copyrighted work was original, and whether the defendant copied it, so far as the supposed infringement is identical.

The defendant, “the prevailing party,” was entitled to a reasonable attorney’s fee (section 40 of the Copyright Act [17 USCA § 40]).

Decree affirmed.

16. ADDITIONAL RIGHTS OF THE COPYRIGHT OWNER

Learning Objectives: Unit 16

Upon completion of this unit, you should be able to:

- Recall the statutory rights of the copyright owner.
- Explain the meaning of “display the copyrighted work publicly” and “perform the copyrighted work publicly”.
- Analyze whether a hypothetical scenario infringes on the additional statutory rights of a copyright owner
- Explain the concept of derivative works.

Although the primary right of the copyright holder is the exclusive right to reproduce the work, there are other activities that do not require fixation in a tangible medium that can also constitute copyright infringement. For example, depending on the type of work, the copyright owner may have the exclusive right to perform or display the work publicly. Copyright owners also have the right to prepare derivative works and, in some situations, creators may possess additional “moral” rights in the work.

As you read this section’s statutes, ask yourself the following questions:

- When you watch a YouTube video, are you “performing” that work for purposes of § 106?
- If I play Roy Orbison’s *Oh, Pretty Woman* on my phone in class 9, will I be engaging in a public performance?
- If I were to show a movie to the entire population of the law school, but allow only one person at a time to watch it, would I be engaged in a public performance?

The final right of § 106 that we will discuss is the right to prepare derivative works. This right is somewhat an odd right given that the first right, the right to reproduce the copyrighted work, extends to nonliteral copying. Doesn’t a derivative work, by its very nature, involve a fairly substantial degree of nonliteral copying? *Pickett v. Prince* may shed some light on the reasons for a separate right to prepare derivative works—and on the limits of such a right.

In addition to the set of rights provided in § 106, there are an additional set of rights in § 106A that apply to a limited subset of copyrightable works. These are referred to as “moral rights,” and

are more easily understood under natural rights and personhood theories than in purely economic terms. Because these rights are mostly limited to a specific class of works, we do not address them in this class. However, you may want to read through § 106A (note that it is not 106(a)!) to familiarize yourself with these rights.

17 U.S. Code § 101. Definitions (2010)

...

A “derivative work” is a work based upon one or more preexisting works such as a translation, musical arrangement, dramatization, fictionalization, motion picture, version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which as a whole, represent an original work of authorship, is a “derivative work”.

17 U.S. Code § 103. Subject matter of copyright: Compilations and derivative works (1976)

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 U.S. Code § 106A. Rights of certain authors to attribution and integrity(1990)

(a) Rights of Attribution and Integrity.—Subject to section 107 and independent of the exclusive rights provided in section 106, the author of a work of visual art—

1. shall have the right—

(A) to claim authorship of that work, and

(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

2. shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation; and

3. subject to the limitations set forth in section 113(d), shall have the right—

(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right...

PICKETT V. PRINCE (7TH CIR. 2000)

READING WITH PURPOSE

As you read *Pickett v. Prince*, ask yourself the following questions:

- What is the primary legal issue in this case? What is the court's reasoning in resolving that issue?
- What underlying policies are at issue in this opinion? How do they manifest in the analytical framework adopted by Judge Posner?
- Based on this opinion, what is a derivative work?
- Based on this opinion, is George Harrison's *My Sweet Lord* a derivative work? If so, what are the consequences?

Pickett v. Prince

207 F.3d 402 (7th Cir. 2000)

POSNER, Chief Judge.

The appeal by Ferdinand Pickett, plaintiff in the district court, presents us with an issue concerning copyright in derivative works, while the cross-appeal, by the defendant, presents a procedural issue. The defendant, identified only as "Prince" in the caption of the various pleadings, is a well-known popular singer whose name at birth was Prince Rogers Nelson, but who for many years performed under the name Prince (which is what we'll call him) and since 1992 has referred to himself by an unpronounceable symbol reproduced as Figure 1 at the end of this opinion. [figures for this case have been removed] (See generally "The Independent, Unofficial and Uncensored Magazine Exploring the Artist Formerly Known as Prince," .) The symbol (which rather strikingly resembles the Egyptian hieroglyph ankh, see Richard H. Wilkinson, *Symbol & Magic in Egyptian Art* 159, 169 (fig.128) (1994), but the parties make nothing of this, so neither shall we) is his trademark but it is also a copyrighted work of visual art that licensees of Prince have embodied in various forms, including jewelry, clothing, and musical instruments. Although Prince did not register a copyright of the symbol until 1997, the plaintiff concedes that Prince obtained a valid copyright in 1992, registration not being a precondition to copyright protection, 17 U.S.C. § 408(a), though it is a precondition to a suit for copyright infringement. § 411(a); *Raquel v. Education Mgmt. Corp.*, 196 F.3d 171, 176 (3d Cir. 1999). Actually the original copyright was not obtained by him, but he is the assignee, and the assignment expressly granted him the right to sue for infringements of copyright that occur before the assignment.

In 1993 the plaintiff made a guitar (Figure 2) [figures for this case have been removed] in the shape of the Prince symbol; he concedes that it is a derivative work within the meaning of 17 U.S.C. §

101 (“a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work’”). The plaintiff claims (truthfully, we assume for purposes of the appeal) to have shown the guitar to Prince. Shortly afterwards Prince appeared in public playing a guitar quite similar to the plaintiff’s (Figure 3) [figures for this case have been removed].

The plaintiff brought this suit for copyright infringement in 1994, but it languished for years in the district court. In January 1997 Prince counterclaimed for infringement of the copyright on his symbol, arguing (because he had not yet registered his copyright—indeed it hadn’t even been assigned to him yet) that in 1992 Warner Brothers had registered a copyright of the symbol in connection with a record of Prince’s music. Prince was mistaken; the copyright was of the music, not of the symbol, although the symbol appeared on the album cover. In any event Prince had no standing to enforce someone else’s copyright—so that, if only Warner Brothers held a copyright on the Prince symbol, Prince would have no defense against Pickett’s suit for infringement (or at least would not have the defense that he successfully asserted in the district court), as well as no basis for a counterclaim. In July 1997, however, on the Monday following the third anniversary of Pickett’s suit (which fell on a Saturday), Prince filed an amended counterclaim for infringement, claiming that it was his own, not Warner Brothers’, copyright that Pickett’s guitar infringed; for between January and July Prince had obtained the copyright by assignment and had registered it. The district court (Judge Shadur) held that the amended counterclaim, which superseded the original one, did not relate back to the original counterclaim because it did not arise out of the same copyright, and so it was barred by the three-year statute of limitations for claims of copyright infringement. 17 U.S.C. § 507(b). Later the suit was transferred to Judge Pallmeyer, who on Prince’s motion for summary judgment dismissed Pickett’s claim on the ground that he had no right to make a derivative work based on the Prince symbol without Prince’s consent, which was never sought or granted. 52 F.Supp.2d 893 (N.D.Ill. 1999).

Pickett claims the right to copyright a work derivative from another person’s copyright without that person’s permission and then to sue that person for infringement by the person’s own derivative work. Pickett’s guitar was a derivative work of the copyrighted Prince symbol, and so was Prince’s guitar. Since Prince had (or so we must assume) access to Pickett’s guitar, and since the two guitars, being derivatives of the same underlying work, are, naturally, very similar in appearance, Pickett has—if he is correct that one can copyright a derivative work when the original work is copyrighted by someone else who hasn’t authorized the maker of the derivative work to copyright it—a prima facie case of infringement. *Wildlife Express Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502, 508 (7th Cir.1994); *Procter & Gamble Co. v. Colgate-Palmolive Co.*, 199 F.3d 74, 77 (2d Cir.1999) (*per curiam*); *Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc.*, 150 F.3d 132, 137 (2d Cir.1998); *Twin Peaks Productions, Inc. v. Publications International, Ltd.*, 996 F.2d 1366, 1372 (2d Cir.1993); see also 2 Paul Goldstein, *Copyright: Principles, Law and Practice* § 7.2.1, p. 8 (1989) (“the fact that the defendant had access to the plaintiff’s work and that the defendant’s work is similar to the plaintiff’s can form the basis for an inference that the defendant copied her work from the plaintiff’s work”). Pickett must, he concedes, show that his derivative work has enough originality to entitle him to a copyright, and also that the copyright is limited to the features that the derivative work adds to the original. But he insists that with these limitations his copyright is valid.

We doubt that he could show the requisite incremental originality, *Lee v. A.R.T. Co.*, 125 F.3d 580 (7th

Cir.1997); *Gracen v. Bradford Exchange*, 698 F.2d 300, 304-05 (7th Cir.1983), slight as it need be. *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345, 362-63, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991); *CDN Inc. v. Kapes*, 197 F.3d 1256, 1259-61 (9th Cir.1999); *Acuff-Rose Music, Inc. v. Jostens, Inc.*, 155 F.3d 140, 143-44 (2d Cir. 1998); 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 3.03, p. 3-10 (1999); see generally 1 Goldstein, *supra*, § 2.2.1, pp. 62-65. In *Lee v. A.R.T. Co.*, *supra*, 125 F.3d at 582, we noted a conflict in the authorities over whether any originality is required for a derivative work. We had explained in *Gracen v. Bradford Exchange*, *supra*, 698 F.2d at 304, and we'll note later in this opinion as well, that such a requirement is essential in order to head off situations in which it is impossible to adjudicate a dispute between owners of two derivative works because the works are identical both to the original and to each other. The Ninth Circuit, the only court cited in *Lee* as disagreeing with us, had, in fact, swung around to our view shortly before our decision came down. *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, 122 F.3d 1211, 1220 (9th Cir.1997).

Although Pickett's guitar isn't identical to the Prince symbol, the difference in appearance may well be due to nothing more than the functional difference between a two-dimensional symbol and a guitar in the shape of that symbol. In that event even Prince could not have copyrighted the guitar version of the symbol. 17 U.S.C. § 101; *American Dental Ass'n v. Delta Dental Plans Ass'n*, 126 F.3d 977, 980 (7th Cir.1997); *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, *supra*, 122 F.3d at 1221-24; cf. *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1374-75 (10th Cir.1997); *Williams v. Crichton*, 84 F.3d 581, 587-88 (2d Cir. 1996). A guitar won't work without strings, frets, etc. arranged in a pattern dictated by musical considerations, and to the extent that the pattern is what it is because otherwise the guitar won't sound right, it is not copyrightable as a work of visual art. Maybe, though, the juxtaposition of the symbol and the guitar is enough to confer on the ensemble sufficient originality as a work of visual art to entitle the designer to copyright it. See *North Coast Industries v. Jason Maxwell, Inc.*, 972 F.2d 1031 (9th Cir.1992); *Rogers v. Koons*, 960 F.2d 301, 307 (2d Cir.1992). Many works of art rely for their effect on the juxtaposition of familiar elements ordinarily held separate (like a mustache painted on a photograph of the Mona Lisa); indeed, all works of art are ultimately combinations of familiar, uncopyrightable items.

We need not pursue the issue of originality of derivative works. The Copyright Act grants the owner of a copyright the exclusive right to prepare derivative works based upon the copyrighted work. 17 U.S.C. § 106(2); *Lee v. A.R.T. Co.*, *supra*, 125 F.3d at 581; *Gracen v. Bradford Exchange*, *supra*, 698 F.2d at 302; *Atari, Inc. v. North American Philips Consumer Electronics Corp.*, 672 F.2d 607, 618 n. 12 (7th Cir.1982); *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1110 (9th Cir.1998). So Pickett could not make a derivative work based on the Prince symbol without Prince's authorization even if Pickett's guitar had a smidgeon of originality. This is a sensible result. A derivative work is, by definition, bound to be very similar to the original. Concentrating the right to make derivative works in the owner of the original work prevents what might otherwise be an endless series of infringement suits posing insoluble difficulties of proof. Consider two translations into English of a book originally published in French. The two translations are bound to be very similar and it will be difficult to establish whether they are very similar because one is a copy of the other or because both are copies of the same foreign-language original. Whether Prince's guitar is a copy of his copyrighted symbol or a copy of Pickett's guitar is likewise not a question that the methods of litigation can readily answer with confidence. If anyone can make derivative works based on the Prince symbol, we could have hundreds of Picketts, each charging infringement by the others.

Pickett relies for his implausible theory primarily on section 103(a) of the Copyright Act, which

provides that while copyright can be obtained in derivative works, “protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.” Pickett reads this as authorizing a person other than the owner of the original work to make a derivative work, merely forbidding him to infringe the original. It is very difficult to see how a derivative work not made by the owner of the original work could fail to infringe it, given the definition of derivative works. (There is no infringement by the owner of the copyright of the original work, since, as note, section 106(2) entitles him to make derivative works based on his copyrighted work. *Cortner v. Israel*, 732 F.2d 267, 271 (2d Cir.1984).) Pickett doesn’t deny this; having warded off (he thinks) Prince’s counterclaim for copyright infringement, he is unafraid to acknowledge that he is an infringer and to content himself with arguing that his copyright extends only to the original elements of the infringing work. But we do not read section 103(a) as qualifying the exclusive right of the owner of the copyright of the original work to make derivative works based on that work, the right conferred by section 106(2). Section 103(a) means only, at least so far as bears on this case, that the right to make a derivative work does not authorize the maker to incorporate into it material that infringes someone else’s copyright. *Cortner v. Israel*, *supra*, 732 F.2d at 272; 1 Nimmer & Nimmer, *supra*, § 3.06, pp. 3-34.23 to 3-34.27; cf. *Harris Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517, 519 (7th Cir.1996). So if Pickett owned a copyright of, say, a picture of Prince, and Prince used that picture in his own guitar without Pickett’s consent, Pickett would have a claim of infringement. But the only copyright that Pickett claims Prince infringed is a copyright that Pickett had no right to obtain, namely a copyright on a derivative work based on Prince’s copyrighted symbol.

Pickett relied in the district court on a dictum in *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 34 n. 6 (2d Cir.1982), that a stranger can make a derivative work without the permission of the owner of the copyright of the original work if the original work does not “pervade” the derivative work. The suggestion, if taken seriously (which it has not been), would inject enormous uncertainty into the law of copyright and undermine the exclusive right that section 106(2) gives the owner of the copyright on the original work. It also rests on a confusion between the determination of whether a work is derivative and the determination of who has the right to make the derivative work. Defined too broadly, “derivative work” would confer enormous power on the owners of copyrights on preexisting works. The Bernstein-Sondheim musical *West Side Story*, for example, is based loosely on Shakespeare’s *Romeo and Juliet*, which in turn is based loosely on Ovid’s *Pyramus and Thisbe*, so that if “derivative work” were defined broadly enough (and copyright were perpetual) *West Side Story* would infringe *Pyramus and Thisbe* unless authorized by Ovid’s heirs. We can thus imagine the notion of pervasiveness being used to distinguish a work fairly described as derivative from works only loosely connected with some ancestral work claimed to be their original. Cf. *Micro Star v. Formgen Inc.*, *supra*, 154 F.3d at 1110. In that sense Prince’s symbol clearly “pervades” both guitars. If it did not, the guitars might not be derivative works, but they would not be derivative works that anyone was free to make without obtaining Prince’s permission.

It is apparent from what we have said so far not only that Pickett could not copyright his guitar, but that his guitar infringes Prince’s copyright. (Pickett’s further argument, that Prince’s copyright has evaporated if, as Judge Shadur ruled, the counterclaim to enforce it is time-barred and so Prince’s symbol fell into the public domain and became fair game for makers of derivative works, is ridiculous.) The remaining question, whether the counterclaim was properly dismissed on the basis of the statute of limitations, is the subject of Prince’s cross-appeal. Oddly, there is not the slightest doubt that the amended counterclaim was filed before the statute of limitations expired, and this regardless of whether it related back to the original, Fed.R.Civ.P. 15(c)(2), as probably it did not, since

it was based on a different copyright. Cf. 6A Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, *Federal Practice and Procedure* § 1497, pp. 70-74 (1990). Although the amended counterclaim was filed on the last possible day before expiration, namely the Monday after the Saturday that was the third anniversary of the filing of Pickett's suit, see Fed. R. Civ.P. 6(a), the adage that a miss is as good as a mile applies in reverse here: a suit is timely whether filed the day after the claim accrues or the very last day before the suit would be time-barred.

So why was the counterclaim dismissed as untimely? The three-year period of limitations began running on July 5, 1994, and the judge ruled that the counterclaim was untimely because it had not been filed until July 7, 1997. Apparently no one, including the judge, noticed that July 5, 1997, was a Saturday. Prince's lawyer finally woke up, and a couple of weeks after Judge Shadur had ruled filed a motion for reconsideration which the judge denied on the ground that a motion for reconsideration is not an appropriate vehicle for injecting a new legal theory into a case.

We think that in so ruling the judge abused his discretion. Unlike the case in which a *judgment* is sought to be vacated, to which the principle enunciated by the judge does apply, e.g., *Caisse Nationale de Credit Agricole v. CBI Industries, Inc.*, 90 F.3d 1264, 1269-70 (7th Cir. 1996); *Keene Corp. v. International Fidelity Ins. Co.*, 736 F.2d 388, 393 (7th Cir. 1984), although its application to a computational error having nothing to do with legal "theory" may be doubted, see *Russell v. Delco Remy Division*, 51 F.3d 746, 749 (7th Cir.1995), a motion to reconsider a ruling is constrained only by the doctrine of the law of the case. And that doctrine is highly flexible, especially when a judge is being asked to reconsider his own ruling. *Avitia v. Metropolitan Club of Chicago, Inc.*, 49 F.3d 1219, 1227 (7th Cir.1995); *Prisco v. A & D Carting Corp.*, 168 F.3d 593, 607 (2d Cir.1999). Judge Shadur's ruling that the counterclaim was untimely was interlocutory, and thus not a final judgment. In fact, it was not a judgment at all. It was issued in December of 1997, and the final decision by the district court didn't come until June 18 of last year. The ruling was also the plainest of plain errors, requiring only a glance at the calendar to discover. The judge was led into the plain error by the party seeking to correct it, but that is often the case. Had Prince's lawyer discovered the error a few weeks earlier and brought it to Judge Shadur's attention before the judge ruled, undoubtedly the judge would have held that the counterclaim was timely.

Although we can understand Judge Shadur's annoyance at being led into plain error, a judge's refusal to correct a plain error that he had committed weeks before is not justified by the doctrine of the law of the case, or anything else we can think of. *Creek v. Village of Westhaven*, 144 F.3d 441, 446 (7th Cir.1998); *Evans v. City of Chicago*, 873 F.2d 1007, 1013-14 (7th Cir. 1989); *United States v. Zanghi*, 189 F.3d 71, 79-80 (1st Cir.1999). Were we to uphold the denial of reconsideration and dismissal of the counterclaim, we would be penalizing Prince's lawyer for having asked Judge Shadur to correct his own mistake rather than reserving the issue for an appeal, and we would thus be discouraging efforts by litigants to purge errors before the case comes to us (perhaps it won't come to us if the errors are purged). For if Prince had for the first time on appeal argued that Judge Shadur had erred in dismissing the counterclaim as untimely, and if Pickett had responded that Prince had waived the issue by failing to raise it in the district court, Prince would have appealed to the doctrine of plain error to absolve him from the consequences of the waiver. And limited though that doctrine is in civil cases, see, e.g., *Deppe v. Tripp*, 863 F.2d 1356, 1360-61 (7th Cir.1988); *Smith v. Kmart Corp.*, 177 F.3d 19, 28 (1st Cir.1999), we would have invoked it and reversed the dismissal of the counterclaim. The result should not be different merely because, though apprised of the error, Judge Shadur refused to correct it.

It is conceivable though not argued that Prince's failure to discover that July 5, 1997, was a Saturday (or to realize the significance of the fact) was harmful to Pickett; but such an argument would get nowhere, for it was as irresponsible for Pickett's lawyer to argue the untimeliness of a counterclaim that he should have known was timely as it was for Prince's lawyer to fail to refute the argument. As no effort was made to show that Pickett was harmed by Prince's mistake (and it was, to repeat, Pickett's mistake as well), let alone so gravely harmed as to warrant the dismissal of the counterclaim rather than just an order that Prince reimburse Pickett for any expense occasioned by the mistake, we cannot think of any reason at all why Judge Shadur should have refused to rescind his erroneous dismissal of the counterclaim.

The judgment is affirmed insofar as it dismisses Pickett's suit but vacated insofar as it dismisses the counterclaim, and the case is remanded for further proceedings consistent with this opinion.

Affirmed in part, vacated in part, and remanded.

17. STATUTORY LIMITS ON COPYRIGHT ENFORCEMENT, INCLUDING FAIR USE

Learning Objectives: Unit 17

Upon completion of this unit, you should be able to:

- Recall major statutory limits on copyright enforcement.
- Explain the concept of fair use with reference to statutory and case authority.
- Recall the definitions of parody and satire.
- Analyze fair use in the context of a factual scenario.

Although it is not the only statutory limit on copyright enforcement, fair use is widely viewed as the primary safety valve on copyright infringement. In part this is due to the flexibility of the fair use analysis itself.

In this class we will learn about statutory limits on copyright enforcement and discuss the concept of fair use in some depth. You should begin by reading 17 U.S.C. § 107 and any relevant statutory definitions. Next, read *Campbell v. Acuff Rose*. This case is a tale of two songs: the original version of *Oh, Pretty Woman* by Roy Orbison and the rap of *Pretty Woman* by 2LiveCrew. The lyrics are at the end of the majority opinion.

17 U.S.C. §107. Limitations on exclusive rights: Fair use (1992)

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.

In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

READING WITH PURPOSE

As you read *Campbell v. Acuff-Rose*, ask yourself the following questions:

- What is the primary legal issue in this case? What is the Court’s reasoning in resolving that issue?
- What underlying policies are at issue in this opinion? How do they manifest themselves in the analytical framework applied by the Court?
- Based on this opinion, what is a parody work?
- Based on this opinion, what is the analytical framework for assessing an assertion of fair use?
- Based on this opinion, is a book about the evils of corporate America entitled “How the Gap Stole Christmas” written in Seuss-like rhyming with elements from the Dr. Seuss work (such as “Whoville”) fair use?

Campbell v. Acuff-Rose Music, Inc.

510 U.S. 569 (1994)

JUSTICE SOUTER delivered the opinion of the Court.

We are called upon to decide whether 2 Live Crew’s commercial parody of Roy Orbison’s song, “Oh, Pretty Woman,” may be a fair use within the meaning of the Copyright Act of 1976, 17 U. S. C. § 107 (1988 ed. and Supp. IV). Although the District Court granted summary judgment for 2 Live Crew, the Court of Appeals reversed, holding the defense of fair use barred by the song’s commercial character and excessive borrowing. Because we hold that a parody’s commercial character is only one element to be weighed in a fair use enquiry, and that insufficient consideration was given to the nature of parody in weighing the degree of copying, we reverse and remand.

I

In 1964, Roy Orbison and William Dees wrote a rock ballad called “Oh, Pretty Woman” and assigned their rights in it to respondent Acuff-Rose Music, Inc. See Appendix A, *infra*, at 594. Acuff-Rose registered the song for copyright protection.

Petitioners Luther R. Campbell, Christopher Wongwon, Mark Ross, and David Hobbs are collectively known as 2 Live Crew, a popular rap music group.¹ In 1989, Campbell wrote a song entitled “Pretty

1. Rap has been defined as a “style of black American popular music consisting of improvised rhymes performed to a rhythmic accompaniment.” The Norton/Grove Concise Encyclopedia of Music 613 (1988). 2 Live Crew plays “[b]ass music,” a regional, hip-hop style of rap from the Liberty City area of Miami, Florida. Brief for Petitioners 34.

Woman,” which he later described in an affidavit as intended, “through comical lyrics, to satirize the original work. . . .” App. to Pet. for Cert. 80a. On July 5, 1989, 2 Live Crew’s manager informed Acuff-Rose that 2 Live Crew had written a parody of “Oh, Pretty Woman,” that they would afford all credit for ownership and authorship of the original song to Acuff-Rose, Dees, and Orbison, and that they were willing to pay a fee for the use they wished to make of it. Enclosed with the letter were a copy of the lyrics and a recording of 2 Live Crew’s song. See Appendix B, *infra*, at 595. Acuff-Rose’s agent refused permission, stating that “I am aware of the success enjoyed by ‘The 2 Live Crews,’ but I must inform you that we cannot permit the use of a parody of ‘Oh, Pretty Woman.’” App. to Pet. for Cert. 85a. Nonetheless, in June or July 1989,² 2 Live Crew released records, cassette tapes, and compact discs of “Pretty Woman” in a collection of songs entitled “As Clean As They Wanna Be.” The albums and compact discs identify the authors of “Pretty Woman” as Orbison and Dees and its publisher as Acuff-Rose.

Almost a year later, after nearly a quarter of a million copies of the recording had been sold, Acuff-Rose sued 2 Live Crew and its record company, Luke Skyywalker Records, for copyright infringement. The District Court granted summary judgment for 2 Live Crew,³ reasoning that the commercial purpose of 2 Live Crew’s song was no bar to fair use; that 2 Live Crew’s version was a parody, which “quickly degenerates into a play on words, substituting predictable lyrics with shocking ones” to show “how bland and banal the Orbison song” is; that 2 Live Crew had taken no more than was necessary to “conjure up” the original in order to parody it; and that it was “extremely unlikely that 2 Live Crew’s song could adversely affect the market for the original.” 754 F. Supp. 1150, 1154-1155, 1157-1158 (MD Tenn. 1991). The District Court weighed these factors and held that 2 Live Crew’s song made fair use of Orbison’s original. *Id.*, at 1158-1159.

The Court of Appeals for the Sixth Circuit reversed and remanded. 972 F. 2d 1429, 1439 (1992). Although it assumed for the purpose of its opinion that 2 Live Crew’s song was a parody of the Orbison original, the Court of Appeals thought the District Court had put too little emphasis on the fact that “every commercial use . . . is presumptively . . . unfair,” *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U. S. 417, 451 (1984), and it held that “the admittedly commercial nature” of the parody “requires the conclusion” that the first of four factors relevant under the statute weighs against a finding of fair use. 972 F. 2d, at 1435, 1437. Next, the Court of Appeals determined that, by “taking the heart of the original and making it the heart of a new work,” 2 Live Crew had, qualitatively, taken too much. *Id.*, at 1438. Finally, after noting that the effect on the potential market for the original (and the market for derivative works) is “undoubtedly the single most important element of fair use,” *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U. S. 539, 566 (1985), the Court of Appeals faulted the District Court for “refus[ing] to indulge the presumption” that “harm for purposes of the fair use analysis has been established by the presumption attaching to commercial uses.” 972 F. 2d, at 1438-1439. In sum, the court concluded that its “blatantly commercial purpose . . . prevents this parody from being a fair use.” *Id.*, at 1439.

2. The parties argue about the timing. 2 Live Crew contends that the album was released on July 15, and the District Court so held. 754 F. Supp. 1150, 1152 (MD Tenn. 1991). The Court of Appeals states that Campbell’s affidavit puts the release date in June, and chooses that date. 972 F. 2d 1429, 1432 (CA6 1992). We find the timing of the request irrelevant for purposes of this enquiry. See n. 18, *infra*, discussing good faith.

3. 2 Live Crew’s motion to dismiss was converted to a motion for summary judgment. Acuff-Rose defended against the motion, but filed no cross-motion.

We granted certiorari, 507 U. S. 1003 (1993), to determine whether 2 Live Crew’s commercial parody could be a fair use.

II

It is uncontested here that 2 Live Crew’s song would be an infringement of Acuff-Rose’s rights in “Oh, Pretty Woman,” under the Copyright Act of 1976, 17 U. S. C. § 106 (1988 ed. and Supp. IV), but for a finding of fair use through parody.⁴

From the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose, “[t]o promote the Progress of Science and useful Arts. . . .” U. S. Const., Art. I, § 8, cl. 8.⁵ For as JUSTICE STORY explained, “[i]n truth, in literature, in science and in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before.” *Emerson v. Davies*, 8 F.Cas. 615, 619 (No. 4,436) (CCD Mass. 1845). Similarly, Lord Ellenborough expressed the inherent tension in the need simultaneously to protect copyrighted material and to allow others to build upon it when he wrote, “while I shall think myself bound to secure every man in the enjoyment of his copy-right, one must not put manacles upon science.” *Carey v. Kearsley*, 4 Esp. 168, 170, 170 Eng. Rep. 679, 681 (K. B. 1803). In copyright cases brought under the Statute of Anne of 1710,⁶ English courts held that in some instances “fair abridgements” would not infringe an author’s rights, see W. Patry, *The Fair Use Privilege in Copyright Law* 6-17 (1985) (hereinafter Patry); Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105 (1990) (hereinafter Leval), and although the First Congress enacted our initial copyright statute, Act of May 31, 1790, 1 Stat. 124, without any explicit reference to “fair use,” as it later came to be known,⁷ the doctrine was recognized by the American courts nonetheless.

In *Folsom v. Marsh*, 9 F. Cas. 342 (No. 4,901) (CCD Mass. 1841), Justice Story distilled the essence of

4. Section 106 provides in part:

“Subject to sections 107 through 120, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

“(1) to reproduce the copyrighted work in copies or phonorecords;

“(2) to prepare derivative works based upon the copyrighted work;

“(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending”

A derivative work is defined as one “based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work.’” 17 U. S. C. § 101. 2 Live Crew concedes that it is not entitled to a compulsory license under § 115 because its arrangement changes “the basic melody or fundamental character” of the original. § 115(a)(2).

5. The exclusion of facts and ideas from copyright protection serves that goal as well. See § 102(b) (“In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery”); *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U. S. 340, 359 (1991) (“[F]acts contained in existing works may be freely copied”); *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U. S. 539, 547 (1985) (copyright owner’s rights exclude facts and ideas, and fair use).

6. An Act for the Encouragement of Learning, 8 Anne, ch. 19.

7. Patry 27, citing *Lawrence v. Dana*, 15 F. Cas. 26, 60 (No. 8,136) (CCD Mass. 1869)

law and methodology from the earlier cases: “look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.” *Id.*, at 348. Thus expressed, fair use remained exclusively judge-made doctrine until the passage of the 1976 Copyright Act, in which Justice Story’s summary is discernible:⁸

§ 107. Limitations on exclusive rights: Fair use

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.” 17 U. S. C. § 107 (1988 ed. and Supp. IV).

Congress meant § 107 “to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way” and intended that courts continue the common-law tradition of fair use adjudication. H. R. Rep. No. 94-1476, p. 66 (1976) (hereinafter House Report); S. Rep. No. 94-473, p. 62 (1975) (hereinafter Senate Report). The fair use doctrine thus “permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.” *Stewart v. Abend*, 495 U. S. 207, 236 (1990) (internal quotation marks and citation omitted).

The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis. *Harper & Row*, 471 U. S., at 560; *Sony*, 464 U. S., at 448, and n. 31; House Report, pp. 65-66; Senate Report, p. 62. The text employs the terms “including” and “such as” in the preamble paragraph to indicate the “illustrative and not limitative” function of the examples given, § 101; see *Harper & Row*, *supra*, at 561, which thus provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses.⁹ Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright. See Leval 1110-1111; Patry & Perlmutter, Fair

8. Leval 1105. For a historical account of the development of the fair use doctrine, see Patry 1-64.

9. See Senate Report, p. 62 (“[W]hether a use referred to in the first sentence of section 107 is a fair use in a particular case will depend upon the application of the determinative factors”).

Use Misconstrued: Profit, Presumptions, and Parody, 11 *Cardozo Arts & Ent. L.J.* 667, 685-687 (1993) (hereinafter Patry & Perlmutter).¹⁰

A

The first factor in a fair use enquiry is “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” § 107(1). This factor draws on Justice Story’s formulation, “the nature and objects of the selections made.” *Folsom v. Marsh*, supra, at 348. The enquiry here may be guided by the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like, see § 107. The central purpose of this investigation is to see, in Justice Story’s words, whether the new work merely “supersede[s] the objects” of the original creation, *Folsom v. Marsh*, supra, at 348; accord, *Harper & Row*, supra, at 562 (“supplanting” the original), or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is “transformative.” Leval 1111. Although such transformative use is not absolutely necessary for a finding of fair use, *Sony*, supra, at 455, n. 40,¹¹ the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright, see, e. g., *Sony*, supra, at 478-480 (Blackmun, J., dissenting), and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.

This Court has only once before even considered whether parody may be fair use, and that time issued no opinion because of the Court’s equal division. *Benny v. Loew’s Inc.*, 239 F. 2d 532 (CA9 1956), aff’d sub nom. *Columbia Broadcasting System, Inc. v. Loew’s Inc.*, 356 U. S. 43 (1958). Suffice it to say now that parody has an obvious claim to transformative value, as Acuff-Rose itself does not deny. Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one. We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under § 107. See, e. g., *Fisher v. Dees*, 794 F. 2d 432 (CA9 1986) (“When Sonny Sniffs Glue,” a parody of “When Sunny Gets Blue,” is fair use); *Elsmere Music, Inc. v. National Broadcasting Co.*, 482 F. Supp. 741 (SDNY), aff’d, 623 F. 2d 252 (CA2 1980) (“I Love Sodom,” a “Saturday Night Live” television parody of “I Love New York,” is fair use); see also House Report, p. 65; Senate Report, p. 61 (“[U]se in a parody of some of the content of the work parodied” may be fair use).

10. Because the fair use enquiry often requires close questions of judgment as to the extent of permissible borrowing in cases involving parodies (or other critical works), courts may also wish to bear in mind that the goals of the copyright law, “to stimulate the creation and publication of edifying matter,” Leval 1134, are not always best served by automatically granting injunctive relief when parodists are found to have gone beyond the bounds of fair use. See 17 U. S. C. § 502(a) (court “may . . . grant . . . injunctions on such terms as it may deem reasonable to prevent or restrain infringement”) (emphasis added); Leval 1132 (while in the “vast majority of cases, [an injunctive] remedy is justified because most infringements are simple piracy,” such cases are “worlds apart from many of those raising reasonable contentions of fair use” where “there may be a strong public interest in the publication of the secondary work [and] the copyright owner’s interest may be adequately protected by an award of damages for whatever infringement is found”); *Abend v. MCA, Inc.*, 863 F. 2d 1465, 1479 (CA9 1988) (finding “special circumstances” that would cause “great injustice” to defendants and “public injury” were injunction to issue), aff’d sub nom. *Stewart v. Abend*, 495 U. S. 207 (1990).

11. The obvious statutory exception to this focus on transformative uses is the straight reproduction of multiple copies for classroom distribution.

The germ of parody lies in the definition of the Greek *parodeia*, quoted in Judge Nelson's Court of Appeals dissent, as "a song sung alongside another." 972 F. 2d, at 1440, quoting 7 Encyclopedia Britannica 768 (15th ed. 1975). Modern dictionaries accordingly describe a parody as a "literary or artistic work that imitates the characteristic style of an author or a work for comic effect or ridicule,"¹² or as a "composition in prose or verse in which the characteristic turns of thought and phrase in an author or class of authors are imitated in such a way as to make them appear ridiculous."¹³ For the purposes of copyright law, the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works. See, e. g., *Fisher v. Dees*, *supra*, at 437; *MCA, Inc. v. Wilson*, 677 F. 2d 180, 185 (CA2 1981). If, on the contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.¹⁴ Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.¹⁵ See *ibid.*; Bisceglia, Parody and Copyright Protection: Turning the Balancing Act Into a Juggling Act, in ASCAP, Copyright Law Symposium, No. 34, p. 25 (1987).

The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line. Like a book review quoting the copyrighted material criticized, parody may or may not be fair use, and petitioners' suggestion that any parodic use is presumptively fair has no more justification in law or fact than the equally hopeful claim that any use for news reporting should be presumed fair, see *Harper & Row*, 471 U. S., at 561. The Act has no hint of an evidentiary preference for parodists over their victims, and no workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its creative artifacts, or that a work may contain both parodic and nonparodic elements. Accordingly, parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law.

Here, the District Court held, and the Court of Appeals assumed, that 2 Live Crew's "Pretty Woman" contains parody, commenting on and criticizing the original work, whatever it may have to say about society at large. As the District Court remarked, the words of 2 Live Crew's song copy the original's first line, but then "quickly degenerat[e] into a play on words, substituting predictable lyrics with shocking ones . . . [that] derisively demonstrat[e] how bland and banal the Orbison song seems to

12. American Heritage Dictionary 1317 (3d ed. 1992)

13. 11 Oxford English Dictionary 247 (2d ed. 1989).

14. A parody that more loosely targets an original than the parody presented here may still be sufficiently aimed at an original work to come within our analysis of parody. If a parody whose wide dissemination in the market runs the risk of serving as a substitute for the original or licensed derivatives (see *infra*, at 590- 594, discussing factor four), it is more incumbent on one claiming fair use to establish the extent of transformation and the parody's critical relationship to the original. By contrast, when there is little or no risk of market substitution, whether because of the large extent of transformation of the earlier work, the new work's minimal distribution in the market, the small extent to which it borrows from an original, or other factors, taking parodic aim at an original is a less critical factor in the analysis, and looser forms of parody may be found to be fair use, as may satire with lesser justification for the borrowing than would otherwise be required.

15. Satire has been defined as a work "in which prevalent follies or vices are assailed with ridicule," 14 Oxford English Dictionary, *supra*, at 500, or are "attacked through irony, derision, or wit," American Heritage Dictionary, *supra*, at 1604.

them.” 754 F. Supp., at 1155 (footnote omitted). Judge Nelson, dissenting below, came to the same conclusion, that the 2 Live Crew song “was clearly intended to ridicule the white-bread original” and “reminds us that sexual congress with nameless streetwalkers is not necessarily the stuff of romance and is not necessarily without its consequences. The singers (there are several) have the same thing on their minds as did the lonely man with the nasal voice, but here there is no hint of wine and roses.” 972 F. 2d, at 1442. Although the majority below had difficulty discerning any criticism of the original in 2 Live Crew’s song, it assumed for purposes of its opinion that there was some. *Id.*, at 1435-1436, and n. 8.

We have less difficulty in finding that critical element in 2 Live Crew’s song than the Court of Appeals did, although having found it we will not take the further step of evaluating its quality. The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived.¹⁶ Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use. As Justice Holmes explained, “[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke.” *Bleistein v. Donaldson Lithographing Co.*, 188 U. S. 239, 251 (1903) (circus posters have copyright protection); cf. *Yankee Publishing Inc. v. News America Publishing, Inc.*, 809 F. Supp. 267, 280 (SDNY 1992) (Leval, J.) (“First Amendment protections do not apply only to those who speak clearly, whose jokes are funny, and whose parodies succeed”) (trademark case).

While we might not assign a high rank to the parodic element here, we think it fair to say that 2 Live Crew’s song reasonably could be perceived as commenting on the original or criticizing it, to some degree. 2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility. The later words can be taken as a comment on the naiveté of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies. It is this joinder of reference and ridicule that marks off the author’s choice of parody from the other types of comment and criticism that traditionally have had a claim to fair use protection as transformative works.¹⁷

The Court of Appeals, however, immediately cut short the enquiry into 2 Live Crew’s fair use claim by confining its treatment of the first factor essentially to one relevant fact, the commercial nature of the use. The court then inflated the significance of this fact by applying a presumption ostensibly culled from *Sony*, that “every commercial use of copy-righted material is presumptively . . . unfair. . . .” *Sony*, 464 U. S., at 451. In giving virtually dispositive weight to the commercial nature of the parody, the Court of Appeals erred.

The language of the statute makes clear that the commercial or nonprofit educational purpose of a

16. The only further judgment, indeed, that a court may pass on a work goes to an assessment of whether the parodic element is slight or great, and the copying small or extensive in relation to the parodic element, for a work with slight parodic element and extensive copying will be more likely to merely “supersede the objects” of the original. See *infra*, at 586-594, discussing factors three and four.

17. We note in passing that 2 Live Crew need not label their whole album, or even this song, a parody in order to claim fair use protection, nor should 2 Live Crew be penalized for this being its first parodic essay. Parody serves its goals whether labeled or not, and there is no reason to require parody to state the obvious (or even the reasonably perceived). See Patry & Perlmutter 716-717.

work is only one element of the first factor enquiry into its purpose and character. Section 107(1) uses the term “including” to begin the dependent clause referring to commercial use, and the main clause speaks of a broader investigation into “purpose and character.” As we explained in *Harper & Row*, Congress resisted attempts to narrow the ambit of this traditional enquiry by adopting categories of presumptively fair use, and it urged courts to preserve the breadth of their traditionally ample view of the universe of relevant evidence. 471 U. S., at 561; House Report, p. 66. Accordingly, the mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a finding of fairness. If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities “are generally conducted for profit in this country.” *Harper & Row, supra*, at 592 (Brennan, J., dissenting). Congress could not have intended such a rule, which certainly is not inferable from the common-law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that “[n]o man but a blockhead ever wrote, except for money.” 3 Boswell’s Life of Johnson 19 (G. Hill ed. 1934).

Sony itself called for no hard evidentiary presumption. There, we emphasized the need for a “sensitive balancing of interests,” 464 U. S., at 455, n. 40, noted that Congress had “eschewed a rigid, bright-line approach to fair use,” *id.*, at 449, n. 31, and stated that the commercial or nonprofit educational character of a work is “not conclusive,” *id.*, at 448-449, but rather a fact to be “weighed along with other[s] in fair use decisions,” *id.*, at 449, n. 32 (quoting House Report, p. 66). The Court of Appeals’s elevation of one sentence from Sony to a per se rule thus runs as much counter to Sony itself as to the long common-law tradition of fair use adjudication. Rather, as we explained in *Harper & Row*, Sony stands for the proposition that the “fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use.” 471 U. S., at 562. But that is all, and the fact that even the force of that tendency will vary with the context is a further reason against elevating commerciality to hard presumptive significance. The use, for example, of a copyrighted work to advertise a product, even in a parody, will be entitled to less indulgence under the first factor of the fair use enquiry than the sale of a parody for its own sake, let alone one performed a single time by students in school. See generally Patry & Perlmutter 679-680; *Fisher v. Dees*, 794 F. 2d, at 437; *Maxtone-Graham v. Burtchell*, 803 F. 2d 1253, 1262 (CA2 1986); *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F. 2d 1510, 1522 (CA9 1992).¹⁸

B

The second statutory factor, “the nature of the copy-righted work,” § 107(2), draws on Justice Story’s expression, the “value of the materials used.” *Folsom v. Marsh*, 9 F. Cas., at 348. This factor calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied. See, e. g., *Stewart v. Abend*, 495 U. S., at 237-238 (contrasting fictional short story with factual works); *Harper*

18. Finally, regardless of the weight one might place on the alleged infringer’s state of mind, compare *Harper & Row*, 471 U. S., at 562 (fair use presupposes good faith and fair dealing) (quotation marks omitted), with *Folsom v. Marsh*, 9 F. Cas. 342, 349 (No. 4,901) (CCD Mass. 1841) (good faith does not bar a finding of infringement); Leval 1126-1127 (good faith irrelevant to fair use analysis), we reject Acuff-Rose’s argument that 2 Live Crew’s request for permission to use the original should be weighed against a finding of fair use. Even if good faith were central to fair use, 2 Live Crew’s actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good-faith effort to avoid this litigation. If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use. See *Fisher v. Dees*, 794 F. 2d 432, 437 (CA9 1986).

Row, 471 U. S., at 563-564 (contrasting soon-to-be-published memoir with published speech); *Sony*, 464 U. S., at 455, n. 40 (contrasting motion pictures with news broadcasts); *Feist*, 499 U. S., at 348-351 (contrasting creative works with bare factual compilations); 3 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 13.05[A][2] (1993) (hereinafter Nimmer); Leval 1116. We agree with both the District Court and the Court of Appeals that the Orbison original's creative expression for public dissemination falls within the core of the copyright's protective purposes. 754 F. Supp., at 1155-1156; 972 F. 2d, at 1437. This fact, however, is not much help in this case, or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works.

C

The third factor asks whether “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,” § 107(3) (or, in Justice Story's words, “the quantity and value of the materials used,” *Folsom v. Marsh*, *supra*, at 348) are reasonable in relation to the purpose of the copying. Here, attention turns to the persuasiveness of a parodist's justification for the particular copying done, and the enquiry will harken back to the first of the statutory factors, for, as in prior cases, we recognize that the extent of permissible copying varies with the purpose and character of the use. See *Sony*, *supra*, at 449-450 (reproduction of entire work “does not have its ordinary effect of militating against a finding of fair use” as to home videotaping of television programs); *Harper & Row*, *supra*, at 564 (“[E]ven substantial quotations might qualify as fair use in a review of a published work or a news account of a speech” but not in a scoop of a soon-to-be-published memoir). The facts bearing on this factor will also tend to address the fourth, by revealing the degree to which the parody may serve as a market substitute for the original or potentially licensed derivatives. See Leval 1123.

The District Court considered the song's parodic purpose in finding that 2 Live Crew had not helped themselves overmuch. 754 F. Supp., at 1156-1157. The Court of Appeals disagreed, stating that “[w]hile it may not be inappropriate to find that no more was taken than necessary, the copying was qualitatively substantial We conclude that taking the heart of the original and making it the heart of a new work was to purloin a substantial portion of the essence of the original.” 972 F. 2d, at 1438.

The Court of Appeals is of course correct that this factor calls for thought not only about the quantity of the materials used, but about their quality and importance, too. In *Harper & Row*, for example, the Nation had taken only some 300 words out of President Ford's memoirs, but we signaled the significance of the quotations in finding them to amount to “the heart of the book,” the part most likely to be newsworthy and important in licensing serialization. 471 U. S., at 564-566, 568 (internal quotation marks omitted). We also agree with the Court of Appeals that whether “a substantial portion of the infringing work was copied verbatim” from the copyrighted work is a relevant question, see *id.*, at 565, for it may reveal a dearth of transformative character or purpose under the first factor, or a greater likelihood of market harm under the fourth; a work composed primarily of an original, particularly its heart, with little added or changed, is more likely to be a merely superseding use, fulfilling demand for the original.

Where we part company with the court below is in applying these guides to parody, and in particular to parody in the song before us. Parody presents a difficult case. Parody's humor, or in any event its comment, necessarily springs from recognizable allusion to its object through distorted imitation. Its art lies in the tension between a known original and its parodic twin. When parody takes aim at a particular original work, the parody must be able to “conjure up” at least enough of that original

to make the object of its critical wit recognizable. See, e. g., *Elsmere Music*, 623 F. 2d, at 253, n. 1; *Fisher v. Dees*, 794 F. 2d, at 438-439. What makes for this recognition is quotation of the original's most distinctive or memorable features, which the parodist can be sure the audience will know. Once enough has been taken to assure identification, how much more is reasonable will depend, say, on the extent to which the song's overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original. But using some characteristic features cannot be avoided.

We think the Court of Appeals was insufficiently appreciative of parody's need for the recognizable sight or sound when it ruled 2 Live Crew's use unreasonable as a matter of law. It is true, of course, that 2 Live Crew copied the characteristic opening bass riff (or musical phrase) of the original, and true that the words of the first line copy the Orbison lyrics. But if quotation of the opening riff and the first line may be said to go to the "heart" of the original, the heart is also what most readily conjures up the song for parody, and it is the heart at which parody takes aim. Copying does not become excessive in relation to parodic purpose merely because the portion taken was the original's heart. If 2 Live Crew had copied a significantly less memorable part of the original, it is difficult to see how its parodic character would have come through. See *Fisher v. Dees*, *supra*, at 439.

This is not, of course, to say that anyone who calls himself a parodist can skim the cream and get away scot free. In parody, as in news reporting, see *Harper & Row*, *supra*, context is everything, and the question of fairness asks what else the parodist did besides go to the heart of the original. It is significant that 2 Live Crew not only copied the first line of the original, but thereafter departed markedly from the Orbison lyrics for its own ends. 2 Live Crew not only copied the bass riff and repeated it,¹⁹ but also produced otherwise distinctive sounds, interposing "scrapper" noise, over-laying the music with solos in different keys, and altering the drum beat. See 754 F. Supp., at 1155. This is not a case, then, where "a substantial portion" of the parody itself is composed of a "verbatim" copying of the original. It is not, that is, a case where the parody is so insubstantial, as compared to the copying, that the third factor must be resolved as a matter of law against the parodists.

Suffice it to say here that, as to the lyrics, we think the Court of Appeals correctly suggested that "no more was taken than necessary," 972 F. 2d, at 1438, but just for that reason, we fail to see how the copying can be excessive in relation to its parodic purpose, even if the portion taken is the original's "heart." As to the music, we express no opinion whether repetition of the bass riff is excessive copying, and we remand to permit evaluation of the amount taken, in light of the song's parodic purpose and character, its transformative elements, and considerations of the potential for market substitution sketched more fully below.

D

The fourth fair use factor is "the effect of the use upon the potential market for or value of the copyrighted work." § 107(4). It requires courts to consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also "whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market" for the original. *Nimmer* § 13.05[A][4], p. 13-102.61 (footnote omitted); accord, *Harper & Row*, 471 U. S., at 569; Senate Report, p. 65; *Folsom v. Marsh*, 9 F. Cas., at 349. The enquiry

19. This may serve to heighten the comic effect of the parody, as one witness stated, App. 32a, Affidavit of Oscar Brand; see also *Elsmere Music, Inc. v. National Broadcasting Co.*, 482 F. Supp. 741, 747 (SDNY 1980) (repetition of "I Love Sodom"), or serve to dazzle with the original's music, as Acuff-Rose now contends.

“must take account not only of harm to the original but also of harm to the market for derivative works.” *Harper & Row, supra*, at 568.

Since fair use is an affirmative defense,²⁰ its proponent would have difficulty carrying the burden of demonstrating fair use without favorable evidence about relevant markets.²¹ In moving for summary judgment, 2 Live Crew left themselves at just such a disadvantage when they failed to address the effect on the market for rap derivatives, and confined themselves to uncontroverted submissions that there was no likely effect on the market for the original. They did not, however, thereby subject themselves to the evidentiary presumption applied by the Court of Appeals. In assessing the likelihood of significant market harm, the Court of Appeals quoted from language in *Sony* that “[i]f the intended use is for commercial gain, that likelihood may be presumed. But if it is for a noncommercial purpose, the likelihood must be demonstrated.” 972 F. 2d, at 1438, quoting *Sony*, 464 U. S., at 451. The court reasoned that because “the use of the copyrighted work is wholly commercial . . . we presume that a likelihood of future harm to Acuff-Rose exists.” 972 F. 2d, at 1438. In so doing, the court resolved the fourth factor against 2 Live Crew, just as it had the first, by applying a presumption about the effect of commercial use, a presumption which as applied here we hold to be error.

No “presumption” or inference of market harm that might find support in *Sony* is applicable to a case involving something beyond mere duplication for commercial purposes. *Sony*’s discussion of a presumption contrasts a context of verbatim copying of the original in its entirety for commercial purposes, with the noncommercial context of *Sony* itself (home copying of television programming). In the former circumstances, what *Sony* said simply makes common sense: when a commercial use amounts to mere duplication of the entirety of an original, it clearly “supersede[s] the objects,” *Folsom v. Marsh, supra*, at 348, of the original and serves as a market replacement for it, making it likely that cognizable market harm to the original will occur. *Sony, supra*, at 451. But when, on the contrary, the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred. Indeed, as to parody pure and simple, it is more likely that the new work will not affect the market for the original in a way cognizable under this factor, that is, by acting as a substitute for it (“supersed[ing] [its] objects”). See Leval 1125; Patry & Perlmutter 692, 697-698. This is so because the parody and the original usually serve different market functions. Bisceglia, ASCAP, Copyright Law Symposium, No. 34, at 23.

We do not, of course, suggest that a parody may not harm the market at all, but when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act. Because “parody may quite legitimately aim at garroting the original, destroying it commercially as well as artistically,” B. Kaplan, *An Unhurried View of Copyright* 69 (1967), the role of the courts is to distinguish between “[b]iting criticism [that merely] suppresses demand [and] copyright infringement[, which] usurps it.” *Fisher v. Dees*, 794 F. 2d, at 438.

This distinction between potentially remediable displacement and unremediable disparagement is reflected in the rule that there is no protectible derivative market for criticism. The market for

20. *Harper & Row*, 471 U. S., at 561; H. R. Rep. No. 102-836, p. 3, n. 3 (1992).

21. Even favorable evidence, without more, is no guarantee of fairness. Judge Leval gives the example of the film producer’s appropriation of a composer’s previously unknown song that turns the song into a commercial success; the boon to the song does not make the film’s simple copying fair. Leval 1124, n. 84. This factor, no less than the other three, may be addressed only through a “sensitive balancing of interests.” *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U. S. 417, 455, n. 40 (1984). Market harm is a matter of degree, and the importance of this factor will vary, not only with the amount of harm, but also with the relative strength of the showing on the other factors.

potential derivative uses includes only those that creators of original works would in general develop or license others to develop. Yet the unlikelihood that creators of imaginative works will license critical reviews or lampoons of their own productions removes such uses from the very notion of a potential licensing market. “People ask . . . for criticism, but they only want praise.” S. Maugham, *Of Human Bondage* 241 (Penguin ed. 1992). Thus, to the extent that the opinion below may be read to have considered harm to the market for parodies of “Oh, Pretty Woman,” see 972 F. 2d, at 1439, the court erred. Accord, *Fisher v. Dees*, *supra*, at 437; Leval 1125; Patry & Perlmutter 688-691.²²

In explaining why the law recognizes no derivative market for critical works, including parody, we have, of course, been speaking of the later work as if it had nothing but a critical aspect (i. e., “parody pure and simple,” *supra*, at 591).²³ But the later work may have a more complex character, with effects not only in the arena of criticism but also in protectible markets for derivative works, too. In that sort of case, the law looks beyond the criticism to the other elements of the work, as it does here. 2 Live Crew’s song comprises not only parody but also rap music, and the derivative market for rap music is a proper focus of enquiry, see *Harper & Row*, *supra*, at 568; Nimmer § 13.05[B]. Evidence of substantial harm to it would weigh against a finding of fair use,²⁴ because the licensing of derivatives is an important economic incentive to the creation of originals. See 17 U. S. C. § 106(2) (copyright owner has rights to derivative works). Of course, the only harm to derivatives that need concern us, as discussed above, is the harm of market substitution. The fact that a parody may impair the market for derivative uses by the very effectiveness of its critical commentary is no more relevant under copyright than the like threat to the original market.

Although 2 Live Crew submitted uncontroverted affidavits on the question of market harm to the original, neither they, nor Acuff-Rose, introduced evidence or affidavits addressing the likely effect of 2 Live Crew’s parodic rap song on the market for a nonparody, rap version of “Oh, Pretty Woman.” And while Acuff-Rose would have us find evidence of a rap market in the very facts that 2 Live Crew recorded a rap parody of “Oh, Pretty Woman” and another rap group sought a license to record a rap derivative, there was no evidence that a potential rap market was harmed in any way by 2 Live Crew’s parody, rap version. The fact that 2 Live Crew’s parody sold as part of a collection of rap songs says very little about the parody’s effect on a market for a rap version of the original, either of the music alone or of the music with its lyrics. The District Court essentially passed on this issue, observing that Acuff-Rose is free to record “whatever version of the original it desires,” 754 F. Supp., at 1158; the Court of Appeals went the other way by erroneous presumption. Contrary to each treatment, it is impossible to deal with the fourth factor except by recognizing that a silent record on an important factor bearing on fair use disentitled the proponent of the defense, 2 Live Crew, to summary judgment. The evidentiary hole will doubtless be plugged on remand.

III

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22. See Nimmer § 13.05[A][4], p. 13-102.61 (“a substantially adverse impact on the potential market”); Leval 1125 (“reasonably substantial” harm); Patry & Perlmutter 697-698 (same).
-
23. We express no opinion as to the derivative markets for works using elements of an original as vehicles for satire or amusement, making no comment on the original or criticism of it.
-
24. In some cases it may be difficult to determine whence the harm flows. In such cases, the other fair use factors may provide some indicia of the likely source of the harm. A work whose overriding purpose and character is parodic and whose borrowing is slight in relation to its parody will be far less likely to cause cognizable harm than a work with little parodic content and much copying.

It was error for the Court of Appeals to conclude that the commercial nature of 2 Live Crew's parody of "Oh, Pretty Woman" rendered it presumptively unfair. No such evidentiary presumption is available to address either the first factor, the character and purpose of the use, or the fourth, market harm, in determining whether a transformative use, such as parody, is a fair one. The court also erred in holding that 2 Live Crew had necessarily copied excessively from the Orbison original, considering the parodic purpose of the use. We therefore reverse the judgment of the Court of Appeals and remand the case for further proceedings consistent with this opinion.

It is so ordered.

APPENDIX A TO OPINION OF THE COURT

"Oh, Pretty Woman" by Roy Orbison and William Dees

Pretty Woman, walking down the street,

Pretty Woman, the kind I like to meet,

Pretty Woman, I don't believe you, you're not the truth,

No one could look as good as you Mercy

Pretty Woman, won't you pardon me,

Pretty Woman, I couldn't help but see,

Pretty Woman, that you look lovely as can be Are you lonely just like me?

Pretty Woman, stop a while,

Pretty Woman, talk a while,

Pretty Woman give your smile to me

Pretty Woman, yeah, yeah, yeah

Pretty Woman, look my way,

Pretty Woman, say you'll stay with me

'Cause I need you, I'll treat you right

Come to me baby, Be mine tonight

Pretty Woman, don't walk on by,

Pretty Woman, don't make me cry,

Pretty Woman, don't walk away,

Hey, O. K.

If that's the way it must be, O. K.
I guess I'll go on home, it's late
There'll be tomorrow night, but wait!
What do I see
Is she walking back to me?
Yeah, she's walking back to me!
Oh, Pretty Woman.

APPENDIX B TO OPINION OF THE COURT

“Pretty Woman” as Recorded by 2 Live Crew

Pretty woman walkin' down the street
Pretty woman girl you look so sweet
Pretty woman you bring me down to that knee
Pretty woman you make me wanna beg please
Oh, pretty woman
Big hairy woman you need to shave that stuff
Big hairy woman you know I bet it's tough
Big hairy woman all that hair it ain't legit
'Cause you look like 'Cousin It'
Big hairy woman
Bald headed woman girl your hair won't grow
Bald headed woman you got a teeny weeny afro
Bald headed woman you know your hair could look nice
Bald headed woman first you got to roll it with rice
Bald headed woman here, let me get this hunk of biz for ya
Ya know what I'm saying you look better than rice a roni
Oh bald headed woman
Big hairy woman come on in

And don't forget your bald headed friend

Hey pretty woman let the boys Jump in

Two timin' woman girl you know you ain't right

Two timin' woman you's out with my boy last night

Two timin' woman that takes a load off my mind

Two timin' woman now I know the baby ain't mine

Oh, two timin' woman

Oh pretty woman

JUSTICE KENNEDY, concurring.

I agree that remand is appropriate and join the opinion of the Court, with these further observations about the fair use analysis of parody.

The common-law method instated by the fair use provision of the copyright statute, 17 U. S. C. § 107 (1988 ed. and Supp. IV), presumes that rules will emerge from the course of decisions. I agree that certain general principles are now discernible to define the fair use exception for parody. One of these rules, as the Court observes, is that parody may qualify as fair use regardless of whether it is published or performed for profit. *Ante*, at 591. Another is that parody may qualify as fair use only if it draws upon the original composition to make humorous or ironic commentary about that same composition. *Ante*, at 580. It is not enough that the parody use the original in a humorous fashion, however creative that humor may be. The parody must target the original, and not just its general style, the genre of art to which it belongs, or society as a whole (although if it targets the original, it may target those features as well). See *Rogers v. Koons*, 960 F. 2d 301, 310 (CA2 1992) (“[T]hough the satire need not be only of the copied work and may . . . also be a parody of modern society, the copied work must be, at least in part, an object of the parody”); *Fisher v. Dees*, 794 F. 2d 432, 436 (CA9 1986) (“[A] humorous or satiric work deserves protection under the fair-use doctrine only if the copied work is at least partly the target of the work in question”). This prerequisite confines fair use protection to works whose very subject is the original composition and so necessitates some borrowing from it. See *MCA, Inc. v. Wilson*, 677 F. 2d 180, 185 (CA2 1981) (“[I]f the copyrighted song is not at least in part an object of the parody, there is no need to conjure it up”); Bisceglia, Parody and Copyright Protection: Turning the Balancing Act Into a Juggling Act, in ASCAP, Copyright Law Symposium, No. 34, pp. 23-29 (1987). It also protects works we have reason to fear will not be licensed by copyright holders who wish to shield their works from criticism. See *Fisher, supra*, at 437 (“Self-esteem is seldom strong enough to permit the granting of permission even in exchange for a reasonable fee”); Posner, When Is Parody Fair Use?, 21 J. Legal Studies 67, 73 (1992) (“There is an obstruction when the parodied work is a target of the parodist’s criticism, for it may be in the private interest of the copyright owner, but not in the social interest, to suppress criticism of the work”) (emphasis deleted).

If we keep the definition of parody within these limits, we have gone most of the way towards satisfying the four-factor fair use test in § 107. The first factor (the purpose and character of use) itself concerns the definition of parody. The second factor (the nature of the copyrighted work) adds little

to the first, since “parodies almost invariably copy publicly known, expressive works.” *Ante*, at 586. The third factor (the amount and substantiality of the portion used in relation to the whole) is likewise subsumed within the definition of parody. In determining whether an alleged parody has taken too much, the target of the parody is what gives content to the inquiry. Some parodies, by their nature, require substantial copying. See *Elsmere Music, Inc. v. National Broadcasting Co.*, 623 F. 2d 252 (CA2 1980) (holding that “I Love Sodom” skit on “Saturday Night Live” is legitimate parody of the “I Love New York” campaign). Other parodies, like Lewis Carroll’s “You Are Old, Father William,” need only take parts of the original composition. The third factor does reinforce the principle that courts should not accord fair use protection to profiteers who do no more than add a few silly words to someone else’s song or place the characters from a familiar work in novel or eccentric poses. See, e. g., *Walt Disney Productions v. Air Pirates*, 581 F. 2d 751 (CA9 1978); *DC Comics Inc. v. Unlimited Monkey Business, Inc.*, 598 F. Supp. 110 (ND Ga. 1984). But, as I believe the Court acknowledges, *ante*, at 588-589, it is by no means a test of mechanical application. In my view, it serves in effect to ensure compliance with the targeting requirement.

As to the fourth factor (the effect of the use on the market for the original), the Court acknowledges that it is legitimate for parody to suppress demand for the original by its critical effect. *Ante*, at 591-592. What it may not do is usurp demand by its substitutive effect. *Ibid.* It will be difficult, of course, for courts to determine whether harm to the market results from a parody’s critical or substitutive effects. But again, if we keep the definition of parody within appropriate bounds, this inquiry may be of little significance. If a work targets another for humorous or ironic effect, it is by definition a new creative work. Creative works can compete with other creative works for the same market, even if their appeal is overlapping. Factor four thus underscores the importance of ensuring that the parody is in fact an independent creative work, which is why the parody must “make some critical comment or statement about the original work which reflects the original perspective of the parodist—thereby giving the parody social value beyond its entertainment function.” *Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Cooperative Productions, Inc.*, 479 F. Supp. 351, 357 (ND Ga. 1979).

The fair use factors thus reinforce the importance of keeping the definition of parody within proper limits. More than arguable parodic content should be required to deem a would-be parody a fair use. Fair use is an affirmative defense, so doubts about whether a given use is fair should not be resolved in favor of the self-proclaimed parodist. We should not make it easy for musicians to exploit existing works and then later claim that their rendition was a valuable commentary on the original. Almost any revamped modern version of a familiar composition can be construed as a “comment on the naiveté of the original,” *ante*, at 583, because of the difference in style and because it will be amusing to hear how the old tune sounds in the new genre. Just the thought of a rap version of Beethoven’s Fifth Symphony or “Achy Breaky Heart” is bound to make people smile. If we allow any weak transformation to qualify as parody, however, we weaken the protection of copyright. And under-protection of copyright disserves the goals of copyright just as much as overprotection, by reducing the financial incentive to create.

The Court decides it is “fair to say that 2 Live Crew’s song reasonably could be perceived as commenting on the original or criticizing it, to some degree.” *Ibid.* (applying the first fair use factor). While I am not so assured that 2 Live Crew’s song is a legitimate parody, the Court’s treatment of the remaining factors leaves room for the District Court to determine on remand that the song is not a fair use. As future courts apply our fair use analysis, they must take care to ensure that not just any commercial takeoff is rationalized *post hoc* as a parody.

With these observations, I join the opinion of the Court.

18. COPYRIGHT AND OBJECTS

Learning Objectives: Unit 18

Upon completion of this unit, you should be able to:

- Recall the facts and legal holding of *Star Athletica v. Varsity Brands*.
- Explain the following concepts: useful articles doctrine, separability and merger.
- Recall the statutory components of the useful articles doctrine; and
- Analyze fact patterns in terms of the useful articles doctrine.

One of the most complex issues in intellectual property law is dealing with products or activities at the boundaries of one or more doctrine. This matters because often specific policy choices are made in the context of one form of intellectual property right and allowing another intellectual property right to also cover the same subject matter as the first right results in those policy choices essentially being overridden by the policy choices embedded in the second right. We can think of this as keeping each intellectual property right in its own “channel.” This is especially important when the policy choices for particular intellectual property right manifest in negative protection – that is, a policy decision to allow copying or use by others. An example of this would be the 20-year term on a patent. If another form of intellectual property allowed for longer protection of the same subject matter, then others would not be able to use or build on that invention after the expiration of the patent.

In the section, we examined preemption, which is one approach to policing the boundaries of an intellectual property right and preventing it from bleeding over into another. However, preemption only applies in the context of federal-state relationships. Another approach is to statutorily limit an intellectual property right so as to keep it from crossing over into the subject matter governed by another intellectual property right.

You have already seen one example of statutorily limiting an intellectual property right in the concept of functionality in trademark law. In this section we will examine another example: the limits on copyright protection for “useful articles.”

17 U.S.C. § 101. Definitions (2010)

...

Useful Article: A “useful article” is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a “useful article”.

...

Pictorial, Graphical, and Sculptural Works: “Pictorial, graphic, and sculptural works” include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans. Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.

STAR ATHLETICA, L.L.C. V. VARSITY BRANDS (2017)

READING WITH PURPOSE

As you read *Star Athletica v. Varsity Brands*, think about these questions:

- How do the different components of the copyright state relating to useful articles fit together?
- What rule does the court adopt for determining whether a feature is separable?
- Based on *Star Athletica*, how would you analyze copyright protection in a three-dimensional object, such as the wavy bike racks you can see around town?

Star Athletica, L.L.C. v. Varsity Brands, et al.

137 S.Ct. 1002 (2017)

Justice THOMAS delivered the opinion of the Court.

Congress has provided copyright protection for original works of art, but not for industrial designs. The line between art and industrial design, however, is often difficult to draw. This is particularly true when an industrial design incorporates artistic elements. Congress has afforded limited protection for these artistic elements by providing that “pictorial, graphic, or sculptural features” of the “design of a useful article” are eligible for copyright protection as artistic works if those features “can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” 17 U.S.C. § 101.

We granted certiorari to resolve widespread disagreement over the proper test for implementing § 101’s separate-identification and independent-existence requirements. 578 U.S. ----, 136 S.Ct. 1823, 194 L.Ed.2d 829 (2016). We hold that a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated. Because that test is satisfied in this case, we affirm.

I

Respondents Varsity Brands, Inc., Varsity Spirit Corporation, and Varsity Spirit Fashions & Supplies, Inc., design, make, and sell cheerleading uniforms. Respondents have obtained or acquired more than 200 U.S. copyright registrations for two-dimensional designs appearing on the surface of their

uniforms and other garments. These designs are primarily “combinations, positionings, and arrangements of elements” that include “chevrons . . . , lines, curves, stripes, angles, diagonals, inverted [chevrons], coloring, and shapes.” App. 237. At issue in this case are Designs 299A, 299B, 074, 078, and 0815. See Appendix, *infra*.

Petitioner Star Athletica, L.L.C., also markets and sells cheerleading uniforms. Respondents sued petitioner for infringing their copyrights in the five designs. The District Court entered summary judgment for petitioner on respondents’ copyright claims on the ground that the designs did not qualify as protectable pictorial, graphic, or sculptural works. It reasoned that the designs served the useful, or “utilitarian,” function of identifying the garments as “cheerleading uniforms” and therefore could not be “physically or conceptually” separated under § 101 “from the utilitarian function” of the uniform. 2014 WL 819422, *8–*9 (W.D.Tenn., Mar. 1, 2014).

The Court of Appeals for the Sixth Circuit reversed. 799 F.3d 468, 471 (2015). In its view, the “graphic designs” were “separately identifiable” because the designs “and a blank cheerleading uniform can appear ‘side by side’—one as a graphic design, and one as a cheerleading uniform.” *Id.*, at 491 (quoting Compendium of U.S. Copyright Office Practices § 924.2(B) (3d ed. 2014) (Compendium)). And it determined that the designs were “ ‘capable of existing independently’ ” because they could be incorporated onto the surface of different types of garments, or hung on the wall and framed as art. 799 F.3d, at 491, 492.

Judge McKeague dissented. He would have held that, because “identifying the wearer as a cheerleader” is a utilitarian function of a cheerleading uniform and the surface designs were “integral to” achieving that function, the designs were inseparable from the uniforms. *Id.*, at 495–496.

II

The first element of a copyright-infringement claim is “ownership of a valid copyright.” *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991). A valid copyright extends only to copyrightable subject matter. See 4 M. Nimmer & D. Nimmer, Copyright § 13.01[A] (2010) (Nimmer). The Copyright Act of 1976 defines copyrightable subject matter as “original works of authorship fixed in any tangible medium of expression.” 17 U.S.C. § 102(a).

“Works of authorship” include “pictorial, graphic, and sculptural works,” § 102(a)(5), which the statute defines to include “two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans,” § 101. And a work of authorship is “ ‘fixed’ in a tangible medium of expression when it[is] embodi[ed] in a” “material objec[t] . . . from which the work can be perceived, reproduced, or otherwise communicated.” *Ibid.* (definitions of “fixed” and “copies”).

The Copyright Act also establishes a special rule for copyrighting a pictorial, graphic, or sculptural work incorporated into a “useful article,” which is defined as “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” *Ibid.* The statute does not protect useful articles as such. Rather, “the design of a useful article” is “considered a pictorial, graphical, or sculptural work only if, and only to the extent that, such design incorporates

pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” *Ibid.*

Courts, the Copyright Office, and commentators have described the analysis undertaken to determine whether a feature can be separately identified from, and exist independently of, a useful article as “separability.” In this case, our task is to determine whether the arrangements of lines, chevrons, and colorful shapes appearing on the surface of respondents’ cheerleading uniforms are eligible for copyright protection as separable features of the design of those cheerleading uniforms.

A

As an initial matter, we must address whether separability analysis is necessary in this case.

1

Respondents argue that “[s]eparability is only implicated when a [pictorial, graphic, or sculptural] work is the ‘design of a useful article.’ ” Brief for Respondents 25. They contend that the surface decorations in this case are “two-dimensional graphic designs that appear *on* useful articles,” but are not themselves designs *of* useful articles. *Id.*, at 52. Consequently, the surface decorations are protected two-dimensional works of graphic art without regard to any separability analysis under § 101. *Ibid.*; see 2 W. Patry, Copyright § 3:151, p. 3–485 (2016) (Patry) (“Courts looking at two-dimensional design claims should not apply the separability analysis regardless of the three-dimensional form that design is embodied in”). Under this theory, two-dimensional artistic features on the surface of useful articles are “inherently separable.” Brief for Respondents 26.

This argument is inconsistent with the text of § 101. The statute requires separability analysis for any “pictorial, graphic, or sculptural features” incorporated into the “design of a useful article.” “Design” refers here to “the combination” of “details” or “features” that “go to make up” the useful article. 3 Oxford English Dictionary 244 (def. 7, first listing) (1933) (OED). Furthermore, the words “pictorial” and “graphic” include, in this context, two-dimensional features such as pictures, paintings, or drawings. See 4 *id.*, at 359 (defining “[g]raphic” to mean “[o]f or pertaining to drawing or painting”); 7 *id.*, at 830 (defining “[p]ictorial” to mean “of or pertaining to painting or drawing”). And the statute expressly defines “[p]ictorial, graphical, and sculptural works” to include “two-dimensional ... works of ... art.” § 101. The statute thus provides that the “design of a useful article” can include two-dimensional “pictorial” and “graphic” features, and separability analysis applies to those features just as it does to three-dimensional “sculptural” features.

2

The United States makes a related but distinct argument against applying separability analysis in this case, which respondents do not and have not advanced. As part of their copyright registrations for the designs in this case, respondents deposited with the Copyright Office drawings and photographs depicting the designs incorporated onto cheerleading uniforms. App. 213–219; Appendix, *infra*. The Government argues that, assuming the other statutory requirements were met, respondents obtained a copyright in the deposited drawings and photographs and have simply reproduced those copyrighted works on the surface of a useful article, as they would have the exclusive right to do under the Copyright Act. See Brief for United States as *Amicus Curiae* 14–15, 17–22. Accordingly, the Government urges, separability analysis is unnecessary on the record in this case. We generally do not entertain arguments that were not raised below and that are not advanced in this Court by any

party, *Burwell v. Hobby Lobby Stores, Inc.*, 573 U.S. ----, ----, 134 S.Ct. 2751, 189 L.Ed.2d 675 (2014), because “[i]t is not the Court’s usual practice to adjudicate either legal or predicate factual questions in the first instance,” *CRST Van Expedited, Inc. v. EEOC*, 578 U.S. ----, ----, 136 S.Ct. 1642, 1653, 194 L.Ed.2d 707 (2016). We decline to depart from our usual practice here.

B

We must now decide when a feature incorporated into a useful article “can be identified separately from” and is “capable of existing independently of” “the utilitarian aspects” of the article. This is not a free-ranging search for the best copyright policy, but rather “depends solely on statutory interpretation.” *Mazer v. Stein*, 347 U.S. 201, 214, 74 S.Ct. 460, 98 L.Ed. 630 (1954). “The controlling principle in this case is the basic and unexceptional rule that courts must give effect to the clear meaning of statutes as written.” *Estate of Cowart v. Nicklos Drilling Co.*, 505 U.S. 469, 476, 112 S.Ct. 2589, 120 L.Ed.2d 379 (1992). We thus begin and end our inquiry with the text, giving each word its “ordinary, contemporary, common meaning.” *Walters v. Metropolitan Ed. Enterprises, Inc.*, 519 U.S. 202, 207, 117 S.Ct. 660, 136 L.Ed.2d 644 (1997) (internal quotation marks omitted). We do not, however, limit this inquiry to the text of § 101 in isolation. “[I]nterpretation of a phrase of uncertain reach is not confined to a single sentence when the text of the whole statute gives instruction as to its meaning.” *Maracich v. Spears*, 570 U.S. ----, ----, 133 S.Ct. 2191, 2203, 186 L.Ed.2d 275 (2013). We thus “look to the provisions of the whole law” to determine § 101’s meaning. *United States v. Heirs of Boisdore*, 8 How. 113, 122, 12 L.Ed. 1009 (1849).

1

The statute provides that a “pictorial, graphic, or sculptural featur [e]” incorporated into the “design of a useful article” is eligible for copyright protection if it (1) “can be identified separately from,” and (2) is “capable of existing independently of, the utilitarian aspects of the article.” § 101. The first requirement—separate identification—is not onerous. The decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities. See 2 Patry § 3:146, at 3–474 to 3–475.

The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. See 2 OED 88 (def. 5) (defining “[c]apable” of as “[h]aving the needful capacity, power, or fitness for”). In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in § 101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

Of course, to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot itself be a useful article or “[a]n article that is normally a part of a useful article” (which is itself considered a useful article). § 101. Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.

2

The statute as a whole confirms our interpretation. The Copyright Act provides “the owner of [a] copyright” with the “exclusive righ[t] ... to reproduce the copyrighted work in copies.” § 106(1). The statute clarifies that this right “includes the right to reproduce the [copyrighted] work in or on any kind of article, whether useful or otherwise.” § 113(a). Section 101 is, in essence, the mirror image of § 113(a). Whereas § 113(a) protects a work of authorship first fixed in some tangible medium other than a useful article and subsequently applied to a useful article, § 101 protects art first fixed in the medium of a useful article. The two provisions make clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as freestanding art or as features of useful articles. The ultimate separability question, then, is whether the feature for which copyright protection is claimed would have been eligible for copyright protection as a pictorial, graphic, or sculptural work had it originally been fixed in some tangible medium other than a useful article before being applied to a useful article.

3

This interpretation is also consistent with the history of the Copyright Act. In *Mazer*, a case decided under the 1909 Copyright Act, the respondents copyrighted a statuette depicting a dancer. The statuette was intended for use as a lamp base, “with electric wiring, sockets and lamp shades attached.” 347 U.S., at 202, 74 S.Ct. 460. Copies of the statuette were sold both as lamp bases and separately as statuettes. *Id.*, at 203, 74 S.Ct. 460. The petitioners copied the statuette and sold lamps with the statuette as the base. They defended against the respondents’ infringement suit by arguing that the respondents did not have a copyright in a statuette intended for use as a lamp base. *Id.*, at 204–205, 74 S.Ct. 460.

Two of *Mazer*’s holdings are relevant here. First, the Court held that the respondents owned a copyright in the statuette even though it was intended for use as a lamp base. See *id.*, at 214, 74 S.Ct. 460. In doing so, the Court approved the Copyright Office’s regulation extending copyright protection to works of art that might also serve a useful purpose. See *ibid.* (approving 37 C.F.R. § 202.8(a) (1949) (protecting “works of artistic craftsmanship, in so far as their form but not their mechanical or utilitarian aspects are concerned”)).

Second, the Court held that it was irrelevant to the copyright inquiry whether the statuette was initially created as a freestanding sculpture or as a lamp base. 347 U.S., at 218–219, 74 S.Ct. 460 (“Nor do we think the subsequent registration of a work of art published as an element in a manufactured article, is a misuse of copyright. This is not different from the registration of a statuette and its later embodiment in an industrial article”). *Mazer* thus interpreted the 1909 Act consistently with the rule discussed above: If a design would have been copyrightable as a standalone pictorial, graphic, or sculptural work, it is copyrightable if created first as part of a useful article.

Shortly thereafter, the Copyright Office enacted a regulation implementing the holdings of *Mazer*. See 1 Nimmer § 2A.08[B][1][b] (2016). As amended, the regulation introduced the modern separability test to copyright law:

“If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.” 37 C.F.R. § 202.10(c) (1960) (punctuation altered).

Congress essentially lifted the language governing protection for the design of a useful article directly from the post-*Mazer* regulations and placed it into § 101 of the 1976 Act. Consistent with *Mazer*, the approach we outline today interprets §§ 101 and 113 in a way that would afford copyright protection to the statuette in *Mazer* regardless of whether it was first created as a standalone sculptural work or as the base of the lamp. See 347 U.S., at 218–219, 74 S.Ct. 460.

C

In sum, a feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Applying this test to the surface decorations on the cheerleading uniforms is straightforward. First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter’s canvas—they would qualify as “two-dimensional ... works of ... art,” § 101. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself. Indeed, respondents have applied the designs in this case to other media of expression—different types of clothing—without replicating the uniform. See App. 273–279. The decorations are therefore separable from the uniforms and eligible for copyright protection.^[1]

The dissent argues that the designs are not separable because imaginatively removing them from the uniforms and placing them in some other medium of expression—a canvas, for example—would create “pictures of cheerleader uniforms.” *Post*, at 1035 – 1036 (opinion of BREYER, J.). Petitioner similarly argues that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline of a cheerleading uniform. Brief for Petitioner 48–49.

This is not a bar to copyright. Just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar’s surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not “replicate” the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The statute protects that work of art whether it is first drawn on the album cover and then applied to the guitar’s surface, or vice versa. Failing to protect that art would create an anomaly: It would extend protection to two-dimensional designs that cover a part of a useful article but would not protect the same design if it covered the entire article. The statute does not support that distinction, nor can it be reconciled with the dissent’s recognition that “artwork printed on a t-shirt” could be protected. *Post*, at 1019 (internal quotation marks omitted).

To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art fixed in the tangible medium of the uniform fabric. Even if respondents ultimately succeed in establishing a valid copyright in the surface decorations at issue here, respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut, and dimensions to the ones on which the decorations in this case appear. They

may prohibit only the reproduction of the surface designs in any tangible medium of expression—a uniform or otherwise. [\[2\]](#)

D

Petitioner and the Government raise several objections to the approach we announce today. None is meritorious.

1

Petitioner first argues that our reading of the statute is missing an important step. It contends that a feature may exist independently only if it can stand alone as a copyrightable work *and* if the useful article from which it was extracted would remain equally useful. In other words, copyright extends only to “solely artistic” features of useful articles. Brief for Petitioner 33. According to petitioner, if a feature of a useful article “advance[s] the utility of the article,” *id.*, at 38, then it is categorically beyond the scope of copyright, *id.*, at 33. The designs here are not protected, it argues, because they are necessary to two of the uniforms’ “inherent, essential, or natural functions”—identifying the wearer as a cheerleader and enhancing the wearer’s physical appearance. *Id.*, at 38, 48; Reply Brief 2, 16. Because the uniforms would not be equally useful without the designs, petitioner contends that the designs are inseparable from the “utilitarian aspects” of the uniform. Brief for Petitioner 50.

The Government raises a similar argument, although it reaches a different result. It suggests that the appropriate test is whether the useful article with the artistic feature removed would “remain similarly useful.” Brief for United States as *Amicus Curiae* 29 (emphasis added). In the view of the United States, however, a plain white cheerleading uniform is “similarly useful” to uniforms with respondents’ designs. *Id.*, at 27–28.

The debate over the relative utility of a plain white cheerleading uniform is unnecessary. The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a nonuseful pictorial, graphic, or sculptural work on its own.

Of course, because the removed feature may not be a useful article—as it would then not qualify as a pictorial, graphic, or sculptural work—there necessarily would be some aspects of the original useful article “left behind” if the feature were conceptually removed. But the statute does not require the imagined remainder to be a fully functioning useful article at all, much less an equally useful one. Indeed, such a requirement would deprive the *Mazer* statuette of protection had it been created first as a lamp base rather than as a statuette. Without the base, the “lamp” would be just a shade, bulb, and wires. The statute does not require that we imagine a nonartistic replacement for the removed feature to determine whether that *feature* is capable of an independent existence.

Petitioner’s argument follows from its flawed view that the statute protects only “solely artistic” features that have no effect whatsoever on a useful article’s utilitarian function. This view is inconsistent with the statutory text. The statute expressly protects two- and three-dimensional “applied art.” § 101. “Applied art” is art “employed in the decoration, design, or execution of useful objects,” Webster’s Third New International Dictionary 105 (1976) (emphasis added), or “those arts

or crafts that have a *primarily utilitarian function*, or ... the designs and decorations used in these arts,” Random House Dictionary 73 (1966) (emphasis added); see also 1 OED 576 (2d ed. 1989) (defining “applied” as “[p]ut to practical use”). An artistic feature that would be eligible for copyright protection on its own cannot lose that protection simply because it was first created as a feature of the design of a useful article, even if it makes that article more useful.

Indeed, this has been the rule since *Mazer*. In holding that the statuette was protected, the Court emphasized that the 1909 Act abandoned any “distinctions between purely aesthetic articles and useful works of art.” 347 U.S., at 211, 74 S.Ct. 460. Congress did not enact such a distinction in the 1976 Act. Were we to accept petitioner’s argument that the only protectable features are those that play absolutely no role in an article’s function, we would effectively abrogate the rule of *Mazer* and read “applied art” out of the statute.

Because we reject the view that a useful article must remain after the artistic feature has been imaginatively separated from the article, we necessarily abandon the distinction between “physical” and “conceptual” separability, which some courts and commentators have adopted based on the Copyright Act’s legislative history. See H.R. Rep. No. 94–1476, p. 55 (1976). According to this view, a feature is *physically* separable from the underlying useful article if it can “be physically separated from the article by ordinary means while leaving the utilitarian aspects of the article completely intact.” Compendium § 924.2(A); see also *Chosun Int’l, Inc. v. Chrisha Creations, Ltd.*, 413 F.3d 324, 329 (C.A.2 2005). *Conceptual* separability applies if the feature physically could not be removed from the useful article by ordinary means. See Compendium § 924.2(B); but see 1 P. Goldstein, Copyright § 2.5.3, p. 2:77 (3d ed. 2016) (explaining that the lower courts have been unable to agree on a single conceptual separability test); 2 Patry §§ 3:140–3:144.40 (surveying the various approaches in the lower courts).

The statutory text indicates that separability is a conceptual undertaking. Because separability does not require the underlying useful article to remain, the physical-conceptual distinction is unnecessary.

2

Petitioner next argues that we should incorporate two “objective” components, Reply Brief 9, into our test to provide guidance to the lower courts: (1) “whether the design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influence,” Brief for Petitioner 34 (emphasis deleted and internal quotation marks omitted), and (2) whether “there is [a] substantial likelihood that the pictorial, graphic, or sculptural feature would still be marketable to some significant segment of the community without its utilitarian function,” *id.*, at 35 (emphasis deleted and internal quotation marks omitted).

We reject this argument because neither consideration is grounded in the text of the statute. The first would require the decisionmaker to consider evidence of the creator’s design methods, purposes, and reasons. *Id.*, at 48. The statute’s text makes clear, however, that our inquiry is limited to how the article and feature are perceived, not how or why they were designed. See *Brandir Int’l, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1152 (C.A.2 1987) (Winter, J., concurring in part and dissenting in part) (The statute “expressly states that the legal test is how the final article is perceived, not how it was developed through various stages”).

The same is true of marketability. Nothing in the statute suggests that copyrightability depends on market surveys. Moreover, asking whether some segment of the market would be interested in a given work threatens to prize popular art over other forms, or to substitute judicial aesthetic preferences for

the policy choices embodied in the Copyright Act. See *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251, 23 S.Ct. 298, 47 L.Ed. 460 (1903) (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits”).

3

Finally, petitioner argues that allowing the surface decorations to qualify as a “work of authorship” is inconsistent with Congress’ intent to entirely exclude industrial design from copyright. Petitioner notes that Congress refused to pass a provision that would have provided limited copyright protection for industrial designs, including clothing, when it enacted the 1976 Act, see *id.*, at 9–11 (citing S. 22, Tit. II, 94th Cong., 2d Sess., 122 Cong. Rec. 3856–3859 (1976)), and that it has enacted laws protecting designs for specific useful articles—semiconductor chips and boat hulls, see 17 U.S.C. §§ 901–914, 1301–1332—while declining to enact other industrial design statutes, Brief for Petitioner 29, 43. From this history of failed legislation petitioner reasons that Congress intends to channel intellectual property claims for industrial design into design patents. It therefore urges us to approach this question with a presumption against copyrightability. *Id.*, at 27.

We do not share petitioner’s concern. As an initial matter, “[c]ongressional inaction lacks persuasive significance” in most circumstances. *Pension Benefit Guaranty Corporation v. LTV Corp.*, 496 U.S. 633, 650, 110 S.Ct. 2668, 110 L.Ed.2d 579 (1990) (internal quotation marks omitted). Moreover, we have long held that design patent and copyright are not mutually exclusive. See *Mazer*, 347 U.S., at 217, 74 S.Ct. 460. Congress has provided for limited copyright protection for certain features of industrial design, and approaching the statute with presumptive hostility toward protection for industrial design would undermine Congress’ choice. In any event, as explained above, our test does not render the shape, cut, and physical dimensions of the cheerleading uniforms eligible for copyright protection.

III

We hold that an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article. Because the designs on the surface of respondents’ cheerleading uniforms in this case satisfy these requirements, the judgment of the Court of Appeals is affirmed.

It is so ordered.

APPENDIX TO OPINION OF THE COURT

Justice GINSBURG, concurring in the judgment.

I concur in the Court’s judgment but not in its opinion. Unlike the majority, I would not take up in this case the separability test appropriate under 17 U.S.C. § 101.^[3] Consideration of that test is unwarranted because the designs at issue are not designs of useful articles. Instead, the designs are themselves copyrightable pictorial or graphic works *reproduced on* useful articles.^[4]

A pictorial, graphic, or sculptural work (PGS work) is copyrightable. § 102(a)(5). PGS works include “two-dimensional and three-dimensional works of fine, graphic, and applied art.” § 101. Key to this case, a copyright in a standalone PGS work “includes the right to reproduce the work in or on any kind of article, whether useful or otherwise.” § 113(a). Because the owner of a copyright in a pre-existing PGS work may exclude a would-be infringer from reproducing that work on a useful article, there is no need to engage in any separability inquiry to resolve the instant petition.

The designs here in controversy are standalone pictorial and graphic works that respondents Varsity Brands, Inc., et al. (Varsity) reproduce on cheerleading uniforms. Varsity’s designs first appeared as pictorial and graphic works that Varsity’s design team sketched on paper. App. 281. Varsity then sought copyright protection for those two-dimensional designs, not for cheerleading costumes; its registration statements claimed “2-Dimensional artwork” and “fabric design (artwork).” Appendix, *infra*, at 1020 – 1023, 1025 – 1026, 1028 – 1030. Varsity next reproduced its two-dimensional graphic designs on cheerleading uniforms, also on other garments, including T-shirts and jackets. See, e.g., App. 274, 276.^[5]

In short, Varsity’s designs are not themselves useful articles meet for separability determination under § 101; they are standalone PGS works that may gain copyright protection as such, including the exclusive right to reproduce the designs on useful articles.^[6]

Justice BREYER, with whom Justice KENNEDY joins, dissenting.

I agree with much in the Court’s opinion. But I do not agree that the designs that Varsity Brands, Inc., submitted to the Copyright Office are eligible for copyright protection. Even applying the majority’s test, the designs *cannot* “be perceived as . . . two- or three-dimensional work[s] of art separate from the useful article.” *Ante*, at 1007.

Look at the designs that Varsity submitted to the Copyright Office. See Appendix to opinion of the Court, *ante*. You will see only pictures of cheerleader uniforms. And cheerleader uniforms are useful articles. A picture of the relevant design features, whether separately “perceived” on paper or in the imagination, is a picture of, and thereby “replicate[s],” the underlying useful article of which they are a part. *Ante*, at 1007, 1031. Hence the design features that Varsity seeks to protect are not “capable of existing independently o[f] the utilitarian aspects of the article.” 17 U.S.C. § 101.

I

The relevant statutory provision says that the “design of a useful article” is copyrightable “only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.” *Ibid*. But what, we must ask, do the words “identified separately” mean? Just when is a design separate from the “utilitarian aspect of the [useful] article?” The most direct, helpful aspect of the Court’s opinion answers this question by stating:

“Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.” *Ante*, at 1010.

Exactly so. These words help explain the Court’s statement that a copyrightable work of art must be “perceived as a two- or three-dimensional work of art separate from the useful article.” *Ante*, at 1007,

1015 – 1016. They help clarify the concept of separateness. Cf. 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 2A.08[A][1] (2016) (Nimmer) (describing courts’ difficulty in applying that concept). They are consistent with Congress’ own expressed intent. 17 U.S.C. § 101; H.R. Rep. No. 94–1476, pp. 55, 105 (1976) (H.R. Rep.). And they reflect long held views of the Copyright Office. See Compendium of U.S. Copyright Office Practices § 924.2(B) (3d ed. 2014), online at <http://www.copyright.gov/comp3/docs/compendium.pdf> (as last visited Mar. 7, 2017) (Compendium).

Consider, for example, the explanation that the House Report for the Copyright Act of 1976 provides. It says:

“Unless the shape of an automobile, airplane, ladies’ dress, food processor, television set, or any other industrial product contains some element that, *physically or conceptually*, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted...” H.R. Rep., at 55 (emphasis added).

These words suggest two exercises, one physical, one mental. Can the design features (the picture, the graphic, the sculpture) be physically removed from the article (and considered separately), all the while leaving the fully functioning utilitarian object in place? If not, can one nonetheless conceive of the design features separately without replicating a picture of the utilitarian object? If the answer to either of these questions is “yes,” then the design is eligible for copyright protection. Otherwise, it is not. The abstract nature of these questions makes them sound difficult to apply. But with the Court’s words in mind, the difficulty tends to disappear.

An example will help. Imagine a lamp with a circular marble base, a vertical 10–inch tall brass rod (containing wires) inserted off center on the base, a light bulb fixture emerging from the top of the brass rod, and a lampshade sitting on top. In front of the brass rod a porcelain Siamese cat sits on the base facing outward. Obviously, the Siamese cat is *physically separate* from the lamp, as it could be easily removed while leaving both cat and lamp intact. And, assuming it otherwise qualifies, the designed cat is eligible for copyright protection.

Now suppose there is no long brass rod; instead the cat sits in the middle of the base and the wires run up through the cat to the bulbs. The cat is not physically separate from the lamp, as the reality of the lamp’s construction is such that an effort to physically separate the cat and lamp will destroy both cat and lamp. The two are integrated into a single functional object, like the similar configuration of the ballet dancer statuettes that formed the lamp bases at issue in *Mazer v. Stein*, 347 U.S. 201, 74 S.Ct. 460, 98 L.Ed. 630 (1954). But we can easily imagine the cat on its own, as did Congress when conceptualizing the ballet dancer. See H.R. Rep., at 55 (the statuette in *Mazer* was “incorporated into a product without losing its ability to exist independently as a work of art”). In doing so, we do not create a mental picture of a lamp (or, in the Court’s words, a “replica” of the lamp), which is a useful article. We simply perceive the cat separately, as a small cat figurine that could be a copyrightable design work standing alone that does not replicate the lamp. Hence the cat is *conceptually separate* from the utilitarian article that is the lamp. The pair of lamps pictured at Figures 1 and 2 in the Appendix to this opinion illustrate this principle.

Case law, particularly case law that Congress and the Copyright Office have considered, reflects the same approach. Congress cited examples of copyrightable design works, including “a carving on the back of a chair” and “a floral relief design on silver flatware.” H.R. Rep., at 55. Copyright Office guidance on copyrightable designs in useful articles include “an engraving on a vase,” “[a]rtwork

printed on a t-shirt,” “[a] colorful pattern decorating the surface of a shopping bag,” “[a] drawing on the surface of wallpaper,” and “[a] floral relief decorating the handle of a spoon.” Compendium § 924.2(B). Courts have found copyrightable matter in a plaster ballet dancer statuette encasing the lamp’s electric cords and forming its base, see *Mazer, supra*, as well as carvings engraved onto furniture, see *Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc.*, 618 F.3d 417, 431–435 (C.A.4 2010) (*per curiam*), and designs on laminated floor tiles, see *Home Legend, LLC v. Mannington Mills, Inc.*, 784 F.3d 1404, 1412–1413 (C.A.11 2015). See generally Brief for Intellectual Property Professors as *Amici Curiae*.

By way of contrast, Van Gogh’s painting of a pair of old shoes, though beautifully executed and copyrightable as a painting, would not qualify for a shoe design copyright. See Appendix, fig. 3, *infra*; 17 U.S.C. §§ 113(a)–(b). Courts have similarly denied copyright protection to objects that begin as three-dimensional designs, such as measuring spoons shaped like heart-tipped arrows, *Bonazoli v. R.S.V.P. Int’l, Inc.*, 353 F.Supp.2d 218, 226–227 (D.R.I.2005); candleholders shaped like sailboats, *Design Ideas, Ltd. v. Yankee Candle Co.*, 889 F.Supp.2d 1119, 1128 (C.D.Ill.2012); and wire spokes on a wheel cover, *Norris Industries, Inc. v. International Tel. & Tel. Corp.*, 696 F.2d 918, 922–924 (C.A.11 1983). None of these designs could qualify for copyright protection that would prevent others from selling spoons, candleholders, or wheel covers with the same design. Why not? Because in each case the design is not separable from the utilitarian aspects of the object to which it relates. The designs cannot be physically separated because they themselves make up the shape of the spoon, candleholders, or wheel covers of which they are a part. And spoons, candleholders, and wheel covers are useful objects, as are the old shoes depicted in Van Gogh’s painting. More importantly, one cannot easily imagine or otherwise conceptualize the design of the spoons or the candleholders or the shoes *without that picture, or image, or replica being a picture of spoons, or candleholders, or wheel covers, or shoes*. The designs necessarily bring along the underlying utilitarian object. Hence each design is not conceptually separable from the physical useful object.

The upshot is that one could copyright the floral design on a soup spoon but one could not copyright the shape of the spoon itself, no matter how beautiful, artistic, or esthetically pleasing that shape might be: A picture of the shape of the spoon is also a picture of a spoon; the picture of a floral design is not. See Compendium § 924.2(B).

To repeat: A separable design feature must be “capable of existing independently” of the useful article as a separate artistic work that is not itself the useful article. If the claimed feature could be extracted without replicating the useful article of which it is a part, and the result would be a copyrightable artistic work standing alone, then there is a separable design. But if extracting the claimed features would necessarily bring along the underlying useful article, the design is not separable from the useful article. In many or most cases, to decide whether a design or artistic feature of a useful article is conceptually separate from the article itself, it is enough to imagine the feature on its own and ask, “Have I created a picture of a (useful part of a) useful article?” If so, the design is not separable from the useful article. If not, it is.

In referring to imagined pictures and the like, I am not speaking technically. I am simply trying to explain an intuitive idea of what separation is about, as well as how I understand the majority’s opinion. So understood, the opinion puts design copyrights in their rightful place. The law has long recognized that drawings or photographs of real world objects are copyrightable as drawings or photographs, but the copyright does not give protection against others making the underlying useful objects. See, *e.g.*, *Burrow–Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 4 S.Ct. 279, 28 L.Ed. 349 (1884). That is why a copyright on Van Gogh’s painting would prevent others from reproducing that painting,

but it would not prevent others from reproducing and selling the comfortable old shoes that the painting depicts. Indeed, the purpose of § 113(b) was to ensure that “ ‘copyright in a pictorial, graphic, or sculptural work, portraying a useful article as such, does not extend to the manufacture of the useful article itself.’ ” H.R. Rep., at 105.

II

To ask this kind of simple question—does the design picture the useful article?—will not provide an answer in every case, for there will be cases where it is difficult to say whether a picture of the design is, or is not, also a picture of the useful article. But the question will avoid courts focusing primarily upon what I believe is an unhelpful feature of the inquiry, namely, whether the design can be imagined as a “two- or three-dimensional work of art.” *Ante*, at 1007, 1015 – 1016. That is because virtually any industrial design can be thought of separately as a “work of art”: Just imagine a frame surrounding the design, or its being placed in a gallery. Consider Marcel Duchamp’s “readymades” series, the functional mass-produced objects he designated as art. See Appendix, fig. 4, *infra*. What is there in the world that, viewed through an esthetic lens, cannot be seen as a good, bad, or indifferent work of art? What design features could not be imaginatively reproduced on a painter’s canvas? Indeed, great industrial design may well include design that is inseparable from the useful article—where, as Frank Lloyd Wright put it, “form and function are one.” F. Wright, *An Autobiography* 146 (1943) (reprint 2005). Where they are one, the designer may be able to obtain 15 years of protection through a design patent. 35 U.S.C. §§ 171, 173; see also McKenna & Strandburg, *Progress and Competition in Design*, 17 *Stan. Tech. L. Rev.* 1, 48–51 (2013). But, if they are one, Congress did not intend a century or more of copyright protection.

III

The conceptual approach that I have described reflects Congress’ answer to a problem that is primarily practical and economic. Years ago Lord Macaulay drew attention to the problem when he described copyright in books as a “tax on readers for the purpose of giving a bounty to writers.” 56 *Parl. Deb. (3d Ser.)* (1841) 341, 350. He called attention to the main benefit of copyright protection, which is to provide an incentive to produce copyrightable works and thereby “promote the Progress of Science and useful Arts.” U.S. Const. Art. I, § 8, cl. 8. But Macaulay also made clear that copyright protection imposes costs. Those costs include the higher prices that can accompany the grant of a copyright monopoly. They also can include (for those wishing to display, sell, or perform a design, film, work of art, or piece of music, for example) the costs of discovering whether there are previous copyrights, of contacting copyright holders, and of securing permission to copy. *Eldred v. Ashcroft*, 537 U.S. 186, 248–252, 123 S.Ct. 769, 154 L.Ed.2d 683 (2003) (BREYER, J., dissenting). Sometimes, as Thomas Jefferson wrote to James Madison, costs can outweigh “the benefit even of limited monopolies.” Letter from Thomas Jefferson to James Madison (July 31, 1788), in 13 *Papers of Thomas Jefferson* 443 (J. Boyd ed. 1956) (Jefferson Letter). And that is particularly true in light of the fact that Congress has extended the “limited Times” of protection, U.S. Const. Art. I, § 8, cl. 8, from the “14 years” of Jefferson’s day to potentially more than a century today. Jefferson Letter 443; see also *Eldred, supra*, at 246–252, 123 S.Ct. 769 (opinion of BREYER, J.).

The Constitution grants Congress primary responsibility for assessing comparative costs and benefits and drawing copyright’s statutory lines. Courts must respect those lines and not grant copyright protection where Congress has decided not to do so. And it is clear that Congress has not extended broad copyright protection to the fashion design industry. See, *e.g.*, 1 *Nimmer* § 2A.08[H][3][c]

(describing how Congress rejected proposals for fashion design protection within the 1976 Act and has rejected every proposed bill to this effect since then); *Esquire, Inc. v. Ringer*, 591 F.2d 796, 800, n. 12 (C.A.D.C.1978) (observing that at the time of the 1976 Copyright Act, Congress had rejected every one of the approximately 70 design protection bills that had been introduced since 1914); e.g., H.R. 5055, 109th Cong., 2d Sess.: “To Amend title 17, United States Code, to provide protection for fashion design” (introduced Mar. 30, 2006; unenacted). Congress has left “statutory ... protection ... largely unavailable for dress designs.” 1 Nimmer § 2A.08[H][3] [a]; Raustiala & Sprigman, *The Piracy Paradox: Innovation and Intellectual Property in Fashion Design*, 92 Va. L.Rev. 1687, 1698–1705 (2006).

Congress’ decision not to grant full copyright protection to the fashion industry has not left the industry without protection. Patent design protection is available. 35 U.S.C. §§ 171, 173. A maker of clothing can obtain trademark protection under the Lanham Act for signature features of the clothing. 15 U.S.C. § 1051 *et seq.* And a designer who creates an original textile design can receive copyright protection for that pattern as placed, for example, on a bolt of cloth, or anything made with that cloth. E.g., Compendium § 924.3(A)(1). “[T]his [type of] claim ... is generally made by the fabric producer rather than the garment or costume designer,” and is “ordinarily made when the two-dimensional design is applied to the textile fabric and before the garment is cut from the fabric.” 56 Fed.Reg. 56531 (1991).

The fashion industry has thrived against this backdrop, and designers have contributed immeasurably to artistic and personal self-expression through clothing. But a decision by this Court to grant protection to the design of a garment would grant the designer protection that Congress refused to provide. It would risk increased prices and unforeseeable disruption in the clothing industry, which in the United States alone encompasses nearly \$370 billion in annual spending and 1.8 million jobs. Brief for Council of Fashion Designers of America, Inc., as *Amicus Curiae* 3–4 (citing U.S. Congress, Joint Economic Committee, *The New Economy of Fashion* 1 (2016)). That is why I believe it important to emphasize those parts of the Court’s opinion that limit the scope of its interpretation. That language, as I have said, makes clear that one may not “claim a copyright in a useful article merely by creating a replica of that article in some other medium,” which “would not give rise to any rights in the useful article that inspired it.” *Ante*, at 1010.

IV

If we ask the “separateness” question correctly, the answer here is not difficult to find. The majority’s opinion, in its appendix, depicts the cheerleader dress designs that Varsity submitted to the Copyright Office. Can the design features in Varsity’s pictures exist separately from the utilitarian aspects of a dress? Can we extract those features as copyrightable design works standing alone, without bringing along, via picture or design, the dresses of which they constitute a part?

Consider designs 074, 078, and 0815. They certainly look like cheerleader uniforms. That is to say, they look like pictures of cheerleader uniforms, just like Van Gogh’s old shoes look like shoes. I do not see how one could see them otherwise. Designs 299A and 2999B present slightly closer questions. They omit some of the dresslike context that the other designs possess. But the necklines, the sleeves, and the cut of the skirt suggest that they too are pictures of dresses. Looking at all five of Varsity’s pictures, I do not see how one could conceptualize the design features in a way that does not picture, not just artistic designs, but dresses as well.

Were I to accept the majority’s invitation to “imaginatively remov[e]” the chevrons and stripes as

they are arranged on the neckline, waistline, sleeves, and skirt of each uniform, and apply them on a “painter’s canvas,” *ante*, at 1011 – 1012, that painting would be of a cheerleader’s dress. The esthetic elements on which Varsity seeks protection exist only as part of the uniform design—there is nothing to separate out but for dress-shaped lines that replicate the cut and style of the uniforms. Hence, each design is not physically separate, nor is it conceptually separate, from the useful article it depicts, namely, a cheerleader’s dress. They cannot be copyrighted.

Varsity, of course, could have sought a design patent for its designs. Or, it could have sought a copyright on a textile design, even one with a similar theme of chevrons and lines.

But that is not the nature of Varsity’s copyright claim. It has instead claimed ownership of the particular “‘treatment and arrangement’” of the chevrons and lines of the design as they appear at the neckline, waist, skirt, sleeves, and overall cut of each uniform. Brief for Respondents 50. The majority imagines that Varsity submitted something different—that is, only the surface decorations of chevrons and stripes, as in a textile design. As the majority sees it, Varsity’s copyright claim would be the same had it submitted a plain rectangular space depicting chevrons and stripes, like swaths from a bolt of fabric. But considered on their own, the simple stripes are plainly unoriginal. Varsity, then, seeks to do indirectly what it cannot do directly: bring along the design and cut of the dresses by seeking to protect surface decorations whose “treatment and arrangement” are *coextensive with that design and cut*. As Varsity would have it, it would prevent its competitors from making useful three-dimensional cheerleader uniforms by submitting plainly unoriginal chevrons and stripes as cut and arranged on a useful article. But with that cut and arrangement, the resulting pictures on which Varsity seeks protection do not simply depict designs. They depict clothing. They depict the useful articles of which the designs are inextricable parts. And Varsity cannot obtain copyright protection that would give them the power to prevent others from making those useful uniforms, any more than Van Gogh can copyright comfortable old shoes by painting their likeness.

I fear that, in looking past the three-dimensional design inherent in Varsity’s claim by treating it as if it were no more than a design for a bolt of cloth, the majority has lost sight of its own important limiting principle. One may not “claim a copyright in a useful article merely by creating a replica of that article in some other medium,” such as in a picture. *Ante*, at 1010. That is to say, one cannot obtain a copyright that would give its holder “any rights in the useful article that inspired it.” *Ante*, at 1010.

With respect, I dissent.

[1] We do not today hold that the surface decorations are copyrightable. We express no opinion on whether these works are sufficiently original to qualify for copyright protection, see *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 358–359, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991), or on whether any other prerequisite of a valid copyright has been satisfied.

[2] The dissent suggests that our test would lead to the copyrighting of shovels. *Post*, at 1020; Appendix to opinion of BREYER, J., fig. 4, *post*. But a shovel, like a cheerleading uniform, even if displayed in an art gallery, is “an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.” 17 U.S.C. § 101. It therefore cannot be copyrighted. A drawing of a shovel could, of course, be copyrighted. And, if the shovel included any artistic features that could be perceived as art apart from the shovel, and which would qualify as protectable pictorial, graphic, or sculptural works on their own or in another medium, they too could be copyrighted. But a shovel as a shovel cannot.

[3] Courts “have struggled mightily to formulate a test” for the separability analysis. 799 F.3d 468, 484 (C.A.6 2015); see 2 W. Patry, *Copyright* § 3:136, p. 3–420 (2016) (noting “widespread interpretative disarray” over the separability test); Ginsburg, “Courts Have Twisted Themselves into Knots”: U.S. Copyright Protection for Applied Art, 40 *Colum. J.L. & Arts* 1, 2 (2016) (“The ‘separability’ test ... has resisted coherent application...”); 1 M. Nimmer & D. Nimmer, *Copyright* § 2A.08[B] [6], p. 2A–84 (2016) (separability is a “perennially tangled aspect of copyright doctrine”).

[4] Like the Court, I express no opinion on whether the designs otherwise meet the requirements for copyrightable subject matter. See *ante*, at 1012, n. 1; 17 U.S.C. § 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.”). In view of the dissent’s assertion that Varsity’s designs are “plainly unoriginal,” *post*, at 1036, however, I note this Court’s recognition that “the requisite level of creativity [for copyrightability] is extremely low; even a slight amount will suffice,” *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 345, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991); see *Atari Games Corp. v. Oman*, 979 F.2d 242 (C.A.D.C.1992).

[5] That Varsity’s designs can be placed on jackets or T-shirts without replicating a cheerleader’s uniform supports their qualification as fabric designs. The dissent acknowledges that fabric designs are copyrightable, but maintains that Varsity’s designs do not count because Varsity’s submissions depict clothing, not fabric designs. *Post*, at 1035 – 1036. But registrants claiming copyrightable designs may submit drawings or photos of those designs as they appear on useful articles. See Compendium of U.S. Copyright Office Practices § 1506 (3d ed. 2014) (“To register a copyrightable design that has been applied to the back of a useful article, such as a chair, the applicant may submit drawings of the design as it appears on the chair[.]”), online at <https://www.copyright.gov/comp3/docs/compendium.pdf> (as last visited Mar. 8, 2017). And, as noted in text, Varsity’s registration statements claimed “2-Dimensional artwork” and “fabric design (artwork).” Appendix, *infra*, at 1020 – 1023, 1025 – 1026, 1028 – 1030.

The dissent also acknowledges that artwork printed on a T-shirt is copyrightable. *Post*, at 1032. Varsity’s colored shapes and patterns can be, and indeed are, printed on T-shirts. See, e.g., App. 274. Assuming Varsity’s designs meet the other requirements for copyrightable subject matter, they would fit comfortably within the Copyright Office guidance featured by the dissent. See *post*, at 1032 (citing Compendium of U.S. Copyright Office Practices, *supra*, § 924.2(B)).

[6] The majority declines to address this route to decision because, it says, Varsity has not advanced it. *Ante*, at 1009 – 1010. I read Varsity’s brief differently. See Brief for Respondents 25 (explaining that the Copyright Act “expressly provides that PGS designs do not lose their protection when they appear ‘in or on’ a useful article,” quoting § 113(a)); *id.*, at 52 (disclaiming the need for separability analysis because the designs are themselves PGS works).

19. WHAT A TRADEMARK IS AND DISTINCTIVENESS

Learning Objectives: Unit 19

Upon completion of this unit, you should be able to:

- Explain what a trademark is.
- Explain policy issues relating to trademarks, both positive and negative.
- Analyze whether a given subject matter can be a trademark.
- Explain the requirement of distinctiveness.
- Explain the policies underlying the legal requirement of distinctiveness.
- Analyze the distinctiveness of a given mark.

Although the federal agency is called the United States *Patent and Trademark* Office, patents and trademarks have relatively little in common when it comes to substantive law. One (patents) is exclusively federal; the other (trademarks) was historically rooted in state law and today exists in a dual-authority regime. Patent law is relatively uniform due to the consolidation of appellate decisionmaking in a single court; trademark law exhibits substantial diversity on some issues due, in part, to the fragmentation of appellate decisionmaking. Patents relate to technological development; trademarks involve source identification. Patent rights can only be obtained by filing for and obtaining an issued patent; trademark rights flow from use as a mark. While registration can strengthen trademark rights, registration alone does not provide trademark rights.

With this in mind, it may be useful to forget, for the next few weeks at least, all the substantive law you have learned so far in this course.

THE CONCEPT OF A TRADEMARK

We will begin our discussion of trademarks by examining the nature and function of a trademark. The first case is the classic *Qualitex v. Jacobson* (1995). Qualitex used a particular green-gold color on the dry cleaning pads that it manufactures and sells to dry cleaning business. It claimed trademark rights in the green-gold color and brought suit against Jacobson, a competitor who was selling pads with a similar color. Jacobson contended that color alone cannot serve as a trademark.

After you have read *Qualitex*, go on to the next section: Distinctiveness.

15 U.S.C. §1127. Construction and definitions; intent of chapter (2006)

...

The term “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 in 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

READING WITH PURPOSE

As you read *Qualitex*, ask yourself the following questions:

- What is a trademark?
- What is the purpose of a trademark?
- What rights does a trademark owner have?
- What concerns does granting rights to a trademark owner present?
- After *Qualitex*, is there anything that cannot serve as a trademark?
- What limits are there on the use of color as a trademark?
- Following this decision, will *Qualitex* be able to prevent a clothing manufacturer from selling shirts that are the same green-gold color?

Qualitex v. Jacobson Products

514 U.S. 159 (1995)

JUSTICE BREYER, delivered the opinion of the Court.

The question in this case is whether the Trademark Act of 1946 (Lanham Act), 15 U. S. C. §§ 1051-1127 (1988 ed. and Supp. V), permits the registration of a trademark that consists, purely and simply, of a color. We conclude that, sometimes, a color will meet ordinary legal trademark requirements. And, when it does so, no special legal rule prevents color alone from serving as a trademark.

I

The case before us grows out of petitioner *Qualitex Company's* use (since the 1950's) of a special shade of green-gold color on the pads that it makes and sells to dry cleaning firms for use on dry cleaning presses. In 1989, respondent *Jacobson Products* (a *Qualitex* rival) began to sell its own press pads to dry cleaning firms; and it colored those pads a similar green gold. In 1991, *Qualitex* registered the special greengold color on press pads with the Patent and Trademark Office as a trademark. Registration No. 1,633,711 (Feb. 5, 1991). *Qualitex* subsequently added a trademark infringement count, 15 U. S. C. § 1114(1), to an unfair competition claim, § 1125(a), in a lawsuit it had already filed challenging *Jacobson's* use of the green-gold color.

Qualitex won the lawsuit in the District Court. 21 U. S. P. Q. 2d 1457 (CD Cal. 1991). But, the

Court of Appeals for the Ninth Circuit set aside the judgment in Qualitex's favor on the trademark infringement claim because, in that Circuit's view, the Lanham Act does not permit Qualitex, or anyone else, to register "color alone" as a trademark. 13 F. 3d 1297, 1300, 1302 (1994).

The Courts of Appeals have differed as to whether or not the law recognizes the use of color alone as a trademark. Compare *NutraSweet Co. v. Stadt Corp.*, 917 F. 2d 1024, 1028 (CA7 1990) (absolute prohibition against protection of color alone), with *In re Owens-Corning Fiberglas Corp.*, 774 F. 2d 1116, 1128 (CA Fed. 1985) (allowing registration of color pink for fiberglass insulation), and *Master Distributors, Inc. v. Pako Corp.*, 986 F. 2d 219, 224 (CA8 1993) (declining to establish *per se* prohibition against protecting color alone as a trademark). Therefore, this Court granted certiorari. 512 U. S. 1287 (1994). We now hold that there is no rule absolutely barring the use of color alone, and we reverse the judgment of the Ninth Circuit.

II

The Lanham Act gives a seller or producer the exclusive right to "register" a trademark, 15 U. S. C. § 1052 (1988 ed. and Supp. V), and to prevent his or her competitors from using that trademark, § 1114(1). Both the language of the Act and the basic underlying principles of trademark law would seem to include color within the universe of things that can qualify as a trademark. The language of the Lanham Act describes that universe in the broadest of terms. It says that trademarks "includ[e] any word, name, symbol, or device, or any combination thereof." § 1127. Since human beings might use as a "symbol" or "device" almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive. The courts and the Patent and Trademark Office have authorized for use as a mark a particular shape (of a Coca-Cola bottle), a particular sound (of NBC's three chimes), and even a particular scent (of plumeria blossoms on sewing thread). See, e. g., Registration No. 696,147 (Apr. 12, 1960); Registration Nos. 523,616 (Apr. 4, 1950) and 916,522 (July 13, 1971); *In re Clarke*, 17 U. S. P. Q. 2d 1238, 1240 (TTAB 1990). If a shape, a sound, and a fragrance can act as symbols why, one might ask, can a color not do the same?

A color is also capable of satisfying the more important part of the statutory definition of a trademark, which requires that a person "us[e]" or "inten[d] to use" the mark

"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." 15 U. S. C. § 1127.

True, a product's color is unlike "fanciful," "arbitrary," or "suggestive" words or designs, which almost *automatically* tell a customer that they refer to a brand. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9-10 (CA2 1976) (Friendly, J.); see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U. S. 763, 768 (1992). The imaginary word "Suntost," or the words "Suntost Marmalade," on a jar of orange jam immediately would signal a brand or a product "source"; the jam's orange color does not do so. But, over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm's insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have come to identify and distinguish the goods—i. e., "to indicate" their "source"—much in the way that descriptive words on a product (say, "Trim" on nail clippers or "Car-Freshner" on deodorizer) can come to indicate a product's origin. See, e. g., *J. Wiss & Sons Co. v. W. E. Bassett Co.*, 59 C. C. P. A. 1269, 1271 (Pat.), 462 F. 2d 567, 569 (1972); *Car-Freshner Corp. v. Turtle Wax, Inc.*, 268 F. Supp. 162, 164 (SDNY 1967). In this circumstance,

trademark law says that the word (*e. g.*, “Trim”), although not inherently distinctive, has developed “secondary meaning.” See *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 851, n. 11 (1982) (“[S]econdary meaning” is acquired when “in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself”). Again, one might ask, if trademark law permits a descriptive word with secondary meaning to act as a mark, why would it not permit a color, under similar circumstances, to do the same?

We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark, where that color has attained “secondary meaning” and therefore identifies and distinguishes a particular brand (and thus indicates its “source”). In principle, trademark law, by preventing others from copying a source identifying mark, “reduce[s] the customer’s costs of shopping and making purchasing decisions,” 1 J. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 2.01[2], p. 2-3 (3d ed. 1994) (hereinafter McCarthy), for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product. The law thereby “encourage[s] the production of quality products,” *ibid.*, and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer’s inability quickly to evaluate the quality of an item offered for sale. See, *e. g.*, 3 L. Altman, *Callmann on Unfair Competition, Trademarks and Monopolies* § 17.03 (4th ed. 1983); Landes & Posner, *The Economics of Trademark Law*, 78 T. M. Rep. 267, 271-272 (1988); *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U. S. 189, 198 (1985); S. Rep. No. 100— 515, p. 4 (1988). It is the source-distinguishing ability of a mark—not its ontological status as color, shape, fragrance, word, or sign—that permits it to serve these basic purposes. See Landes & Posner, *Trademark Law: An Economic Perspective*, 30 J. Law & Econ. 265, 290 (1987). And, for that reason, it is difficult to find, in basic trademark objectives, a reason to disqualify absolutely the use of a color as a mark.

Neither can we find a principled objection to the use of color as a mark in the important “functionality” doctrine of trademark law. The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm’s reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U. S. C. §§ 154, 173, after which competitors are free to use the innovation. If a product’s functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). See *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 119-120 (1938) (Brandeis, J.); *Inwood Laboratories, Inc.*, *supra*, at 863 (White, J., concurring in result) (“A functional characteristic is ‘an important ingredient in the commercial success of the product,’ and, after expiration of a patent, it is no more the property of the originator than the product itself”) (citation omitted). Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition—not by protecting the reputation of the original bulb maker, but by frustrating competitors’ legitimate efforts to produce an equivalent illumination-enhancing bulb. See, *e. g.*, *Kellogg Co.*, *supra*, at 119-120 (trademark law cannot be used to extend monopoly over “pillow” shape of shredded wheat biscuit after the patent for that shape had expired). This Court consequently has explained that, “[i]n general

terms, a product feature is functional,” and cannot serve as a trademark, “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,” that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage. *Inwood Laboratories, Inc.*, *supra*, at 850, n. 10. Although sometimes color plays an important role (unrelated to source identification) in making a product more desirable, sometimes it does not. And, this latter fact—the fact that sometimes color is not essential to a product’s use or purpose and does not affect cost or quality—indicates that the doctrine of “functionality” does not create an absolute bar to the use of color alone as a mark. See *Owens-Corning*, 774 F. 2d, at 1123 (pink color of insulation in wall “performs no non-trademark function”).

It would seem, then, that color alone, at least sometimes, can meet the basic legal requirements for use as a trademark. It can act as a symbol that distinguishes a firm’s goods and identifies their source, without serving any other significant function. See U. S. Dept. of Commerce, Patent and Trademark Office, Trademark Manual of Examining Procedure § 1202.04(e), p. 1202-13 (2d ed. May, 1993) (hereinafter PTO Manual) (approving trademark registration of color alone where it “has become distinctive of the applicant’s goods in commerce,” provided that “there is [no] competitive need for colors to remain available in the industry” and the color is not “functional”); see also 1 McCarthy §§ 3.01[1], 7.26, pp. 3-2, 7-113 (“requirements for qualification of a word or symbol as a trademark” are that it be (1) a “symbol,” (2) “use[d] . . . as a mark,” (3) “to identify and distinguish the seller’s goods from goods made or sold by others,” but that it not be “functional”). Indeed, the District Court, in this case, entered findings (accepted by the Ninth Circuit) that show Qualitex’s green-gold press pad color has met these requirements. The green-gold color acts as a symbol. Having developed secondary meaning (for customers identified the green-gold color as Qualitex’s), it identifies the press pads’ source. And, the green-gold color serves no other function. (Although it is important to use *some* color on press pads to avoid noticeable stains, the court found “no competitive need in the press pad industry for the green-gold color, since other colors are equally usable.” 21 U. S. P. Q. 2d, at 1460.) Accordingly, unless there is some special reason that convincingly militates against the use of color alone as a trademark, trademark law would protect Qualitex’s use of the green-gold color on its press pads.

III

Respondent Jacobson Products says that there are four special reasons why the law should forbid the use of color alone as a trademark. We shall explain, in turn, why we, ultimately, find them unpersuasive.

First, Jacobson says that, if the law permits the use of color as a trademark, it will produce uncertainty and unresolvable court disputes about what shades of a color a competitor may lawfully use. Because lighting (morning sun, twilight mist) will affect perceptions of protected color, competitors and courts will suffer from “shade confusion” as they try to decide whether use of a similar color on a similar product does, or does not, confuse customers and thereby infringe a trademark. Jacobson adds that the “shade confusion” problem is “more difficult” and “far different from” the “determination of the similarity of words or symbols.” Brief for Respondent 22.

We do not believe, however, that color, in this respect, is special. Courts traditionally decide quite difficult questions about whether two words or phrases or symbols are sufficiently similar, in context, to confuse buyers. They have had to compare, for example, such words as “Bonamine” and “Dramamine” (motion-sickness remedies); “Huggies” and “Dougies” (diapers); “Cheracol” and “Syrocol” (cough syrup); “Cyclone” and “Tornado” (wire fences); and “Mattres” and “1-800—Mattres”

(mattress franchisor telephone numbers). See, e. g., *G. D. Searle & Co. v. Chas. Pfizer & Co.*, 265 F. 2d 385, 389 (CA7 1959); *Kimberly-Clark Corp. v. H. Douglas Enterprises, Ltd.*, 774 F. 2d 1144, 1146-1147 (CA Fed. 1985); *Upjohn Co. v. Schwartz*, 246 F. 2d 254, 262 (CA2 1957); *Hancock v. American Steel & Wire Co. of N. J.*, 40 C. C. P. A. (Pat.) 931, 935, 203 F. 2d 737, 740-741 (1953); *Dial-A-Mattress Franchise Corp. v. Page*, 880 F. 2d 675, 678 (CA2 1989). Legal standards exist to guide courts in making such comparisons. See, e. g., 2 McCarthy § 15.08; 1 McCarthy §§ 11.24-11.25 (“[S]trong” marks, with greater secondary meaning, receive broader protection than “weak” marks). We do not see why courts could not apply those standards to a color, replicating, if necessary, lighting conditions under which a colored product is normally sold. See Ebert, *Trademark Protection in Color: Do It By the Numbers!*, 84 T. M. Rep. 379, 405 (1994). Indeed, courts already have done so in cases where a trademark consists of a color plus a design, i. e., a colored symbol such as a gold stripe (around a sewer pipe), a yellow strand of wire rope, or a “brilliant yellow” band (on ampules). See, e. g., *Youngstown Sheet & Tube Co. v. Tallman Conduit Co.*, 149 U. S. P. Q. 656, 657 (TTAB 1966); *Amstead Industries, Inc. v. West Coast Wire Rope & Rigging Inc.*, 2 U. S. P. Q. 2d 1755, 1760 (TTAB 1987); *In re Hodes-Lange Corp.*, 167 U. S. P. Q. 255, 256 (TTAB 1970).

Second, Jacobson argues, as have others, that colors are in limited supply. See, e. g., *NutraSweet Co.*, 917 F. 2d, at 1028; *Campbell Soup Co. v. Armour & Co.*, 175 F. 2d 795, 798 (CA3 1949). Jacobson claims that, if one of many competitors can appropriate a particular color for use as a trademark, and each competitor then tries to do the same, the supply of colors will soon be depleted. Put in its strongest form, this argument would concede that “[h]undreds of color pigments are manufactured and thousands of colors can be obtained by mixing.” L. Cheskin, *Colors: What They Can Do For You* 47 (1947). But, it would add that, in the context of a particular product, only some colors are usable. By the time one discards colors that, say, for reasons of customer appeal, are not usable, and adds the shades that competitors cannot use lest they risk infringing a similar, registered shade, then one is left with only a handful of possible colors. And, under these circumstances, to permit one, or a few, producers to use colors as trademarks will “deplete” the supply of usable colors to the point where a competitor’s inability to find a suitable color will put that competitor at a significant disadvantage.

This argument is unpersuasive, however, largely because it relies on an occasional problem to justify a blanket prohibition. When a color serves as a mark, normally alternative colors will likely be available for similar use by others. See, e. g., *Owens-Corning*, 774 F. 2d, at 1121 (pink insulation). Moreover, if that is not so—if a “color depletion” or “color scarcity” problem does arise—the trademark doctrine of “functionality” normally would seem available to prevent the anti-competitive consequences that Jacobson’s argument posits, thereby minimizing that argument’s practical force.

The functionality doctrine, as we have said, forbids the use of a product’s feature as a trademark where doing so will put a competitor at a significant disadvantage because the feature is “essential to the use or purpose of the article” or “affects [its] cost or quality.” *Inwood Laboratories, Inc.*, 456 U. S., at 850, n. 10. The functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features. For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (e. g., a type of blood medicine) in addition to its source. See *id.*, at 853, 858, n. 20 (“[S]ome patients commingle medications in a container and rely on color to differentiate one from another”); see also J. Ginsburg, D. Goldberg, & A. Greenbaum, *Trademark and Unfair Competition Law* 194-195 (1991) (noting that drug color cases “have more to do with public health policy” regarding generic drug substitution “than with trademark law”). And, the federal courts

have demonstrated that they can apply this doctrine in a careful and reasoned manner, with sensitivity to the effect on competition. Although we need not comment on the merits of specific cases, we note that lower courts have permitted competitors to copy the green color of farm machinery (because customers wanted their farm equipment to match) and have barred the use of black as a trademark on outboard boat motors (because black has the special functional attributes of decreasing the apparent size of the motor and ensuring compatibility with many different boat colors). See *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 98 (SD Iowa 1982), *aff'd*, 721 F. 2d 253 (CA8 1983); *Brunswick Corp. v. British Seagull Ltd.*, 35 F. 3d 1527, 1532 (CA Fed. 1994), cert. pending, No. 94-1075; see also *Nor-Am Chemical v. O. M. Scott & Sons Co.*, 4 U. S. P. Q. 2d 1316, 1320 (ED Pa. 1987) (blue color of fertilizer held functional because it indicated the presence of nitrogen). The Restatement (Third) of Unfair Competition adds that, if a design's "aesthetic value" lies in its ability to "confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs," then the design is "functional." Restatement (Third) of Unfair Competition § 17, Comment c, pp. 175-176 (1993). The "ultimate test of aesthetic functionality," it explains, "is whether the recognition of trademark rights would significantly hinder competition." *Id.*, at 176.

The upshot is that, where a color serves a significant nontrademark function—whether to distinguish a heart pill from a digestive medicine or to satisfy the "noble instinct for giving the right touch of beauty to common and necessary things," G. Chesterton, *Simplicity and Tolstoy* 61 (1912)—courts will examine whether its use as a mark would permit one competitor (or a group) to interfere with legitimate (nontrademark-related) competition through actual or potential exclusive use of an important product ingredient. That examination should not discourage firms from creating esthetically pleasing mark designs, for it is open to their competitors to do the same. See, e. g., *W. T. Rogers Co. v. Keene*, 778 F. 2d 334, 343 (CA7 1985) (Posner, J.). But, ordinarily, it should prevent the anticompetitive consequences of Jacobson's hypothetical "color depletion" argument, when, and if, the circumstances of a particular case threaten "color depletion."

Third, Jacobson points to many older cases—including Supreme Court cases—in support of its position. In 1878, this Court described the common-law definition of trademark rather broadly to "consist of a name, symbol, figure, letter, form, or device, if adopted and used by a manufacturer or merchant in order to designate the goods he manufactures or sells to distinguish the same from those manufactured or sold by another." *McLean v. Fleming*, 96 U. S. 245, 254. Yet, in interpreting the Trademark Acts of 1881 and 1905, 21 Stat. 502, 33 Stat. 724, which retained that common-law definition, the Court questioned "[w]hether mere color can constitute a valid trade-mark," *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U. S. 166, 171 (1906), and suggested that the "product including the coloring matter is free to all who make it," *Coca-Cola Co. v. Koke Co. of America*, 254 U. S. 143, 147 (1920). Even though these statements amounted to dicta, lower courts interpreted them as forbidding protection for color alone. See, e. g., *Campbell Soup Co.*, 175 F. 2d, at 798, and n. 9; *Life Savers Corp. v. Curtiss Candy Co.*, 182 F. 2d 4, 9 (CA7 1950) (quoting *Campbell Soup*, *supra*, at 798).

These Supreme Court cases, however, interpreted trademark law as it existed *before* 1946, when Congress enacted the Lanham Act. The Lanham Act significantly changed and liberalized the common law to "dispense with mere technical prohibitions," S. Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946), most notably, by permitting trademark registration of descriptive words (say, "U-Build-It" model airplanes) where they had acquired "secondary meaning." See *Abercrombie & Fitch Co.*, 537 F. 2d, at 9 (Friendly, J.). The Lanham Act extended protection to descriptive marks by making clear that (with certain explicit exceptions not relevant here)

“nothing . . . shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce.” 15 U. S. C. § 1052(f) (1988 ed., Supp. V).

This language permits an ordinary word, normally used for a nontrademark purpose (*e. g.*, description), to act as a trademark where it has gained “secondary meaning.” Its logic would appear to apply to color as well. Indeed, in 1985, the Federal Circuit considered the significance of the Lanham Act’s changes as they related to color and held that trademark protection for color was consistent with the

“jurisprudence under the Lanham Act developed in accordance with the statutory principle that if a mark is capable of being or becoming distinctive of [the] applicant’s goods in commerce, then it is capable of serving as a trademark.” *Owens-Corning*, 774 F. 2d, at 1120.

In 1988, Congress amended the Lanham Act, revising portions of the definitional language, but left unchanged the language here relevant. § 134, 102 Stat. 3946, 15 U. S. C. § 1127. It enacted these amendments against the following background: (1) the Federal Circuit had decided *Owens-Corning*; (2) the Patent and Trademark Office had adopted a clear policy (which it still maintains) permitting registration of color as a trademark, see PTO Manual § 1202.04(e) (at p. 1200-12 of the January 1986 edition and p. 1202-13 of the May 1993 edition); and (3) the Trademark Commission had written a report, which recommended that “the terms ‘symbol, or device’ . . . not be deleted or narrowed to preclude registration of such things as a color, shape, smell, sound, or configuration which functions as a mark,” The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 T. M. Rep. 375, 421 (1987); see also 133 Cong. Rec. 32812 (1987) (statement of Sen. DeConcini) (“The bill I am introducing today is based on the Commission’s report and recommendations”). This background strongly suggests that the language “any word, name, symbol, or device,” 15 U. S. C. § 1127, had come to include color. And, when it amended the statute, Congress retained these terms. Indeed, the Senate Report accompanying the Lanham Act revision explicitly referred to this background understanding, in saying that the “revised definition intentionally retains . . . the words ‘symbol or device’ so as not to preclude the registration of colors, shapes, sounds or configurations where they function as trademarks.” S. Rep. No. 100-515, at 44. (In addition, the statute retained language providing that “[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration . . . on account of its nature” (except for certain specified reasons not relevant here). 15 U. S. C. § 1052 (1988 ed., Supp. V).)

This history undercuts the authority of the precedent on which Jacobson relies. Much of the pre-1985 case law rested on statements in Supreme Court opinions that interpreted pre-Lanham Act trademark law and were not directly related to the holdings in those cases. Moreover, we believe the Federal Circuit was right in 1985 when it found that the 1946 Lanham Act embodied crucial legal changes that liberalized the law to permit the use of color alone as a trademark (under appropriate circumstances). At a minimum, the Lanham Act’s changes left the courts free to reevaluate the preexisting legal precedent which had absolutely forbidden the use of color alone as a trademark. Finally, when Congress reenacted the terms “word, name, symbol, or device” in 1988, it did so against a legal background in which those terms had come to include color, and its statutory revision embraced that understanding.

Fourth, Jacobson argues that there is no need to permit color alone to function as a trademark because a firm already may use color as part of a trademark, say, as a colored circle or colored letter or

colored word, and may rely upon “trade dress” protection, under § 43(a) of the Lanham Act, if a competitor copies its color and thereby causes consumer confusion regarding the overall appearance of the competing products or their packaging, see 15 U. S. C. § 1125(a) (1988 ed., Supp. V). The first part of this argument begs the question. One can understand why a firm might find it difficult to place a usable symbol or word on a product (say, a large industrial bolt that customers normally see from a distance); and, in such instances, a firm might want to use color, pure and simple, instead of color as part of a design. Neither is the second portion of the argument convincing. Trademark law helps the holder of a mark in many ways that “trade dress” protection does not. See 15 U. S. C. § 1124 (ability to prevent importation of confusingly similar goods); § 1072 (constructive notice of ownership); § 1065 (incontestable status); § 1057(b) (prima facie evidence of validity and ownership). Thus, one can easily find reasons why the law might provide trademark protection in addition to trade dress protection.

IV

Having determined that a color may sometimes meet the basic legal requirements for use as a trademark and that respondent Jacobson’s arguments do not justify a special legal rule preventing color alone from serving as a trademark (and, in light of the District Court’s here undisputed findings that Qualitex’s use of the green-gold color on its press pads meets the basic trademark requirements), we conclude that the Ninth Circuit erred in barring Qualitex’s use of color as a trademark. For these reasons, the judgment of the Ninth Circuit is

Reversed.

DISTINCTIVENESS

DISTINCTIVENESS

In Part A of this chapter, you learned that anything that is capable of conveying meaning, that can distinguish goods from those sold by others, and that can indicate the source of the goods can be a trademark. Central to this analysis was a concept called *distinctiveness*: the ability of a given symbol to meet these requirements. Color, we learned, can be sufficiently distinctive—although it is not inherently so.

The second part of this chapter examines this fundamental component of a trademark. The classic case for discussions of distinctiveness is *Zatarains v. Oak Grove Smokehouse*. This case highlights two primary legal structures for analyzing distinctiveness: the inherent/acquired distinctiveness divide and the *Abercrombie* spectrum. The opinion also discusses Oak Grove's statutory fair use defense, a topic we will return to in class 33.

Although *Zatarains* involves two word-marks (FISH FRY and CHICK FRY), nonverbal symbols and logos are also frequently used as trademarks. Although the *Abercrombie* spectrum is sometimes used to analyze the distinctiveness of these marks, other frameworks are also employed. The most common comes from *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977). I describe this test in the video lecture.

READING WITH PURPOSE

As you read *Zatarains*, ask yourself the following questions:

- What is “distinctiveness” in trademark law?
- What are the policies that underlie the requirement of distinctiveness?
- How is distinctiveness analyzed?
- How would you analyze the distinctiveness of the following marks:
 - The color red on the entire exterior surface of a telephone;
 - GLOW for women’s perfume;
 - A folded grape leaf for wine;
 - LA PLAYA TAQUERIA for a Mexican fast-food restaurant located near the beach;
 - A bee and the word “BEE” for lip balm made with beeswax;
 - A picture of the Mona Lisa for a movie production company.

Zatarains, Inc. v. Oak Grove Smokehouse, Inc.

698 F.2d 786 (5th Cir. 1983)

GOLDBERG, Circuit Judge:

This appeal of a trademark dispute presents us with a menu of edible delights sure to tempt connoisseurs of fish and fowl alike. At issue is the alleged infringement of two trademarks, “Fish-Fri” and “Chick-Fri,” held by appellant Zatarain’s, Inc. (“Zatarain’s”). The district court held that the alleged infringers had a “fair use” defense to any asserted infringement of the term “Fish-Fri” and that the registration of the term “Chick-Fri” should be cancelled. We affirm.

1. Facts and Proceedings Below

2. The Tale of the Town Frier

Zatarain’s is the manufacturer and distributor of a line of over one hundred food products. Two of these products, “Fish-Fri” and “Chick-Fri,” are coatings or batter mixes used to fry foods. These marks serve as the entree in the present litigation.

Zatarain’s “Fish-Fri” consists of 100% corn flour and is used to fry fish and other seafood. “Fish-Fri” is packaged in rectangular cardboard boxes containing twelve or twenty-four ounces of coating

mix. The legend “Wonderful FISH-FRI ®” is displayed prominently on the front panel, along with the block Z used to identify all Zatarain’s products. The term “Fish-Fri” has been used by Zatarain’s or its predecessor since 1950 and has been registered as a trademark since 1962.

Zatarain’s “Chick-Fri” is a seasoned corn flour batter mix used for frying chicken and other foods. The “Chick-Fri” package, which is very similar to that used for “Fish-Fri,” is a rectangular cardboard container labelled “Wonderful CHICK-FRI.” Zatarain’s began to use the term “Chick-Fri” in 1968 and registered the term as a trademark in 1976.

Zatarain’s products are not alone in the marketplace. At least four other companies market coatings for fried foods that are denominated “fish fry” or “chicken fry.” Two of these competing companies are the appellees here, and therein hangs this fish tale.

Appellee Oak Grove Smokehouse, Inc. (“Oak Grove”) began marketing a “fish fry” and a “chicken fry” in March 1979. Both products are packaged in clear glassine packets that contain a quantity of coating mix sufficient to fry enough food for one meal. The packets are labelled with Oak Grove’s name and emblem, along with the words “FISH FRY” OR “CHICKEN FRY.” Oak Grove’s “FISH FRY” has a corn flour base seasoned with various spices; Oak Grove’s “CHICKEN FRY” is a seasoned coating with a wheat flour base.

Appellee Visko’s Fish Fry, Inc. (“Visko’s”) entered the batter mix market in March 1980 with its “fish fry.” Visko’s product is packed in a cylindrical eighteen-ounce container with a resealable plastic lid. The words “Visko’s FISH FRY” appear on the label along with a photograph of a platter of fried fish. Visko’s coating mix contains corn flour and added spices.

Other food manufacturing concerns also market coating mixes. Boochelle’s Spice Co. (“Boochelle’s”), originally a defendant in this lawsuit, at one time manufactured a seasoned “FISH FRY” packaged in twelve-ounce vinyl plastic packets. Pursuant to a settlement between Boochelle’s and Zatarain’s, Boochelle’s product is now labelled “FISH AND VEGETABLE FRY.” Another batter mix, “YOGI Brand ® OYSTER SHRIMP and FISH FRY,” is also available. Arnaud Coffee Corporation (“Arnaud”) has manufactured and marketed “YOGI Brand” for ten to twenty years, but was never made a party to this litigation.^[1] A product called “Golden Dipt Old South Fish Fry” has recently entered the market as well.

1. Out of the Frying Pan, into the Fire

Zatarain’s first claimed foul play in its original complaint filed against Oak Grove on June 19, 1979, in the United States District Court for the Eastern District of Louisiana. The complaint alleged trademark infringement and unfair competition under the Lanham Act §§ 32(1), 43(a), 15 U.S.C. §§ 1114(1), 1125(a) (1976), and La.Rev.Stat. Ann. § 51:1405(A) (West Supp.1982). Zatarain’s later amended its complaint to add Boochelle’s and Visko’s as defendants. Boochelle’s and Zatarain’s ultimately resolved their dispute, and Boochelle’s was dismissed from the suit. The remaining defendants, Oak Grove and Visko’s, filed counterclaims against Zatarain’s under the Sherman Act § 2, 15 U.S.C. § 2 (1976); the Clayton Act § 4, 15 U.S.C. § 15 (1976); La.Rev.Stat. Ann. § 51:1401 (West Supp. 1982); the Fair Packaging and Labeling Act, 15 U.S.C. §§ 1451-1461 (1976); and the Food, Drug, and Cosmetic Act § 403, 21 U.S.C. § 343 (1976). The defendants also counterclaimed for cancellation of the trademarks “Fish-Fri” and “Chick-Fri” under section 37 of the Lanham Act, 15 U.S.C. § 1119 (1976), and for damages under section 38 of the Lanham Act, 15 U.S.C. § 1120 (1976).

The case was tried to the court without a jury. Treating the trademark claims first, the district court classified the term “Fish-Fri” as a descriptive term identifying a function of the product being sold. The court found further that the term “Fish-Fri” had acquired a secondary meaning in the New Orleans geographical area and therefore was entitled to trademark protection, but concluded that the defendants were entitled to fair use of the term “fish fry” to describe characteristics of their goods. Accordingly, the court held that Oak Grove and Visko’s had not infringed Zatarain’s trademark “Fish-Fri.”

With respect to the alleged infringement of the term “Chick-Fri,” the court found that “Chick-Fri” was a descriptive term that had not acquired a secondary meaning in the minds of consumers. Consequently, the court held that Zatarain’s claim for infringement of its trademark “Chick-Fri” failed and ordered that the trademark registration of “Chick-Fri” should be cancelled.

Turning to Zatarain’s unfair competition claims, the court observed that the evidence showed no likelihood of or actual confusion on the part of the buying public. Additionally, the court noted that the dissimilarities in trade dress of Zatarain’s, Oak Grove’s, and Visko’s products diminished any possibility of buyer confusion. For these reasons, the court found no violations of federal or state unfair competition laws.

Finally, the court addressed the counterclaims asserted by Oak Grove and Visko’s. Because no evidence was introduced to support the defendants’ allegations of monopolistic behavior, fraud, and bad faith on the part of Zatarain’s, the court dismissed the federal and state antitrust and unfair trade practices counterclaims. The court also dismissed the counterclaim based on Zatarain’s allegedly improper product identity labelling. Both sides now appeal to this court.

1. Issues on Appeal

The district court found that Zatarain’s trademark “Fish-Fri” was a descriptive term with an established secondary meaning, but held that Oak Grove and Visko’s had a “fair use” defense to their asserted infringement of the mark. The court further found that Zatarain’s trademark “Chick-Fri” was a descriptive term that lacked secondary meaning, and accordingly ordered the trademark registration cancelled. Additionally, the court concluded that Zatarain’s had produced no evidence in support of its claims of unfair competition on the part of Oak Grove and Visko’s. Finally, the court dismissed Oak Grove’s and Visko’s counterclaims for antitrust violations, unfair trade practices, misbranding of food products, and miscellaneous damages.

Battered, but not fried, Zatarain’s appeals from the adverse judgment on several grounds. First, Zatarain’s argues that its trademark “Fish-Fri” is a suggestive term and therefore not subject to the “fair use” defense. Second, Zatarain’s asserts that even if the “fair use” defense is applicable in this case, appellees cannot invoke the doctrine because their use of Zatarain’s trademarks is not a good faith attempt to describe their products. Third, Zatarain’s urges that the district court erred in cancelling the trademark registration for the term “Chick-Fri” because Zatarain’s presented sufficient evidence to establish a secondary meaning for the term. For these reasons, Zatarain’s argues that the district court should be reversed.

Oak Grove and Visko’s also present an appeal to this court, contending that the district court erred in dismissing their counterclaims against Zatarain’s. In particular, Oak Grove and Visko’s again urge that Zatarain’s conduct has violated the Sherman Act, the Lanham Act, the federal regulations governing

product identity labelling, and Louisiana law prohibiting restraint of trade; Oak Grove and Visko's also pray for an award of attorneys' fees. We now turn to an appraisal of these issues.

III. The Trademark Claims

1. *Basic Principles*^[2]

2. *Classifications of Marks*

The threshold issue in any action for trademark infringement is whether the word or phrase is initially registerable or protectable. *Vision Center v. Opticks, Inc.*, 596 F.2d 111, 115 (5th Cir.1980); *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3, 10 (5th Cir. 1974). Courts and commentators have traditionally divided potential trademarks into four categories. A potential trademark may be classified as (1) generic, (2) descriptive, (3) suggestive, or (4) arbitrary or fanciful. These categories, like the tones in a spectrum, tend to blur at the edges and merge together. The labels are more advisory than definitional, more like guidelines than pigeonholes. Not surprisingly, they are somewhat difficult to articulate and to apply. *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir.1980); *Vision Center*, 596 F.2d at 115.

A *generic* term is "the name of a particular genus or class of which an individual article or service is but a member." *Vision Center*, 596 F.2d at 115; *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir.1976). A generic term connotes the "basic nature of articles or services" rather than the more individualized characteristics of a particular product. *American Heritage*, 494 F.2d at 11. Generic terms can never attain trademark protection. *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528, 44 S.Ct. 615, 616, 68 L.Ed. 1161 (1924); *Soweco*, 617 F.2d at 1183; *Vision Center*, 596 F.2d at 115. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark's registration is subject to cancellation. Lanham Act § 14, 15 U.S.C. § 1064(c) (1976). Such terms as aspirin and cellophane have been held generic and therefore unprotectable as trademarks. See *Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y.1921) (aspirin); *DuPont Cellophane Co. v. Waxed Products Co.*, 85 F.2d 75 (2d Cir.1936) (cellophane).

A *descriptive* term "identifies a characteristic or quality of an article or service," *Vision Center*, 596 F.2d at 115, such as its color, odor, function, dimensions, or ingredients. *American Heritage*, 494 F.2d at 11. Descriptive terms ordinarily are not protectable as trademarks, Lanham Act § 2(e)(1), 15 U.S.C. § 1052(e)(1) (1976); they may become valid marks, however, by acquiring a secondary meaning in the minds of the consuming public. See *id.* § 2(f), 15 U.S.C. § 1052(f). Examples of descriptive marks would include "Alo" with reference to products containing gel of the aloe vera plant, *Aloe Creme Laboratories, Inc. v. Milsan, Inc.*, 423 F.2d 845 (5th Cir.1970), and "Vision Center" in reference to a business offering optical goods and services, *Vision Center*, 596 F.2d at 117. As this court has often noted, the distinction between descriptive and generic terms is one of degree. *Soweco*, 617 F.2d at 1184; *Vision Center*, 596 F.2d at 115 n. 11 (citing 3 R. Callman, *The Law of Unfair Competition, Trademarks and Monopolies* § 70.4 (3d ed. 1969)); *American Heritage*, 494 F.2d at 11. The distinction has important practical consequences, however; while a descriptive term may be elevated to trademark status with proof of secondary meaning, a generic term may never achieve trademark protection. *Vision Center*, 596 F.2d at 115 n.11.

A *suggestive* term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services. *Soweco*, 617 F.2d at 1184; *Vision Center*, 596 F.2d at 115-16. A suggestive mark is protected without the necessity for proof of secondary meaning.

The term “Coppertone” has been held suggestive in regard to sun tanning products. *See Douglas Laboratories, Inc. v. Copper Tan, Inc.*, 210 F.2d 453 (2d Cir.1954).

Arbitrary or *fanciful* terms bear no relationship to the products or services to which they are applied. Like suggestive terms, arbitrary and fanciful marks are protectable without proof of secondary meaning. The term “Kodak” is properly classified as a fanciful term for photographic supplies, *see Eastman Kodak Co. v. Weil*, 137 Misc. 506, 243 N.Y.S. 319 (1930) (“Kodak”); “Ivory” is an arbitrary term as applied to soap. *Abercrombie & Fitch*, 537 F.2d at 9 n.6.

2. *Secondary Meaning*

As noted earlier, descriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a secondary meaning for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own “may by long use with a particular product, come to be known by the public as specifically designating that product.” *Volkswagenwerk Aktiengesellschaft v. Rickard*, 492 F.2d 474, 477 (5th Cir.1974). In order to establish a secondary meaning for a term, a plaintiff “must show that the primary significance of the term in the minds of the consuming public is not the product but the producer.” *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118, 59 S.Ct. 109, 113, 83 L.Ed. 73 (1938). The burden of proof to establish secondary meaning rests at all times with the plaintiff; this burden is not an easy one to satisfy, for “[a] high degree of proof is necessary to establish secondary meaning for a descriptive term.” *Vision Center*, 596 F.2d at 118 (quoting 3 R. Callman, *supra*, § 77.3, at 359). Proof of secondary meaning is an issue only with respect to descriptive marks; suggestive and arbitrary or fanciful marks are automatically protected upon registration, and generic terms are unprotectible even if they have acquired secondary meaning. *See Soweco*, 617 F.2d at 1185 n.20.

3. *The “Fair Use” Defense*

Even when a descriptive term has acquired a secondary meaning sufficient to warrant trademark protection, others may be entitled to use the mark without incurring liability for trademark infringement. When the allegedly infringing term is “used fairly and in good faith only to describe to users the goods or services of [a] party, or their geographic origin,” Lanham Act § 33(b)(4), 15 U.S.C. § 1115(b)(4) (1976), a defendant in a trademark infringement action may assert the “fair use” defense. The defense is available only in actions involving descriptive terms and only when the term is used in its descriptive sense rather than its trademark sense. *Soweco*, 617 F.2d at 1185; *see Venetianaire Corp. v. A & P Import Co.*, 429 F.2d 1079, 1081-82 (2d Cir. 1970). In essence, the fair use defense prevents a trademark registrant from appropriating a descriptive term for its own use to the exclusion of others, who may be prevented thereby from accurately describing their own goods. *Soweco*, 617 F.2d at 1185. The holder of a protectable descriptive mark has no legal claim to an exclusive right in the primary, descriptive meaning of the term; consequently, anyone is free to use the term in its primary, descriptive sense so long as such use does not lead to customer confusion as to the source of the goods or services. *See* 1 J. McCarthy, *Trademarks and Unfair Competition* § 11.-17, at 379 (1973).

4. *Cancellation of Trademarks*

Section 37 of the Lanham Act, 15 U.S.C. § 1119 (1976), provides as follows:

In any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify

the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent Office, and shall be controlled thereby.

This circuit has held that when a court determines that a mark is either a generic term or a descriptive term lacking secondary meaning, the purposes of the Lanham Act are well served by an order cancelling the mark's registration. *American Heritage*, 494 F.2d at 14.

We now turn to the facts of the instant case.

1. ***Fish-Fri***^[3]

2. ***Classification***

Throughout this litigation, Zatarain's has maintained that the term "Fish-Fri" is a suggestive mark automatically protected from infringing uses by virtue of its registration in 1962. Oak Grove and Visko's assert that "fish fry" is a generic term identifying a class of foodstuffs used to fry fish; alternatively, Oak Grove and Visko's argue that "fish fry" is merely descriptive of the characteristics of the product. The district court found that "Fish-Fri" was a descriptive term identifying a function of the product being sold. Having reviewed this finding under the appropriate "clearly erroneous" standard, we affirm. *See Vision Center*, 596 F.2d at 113.

We are mindful that "[t]he concept of descriptiveness must be construed rather broadly." 3 R. Callman, *supra*, § 70.2. Whenever a word or phrase conveys an immediate idea of the qualities, characteristics, effect, purpose, or ingredients of a product or service, it is classified as descriptive and cannot be claimed as an exclusive trademark. *Id.* § 71.1; *see Stix Products, Inc. v. United Merchants & Manufacturers, Inc.*, 295 F.Supp. 479, 488 (S.D.N.Y.1968). Courts and commentators have formulated a number of tests to be used in classifying a mark as descriptive.

A suitable starting place is the dictionary, for "[t]he dictionary definition of the word is an appropriate and relevant indication 'of the ordinary significance and meaning of words' to the public." *American Heritage*, 494 F.2d at 11 n.5; *see also Vision Center*, 596 F.2d at 116. *Webster's Third New International Dictionary* 858 (1966) lists the following definitions for the term "fish fry": "1. a picnic at which fish are caught, fried, and eaten; . . . 2. fried fish." Thus, the basic dictionary definitions of the term refer to the preparation and consumption of fried fish. This is at least preliminary evidence that the term "Fish-Fri" is descriptive of Zatarain's product in the sense that the words naturally direct attention to the purpose or function of the product.

The "imagination test" is a second standard used by the courts to identify descriptive terms. This test seeks to measure the relationship between the actual words of the mark and the product to which they are applied. If a term "requires imagination, thought and perception to reach a conclusion as to the nature of goods," *Stix Products*, 295 F.Supp. at 488, it is considered a suggestive term. Alternatively, a term is descriptive if standing alone it conveys information as to the characteristics of the product. In this case, mere observation compels the conclusion that a product branded "Fish-Fri" is a prepackaged coating or batter mix applied to fish prior to cooking. The connection between this merchandise and its identifying terminology is so close and direct that even a consumer unfamiliar with the product would doubtless have an idea of its purpose or function. It simply does not require an exercise of the imagination to deduce that "Fish-Fri" is used to fry fish. *See Vision Center*, 596 F.2d at 116-17; *Stix*

Products, 295 F.Supp. at 487-88. Accordingly, the term “Fish-Fri” must be considered descriptive when examined under the “imagination test.”

A third test used by courts and commentators to classify descriptive marks is “whether competitors would be likely to need the terms used in the trademark in describing their products.” *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366, 379 (7th Cir.1976). A descriptive term generally relates so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods. *Vision Center*, 596 F.2d at 116-17; *Stix Products*, 295 F.Supp. at 488. Common sense indicates that in this case merchants other than Zatarain’s might find the term “fish fry” useful in describing their own particular batter mixes. While Zatarain’s has argued strenuously that Visko’s and Oak Grove could have chosen from dozens of other possible terms in naming their coating mix, we find this position to be without merit. As this court has held, the fact that a term is not the only or even the most common name for a product is not determinative, for there is no legal foundation that a product can be described in only one fashion. *Vision Center*, 596 F.2d at 117 n.17. There are many edible fish in the sea, and as many ways to prepare them as there are varieties to be prepared. Even piscatorial gastronomes would agree, however, that frying is a form of preparation accepted virtually around the world, at restaurants starred and unstarred. The paucity of synonyms for the words “fish” and “fry” suggests that a merchant whose batter mix is specially spiced for frying fish is likely to find “fish fry” a useful term for describing his product.

A final barometer of the descriptiveness of a particular term examines the extent to which a term actually has been used by others marketing a similar service or product. *Vision Center*, 596 F.2d at 117; *Shoe Corp. of America v. Juvenile Shoe Corp.*, 266 F.2d 793, 796 (C.C.P.A.1959). This final test is closely related to the question whether competitors are likely to find a mark useful in describing their products. As noted above, a number of companies other than Zatarain’s have chosen the word combination “fish fry” to identify their batter mixes. Arnaud’s product, “Oyster Shrimp and Fish Fry,” has been in competition with Zatarain’s “Fish-Fri” for some ten to twenty years. When companies from A to Z, from Arnaud to Zatarain’s, select the same term to describe their similar products, the term in question is most likely a descriptive one.

The correct categorization of a given term is a factual issue, *Soweco*, 617 F.2d at 1183 n.12; consequently, we review the district court’s findings under the “clearly erroneous” standard of Fed.R.Civ.P. 52. See *Vision Center*, 596 F.2d at 113; *Volkswagenwerk*, 492 F.2d at 478. The district court in this case found that Zatarain’s trademark “Fish-Fri” was descriptive of the function of the product being sold. Having applied the four prevailing tests of descriptiveness to the term “Fish-Fri,” we are convinced that the district court’s judgment in this matter is not only not clearly erroneous, but clearly correct.^[4]

2. *Secondary Meaning*

Descriptive terms are not protectable by trademark absent a showing of secondary meaning in the minds of the consuming public.^[5] To prevail in its trademark infringement action, therefore, Zatarain’s must prove that its mark “Fish-Fri” has acquired a secondary meaning and thus warrants trademark protection. The district court found that Zatarain’s evidence established a secondary meaning for the term “Fish-Fri” in the New Orleans area. We affirm.

The existence of secondary meaning presents a question for the trier of fact, and a district court’s finding on the issue will not be disturbed unless clearly erroneous. *American Heritage*, 494 F.2d at 13;

Volkswagenwerk, 492 F.2d at 477. The burden of proof rests with the party seeking to establish legal protection for the mark—the plaintiff in an infringement suit. *Vision Center*, 596 F.2d at 118. The evidentiary burden necessary to establish secondary meaning for a descriptive term is substantial. *Id.*; *American Heritage*, 494 F.2d at 12; 3 R. Callman, *supra*, § 77.3, at 359.

In assessing a claim of secondary meaning, the major inquiry is the consumer’s attitude toward the mark. The mark must denote to the consumer “a single thing coming from a single source,” *Coca-Cola Co. v. Koke Co.*, 254 U.S. 143, 146, 41 S.Ct. 113, 114, 65 L.Ed. 189 (1920); *Aloe Creme Laboratories*, 423 F.2d at 849, to support a finding of secondary meaning. Both direct and circumstantial evidence may be relevant and persuasive on the issue.

Factors such as amount and manner of advertising, volume of sales, and length and manner of use may serve as circumstantial evidence relevant to the issue of secondary meaning. *See, e.g., Vision Center*, 596 F.2d at 119; *Union Carbide Corp.*, 531 F.2d at 380; *Aloe Creme Laboratories*, 423 F.2d at 849-50. While none of these factors alone will prove secondary meaning, in combination they may establish the necessary link in the minds of consumers between a product and its source. It must be remembered, however, that “the question is not the *extent* of the promotional efforts, but their *effectiveness* in altering the meaning of [the term] to the consuming public.” *Aloe Creme Laboratories*, 423 F.2d at 850.

Since 1950, Zatarain’s and its predecessor have continuously used the term “Fish-Fri” to identify this particular batter mix. Through the expenditure of over \$400,000 for advertising during the period from 1976 through 1981, Zatarain’s has promoted its name and its product to the buying public. Sales of twelve-ounce boxes of “Fish-Fri” increased from 37,265 cases in 1969 to 59,439 cases in 1979. From 1964 through 1979, Zatarain’s sold a total of 916,385 cases of “Fish-Fri.”^[6] The district court considered this circumstantial evidence of secondary meaning to weigh heavily in Zatarain’s favor. Record on Appeal, Vol. I at 273.

In addition to these circumstantial factors, Zatarain’s introduced at trial two surveys conducted by its expert witness, Allen Rosenzweig.^[7] In one survey, telephone interviewers questioned 100 women in the New Orleans area who fry fish or other seafood three or more times per month. Of the women surveyed, twenty-three percent specified Zatarain’s “Fish-Fri” as a product they “would buy at the grocery to use as a coating” or a “product on the market that is especially made for frying fish.” In a similar survey conducted in person at a New Orleans area mall, twenty-eight of the 100 respondents answered “Zatarain’s ‘Fish-Fri’” to the same questions.^[8]

The authorities are in agreement that survey evidence is the most direct and persuasive way of establishing secondary meaning. *Vision Center*, 596 F.2d at 119; *Aloe Creme Laboratories*, 423 F.2d at 849; 1 J. McCarthy, *supra*, § 15.12(D). The district court believed that the survey evidence produced by Zatarain’s, when coupled with the circumstantial evidence of advertising and usage, tipped the scales in favor of a finding of secondary meaning. Were we considering the question of secondary meaning *de novo*, we might reach a different conclusion than did the district court, for the issue is close. Mindful, however, that there is evidence in the record to support the finding below, we cannot say that the district court’s conclusion was clearly erroneous. Accordingly, the finding of secondary meaning in the New Orleans area for Zatarain’s descriptive term “Fish-Fri” must be affirmed.

3. The “Fair Use” Defense

Although Zatarain’s term “Fish-Fri” has acquired a secondary meaning in the New Orleans geographical area, Zatarain’s does not now prevail automatically on its trademark infringement claim,

for it cannot prevent the fair use of the term by Oak Grove and Visko's. The "fair use" defense applies only to descriptive terms and requires that the term be "used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin." Lanham Act § 33(b), 15 U.S.C. § 1115(b)(4) (1976). The district court determined that Oak Grove and Visko's were entitled to fair use of the term "fish fry" to describe a characteristic of their goods; we affirm that conclusion.

Zatarain's term "Fish-Fri" is a descriptive term that has acquired a secondary meaning in the New Orleans area. Although the trademark is valid by virtue of having acquired a secondary meaning, only that penumbra or fringe of secondary meaning is given legal protection. Zatarain's has no legal claim to an exclusive right in the original, descriptive sense of the term; therefore, Oak Grove and Visko's are still free to use the words "fish fry" in their ordinary, descriptive sense, so long as such use will not tend to confuse customers as to the source of the goods. *See* 1 J. McCarthy, *supra*, § 11.17.

The record contains ample evidence to support the district court's determination that Oak Grove's and Visko's use of the words "fish fry" was fair and in good faith. Testimony at trial indicated that the appellees did not intend to use the term in a trademark sense and had never attempted to register the words as a trademark. Record on Appeal, Vol. II at 28, 33, 226-30, 243-47. Oak Grove and Visko's apparently believed "fish fry" was a generic name for the type of coating mix they manufactured. *Id.* at 28, 226, 244. In addition, Oak Grove and Visko's consciously packaged and labelled their products in such a way as to minimize any potential confusion in the minds of consumers. *Id.* at 244-45, 251-52. The dissimilar trade dress of these products prompted the district court to observe that confusion at the point of purchase—the grocery shelves—would be virtually impossible. Our review of the record convinces us that the district court's determinations are correct. We hold, therefore, that Oak Grove and Visko's are entitled to fair use of the term "fish fry" to describe their products; accordingly, Zatarain's claim of trademark infringement must fail.^[9]

1. "**Chick-Fri**"
2. **Classification**

Most of what has been said about "Fish-Fri" applies with equal force to Zatarain's other culinary concoction, "Chick-Fri." "Chick-Fri" is at least as descriptive of the act of frying chicken as "Fish-Fri" is descriptive of frying fish. It takes no effort of the imagination to associate the term "Chick-Fri" with Southern fried chicken. Other merchants are likely to want to use the words "chicken fry" to describe similar products, and others have in fact done so. Sufficient evidence exists to support the district court's finding that "Chick-Fri" is a descriptive term; accordingly, we affirm.

2. **Secondary Meaning**

The district court concluded that Zatarain's had failed to establish a secondary meaning for the term "Chick-Fri." We affirm this finding. The mark "Chick-Fri" has been in use only since 1968; it was registered even more recently, in 1976. In sharp contrast to its promotions with regard to "Fish-Fri," Zatarain's advertising expenditures for "Chick-Fri" were mere chickenfeed; in fact, Zatarain's conducted no direct advertising campaign to publicize the product. Thus the circumstantial evidence presented in support of a secondary meaning for the term "Chick-Fri" was paltry.

Allen Rosenzweig's survey evidence regarding a secondary meaning for "Chick-Fri" also "lays an egg." The initial survey question was a "qualifier:" "Approximately how many times in an average month do you, yourself, fry *fish or other seafood*?" Only if respondents replied "three or more times a month"

were they asked to continue the survey. This qualifier, which may have been perfectly adequate for purposes of the “Fish-Fri” questions, seems highly unlikely to provide an adequate sample of potential consumers of “Chick-Fri.” This survey provides us with nothing more than some data regarding fish friers’ perceptions about products used for frying chicken. As such, it is entitled to little evidentiary weight.^[10]

It is well settled that Zatarain’s, the original plaintiff in this trademark infringement action, has the burden of proof to establish secondary meaning for its term. *Vision Center*, 596 F.2d at 118; *American Heritage*, 494 F.2d at 12. This it has failed to do. The district court’s finding that the term “Chick-Fri” lacks secondary meaning is affirmed.

3. *Cancellation*

Having concluded that the district court was correct in its determination that Zatarain’s mark “Chick-Fri” is a descriptive term lacking in secondary meaning, we turn to the issue of cancellation. The district court, invoking the courts’ power over trademark registration as provided by section 37 of the Lanham Act, 15 U.S.C. § 1119 (1976), ordered that the registration of the term “Chick-Fri” should be cancelled. The district court’s action was perfectly appropriate in light of its findings that “Chick-Fri” is a descriptive term without secondary meaning. We affirm. See *American Heritage*, 494 F.2d at 13-14.

1. **The Counterclaims**

The last morsels on our plate are the counterclaims filed against Zatarain’s by Oak Grove and Visko’s. One group of counterclaims alleges violations of federal antitrust statutes and Louisiana law prohibiting the restraint of trade. In addition, the counterclaims pray for awards of attorneys’ fees under the Lanham Act § 35, 15 U.S.C. § 1117 (1976), due to Zatarain’s alleged bad faith in instituting this infringement action. The district court found these allegations to be clearly without merit, noting that Oak Grove and Visko’s had introduced absolutely no evidence at trial to support the counterclaims. Our review of the record fully supports the district court’s judgment in this regard, and it is hereby affirmed.

Finally, Oak Grove and Visko’s assert a counterclaim based on the federal regulations governing the identity labelling of packaged foods, 21 C.F.R. § 101.3 (1982).^[11] The counterclaim alleges that Zatarain’s sale of 100% corn flour under the name “Fish-Fri” is deceptive and misleading to the public. In particular, Oak Grove and Visko’s maintain that the size of the product identification “corn flour” on the “Fish-Fri” box is not reasonably related to the most predominate words on the box as required by the regulations. After examining the “Fish-Fri” package, the district court found this counterclaim to be without merit. The court initially noted that the size of the words “corn flour” complies with the specifications of 21 C.F.R. § 101.2(c) (1982), which sets a minimum requirement for information appearing on the principal display panel of packaged foods. The court then found that the identification of Zatarain’s “Fish-Fri” as a corn flour product was reasonably related in size to the words “Fish-Fri.” This finding is not clearly erroneous and therefore is affirmed.

We agree with the district court that this smorgasbord of counterclaims by Oak Grove and Visko’s is without merit, and we affirm their dismissal by the district court. Sadly, for Oak Grove and Visko’s at least, these are “the ones that got away.”

1. **Conclusion**

And so our tale of fish and fowl draws to a close. We need not tarry long, for our taster's choice yields but one result, and we have other fish to fry. Accordingly, the judgment of the district court is hereby and in all things

Affirmed.

[1] Prior to trial, Visko's moved to dismiss Zatarain's complaint for failure to join Arnaud as a party under Fed.R.Civ.P. 19(a). In the alternative, Visko's moved to join Arnaud as a third-party defendant under Fed.R.Civ.P. 14(a). The district court denied the motion.

[2] We are not the first to swim up this stream. For excellent discussions of the basics of trademark law, see *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178 (5th Cir.1980); *Vision Center v. Opticks, Inc.*, 596 F.2d 111 (5th Cir.1979); *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir.1976); *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir.), *cert. denied*, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976).

[3] We note at the outset that Zatarain's use of the phonetic equivalent of the words "fish fry"—that is, misspelling it—does not render the mark protectable. *Soweco*, 617 F.2d at 1186 n. 24.

[4] Oak Grove and Visko's argue in a conclusory manner that the term "fish fry" is a generic name for the class of substances used to coat fish prior to frying. We are unable to agree. No evidence in the record indicates that the term "fish fry" is the common, recognized name for *any* class of foodstuffs. The district court specifically rejected the contention that the term "Fish-Fri" was generic. This finding was not clearly erroneous and must be affirmed.

Zatarain's urges that its "Fish-Fri" mark is suggestive rather than descriptive, and our lengthy discussion in text addresses this contention fully. We pause here, however, to speak to Zatarain's argument that certain survey evidence introduced at trial proves the suggestive nature of the term "Fish-Fri." Just as the compleat angler exaggerates his favorite fish story, so Zatarain's overstates the results of its consumer survey. We consider the survey unpersuasive on the issue of suggestiveness for several reasons.

First, the survey was not intended to investigate the term's descriptiveness or suggestiveness. Rather, as expert witness Allen Rosenzweig testified, the survey was designed to explore two completely different issues: likelihood of confusion in the marketplace and secondary meaning. Record on Appeal, Vol. II at 130, 173. Furthermore, the district court prohibited Rosenzweig's testimony as to whether the survey data showed Zatarain's term to be suggestive or descriptive. *Id.* at 149.

Second, a glance at the survey itself convinces us that, regardless of its purpose, the questions were not framed in a manner adequate to classify the mark properly. Respondents were asked the following questions: "2. If you planned to fry fish tonight, what would you buy at the grocery to use as a coating? 3. Are you familiar with any product on the market that is especially made for frying fish?" If these questions were to test the associational link between the mark "Fish-Fri" and Zatarain's product, they should have been devoid of such broad hints as the place of purchase ("grocery"), the nature of the product ("coating"), and the purpose or function of the product ("to fry fish"). Furthermore, we caution that survey samples such as these—100 women in each of four randomly selected cities—may not be adequate in size to prove much of anything. *Cf. Union Carbide Corp.*, 531 F.2d at 385-88 (citing cases); *American Thermos Products Co. v. Aladdin Industries, Inc.*, 207 F.Supp. 9, 20-22 (D.Conn.1962).

Survey evidence is often critically important in the field of trademark law. We heartily embrace its use, so long as the survey design is relevant to the legal issues, open-ended in its construction, and neutral in its administration. Given the admitted purposes of this survey and its obvious design limitations,

it is rather disingenuous of Zatarain's to assert that the survey provided conclusive evidence of suggestiveness. We therefore reject Zatarain's contention in this regard.

Finally, Zatarain's urges that it is entitled to a legal presumption of suggestiveness by virtue of its federal registration of the term "Fish-Fri." The Lanham Act provides that:

[Registration] shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.

Lanham Act § 33(a), 15 U.S.C. § 1115(a) (1976). *See also id.* § 7(b), 15 U.S.C. § 1057(b). This statutory presumption can be rebutted by establishing the generic or descriptive nature of the mark. *Vision Center*, 596 F.2d at 119; *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 779 (2d Cir.1964), *cert. denied*, 380 U.S. 913, 85 S.Ct. 899, 13 L.Ed.2d 799 (1965).

Zatarain's maintains that Oak Grove and Visko's failed to show that the term "Fish-Fri" is a descriptive one. We cannot agree. As our discussion in text indicates, ample evidence supports the appellees' contention that "Fish-Fri" is descriptive of a coating used to fry fish. This evidence is sufficient to rebut the presumption that the term is suggestive rather than descriptive. *See Vision Center*, 596 F.2d at 119-20.

[5] A mark that has become "incontestable" under section 15 of the Lanham Act, 15 U.S.C. § 1065 (1976), cannot be challenged as lacking secondary meaning, although it is subject to seven statutory defenses. *See id.* § 33(b), 15 U.S.C. § 1115(b). In order for a registrant's mark to be deemed "incontestable," the registrant must use the mark for five continuous years following the registration date and must file certain affidavits with the Commissioner of Patents. *Id.* § 15, 15 U.S.C. § 1065. No evidence in the record indicates that Zatarain's has satisfied the requirements of "incontestability;" consequently, we must determine whether proof of secondary meaning otherwise exists.

[6] This figure represents the total sales volume for all sizes of "Fish-Fri."

[7] *See supra* note 4. Visko's and Oak Grove argue that the survey evidence should not have been admitted at trial because it was hearsay. We find this argument to be without merit. *See Holiday Inns, Inc. v. Holiday Out in America*, 481 F.2d 445, 447-48 (5th Cir.1973); *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F.Supp. 670, 680-684 & n.104 (S.D.N.Y.1963); Fed.R. Evid. 703 advisory committee note.

[8] The telephone survey also included this question: "When you mentioned 'fish fry,' did you have a specific product in mind or did you use that term to mean any kind of coating used to fry fish?" To this inartfully worded question, 77% of the New Orleans respondents answered "specific product" and 23% answered "any kind of coating." Unfortunately, Rosenzweig did not ask the logical follow-up question that seemingly would have ended the inquiry conclusively: "Who makes the specific product you have in mind?" Had he but done so, our task would have been much simpler.

[9] The district court also rejected Zatarain's claims of unfair competition under the Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1976), and La.Rev.Stat.Ann. § 51:1405(A) (West Supp. 1982), relying upon the absence of any likelihood of confusion between the products of Zatarain's, Oak Grove, and Visko's. We affirm these conclusions also.

It would make no sense to characterize defendant's use as "fair" within the meaning of the Lanham Act for the purposes of a trademark infringement claim and at the same time characterize his use as "unfair" for the purpose of a section 43(a) unfair competition claim under the same statute.

Soweco, 617 F.2d at 1190. See *T.G.I. Fridays, Inc. v. International Restaurant Group*, 569 F.2d 895 (5th Cir.1978).

[10] Even were we to accept the results of the survey as relevant, the result would not change. In the New Orleans area, only 11 of the 100 respondents in the telephone survey named “Chick-Fri,” “chicken fry,” or “Zatarain’s ‘Chick-Fri’” as a product used as a coating for frying chicken. Rosenzweig himself testified that this number was inconclusive for sampling purposes. Thus the survey evidence cannot be said to establish a secondary meaning for the term “Chick-Fri.”

[11] The regulation reads in pertinent part as follows:

(a) The principal display panel of a food in package form shall bear as one of its principal features a statement of the identity of the commodity.

(b) Such statement of identity shall be in terms of:

(1) The name now or hereafter specified in or required by any applicable Federal law or regulation; or, in the absence thereof,

(2) The common or usual name of the food; or, in the absence thereof,

(3) An appropriately descriptive term, or when the nature of the food is obvious, a fanciful name commonly used by the public for such food.

....

(d) This statement of identity shall be presented in bold type on the principal display panel, shall be in a size reasonably related to the most prominent printed matter on such panel, and shall be in lines generally parallel to the base on which the package rests as it is designed to be displayed.

20. TRADE DRESS AND DISTINCTIVENESS

Learning Objectives: Unit 20

Upon completion of this unit, you should be able to:

- 1) explain the concept of trade dress;
- 2) explain how to analyze the distinctiveness of trade dress and the consequences of that analysis;
- 3) analyze the distinctiveness of trade dress in a given factual scenario.

What company makes these products?



Attribution: "Arroser"; Source 1: Wikimedia Commons; license: CCA-Share Alike 3.0 Unported.
Source 2: Mytheresa.com

(In the event that these images are not in color, the image on the left is of a harvester with a green body and yellow stripe, while the image on the right is a pair of black shoes with red soles.)

If you grew up in the Midwest, you likely identified the harvester as a John Deere & Co. product. If you know fashion, you likely identified the shoes as Christian Louboutin. If you didn't identify either one, ask your friends if they can identify them. Some most likely will be able to.

How are people able to identify the source of these products even though they don't contain any word marks or logos? The reason is that certain attributes of the products themselves can function as a source identifier. Louboutin is famous for its red soled-shoes. John Deere is famous for its green-and-yellow agricultural equipment. And as we learned in *Qualitex*, the color of a product can be a trademark.

Other attributes of a product can also function as source identifiers. Consider, for example, the silhouette of an iPhone, the design of a Coca-Cola bottle, or the shape of a Ferrari. Or the appearance of a McDonald's as compared with an In-n-Out or a Culver's. These attributes of a product or service can be, or comprise, *trade dress*.

As with word and symbol marks, trade dress raises the issue of distinctiveness. The three primary Supreme Court opinions that address distinctiveness in the context of trade dress are *Two Pesos v. Taco Cabana* (1992), *Qualitex v. Jacobson* (1995), and *Wal-mart v. Samara* (2000).

One important aspect of these cases is that the legal claim is typically based on 15 U.S.C. § 1125(a), rather than on the provision for infringement of a registered mark (15 U.S.C. § 1114). Although trade dress may be registered under current law (as with the John Deere trade dress shown above), for reasons that may become apparent from reading the cases it is frequently not. Consequently, plaintiffs usually rely on the more general unfair competition provision of § 1125(a) (also known as Lanham Act § 43(a)) for their legal claim. Before reading these cases, look at that statute to familiarize yourself with its contents. Do not, however, become too bogged down in its specifics yet: as the cases indicate, there is more to this statute than meets the eye.

15 U.S.C. §1125. False designations of origin, false descriptions, and dilution forbidden (2012)

(a) Civil action

1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act...

TWO PESOS V. TACO CABANA

READING WITH PURPOSE

As you read these cases, ask yourself the following questions:

- What is “trade dress”?
- What challenges does protecting trade dress present above and beyond those for word marks such as “Fish Fri” or logo marks such as the Coca-Cola logo?
- What policy and theory concerns underlie the Court’s opinions?
- How does the Court structure the legal analysis for trade dress? Where does it place the weight of the analysis?
- Given these cases, how would you analyze the packaging for an Apple iPhone? (If you are unfamiliar with iPhone packaging, there are numerous “unboxing” videos available on YouTube, such as <https://www.youtube.com/watch?v=KzJVPiEdTqE>)

Two Pesos v. Taco Cabana

505 U.S. 763 (1992)

JUSTICE WHITE, delivered the opinion of the Court.

The issue in this case is whether the trade dress^[1] of a restaurant may be protected under § 43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, 15 U. S. C. § 1125(a) (1982 ed.), based on a finding of inherent distinctiveness, without proof that the trade dress has secondary meaning.

I

Respondent Taco Cabana, Inc., operates a chain of fast-food restaurants in Texas. The restaurants serve Mexican food. The first Taco Cabana restaurant was opened in San Antonio in September 1978, and five more restaurants had been opened in San Antonio by 1985. Taco Cabana describes its Mexican trade dress as

“a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.” 932 F. 2d 1113, 1117 (CA5 1991).

In December 1985, a Two Pesos, Inc., restaurant was opened in Houston. Two Pesos adopted a

motif very similar to the foregoing description of Taco Cabana's trade dress. Two Pesos restaurants expanded rapidly in Houston and other markets, but did not enter San Antonio. In 1986, Taco Cabana entered the Houston and Austin markets and expanded into other Texas cities, including Dallas and El Paso where Two Pesos was also doing business.

In 1987, Taco Cabana sued Two Pesos in the United States District Court for the Southern District of Texas for trade dress infringement under § 43(a) of the Lanham Act, 15 U. S. C. § 1125(a) (1982 ed.),^[2] and for theft of trade secrets under Texas common law. The case was tried to a jury, which was instructed to return its verdict in the form of answers to five questions propounded by the trial judge. The jury's answers were: Taco Cabana has a trade dress; taken as a whole, the trade dress is nonfunctional; the trade dress is inherently distinctive;^[3] the trade dress has not acquired a secondary meaning^[4] in the Texas market; and the alleged infringement creates a likelihood of confusion on the part of ordinary customers as to the source or association of the restaurant's goods or services. Because, as the jury was told, Taco Cabana's trade dress was protected if it either was inherently distinctive or had acquired a secondary meaning, judgment was entered awarding damages to Taco Cabana. In the course of calculating damages, the trial court held that Two Pesos had intentionally and deliberately infringed Taco Cabana's trade dress.^[5]

The Court of Appeals ruled that the instructions adequately stated the applicable law and that the evidence supported the jury's findings. In particular, the Court of Appeals rejected petitioner's argument that a finding of no secondary meaning contradicted a finding of inherent distinctiveness.

In so holding, the court below followed precedent in the Fifth Circuit. In *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F. 2d 695, 702 (CA5 1981), the court noted that trademark law requires a demonstration of secondary meaning only when the claimed trademark is not sufficiently distinctive of itself to identify the producer; the court held that the same principles should apply to protection of trade dresses. The Court of Appeals noted that this approach conflicts with decisions of other courts, particularly the holding of the Court of Appeals for the Second Circuit in *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), cert. denied, 455 U. S. 909 (1982), that § 43(a) protects unregistered trademarks or designs only where secondary meaning is shown. *Chevron, supra*, at 702. We granted certiorari to resolve the conflict among the Courts of Appeals on the question whether trade dress that is inherently distinctive is protectible under § 43(a) without a showing that it has acquired secondary meaning.^[6] 502 U. S. 1071 (1992). We find that it is, and we therefore affirm.

II

The Lanham Act^[7] was intended to make "actionable the deceptive and misleading use of marks" and "to protect persons engaged in . . . commerce against unfair competition." § 45, 15 U. S. C. § 1127. Section 43(a) "prohibits a broader range of practices than does § 32," which applies to registered marks, *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 858 (1982), but it is common ground that § 43(a) protects qualifying unregistered trademarks and that the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a). See *A. J. Canfield Co. v. Honickman*, 808 F. 2d 291, 299, n. 9 (CA3 1986); *Thompson Medical Co. v. Pfizer Inc.*, 753 F. 2d 208, 215-216 (CA2 1985).

A trademark is defined in 15 U. S. C. § 1127 as including "any word, name, symbol, or device or any combination thereof" used by any person "to identify and distinguish his or her goods, including a

unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.” In order to be registered, a mark must be capable of distinguishing the applicant’s goods from those of others. § 1052. Marks are often classified in categories of generally increasing distinctiveness; following the classic formulation set out by Judge Friendly, they may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 9 (CA2 1976). The Court of Appeals followed this classification and petitioner accepts it. Brief for Petitioner 11-15. The latter three categories of marks, because their intrinsic nature serves to identify a particular source of a product, are deemed inherently distinctive and are entitled to protection. In contrast, generic marks—those that “refe[r] to the genus of which the particular product is a species,” *Park ’N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U. S. 189, 194 (1985), citing *Abercrombie & Fitch, supra*, at 9—are not registrable as trademarks. *Park ’N Fly, supra*, at 194.

Marks which are merely descriptive of a product are not inherently distinctive. When used to describe a product, they do not inherently identify a particular source, and hence cannot be protected. However, descriptive marks may acquire the distinctiveness which will allow them to be protected under the Act. Section 2 of the Lanham Act provides that a descriptive mark that otherwise could not be registered under the Act may be registered if it “has become distinctive of the applicant’s goods in commerce.” §§ 2(e), (f), 15 U. S. C. §§ 1052(e), (f). See *Park ’N Fly, supra*, at 194, 196. This acquired distinctiveness is generally called “secondary meaning.” See *ibid.*; *Inwood Laboratories, supra*, at 851, n. 11; *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 118 (1938). The concept of secondary meaning has been applied to actions under § 43(a). See, e. g., *University of Georgia Athletic Assn. v. Laite*, 756 F. 2d 1535 (CA11 1985); *Thompson Medical Co. v. Pfizer Inc., supra*.

The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it *either* (1) is inherently distinctive *or* (2) has acquired distinctiveness through secondary meaning. Restatement (Third) of Unfair Competition § 13, pp. 37-38, and Comment *a* (Tent. Draft No. 2, Mar. 23, 1990). Cf. *Park ’N Fly, supra*, at 194. It is also clear that eligibility for protection under § 43(a) depends on nonfunctionality. See, e. g., *Inwood Laboratories, supra*, at 863 (White, J., concurring in result); see also, e. g., *Brunswick Corp. v. Spinit Reel Co.*, 832 F. 2d 513, 517 (CA10 1987); *First Brands Corp. v. Fred Meyers, Inc.*, 809 F. 2d 1378, 1381 (CA9 1987); *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F. 2d 971, 974 (CA2 1987); *Ambrit, Inc. v. Kraft, Inc.*, 812 F. 2d 1531, 1535 (CA11 1986); *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F. 2d 1136, 1141 (CA3 1986). It is, of course, also undisputed that liability under § 43(a) requires proof of the likelihood of confusion. See, e. g., *Brunswick Corp., supra*, at 516-517; *Ambrit, supra*, at 1535; *First Brands, supra*, at 1381; *Stormy Clime, supra*, at 974; *American Greetings, supra*, at 1141.

The Court of Appeals determined that the District Court’s instructions were consistent with the foregoing principles and that the evidence supported the jury’s verdict. Both courts thus ruled that Taco Cabana’s trade dress was not descriptive but rather inherently distinctive, and that it was not functional. None of these rulings is before us in this case, and for present purposes we assume, without deciding, that each of them is correct. In going on to affirm the judgment for respondent, the Court of Appeals, following its prior decision in *Chevron*, held that Taco Cabana’s inherently distinctive trade dress was entitled to protection despite the lack of proof of secondary meaning. It is this issue that is before us for decision, and we agree with its resolution by the Court of Appeals. There is no persuasive reason to apply to trade dress a general requirement of secondary meaning which is at odds with the principles generally applicable to infringement suits under § 43(a). Petitioner devotes much of its briefing to arguing issues that are not before us, and we address only its arguments

relevant to whether proof of secondary meaning is essential to qualify an inherently distinctive trade dress for protection under § 43(a).

Petitioner argues that the jury's finding that the trade dress has not acquired a secondary meaning shows conclusively that the trade dress is not inherently distinctive. Brief for Petitioner 9. The Court of Appeals' disposition of this issue was sound:

“Two Pesos’ argument—that the jury finding of inherent distinctiveness contradicts its finding of no secondary meaning in the Texas market—ignores the law in this circuit. While the necessarily imperfect (and often prohibitively difficult) methods for assessing secondary meaning address the empirical question of current consumer association, the legal recognition of an inherently distinctive trademark or trade dress acknowledges the owner’s legitimate proprietary interest in its unique and valuable informational device, regardless of whether substantial consumer association yet bestows the additional empirical protection of secondary meaning.” 932 F. 2d, at 1120, n. 7.

Although petitioner makes the above argument, it appears to concede elsewhere in its brief that it is possible for a trade dress, even a restaurant trade dress, to be inherently distinctive and thus eligible for protection under § 43(a). Brief for Petitioner 10-11, 17-18; Reply Brief for Petitioner 10-14. Recognizing that a general requirement of secondary meaning imposes “an unfair prospect of theft [or] financial loss” on the developer of fanciful or arbitrary trade dress at the outset of its use, petitioner suggests that such trade dress should receive limited protection without proof of secondary meaning. *Id.*, at 10. Petitioner argues that such protection should be only temporary and subject to defeasance when over time the dress has failed to acquire a secondary meaning. This approach is also vulnerable for the reasons given by the Court of Appeals. If temporary protection is available from the earliest use of the trade dress, it must be because it is neither functional nor descriptive, but an inherently distinctive dress that is capable of identifying a particular source of the product. Such a trade dress, or mark, is not subject to copying by concerns that have an equal opportunity to choose their own inherently distinctive trade dress. To terminate protection for failure to gain secondary meaning over some unspecified time could not be based on the failure of the dress to retain its fanciful, arbitrary, or suggestive nature, but on the failure of the user of the dress to be successful enough in the marketplace. This is not a valid basis to find a dress or mark ineligible for protection. The user of such a trade dress should be able to maintain what competitive position it has and continue to seek wider identification among potential customers.

This brings us to the line of decisions by the Court of Appeals for the Second Circuit that would find protection for trade dress unavailable absent proof of secondary meaning, a position that petitioner concedes would have to be modified if the temporary protection that it suggests is to be recognized. Brief for Petitioner 10-14. In *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), the plaintiff claimed protection under § 43(a) for a product whose features the defendant had allegedly copied. The Court of Appeals held that unregistered marks did not enjoy the “presumptive source association” enjoyed by registered marks and hence could not qualify for protection under § 43(a) without proof of secondary meaning. *Id.*, at 303, 304. The court’s rationale seemingly denied protection for unregistered, but inherently distinctive, marks of all kinds, whether the claimed mark used distinctive words or symbols or distinctive product design. The court thus did not accept the arguments that an unregistered mark was capable of identifying a source and that copying such a mark could be making any kind of a false statement or representation under § 43(a).

This holding is in considerable tension with the provisions of the Lanham Act. If a verbal or symbolic

mark or the features of a product design may be registered under § 2, it necessarily is a mark “by which the goods of the applicant may be distinguished from the goods of others,” 60 Stat. 428, and must be registered unless otherwise disqualified. Since § 2 requires secondary meaning only as a condition to registering descriptive marks, there are plainly marks that are registrable without showing secondary meaning. These same marks, even if not registered, remain inherently capable of distinguishing the goods of the users of these marks. Furthermore, the copier of such a mark may be seen as falsely claiming that his products may for some reason be thought of as originating from the plaintiff.

Some years after *Vibrant*, the Second Circuit announced in *Thompson Medical Co. v. Pfizer Inc.*, 753 F. 2d 208 (1985), that in deciding whether an unregistered mark is eligible for protection under § 43(a), it would follow the classification of marks set out by Judge Friendly in *Abercrombie & Fitch*, 537 F. 2d, at 9. Hence, if an unregistered mark is deemed merely descriptive, which the verbal mark before the court proved to be, proof of secondary meaning is required; however, “[s]uggestive marks are eligible for protection without any proof of secondary meaning, since the connection between the mark and the source is presumed.” 753 F. 2d, at 216. The Second Circuit has nevertheless continued to deny protection for trade dress under § 43(a) absent proof of secondary meaning, despite the fact that § 43(a) provides no basis for distinguishing between trademark and trade dress. See, e. g., *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F. 2d, at 974; *Union Mfg. Co. v. Han Baek Trading Co.*, 763 F. 2d 42, 48 (1985); *LeSportsac, Inc. v. K mart Corp.*, 754 F. 2d 71, 75 (1985).

The Fifth Circuit was quite right in *Chevron*, and in this case, to follow the *Abercrombie* classifications consistently and to inquire whether trade dress for which protection is claimed under § 43(a) is inherently distinctive. If it is, it is capable of identifying products or services as coming from a specific source and secondary meaning is not required. This is the rule generally applicable to trademarks, and the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two. The “proposition that secondary meaning must be shown even if the trade dress is a distinctive, identifying mark, [is] wrong, for the reasons explained by Judge Rubin for the Fifth Circuit in *Chevron*.” *Blau Plumbing, Inc. v. S. O. S. Fix-It, Inc.*, 781 F. 2d 604, 608 (CA7 1986). The Court of Appeals for the Eleventh Circuit also follows *Chevron*, *Ambrit, Inc. v. Kraft, Inc.*, 805 F. 2d 974, 979 (1986), and the Court of Appeals for the Ninth Circuit appears to think that proof of secondary meaning is superfluous if a trade dress is inherently distinctive, *Fuddruckers, Inc. v. Doc’s B. R. Others, Inc.*, 826 F. 2d 837, 843 (1987).

It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctive trade dress. But there is none. The section does not mention trademarks or trade dress, whether they be called generic, descriptive, suggestive, arbitrary, fanciful, or functional. Nor does the concept of secondary meaning appear in the text of § 43(a). Where secondary meaning does appear in the statute, 15 U. S. C. § 1052 (1982 ed.), it is a requirement that applies only to merely descriptive marks and not to inherently distinctive ones. We see no basis for requiring secondary meaning for inherently distinctive trade dress protection under § 43(a) but not for other distinctive words, symbols, or devices capable of identifying a producer’s product.

Engrafting onto § 43(a) a requirement of secondary meaning for inherently distinctive trade dress also would undermine the purposes of the Lanham Act. Protection of trade dress, no less than of trademarks, serves the Act’s purpose to “secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National

protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” *Park 'N Fly*, 469 U. S., at 198, citing S. Rep. No. 1333, 79th Cong., 2d Sess., 3-5 (1946) (citations omitted). By making more difficult the identification of a producer with its product, a secondary meaning requirement for a nondescriptive trade dress would hinder improving or maintaining the producer’s competitive position.

Suggestions that under the Fifth Circuit’s law, the initial user of any shape or design would cut off competition from products of like design and shape are not persuasive. Only nonfunctional, distinctive trade dress is protected under § 43(a). The Fifth Circuit holds that a design is legally functional, and thus unprotectible, if it is one of a limited number of equally efficient options available to competitors and free competition would be unduly hindered by according the design trademark protection. See *Sicilia Di R. Biebow & Co. v. Cox*, 732 F. 2d 417, 426 (1984). This serves to assure that competition will not be stifled by the exhaustion of a limited number of trade dresses.

On the other hand, adding a secondary meaning requirement could have anticompetitive effects, creating particular burdens on the startup of small companies. It would present special difficulties for a business, such as respondent, that seeks to start a new product in a limited area and then expand into new markets. Denying protection for inherently distinctive nonfunctional trade dress until after secondary meaning has been established would allow a competitor, which has not adopted a distinctive trade dress of its own, to appropriate the originator’s dress in other markets and to deter the originator from expanding into and competing in these areas.

As noted above, petitioner concedes that protecting an inherently distinctive trade dress from its inception may be critical to new entrants to the market and that withholding protection until secondary meaning has been established would be contrary to the goals of the Lanham Act. Petitioner specifically suggests, however, that the solution is to dispense with the requirement of secondary meaning for a reasonable, but brief, period at the outset of the use of a trade dress. Reply Brief for Petitioner 11-12. If § 43(a) does not require secondary meaning at the outset of a business’ adoption of trade dress, there is no basis in the statute to support the suggestion that such a requirement comes into being after some unspecified time.

III

We agree with the Court of Appeals that proof of secondary meaning is not required to prevail on a claim under § 43(a) of the Lanham Act where the trade dress at issue is inherently distinctive, and accordingly the judgment of that court is affirmed.

It is so ordered.

JUSTICE SCALIA, concurring.

I write separately to note my complete agreement with JUSTICE THOMAS’s explanation as to how the language of § 43(a) and its common-law derivation are broad enough to embrace inherently distinctive trade dress. Nevertheless, because I find that analysis to be complementary to (and not inconsistent with) the Court’s opinion, I concur in the latter.

JUSTICE STEVENS, concurring in the judgment.

As the Court notes in its opinion, the text of § 43(a) of the Lanham Act, 15 U. S. C. § 1125(a) (1982 ed.), “does not mention trademarks or trade dress.” *Ante*, at 774. Nevertheless, the Court interprets this section as having created a federal cause of action for infringement of an unregistered trademark or trade dress and concludes that such a mark or dress should receive essentially the same protection as those that are registered. Although I agree with the Court’s conclusion, I think it is important to recognize that the meaning of the text has been transformed by the federal courts over the past few decades. I agree with this transformation, even though it marks a departure from the original text, because it is consistent with the purposes of the statute and has recently been endorsed by Congress.

I

It is appropriate to begin with the relevant text of § 43(a).^[8] See, e. g., *Moskal v. United States*, 498 U. S. 103 (1990); *K mart Corp. v. Cartier, Inc.*, 486 U. S. 281, 291 (1988); *United States v. Turkette*, 452 U. S. 576, 580 (1981). Section 43(a)^[9] provides a federal remedy for using either “a false designation of origin” or a “false description or representation” in connection with any goods or services. The full text of the section makes it clear that the word “origin” refers to the geographic location in which the goods originated, and in fact, the phrase “false designation of origin” was understood to be limited to false advertising of geographic origin. For example, the “false designation of origin” language contained in the statute makes it unlawful to represent that California oranges came from Florida, or vice versa.^[10]

For a number of years after the 1946 enactment of the Lanham Act, a “false description or representation,” like “a false designation of origin,” was construed narrowly. The phrase encompassed two kinds of wrongs: false advertising^[11] and the common-law tort of “passing off.”^[12] False advertising meant representing that goods or services possessed characteristics that they did not actually have and passing off meant representing one’s goods as those of another. Neither “secondary meaning” nor “inherent distinctiveness” had anything to do with false advertising, but proof of secondary meaning was an element of the common-law passing-off cause of action. See, e. g., *G. & C. Merriam Co. v. Saalfield*, 198 F. 369, 372 (CA6 1912) (“The ultimate offense always is that defendant has passed off his goods as and for those of the complainant”).

II

Over time, the Circuits have expanded the categories of “false designation of origin” and “false description or representation.” One treatise^[13] identified the Court of Appeals for the Sixth Circuit as the first to broaden the meaning of “origin” to include “origin of source or manufacture” in addition to geographic origin.^[14] Another early case, described as unique among the Circuit cases because it was so “forward-looking,”^[15] interpreted the “false description or representation” language to mean more than mere “palming off.” *L’Aiglon Apparel, Inc. v. Lana Lobell, Inc.*, 214 F. 2d 649 (CA3 1954). The court explained: “We find nothing in the legislative history of the Lanham Act to justify the view that [§ 43(a)] is merely declarative of existing law. . . . It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts.” *Id.*, at 651. Judge Clark, writing a concurrence in 1956, presciently observed: “Indeed, there is indication here and elsewhere that the bar has not yet realized the potential impact of this statutory provision [§ 43(a)].” *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F. 2d 538, 546 (CA2). Although some have criticized the expansion as unwise,^[16] it is now “a firmly embedded reality.”^[17] The United States

Trade Association Trademark Review Commission noted this transformation with approval: “Section 43(a) is an enigma, but a very popular one. Narrowly drawn and intended to reach false designations or representations as to the geographical origin of products, the section has been widely interpreted to create, in essence, a federal law of unfair competition. . . . It has definitely eliminated a gap in unfair competition law, and its vitality is showing no signs of age.”^[18]

Today, it is less significant whether the infringement falls under “false designation of origin” or “false description or representation”^[19] because in either case § 43(a) may be invoked. The federal courts are in agreement that § 43(a) creates a federal cause of action for trademark and trade dress infringement claims. 1 J. Gilson, *Trademark Protection and Practice* § 2.13, p. 2-178 (1991). They are also in agreement that the test for liability is likelihood of confusion: “[U]nder the Lanham Act [§ 43(a)], the ultimate test is whether the public is likely to be deceived or confused by the similarity of the marks. . . . Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical—is there a ‘likelihood of confusion?’” *New West Corp. v. NYM Co. of California, Inc.*, 595 F. 2d 1194, 1201 (CA9 1979) (footnote omitted). And the Circuits are in general agreement,^[20] with perhaps the exception of the Second Circuit,^[21] that secondary meaning need not be established once there is a finding of inherent distinctiveness in order to establish a trade dress violation under § 43(a).

III

Even though the lower courts’ expansion of the categories contained in § 43(a) is unsupported by the text of the Act, I am persuaded that it is consistent with the general purposes of the Act. For example, Congressman Lanham, the bill’s sponsor, stated: “The purpose of [the Act] is to protect legitimate business and the consumers of the country.”^[22] 92 Cong. Rec. 7524 (1946). One way of accomplishing these dual goals was by creating uniform legal rights and remedies that were appropriate for a national economy. Although the protection of trademarks had once been “entirely a State matter,” the result of such a piecemeal approach was that there were almost “as many different varieties of common law as there are States” so that a person’s right to a trademark “in one State may differ widely from the rights which [that person] enjoys in another.” H. R. Rep. No. 944, 76th Cong., 1st Sess., 4 (1939). The House Committee on Trademarks and Patents, recognizing that “trade is no longer local, but . . . national,” saw the need for “national legislation along national lines [to] secur[e] to the owners of trademarks in interstate commerce definite rights.” *Ibid.*^[23]

Congress has revisited this statute from time to time, and has accepted the “judicial legislation” that has created this federal cause of action. Recently, for example, in the Trademark Law Revision Act of 1988, 102 Stat. 3935, Congress codified the judicial interpretation of § 43(a), giving its *imprimatur* to a growing body of case law from the Circuits that had expanded the section beyond its original language.

Although Congress has not specifically addressed the question whether secondary meaning is required under § 43(a), the steps it has taken in this subsequent legislation suggest that secondary meaning is not required if inherent distinctiveness has been established.^[24] First, Congress broadened the language of § 43(a) to make explicit that the provision prohibits “any word, term, name, symbol, or device, or any combination thereof” that is “likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.” 15 U. S. C. § 1125(a). That language makes clear that a confusingly similar trade

dress is actionable under § 43(a), without necessary reference to “falsity.” Second, Congress approved and confirmed the extensive judicial development under the provision, including its application to trade dress that the federal courts had come to apply.^[25] Third, the legislative history of the 1988 amendments reaffirms Congress’ goals of protecting both businesses and consumers with the Lanham Act.^[26] And fourth, Congress explicitly extended to any violation of § 43(a) the basic Lanham Act remedial provisions whose text previously covered only registered trademarks.^[27] The aim of the amendments was to apply the same protections to unregistered marks as were already afforded to registered marks. See S. Rep. No. 100-515, p. 40 (1988). These steps buttress the conclusion that § 43(a) is properly understood to provide protection in accordance with the standards for registration in § 2. These aspects of the 1988 legislation bolster the claim that an inherently distinctive trade dress may be protected under § 43(a) without proof of secondary meaning.

IV

In light of the consensus among the Courts of Appeals that have actually addressed the question, and the steps on the part of Congress to codify that consensus, *stare decisis* concerns persuade me to join the Court’s conclusion that secondary meaning is not required to establish a trade dress violation under § 43(a) once inherent distinctiveness has been established. Accordingly, I concur in the judgment, but not in the opinion, of the Court.

JUSTICE THOMAS, concurring in the judgment.

[1] The District Court instructed the jury: “[T]rade dress’ is the total image of the business. Taco Cabana’s trade dress may include the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the decor, the menu, the equipment used to serve food, the servers’ uniforms and other features reflecting on the total image of the restaurant.” 1 App. 83-84. The Court of Appeals accepted this definition and quoted from *Blue Bell Bio-Medical v. CinBad, Inc.*, 864 F. 2d 1253, 1256 (CA5 1989): “The ‘trade dress’ of a product is essentially its total image and overall appearance.” See 932 F. 2d 1113, 1118 (CA5 1991). It “involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.” *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F. 2d 966, 980 (CA11 1983). Restatement (Third) of Unfair Competition § 16, Comment *a* (Tent. Draft No. 2, Mar. 23, 1990).

[2] Section 43(a) provides: “Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.” 60 Stat. 441.

This provision has been superseded by § 132 of the Trademark Law Revision Act of 1988, 102 Stat. 3946, 15 U. S. C. § 1121.

[3] The instructions were that, to be found inherently distinctive, the trade dress must not be descriptive.

[4] Secondary meaning is used generally to indicate that a mark or dress “has come through use to be uniquely associated with a specific source.” Restatement (Third) of Unfair Competition § 13, Comment *e* (Tent. Draft No. 2, Mar. 23, 1990). “To establish secondary meaning, a manufacturer must show that, 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.” *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 851, n. 11 (1982).

[5] The Court of Appeals agreed: “The weight of the evidence persuades us, as it did Judge Singleton, that Two Pesos brazenly copied Taco Cabana’s successful trade dress, and proceeded to expand in a manner that foreclosed several lucrative markets within Taco Cabana’s natural zone of expansion.” 932 F. 2d, at 1127, n. 20.

[6] We limited our grant of certiorari to the above question on which there is a conflict. We did not grant certiorari on the second question presented by the petition, which challenged the Court of Appeals’ acceptance of the jury’s finding that Taco Cabana’s trade dress was not functional.

[7] The Lanham Act, including the provisions at issue here, has been substantially amended since the present suit was brought. See Trademark Law Revision Act of 1988, 102 Stat. 3946, 15 U. S. C. § 1121.

[8] The text that we consider today is § 43(a) of the Lanham Act prior to the 1988 amendments; it provides:

“Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.” 15 U. S. C. § 1125(a) (1982 ed.).

[9] Section 43(a) replaced and extended the coverage of § 3 of the Trademark Act of 1920, 41 Stat. 534, as amended. Section 3 was destined for oblivion largely because it referred only to false designation of origin, was limited to articles of merchandise, thus excluding services, and required a showing that the use of the false designation of origin occurred “willfully and with intent to deceive.” *Ibid.* As a result, “[a]lmost no reported decision can be found in which relief was granted to either a United States or foreign party based on this newly created remedy.” Derenberg, *Federal Unfair Competition Law at the End of the First Decade of the Lanham Act: Prologue or Epilogue?*, 32 N. Y. U. L. Rev. 1029, 1034 (1957).

[10] This is clear from the fact that the cause of action created by this section is available only to a person doing business in the locality falsely indicated as that of origin. See n. 1, *supra*.

[11] The deleterious effects of false advertising were described by one commentator as follows: “[A] campaign of false advertising may completely discredit the product of an industry, destroy the confidence of consumers and impair a communal or trade good will. Less tangible but nevertheless real is the injury suffered by the honest dealer who finds it necessary to meet the price competition of inferior goods, glamorously misdescribed by the unscrupulous merchant. The competition of a liar is always dangerous even though the exact injury may not be susceptible of precise proof.” Handler, *Unfair Competition*, 21 Iowa L. Rev. 175, 193 (1936).

[12] The common-law tort of passing off has been described as follows:

“Beginning in about 1803, English and American common law slowly developed an offshoot of the tort of fraud and deceit and called it ‘passing off’ or ‘palming off.’ Simply stated, passing off as a tort consists of one passing off his goods as the goods of another. In 1842 Lord Langdale wrote:

“I think that the principle on which both the courts of law and equity proceed is very well understood. A man is not to sell his own goods under the pretence [sic] that they are the goods of another man. . . .”

“In 19th century cases, trademark infringement embodied much of the elements of fraud and deceit from which trademark protection developed. That is, the element of fraudulent intent was emphasized over the objective facts of consumer confusion.” 1 J. McCarthy, *Trademarks and Unfair Competition* § 5.2, p. 133 (2d ed. 1984) (McCarthy) (footnotes omitted).

[13] *Id.*, § 27:3, p. 345.

[14] *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F. 2d 405, 408 (CA6 1963).

[15] Derenberg, 32 N. Y. U. L. Rev., at 1047, 1049.

[16] See, e. g., Germain, *Unfair Trade Practices Under § 43(a) of the Lanham Act: You’ve Come a Long Way Baby—Too Far, Maybe?*, 64 *Trademark Rep.* 193, 194 (1974) (“It is submitted that the cases have applied Section 43(a) to situations it was not intended to cover and have used it in ways that it was not designed to function”).

[17] 2 McCarthy § 27:3, p. 345.

[18] The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 *Trademark Rep.* 375, 426 (1987).

[19] Indeed, in count one of the complaint, respondent alleged that petitioner “is continuing to affix, apply, or use in connection with its restaurants, goods and services a false designation o[f] origin, or a false description and representation, tending to falsely describe or represent the same,” and that petitioner “has falsely designated the origin of its restaurants, goods and services and has falsely described and represented the same . . .” App. 44-45; see Tr. of Oral Arg. 37.

[20] See, e. g., *Ambrit, Inc. v. Kraft, Inc.*, 805 F. 2d 974 (CA11 1986), cert. denied, 481 U. S. 1041 (1987); *Blau Plumbing, Inc. v. S. O. S. Fix-It, Inc.*, 781 F. 2d 604 (CA7 1986); *In re Morton-Norwich Products, Inc.*, 671 F. 2d 1332, 1343 (C. C. P. A. 1982); *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F. 2d 695 (CA5 1981), cert. denied, 457 U. S. 1126 (1982); see also *Fuddrucker, Inc. v. Doc’s B. R. Others, Inc.*, 826 F. 2d 837, 843-844 (CA9 1987); *M. Kramer Mfg. Co. v. Andrews*, 783 F. 2d 421, 449, n. 26 (CA4 1986).

[21] Consistent with the common-law background of § 43(a), the Second Circuit has said that proof of secondary meaning is required to establish a claim that the defendant has traded on the plaintiff’s good will by falsely representing that his goods are those of the plaintiff. See, e. g., *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299 (1917). To my knowledge, however, the Second Circuit has not explained why “inherent distinctiveness” is not an appropriate substitute for proof of secondary meaning in a trade dress case. Most of the cases in which the Second Circuit has said that secondary meaning is required did not involve findings of inherent distinctiveness. For example, in *Vibrant Sales, Inc. v. New Body Boutique, Inc.*, 652 F. 2d 299 (1981), cert. denied, 455 U. S. 909 (1982), the product at issue—a velcro belt—was functional and lacked “any distinctive, unique or non-functional mark or feature.” 652 F. 2d, at 305. Similarly, in *Stormy Clime Ltd. v. ProGroup, Inc.*, 809 F. 2d 971, 977 (1987), the court described functionality as a continuum, and placed the contested rainjacket closer to the functional end than to the distinctive end. Although the court described the lightweight bag in *LeSportsac, Inc. v. K mart Corp.*, 754 F. 2d 71 (1985), as having a distinctive appearance and concluded

that the District Court's finding of nonfunctionality was not clearly erroneous, *id.*, at 74, it did not explain why secondary meaning was also required in such a case.

[22] The Senate Report elaborated on these two goals:

"The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner." S. Rep. No. 1333, 79th Cong., 2d Sess., 3 (1946).

By protecting trademarks, Congress hoped "to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed." *Id.*, at 4.

[23] Forty years later, the USTA Trademark Review Commission assessed the state of trademark law. The conclusion that it reached serves as a testimonial to the success of the Act in achieving its goal of uniformity: "The federal courts now decide, under federal law, all but a few trademark disputes. State trademark law and state courts are less influential than ever. Today the Lanham Act is the paramount source of trademark law in the United States, as interpreted almost exclusively by the federal courts." Trademark Review Commission, 77 Trademark Rep., at 377.

[24] "When several acts of Congress are passed touching the same subject matter, subsequent legislation may be considered to assist in the interpretation of prior legislation upon the same subject." *Tiger v. Western Investment Co.*, 221 U. S. 286, 309 (1911); see *NLRB v. Bell Aerospace Co. of Textron, Inc.*, 416 U. S. 267, 275 (1974); *Red Lion Broadcasting Co. v. FCC*, 395 U. S. 367, 380-381 (1969); *United States v. Staffoff*, 260 U. S. 477, 480 (1923) (opinion of Holmes, J.).

[25] As the Senate Report explained, revision of § 43(a) is designed "to codify the interpretation it has been given by the courts. Because Section 43(a) of the Act fills an important gap in federal unfair competition law, the committee expects the courts to continue to interpret the section.

"As written, Section 43(a) appears to deal only with false descriptions or representations and false designations of geographic origin. Since its enactment in 1946, however, it has been widely interpreted as creating, in essence, a federal law of unfair competition. For example, it has been applied to cases involving the infringement of unregistered marks, violations of trade dress and certain nonfunctional configurations of goods and actionable false advertising claims." S. Rep. No. 100-515, p. 40 (1988).

[26] "Trademark protection is important to both consumers and producers. Trademark law protects the public by making consumers confident that they can identify brands they prefer and can purchase those brands without being confused or misled. Trademark laws also protec[t] trademark owners. When the owner of a trademark has spent considerable time and money bringing a product to the marketplace, trademark law protects the producer from pirates and counterfeiters." *Id.*, at 4.

[27] See 15 U. S. C. §§ 1114, 1116-1118.

WAL-MART STORES V. SAMARA BROS.

Wal-Mart Stores v. Samara Brothers

529 U.S. 205 (2000)

JUSTICE SCALIA, delivered the opinion of the Court.

In this case, we decide under what circumstances a product's design is distinctive, and therefore protectible, in an action for infringement of unregistered trade dress under § 43(a) of the Trademark Act of 1946 (Lanham Act), 60 Stat. 441, as amended, 15 U. S. C. § 1125(a).

I

Respondent Samara Brothers, Inc., designs and manufactures children's clothing. Its primary product is a line of spring/summer one-piece seersucker outfits decorated with appliqués of hearts, flowers, fruits, and the like. A number of chain stores, including JCPenney, sell this line of clothing under contract with Samara.

Petitioner Wal-Mart Stores, Inc., is one of the Nation's best known retailers, selling among other things children's clothing. In 1995, Wal-Mart contracted with one of its suppliers, Judy-Philippine, Inc., to manufacture a line of children's outfits for sale in the 1996 spring/summer season. Wal-Mart sent Judy-Philippine photographs of a number of garments from Samara's line, on which Judy-Philippine's garments were to be based; Judy-Philippine duly copied, with only minor modifications, 16 of Samara's garments, many of which contained copyrighted elements. In 1996, Wal-Mart briskly sold the so-called knockoffs, generating more than \$1.15 million in gross profits.

In June 1996, a buyer for JCPenney called a representative at Samara to complain that she had seen Samara garments on sale at Wal-Mart for a lower price than JCPenney was allowed to charge under its contract with Samara. The Samara representative told the buyer that Samara did not supply its clothing to Wal-Mart. Their suspicions aroused, however, Samara officials launched an investigation, which disclosed that Wal-Mart and several other major retailers—Kmart, Caldor, Hills, and Goody's—were selling the knockoffs of Samara's outfits produced by Judy-Philippine.

After sending cease-and-desist letters, Samara brought this action in the United States District Court for the Southern District of New York against Wal-Mart, Judy-Philippine, Kmart, Caldor, Hills, and Goody's for copyright infringement under federal law, consumer fraud and unfair competition under New York law, and—most relevant for our purposes—infringement of unregistered trade dress under § 43(a) of the Lanham Act, 15 U. S. C. § 1125(a). All of the defendants except Wal-Mart settled before trial.

After a week long trial, the jury found in favor of Samara on all of its claims. Wal-Mart then renewed a motion for judgment as a matter of law, claiming, *inter alia*, that there was insufficient evidence to support a conclusion that Samara's clothing designs could be legally protected as distinctive trade

dress for purposes of § 43(a). The District Court denied the motion, 969 F. Supp. 895 (SDNY 1997), and awarded Samara damages, interest, costs, and fees totaling almost \$1.6 million, together with injunctive relief, see App. to Pet. for Cert. 56-58. The Second Circuit affirmed the denial of the motion for judgment as a matter of law, 165 F. 3d 120 (1998), and we granted certiorari, 528 U. S. 808 (1999).

II

The Lanham Act provides for the registration of trademarks, which it defines in § 45 to include “any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer’s] goods . . . from those manufactured or sold by others and to indicate the source of the goods” 15 U. S. C. § 1127. Registration of a mark under § 2 of the Lanham Act, 15 U. S. C. § 1052, enables the owner to sue an infringer under § 32, 15 U. S. C. § 1114; it also entitles the owner to a presumption that its mark is valid, see § 7(b), 15 U. S. C. § 1057(b), and ordinarily renders the registered mark incontestable after five years of continuous use, see § 15, 15 U. S. C. § 1065. In addition to protecting registered marks, the Lanham Act, in § 43(a), gives a producer a cause of action for the use by any person of “any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods” 15 U. S. C. § 1125(a). It is the latter provision that is at issue in this case.

The breadth of the definition of marks registrable under § 2, and of the confusion-producing elements recited as actionable by § 43(a), has been held to embrace not just word marks, such as “Nike,” and symbol marks, such as Nike’s “swoosh” symbol, but also “trade dress”—a category that originally included only the packaging, or “dressing,” of a product, but in recent years has been expanded by many Courts of Appeals to encompass the design of a product. See, e. g., *Ashley Furniture Industries, Inc. v. Sangiacomo N. A., Ltd.*, 187 F. 3d 363 (CA4 1999) (bedroom furniture); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F. 3d 996 (CA2 1995) (sweaters); *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F. 3d 780 (CA8 1995) (notebooks). These courts have assumed, often without discussion, that trade dress constitutes a “symbol” or “device” for purposes of the relevant sections, and we conclude likewise. “Since human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive.” *Qualitex Co. v. Jacobson Products Co.*, 514 U. S. 159, 162 (1995). This reading of § 2 and § 43(a) is buttressed by a recently added subsection of § 43(a), § 43(a)(3), which refers specifically to “civil action[s] for trade dress infringement under this chapter for trade dress not registered on the principal register.” 15 U. S. C. § 1125(a)(3) (1994 ed., Supp. V).

The text of § 43(a) provides little guidance as to the circumstances under which unregistered trade dress may be protected. It does require that a producer show that the allegedly infringing feature is not “functional,” see § 43 (a)(3), and is likely to cause confusion with the product for which protection is sought, see § 43(a)(1)(A), 15 U. S. C. § 1125(a)(1)(A). Nothing in § 43(a) explicitly requires a producer to show that its trade dress is distinctive, but courts have universally imposed that requirement, since without distinctiveness the trade dress would not “cause confusion . . . as to the origin, sponsorship, or approval of [the] goods,” as the section requires. Distinctiveness is, moreover, an explicit prerequisite for registration of trade dress under § 2, and “the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).” *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U. S. 763, 768 (1992) (citations omitted).

In evaluating the distinctiveness of a mark under § 2 (and therefore, by analogy, under § 43(a)), courts have held that a mark can be distinctive in one of two ways. First, a mark is inherently distinctive

if “[its] intrinsic nature serves to identify a particular source.” *Ibid.* In the context of word marks, courts have applied the now-classic test originally formulated by Judge Friendly, in which word marks that are “arbitrary” (“Camel” cigarettes), “fanciful” (“Kodak” film), or “suggestive” (“Tide” laundry detergent) are held to be inherently distinctive. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F. 2d 4, 10-11 (CA2 1976). Second, a mark has acquired distinctiveness, even if it is not inherently distinctive, if it has developed secondary meaning, which occurs when, “in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself.” *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 851, n. 11 (1982).

The judicial differentiation between marks that are inherently distinctive and those that have developed secondary meaning has solid foundation in the statute itself. Section 2 requires that registration be granted to any trademark “by which the goods of the applicant may be distinguished from the goods of others”—subject to various limited exceptions. 15 U. S. C. § 1052. It also provides, again with limited exceptions, that “nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant’s goods in commerce”—that is, which is not inherently distinctive but has become so only through secondary meaning. § 2(f), 15 U. S. C. § 1052(f). Nothing in § 2, however, demands the conclusion that *every* category of mark necessarily includes some marks “by which the goods of the applicant may be distinguished from the goods of others” *without* secondary meaning—that in every category some marks are inherently distinctive.

Indeed, with respect to at least one category of mark—colors—we have held that no mark can ever be inherently distinctive. See *Qualitex, supra*, at 162-163. In *Qualitex*, petitioner manufactured and sold green-gold dry-cleaning press pads. After respondent began selling pads of a similar color, petitioner brought suit under § 43(a), then added a claim under § 32 after obtaining registration for the color of its pads. We held that a color could be protected as a trademark, but only upon a showing of secondary meaning. Reasoning by analogy to the *Abercrombie & Fitch* test developed for word marks, we noted that a product’s color is unlike a “fanciful,” “arbitrary,” or “suggestive” mark, since it does not “almost *automatically* tell a customer that [it] refer[s] to a brand,” 514 U. S., at 162-163, and does not “immediately . . . signal a brand or a product ‘source,’” *id.*, at 163. However, we noted that, “over time, customers may come to treat a particular color on a product or its packaging . . . as signifying a brand.” *Ibid.* Because a color, like a “descriptive” word mark, could eventually “come to indicate a product’s origin,” we concluded that it could be protected *upon a showing of secondary meaning. Ibid.*

It seems to us that design, like color, is not inherently distinctive. The attribution of inherent distinctiveness to certain categories of word marks and product packaging derives from the fact that the very purpose of attaching a particular word to a product, or encasing it in a distinctive packaging, is most often to identify the source of the product. Although the words and packaging can serve subsidiary functions—a suggestive word mark (such as “Tide” for laundry detergent), for instance, may invoke positive connotations in the consumer’s mind, and a garish form of packaging (such as Tide’s squat, brightly decorated plastic bottles for its liquid laundry detergent) may attract an otherwise indifferent consumer’s attention on a crowded store shelf—their predominant function remains source identification. Consumers are therefore predisposed to regard those symbols as indication of the producer, which is why such symbols “almost *automatically* tell a customer that they refer to a brand,” *id.*, at 162-163, and “immediately . . . signal a brand or a product ‘source,’” *id.*, at 163. And where it is not reasonable to assume consumer predisposition to take an affixed word or packaging as indication of source—where, for example, the affixed word is descriptive of the product (“Tasty” bread) or of a geographic origin (“Georgia” peaches)—inherent distinctiveness will not be found. That is why the statute generally excludes, from those word marks that can be registered

as inherently distinctive, words that are “merely descriptive” of the goods, § 2(e)(1), 15 U. S. C. § 1052(e)(1), or “primarily geographically descriptive of them,” see § 2(e)(2), 15 U. S. C. § 1052(e)(2). In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing.

The fact that product design almost invariably serves purposes other than source identification not only renders inherent distinctiveness problematic; it also renders application of an inherent-distinctiveness principle more harmful to other consumer interests. Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness. How easy it is to mount a plausible suit depends, of course, upon the clarity of the test for inherent distinctiveness, and where product design is concerned we have little confidence that a reasonably clear test can be devised. Respondent and the United States as *amicus curiae* urge us to adopt for product design relevant portions of the test formulated by the Court of Customs and Patent Appeals for product packaging in *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F. 2d 1342 (1977). That opinion, in determining the inherent distinctiveness of a product’s packaging, considered, among other things, “whether it was a ‘common’ basic shape or design, whether it was unique or unusual in a particular field, [and] whether it was a mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods viewed by the public as a dress or ornamentation for the goods.” *Id.*, at 1344 (footnotes omitted). Such a test would rarely provide the basis for summary disposition of an anticompetitive strike suit. Indeed, at oral argument, counsel for the United States quite understandably would not give a definitive answer as to whether the test was met in this very case, saying only that “[t]his is a very difficult case for that purpose.” Tr. of Oral Arg. 19.

It is true, of course, that the person seeking to exclude new entrants would have to establish the nonfunctionality of the design feature, see § 43(a)(3), 15 U. S. C. § 1125(a)(3) (1994 ed., Supp. V)—a showing that may involve consideration of its esthetic appeal, see *Qualitex, supra*, at 170. Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit, and given the unlikelihood of inherently source-identifying design, the game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle. That is especially so since the producer can ordinarily obtain protection for a design that is inherently source identifying (if any such exists), but that does not yet have secondary meaning, by securing a design patent or a copyright for the design—as, indeed, respondent did for certain elements of the designs in this case. The availability of these other protections greatly reduces any harm to the producer that might ensue from our conclusion that a product design cannot be protected under § 43(a) without a showing of secondary meaning.

Respondent contends that our decision in *Two Pesos* forecloses a conclusion that product-design trade dress can never be inherently distinctive. In that case, we held that the trade dress of a chain of Mexican restaurants, which the plaintiff described as “a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals,” 505 U. S., at 765 (internal quotation marks and citation omitted), could be protected under § 43(a) without a showing of secondary meaning, see *id.*, at 776. *Two Pesos* unquestionably establishes the legal principle that trade dress can be inherently distinctive, see, e. g., *id.*, at 773, but it does not establish that *product-design* trade dress can be. *Two Pesos* is inapposite to our holding here because the trade dress at

issue, the décor of a restaurant, seems to us not to constitute product *design*. It was either product packaging—which, as we have discussed, normally *is* taken by the consumer to indicate origin—or else some *tertium quid* that is akin to product packaging and has no bearing on the present case.

Respondent replies that this manner of distinguishing *Two Pesos* will force courts to draw difficult lines between product-design and product-packaging trade dress. There will indeed be some hard cases at the margin: a classic glass Coca-Cola bottle, for instance, may constitute packaging for those consumers who drink the Coke and then discard the bottle, but may constitute the product itself for those consumers who are bottle collectors, or part of the product itself for those consumers who buy Coke in the classic glass bottle, rather than a can, because they think it more stylish to drink from the former. We believe, however, that the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive. To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning. The very closeness will suggest the existence of relatively small utility in adopting an inherent-distinctiveness principle, and relatively great consumer benefit in requiring a demonstration of secondary meaning.

* * *

We hold that, in an action for infringement of unregistered trade dress under § 43(a) of the Lanham Act, a product's design is distinctive, and therefore protectible, only upon a showing of secondary meaning. The judgment of the Second Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

21. TRADE DRESS - FUNCTIONALITY

Learning Objectives: Unit 21

Upon completion of this unit, you should be able to:

- Explain the concept of functionality.
- Explain the policy issues involved in the doctrine of functionality.
- Analyze functionality in factual scenarios.

As with the cases for unit 20, *TraFFix Devices v. Marketing Displays* (2000), involves trademark rights being asserted in trade dress—here, the dual springs used as part of a traffic sign. You can see examples of the MDI sign at <http://www.mditrafficcontrol.com/construction-utility/mdi-compact-reg-sign.html> and the TraFFix sign at <https://www.traffixdevices.com/products/signs-stands>. Unlike in those cases, however, distinctiveness is not at issue. Instead, the accused infringer is raising a different type of challenge to trademark rights: that the feature over which rights are being claimed is *functional*.

TRAFFIX DEVICES V. MARKETING DISPLAYS (2001)

READING WITH PURPOSE

Before reading *TrafFix*, reread the discussion of functionality in *Qualitex*. As you read these cases, ask yourself the following questions:

- What is the functionality doctrine?
- What relationship does the functionality doctrine for trade dress have to the category of generic terms for word marks?
- What are the policy considerations underlying the doctrine?
- How is functionality analyzed?
- How would you analyze functionality in connection with a trademark claim over red soles on women's shoes, black as the color of a motorboat engine, or chartreuse (look it up if you're not sure) as the color of an air hose.

TrafFix Devices v. Marketing Displays

532 U.S. 23 (2001)

JUSTICE KENNEDY, delivered the opinion of the Court.

Temporary road signs with warnings like "Road Work Ahead" or "Left Shoulder Closed" must withstand strong gusts of wind. An inventor named Robert Sarkisian obtained two utility patents for a mechanism built upon two springs (the dual-spring design) to keep these and other outdoor signs upright despite adverse wind conditions. The holder of the now-expired Sarkisian patents, respondent Marketing Displays, Inc. (MDI), established a successful business in the manufacture and sale of sign stands incorporating the patented feature. MDI's stands for road signs were recognizable to buyers and users (it says) because the dual-spring design was visible near the base of the sign.

This litigation followed after the patents expired and a competitor, TrafFix Devices, Inc., sold sign stands with a visible spring mechanism that looked like MDI's. MDI and TrafFix products looked alike because they were. When TrafFix started in business, it sent an MDI product abroad to have it reverse engineered, that is to say copied. Complicating matters, TrafFix marketed its sign stands under a name similar to MDI's. MDI used the name "WindMaster," while TrafFix, its new competitor, used "WindBuster."

MDI brought suit under the Trademark Act of 1946 (Lanham Act), 60 Stat. 427, as amended, 15 U. S. C. § 1051 *et seq.*, against TrafFix for trademark infringement (based on the similar names), trade dress infringement (based on the copied dual-spring design), and unfair competition. TrafFix

counterclaimed on antitrust theories. After the United States District Court for the Eastern District of Michigan considered cross-motions for summary judgment, MDI prevailed on its trademark claim for the confusing similarity of names and was held not liable on the antitrust counterclaim; and those two rulings, affirmed by the Court of Appeals, are not before us.

I

We are concerned with the trade dress question. The District Court ruled against MDI on its trade dress claim. 971 F. Supp. 262 (ED Mich. 1997). After determining that the one element of MDI's trade dress at issue was the dualspring design, *id.*, at 265, it held that "no reasonable trier of fact could determine that MDI has established secondary meaning" in its alleged trade dress, *id.*, at 269. In other words, consumers did not associate the look of the dualspring design with MDI. As a second, independent reason to grant summary judgment in favor of Traffix, the District Court determined the dual-spring design was functional. On this rationale secondary meaning is irrelevant because there can be no trade dress protection in any event. In ruling on the functional aspect of the design, the District Court noted that Sixth Circuit precedent indicated that the burden was on MDI to prove that its trade dress was nonfunctional, and not on Traffix to show that it was functional (a rule since adopted by Congress, see 15 U. S. C. § 1125(a)(3) (1994 ed., Supp. V)), and then went on to consider MDI's arguments that the dual-spring design was subject to trade dress protection. Finding none of MDI's contentions persuasive, the District Court concluded MDI had not "proffered sufficient evidence which would enable a reasonable trier of fact to find that MDI's vertical dual-spring design is *non* functional." 971 F. Supp., at 276. Summary judgment was entered against MDI on its trade dress claims.

The Court of Appeals for the Sixth Circuit reversed the trade dress ruling. 200 F. 3d 929 (1999). The Court of Appeals held the District Court had erred in ruling MDI failed to show a genuine issue of material fact regarding whether it had secondary meaning in its alleged trade dress, *id.*, at 938, and had erred further in determining that MDI could not prevail in any event because the alleged trade dress was in fact a functional product configuration, *id.*, at 940. The Court of Appeals suggested the District Court committed legal error by looking only to the dual-spring design when evaluating MDI's trade dress. Basic to its reasoning was the Court of Appeals' observation that it took "little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might avoid infringing [MDI's] trade dress." *Ibid.* The Court of Appeals explained that "[i]f Traffix or another competitor chooses to use [MDI's] dual-spring design, then it will have to find *some other way* to set its sign apart to avoid infringing [MDI's] trade dress." *Ibid.* It was not sufficient, according to the Court of Appeals, that allowing exclusive use of a particular feature such as the dual-spring design in the guise of trade dress would "hinde[r] competition somewhat." Rather, "[e]xclusive use of a feature must 'put competitors at a *significant* non-reputation-related disadvantage' before trade dress protection is denied on functionality grounds." *Ibid.* (quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U. S. 159, 165 (1995)). In its criticism of the District Court's ruling on the trade dress question, the Court of Appeals took note of a split among Courts of Appeals in various other Circuits on the issue whether the existence of an expired utility patent forecloses the possibility of the patentee's claiming trade dress protection in the product's design. 200 F. 3d, at 939. Compare *Sunbeam Products, Inc. v. West Bend Co.*, 123 F. 3d 246 (CA5 1997) (holding that trade dress protection is not foreclosed), *Thomas & Betts Corp. v. Panduit Corp.*, 138 F. 3d 277 (CA7 1998) (same), and *Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F. 3d 1356 (CA Fed 1999) (same), with *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F. 3d 1498, 1500 (CA10 1995) ("Where a product configuration is a significant inventive

component of an invention covered by a utility patent . . . it cannot receive trade dress protection”). To resolve the conflict, we granted certiorari. 530 U. S. 1260 (2000).

II

It is well established that trade dress can be protected under federal law. The design or packaging of a product may acquire a distinctiveness which serves to identify the product with its manufacturer or source; and a design or package which acquires this secondary meaning, assuming other requisites are met, is a trade dress which may not be used in a manner likely to cause confusion as to the origin, sponsorship, or approval of the goods. In these respects protection for trade dress exists to promote competition. As we explained just last Term, see *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U. S. 205 (2000), various Courts of Appeals have allowed claims of trade dress infringement relying on the general provision of the Lanham Act which provides a cause of action to one who is injured when a person uses “any word, term name, symbol, or device, or any combination thereof . . . which is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods.” 15 U. S. C. § 1125(a)(1)(A). Congress confirmed this statutory protection for trade dress by amending the Lanham Act to recognize the concept. Title 15 U. S. C. § 1125(a)(3) (1994 ed., Supp. V) provides: “In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.” This burden of proof gives force to the well-established rule that trade dress protection may not be claimed for product features that are functional. *Qualitex, supra*, at 164-165; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U. S. 763, 775 (1992). And in *Wal-Mart, supra*, we were careful to caution against misuse or over extension of trade dress. We noted that “product design almost invariably serves purposes other than source identification.” *Id.*, at 213.

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws which preserve our competitive economy. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U. S. 141, 160 (1989). Allowing competitors to copy will have salutary effects in many instances. “Reverse engineering of chemical and mechanical articles in the public domain often leads to significant advances in technology.” *Ibid.*

The principal question in this case is the effect of an expired patent on a claim of trade dress infringement. A prior patent, we conclude, has vital significance in resolving the trade dress claim. A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device.

In the case before us, the central advance claimed in the expired utility patents (the Sarkisian patents) is the dualspring design; and the dual-spring design is the essential feature of the trade dress MDI now seeks to establish and to protect. The rule we have explained bars the trade dress claim, for MDI did not, and cannot, carry the burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents.

The dual springs shown in the Sarkisian patents were well apart (at either end of a frame for holding a rectangular sign when one full side is the base) while the dual springs at issue here are close together (in a frame designed to hold a sign by one of its corners). As the District Court recognized, this makes little difference. The point is that the springs are necessary to the operation of the device. The fact that the springs in this very different-looking device fall within the claims of the patents is illustrated by MDI's own position in earlier litigation. In the late 1970's, MDI engaged in a long-running intellectual property battle with a company known as Winn-Proof. Although the precise claims of the Sarkisian patents cover sign stands with springs "spaced apart," U. S. Patent No. 3,646,696, col. 4; U. S. Patent No. 3,662,482, col. 4, the Winn-Proof sign stands (with springs much like the sign stands at issue here) were found to infringe the patents by the United States District Court for the District of Oregon, and the Court of Appeals for the Ninth Circuit affirmed the judgment. *Sarkisian v. WinnProof Corp.*, 697 F. 2d 1313 (1983). Although the WinnProof traffic sign stand (with dual springs close together) did not appear, then, to infringe the literal terms of the patent claims (which called for "spaced apart" springs), the WinnProof sign stand was found to infringe the patents under the doctrine of equivalents, which allows a finding of patent infringement even when the accused product does not fall within the literal terms of the claims. *Id.*, at 1321-1322; see generally *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U. S. 17 (1997). In light of this past ruling—a ruling procured at MDI's own insistence—it must be concluded the products here at issue would have been covered by the claims of the expired patents.

The rationale for the rule that the disclosure of a feature in the claims of a utility patent constitutes strong evidence of functionality is well illustrated in this case. The dual-spring design serves the important purpose of keeping the sign upright even in heavy wind conditions; and, as confirmed by the statements in the expired patents, it does so in a unique and useful manner. As the specification of one of the patents recites, prior art "devices, in practice, will topple under the force of a strong wind." U. S. Patent No. 3,662,482, col. 1. The dual-spring design allows sign stands to resist toppling in strong winds. Using a dual-spring design rather than a single spring achieves important operational advantages. For example, the specifications of the patents note that the "use of a pair of springs . . . as opposed to the use of a single spring to support the frame structure prevents canting or twisting of the sign around a vertical axis," and that, if not prevented, twisting "may cause damage to the spring structure and may result in tipping of the device." U. S. Patent No. 3,646,696, col. 3. In the course of patent prosecution, it was said that "[t]he use of a pair of spring connections as opposed to a single spring connection . . . forms an important part of this combination" because it "forc[es] the sign frame to tip along the longitudinal axis of the elongated ground-engaging members." App. 218. The dual-spring design affects the cost of the device as well; it was acknowledged that the device "could use three springs but this would unnecessarily increase the cost of the device." *Id.*, at 217. These statements made in the patent applications and in the course of procuring the patents demonstrate the functionality of the design. MDI does not assert that any of these representations are mistaken or inaccurate, and this is further strong evidence of the functionality of the dual-spring design.

III

In finding for MDI on the trade dress issue the Court of Appeals gave insufficient recognition to the importance of the expired utility patents, and their evidentiary significance, in establishing the functionality of the device. The error likely was caused by its misinterpretation of trade dress principles in other respects. As we have noted, even if there has been no previous utility patent the party asserting trade dress has the burden to establish the nonfunctionality of alleged trade dress features. MDI could not meet this burden. Discussing trademarks, we have said "[i]n general terms, a product feature is functional,' and cannot serve as a trademark, 'if it is essential to the use or purpose

of the article or if it affects the cost or quality of the article.” *Qualitex*, 514 U. S., at 165 (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 850, n. 10 (1982)). Expanding upon the meaning of this phrase, we have observed that a functional feature is one the “exclusive use of [which] would put competitors at a significant nonreputation-related disadvantage.” 514 U. S., at 165. The Court of Appeals in the instant case seemed to interpret this language to mean that a necessary test for functionality is “whether the particular product configuration is a competitive necessity.” 200 F. 3d, at 940. See also *Vornado*, 58 F. 3d, at 1507 (“Functionality, by contrast, has been defined both by our circuit, and more recently by the Supreme Court, in terms of competitive need”). This was incorrect as a comprehensive definition. As explained in *Qualitex*, *supra*, and *Inwood*, *supra*, a feature is also functional when it is essential to the use or purpose of the device or when it affects the cost or quality of the device. The *Qualitex* decision did not purport to displace this traditional rule. Instead, it quoted the rule as *Inwood* had set it forth. It is proper to inquire into a “significant non-reputation-related disadvantage” in cases of esthetic functionality, the question involved in *Qualitex*. Where the design is functional under the *Inwood* formulation there is no need to proceed further to consider if there is a competitive necessity for the feature. In *Qualitex*, by contrast, esthetic functionality was the central question, there having been no indication that the green-gold color of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality.

The Court has allowed trade dress protection to certain product features that are inherently distinctive. *Two Pesos*, 505 U. S., at 774. In *Two Pesos*, however, the Court at the outset made the explicit analytic assumption that the trade dress features in question (decorations and other features to evoke a Mexican theme in a restaurant) were not functional. *Id.*, at 767, n. 6. The trade dress in those cases did not bar competitors from copying functional product design features. In the instant case, beyond serving the purpose of informing consumers that the sign stands are made by MDI (assuming it does so), the dual-spring design provides a unique and useful mechanism to resist the force of the wind. Functionality having been established, whether MDI’s dual-spring design has acquired secondary meaning need not be considered.

There is no need, furthermore, to engage, as did the Court of Appeals, in speculation about other design possibilities, such as using three or four springs which might serve the same purpose. 200 F. 3d, at 940. Here, the functionality of the spring design means that competitors need not explore whether other spring juxtapositions might be used. The dual-spring design is not an arbitrary flourish in the configuration of MDI’s product; it is the reason the device works. Other designs need not be attempted.

Because the dual-spring design is functional, it is unnecessary for competitors to explore designs to hide the springs, say, by using a box or framework to cover them, as suggested by the Court of Appeals. *Ibid.* The dual-spring design assures the user the device will work. If buyers are assured the product serves its purpose by seeing the operative mechanism that in itself serves an important market need. It would be at cross-purposes to those objectives, and something of a paradox, were we to require the manufacturer to conceal the very item the user seeks.

In a case where a manufacturer seeks to protect arbitrary, incidental, or ornamental aspects of features of a product found in the patent claims, such as arbitrary curves in the legs or an ornamental pattern painted on the springs, a different result might obtain. There the manufacturer could perhaps prove that those aspects do not serve a purpose within the terms of the utility patent. The inquiry into whether such features, asserted to be trade dress, are functional by reason of their inclusion in the claims of an expired utility patent could be aided by going beyond the claims and examining the

patent and its prosecution history to see if the feature in question is shown as a useful part of the invention. No such claim is made here, however. MDI in essence seeks protection for the dual-spring design alone. The asserted trade dress consists simply of the dual-spring design, four legs, a base, an upright, and a sign. MDI has pointed to nothing arbitrary about the components of its device or the way they are assembled. The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity. The Lanham Act, furthermore, does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller. The Court of Appeals erred in viewing MDI as possessing the right to exclude competitors from using a design identical to MDI's and to require those competitors to adopt a different design simply to avoid copying it. MDI cannot gain the exclusive right to produce sign stands using the dual-spring design by asserting that consumers associate it with the look of the invention itself. Whether a utility patent has expired or there has been no utility patent at all, a product design which has a particular appearance may be functional because it is "essential to the use or purpose of the article" or "affects the cost or quality of the article." *Inwood*, 456 U. S., at 850, n. 10.

TrafFix and some of its *amici* argue that the Patent Clause of the Constitution, Art. I, § 8, cl. 8, of its own force, prohibits the holder of an expired utility patent from claiming trade dress protection. Brief for Petitioner 33-36; Brief for Panduit Corp. as *Amicus Curiae* 3; Brief for Malla Pollack as *Amicus Curiae* 2. We need not resolve this question. If, despite the rule that functional features may not be the subject of trade dress protection, a case arises in which trade dress becomes the practical equivalent of an expired utility patent, that will be time enough to consider the matter. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

22. PRIORITY, REGISTRATION AND INCONTESTABILITY

Learning Objectives: Unit 22

Upon completion of this unit, you should be able to:

- Describe the relevant laws and institutions relating to trademarks.
- Explain how priority works in trademark law.
- Explain how federal trademark registration works.
- Explain what incontestability means.

A fundamental principle of trademark law in the United States is that trademark rights arise from use of a mark as a mark. Company A may obtain trademark rights simply by placing a mark on its products and selling those products. If Company B subsequently begins to use that mark on *its* products, Company A may bring a legal claim based on state law and on 15 U.S.C. § 1125(a). Put simply, the first to use a mark receives priority as against subsequent users of the mark.

Although trademark rights flow from actual use, they can be strengthened by *registering* the mark. The strongest form of registration is the federal system, which provides several nationwide benefits to the registrant. Federal trademark law—and registration, in particular—is authorized by the Lanham Act, codified at 15 U.S.C. § 1051 et. seq. It states the conditions of registration (§§ 1051 and 1052), establishes the evidentiary effect of registration (§ 1115), and provides a specific cause of action for infringement of a registered mark (§ 1114). It also limits the grounds on which a registered mark can be challenged after five years have passed from registration.

Read 15 U.S.C. §§ 1051, 1052, § 1114, and 1115. As you read these statutes, ask yourself the following questions:

- What requirements must be met for a mark to be registered?
- What are the consequences of registering a mark?
- What does “incontestable” mean in the trademark context?
- What are the effects of a mark being “incontestable”?

As you read § 1052, you may have noticed that subsection (a) prohibits registration of material that comprises “immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols...” The

USPTO long used § 1052(a) to deny registration of marks that constituted “scandalous” or “disparaging” subject matter, most recently in the context of Simon Tam’s effort to register the name of his band, *The Slants*. Other groups, most famously native American tribes, sought to use § 1052(a) to revoke the registration of disparaging marks. In *Matal v. Tam*, the Supreme Court took up the Constitutionality of the § 1052(a) prohibition on registration of “disparaging” subject matter.

15 U.S.C. § 1127. Construction and definitions; intent of chapter: Use in Commerce Definition (2006)

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

15 U.S.C. § 1051. Application for registration; verification (2020)

(a) Application for use of trademark

1) The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director.

2) The application shall include specification of the applicant’s domicile and citizenship, the date of the applicant’s first use of the mark, the date of the applicant’s first use of the mark in commerce, the goods in connection with which the mark is used, and a drawing of the mark.

...

(b) Application for bona fide intention to use trademark

1) A person who has a bona fide intention, under circumstances showing the good faith of such

person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director...

(c) Amendment of application under subsection (b) to conform to requirements of subsection (a)

At any time during examination of an application filed under subsection (b), an applicant who has made use of the mark in commerce may claim the benefits of such use for purposes of this chapter, by amending his or her application to bring it into conformity with the requirements of subsection (a).

...

(e) Third party submission of evidence

A third party may submit for consideration for inclusion in the record of an application evidence relevant to a ground for refusal of registration. The third-party submission shall identify the ground for refusal and include a concise description of each piece of evidence submitted in support of each identified ground for refusal. Not later than 2 months after the date on which the submission is filed, the Director shall determine whether the evidence should be included in the record of the application. The Director shall establish by regulation appropriate procedures for the consideration of evidence submitted by a third party under this subsection and may prescribe a fee to accompany the submission. If the Director determines that the third-party evidence should be included in the record of the application, only the evidence and the ground for refusal to which the evidence relates may be so included. Any determination by the Director whether or not to include evidence in the record of an application shall be final and non-reviewable, and a determination to include or to not include evidence in the record shall not prejudice any party's right to raise any issue and rely on any evidence in any other proceeding.

15 U.S.C. §1052. Trademarks registrable on principal register; concurrent registration (2006)

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive . . .

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993.

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be refused registration only pursuant to a proceeding brought under section 1063 of this title. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may be canceled pursuant to a proceeding brought under either section 1064 of this title or section 1092 of this title.

15 U.S.C. §1115. Registration on principal register as evidence of exclusive right to use mark; defenses (2002)

...

(b) Incontestability; defenses: To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number,

subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

- 1) That the registration or the incontestable right to use the mark was obtained fraudulently; or
- 2) That the mark has been abandoned by the registrant; or
- 3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- 4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or 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 ...

15 U.S. Code § 1064. Cancellation of registration (2020)

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:

- 1) Within five years from the date of the registration of the mark under this chapter.
- 2) ...
- 3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

...

(6) At any time after the 3-year period following the date of registration, if the registered mark has never been used in commerce on or in connection with some or all of the goods or services recited in the registration:

...

15 U.S. Code § 1065. Incontestability of right to use mark under certain conditions (2020)

Except on a ground for which application to cancel may be filed at any time under paragraphs (3), (5), and (6) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: Provided, That ...

READING WITH PURPOSE

As you read *Matal v. Tam*, ask yourself the following questions:

- What is the Constitutional basis for Tam’s challenge to 1052(a)?
- What are the counterarguments to the Constitutional challenge?
- What is the Court’s holding? The reasoning underlying that holding?
- Predict consequences that you foresee emerging from this case. How could you test whether those consequences have occurred?
- In light of *Matal v. Tam*, is the rest of § 1052 vulnerable to Constitutional challenge, including § 1052(b) and (d)? If not, how would you distinguish § 1052(b) and (d) from *Tam*?

Matal v. Tam

137 S.Ct. 1744 (2017)

Justice ALITO announced the judgment of the Court and delivered the opinion of the Court with respect to Parts I, II, and III–A, and an opinion with respect to Parts III–B, III–C, and IV, in which THE CHIEF JUSTICE, Justice THOMAS, and Justice BREYER join.

This case concerns a dance-rock band’s application for federal trademark registration of the band’s name, “The Slants.” “Slants” is a derogatory term for persons of Asian descent, and members of the band are Asian–Americans. But the band members believe that by taking that slur as the name of their group, they will help to “reclaim” the term and drain its denigrating force.

The Patent and Trademark Office (PTO) denied the application based on a provision of federal law prohibiting the registration of trademarks that may “disparage ... or bring ... into contemp[t] or disrepute” any “persons, living or dead.” 15 U.S.C. § 1052(a). We now hold that this provision violates the Free Speech Clause of the First Amendment. It offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.

I

A

“The principle underlying trademark protection is that distinctive marks—words, names, symbols, and the like—can help distinguish a particular artisan’s goods from those of others.” *B & B Hardware, Inc. v. Hargis Industries, Inc.*, 575 U.S. ----, ----, 135 S.Ct. 1293, 1299, 191 L.Ed.2d 222 (2015); see

also *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 212, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000). A trademark “designate [s] the goods as the product of a particular trader” and “protect[s] his good will against the sale of another’s product as his.” *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, 39 S.Ct. 48, 63 L.Ed. 141 (1918); see also *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412–413, 36 S.Ct. 357, 60 L.Ed. 713 (1916). It helps consumers identify goods and services that they wish to purchase, as well as those they want to avoid. See *Wal-Mart Stores, supra*, at 212–213, 120 S.Ct. 1339; *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198, 105 S.Ct. 658, 83 L.Ed.2d 582 (1985).

“[F]ederal law does not create trademarks.” *B & B Hardware, supra*, at ----, 135 S.Ct., at 1299. Trademarks and their precursors have ancient origins, and trademarks were protected at common law and in equity at the time of the founding of our country. 3 J. McCarthy, *Trademarks and Unfair Competition* § 19:8 (4th ed. 2017) (hereinafter McCarthy); 1 *id.*, §§ 5:1, 5:2, 5:3; Pattishall, *The Constitutional Foundations of American Trademark Law*, 78 *Trademark Rep.* 456, 457–458 (1988); Pattishall, *Two Hundred Years of American Trademark Law*, 68 *Trademark Rep.* 121, 121–123 (1978); see *Trade-Mark Cases*, 100 U.S. 82, 92, 25 L.Ed. 550 (1879). For most of the 19th century, trademark protection was the province of the States. See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780–782, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992) (Stevens, J., concurring in judgment); *id.*, at 785, 112 S.Ct. 2753 (THOMAS, J., concurring in judgment). Eventually, Congress stepped in to provide a degree of national uniformity, passing the first federal legislation protecting trademarks in 1870. See Act of July 8, 1870, §§ 77–84, 16 Stat. 210–212. The foundation of current federal trademark law is the Lanham Act, enacted in 1946. See Act of July 5, 1946, ch. 540, 60 Stat. 427. By that time, trademark had expanded far beyond phrases that do no more than identify a good or service. Then, as now, trademarks often consisted of catchy phrases that convey a message.

Under the Lanham Act, trademarks that are “used in commerce” may be placed on the “principal register,” that is, they may be federally registered. 15 U.S.C. § 1051(a)(1). And some marks “capable of distinguishing [an] applicant’s goods or services and not registrable on the principal register ... which are in lawful use in commerce by the owner thereof” may instead be placed on a different federal register: the supplemental register. § 1091(a). There are now more than two million marks that have active federal certificates of registration. PTO Performance and Accountability Report, Fiscal Year 2016, p. 192 (Table 15), <https://www.uspto.gov/sites/default/files/documents/USPTOFY16PAR.pdf> (all Internet materials as last visited June 16, 2017). This system of federal registration helps to ensure that trademarks are fully protected and supports the free flow of commerce. “[N]ational protection of trademarks is desirable,” we have explained, “because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 531, 107 S.Ct. 2971, 97 L.Ed.2d 427 (1987) (internal quotation marks omitted); see also *Park ‘N Fly, Inc., supra*, at 198, 105 S.Ct. 658 (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers”).

B

Without federal registration, a valid trademark may still be used in commerce. See 3 McCarthy § 19:8. And an unregistered trademark can be enforced against would-be infringers in several ways. Most important, even if a trademark is not federally registered, it may still be enforceable under § 43(a) of the Lanham Act, which creates a federal cause of action for trademark infringement. See *Two Pesos, supra*, at 768, 112 S.Ct. 2753 (“Section 43(a) prohibits a broader range of practices

than does § 32, which applies to registered marks, but it is common ground that § 43(a) protects qualifying unregistered trademarks” (internal quotation marks and citation omitted).^[1] Unregistered trademarks may also be entitled to protection under other federal statutes, such as the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d). See 5 McCarthy § 25A:49, at 25A–198 (“[T]here is no requirement [in the Anticybersquatting Act] that the protected ‘mark’ be registered: unregistered common law marks are protected by the Act”). And an unregistered trademark can be enforced under state common law, or if it has been registered in a State, under that State’s registration system. See 3 *id.*, § 19:3, at 19–23 (explaining that “[t]he federal system of registration and protection does not preempt parallel state law protection, either by state common law or state registration” and “[i]n the vast majority of situations, federal and state trademark law peacefully coexist”); *id.*, § 22:1 (discussing state trademark registration systems).

Federal registration, however, “confers important legal rights and benefits on trademark owners who register their marks.” *B & B Hardware*, 575 U.S., at ----, 135 S.Ct., at 1317 (internal quotation marks omitted). Registration on the principal register (1) “serves as ‘constructive notice of the registrant’s claim of ownership’ of the mark,” *ibid.* (quoting 15 U.S.C. § 1072); (2) “is ‘prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate,’” *B & B Hardware*, 575 U.S. at ----, 135 S.Ct., at 1300 (quoting § 1057(b)); and (3) can make a mark “‘incontestable’” once a mark has been registered for five years,” *ibid.* (quoting §§ 1065, 1115(b)); see *Park ‘N Fly*, 469 U.S., at 193, 105 S.Ct. 658. Registration also enables the trademark holder “to stop the importation into the United States of articles bearing an infringing mark.” 3 McCarthy § 19:9, at 19–38; see 15 U.S.C. § 1124.

C

The Lanham Act contains provisions that bar certain trademarks from the principal register. For example, a trademark cannot be registered if it is “merely descriptive or deceptively misdescriptive” of goods, § 1052(e)(1), or if it is so similar to an already registered trademark or trade name that it is “likely ... to cause confusion, or to cause mistake, or to deceive,” § 1052(d).

At issue in this case is one such provision, which we will call “the disparagement clause.” This provision prohibits the registration of a trademark “which may disparage ... persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” § 1052(a).^[2] This clause appeared in the original Lanham Act and has remained the same to this day. See § 2(a), 60 Stat. 428.

When deciding whether a trademark is disparaging, an examiner at the PTO generally applies a “two-part test.” The examiner first considers “the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services.” Trademark Manual of Examining Procedure § 1203.03(b)(i) (Apr. 2017), p. 1200–150, <http://tmep.uspto.gov>. “If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols,” the examiner moves to the second step, asking “whether that meaning may be disparaging to a substantial composite^[3] of the referenced group.” *Ibid.* If the examiner finds that a “substantial composite, although not necessarily a majority, of the referenced group would find the proposed mark ... to be disparaging in the context of contemporary attitudes,” a prima facie case of disparagement is made out, and the burden shifts to

the applicant to prove that the trademark is not disparaging. *Ibid.* What is more, the PTO has specified that “[t]he fact that an applicant may be a member of that group or has good intentions underlying its use of a term does not obviate the fact that a substantial composite of the referenced group would find the term objectionable.” *Ibid.*

D

Simon Tam is the lead singer of “The Slants.” *In re Tam*, 808 F.3d 1321, 1331 (C.A.Fed.2015) (en banc), as corrected (Feb. 11, 2016). He chose this moniker in order to “reclaim” and “take ownership” of stereotypes about people of Asian ethnicity. *Ibid.* (internal quotation marks omitted). The group “draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes” and has given its albums names such as “The Yellow Album” and “Slanted Eyes, Slanted Hearts.” *Ibid.*

Tam sought federal registration of “THE SLANTS,” on the principal register, App. 17, but an examining attorney at the PTO rejected the request, applying the PTO’s two-part framework and finding that “there is ... a substantial composite of persons who find the term in the applied-for mark offensive.” *Id.*, at 30. The examining attorney relied in part on the fact that “numerous dictionaries define ‘slants’ or ‘slant-eyes’ as a derogatory or offensive term.” *Id.*, at 29. The examining attorney also relied on a finding that “the band’s name has been found offensive numerous times”—citing a performance that was canceled because of the band’s moniker and the fact that “several bloggers and commenters to articles on the band have indicated that they find the term and the applied-for mark offensive.” *Id.*, at 29–30.

Tam contested the denial of registration before the examining attorney and before the PTO’s Trademark Trial and Appeal Board (TTAB) but to no avail. Eventually, he took the case to federal court, where the en banc Federal Circuit ultimately found the disparagement clause facially unconstitutional under the First Amendment’s Free Speech Clause. The majority found that the clause engages in viewpoint-based discrimination, that the clause regulates the expressive component of trademarks and consequently cannot be treated as commercial speech, and that the clause is subject to and cannot satisfy strict scrutiny. See 808 F.3d, at 1334–1339. The majority also rejected the Government’s argument that registered trademarks constitute government speech, as well as the Government’s contention that federal registration is a form of government subsidy. See *id.*, at 1339–1355. And the majority opined that even if the disparagement clause were analyzed under this Court’s commercial speech cases, the clause would fail the “intermediate scrutiny” that those cases prescribe. See *id.*, at 1355–1357.

Several judges wrote separately, advancing an assortment of theories. Concurring, Judge O’Malley agreed with the majority’s reasoning but added that the disparagement clause is unconstitutionally vague. See *id.*, at 1358–1363. Judge Dyk concurred in part and dissented in part. He argued that trademark registration is a government subsidy and that the disparagement clause is facially constitutional, but he found the clause unconstitutional as applied to THE SLANTS because that mark constitutes “core expression” and was not adopted for the purpose of disparaging Asian–Americans. See *id.*, at 1363–1374. In dissent, Judge Lourie agreed with Judge Dyk that the clause is facially constitutional but concluded for a variety of reasons that it is also constitutional as applied in this case. See *id.*, at 1374–1376. Judge Reyna also dissented, maintaining that trademarks are commercial speech and that the disparagement clause survives intermediate scrutiny because it “directly advances the government’s substantial interest in the orderly flow of commerce.” See *id.*, at 1376–1382.

The Government filed a petition for certiorari, which we granted in order to decide whether the disparagement clause “is facially invalid under the Free Speech Clause of the First Amendment.” Pet. for Cert. i; see *sub. nom. Lee v. Tam*, 579 U.S. ----, 137 S.Ct. 30, 195 L.Ed.2d 902 (2016).

II

Before reaching the question whether the disparagement clause violates the First Amendment, we consider Tam’s argument that the clause does not reach marks that disparage racial or ethnic groups. The clause prohibits the registration of marks that disparage “persons,” and Tam claims that the term “persons” “includes only natural and juristic persons,” not “non-juristic entities such as racial and ethnic groups.” Brief for Respondent 46.

Tam never raised this argument before the PTO or the Federal Circuit, and we declined to grant certiorari on this question when Tam asked us to do so, see Brief Responding to Petition for Certiorari, pp. i, 17–21. Normally, that would be the end of the matter in this Court. See, e.g., *Yee v. Escondido*, 503 U.S. 519, 534–538, 112 S.Ct. 1522, 118 L.Ed.2d 153 (1992); *Freytag v. Commissioner*, 501 U.S. 868, 894–895, 111 S.Ct. 2631, 115 L.Ed.2d 764 (1991) (Scalia, J., concurring in part and concurring in judgment).

But as the Government pointed out in connection with its petition for certiorari, accepting Tam’s statutory interpretation would resolve this case and leave the First Amendment question for another day. See Reply Brief 9. “[W]e have often stressed” that it is “importan[t] [to] avoid[d] the premature adjudication of constitutional questions,” *Clinton v. Jones*, 520 U.S. 681, 690, 117 S.Ct. 1636, 137 L.Ed.2d 945 (1997), and that “we ought not to pass on questions of constitutionality ... unless such adjudication is unavoidable,” *Spector Motor Service, Inc. v. McLaughlin*, 323 U.S. 101, 105, 65 S.Ct. 152, 89 L.Ed. 101 (1944). See also *Alabama State Federation of Labor v. McAdory*, 325 U.S. 450, 461, 65 S.Ct. 1384, 89 L.Ed. 1725 (1945); *Burton v. United States*, 196 U.S. 283, 295, 25 S.Ct. 243, 49 L.Ed. 482 (1905). We thus begin by explaining why Tam’s argument about the definition of “persons” in the Lanham Act is meritless.

As noted, the disparagement clause prohibits the registration of trademarks “which may disparage ... persons, living or dead.” 15 U.S.C. § 1052(a). Tam points to a definition of “person” in the Lanham Act, which provides that “[i]n the construction of this chapter, unless the contrary is plainly apparent from the context ... [t]he term ‘person’ and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person.” § 1127. Because racial and ethnic groups are neither natural nor “juristic” persons, Tam asserts, these groups fall outside this definition. Brief for Respondent 46–48.

Tam’s argument is refuted by the plain terms of the disparagement clause. The clause applies to marks that disparage “persons.” A mark that disparages a “substantial” percentage of the members of a racial or ethnic group, Trademark Manual § 1203.03(b)(i), at 1200–150, necessarily disparages many “persons,” namely, members of that group. Tam’s argument would fail even if the clause used the singular term “person,” but Congress’ use of the plural “persons” makes the point doubly clear.^[4]

Tam’s narrow reading of the term “persons” also clashes with the breadth of the disparagement clause. By its terms, the clause applies to marks that disparage, not just “persons,” but also “institutions” and “beliefs.” 15 U.S.C. § 1052(a). It thus applies to the members of any group whose members share particular “beliefs,” such as political, ideological, and religious groups. It applies to marks that

denigrate “institutions,” and on Tam’s reading, it also reaches “juristic” persons such as corporations, unions, and other unincorporated associations. See § 1127. Thus, the clause is not limited to marks that disparage a particular natural person. If Congress had wanted to confine the reach of the disparagement clause in the way that Tam suggests, it would have been easy to do so. A neighboring provision of the Lanham Act denies registration to any trademark that “[c]onsists of or comprises a name, portrait, or signature identifying a *particular living individual* except by his written consent.” § 1052(c) (emphasis added).

Tam contends that his interpretation of the disparagement clause is supported by its legislative history and by the PTO’s willingness for many years to register marks that plainly denigrated African–Americans and Native Americans. These arguments are unpersuasive. As always, our inquiry into the meaning of the statute’s text ceases when “the statutory language is unambiguous and the statutory scheme is coherent and consistent.” *Barnhart v. Sigmon Coal Co.*, 534 U.S. 438, 450, 122 S.Ct. 941, 151 L.Ed.2d 908 (2002) (internal quotation marks omitted). Here, it is clear that the prohibition against registering trademarks “which may disparage ... persons,” § 1052(a), prohibits registration of terms that disparage persons who share a common race or ethnicity.

Even if resort to legislative history and early enforcement practice were appropriate, we would find Tam’s arguments unconvincing. Tam has not brought to our attention any evidence in the legislative history showing that Congress meant to adopt his interpretation. And the practice of the PTO in the years following the enactment of the disparagement clause is unenlightening. The admitted vagueness of the disparagement test^[5] and the huge volume of applications have produced a haphazard record of enforcement. (Even today, the principal register is replete with marks that many would regard as disparaging to racial and ethnic groups.^[6]) Registration of the offensive marks that Tam cites is likely attributable not to the acceptance of his interpretation of the clause but to other factors—most likely the regrettable attitudes and sensibilities of the time in question.

III

Because the disparagement clause applies to marks that disparage the members of a racial or ethnic group, we must decide whether the clause violates the Free Speech Clause of the First Amendment. And at the outset, we must consider three arguments that would either eliminate any First Amendment protection or result in highly permissive rational-basis review. Specifically, the Government contends (1) that trademarks are government speech, not private speech, (2) that trademarks are a form of government subsidy, and (3) that the constitutionality of the disparagement clause should be tested under a new “government-program” doctrine. We address each of these arguments below.

A

The First Amendment prohibits Congress and other government entities and actors from “abridging the freedom of speech”; the First Amendment does not say that Congress and other government entities must abridge their own ability to speak freely. And our cases recognize that “[t]he Free Speech Clause ... does not regulate government speech.” *Pleasant Grove City v. Summum*, 555 U.S. 460, 467, 129 S.Ct. 1125, 172 L.Ed.2d 853 (2009); see *Johanns v. Livestock Marketing Assn.*, 544 U.S. 550, 553, 125 S.Ct. 2055, 161 L.Ed.2d 896 (2005) (“[T]he Government’s own speech ... is exempt from First Amendment scrutiny”); *Board of Regents of Univ. of Wis. System v. Southworth*, 529 U.S. 217, 235, 120 S.Ct. 1346, 146 L.Ed.2d 193 (2000).

As we have said, “it is not easy to imagine how government could function” if it were subject to the restrictions that the First Amendment imposes on private speech. *Sumnum, supra*, at 468, 129 S.Ct. 1125; see *Walker v. Texas Div., Sons of Confederate Veterans, Inc.*, 576 U.S. ----, ---- - ----, 135 S.Ct. 2239, 2245–2247, 192 L.Ed.2d 274 (2015). “[T]he First Amendment forbids the government to regulate speech in ways that favor some viewpoints or ideas at the expense of others,” *Lamb’s Chapel v. Center Moriches Union Free School Dist.*, 508 U.S. 384, 394, 113 S.Ct. 2141, 124 L.Ed.2d 352 (1993), but imposing a requirement of viewpoint-neutrality on government speech would be paralyzing. When a government entity embarks on a course of action, it necessarily takes a particular viewpoint and rejects others. The Free Speech Clause does not require government to maintain viewpoint neutrality when its officers and employees speak about that venture.

Here is a simple example. During the Second World War, the Federal Government produced and distributed millions of posters to promote the war effort.^[7] There were posters urging enlistment, the purchase of war bonds, and the conservation of scarce resources.^[8] These posters expressed a viewpoint, but the First Amendment did not demand that the Government balance the message of these posters by producing and distributing posters encouraging Americans to refrain from engaging in these activities.

But while the government-speech doctrine is important—indeed, essential—it is a doctrine that is susceptible to dangerous misuse. If private speech could be passed off as government speech by simply affixing a government seal of approval, government could silence or muffle the expression of disfavored viewpoints. For this reason, we must exercise great caution before extending our government-speech precedents.

At issue here is the content of trademarks that are registered by the PTO, an arm of the Federal Government. The Federal Government does not dream up these marks, and it does not edit marks submitted for registration. Except as required by the statute involved here, 15 U.S.C. § 1052(a), an examiner may not reject a mark based on the viewpoint that it appears to express. Thus, unless that section is thought to apply, an examiner does not inquire whether any viewpoint conveyed by a mark is consistent with Government policy or whether any such viewpoint is consistent with that expressed by other marks already on the principal register. Instead, if the mark meets the Lanham Act’s viewpoint-neutral requirements, registration is mandatory. *Ibid.* (requiring that “[n]o trademark ... shall be refused registration on the principal register on account of its nature unless” it falls within an enumerated statutory exception). And if an examiner finds that a mark is eligible for placement on the principal register, that decision is not reviewed by any higher official unless the registration is challenged. See §§ 1062(a), 1071; 37 C.F.R. § 41.31(a) (2016). Moreover, once a mark is registered, the PTO is not authorized to remove it from the register unless a party moves for cancellation, the registration expires, or the Federal Trade Commission initiates proceedings based on certain grounds. See 15 U.S.C. §§ 1058(a), 1059, 1064; 37 C.F.R. §§ 2.111(b), 2.160.

In light of all this, it is far-fetched to suggest that the content of a registered mark is government speech. If the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently. It is saying many unseemly things. See App. to Brief for Pro-Football, Inc., as *Amicus Curiae*. It is expressing contradictory views.^[9] It is unashamedly endorsing a vast array of commercial products and services. And it is providing Delphic advice to the consuming public.

For example, if trademarks represent government speech, what does the Government have in mind

when it advises Americans to “make.believe” (Sony),^[10] “Think different” (Apple),^[11] “Just do it” (Nike),^[12] or “Have it your way” (Burger King)^[13]? Was the Government warning about a coming disaster when it registered the mark “EndTime Ministries”^[14]?

The PTO has made it clear that registration does not constitute approval of a mark. See *In re Old Glory Condom Corp.*, 26 USPQ 2d 1216, 1220, n. 3 (T.T.A.B.1993) (“[I]ssuance of a trademark registration ... is not a government imprimatur”). And it is unlikely that more than a tiny fraction of the public has any idea what federal registration of a trademark means. See *Application of National Distillers & Chemical Corp.*, 49 C.C.P.A. (Pat.) 854, 863, 297 F.2d 941, 949 (1962) (Rich, J., concurring) (“The purchasing public knows no more about trademark registrations than a man walking down the street in a strange city knows about legal title to the land and buildings he passes” (emphasis deleted)).

None of our government speech cases even remotely supports the idea that registered trademarks are government speech. In *Johanns*, we considered advertisements promoting the sale of beef products. A federal statute called for the creation of a program of paid advertising “to advance the image and desirability of beef and beef products.” 544 U.S., at 561, 125 S.Ct. 2055 (quoting 7 U.S.C. § 2902(13)). Congress and the Secretary of Agriculture provided guidelines for the content of the ads, Department of Agriculture officials attended the meetings at which the content of specific ads was discussed, and the Secretary could edit or reject any proposed ad. 544 U.S., at 561, 125 S.Ct. 2055. Noting that “[t]he message set out in the beef promotions [was] from beginning to end the message established by the Federal Government,” we held that the ads were government speech. *Id.*, at 560, 125 S.Ct. 2055. The Government’s involvement in the creation of these beef ads bears no resemblance to anything that occurs when a trademark is registered.

Our decision in *Summum* is similarly far afield. A small city park contained 15 monuments. 555 U.S., at 464, 129 S.Ct. 1125. Eleven had been donated by private groups, and one of these displayed the Ten Commandments. *Id.*, at 464–465, 129 S.Ct. 1125. A religious group claimed that the city, by accepting donated monuments, had created a limited public forum for private speech and was therefore obligated to place in the park a monument expressing the group’s religious beliefs.

Holding that the monuments in the park represented government speech, we cited many factors. Governments have used monuments to speak to the public since ancient times; parks have traditionally been selective in accepting and displaying donated monuments; parks would be overrun if they were obligated to accept all monuments offered by private groups; “[p]ublic parks are often closely identified in the public mind with the government unit that owns the land”; and “[t]he monuments that are accepted ... are meant to convey and have the effect of conveying a government message.” *Id.*, at 472, 129 S.Ct. 1125.

Trademarks share none of these characteristics. Trademarks have not traditionally been used to convey a Government message. With the exception of the enforcement of 15 U.S.C. § 1052(a), the viewpoint expressed by a mark has not played a role in the decision whether to place it on the principal register. And there is no evidence that the public associates the contents of trademarks with the Federal Government.

This brings us to the case on which the Government relies most heavily, *Walker*, which likely marks the outer bounds of the government-speech doctrine. Holding that the messages on Texas specialty license plates are government speech, the *Walker* Court cited three factors distilled from *Summum*. 576 U.S., at ---- – ----, 135 S.Ct., at 2246–2247. First, license plates have long been used by the States

to convey state messages. *Id.*, at ---- – ----, 135 S.Ct., at 2248–2249. Second, license plates “are often closely identified in the public mind” with the State, since they are manufactured and owned by the State, generally designed by the State, and serve as a form of “government ID.” *Id.*, at ----, 135 S.Ct., at 2249 (internal quotation marks omitted). Third, Texas “maintain[ed] direct control over the messages conveyed on its specialty plates.” *Id.*, at ----, 135 S.Ct., at 2249. As explained above, none of these factors are present in this case.

In sum, the federal registration of trademarks is vastly different from the beef ads in *Johanns*, the monuments in *Summum*, and even the specialty license plates in *Walker*. Holding that the registration of a trademark converts the mark into government speech would constitute a huge and dangerous extension of the government-speech doctrine. For if the registration of trademarks constituted government speech, other systems of government registration could easily be characterized in the same way.

Perhaps the most worrisome implication of the Government’s argument concerns the system of copyright registration. If federal registration makes a trademark government speech and thus eliminates all First Amendment protection, would the registration of the copyright for a book produce a similar transformation? See 808 F.3d, at 1346 (explaining that if trademark registration amounts to government speech, “then copyright registration” which “has identical accoutrements” would “likewise amount to government speech”).

The Government attempts to distinguish copyright on the ground that it is “ ‘the engine of free expression,’ ” Brief for Petitioner 47 (quoting *Eldred v. Ashcroft*, 537 U.S. 186, 219, 123 S.Ct. 769, 154 L.Ed.2d 683 (2003)), but as this case illustrates, trademarks often have an expressive content. Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words.

Trademarks are private, not government, speech.

B

We next address the Government’s argument that this case is governed by cases in which this Court has upheld the constitutionality of government programs that subsidized speech expressing a particular viewpoint. These cases implicate a notoriously tricky question of constitutional law. “[W]e have held that the Government ‘may not deny a benefit to a person on a basis that infringes his constitutionally protected ... freedom of speech even if he has no entitlement to that benefit.’ ” *Agency for Int’l Development v. Alliance for Open Society Int’l, Inc.*, 570 U.S. ----, ----, 133 S.Ct. 2321, 2328, 186 L.Ed.2d 398 (2013) (some internal quotation marks omitted). But at the same time, government is not required to subsidize activities that it does not wish to promote. *Ibid.* Determining which of these principles applies in a particular case “is not always self-evident,” *id.*, at ----, 133 S.Ct., at 2330, but no difficult question is presented here.

Unlike the present case, the decisions on which the Government relies all involved cash subsidies or their equivalent. In *Rust v. Sullivan*, 500 U.S. 173, 111 S.Ct. 1759, 114 L.Ed.2d 233 (1991), a federal law provided funds to private parties for family planning services. In *National Endowment for Arts v. Finley*, 524 U.S. 569, 118 S.Ct. 2168, 141 L.Ed.2d 500 (1998), cash grants were awarded to artists. And federal funding for public libraries was at issue in *United States v. American Library Assn., Inc.*, 539 U.S. 194, 123 S.Ct. 2297, 156 L.Ed.2d 221 (2003). In other cases, we have regarded tax benefits as comparable

to cash subsidies. See *Regan v. Taxation With Representation of Wash.*, 461 U.S. 540, 103 S.Ct. 1997, 76 L.Ed.2d 129 (1983); *Cammarano v. United States*, 358 U.S. 498, 79 S.Ct. 524, 3 L.Ed.2d 462 (1959).

The federal registration of a trademark is nothing like the programs at issue in these cases. The PTO does not pay money to parties seeking registration of a mark. Quite the contrary is true: An applicant for registration must pay the PTO a filing fee of \$225–\$600. 37 C.F.R. § 2.6(a)(1). (Tam submitted a fee of \$275 as part of his application to register THE SLANTS. App. 18.) And to maintain federal registration, the holder of a mark must pay a fee of \$300–\$500 every 10 years. § 2.6(a)(5); see also 15 U.S.C. § 1059(a). The Federal Circuit concluded that these fees have fully supported the registration system for the past 27 years. 808 F.3d, at 1353.

The Government responds that registration provides valuable non-monetary benefits that “are directly traceable to the resources devoted by the federal government to examining, publishing, and issuing certificates of registration for those marks.” Brief for Petitioner 27. But just about every government service requires the expenditure of government funds. This is true of services that benefit everyone, like police and fire protection, as well as services that are utilized by only some, *e.g.*, the adjudication of private lawsuits and the use of public parks and highways.

Trademark registration is not the only government registration scheme. For example, the Federal Government registers copyrights and patents. State governments and their subdivisions register the title to real property and security interests; they issue driver’s licenses, motor vehicle registrations, and hunting, fishing, and boating licenses or permits.

Cases like *Rust* and *Finley* are not instructive in analyzing the constitutionality of restrictions on speech imposed in connection with such services.

C

Finally, the Government urges us to sustain the disparagement clause under a new doctrine that would apply to “government-program” cases. For the most part, this argument simply merges our government-speech cases and the previously discussed subsidy cases in an attempt to construct a broader doctrine that can be applied to the registration of trademarks. The only new element in this construct consists of two cases involving a public employer’s collection of union dues from its employees. But those cases occupy a special area of First Amendment case law, and they are far removed from the registration of trademarks.

In *Davenport v. Washington Ed. Assn.*, 551 U.S. 177, 181–182, 127 S.Ct. 2372, 168 L.Ed.2d 71 (2007), a Washington law permitted a public employer automatically to deduct from the wages of employees who chose not to join the union the portion of union dues used for activities related to collective bargaining. But unless these employees affirmatively consented, the law did not allow the employer to collect the portion of union dues that would be used in election activities. *Id.*, at 180–182, 127 S.Ct. 2372. A public employee union argued that this law unconstitutionally restricted its speech based on its content; that is, the law permitted the employer to assist union speech on matters relating to collective bargaining but made it harder for the union to collect money to support its election activities. *Id.*, at 188, 127 S.Ct. 2372. Upholding this law, we characterized it as imposing a “modest limitation” on an “extraordinary benefit,” namely, taking money from the wages of non-union members and turning it over to the union free of charge. *Id.*, at 184, 127 S.Ct. 2372. Refusing to confer an even greater benefit, we held, did not upset the marketplace of ideas and did not abridge the union’s free speech rights. *Id.*, at 189–190, 127 S.Ct. 2372.

Ysursa v. Pocatello Ed. Assn., 555 U.S. 353, 129 S.Ct. 1093, 172 L.Ed.2d 770 (2009), is similar. There, we considered an Idaho law that allowed public employees to elect to have union dues deducted from their wages but did not allow such a deduction for money remitted to the union’s political action committee. *Id.*, at 355, 129 S.Ct. 1093. We reasoned that the “the government ... [was] not required to assist others in funding the expression of particular ideas.” *Id.*, at 358, 129 S.Ct. 1093; see also *id.*, at 355, 129 S.Ct. 1093 (“The First Amendment ... does not confer an affirmative right to use government payroll mechanisms for the purpose of obtaining funds for expression”).

Davenport and *Ysursa* are akin to our subsidy cases. Although the laws at issue in *Davenport* and *Ysursa* did not provide cash subsidies to the unions, they conferred a very valuable benefit—the right to negotiate a collective-bargaining agreement under which non-members would be obligated to pay an agency fee that the public employer would collect and turn over to the union free of charge. As in the cash subsidy cases, the laws conferred this benefit because it was thought that this arrangement served important government interests. See *Abood v. Detroit Bd. of Ed.*, 431 U.S. 209, 224–226, 97 S.Ct. 1782, 52 L.Ed.2d 261 (1977). But the challenged laws did not go further and provide convenient collection mechanisms for money to be used in political activities. In essence, the Washington and Idaho lawmakers chose to confer a substantial non-cash benefit for the purpose of furthering activities that they particularly desired to promote but not to provide a similar benefit for the purpose of furthering other activities. Thus, *Davenport* and *Ysursa* are no more relevant for present purposes than the subsidy cases previously discussed.[\[15\]](#)

Potentially more analogous are cases in which a unit of government creates a limited public forum for private speech. See, e.g., *Good News Club v. Milford Central School*, 533 U.S. 98, 106–107, 121 S.Ct. 2093, 150 L.Ed.2d 151 (2001); *Rosenberger v. Rector and Visitors of Univ. of Va.*, 515 U.S. 819, 831, 115 S.Ct. 2510, 132 L.Ed.2d 700 (1995); *Lamb’s Chapel*, 508 U.S., at 392–393, 113 S.Ct. 2141. See also *Legal Services Corporation v. Velazquez*, 531 U.S. 533, 541–544, 121 S.Ct. 1043, 149 L.Ed.2d 63 (2001). When government creates such a forum, in either a literal or “metaphysical” sense, see *Rosenberger*, 515 U.S., at 830, 115 S.Ct. 2510 some content- and speaker-based restrictions may be allowed, see *id.*, at 830–831, 115 S.Ct. 2510. However, even in such cases, what we have termed “viewpoint discrimination” is forbidden. *Id.*, at 831, 115 S.Ct. 2510.

Our cases use the term “viewpoint” discrimination in a broad sense, see *ibid.*, and in that sense, the disparagement clause discriminates on the bases of “viewpoint.” To be sure, the clause evenhandedly prohibits disparagement of all groups. It applies equally to marks that damn Democrats and Republicans, capitalists and socialists, and those arrayed on both sides of every possible issue. It denies registration to any mark that is offensive to a substantial percentage of the members of any group. But in the sense relevant here, that is viewpoint discrimination: Giving offense is a viewpoint.

We have said time and again that “the public expression of ideas may not be prohibited merely because the ideas are themselves offensive to some of their hearers.” *Street v. New York*, 394 U.S. 576, 592, 89 S.Ct. 1354, 22 L.Ed.2d 572 (1969). See also *Texas v. Johnson*, 491 U.S. 397, 414, 109 S.Ct. 2533, 105 L.Ed.2d 342 (1989) (“If there is a bedrock principle underlying the First Amendment, it is that the government may not prohibit the expression of an idea simply because society finds the idea itself offensive or disagreeable”); *Hustler Magazine, Inc. v. Falwell*, 485 U.S. 46, 55–56, 108 S.Ct. 876, 99 L.Ed.2d 41 (1988); *Coates v. Cincinnati*, 402 U.S. 611, 615, 91 S.Ct. 1686, 29 L.Ed.2d 214 (1971); *Bachellar v. Maryland*, 397 U.S. 564, 567, 90 S.Ct. 1312, 25 L.Ed.2d 570 (1970); *Tinker v. Des Moines Independent Community School Dist.*, 393 U.S. 503, 509–514, 89 S.Ct. 733, 21 L.Ed.2d 731 (1969); *Cox v. Louisiana*, 379 U.S. 536, 551, 85 S.Ct. 453, 13 L.Ed.2d 471 (1965); *Edwards v. South Carolina*, 372 U.S.

229, 237–238, 83 S.Ct. 680, 9 L.Ed.2d 697 (1963); *Terminiello v. Chicago*, 337 U.S. 1, 4–5, 69 S.Ct. 894, 93 L.Ed. 1131 (1949); *Cantwell v. Connecticut*, 310 U.S. 296, 311, 60 S.Ct. 900, 84 L.Ed. 1213 (1940); *Schneider v. State (Town of Irvington)*, 308 U.S. 147, 161, 60 S.Ct. 146, 84 L.Ed. 155 (1939); *De Jonge v. Oregon*, 299 U.S. 353, 365, 57 S.Ct. 255, 81 L.Ed. 278 (1937).

For this reason, the disparagement clause cannot be saved by analyzing it as a type of government program in which some content- and speaker-based restrictions are permitted.[\[16\]](#)

IV

Having concluded that the disparagement clause cannot be sustained under our government-speech or subsidy cases or under the Government’s proposed “government-program” doctrine, we must confront a dispute between the parties on the question whether trademarks are commercial speech and are thus subject to the relaxed scrutiny outlined in *Central Hudson Gas & Elec. Corp. v. Public Serv. Comm’n of N. Y.*, 447 U.S. 557, 100 S.Ct. 2343, 65 L.Ed.2d 341 (1980). The Government and *amici* supporting its position argue that all trademarks are commercial speech. They note that the central purposes of trademarks are commercial and that federal law regulates trademarks to promote fair and orderly interstate commerce. Tam and his *amici*, on the other hand, contend that many, if not all, trademarks have an expressive component. In other words, these trademarks do not simply identify the source of a product or service but go on to say something more, either about the product or service or some broader issue. The trademark in this case illustrates this point. The name “The Slants” not only identifies the band but expresses a view about social issues.

We need not resolve this debate between the parties because the disparagement clause cannot withstand even *Central Hudson* review.[\[17\]](#) Under *Central Hudson*, a restriction of speech must serve “a substantial interest,” and it must be “narrowly drawn.” *Id.*, at 564–565, 100 S.Ct. 2343 (internal quotation marks omitted). This means, among other things, that “[t]he regulatory technique may extend only as far as the interest it serves.” *Id.*, at 565, 100 S.Ct. 2343. The disparagement clause fails this requirement.

It is claimed that the disparagement clause serves two interests. The first is phrased in a variety of ways in the briefs. Echoing language in one of the opinions below, the Government asserts an interest in preventing “ ‘underrepresented groups’ ” from being “ ‘bombarded with demeaning messages in commercial advertising.’ ” Brief for Petitioner 48 (quoting 808 F.3d, at 1364 (Dyk, J., concurring in part and dissenting in part)). An *amicus* supporting the Government refers to “encouraging racial tolerance and protecting the privacy and welfare of individuals.” Brief for Native American Organizations as *Amici Curiae* 21. But no matter how the point is phrased, its unmistakable thrust is this: The Government has an interest in preventing speech expressing ideas that offend. And, as we have explained, that idea strikes at the heart of the First Amendment. Speech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express “the thought that we hate.” *United States v. Schwimmer*, 279 U.S. 644, 655, 49 S.Ct. 448, 73 L.Ed. 889 (1929) (Holmes, J., dissenting).

The second interest asserted is protecting the orderly flow of commerce. See 808 F.3d, at 1379–1381 (Reyna, J., dissenting); Brief for Petitioner 49; Brief for Native American Organizations as *Amicus Curiae* 18–21. Commerce, we are told, is disrupted by trademarks that “involv[e] disparagement of race, gender, ethnicity, national origin, religion, sexual orientation, and similar demographic

classification.” 808 F.3d, at 1380–1381 (opinion of Reyna, J.). Such trademarks are analogized to discriminatory conduct, which has been recognized to have an adverse effect on commerce. See *ibid.*; Brief for Petitioner 49; Brief for Native American Organizations as *Amici Curiae* 18–20.

A simple answer to this argument is that the disparagement clause is not “narrowly drawn” to drive out trademarks that support invidious discrimination. The clause reaches any trademark that disparages *any person, group, or institution*. It applies to trademarks like the following: “Down with racists,” “Down with sexists,” “Down with homophobes.” It is not an anti-discrimination clause; it is a happy-talk clause. In this way, it goes much further than is necessary to serve the interest asserted.

The clause is far too broad in other ways as well. The clause protects every person living or dead as well as every institution. Is it conceivable that commerce would be disrupted by a trademark saying: “James Buchanan was a disastrous president” or “Slavery is an evil institution”?

There is also a deeper problem with the argument that commercial speech may be cleansed of any expression likely to cause offense. The commercial market is well stocked with merchandise that disparages prominent figures and groups, and the line between commercial and non-commercial speech is not always clear, as this case illustrates. If affixing the commercial label permits the suppression of any speech that may lead to political or social “volatility,” free speech would be endangered.

* * *

For these reasons, we hold that the disparagement clause violates the Free Speech Clause of the First Amendment. The judgment of the Federal Circuit is affirmed.

It is so ordered.

Justice GORSUCH took no part in the consideration or decision of this case.

Justice KENNEDY, with whom Justice GINSBURG, Justice SOTOMAYOR, and Justice KAGAN join, concurring in part and concurring in the judgment.

[Concurrence omitted]

Justice THOMAS, concurring in part and concurring in the judgment.

[Concurrence omitted]

[1] In the opinion below, the Federal Circuit opined that although “Section 43(a) allows for a federal suit to protect an unregistered trademark,” “it is not at all clear” that respondent could bring suit under § 43(a) because “there is no authority extending § 43(a) to marks denied under § 2(a)’s disparagement provision.” [In re Tam, 808 F.3d 1321, 1344–1345, n. 11](#) (en banc), as corrected (Feb. 11, 2016). When drawing this conclusion, the Federal Circuit relied in part on our statement in *Two Pesos* that “the general principles qualifying a mark for registration under § 2 of the Lanham Act are for the most part applicable in determining whether an unregistered mark is entitled to protection under § 43(a).” [505 U.S., at 768, 112 S.Ct. 2753](#). We need not decide today whether respondent could bring suit under § 43(a) if his application for federal registration had been lawfully denied under the disparagement clause

[2] The disparagement clause also prevents a trademark from being registered on the supplemental register. § 1091(a).

[3] By “composite,” we assume the PTO means component.

[4] Tam advances a convoluted textual argument that goes as follows. The definition of a “person” in [15 U.S.C. § 1127](#) does not include a “non-juristic person,” *i.e.*, a group that cannot sue or be sued in its own right. Brief for Respondent 46–47. Such groups consist of multiple natural persons. Therefore, the members of such groups are not “persons” under the disparagement clause. *Id.*, at 46–48.

This argument leads to the absurd result that no person is a “person” within the meaning of the disparagement clause. This is so because every person is a member of a “non-juristic” group, *e.g.*, right-handers, left-handers, women, men, people born on odd-numbered days, people born on even-numbered days.

[5] The PTO has acknowledged that the guidelines “for determining whether a mark is scandalous or disparaging are somewhat vague and the determination of whether a mark is scandalous or disparaging is necessarily a highly subjective one.” [In re In Over Our Heads, Inc.](#), 16 USPQ 2d 1653, 1654 (T.T.A.B.1990) (brackets and internal quotation marks omitted). The PTO has similarly observed that whether a mark is disparaging “is highly subjective and, thus, general rules are difficult to postulate.” [Harjo v. Pro-Football Inc.](#), 50 USPQ 2d 1705, 1737 (T.T.A.B.1999), *rev’d*, 284 F.Supp.2d 96 (D.D.C.2003), *rev’d and remanded in part*, 415 F.3d 44 (C.A.D.C.2005) (*per curiam*).

[6] See, *e.g.*, App. to Brief for Pro-Football, Inc., as *Amicus Curiae*.

[7] See, *e.g.*, D. Nelson, *The Posters That Won the War* (1991).

[8] *Ibid.*

[9] Compare “Abolish Abortion,” Registration No. 4,935,774 (Apr. 12, 2016), with “I Stand With Planned Parenthood,” Registration No. 5,073,573 (Nov. 1, 2016); compare “Capitalism Is Not Moral, Not Fair, Not Freedom,” Registration No. 4,696,419 (Mar. 3, 2015), with “Capitalism Ensuring Innovation,” Registration No. 3,966,092 (May 24, 2011); compare “Global Warming Is Good,” Registration No. 4,776,235 (July 21, 2015), with “A Solution to Global Warming,” Registration No. 3,875,271 (Nov. 10, 2010).

[10] “make.believe,” Registration No. 4,342,903 (May 28, 2013).

[11] “Think Different,” Registration No. 2,707,257 (Apr. 15, 2003).

[12] “Just Do It,” Registration No. 1,875,307 (Jan. 25, 1995).

[13] “Have It Your Way,” Registration No. 0,961,016 (June 12, 1973).

[14] “EndTime Ministries,” Registration No. 4,746,225 (June 2, 2015).

[15] While these cases resemble subsidy cases insofar as the free speech rights of unions and their members are concerned, arrangements like those in these cases also implicate the free speech rights of non-union members. Our decision here has no bearing on that issue.

[16] We leave open the question whether this is the appropriate framework for analyzing free speech challenges to provisions of the Lanham Act.

[17] As with the framework discussed in Part III–C of this opinion, we leave open the question whether *Central Hudson* provides the appropriate test for deciding free speech challenges to provisions of the Lanham Act. And nothing in our decision should be read to speak to the validity of state unfair competition provisions or product libel laws that are not before us and differ from [§ 1052\(d\)](#)’s disparagement clause.

23. TRADEMARK INFRINGEMENT

Learning Objectives: Unit 23

Upon completion of class 23, you should be able to:

- Explain the requirements of trademark infringement;
- Analyze infringement in a factual scenario.

Determining trademark infringement involves a multi-factor analysis to assess whether there is a likelihood of confusion between the trademark owner's use of the mark and the accused infringer's use. We will discuss the 8th Circuit's multi-factor analysis; it is similar – although not identical – to those used in other circuits.

READING WITH PURPOSE

Before reading *Kemp v. Bumble Bee Seafoods* (8th Cir. 2005), you should reread 15 U.S.C. §§ 1114 & 1125(a), along with any relevant statutory definitions. As you read these materials, ask yourself the following questions:

- What is trademark infringement?
- How is trademark infringement analyzed?
- What are the reasons for structuring the infringement analysis this way?
- How would you analyze the infringement claim described in this news article: <http://www.press-citizen.com/story/news/local/2014/12/25/renamed-restaurant/20892445?>
- How would you analyze the infringement claim as between the below bottles of hot sauce? (The bottle on the left is from Trader Joe's; the one on the right is made by Huy Fong Foods.)



15 U.S.C. §1114. Remedies; infringement; innocent infringement by printers and publishers (2005)

(1) Any person who shall, without the consent of the registrant

- a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
- b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided...

15 U.S. Code § 1125. False designations of origin, false descriptions, and dilution forbidden (2012)

(a) Civil Action

- 1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or

any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act...

2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional ...

Kemp v. Bumble Bee Seafoods, Inc.

398 F.3d 1049 (8th Cir. 2005)

Before **BYE, HANSEN, and MELLOY**, Circuit Judges.

MELLOY, Circuit Judge.

Defendant-Appellant Bumble Bee Seafoods, Inc. (“Bumble Bee”) appeals the district court’s adverse rulings following a bench trial on the trademark issues of likelihood of confusion and dilution. Because we find that confusion was likely, we reverse and remand for entry of judgment in favor of Bumble Bee.

1. Background

Plaintiff-Appellee Louis E. Kemp (“Mr. Kemp”) is from a family that had been engaged in the wholesale and retail seafood business since 1930. In 1985, Mr. Kemp started Kemp Foods, Inc., which made and sold artificial crab products containing surimi, a low-fat, processed fish product. In 1987, Mr. Kemp sold the seafood business to Oscar Mayer Foods Corporation for \$4 million pursuant to a Stock Acquisition Agreement. Under the Agreement, Mr. Kemp transferred all trademarks used in his business, including **KEMP**, **KEMP’S** and **KEMP’S & Design** to Oscar Mayer. He further agreed not to use these marks “or any variation thereof” on any products, except as permitted under the Agreement. Under the Agreement, Mr. Kemp retained the right to “market, sell or otherwise distribute [certain listed products] bearing a composite trademark consisting of the word **KEMP** or **KEMP’S** and preceded by one or more additional words, the selection of which shall be approved in advance in writing by [Oscar Mayer].”

About six months after signing the Agreement, an Oscar Mayer executive asked Mr. Kemp for permission to use the name **LOUIS KEMP** to market surimi products. Oscar Mayer previously had achieved success with two-word or full-name marks (e.g. Oscar Mayer, Louis Rich). Mr. Kemp agreed and entered negotiations with Oscar Mayer to amend the Agreement. Ultimately, the amended Agreement did not contain all of Oscar Mayer’s desired terms, namely, express permission to use the term **LOUIS KEMP** on all products and exclusion of Mr. Kemp from using the term **LOUIS KEMP** on any food products. Similarly, the amended Agreement did not contain Mr. Kemp’s desired term, namely, the express reservation of a broad right to use the term **LOUIS KEMP** on products other than surimi.

Under the amended Agreement, Mr. Kemp granted Oscar Mayer the right to use and register the marks **LOUIS KEMP** and **LOUIS KEMP SEAFOOD CO** (the “**LOUIS KEMP** marks”) for surimi-based products and other seafood accessory products within the natural zone of expansion. The amended Agreement also included a revised reservation of rights for Mr. Kemp that provided:

It is agreed that [Mr. Kemp], or any entity in which [he] has an interest, may utilize a composite trademark consisting of the word KEMP or KEMP's and preceded or followed by one or more additional words the selection of which shall be approved in advance in writing by [Oscar Mayer] in connection with the marketing, selling, or distribution of [certain listed products].

In 1992, Oscar Mayer sold the surimi business to Tyson Foods, Inc., who in turn sold the business to Bumble Bee. Con Agra Foods subsequently acquired Bumble Bee. Before October 1995, Bumble Bee and its predecessors spent over \$49 million to promote and advertise the LOUIS KEMP marks. By October 1995, the LOUIS KEMP marks had achieved a brand awareness of 47%, Bumble Bee's Louis Kemp Seafood Company held a 77% share of the market for retail pre-packaged seafood and LOUIS KEMP was the number one surimi seafood brand with a 55% market share. It is undisputed that Bumble Bee owns numerous registered trademarks for KEMP, including the term KEMP without restriction as to font, trade dress or form, and more narrow registrations for the term KEMP along with certain design elements. In addition, Bumble Bee owns registration numbers 1,859,815 and 1,859,816 (for the mark LOUIS KEMP) and 1,859,817 and 1,879,931 (for the mark LOUIS KEMP SEAFOOD COMPANY).

In April and May 1995, Mr. Kemp wrote to Jenò F. Paulucci of Luigino's, Inc., a prospective business partner, to propose the formation of a new company "to develop and sell a line of precooked wild rice products." Mr. Kemp noted his intention to take advantage of the goodwill associated with the LOUIS KEMP marks (goodwill that Bumble Bee, Tyson, and Oscar Mayer had invested \$49 million to develop) when he stated:

Non-fish products can use the 'Louis Kemp' brand name which has national recognition with over \$50 million spent on advertising, 20 million lbs of 'Louis Kemp' product sold annually with a 67% market share of the prepackaged retail market in its category. [April 1995 letter]

We could use the "Louis Kemp" brand name where we can and want to, to take advantage of the considerable equity it possesses and or any and all other brands the company can utilize, now and in the future to develop any other specialty food items that would meet the compan[y]'s goal for growth and success. [May 1995 letter]

While Mr. Kemp expressly stated that he desired to "take advantage of the considerable equity" that the "Louis Kemp" brand name possessed, and while he may have believed that he was entitled to do so under the contract, he also recognized the risk attendant to this appropriation of goodwill. He sought and obtained an opinion letter from counsel in which counsel advised that he could use his name, "Louis Kemp" for precooked wild rice products. In counsel's opinion, these products were sufficiently different from fish products to avoid confusion. Counsel did advise against using the term "Louis Kemp Seafood Company," using type font or script similar to that used by [then] Tyson, and using the marks on products that contained surimi.

Mr. Kemp and his newly formed company, Quality Finer Foods¹ entered a "Custom Packing and Sales Agreement" with Luigino's, Inc. Under the Sales Agreement, Mr. Kemp granted Luigino's the right to cancel the agreement "if any meaningful action (in the sole discretion of Luigino's attorney) is threatened or commenced against Quality Finer Foods or its owner, Louis Kemp, for trade mark infringement, violation and the like." Apparently, Mr. Paulucci, his attorney, or others at Luigino's also recognized the risk attendant to using the trademark LOUIS KEMP.

1. Hereafter, we refer to the plaintiffs collectively as Mr. Kemp.

In October 1995, Mr. Kemp began commercial use of the mark LOUIS KEMP on wild rice, chicken and wild rice soup, and wild rice with stir fry vegetables. Mr. Kemp did not seek Bumble Bee's approval, as per the amended Agreement, for use of the two-word mark on wild rice products. Mr. Kemp's use was accompanied by trade dress that differed from Bumble Bee's trade dress and did not include the words "Seafood Co." In particular, Bumble Bee displayed its LOUIS KEMP SEAFOOD CO. mark against a blue background and Mr. Kemp displayed the LOUIS KEMP mark against a white and red striped background, using a different font. Mr. Kemp juxtaposed the mark with a scene of lakes and wild rice while Bumble Bee's mark appeared on see-through packages that permitted potential consumers to view the surimi product. Mr. Kemp sought registration of the trademark LOUIS KEMP as applied to precooked wild rice products. The Patent and Trademark Office rejected Mr. Kemp's application based on a finding that Mr. Kemp's mark was confusingly similar to Bumble Bee's mark.

On March 13, 1996, Tyson, then owner of the LOUIS KEMP marks, sent Mr. Kemp a cease and desist letter. Tyson alleged infringement and likelihood of confusion. On March 21, 1996, Mr. Kemp responded by explaining that he believed the amended Agreement permitted his use of the trademark LOUIS KEMP on non-surimi products. Mr. Kemp then filed this suit to seek a declaratory judgment regarding a contractual right to use the trademark LOUIS KEMP. Mr. Kemp also brought tortious interference and unfair competition claims against Tyson and Bumble Bee. Tyson and Bumble Bee filed trademark infringement and dilution counterclaims against Mr. Kemp based on federal and Minnesota law. In 1998, Mr. Kemp stopped selling wild rice products under the LOUIS KEMP mark.

Over the next few years, litigation proceeded on many fronts, including state and bankruptcy courts in California, as well as the United States District Court in Minnesota. On May 21, 2001, upon stipulation of the parties, the district court below entered an Order Granting Consent Judgment which held that the only remaining issues were the issues of trademark infringement and dilution as set forth in Tyson and Bumble Bee's counterclaims.²

The district court then held a bench trial to resolve the outstanding issues of whether Mr. Kemp's use of the LOUIS KEMP mark infringed or diluted Bumble Bee's trademark rights. The evidence

2. The Order provided, inter alia: 4. The parties to this litigation have been involved in a number of related litigations in the federal, state, and bankruptcy courts of State of California, including Kemp v. Oscar Mayer Foods Corp., No BC133535 (Super.Ct. Los Angeles County); Kemp v. Oscar Mayer Foods Corp., No. B105,876 (Cal.Ct.App.2d Dist.); In re Kemp, No LA9649617 KM (C.D.Cal.Bankr.); Dye, United States Trustee v. Kemp, No. 97-02974-KM (C.D.Cal.Bankr.); Dye, United States Trustee v. Kemp, No. 98-2344-AHM (C.D.Cal.); and Dye, United States Trustee v. Superior Seafoods, Inc., No. 97-01331-KM (C.D.Cal). * * * * * 6. The California litigations have now been resolved by means of a demurrer and grant of summary judgment in favor of Tyson in the California state trial court (i.e., in No. BC133535 (Super. Ct. Los Angeles County)) coupled with a settlement agreement signed by all of the parties to those litigations and the [parties to] present litigation [other than Bumble Bee Seafoods, Inc.], which settlement has been approved by the California bankruptcy court. 7. Pursuant to the doctrine of res judicata, the Court finds that Tyson owns all right, title, and interest in and to the LOUIS KEMP Marks, and Tyson owns U.S. Trademark Registration Nos. 1,859,815 and 1,859,816 (for the mark LOUIS KEMP) and U.S. Trademark Registration Nos. 1,859,817 and 1,879,931 (for the mark LOUIS KEMP SEAFOOD CO.). Accordingly, the Court hereby grants judgment to Tyson on its claim for declaratory judgment (Am. Ans., Aff. Def. & Ctrcls., Ctrcl. I ¶¶ 32-36). 8. Tyson's LOUIS KEMP Marks are valid, enforceable, and in full force and effect. * * * * * 11. Accordingly, the only issues remaining in the present litigation are whether the use by Kemp of the trademark LOUIS KEMP or any formative of this mark in connection with rice products, including without limitation "seasoned wild rice, chicken wild rice soup, and wild rice with stir fried vegetables" as well as "southwestern white and wild rice, cooked and seasoned white and wild rice and wild and white rice stir fry" (all as identified by Kemp in response to Tyson's Interrogatory No. 1) infringes and/or dilutes Tyson's rights in the Louis Kemp Marks.

included the trial testimony of Mr. Kemp's former salesman for the wild rice products, Patrick Melby. Mr. Melby claimed that actual confusion existed among brokers. In fact, Mr. Melby testified that these professional buyers "always" asked if there was a connection between the wild rice and surimi companies and that they "always" had to have it explained to them that the two products came from different companies. This evidence was undisputed. The district court, however, discounted this evidence and stated, "The Court does not extract from his testimony the inference or conclusion that confusion among brokers was rampant."

Tyson and Bumble Bee submitted a customer survey that purported to show confusion among relevant consumers. The district court discounted the survey as infirm. The district court noted that the pool of survey participants did not accurately reflect the target market and that problems with the format of the surveyor's questions called into doubt the validity of the survey's results.

Mr. Kemp testified that during the many years that he sold seafood products under the KEMP trademarks, another firm sold dairy products under an identical KEMP trademark with no reports of actual consumer confusion. An executive from Con Agra (the company that owned Bumble Bee) testified that he was not aware of any reports of actual confusion between the LOUIS KEMP seafood products and the third party's dairy products. Also, the evidence showed that Mr. Kemp promoted the sale of his wild rice products as side dishes for fish, and Bumble Bee promoted its surimi products for use with rice.

Finally, during trial, Mr. Kemp again made clear his intention to take advantage of the goodwill and brand equity that Bumble Bee and its predecessors had built in the trademark LOUIS KEMP:

1. Well, isn't it a fact that you used the mark LOUIS KEMP on you[r] wild rice products solely to take advantage of the huge investment that Oscar Mayer and Tyson invested in the brand?
2. Absolutely true and that's because the agreement I made with them and they made with me.

The district court applied the six factor test from *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir.1980) (listing the following as factors to consider in assessing the likelihood of confusion: (1) the strength of the owner's mark; (2) the similarity of the owner's mark and the alleged infringer's mark; (3) the degree to which the products compete with each other; (4) the alleged infringer's intent to "pass off" its goods as those of the trademark owner; (5) incidents of actual confusion; and (6) the type of product, its costs and conditions of purchase (the "SquirtCo factors")). The district court noted Mr. Kemp's concession that the first and sixth factors weighed in favor of finding a likelihood of confusion. The district court then analyzed the remaining four factors. In doing so, the district court conducted a side-by-side comparison of the parties' respective products' trade dress; discounted similarities in the marks due to differences in the trade dress; noted the absence of competition between the products; found that Mr. Kemp did not intend consumers to associate his products with Bumble Bee's products; found no evidence of actual confusion; and, ultimately, found that there was neither a likelihood of confusion nor actual dilution. As a result, the district court granted judgment in favor of Mr. Kemp.

1. Analysis — Likelihood of Confusion

We review application of the *SquirtCo* factors and the ultimate determination of a likelihood of confusion for clear error. *Children's Factory, Inc. v. Bennee's Toys, Inc.*, 160 F.3d 489, 493 (8th Cir.1998); *ConAgra, Inc. v. George A. Hormel, & Co.*, 990 F.2d 368, 370-71 (8th Cir.1993). Reversal under

the clear error standard is appropriate in this case because, after reviewing the record, we are “left with the definite and firm conviction that a mistake has been committed.” *Anderson v. City of Bessemer City*, 470 U.S. 564, 573, 105 S.Ct. 1504, 84 L.Ed.2d 518 (1985) (quoting *United States v. United States Gypsum Co.*, 333 U.S. 364, 395, 68 S.Ct. 525, 92 L.Ed. 746 (1948)).

Mr. Kemp argues that minor differences in trade dress, as previously described, establish that the marks are dissimilar. He argues further that he did not have an intent to misappropriate the goodwill consumers associate with Bumble Bee’s mark and that his receipt of advice from counsel proves this fact. He also argues that the underlying products were not in competition with one another and that there was no evidence of actual confusion. Although he concedes that the first factor (the strength of the mark) and the sixth factor (the type of product, its costs, and conditions of purchase) support a finding that confusion is likely, he argues that, on balance, the *SquirtCo* factors support the conclusion that no confusion is likely.

The factors from *SquirtCo* guide our analysis, but the ultimate determination of whether confusion is likely is not to be mechanically determined through rigid application of the factors. Under *SquirtCo*, no one factor controls, and because the inquiry is inherently case-specific, different factors may be entitled to more weight in different cases. *SquirtCo*, 628 F.2d at 1091 (“[R]esolution of this issue does not hinge on a single factor but requires a consideration of numerous factors to determine whether under all the circumstances there is a likelihood of confusion.”). Further, the factors are not entirely separable. For example, it is inappropriate to conduct a side-by-side comparison of the elements of two products’ trade dress, as urged by Mr. Kemp, without reference to the senior mark’s strength or the market conditions under which likely consumers would see the marks. See, e.g., *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1187 (6th Cir.1988) (“[I]t is axiomatic in trademark law that “side-by-side” comparison is not the test.”) (quoting *Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 822 (9th Cir.1980)). Rather, our comparison of the similarity between marks and products must occur in a context that recognizes how consumers encounter the products and how carefully consumers are likely to scrutinize the marks. See *Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, 931 F.2d 1100, 1109 (6th Cir.1991) (“Instead, the marks must be viewed in their entirety and in context. [A] court must determine, in the light of what occurs in the marketplace, whether the mark will be confusing to the public when singly presented.”) (internal quotations omitted).

Applying the factors in this manner, Mr. Kemp’s concession that Bumble Bee’s mark is strong means that there must be greater degree of dissimilarity between the senior mark and the offending mark. *Compare General Mills, Inc. v. Kellogg Co.*, 824 F.2d 622, 626 (8th Cir.1987) (“Determining that a mark is weak means that consumer confusion has been found unlikely because the mark’s components are so widely used that the public can easily distinguish slight differences in the marks, even if the goods are related.”) with *SquirtCo*, 628 F.2d at 1091 (“A strong and distinctive trademark is entitled to greater protection than a weak or commonplace one.”). Also, a greater level of dissimilarity is required because the products in this case are not priced or sold in a manner that suggests a high level of consumer sophistication or deliberation in the identification of product source. See *First National Bank, in Sioux Falls v. First National Bank, South Dakota*, 153 F.3d 885, 889-90 (8th Cir.1998) (“[C]onsumers tend to exercise a relatively high degree of care in selecting banking services. As a result, customers are more likely to notice what, in other contexts, may be relatively minor differences in names.”); *Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc.*, 718 F.2d 1201, 1206 (1st Cir.1983) (“[T]here is always less likelihood of confusion where goods are expensive and purchased after careful consideration.”); *Electronic Design & Sales, Inc. v. Elec. Data Sys. Corp.*, 954 F.2d 713,

718 (Fed.Cir.1992) (“[P]urchaser[] . . . sophistication is important and often dispositive because [s]ophisticated consumers may be expected to exercise greater care.”) (third bracket in original) (quoting *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 489 (1st. Cir.1981)); *SquirtCo*, 628 F.2d at 1091 (“[T]he kind of product, its cost and the conditions of purchase are important factors in considering whether the degree of care exercised by the purchaser can eliminate the likelihood of confusion which would otherwise exist.”) (quoting *Grotian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d. Cir.1975)).

As to the second *SquirtCo* factor, then, we reject Mr. Kemp’s argument that slight differences in trade dress such as type font, text color, and package art make confusion unlikely. Bumble Bee’s mark and Mr. Kemp’s mark share a dominant feature—the phrase Louis Kemp. Viewed in reference to the facts that Bumble Bee’s mark is strong and likely consumers are not expected to exercise great scrutiny in the purchase of low-price, supermarket items, we must conclude that the second *SquirtCo* factor, similarity of the marks, does not strongly support Mr. Kemp’s position.³

Turning to the third factor, the degree of competition, we note that the two products, wild rice products and surimi-based products, were not in direct competition. A showing of direct competition, however, is not required, and the factor, “degree of competition” requires a broader examination of the products’ relationship in the market. See 15 U.S.C. § 1125(a)(1)(A) (providing for protection against confusion regarding “origin, sponsorship, or approval”); *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 399 (8th Cir.1987) (stating that “[i]t is error to assume that trademark law protects against use of a mark only on directly competitive products” and that where “there was little or no direct competition . . . infringement still could be found . . . for confusion, not competition, is the touchstone of trademark infringement.”); *SquirtCo*, 628 F.2d at 1091 (“Competitive proximity is one factor to be considered, even though infringement may be found in the absence of direct competition.”). Where products are wholly unrelated, this factor weighs against a finding that confusion is likely. Where products are related, however, it is reasonable for consumers to think that the products come from the same source, and confusion, therefore, is more likely. *Anheuser-Busch, Inc. v. Balducci Publ’ns*, 28 F.3d 769, 774 (8th Cir.1994) (noting that protection extends “against use of [plaintiff’s] mark on any product or service which would reasonably be thought by the buying public to come from the same source, or thought

3. In the appropriate case, minor differences in trade dress may provide a valid basis for finding otherwise identical marks to be distinguishable. In *General Mills*, 824 F.2d at 627, for example, the court found that the mark “OATMEAL RAISIN CRISP” was not likely to be confused with the mark “APPLE RAISIN CRISP” when both marks were used on similar products. There, the underlying cereal products were closely related to the commonly used descriptive terms in their respective composite trademarks, such that the marks were weak. *Id.* at 626 (recognizing that the highly descriptive nature of the mark “APPLE RAISIN CRISP” made it a weak mark). Further, both parties used their marks in combination with highly distinctive trade dress, namely, prominently displayed, widely recognized house marks. *Id.* (describing trade dress that featured prominent displays of the house marks “KELLOGGS” and “GENERAL MILLS”). Similarly in *Luigino’s, Inc. v. Stouffer Corp.*, 170 F.3d 827, 830 (8th Cir.1999), the court found “LEAN ‘N TASTY” not confusingly similar to “LEAN CUISINE,” both as applied to pre-packaged meals marketed as healthy or diet meals. In *Luigino’s*, the only common ground between the marks was the descriptive word “LEAN.” It would have been inappropriate to extend trademark protection in the term “LEAN CUISINE” so broadly as to prohibit a competitor from employing the descriptive term “LEAN” in combination with other terms as part of a composite mark. Further, the court in *Luigino’s* specifically noted that consumers of specialty health-food or diet items were likely to exercise greater care at the point of purchase such that the conditions of purchase mitigated against a likelihood of confusion. *Id.* at 831. Finally, as in *General Mills*, both parties’ products used trade dress that employed prominent displays of their respective, well known house marks. *Id.* at 829. Accordingly, in both of these prior cases, unlike the present case, it was particularly appropriate to emphasize the distinctions in trade dress since the marks were weak, the additional trade dress was distinctive rather than descriptive, and, at least in the case of *Luigino’s*, the consumers were presumed to exercise a high degree of care in their purchases.

to be affiliated with, connected with, or sponsored by, the trademark owner”) (quoting *J. Thomas McCarthy*, Trademarks and Unfair Competition § 24.03 (3d.1992)).

Here, the record clearly reflects a connection between the two products. Mr. Kemp advocated the marketing of his rice products with fish and Bumble Bee promoted its surimi product for use with rice. Mr. Kemp’s products were intended as side dishes, likely to be served with meat, fish, or poultry. Because direct competition is not the only aspect of this inquiry (although a showing of direct competition may increase the likelihood of confusion), proper application of this factor requires exploration of the likelihood that consumers would draw a connection between the two products and be confused as to the identities of their respective sources. Here, the products were similarly marketed, similarly priced, and intended for use as compliments to one another. Accordingly, this factor weighs in favor of a finding that confusion was likely.

Turning to the fourth factor, the alleged infringer’s intent to pass off his goods as those of the trademark owner, we believe the evidence supports only one permissible view of Mr. Kemp’s admission, namely, his desire to cause consumers to associate his brand with that of Bumble Bee. The evidence of this clear intention to appropriate for his own benefit the considerable equity, i.e., the trademark goodwill, of the LOUIS KEMP brand name was undisputed. Further, this intention did not change over time. Rather, Mr. Kemp noted his intent in his solicitation letters to Mr. Paulucci and again testified at trial that his subsequent, actual use of the name was designed to take advantage of the investment Oscar Mayer and Tyson had made in the mark.

Rarely will a junior user admit such an intention. Mr. Kemp apparently did so in this case because he believed contract rights entitled him to use the trademark LOUIS KEMP. His subjective opinions regarding his contract rights, however, in no way diminish the effect of his statement. He openly admitted his intention to market his products to take advantage of the considerable equity of the Oscar Mayer and Tyson investments. The only way to take advantage of this brand equity is to cause consumers to mistakenly believe there is, at a minimum, an association between the sources of the products.

No party contemplated, much less used, a composite term that contained the words “LOUIS KEMP” to market surimi-based seafood products — or any other food products — prior to Oscar Mayer’s request that precipitated renegotiation of the Agreement. Accordingly, no party enjoyed trademark rights related to the phrase “LOUIS KEMP” before Oscar Mayer invested and developed its mark in association with its surimi business. There are no claims before the court related to state law rights of publicity nor claims that Mr. Kemp enjoyed celebrity status that would merit protection of his personal name under such laws. Accordingly, when Mr. Kemp referred to “the considerable equity” of the LOUIS KEMP brand name, the only equity to which he could have been referring was the equity built by Bumble Bee’s predecessors.

We cannot discount this intent based on the fact that Mr. Kemp believed the contract entitled him to play on the goodwill of Bumble Bee’s marks. As noted, the contract conditioned Mr. Kemp’s right to use a related mark upon Oscar Mayer’s prior approval, which Mr. Kemp did not seek. Further, we cannot discount this intent based on the fact that Mr. Kemp received advice of counsel and slightly modified his presentation of his LOUIS KEMP mark. Discounting a showing of intent based on minor changes in presentation is inappropriate because:

[f]ew businesspeople are foolhardy enough to be so blatant in their attempt to increase profits. To

find trademark infringement only by exact identity and not where the junior user makes some slight modification would be in effect to reward the cunning infringer and punish only the bumbling one.

23. Thomas McCarthy, *Trademarks and Unfair Competition* § 23.20 (4th ed.2002) (citations and internal quotations omitted). Clearly, Mr. Kemp attempted to minimize his legal risk. His desire to minimize his legal risk, however, cannot be equated with a diminution of his desire to “take advantage of the considerable equity” of Bumble Bee’s trademark.

It is important to note that intent as a *SquirtCo* factor is relevant not because trademark infringement requires intent, bad faith, or any other *mens rea*. Instead, this *SquirtCo* factor is relevant because it demonstrates *the junior user’s true opinion* as to the dispositive issue, namely, whether confusion is likely. Accordingly, it is irrelevant that he may have believed contract rights excused his use.⁴ He adopted the mark LOUIS KEMP specifically to take advantage of the “considerable equity” Bumble Bee and its predecessors had built in the mark. He admitted this regarding his prospective intentions in his letter to solicit Mr. Paulucci as a partner, and he admitted this under examination regarding his intentions surrounding his actual use. We believe this evidence permits only one possible conclusion, namely, that Mr. Kemp believed consumers would associate his products with those of the senior user. Accordingly, this factor weighs very strongly in favor of finding that confusion was likely.

Finally, turning to the fifth factor, incidents of actual confusion, we cannot say that the district court committed clear error in discounting the survey. The district court acted well within its broad fact finding authority when it chose to discount the survey evidence. We believe, however, that the undisputed testimony of Mr. Kemp’s salesman for the wild rice products, Patrick Melby, that actual confusion existed among sophisticated professional buyers, supports a finding of actual confusion. Such buyers are individuals who make their living purchasing food products like those of Bumble Bee and Mr. Kemp, and they may be presumed to exercise a high standard of care. *See, e.g., Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 293 (3d.Cir.1991) (“[P]rofessional buyers, or consumers of very expensive goods, will be held to a higher standard of care.”); *Oreck Corp. v. U.S. Floor Sys., Inc.*, 803 F.2d 166, 173-74 (5th Cir.1986) (finding that buyers for professional and institutional purposes were likely to be informed, deliberative buyers not easily confused as to product source). As such, when even professional buyers are confused, it serves as strong evidence that the average consumer, who exercises less scrutiny, is likely to be confused. *See Checkpoint Systems, Inc. v. Check Point Software Tech., Inc.*, 269 F.3d 270, 285 (3d.Cir.2001) (“[P]rofessionals or commercial buyers familiar with the field . . . are sophisticated enough not to be confused by trademarks that are closely similar. That is, it is assumed that such professional buyers are less likely to be confused than the ordinary consumer.”) (quoting J. Thomas McCarthy, *Trademarks and Unfair Competition*, § 23:101 (4th ed.2000)); *see also; Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 128 (4th Cir.1990) (“[I]n a market with extremely sophisticated buyers, the likelihood of consumer confusion cannot be presumed on the basis of the similarity in trade name alone.”).

The district court, as the fact-finder in this case, was entitled to discount Mr. Melby’s testimony. We do not believe, however, that the district court’s opinion contains a finding that Mr. Melby was non-credible. The district court merely found that Mr. Melby’s testimony failed to demonstrate that instances of confusion were “rampant.” Accordingly, the record contains undisputed testimony that there were instances of actual confusion, even if those instances were not “rampant.” When, as

4. As noted previously, the only issue before us is the issue of infringement. Based on the stipulation of the parties and the related California litigation, there is no contractual right to use an infringing mark.

here, it is shown by an alleged infringer's own salesman that even sophisticated professional buyers experienced actual confusion, such evidence supports a finding that confusion is likely.

In summary, a balancing of the *SquirtCo* factors support a finding that consumer confusion was likely and Mr. Kemp's use was infringement. Having found infringement due to a likelihood of confusion, and there being no remedies for dilution separate from the available remedies for infringement, we need not address the issue of dilution. The judgment of the district court is reversed and this case is remanded for determination of an appropriate remedy.

24. PERMISSIBLE USES

Learning Objectives: Unit 24

Upon completion of this unit, you should be able to:

- Explain the “classic” fair use defense.
- Explain nominative use.
- Explain the policy issues at the intersection of the First Amendment and trademark rights.
- Explain different approaches to resolving these tensions and the consequences of those approaches.

“Classic” or “descriptive” fair use is a statutorily-established defense to trademark infringement. We will explore this defense in the context of *Zatarains v. Oak Grove Smokehouse* (5th Cir. 1983).

In addition to descriptive fair use, other uses of trademarks are sometimes described as “fair” or “permissible” uses, notwithstanding the outcome of a likelihood of confusion analysis. Nominative use—the use of a mark to refer to the actual mark owner rather than the user, as in comparative advertising—is one such form. We will discuss in class different approaches that courts have taken to nominative use.

A more difficult question involves the intersection between First Amendment free speech principles and trademark rights. We will examine this issue through the lens of two Circuits: the the 8th Circuit decision of *Anheuser-Busch, Inc. v. Balducci Publications* (8th Cir. 1994) and the 9th Circuit decision of *Mattel v. MCA Records* (9th Cir. 2002).

MATTEL INC. V. MCA RECORDS, INC.

Mattel Inc. v. MCA Records, Inc.

296 F.3d 894 (9th Cir. 2002)

KOZINSKI, Circuit Judge:

If this were a sci-fi melodrama, it might be called *Speech-Zilla meets Trademark Kong*.

I

Barbie was born in Germany in the 1950s as an adult collector's item. Over the years, Mattel transformed her from a doll that resembled a "German street walker," as she originally appeared, into a glamorous, long-legged blonde. Barbie has been labeled both the ideal American woman and a bimbo. She has survived attacks both psychic (from feminists critical of her fictitious figure) and physical (more than 500 professional makeovers). She remains a symbol of American girlhood, a public figure who graces the aisles of toy stores throughout the country and beyond. With Barbie, Mattel created not just a toy but a cultural icon.

With fame often comes unwanted attention. Aqua is a Danish band that has, as yet, only dreamed of attaining Barbie-like status. In 1997, Aqua produced the song *Barbie Girl* on the album *Aquarium*. In the song, one bandmember impersonates Barbie, singing in a high-pitched, doll-like voice; another bandmember, calling himself Ken, entices Barbie to "go party." (The lyrics are in the Appendix.) *Barbie Girl* singles sold well and, to Mattel's dismay, the song made it onto Top 40 music charts.

Mattel brought this lawsuit against the music companies who produced, marketed and sold *Barbie Girl*: MCA Records, Inc., Universal Music International Ltd., Universal Music A/S, Universal Music & Video Distribution, Inc. and MCA Music Scandinavia AB (collectively, "MCA"). MCA in turn challenged the district court's jurisdiction under the Lanham Act and its personal jurisdiction over the foreign defendants, Universal Music International Ltd., Universal Music A/S and MCA Music Scandinavia AB (hereinafter "foreign defendants"); MCA also brought a defamation claim against Mattel for statements Mattel made about MCA while this lawsuit was pending. The district court concluded it had jurisdiction over the foreign defendants and under the Lanham Act, and granted MCA's motion for summary judgment on Mattel's federal and state-law claims for trademark infringement and dilution. The district court also granted Mattel's motion for summary judgment on MCA's defamation claim.

Mattel appeals the district court's ruling that *Barbie Girl* is a parody of Barbie and a nominative fair use; that MCA's use of the term Barbie is not likely to confuse consumers as to Mattel's affiliation with *Barbie Girl* or dilute the Barbie mark; and that Mattel cannot assert an unfair competition claim under the Paris Convention for the Protection of Industrial Property. MCA cross-appeals the grant of summary judgment on its defamation claim as well as the district court's jurisdictional holdings.

II

A. All three foreign defendants are affiliated members of Universal Music Group and have an active relationship with each other and with domestic members of the Group. Defendants entered into cross-licensing agreements and developed a coordinated plan to distribute the Barbie Girl song in the United States (including California), and sent promotional copies of the Barbie Girl single and the Aquarium album to the United States (including California). This conduct was expressly aimed at, and allegedly caused harm in, California, Mattel's principal place of business.

See *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1321 (9th Cir.1998). Mattel's trademark claims would not have arisen "but for" the conduct foreign defendants purposefully directed toward California, and jurisdiction over the foreign defendants, who are represented by the same counsel and closely associated with the domestic defendants, is reasonable. See *id.* at 1321-22. The district court did not err in asserting specific personal jurisdiction over the foreign defendants.

B. Sales of the Aquarium album worldwide had a sufficient effect on American foreign commerce, and Mattel suffered monetary injury in the United States from those sales. See *Ocean Garden, Inc. v. Marktrade Co.*, 953 F.2d 500, 503 (9th Cir.1991). Moreover, Mattel's claim is more closely tied to interests of American foreign commerce than it is to the commercial interests of other nations: Mattel's principal place of business is in California, the foreign defendants are closely related to the domestic defendants, and Mattel sought relief only for defendants' sales in the United States. See *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1395-96 (9th Cir.1985). The district court properly exercised extraterritorial jurisdiction under the Lanham Act.

III

A. A trademark is a word, phrase or symbol that is used to identify a manufacturer or sponsor of a good or the provider of a service. See *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 305 (9th Cir.1992). It's the owner's way of preventing others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner. A trademark "inform[s] people that trademarked products come from the same source." *Id.* at 305 n. 2. Limited to this core purpose-avoiding confusion in the marketplace-a trademark owner's property rights play well with the First Amendment. "Whatever first amendment rights you may have in calling the brew you make in your bathtub 'Pepsi' are easily outweighed by the buyer's interest in not being fooled into buying it." *Trademarks Unplugged*, 68 N.Y.U. L.Rev. 960, 973 (1993).

The problem arises when trademarks transcend their identifying purpose. Some trademarks enter our public discourse and become an integral part of our vocabulary. How else do you say that something's "the Rolls Royce of its class"? What else is a quick fix, but a Band-Aid? Does the average consumer know to ask for aspirin as "acetyl salicylic acid"? See *Bayer Co. v. United Drug Co.*, 272 F. 505, 510 (S.D.N.Y.1921). Trademarks often fill in gaps in our vocabulary and add a contemporary flavor to our expressions. Once imbued with such expressive value, the trademark becomes a word in our language and assumes a role outside the bounds of trademark law.

Our likelihood-of-confusion test, see *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir.1979), generally strikes a comfortable balance between the trademark owner's property rights and the public's expressive interests. But when a trademark owner asserts a right to control how we express ourselves-when we'd find it difficult to describe the product any other way (as in the case of aspirin), or when the mark (like Rolls Royce) has taken on an expressive meaning apart from its

source-identifying function-applying the traditional test fails to account for the full weight of the public's interest in free expression.

The First Amendment may offer little protection for a competitor who labels its commercial good with a confusingly similar mark, but “[t]rademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or expressing points of view.”

L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 29 (1st Cir.1987). Were we to ignore the expressive value that some marks assume, trademark rights would grow to encroach upon the zone protected by the First Amendment. See *Yankee Publ’g, Inc. v. News Am. Publ’g, Inc.*, 809 F.Supp. 267, 276 (S.D.N.Y.1992) (“[W]hen unauthorized use of another’s mark is part of a communicative message and not a source identifier, the First Amendment is implicated in opposition to the trademark right.”).

Simply put, the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function. See *Anti-Monopoly, Inc. v. Gen. Mills Fun Group*, 611 F.2d 296, 301 (9th Cir.1979) (“It is the source-denoting function which trademark laws protect, and nothing more.”).

B. There is no doubt that MCA uses Mattel’s mark: Barbie is one half of Barbie Girl. But Barbie Girl is the title of a song about Barbie and Ken, a reference that—at least today—can only be to Mattel’s famous couple. We expect a title to describe the underlying work, not to identify the producer, and Barbie Girl does just that.

The Barbie Girl title presages a song about Barbie, or at least a girl like Barbie. The title conveys a message to consumers about what they can expect to discover in the song itself; it’s a quick glimpse of Aqua’s take on their own song. The lyrics confirm this: The female singer, who calls herself Barbie, is “a Barbie girl, in [her] Barbie world.” She tells her male counterpart (named Ken), “Life in plastic, it’s fantastic. You can brush my hair, undress me everywhere/Imagination, life is your creation.” And off they go to “party.” The song pokes fun at Barbie and the values that Aqua contends she represents. See *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Group*, 886 F.2d 490, 495-96 (2d Cir.1989). The female singer explains, “I’m a blond bimbo girl, in a fantasy world/Dress me up, make it tight, I’m your dolly.”

The song does not rely on the Barbie mark to poke fun at another subject but targets Barbie herself.

See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994); see also *Dr. Seuss Ent’s., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1400 (9th Cir.1997). This case is therefore distinguishable from *Dr. Seuss*, where we held that the book *The Cat NOT in the Hat!* borrowed Dr. Seuss’s trademarks and lyrics to get attention rather than to mock *The Cat in the Hat!* The defendant’s use of the Dr. Seuss trademarks and copyrighted works had “no critical bearing on the substance or style of” *The Cat in the Hat!*, and therefore could not claim First Amendment protection. *Id.* at 1401. Dr. Seuss recognized that, where an artistic work targets the original and does not merely borrow another’s property to get attention, First Amendment interests weigh more heavily in the balance. See *id.* at 1400-02; see also *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812-13 (2d Cir.1999) (a parodist whose expressive work aims its parodic commentary at a trademark is given considerable leeway, but a claimed parodic use that makes no comment on the mark is not a permitted trademark parody use).

The Second Circuit has held that “in general the [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.” *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir.1989); see also *Cliffs Notes*, 886 F.2d

at 494 (quoting Rogers, 875 F.2d at 999). Rogers considered a challenge by the actress Ginger Rogers to the film *Ginger and Fred*. The movie told the story of two Italian cabaret performers who made a living by imitating Ginger Rogers and Fred Astaire. Rogers argued that the film's title created the false impression that she was associated with it.

At first glance, Rogers certainly had a point. Ginger was her name, and Fred was her dancing partner. If a pair of dancing shoes had been labeled Ginger and Fred, a dancer might have suspected that Rogers was associated with the shoes (or at least one of them), just as Michael Jordan has endorsed Nike sneakers that claim to make you fly through the air. But *Ginger and Fred* was not a brand of shoe; it was the title of a movie and, for the reasons explained by the Second Circuit, deserved to be treated differently.

A title is designed to catch the eye and to promote the value of the underlying work. Consumers expect a title to communicate a message about the book or movie, but they do not expect it to identify the publisher or producer. See *Application of Cooper*, 45 C.C.P.A. 923, 254 F.2d 611, 615-16 (C.C.P.A.1958) (A "title identifies a specific literary work, and is not associated in the public mind with the manufacturer." (internal quotation marks omitted)). If we see a painting titled "*Campbell's Chicken Noodle Soup*," we're unlikely to believe that Campbell's has branched into the art business. Nor, upon hearing Janis Joplin croon "*Oh Lord, won't you buy me a Mercedes-Benz?*," would we suspect that she and the carmaker had entered into a joint venture. A title tells us something about the underlying work but seldom speaks to its origin:

Though consumers frequently look to the title of a work to determine what it is about, they do not regard titles of artistic works in the same way as the names of ordinary commercial products. Since consumers expect an ordinary product to be what the name says it is, we apply the Lanham Act with some rigor to prohibit names that misdescribe such goods. But most consumers are well aware that they cannot judge a book solely by its title any more than by its cover.

Rogers, 875 F.2d at 1000 (citations omitted).

Rogers concluded that literary titles do not violate the Lanham Act "unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work." *Id.* at 999 (footnote omitted). We agree with the Second Circuit's analysis and adopt the Rogers standard as our own.

Applying Rogers to our case, we conclude that MCA's use of Barbie is not an infringement of Mattel's trademark. Under the first prong of Rogers, the use of Barbie in the song title clearly is relevant to the underlying work, namely, the song itself. As noted, the song is about Barbie and the values Aqua claims she represents. The song title does not explicitly mislead as to the source of the work; it does not, explicitly or otherwise, suggest that it was produced by Mattel. The only indication that Mattel might be associated with the song is the use of Barbie in the title; if this were enough to satisfy this prong of the Rogers test, it would render Rogers a nullity. We therefore agree with the district court that MCA was entitled to summary judgment on this ground. We need not consider whether the district court was correct in holding that MCA was also entitled to summary judgment because its use of Barbie was a nominative fair use.

IV

[The court rejects Mattel’s argument based on the version of trademark dilution under the Lanham Act that was in effect at the time.]

V

[The court rejects Mattel’s argument based on the Paris Convention]

VI

After Mattel filed suit, Mattel and MCA employees traded barbs in the press. When an MCA spokeswoman noted that each album included a disclaimer saying that Barbie Girl was a “social commentary [that was] not created or approved by the makers of the doll,” a Mattel representative responded by saying, “That’s unacceptable . . . It’s akin to a bank robber handing a note of apology to a teller during a heist. [It n]either diminishes the severity of the crime, nor does it make it legal.” He later characterized the song as a “theft” of “another company’s property.”

MCA filed a counterclaim for defamation based on the Mattel representative’s use of the words “bank robber,” “heist,” “crime” and “theft.” But all of these are variants of the invective most often hurled at accused infringers, namely “piracy.” No one hearing this accusation understands intellectual property owners to be saying that infringers are nautical cutthroats with eyepatches and peg legs who board galleons to plunder cargo. In context, all these terms are nonactionable “rhetorical hyperbole,” *Gilbrook v. City of Westminster*, 177 F.3d 839, 863 (9th Cir.1999). The parties are advised to chill.

AFFIRMED.

APPENDIX

“Barbie Girl” by Aqua

-Hiya Barbie!

-Hi Ken!

You wanna go for a ride?

-Sure, Ken!

-Jump in!

-Ha ha ha ha!

(CHORUS:)

I’m a Barbie girl, in my Barbie world

Life in plastic, it’s fantastic

You can brush my hair, undress me everywhere

Imagination, life is your creation

Come on Barbie, let’s go party!

(CHORUS)

I'm a blonde bimbo girl, in a fantasy world

Dress me up, make it tight, I'm your dolly

You're my doll, rock and roll, feel the glamour in pink

Kiss me here, touch me there, hanky-panky

You can touch, you can play

If you say "I'm always yours," ooh ooh

(CHORUS)

(BRIDGE:)

Come on, Barbie, let's go party, ah ah ah yeah

Come on, Barbie, let's go party, ooh ooh, ooh ooh

Come on, Barbie, let's go party, ah ah ah yeah

Come on, Barbie, let's go party, ooh ooh, ooh ooh

Make me walk, make me talk, do whatever you please

I can act like a star, I can beg on my knees

Come jump in, be my friend, let us do it again

Hit the town, fool around, let's go party

You can touch, you can play

You can say "I'm always yours"

You can touch, you can play

You can say "I'm always yours"

(BRIDGE)

(CHORUS x2)(BRIDGE)

-Oh, I'm having so much fun!

-Well, Barbie, we're just getting started!

-Oh, I love you Ken!

JACK DANIEL'S V. VIP PRODUCTS

READING WITH PURPOSE

As you read these cases, ask yourself the following questions:

- What is descriptive fair use?
- What are the policy issues underlying descriptive fair use?
- Why have descriptive fair use if there are already restrictions on descriptive matter serving as a trademark?
- Why does the First Amendment protect speech, even when it is not political speech?
- What tensions are raised by the intersection of First Amendment free speech principles and trademark rights?
- How are those tensions addressed in the 8th and 9th Circuits?

Jack Daniel's Properties, Inc. v. VIP Products LLC

2023

Justice KAGAN delivered the opinion of the Court.

This case is about dog toys and whiskey, two items seldom appearing in the same sentence. Respondent VIP Products makes a squeaky, chewable dog toy designed to look like a bottle of Jack Daniel's whiskey. Though not entirely. On the toy, for example, the words "Jack Daniel's" become "Bad Spaniels." And the descriptive phrase "Old No. 7 Brand Tennessee Sour Mash Whiskey" turns into "The Old No. 2 On Your Tennessee Carpet." The jokes did not impress petitioner Jack Daniel's Properties. It owns trademarks in the distinctive Jack Daniel's bottle and in many of the words and graphics on the label. And it believed Bad Spaniels had both infringed and diluted those trademarks. Bad Spaniels had infringed the marks, the argument ran, by leading consumers to think that Jack Daniel's had created, or was otherwise responsible for, the dog toy. And Bad Spaniels had diluted the marks, the argument went on, by associating the famed whiskey with, well, dog excrement.

The Court of Appeals, in the decision we review, saw things differently. Though the federal trademark statute makes infringement turn on the likelihood of consumer confusion, the Court of Appeals never got to that issue. On the court's view, the First Amendment compels a stringent threshold test when an infringement suit challenges a so-called expressive work—here (so said the court), the Bad Spaniels toy. And that test knocked out Jack Daniel's claim, whatever the likelihood of confusion. Likewise, Jack's dilution claim failed—though on that issue the problem was statutory. The trademark law provides that the "noncommercial" use of a mark cannot count as dilution. 15 U. S. C. §1125(c)(3)(C). The Bad

Spaniels marks, the court held, fell within that exemption because the toy communicated a message—a kind of parody—about Jack Daniel’s.

Today, we reject both conclusions. The infringement issue is the more substantial. In addressing it, we do not decide whether the threshold inquiry applied in the Court of Appeals is ever warranted. We hold only that it is not appropriate when the accused infringer has used a trademark to designate the source of its own goods—in other words, has used a trademark as a trademark. That kind of use falls within the heartland of trademark law, and does not receive special First Amendment protection. The dilution issue is more simply addressed. The use of a mark does not count as noncommercial just because it parodies, or otherwise comments on, another’s products.

I

A

Start at square 1, with what a trademark is and does. The Lanham Act, the core federal trademark statute, defines a trademark as follows: “[A]ny word, name, symbol, or device, or any combination thereof” that a person uses “to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods.” §1127. The first part of that definition, identifying the kind of things covered, is broad: It encompasses words (think “Google”), graphic designs (Nike’s swoosh), and so-called trade dress, the overall appearance of a product and its packaging (a Hershey’s Kiss, in its silver wrapper). See *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U. S. 205, 209-210 (2000). The second part of the definition describes every trademark’s “primary” function: “to identify the origin or ownership of the article to which it is affixed.” *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 412 (1916). Trademarks can of course do other things: catch a consumer’s eye, appeal to his fancies, and convey every manner of message. But whatever else it may do, a trademark is not a trademark unless it identifies a product’s source (this is a Nike) and distinguishes that source from others (not any other sneaker brand). See generally 1 J. McCarthy, *Trademarks and Unfair Competition* §3:1 (5th ed. 2023). In other words, a mark tells the public who is responsible for a product.

In serving that function, trademarks benefit consumers and producers alike. A source-identifying mark enables customers to select “the goods and services that they wish to purchase, as well as those they want to avoid.” *Matal v. Tam*, 582 U. S. 218, 224 (2017). The mark “quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.” *Qualitex Co. v. Jacobson Products Co.*, 514 U. S. 159, 164 (1995). And because that is so, the producer of a quality product may derive significant value from its marks. They ensure that the producer itself—and not some “imitating competitor”—will reap the financial rewards associated with the product’s good reputation. *Ibid.*

To help protect marks, the Lanham Act sets up a voluntary registration system. Any mark owner may apply to the Patent and Trademark Office to get its mark placed on a federal register. Consistent with trademark law’s basic purpose, the lead criterion for registration is that the mark “in fact serve as a ‘trademark’ to identify and distinguish goods.” 3 McCarthy §19:10 (listing the principal register’s eligibility standards). If it does, and the statute’s other criteria also are met, the registering trademark owner receives certain benefits, useful in infringement litigation. See, e.g., *Iancu v. Brunetti*, 588 U. S. ___, ___ (2019) (slip op., at 2) (noting that “registration constitutes ‘prima facie evidence’ of the mark’s

validity”). But the owner of even an unregistered trademark can “use [the mark] in commerce and enforce it against infringers.” *Ibid.*

The Lanham Act also creates a federal cause of action for trademark infringement. In the typical case, the owner of a mark sues someone using a mark that closely resembles its own. The court must decide whether the defendant’s use is “likely to cause confusion, or to cause mistake, or to deceive.” §§1114(1)(A), 1125(a)(1)(A). The “keystone” in that statutory standard is “likelihood of confusion.” See 4 McCarthy §23:1. And the single type of confusion most commonly in trademark law’s sights is confusion “about the source of a product or service.” *Moseley v. V Secret Catalogue, Inc.*, 537 U. S. 418, 428 (2003); see 4 McCarthy §23:5. Confusion as to source is the *bête noire* of trademark law—the thing that stands directly opposed to the law’s twin goals of facilitating consumers’ choice and protecting producers’ good will.

Finally, the Lanham Act creates a cause of action for the dilution of famous marks, which can succeed without likelihood of confusion. See §1125(c); *Moseley*, 537 U. S., at 431. A famous mark is one “widely recognized” by the public as “designati[ng the] source” of the mark owner’s goods. §1125(c)(2)(A). Dilution of such a mark can occur “by tarnishment” (as well as by “blurring,” not relevant here). §1125(c)(1). As the statute describes the idea, an “association arising from the similarity between” two marks—one of them famous—may “harm[] the reputation of the famous mark,” and thus make the other mark’s owner liable. §1125(c)(2)(C). But there are “[e]xclusions”—categories of activity not “actionable as dilution.” §1125(c)(3). One exclusion protects any “noncommercial use of a mark.” §1125(c)(3)(C). Another protects a “fair use” of a mark “in connection with . . . parodying, criticizing, or commenting upon the famous mark owner or [its] goods.” §1125(c)(3)(A)(ii). The fair-use exclusion, though, comes with a caveat. A defendant cannot get its benefit—even if engaging in parody, criticism, or commentary—when using the similar-looking mark “as a designation of source for the [defendant’s] own goods.” §1125(c)(3)(A). In other words, the exclusion does not apply if the defendant uses the similar mark as a mark.

B

A bottle of Jack Daniel’s—no, Jack Daniel’s Old No. 7 Tennessee Sour Mash Whiskey—boasts a fair number of trademarks. Recall what the bottle looks like (or better yet, retrieve a bottle from wherever you keep liquor; it’s probably there):

“Jack Daniel’s” is a registered trademark, as is “Old No. 7.” So too the arched Jack Daniel’s logo. And the stylized label with filigree (*i.e.*, twirling white lines). Finally, what might be thought of as the platform for all those marks—the whiskey’s distinctive square bottle—is itself registered.

VIP is a dog toy company, making and selling a product line of chewable rubber toys that it calls “Silly Squeakers.” (Yes, they squeak when bitten.) Most of the toys in the line are designed to look like—and to parody—popular beverage brands. There are, to take a sampling, Dos Perros (*cf.* Dos Equis), Smella Arpaw (*cf.* Stella Artois), and Doggie Walker (*cf.* Johnnie Walker). VIP has registered trademarks in all those names, as in the umbrella term “Silly Squeakers.”

In 2014, VIP added the Bad Spaniels toy to the line. VIP did not apply to register the name, or any other feature of, Bad Spaniels. But according to its complaint (further addressed below), VIP both “own[s]” and “use[s]” the “Bad Spaniels’ trademark and trade dress.” App. 3, 11; see *infra*, at 8, 17. And Bad Spaniels’ trade dress, like the dress of many Silly Squeakers toys, is designed to evoke a distinctive

beverage bottle-with-label. Even if you didn't already know, you'd probably not have much trouble identifying which one.

Bad Spaniels is about the same size and shape as an ordinary bottle of Jack Daniel's. The faux bottle, like the original, has a black label with stylized white text and a white filigreed border. The words "Bad Spaniels" replace "Jack Daniel's" in a like font and arch. Above the arch is an image of a spaniel. (This is a dog toy, after all.) Below the arch, "The Old No. 2 On Your Tennessee Carpet" replaces "Old No. 7 Tennessee Sour Mash Whiskey" in similar graphic form. The small print at the bottom substitutes "43% poo by vol." and "100% smelly" for "40% alc. by vol. (80 proof)."

The toy is packaged for sale with a cardboard hangtag (so it can be hung on store shelves). Here is the back of the hangtag:

At the bottom is a disclaimer: "This product is not affiliated with Jack Daniel Distillery." In the middle are some warnings and guarantees. And at the top, most relevant here, are two product logos—on the left for the Silly Squeakers line, and on the right for the Bad Spaniels toy.

Soon after Bad Spaniels hit the market, Jack Daniel's sent VIP a letter demanding that it stop selling the product. VIP responded by bringing this suit, seeking a declaratory judgment that Bad Spaniels neither infringed nor diluted Jack Daniel's trademarks. The complaint alleged, among other things, that VIP is "the owner of all rights in its 'Bad Spaniels' trademark and trade dress for its durable rubber squeaky novelty dog toy." App. 3; see *supra*, at 6. Jack Daniel's counterclaimed under the Lanham Act for both trademark infringement and trademark dilution by tarnishment.

VIP moved for summary judgment on both claims. First, VIP argued that Jack Daniel's infringement claim failed under a threshold test derived from the First Amendment to protect "expressive works"—like (VIP said) the Bad Spaniels toy. When those works are involved, VIP contended, the so-called *Rogers* test requires dismissal of an infringement claim at the outset unless the complainant can show one of two things: that the challenged use of a mark "has no artistic relevance to the underlying work" or that it "explicitly misleads as to the source or the content of the work." *Rogers v. Grimaldi*, 875 F. 2d 994, 999 (CA2 1989) (Newman, J.). Because Jack Daniel's could make neither showing, VIP argued, the likelihood-of-confusion issue became irrelevant. Second, VIP urged that Jack Daniel's could not succeed on a dilution claim because Bad Spaniels was a "parody[]" of Jack Daniel's, and therefore made "fair use" of its famous marks. §1125(c)(3)(A)(ii).

The District Court rejected both contentions for a common reason: because VIP had used the cribbed Jack Daniel's features as trademarks—that is, to identify the source of its own products. In the court's view, when "another's trademark is used for source identification"—as the court thought was true here—the threshold *Rogers* test does not apply. App. to Pet. for Cert. 89a. Instead, the suit must address the "standard" infringement question: whether the use is "likely to cause consumer confusion." *Ibid*. And likewise, VIP could not invoke the dilution provision's fair-use exclusion. Parodies fall within that exclusion, the court explained, only when the uses they make of famous marks do not serve as "a designation of source for the [alleged diluter's] own goods." *Id.*, at 104a (quoting §1125(c)(3)(A)).

The case thus proceeded to a bench trial, where Jack Daniel's prevailed. The District Court found, based largely on survey evidence, that consumers were likely to be confused about the source of the Bad Spaniels toy. See 291 F. Supp. 3d 891, 906-911 (D Ariz. 2018). And the court thought that the toy, by creating "negative associations" with "canine excrement," would cause Jack Daniel's "reputational harm." *Id.*, at 903, 905.

But the Court of Appeals for the Ninth Circuit reversed, ruling that the District Court had gotten the pretrial legal issues wrong. In the Ninth Circuit’s view, the infringement claim was subject to the threshold *Rogers* test because *Bad Spaniels* is an “expressive work”: Although just a dog toy, and “surely not the equivalent of the *Mona Lisa*,” it “communicates a humorous message.” 953 F. 3d 1170, 1175 (2020) (internal quotation marks omitted). The Court of Appeals therefore returned the case to the District Court to decide whether Jack Daniel’s could satisfy either of *Rogers*’ two prongs. And the Ninth Circuit awarded judgment on the dilution claim to VIP. The court did not address the statutory exclusion for parody and other fair use, as the District Court had. Instead, the Court of Appeals held that the exclusion for “noncommercial use” shielded VIP from liability. §1125(c)(3)(C). The “use of a mark may be ‘noncommercial,’” the court reasoned, “even if used to sell a product.” 953 F. 3d, at 1176 (internal quotation marks omitted). And here it was so, the court found, because it “parodies” and “comments humorously” on Jack Daniel’s. *Id.*, at 1175; see *id.*, at 1176.

On remand, the District Court found that Jack Daniel’s could not satisfy either prong of *Rogers*, and so granted summary judgment to VIP on infringement. Jack Daniel’s appealed, and the Ninth Circuit summarily affirmed.

We then granted certiorari to consider the Court of Appeals’ rulings on both infringement and dilution. 598 U. S. ____ (2022).

II

Our first and more substantial question concerns Jack Daniel’s infringement claim: Should the company have had to satisfy the *Rogers* threshold test before the case could proceed to the Lanham Act’s likelihood-of-confusion inquiry?¹ The parties address that issue in the broadest possible way, either attacking or defending *Rogers* in all its possible applications. Today, we choose a narrower path. Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer’s own goods. See §1127; *supra*, at 2-3. VIP used the marks derived from Jack Daniel’s in that way, so the infringement claim here rises or falls on likelihood of confusion. But that inquiry is not blind to the expressive aspect of the *Bad Spaniels* toy that the Ninth Circuit highlighted. Beyond source designation, VIP uses the marks at issue in an effort to “parody” or “make fun” of Jack Daniel’s. Tr. of Oral Arg. 58, 66. And that kind of message matters in assessing confusion because consumers are not so likely to think that the maker of a mocked product is itself doing the mocking.

A

To see why the *Rogers* test does not apply here, first consider the case from which it emerged. The defendants there had produced and distributed a film by Federico Fellini titled “Ginger and Fred” about two fictional Italian cabaret dancers (Pippo and Amelia) who imitated Ginger Rogers and Fred Astaire. When the film was released in the United States, Ginger Rogers objected under the Lanham Act to the use of her name. The Second Circuit rejected the claim. It reasoned that the titles of “artistic works,” like the works themselves, have an “expressive element” implicating “First Amendment values.” 875 F. 2d, at 998. And at the same time, such names posed only a “slight risk” of confusing consumers about either “the source or the content of the work.” *Id.*, at 999-1000. So, the court concluded, a threshold filter was appropriate. When a title “with at least some artistic relevance” was not “explicitly misleading as to source or content,” the claim could not go forward. *Ibid.* But the court made clear that it was not announcing a general rule. In the typical case, the court thought, the

name of a product was more likely to indicate its source, and to be taken by consumers in just that way. See *id.*, at 1000.

Over the decades, the lower courts adopting *Rogers* have confined it to similar cases, in which a trademark is used not to designate a work's source, but solely to perform some other expressive function. So, for example, when the toymaker Mattel sued a band over the song "Barbie Girl"—with lyrics including "Life in plastic, it's fantastic" and "I'm a blond bimbo girl, in a fantasy world"—the Ninth Circuit applied *Rogers*. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 901 (2002). That was because, the court reasoned, the band's use of the Barbie name was "not [as] a source identifier": The use did not "speak[] to [the song's] origin." *Id.*, at 900, 902; see *id.*, at 902 (a consumer would no more think that the song was "produced by Mattel" than would, "upon hearing Janis Joplin croon 'Oh Lord, won't you buy me a Mercedes Benz?', . . . suspect that she and the carmaker had entered into a joint venture"). Similarly, the Eleventh Circuit dismissed a suit under *Rogers* when a sports artist depicted the Crimson Tide's trademarked football uniforms solely to "memorialize" a notable event in "football history." *University of Ala. Bd. of Trustees v. New Life Art, Inc.*, 683 F.3d 1266, 1279 (2012). And when Louis Vuitton sued because a character in the film *The Hangover: Part II* described his luggage as a "Louis Vuitton" (though pronouncing it *Lewis*), a district court dismissed the complaint under *Rogers*. See *Louis Vuitton Mallatier S. A. v. Warner Bros. Entertainment Inc.*, 868 F. Supp. 2d 172 (SDNY 2012). All parties agreed that the film was not using the Louis Vuitton mark as its "own identifying trademark." *Id.*, at 180 (internal quotation marks omitted). When that is so, the court reasoned, "confusion will usually be unlikely," and the "interest in free expression" counsels in favor of avoiding the standard Lanham Act test. *Ibid.*

The same courts, though, routinely conduct likelihood-of-confusion analysis, without mentioning *Rogers*, when trademarks are used as trademarks—*i.e.*, to designate source. See, *e.g.*, *JL Beverage Co., LLC v. Jim Beam Brands Co.*, 828 F.3d 1098, 1102-1103, 1106 (CA9 2016); *PlayNation Play Systems, Inc. v. Velez Corp.*, 924 F.3d 1159, 1164-1165 (CA11 2019). And the Second Circuit—*Rogers*' home court—has made especially clear that *Rogers* does not apply in that context. For example, that court held that an offshoot political group's use of the trademark "United We Stand America" got no *Rogers* help because the use was as a source identifier. See *United We Stand Am., Inc. v. United We Stand, Am. New York, Inc.*, 128 F.3d 86, 93 (1997). True, that slogan had expressive content. But the defendant group, the court reasoned, was using it "as a mark," to suggest the "same source identification" as the original "political movement." *Ibid.* And similarly, the Second Circuit (indeed, the judge who authored *Rogers*) rejected a motorcycle mechanic's view that his modified version of Harley Davidson's bar-and-shield logo was an expressive parody entitled to *Rogers*' protection. See *Harley-Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 812-813 (1999). The court acknowledged that the mechanic's adapted logo conveyed a "somewhat humorous[]" message. *Id.*, at 813. But his use of the logo was a quintessential "trademark use": to brand his "repair and parts business"—through signage, a newsletter, and T-shirts—with images "similar" to Harley-Davidson's. *Id.*, at 809, 812-813.

The point is that whatever you make of *Rogers*—and again, we take no position on that issue—it has always been a cabined doctrine. If we put this case to the side, the *Rogers* test has applied only to cases involving "non-trademark uses"—or otherwise said, cases in which "the defendant has used the mark" at issue in a "non-source-identifying way." S. Dogan & M. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669, 1684 (2007); see *id.*, at 1683-1684, and n. 58. The test has not insulated from ordinary trademark scrutiny the use of trademarks as trademarks, "to identify or brand [a defendant's] goods or services." *Id.*, at 1683.

We offer as one last example of that limitation a case with a striking resemblance to this one. It too involved dog products, though perfumes rather than toys. Yes, the defendant sold “a line of pet perfumes whose names parody elegant brands sold for human consumption.” *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC*, 221 F. Supp. 2d 410, 412 (SDNY 2002) (Mukasey, J.). The product at issue was named Timmy Holedigger—which Tommy Hilfiger didn’t much like. The defendant asked for application of *Rogers*. The court declined it, relying on *Harley-Davidson*. See 221 F. Supp. 2d, at 414. *Rogers*, the court explained, kicks in when a suit involves solely “nontrademark uses of [a] mark—that is, where the trademark is not being used to indicate the source or origin” of a product, but only to convey a different kind of message. 221 F. Supp. 2d, at 414. When, instead, the use is “at least in part” for “source identification”—when the defendant may be “trading on the good will of the trademark owner to market its own goods”—*Rogers* has no proper role. 221 F. Supp. 2d, at 414-415. And that is so, the court continued, even if the defendant is *also* “making an expressive comment,” including a parody of a different product. *Id.*, at 415. The defendant is still “mak[ing] trademark use of another’s mark,” and must meet an infringement claim on the usual battleground of “likelihood of confusion.” *Id.*, at 416.

That conclusion fits trademark law, and reflects its primary mission. From its definition of “trademark” onward, the Lanham Act views marks as source identifiers—as things that function to “indicate the source” of goods, and so to “distinguish” them from ones “manufactured or sold by others.” §1127; see *supra*, at 2-3. The cardinal sin under the law, as described earlier, is to undermine that function. See *supra*, at 3. It is to confuse consumers about source—to make (some of) them think that one producer’s products are another’s. And that kind of confusion is most likely to arise when someone uses another’s trademark as a trademark—meaning, again, as a source identifier—rather than for some other expressive function. To adapt one of the cases noted above: Suppose a filmmaker uses a Louis Vuitton suitcase to convey something about a character (he is the kind of person who wants to be seen with the product but doesn’t know how to pronounce its name). See *supra*, at 12. Now think about a different scenario: A luggage manufacturer uses an ever-so-slightly modified LV logo to make inroads in the suitcase market. The greater likelihood of confusion inheres in the latter use, because it is the one conveying information (or misinformation) about who is responsible for a product. That kind of use “implicate[s] the core concerns of trademark law” and creates “the paradigmatic infringement case.” G. Dinwoodie & M. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 Iowa L. Rev. 1597, 1636 (2007). So the *Rogers* test—which offers an escape from the likelihood-of-confusion inquiry and a shortcut to dismissal—has no proper application.²

Nor does that result change because the use of a mark has other expressive content—*i.e.*, because it conveys some message on top of source. Here is where we most dramatically part ways with the Ninth Circuit, which thought that because *Bad Spaniels* “communicates a humorous message,” it is automatically entitled to *Rogers*’ protection. 953 F. 3d, at 1175 (internal quotation marks omitted). On that view, *Rogers* might take over much of the world. For trademarks are often expressive, in any number of ways. Consider how one liqueur brand’s trade dress (beyond identifying source) tells a story, with a bottle in the shape of a friar’s habit connoting the product’s olden monastic roots:

Or take a band name that “not only identifies the band but expresses a view about social issues.” *Tam*, 582 U. S., at 245 (opinion of Alito, J.) (discussing “The Slants”). Or note how a mark can both function as a mark and have parodic content—as the court found in the Hilfiger/Holedigger litigation. See *supra*, at 13-14. The examples could go on and on. As a leading treatise puts the point, the Ninth Circuit’s expansion of *Rogers* “potentially encompasses just about everything” because names, phrases, symbols, designs, and their varied combinations often “contain some ‘expressive’ message” unrelated

to source. 6 McCarthy §31:144.50. That message may well be relevant in assessing the likelihood of confusion between two marks, as we address below. See *infra*, at 18-19. But few cases would even get to the likelihood-of-confusion inquiry if all expressive content triggered the *Rogers* filter. In that event, the *Rogers* exception would become the general rule, in conflict with courts' longstanding view of trademark law.

The Ninth Circuit was mistaken to believe that the First Amendment demanded such a result. The court thought that trademark law would otherwise “fail[] to account for the full weight of the public’s interest in free expression.” 953 F. 3d, at 1174. But as the *Mattel* (*i.e.*, Barbie) court noted, when a challenged trademark use functions as “source-identifying,” trademark rights “play well with the First Amendment”: “Whatever first amendment rights you may have in calling the brew you make in your bathtub ‘Pepsi’ ” are “outweighed by the buyer’s interest in not being fooled into buying it.” 296 F. 3d, at 900. Or in less colorful terms: “[T]o the extent a trademark is confusing” as to a product’s source “the law can protect consumers and trademark owners.” *Tam*, 582 U. S., at 252 (Kennedy, J., concurring in part and concurring in judgment); see *Friedman v. Rogers*, 440 U. S. 1, 15 (1979) (rejecting a First Amendment challenge to a law restricting trade names because of the “substantial” interest in “protecting the public from [their] deceptive and misleading use”). Or yet again, in an especially clear rendering: “[T]he trademark law generally prevails over the First Amendment” when “another’s trademark (or a confusingly similar mark) is used without permission” as a means of “source identification.” *Yankee Publishing Inc. v. News Am. Publishing Inc.*, 809 F. Supp. 267, 276 (SDNY 1992) (Leval, J.) (emphasis deleted). So for those uses, the First Amendment does not demand a threshold inquiry like the *Rogers* test. When a mark is used as a mark (except, potentially, in rare situations), the likelihood-of-confusion inquiry does enough work to account for the interest in free expression.

B

Here, the District Court correctly held that “VIP uses its Bad Spaniels trademark and trade dress as source identifiers of its dog toy.” See App. to Pet. for Cert. 105a. In fact, VIP conceded that point below. In its complaint, VIP alleged that it both “own[s] and “use[s]” the ” ‘Bad Spaniels’ trademark and trade dress for its durable rubber squeaky novelty dog toy.” App. 3, 11. The company thus represented in this very suit that the mark and dress, although not registered, are used to “identify and distinguish [VIP’s] goods” and to “indicate [their] source.” §1127. (Registration of marks, you’ll recall, is optional. See *supra*, at 3-4.)

In this Court, VIP says the complaint was a mere “form allegation”—a matter of “rote.” Tr. of Oral Arg. 73. But even if we knew what that meant, VIP has said and done more in the same direction. First, there is the way the product is marketed. On the hangtag, the Bad Spaniels logo sits opposite the concededly trademarked Silly Squeakers logo, with both appearing to serve the same source-identifying function. See *supra*, at 7. And second, there is VIP’s practice as to other products in the Silly Squeakers line. The company has consistently argued in court that it owns, though has never registered, the trademark and trade dress in dog toys like “Jose Perro” (cf. Jose Cuervo) and “HeinieSniff ‘n” (cf. Heineken).³ And it has chosen to register the names of still other dog toys, including Dos Perros (#6176781), Smella Arpaw (#6262975), and Doggie Walker (#6213816). See *supra*, at 6. Put all that together, and more than “form” or “rote” emerges: VIP’s conduct is its own admission that it is using the Bad Spaniels (née Jack Daniel’s) trademarks as trademarks, to identify product source.

Because that is so, the only question in this suit going forward is whether the Bad Spaniels marks are likely to cause confusion. There is no threshold test working to kick out all cases involving “expressive works.” But a trademark’s expressive message—particularly a parodic one, as VIP asserts—may properly figure in assessing the likelihood of confusion. See, e.g., *Louis Vuitton Malletier S. A. v. Haute Diggity Dog, LLC*, 507 F. 3d 252, 265 (CA4 2007) (Parody “influences the way in which the [likelihood-of-confusion] factors are applied”); Brief for United States as *Amicus Curiae* 17-22 (same). A parody must “conjure up” “enough of [an] original to make the object of its critical wit recognizable.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U. S. 569, 588 (1994) (internal quotation marks omitted). Yet to succeed, the parody must also create contrasts, so that its message of ridicule or pointed humor comes clear. And once that is done (*if* that is done), a parody is not often likely to create confusion. Self-deprecation is one thing; self-mockery far less ordinary. So although VIP’s effort to ridicule Jack Daniel’s does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis. Consistent with our ordinary practice, we remand that issue to the courts below. See *Cutter v. Wilkinson*, 544 U. S. 709, 718, n. 7 (2005) (noting that this Court is generally “a court of review, not of first view”).

III

Our second question, more easily dispatched, concerns Jack Daniel’s claim of dilution by tarnishment (for the linkage of its whiskey to less savory substances). Recall that the Ninth Circuit dismissed that claim based on one of the Lanham Act’s “[e]xclusions” from dilution liability—for “[a]ny noncommercial use of a mark.” §1125(c)(3)(C); see *supra*, at 9. On the court’s view, the “use of a mark may be ‘noncommercial’ even if used to sell a product.” 953 F. 3d, at 1176 (internal quotation marks omitted). And VIP’s use is so, the court continued, because it “parodies” and “convey[s] a humorous message” about Jack Daniel’s. *Id.*, at 1175-1176. We need not express a view on the first step of that reasoning because we think the second step wrong. However wide the scope of the “noncommercial use” exclusion, it cannot include, as the Ninth Circuit thought, every parody or humorous commentary.

To begin to see why, consider the scope of another of the Lanham Act’s exclusions—this one for “[a]ny fair use.” As described earlier, the “fair use” exclusion specifically covers uses “parodying, criticizing, or commenting upon” a famous mark owner. §1125(c)(3)(A)(ii); see *supra*, at 5. But not in every circumstance. Critically, the fair-use exclusion has its own exclusion: It does not apply when the use is “as a designation of source for the person’s own goods or services.” §1125(c)(3)(A). In that event, no parody, criticism, or commentary will rescue the alleged dilutor. It will be subject to liability regardless.

The problem with the Ninth Circuit’s approach is that it reverses that statutorily directed result, as this case illustrates. Given the fair-use provision’s carve-out, parody (and criticism and commentary, humorous or otherwise) is exempt from liability only if *not* used to designate source. Whereas on the Ninth Circuit’s view, parody (and so forth) is exempt always—regardless whether it designates source. The expansive view of the “noncommercial use” exclusion effectively nullifies Congress’s express limit on the fair-use exclusion for parody, etc. Just consider how the Ninth Circuit’s construction played out here. The District Court had rightly concluded that because VIP used the challenged marks as source identifiers, it could not benefit from the fair-use exclusion for parody. See App. to Pet. for Cert. 105a; *supra*, at 8-9, 17-18. The Ninth Circuit took no issue with that ruling. But it shielded VIP’s parodic uses anyway. In doing so, the court negated Congress’s judgment about when—and when not—parody (and criticism and commentary) is excluded from dilution liability.

IV

Today's opinion is narrow. We do not decide whether the *Rogers* test is ever appropriate, or how far the “noncommercial use” exclusion goes. On infringement, we hold only that *Rogers* does not apply when the challenged use of a mark is as a mark. On dilution, we hold only that the noncommercial exclusion does not shield parody or other commentary when its use of a mark is similarly source-identifying. It is no coincidence that both our holdings turn on whether the use of a mark is serving a source-designation function. The Lanham Act makes that fact crucial, in its effort to ensure that consumers can tell where goods come from.

For the reasons stated, we vacate the judgment below and remand for further proceedings consistent with this opinion.

It is so ordered.

Justice SOTOMAYOR, with whom Justice ALITO joins, concurring.

I join the Court's opinion in full. I write separately to emphasize that in the context of parodies and potentially other uses implicating First Amendment concerns, courts should treat the results of surveys with particular caution. As petitioner did here, plaintiffs in trademark infringement cases often commission surveys that purport to show that consumers are likely to be confused by an allegedly infringing product. Like any other evidence, surveys should be understood as merely one piece of the multifaceted likelihood of confusion analysis. See, e.g., *Uncommon, LLC v. Spigen, Inc.*, 926 F.3d 409, 425 (CA7 2019). Courts should also carefully assess the methodology and representativeness of surveys, as many lower courts already do. See, e.g., *Water Pik, Inc. v. Med-Systems, Inc.*, 726 F.3d 1136, 1144-1150 (CA10 2013); *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 117 (CA2 2009).

When an alleged trademark infringement involves a parody, however, there is particular risk in giving uncritical or undue weight to surveys. Survey answers may reflect a mistaken belief among some survey respondents that all parodies require permission from the owner of the parodied mark. Some of the answers to the survey in this case illustrate this potential. See App. 81-82, n. 25 (“I'm sure the dog toy company that made this toy had to get [Jack Daniel's] permission and legal rights to essentially copy the[ir] product in dog toy form’ ”); *ibid.* (“The bottle is mimicked after the Jack Daniel BBQ sauce. So they would hold the patent therefore you would have to ask permission to use the image’ ”); see also *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 772-773, 775 (CA8 1994) (describing a similar situation). Plaintiffs can point to this misunderstanding of the legal framework as evidence of consumer confusion. Cleverly designed surveys could also prompt such confusion by making consumers think about complex legal questions around permission that would not have arisen organically out in the world.

Allowing such survey results to drive the infringement analysis would risk silencing a great many parodies, even ones that by other metrics are unlikely to result in the confusion about sourcing that is the core concern of the Lanham Act. See *ante*, at 4, 10, 14. Well-heeled brands with the resources to commission surveys would be handed an effective veto over mockery. After all, “[n]o one likes to be the butt of a joke, not even a trademark.” 6 J. McCarthy, *Trademarks and Unfair Competition* §31:153

(5th ed. 2023). This would upset the Lanham Act’s careful balancing of “the needs of merchants for identification as the provider of goods with the needs of society for free communication and discussion.” P. Leval, *Trademark: Champion of Free Speech*, 27 *Colum. J. L. & Arts* 187, 210 (2004). Courts should thus ensure surveys do not completely displace other likelihood-of-confusion factors, which may more accurately track the experiences of actual consumers in the marketplace. Courts should also be attentive to ways in which surveys may artificially prompt such confusion about the law or fail to sufficiently control for it.

Justice GORSUCH, with whom Justice THOMAS and Justice BARRETT join, concurring. I am pleased to join the Court’s opinion. I write separately only to underscore that lower courts should handle *Rogers v. Grimaldi*, 875 F.2d 994 (CA2 1989), with care. Today, the Court rightly concludes that, even taken on its own terms, *Rogers* does not apply to cases like the one before us. But in doing so, we necessarily leave much about *Rogers* unaddressed. For example, it is not entirely clear where the *Rogers* test comes from—is it commanded by the First Amendment, or is it merely gloss on the Lanham Act, perhaps inspired by constitutional-avoidance doctrine? *Id.*, at 998. For another thing, it is not obvious that *Rogers* is correct in all its particulars—certainly, the Solicitor General raises serious questions about the decision. See Brief for United States as *Amicus Curiae* 23-28. All this remains for resolution another day, *ante*, at 13, and lower courts should be attuned to that fact.

25. RIGHTS OF PUBLICITY

Learning Objectives: Unit 25

Upon completion of this unit, you should be able to:

- Explain the concept of a right of publicity.
- Explain the policy issues involved in right of publicity claims and how they differ from those involved with trademarks.
- Explain the injunctive relief and its requirements.
- Explain the types of monetary remedies available to a successful rights holder and their requirements.

Rights of publicity share many characteristics with trademark rights, as they involve something that identifies a person—whether it is the image of the person, their voice, or a especially distinguishing characteristic that can be used to reference the person. Sometimes, rights of publicity can be relatively straightforward, such as the question of whether a famous professional athlete endorse a particular brand of athletic gear. Othertimes, as this case illustrates, rights of publicity can raise more challenging and complex issues.

ZACCHINI V. SCRIPPS-HOWARD BROADCASTING CO. (1977)

READING WITH PURPOSE

As you read *Zacchini v. Scripps-Howard Broadcasting Co.*, ask yourself the following questions:

- What is the right of publicity?
- What are the policy issues involved in a right of publicity?
- How might you address tensions between the First Amendment and rights of publicity in the context of the following? Assume that the subject has not given any permission to the user:
 - A video game in which players can play teams with their favorite college football players;
 - A movie about an Iraq war veteran's experiences in Iraq;
 - A supermarket advertisement in *Sports Illustrated* congratulating a famous basketball player on his induction into the basketball hall of fame;
 - A Twitter message from a cinnamon roll chain eulogizing a famous actor and referencing her famous hairstyle.

Zacchini v. Scripps-Howard Broadcasting Co.

433 U.S. 562 (1977)

1. JUSTICE WHITE delivered the opinion of the Court.

Petitioner, Hugo Zacchini, is an entertainer. He performs a “human cannonball” act in which he is shot from a cannon into a net some 200 feet away. Each performance occupies some 15 seconds. In August and September 1972, petitioner was engaged to perform his act on a regular basis at the Geauga County Fair in Burton, Ohio. He performed in a fenced area, surrounded by grandstands, at the fair-grounds. Members of the public attending the fair were not charged a separate admission fee to observe his act.

On August 30, a freelance reporter for Scripps-Howard Broadcasting Co., the operator of a television broadcasting station and respondent in this case, attended the fair. He carried a small movie camera. Petitioner noticed the reporter and asked him not to film the performance. The reporter did not do so on that day; but on the instructions of the producer of respondent's daily newscast, he returned the following day and videotaped the entire act. This film clip, approximately 15 seconds in length, was shown on the 11 o'clock news program that night, together with favorable commentary.^[1]

Petitioner then brought this action for damages, alleging that he is “engaged in the entertainment business,” that the act he performs is one “invented by his father and . . . performed only by his family

for the last fifty years,” that respondent “showed and commercialized the film of his act without his consent,” and that such conduct was an “unlawful appropriation of plaintiff’s professional property.” App. 4-5. Respondent answered and moved for summary judgment, which was granted by the trial court.

The Court of Appeals of Ohio reversed. The majority held that petitioner’s complaint stated a cause of action for conversion and for infringement of a common-law copyright, and one judge concurred in the judgment on the ground that the complaint stated a cause of action for appropriation of petitioner’s “right of publicity” in the film of his act. All three judges agreed that the First Amendment did not privilege the press to show the entire performance on a news program without compensating petitioner for any financial injury he could prove at trial.

Like the concurring judge in the Court of Appeals, the Supreme Court of Ohio rested petitioner’s cause of action under state law on his “right to publicity value of his performance.” 47 Ohio St. 2d 224, 351 N. E. 2d 454, 455 (1976). The opinion syllabus, to which we are to look for the rule of law used to decide the case, declared first that one may not use for his own benefit the name or likeness of another, whether or not the use or benefit is a commercial one, and second that respondent would be liable for the appropriation, over petitioner’s objection and in the absence of license or privilege, of petitioner’s right to the publicity value of his performance. *Ibid.* The court nevertheless gave judgment for respondent because, in the words of the syllabus:

“A TV station has a privilege to report in its newscasts matters of legitimate public interest which would otherwise be protected by an individual’s right of publicity, unless the actual intent of the TV station was to appropriate the benefit of the publicity for some non-privileged private use, or unless the actual intent was to injure the individual.” *Ibid.*

We granted certiorari, 429 U. S. 1037 (1977), to consider an issue unresolved by this Court: whether the First and Fourteenth Amendments immunized respondent from damages for its alleged infringement of petitioner’s state-law “right of publicity.” Pet. for Cert. 2. Insofar as the Ohio Supreme Court held that the First and Fourteenth Amendments of the United States Constitution required judgment for respondent, we reverse the judgment of that court.

I

If the judgment below rested on an independent and adequate state ground, the writ of certiorari should be dismissed as improvidently granted, *Wilson v. Loew’s Inc.*, 355 U. S. 597 (1958), for “[o]ur only power over state judgments is to correct them to the extent that they incorrectly adjudge federal rights. And our power is to correct wrong judgments, not to revise opinions. We are not permitted to render an advisory opinion, and if the same judgment would be rendered by the state court after we corrected its views of federal laws, our review could amount to nothing more than an advisory opinion.” *Herb v. Pitcairn*, 324 U. S. 117, 125-126 (1945). We are confident, however, that the judgment below did not rest on an adequate and independent state ground and that we have jurisdiction to decide the federal issue presented in this case.

There is no doubt that petitioner’s complaint was grounded in state law and that the right of publicity which petitioner was held to possess was a right arising under Ohio law. It is also clear that respondent’s claim of constitutional privilege was sustained. The source of this privilege was not identified in the syllabus. It is clear enough from the opinion of the Ohio Supreme Court, which we are permitted to consult for understanding of the syllabus, *Perkins v. Benguet Consolidated*

Mining Co., 342 U. S. 437, 441-443 (1952), that in adjudicating the crucial question of whether respondent had a privilege to film and televise petitioner's performance, the court placed principal reliance on *Time, Inc. v. Hill*, 385 U. S. 374 (1967), a case involving First Amendment limitations on state tort actions. It construed the principle of that case, along with that of *New York Times Co. v. Sullivan*, 376 U. S. 254 (1964), to be that "the press has a privilege to report matters of legitimate public interest even though such reports might intrude on matters otherwise private," and concluded, therefore, that the press is also "privileged when an individual seeks to publicly exploit his talents while keeping the benefits private." 47 Ohio St. 2d, at 234, 351 N. E. 2d, at 461. The privilege thus exists in cases "where appropriation of a right of publicity is claimed." The court's opinion also referred to Draft 21 of the relevant portion of Restatement (Second) of Torts (1975), which was understood to make room for reasonable press appropriations by limiting the reach of the right of privacy rather than by creating a privileged invasion. The court preferred the notion of privilege over the Restatement's formulation, however, reasoning that "since the gravamen of the issue in this case is not whether the degree of intrusion is reasonable, but whether *First Amendment principles* require that the right of privacy give way to the public right to be informed of matters of public interest and concern, the concept of privilege seems the more useful and appropriate one." 47 Ohio St. 2d, at 234 n. 5, 351 N. E. 2d, at 461 n. 5. (Emphasis added.)

Had the Ohio court rested its decision on both state and federal grounds, either of which would have been dispositive, we would have had no jurisdiction. *Fox Film Corp. v. Muller*, 296 U. S. 207 (1935); *Enterprise Irrigation Dist. v. Farmers Mutual Canal Co.*, 243 U. S. 157, 164 (1917). But the opinion, like the syllabus, did not mention the Ohio Constitution, citing instead this Court's First Amendment cases as controlling. It appears to us that the decision rested solely on federal grounds. That the Ohio court might have, but did not, invoke state law does not foreclose jurisdiction here. *Steele v. Louisville & Nashville R. Co.*, 323 U. S. 192, 197 n. 1 (1944); *Indiana ex rel. Anderson v. Brand*, 303 U. S. 95, 98 (1938).

Even if the judgment in favor of respondent must nevertheless be understood as ultimately resting on Ohio law, it appears that at the very least the Ohio court felt compelled by what it understood to be federal constitutional considerations to construe and apply its own law in the manner it did. In this event, we have jurisdiction and should decide the federal issue; for if the state court erred in its understanding of our cases and of the First and Fourteenth Amendments, we should so declare, leaving the state court free to decide the privilege issue solely as a matter of Ohio law. *Perkins v. Benguet Consolidated Mining Co.*, *supra*. If the Supreme Court of Ohio "held as it did because it felt under compulsion of federal law as enunciated by this Court so to hold, it should be relieved of that compulsion. It should be freed to decide . . . these suits according to its own local law." *Missouri ex rel. Southern R. Co. v. Mayfield*, 340 U. S. 1, 5 (1950).

II

The Ohio Supreme Court held that respondent is constitutionally privileged to include in its newscasts matters of public interest that would otherwise be protected by the right of publicity, absent an intent to injure or to appropriate for some nonprivileged purpose. If under this standard respondent had merely reported that petitioner was performing at the fair and described or commented on his act, with or without showing his picture on television, we would have a very different case. But petitioner is not contending that his appearance at the fair and his performance could not be reported by the press as newsworthy items. His complaint is that respondent filmed his entire act and displayed that film on television for the public to see and enjoy. This, he claimed, was an appropriation of his professional property. The Ohio Supreme Court agreed that petitioner had

“a right of publicity” that gave him “personal control over commercial display and exploitation of his personality and the exercise of his talents.”⁴ This right of “exclusive control over the publicity given to his performances” was said to be such a “valuable part of the benefit which may be attained by his talents and efforts” that it was entitled to legal protection. It was also observed, or at least expressly assumed, that petitioner had not abandoned his rights by performing under the circumstances present at the Geauga County Fair Grounds.

The Ohio Supreme Court nevertheless held that the challenged invasion was privileged, saying that the press “must be accorded broad latitude in its choice of how much it presents of each story or incident, and of the emphasis to be given to such presentation. No fixed standard which would bar the press from reporting or depicting either an entire occurrence or an entire discrete part of a public performance can be formulated which would not unduly restrict the ‘breathing room’ in reporting which freedom of the press requires.” 47 Ohio St. 2d, at 235, 351 N. E. 2d, at 461. Under this view, respondent was thus constitutionally free to film and display petitioner’s entire act.

The Ohio Supreme Court relied heavily on *Time, Inc. v. Hill*, 385 U. S. 374 (1967), but that case does not mandate a media privilege to televise a performer’s entire act without his consent. Involved in *Time, Inc. v. Hill* was a claim under the New York “Right of Privacy” statute⁶ that Life Magazine, in the course of reviewing a new play, had connected the play with a long-past incident involving petitioner and his family and had falsely described their experience and conduct at that time. The complaint sought damages for humiliation and suffering flowing from these non-defamatory falsehoods that allegedly invaded Hill’s privacy. The Court held, however, that the opening of a new play linked to an actual incident was a matter of public interest and that Hill could not recover without showing that the Life report was knowingly false or was published with reckless disregard for the truth—the same rigorous standard that had been applied in *New York Times Co. v. Sullivan*, 376 U. S. 254 (1964).

Time, Inc. v. Hill, which was hotly contested and decided by a divided Court, involved an entirely different tort from the “right of publicity” recognized by the Ohio Supreme Court. As the opinion reveals in *Time, Inc. v. Hill*, the Court was steeped in the literature of privacy law and was aware of the developing distinctions and nuances in this branch of the law. The Court, for example, cited W. Prosser, *Law of Torts* 831-832 (3d ed. 1964), and the same author’s well-known article, *Privacy*, 48 *Calif. L. Rev.* 383 (1960), both of which divided privacy into four distinct branches.⁷ The Court was aware that it was adjudicating a “false light” privacy case involving a matter of public interest, not a case involving “intrusion,” 385 U. S., at 384-385, n. 9, “appropriation” of a name or likeness for the purposes of trade, *id.*, at 381, or “private details” about a non-newsworthy person or event, *id.*, at 383 n. 7. It is also abundantly clear that *Time, Inc. v. Hill* did not involve a performer, a person with a name having commercial value, or any claim to a “right of publicity.” This discrete kind of “appropriation” case was plainly identified in the literature cited by the Court and had been adjudicated in the reported cases.⁹

The differences between these two torts are important. First, the State’s interests in providing a cause of action in each instance are different. “The interest protected” in permitting recovery for placing the plaintiff in a false light “is clearly that of reputation, with the same overtones of mental distress as in defamation.” Prosser, *supra*, 48 *Calif. L. Rev.*, at 400. By contrast, the State’s interest in permitting a “right of publicity” is in protecting the proprietary interest of the individual in his act in part to encourage such entertainment. As we later note, the State’s interest is closely analogous to the goals of patent and copyright law, focusing on the right of the individual to reap the reward of his endeavors

and having little to do with protecting feelings or reputation. Second, the two torts differ in the degree to which they intrude on dissemination of information to the public. In “false light” cases the only way to protect the interests involved is to attempt to minimize publication of the damaging matter, while in “right of publicity” cases the only question is who gets to do the publishing. An entertainer such as petitioner usually has no objection to the widespread publication of his act as long as he gets the commercial benefit of such publication. Indeed, in the present case petitioner did not seek to enjoin the broadcast of his act; he simply sought compensation for the broadcast in the form of damages.

Nor does it appear that our later cases, such as *Rosenbloom v. Metromedia, Inc.*, 403 U. S. 29 (1971); *Gertz v. Robert Welch, Inc.*, 418 U. S. 323 (1974); and *Time, Inc. v. Firestone*, 424 U. S. 448 (1976), require or furnish substantial support for the Ohio court’s privilege ruling. These cases, like *New York Times*, emphasize the protection extended to the press by the First Amendment in defamation cases, particularly when suit is brought by a public official or a public figure. None of them involve an alleged appropriation by the press of a right of publicity existing under state law.

Moreover, *Time, Inc. v. Hill*, *New York Times*, *Metromedia*, *Gertz*, and *Firestone* all involved the reporting of events; in none of them was there an attempt to broadcast or publish an entire act for which the performer ordinarily gets paid. It is evident, and there is no claim here to the contrary, that petitioner’s state-law right of publicity would not serve to prevent respondent from reporting the newsworthy facts about petitioner’s act. Wherever the line in particular situations is to be drawn between media reports that are protected and those that are not, we are quite sure that the First and Fourteenth Amendments do not immunize the media when they broadcast a performer’s entire act without his consent. The Constitution no more prevents a State from requiring respondent to compensate petitioner for broadcasting his act on television than it would privilege respondent to film and broadcast a copyrighted dramatic work without liability to the copyright owner, Copyrights Act, 17 U. S. C. App. § 101 *et seq.* (1976 ed.); cf. *Kalem Co. v. Harper Bros.*, 222 U. S. 55 (1911); *Manners v. Morosco*, 252 U. S. 317 (1920), or to film and broadcast a prize fight, *Ettore v. Philco Television Broadcasting Corp.*, 229 F. 2d 481 (CA3), cert. denied, 351 U. S. 926 (1956); or a baseball game, *Pittsburgh Athletic Co. v. KQV Broadcasting Co.*, 24 F. Supp. 490 (WD Pa. 1938), where the promoters or the participants had other plans for publicizing the event. There are ample reasons for reaching this conclusion.

The broadcast of a film of petitioner’s entire act poses a substantial threat to the economic value of that performance. As the Ohio court recognized, this act is the product of petitioner’s own talents and energy, the end result of much time, effort, and expense. Much of its economic value lies in the “right of exclusive control over the publicity given to his performance”; if the public can see the act free on television, it will be less willing to pay to see it at the fair. The effect of a public broadcast of the performance is similar to preventing petitioner from charging an admission fee. “The rationale for [protecting the right of publicity] is the straightforward one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get free some aspect of the plaintiff that would have market value and for which he would normally pay.” Kalven, *Privacy in Tort Law—Were Warren and Brandeis Wrong?*, 31 *Law & Contemp. Prob.* 326, 331 (1966). Moreover, the broadcast of petitioner’s entire performance, unlike the unauthorized use of another’s name for purposes of trade or the incidental use of a name or picture by the press, goes to the heart of petitioner’s ability to earn a living as an entertainer. Thus, in this case, Ohio has recognized what may be the strongest case for a “right of publicity”—involving, not the appropriation of an entertainer’s reputation to enhance the attractiveness of a commercial product, but the appropriation of the very activity by which the entertainer acquired his reputation in the first place.

Of course, Ohio's decision to protect petitioner's right of publicity here rests on more than a desire to compensate the performer for the time and effort invested in his act; the protection provides an economic incentive for him to make the investment required to produce a performance of interest to the public. This same consideration underlies the patent and copyright laws long enforced by this Court. As the Court stated in *Mazer v. Stein*, 347 U. S. 201, 219 (1954):

"The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.' Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered." These laws perhaps regard the "reward to the owner [as] a secondary consideration," *United States v. Paramount Pictures*, 334 U. S. 131, 158 (1948), but they were "intended definitely to grant valuable, enforceable rights" in order to afford greater encouragement to the production of works of benefit to the public. *Washingtonian Publishing Co. v. Pearson*, 306 U. S. 30, 36 (1939). The Constitution does not prevent Ohio from making a similar choice here in deciding to protect the entertainer's incentive in order to encourage the production of this type of work. Cf. *Goldstein v. California*, 412 U. S. 546 (1973); *Kewanee Oil Co. v. Bicron Corp.*, 416 U. S. 470 (1974).

There is no doubt that entertainment, as well as news, enjoys First Amendment protection. It is also true that entertainment itself can be important news. *Time, Inc. v. Hill*. But it is important to note that neither the public nor respondent will be deprived of the benefit of petitioner's performance as long as his commercial stake in his act is appropriately recognized. Petitioner does not seek to enjoin the broadcast of his performance; he simply wants to be paid for it. Nor do we think that a state-law damages remedy against respondent would represent a species of liability without fault contrary to the letter or spirit of *Gertz v. Robert Welch, Inc.*, 418 U. S. 323 (1974). Respondent knew that petitioner objected to televising his act but nevertheless displayed the entire film.

We conclude that although the State of Ohio may as a matter of its own law privilege the press in the circumstances of this case, the First and Fourteenth Amendments do not require it to do so.

Reversed.

1. JUSTICE POWELL, with whom MR. JUSTICE BRENNAN and MR. JUSTICE MARSHALL join, dissenting.

Disclaiming any attempt to do more than decide the narrow case before us, the Court reverses the decision of the Supreme Court of Ohio based on repeated incantation of a single formula: "a performer's entire act." The holding today is summed up in one sentence:

"Wherever the line in particular situations is to be drawn between media reports that are protected and those that are not, we are quite sure that the First and Fourteenth Amendments do not immunize the media when they broadcast a performer's entire act without his consent." *Ante*, at 574-575.

I doubt that this formula provides a standard clear enough even for resolution of this case.¹ In any event, I am not persuaded that the Court's opinion is appropriately sensitive to the First Amendment values at stake, and I therefore dissent.

Although the Court would draw no distinction, *ante*, at 575, I do not view respondent's action as comparable to unauthorized commercial broadcasts of sporting events, theatrical performances, and

the like where the broadcaster keeps the profits. There is no suggestion here that respondent made any such use of the film. Instead, it simply reported on what petitioner concedes to be a newsworthy event, in a way hardly surprising for a television station—by means of film coverage. The report was part of an ordinary daily news program, consuming a total of 15 seconds. It is a routine example of the press’ fulfilling the informing function so vital to our system.

The Court’s holding that the station’s ordinary news report may give rise to substantial liability² has disturbing implications, for the decision could lead to a degree of media self-censorship. Cf. *Smith v. California*, 361 U. S. 147, 150-154 (1959). Hereafter, whenever a television news editor is unsure whether certain film footage received from a camera crew might be held to portray an “entire act,”³ he may decline coverage—even of clearly newsworthy events—or confine the broadcast to watered-down verbal reporting, perhaps with an occasional still picture. The public is then the loser. This is hardly the kind of news reportage that the First Amendment is meant to foster. See generally *Miami Herald Publishing Co. v. Tornillo*, 418 U. S. 241, 257-258 (1974); *Time, Inc. v. Hill*, 385 U. S. 374, 389 (1967); *New York Times Co. v. Sullivan*, 376 U. S. 254, 270-272, 279 (1964).

In my view the First Amendment commands a different analytical starting point from the one selected by the Court. Rather than begin with a quantitative analysis of the performer’s behavior—is this or is this not his entire act?—we should direct initial attention to the actions of the news media: what use did the station make of the film footage? When a film is used, as here, for a routine portion of a regular news program, I would hold that the First Amendment protects the station from a “right of publicity” or “appropriation” suit, absent a strong showing by the plaintiff that the news broadcast was a subterfuge or cover for private or commercial exploitation.

I emphasize that this is a “reappropriation” suit, rather than one of the other varieties of “right of privacy” tort suits identified by Dean Prosser in his classic article. Prosser, *Privacy*, 48 Calif. L. Rev. 383 (1960). In those other causes of action the competing interests are considerably different. The plaintiff generally seeks to avoid any sort of public exposure, and the existence of constitutional privilege is therefore less likely to turn on whether the publication occurred in a news broadcast or in some other fashion. In a suit like the one before us, however, the plaintiff does not complain about the fact of exposure to the public, but rather about its timing or manner. He welcomes some publicity, but seeks to retain control over means and manner as a way to maximize for himself the monetary benefits that flow from such publication. But having made the matter public—having chosen, in essence, to make it newsworthy—he cannot, consistent with the First Amendment, complain of routine news reportage. Cf. *Gertz v. Robert Welch, Inc.*, 418 U. S. 323, 339-348, 351-352 (1974) (clarifying the different liability standards appropriate in defamation suits, depending on whether or not the plaintiff is a public figure).

Since the film clip here was undeniably treated as news and since there is no claim that the use was subterfuge, respondent’s actions were constitutionally privileged.

I would affirm.

[1] The script of the commentary accompanying the film clip read as follows:

“This . . . now . . . is the story of a *true spectator* sport . . . the sport of human cannonballing . . . in fact, the

great *Zacchini* is about the only human cannonball around, these days . . . just happens that, *where* he is, is the Great Geauga County Fair, in Burton . . . and believe me, although it's not a *long* act, it's a thriller . . . and you really need to see it *in person* . . . to appreciate it. . . ." (Emphasis in original.) App. 12.

[4](#) The court relied on *Housh v. Peth*, 165 Ohio St. 35, 133 N. E. 2d 340, 341 (1956), the syllabus of which held:

"An actionable invasion of the right of privacy is the unwarranted appropriation or exploitation of one's personality, the publicizing of one's private affairs with which the public has no legitimate concern, or the wrongful intrusion into one's private activities in such a manner as to outrage or cause mental suffering, shame or humiliation to a person of ordinary sensibilities."

The court also indicated that the applicable principles of Ohio law were those set out in Restatement (Second) § 652C of Torts (Tent. Draft No. 13, 1967), and the comments thereto, portions of which were stated in the footnotes of the opinion. Also, referring to the right as the "right of publicity," the court quoted approvingly from *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F. 2d 866, 868 (CA2 1953).

[6](#) Section 51 of the New York Civil Rights Law (McKinney 1976) provides an action for injunction and damages for invasion of the "right of privacy" granted by § 50:

"A person, firm or corporation that uses for advertising purposes, or for the purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person, or if a minor of his or her parent or guardian, is guilty of a misdemeanor."

[7](#) "The law of privacy comprises four distinct kinds of invasion of four different interests of the plaintiff, which are tied together by the common name, but otherwise have almost nothing in common except that each represents an interference with the right of the plaintiff . . . 'to be let alone.'" Prosser, *Privacy*, 48 Calif. L. Rev., at 389. Thus, according to Prosser, some courts had recognized a cause of action for "intrusion" upon the plaintiff's seclusion or solitude; public disclosure of "private facts" about the plaintiff's personal life; publicity that places the plaintiff in a "false light" in the public eye; and "appropriation" of the plaintiff's name or likeness for commercial purposes. One may be liable for "appropriation" if he "pirate[s] the plaintiff's identity for some advantage of his own." *Id.*, at 403.

[9](#) *E. g.*, *Ettore v. Philco Television Broadcasting Corp.*, 229 F. 2d 481 (CA3), cert. denied, 351 U. S. 926 (1956); *Sharkey v. National Broadcasting Co.*, 93 F. Supp. 986 (SDNY 1950); *Pittsburgh Athletic Co. v. KQV Broadcasting Co.*, 24 F. Supp. 490 (WD Pa. 1938); *Twentieth Century Sporting Club, Inc. v. Transradio Press Service*, 165 Misc. 71, 300 N. Y. S. 159 (1937); *Hogan v. A. S. Barnes & Co.*, 114 U. S. P. Q. 314 (Pa. Ct. C. P. 1957); *Myers v. U. S. Camera Publishing Corp.*, 9 Misc. 2d 765, 167 N. Y. S. 2d 771 (1957). The cases prior to 1961 are helpfully reviewed in Gordon, *Right of Property in Name, Likeness, Personality and History*, 55 Nw. U. L. Rev. 553 (1960).

Ettore v. Philco Television Broadcasting Corp., *supra*, involved a challenge to television exhibition of a film made of a prize fight that had occurred some time ago. Judge Biggs, writing for the Court of Appeals, said:

"There are, speaking very generally, two polar types of cases. One arises when some accidental occurrence rends the veil of obscurity surrounding an average person and makes him, arguably, newsworthy. The other type involves the appropriation of the performance or production of a

professional performer or entrepreneur. Between the two extremes are many gradations, most involving strictly commercial exploitation of some aspect of an individual's personality, such as his name or picture." 229 F. 2d, at 486.

"... The fact is that, if a performer performs for hire, a curtailment, without consideration, of his right to control his performance is a wrong to him. Such a wrong vitally affects his livelihood, precisely as a trade libel, for example, affects the earnings of a corporation. If the artistry of the performance be used as a criterion, every judge perforce must turn himself into a literary, theatrical or sports critic." *Id.*, at 490.

1 Although the record is not explicit, it is unlikely that the "act" commenced abruptly with the explosion that launched petitioner on his way, ending with the landing in the net a few seconds later. One may assume that the actual firing was preceded by some fanfare, possibly stretching over several minutes, to heighten the audience's anticipation: introduction of the performer, description of the uniqueness and danger, last minute checking of the apparatus, and entry into the cannon, all accompanied by suitably ominous commentary from the master of ceremonies. If this is found to be the case on remand, then respondent could not be said to have appropriated the "entire act" in its 15-second newsclip—and the Court's opinion then would afford no guidance for resolution of the case. Moreover, in future cases involving different performances, similar difficulties in determining just what constitutes the "entire act" are inevitable.

2 At some points the Court seems to acknowledge that the reason for recognizing a cause of action asserting a "right of publicity" is to prevent unjust enrichment. See, *e. g.*, *ante*, at 576. But the remainder of the opinion inconsistently accepts a measure of damages based not on the defendant's enhanced profits but on harm to the plaintiff regardless of any gain to the defendant. See, *e. g.*, *ante*, at 575 n. 12. Indeed, in this case there is no suggestion that respondent television station gained financially by showing petitioner's flight (although it no doubt received its normal advertising revenue for the news program—revenue it would have received no matter which news items appeared). Nevertheless, in the unlikely event that petitioner can prove that his income was somehow reduced as a result of the broadcast, respondent will apparently have to compensate him for the difference.

3 Such doubts are especially likely to arise when the editor receives film footage of an event at a local fair, a circus, a sports competition of limited duration (*e. g.*, the winning effort in a ski-jump competition), or a dramatic production made up of short skits, to offer only a few examples.

26. FEDERAL PREEMPTION

Learning Objectives: Unit 26

Upon completion of this unit, you should be able to:

- Explain the concept of federal preemption of state law.
- Describe the analytical frameworks for federal preemption.
- Explain the difference between preemption in copyright, patent and trademark law.

Most of the law we discussed this semester is federal law. However, state law also operates in this space, either by express statute or by application of common law. These cases address the question of when federal law supersedes that of the states.

17 U.S. Code §301. Preemption with respect to other laws (2018)

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by [section 106](#) in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

- (1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or
- (2) any cause of action arising from undertakings commenced before January 1, 1978;
- (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106; or
- (4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102(a)(8).

KEWANEE OIL CO. V. BICRON CORP. (1974)

READING WITH PURPOSE

As you read these cases, ask yourself the following questions:

- What is the legal basis for federal preemption of state laws?
- How is preemption analyzed in the patent law context?
- What are the policies that underlie the preemption analysis?
- Read 17 U.S.C. § 301. How does it compare to the preemption analysis in *Bonito Boats*?

Kewanee Oil Co. v. Bicron Corp.

416 U.S. 470 (1974)

MR. CHIEF JUSTICE BURGER delivered the opinion of the Court.

We granted certiorari to resolve a question on which there is a conflict in the courts of appeals: whether state trade secret protection is pre-empted by operation of the federal patent law. In the instant case the Court of Appeals for the Sixth Circuit held that there was preemption. The Courts of Appeals for the Second, Fourth, Fifth, and Ninth Circuits have reached the opposite conclusion.

I

Harshaw Chemical Co., an unincorporated division of petitioner, is a leading manufacturer of a type of synthetic crystal which is useful in the detection of ionizing radiation. In 1949 Harshaw commenced research into the growth of this type crystal and was able to produce one less than two inches in diameter. By 1966, as the result of expenditures in excess of \$1 million, Harshaw was able to grow a 17-inch crystal, something no one else had done previously. Harshaw had developed many processes, procedures, and manufacturing techniques in the purification of raw materials and the growth and encapsulation of the crystals which enabled it to accomplish this feat. Some of these processes Harshaw considers to be trade secrets.

The individual respondents are former employees of Harshaw who formed or later joined respondent Bicron. While at Harshaw the individual respondents executed, as a condition of employment, at least one agreement each, requiring them not to disclose confidential information or trade secrets obtained as employees of Harshaw. Bicron was formed in August 1969 to compete with Harshaw in the production of the crystals, and by April 1970, had grown a 17-inch crystal.

Petitioner brought this diversity action in United States District Court for the Northern District of

Ohio seeking injunctive relief and damages for the misappropriation of trade secrets. The District Court, applying Ohio trade secret law, granted a permanent injunction against the disclosure or use by respondents of 20 of the 40 claimed trade secrets until such time as the trade secrets had been released to the public, had otherwise generally become available to the public, or had been obtained by respondents from sources having the legal right to convey the information.

The Court of Appeals for the Sixth Circuit held that the findings of fact by the District Court were not clearly erroneous, and that it was evident from the record that the individual respondents appropriated to the benefit of Bicron secret information on processes obtained while they were employees at Harshaw. Further, the Court of Appeals held that the District Court properly applied Ohio law relating to trade secrets. Nevertheless, the Court of Appeals reversed the District Court, finding Ohio's trade secret law to be in conflict with the patent laws of the United States. The Court of Appeals reasoned that Ohio could not grant monopoly protection to processes and manufacturing techniques that were appropriate subjects for consideration under 35 U. S. C. § 101 for a federal patent but which had been in commercial use for over one year and so were no longer eligible for patent protection under 35 U. S. C. § 102 (b).

We hold that Ohio's law of trade secrets is not preempted by the patent laws of the United States, and, accordingly, we reverse.

II

Ohio has adopted the widely relied-upon definition of a trade secret found at Restatement of Torts § 757, comment *b*(1939). *B. F. Goodrich Co. v. Wohlgemuth*, 117 Ohio App. 493, 498, 192 N. E. 2d 99, 104 (1963); *W. R. Grace & Co. v. Hargadine*, 392 F. 2d 9, 14 (CA6 1968). According to the Restatement,

“[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.”

The subject of a trade secret must be secret, and must not be of public knowledge or of a general knowledge in the trade or business. *B. F. Goodrich Co. v. Wohlgemuth*, *supra*, at 499, 192 N. E. 2d, at 104; *National Tube Co. v. Eastern Tube Co.*, 3 Ohio C. C. R. (n. s.) 459, 462 (1902), *aff'd*, 69 Ohio St. 560, 70 N. E. 1127 (1903). This necessary element of secrecy is not lost, however, if the holder of the trade secret reveals the trade secret to another “in confidence, and under an implied obligation not to use or disclose it.” *Cincinnati Bell Foundry Co. v. Dodds*, 10 Ohio Dec. Reprint 154, 156, 19 Weekly L. Bull. 84 (Super. Ct. 1887). These others may include those of the holder's “employees to whom it is necessary to confide it, in order to apply it to the uses for which it is intended.” *National Tube Co. v. Eastern Tube Co.*, *supra*, at 462. Often the recipient of confidential knowledge of the subject of a trade secret is a licensee of its holder. See *Lear, Inc. v. Adkins*, 395 U. S. 653 (1969).

The protection accorded the trade secret holder is against the disclosure or unauthorized use of the trade secret by those to whom the secret has been confided under the express or implied restriction of nondisclosure or nonuse.¹ The law also protects the holder of a trade secret against disclosure

1. (fn 4 in original) Ohio Rev. Code Ann. § 1333.51 (C) (Supp. 1973) provides: “No person, having obtained possession of an article representing a trade secret or access thereto with the owner's consent, shall convert such article to his own use or that of another person, or thereafter without the owner's consent make or cause to be made a copy of such article, or exhibit

or use when the knowledge is gained, not by the owner's volition, but by some "improper means," Restatement of Torts § 757 (a), which may include theft, wiretapping, or even aerial reconnaissance. A trade secret law, however, does not offer protection against discovery by fair and honest means, such as by independent invention, accidental disclosure, or by so-called reverse engineering, that is by starting with the known product and working backward to divine the process which aided in its development or manufacture.

Novelty, in the patent law sense, is not required for a trade secret, *W. R. Grace & Co. v. Hargadine*, 392 F. 2d, at 14. "Quite clearly discovery is something less than invention." *A. O. Smith Corp. v. Petroleum Iron Works Co.*, 73 F. 2d 531, 538 (CA6 1934), modified to increase scope of injunction, 74 F. 2d 934 (1935). However, some novelty will be required if merely because that which does not possess novelty is usually known; secrecy, in the context of trade secrets, thus implies at least minimal novelty.

The subject matter of a patent is limited to a "process, machine, manufacture, or composition of matter, or . . . improvement thereof," 35 U. S. C. § 101, which fulfills the three conditions of novelty and utility as articulated and defined in 35 U. S. C. §§ 101 and 102, and nonobviousness, as set out in 35 U. S. C. § 103. If an invention meets the rigorous statutory tests for the issuance of a patent, the patent is granted, for a period of 17 years, giving what has been described as the "right of exclusion," R. Ellis, *Patent Assignments and Licenses* § 4, p. 7 (2d ed. 1943). This protection goes not only to copying the subject matter, which is forbidden under the Copyright Act, 17 U. S. C. § 1 *et seq.*, but also to independent creation.

III

The first issue we deal with is whether the States are forbidden to act at all in the area of protection of the kinds of intellectual property which may make up the subject matter of trade secrets.

Article I, § 8, cl. 8, of the Constitution grants to the Congress the power

"[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"

In the 1972 Term, in *Goldstein v. California*, 412 U. S. 546 (1973), we held that the cl. 8 grant of power to Congress was not exclusive and that, at least in the case of writings, the States were not prohibited from encouraging and protecting the efforts of those within their borders by appropriate legislation. The States could, therefore, protect against the unauthorized rerecording for sale of performances fixed on records or tapes, even though those performances qualified as "writings" in the constitutional sense and Congress was empowered to legislate regarding such performances and could pre-empt the area if it chose to do so. This determination was premised on the great diversity of interests in our Nation—the essentially nonuniform character of the appreciation of intellectual achievements in the various States. Evidence for this came from patents granted by the States in the 18th century. 412 U. S., at 557.

Just as the States may exercise regulatory power over writings so may the States regulate with respect to discoveries. States may hold diverse viewpoints in protecting intellectual property relating to

such article to another." Ohio Rev. Code Ann. § 1333.99 (E) (Supp. 1973) provides: "Whoever violates section 1333.51 of the Revised Code shall be fined not more than five thousand dollars, imprisoned not less than one nor more than ten years, or both."

invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress, and it is to that more difficult question we now turn.

IV

The question of whether the trade secret law of Ohio is void under the Supremacy Clause involves a consideration of whether that law “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.” *Hines v. Davidowitz*, 312 U. S. 52, 67 (1941). See *Florida Avocado Growers v. Paul*, 373 U. S. 132, 141 (1963). We stated in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U. S. 225, 229 (1964), that when state law touches upon the area of federal statutes enacted pursuant to constitutional authority, “it is ‘familiar doctrine’ that the federal policy ‘may not be set at naught, or its benefits denied’ by the state law. *Sola Elec. Co. v. Jefferson Elec. Co.*, 317 U. S. 173, 176 (1942). This is true, of course, even if the state law is enacted in the exercise of otherwise undoubted state power.”

The laws which the Court of Appeals in this case held to be in conflict with the Ohio law of trade secrets were the patent laws passed by the Congress in the unchallenged exercise of its clear power under Art. I, § 8, cl. 8, of the Constitution. The patent law does not explicitly endorse or forbid the operation of trade secret law. However, as we have noted, if the scheme of protection developed by Ohio respecting trade secrets “clashes with the objectives of the federal patent laws,” *Sears, Roebuck & Co. v. Stiffel Co.*, *supra*, at 231, then the state law must fall. To determine whether the Ohio law “clashes” with the federal law it is helpful to examine the objectives of both the patent and trade secret laws.

The stated objective of the Constitution in granting the power to Congress to legislate in the area of intellectual property is to “promote the Progress of Science and useful Arts.” The patent laws promote this progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development. The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens. In return for the right of exclusion —this “reward for inventions,” *Universal Oil Co. v. Globe Co.*, 322 U. S. 471, 484 (1944)—the patent laws impose upon the inventor a requirement of disclosure. To insure adequate and full disclosure so that upon the expiration of the 17-year period “the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use,” *United States v. Dubilier Condenser Corp.*, 289 U. S. 178, 187 (1933), the patent laws require that the patent application shall include a full and clear description of the invention and “of the manner and process of making and using it” so that any person skilled in the art may make and use the invention. 35 U. S. C. § 112. When a patent is granted and the information contained in it is circulated to the general public and those especially skilled in the trade, such additions to the general store of knowledge are of such importance to the public weal that the Federal Government is willing to pay the high price of 17 years of exclusive use for its disclosure, which disclosure, it is assumed, will stimulate ideas and the eventual development of further significant advances in the art. The Court has also articulated another policy of the patent law: that which is in the public domain cannot be removed therefrom by action of the States.

“[F]ederal law requires that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent.” *Lear, Inc. v. Adkins*, 395 U. S., at 668.

See also *Goldstein v. California*, 412 U. S., at 570-571; *Sears, Roebuck & Co. v. Stiffel Co.*, *supra*; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U. S. 234, 237-238 (1964); *International News Service v. Associated Press*, 248 U. S. 215, 250 (1918) (Brandeis, J., dissenting).

The maintenance of standards of commercial ethics and the encouragement of invention are the broadly stated policies behind trade secret law. “The necessity of good faith and honest, fair dealing, is the very life and spirit of the commercial world.” *National Tube Co. v. Eastern Tube Co.*, 3 Ohio C. C. R. (n. s.), at 462.^[11] In *A. O. Smith Corp. v. Petroleum Iron Works Co.*, 73 F. 2d, at 539, the Court emphasized that even though a discovery may not be patentable, that does not

“destroy the value of the discovery to one who makes it, or advantage the competitor who by unfair means, or as the beneficiary of a broken faith, obtains the desired knowledge without himself paying the price in labor, money, or machines expended by the discoverer.”

In *Wexler v. Greenberg*, 399 Pa. 569, 578-579, 160 A. 2d 430, 434-435 (1960), the Pennsylvania Supreme Court noted the importance of trade secret protection to the subsidization of research and development and to increased economic efficiency within large companies through the dispersion of responsibilities for creative developments.

Having now in mind the objectives of both the patent and trade secret law, we turn to an examination of the interaction of these systems of protection of intellectual property—one established by the Congress and the other by a State—to determine whether and under what circumstances the latter might constitute “too great an encroachment on the federal patent system to be tolerated.” *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U. S., at 232.

As we noted earlier, trade secret law protects items which would not be proper subjects for consideration for patent protection under 35 U. S. C. § 101. As in the case of the recordings in *Goldstein v. California*, Congress, with respect to nonpatentable subject matter, “has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act.” *Goldstein v. California*, *supra*, at 570 (footnote omitted).

Since no patent is available for a discovery, however useful, novel, and nonobvious, unless it falls within one of the express categories of patentable subject matter of 35 U. S. C. § 101, the holder of such a discovery would have no reason to apply for a patent whether trade secret protection existed or not. Abolition of trade secret protection would, therefore, not result in increased disclosure to the public of discoveries in the area of nonpatentable subject matter. Also, it is hard to see how the public would be benefited by disclosure of customer lists or advertising campaigns; in fact, keeping such items secret encourages businesses to initiate new and individualized plans of operation, and constructive competition results. This, in turn, leads to a greater variety of business methods than would otherwise be the case if privately developed marketing and other data were passed illicitly among firms involved in the same enterprise.

Congress has spoken in the area of those discoveries which fall within one of the categories of patentable subject matter of 35 U. S. C. § 101 and which are, therefore, of a nature that would be subject to consideration for a patent. Processes, machines, manufactures, compositions of matter, and improvements thereof, which meet the tests of utility, novelty, and nonobviousness are entitled to be patented, but those which do not, are not. The question remains whether those items which are proper subjects for consideration for a patent may also have available the alternative protection accorded by trade secret law.

Certainly the patent policy of encouraging invention is not disturbed by the existence of another form of incentive to invention. In this respect the two systems are not and never would be in conflict. Similarly, the policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection. By definition a trade secret has not been placed in the public domain.

The more difficult objective of the patent law to reconcile with trade secret law is that of disclosure, the *quid pro quo* of the right to exclude. *Universal Oil Co. v. Globe Co.*, 322 U. S. at 484. We are helped in this stage of the analysis by Judge Henry Friendly's opinion in *Painton & Co. v. Bourne, Inc.*, 442 F. 2d 216 (CA2 1971). There the Court of Appeals thought it useful, in determining whether inventors will refrain because of the existence of trade secret law from applying for patents, thereby depriving the public from learning of the invention, to distinguish between three categories of trade secrets:

“(1) the trade secret believed by its owner to constitute a validly patentable invention; (2) the trade secret known to its owner not to be so patentable; and (3) the trade secret whose valid patentability is considered dubious.” *Id.*, at 224.

Trade secret protection in each of these categories would run against breaches of confidence—the employee and licensee situations—and theft and other forms of industrial espionage.

As to the trade secret known not to meet the standards of patentability, very little in the way of disclosure would be accomplished by abolishing trade secret protection. With trade secrets of nonpatentable subject matter, the patent alternative would not reasonably be available to the inventor. “There can be no public interest in stimulating developers of such [unpatentable] knowhow to flood an overburdened Patent Office with applications [for] what they do not consider patentable.” *Ibid.* The mere filing of applications doomed to be turned down by the Patent Office will bring forth no new public knowledge or enlightenment, since under federal statute and regulation patent applications and abandoned patent applications are held by the Patent Office in confidence and are not open to public inspection. 35 U. S. C. § 122; 37 CFR § 1.14 (b).

Even as the extension of trade secret protection to patentable subject matter that the owner knows will not meet the standards of patentability will not conflict with the patent policy of disclosure, it will have a decidedly beneficial effect on society. Trade secret law will encourage invention in areas where patent law does not reach, and will prompt the independent innovator to proceed with the discovery and exploitation of his invention. Competition is fostered and the public is not deprived of the use of valuable, if not quite patentable, invention.

Even if trade secret protection against the faithless employee were abolished, inventive and exploitive effort in the area of patentable subject matter that did not meet the standards of patentability would continue, although at a reduced level. Alternatively with the effort that remained, however, would come an increase in the amount of self-help that innovative companies would employ. Knowledge would be widely dispersed among the employees of those still active in research. Security precautions necessarily would be increased, and salaries and fringe benefits of those few officers or employees who had to know the whole of the secret invention would be fixed in an amount thought sufficient to assure their loyalty. Smaller companies would be placed at a distinct economic disadvantage, since the costs of this kind of self-help could be great, and the cost to the public of the use of this invention would be increased. The innovative entrepreneur with limited resources would tend to confine his research efforts to himself and those few he felt he could trust without the ultimate assurance of legal

protection against breaches of confidence. As a result, organized scientific and technological research could become fragmented, and society, as a whole, would suffer.

Another problem that would arise if state trade secret protection were precluded is in the area of licensing others to exploit secret processes. The holder of a trade secret would not likely share his secret with a manufacturer who cannot be placed under binding legal obligation to pay a license fee or to protect the secret. The result would be to hoard rather than disseminate knowledge. *Painton & Co. v. Bourns, Inc.*, 442 F. 2d, at 223. Instead, then, of licensing others to use his invention and making the most efficient use of existing manufacturing and marketing structures within the industry, the trade secret holder would tend either to limit his utilization of the invention, thereby depriving the public of the maximum benefit of its use, or engage in the time-consuming and economically wasteful enterprise of constructing duplicative manufacturing and marketing mechanisms for the exploitation of the invention. The detrimental misallocation of resources and economic waste that would thus take place if trade secret protection were abolished with respect to employees or licensees cannot be justified by reference to any policy that the federal patent law seeks to advance.

Nothing in the patent law requires that States refrain from action to prevent industrial espionage. In addition to the increased costs for protection from burglary, wiretapping, bribery, and the other means used to misappropriate trade secrets, there is the inevitable cost to the basic decency of society when one firm steals from another. A most fundamental human right, that of privacy, is threatened when industrial espionage is condoned or is made profitable;^[16] the state interest in denying profit to such illegal ventures is unchallengeable.

The next category of patentable subject matter to deal with is the invention whose holder has a legitimate doubt as to its patentability. The risk of eventual patent invalidity by the courts and the costs associated with that risk may well impel some with a good-faith doubt as to patentability not to take the trouble to seek to obtain and defend patent protection for their discoveries, regardless of the existence of trade secret protection. Trade secret protection would assist those inventors in the more efficient exploitation of their discoveries and not conflict with the patent law. In most cases of genuine doubt as to patent validity the potential rewards of patent protection are so far superior to those accruing to holders of trade secrets, that the holders of such inventions will seek patent protection, ignoring the trade secret route. For those inventors “on the line” as to whether to seek patent protection, the abolition of trade secret protection might encourage some to apply for a patent who otherwise would not have done so. For some of those so encouraged, no patent will be granted and the result

“will have been an unnecessary postponement in the divulging of the trade secret to persons willing to pay for it. If [the patent does issue], it may well be invalid, yet many will prefer to pay a modest royalty than to contest it, even though *Lear* allows them to accept a license and pursue the contest without paying royalties while the fight goes on. The result in such a case would be unjustified royalty payments from many who would prefer not to pay them rather than agreed fees from one or a few who are entirely willing to do so.” *Painton & Co. v. Bourns, Inc.*, 442 F. 2d, at 225.

The point is that those who might be encouraged to file for patents by the absence of trade secret law will include inventors possessing the chaff as well as the wheat. Some of the chaff—the nonpatentable discoveries—will be thrown out by the Patent Office, but in the meantime society will have been deprived of use of those discoveries through trade secret-protected licensing. Some of the chaff may not be thrown out. This Court has noted the difference between the standards used by the Patent

Office and the courts to determine patentability. *Graham v. John Deere Co.*, 383 U. S. 1, 18 (1966). In *Lear, Inc. v. Adkins*, 395 U. S. 653 (1969), the Court thought that an invalid patent was so serious a threat to the free use of ideas already in the public domain that the Court permitted licensees of the patent holder to challenge the validity of the patent. Better had the invalid patent never been issued. More of those patents would likely issue if trade secret law were abolished. Eliminating trade secret law for the doubtfully patentable invention is thus likely to have deleterious effects on society and patent policy which we cannot say are balanced out by the speculative gain which might result from the encouragement of some inventors with doubtfully patentable inventions which deserve patent protection to come forward and apply for patents. There is no conflict, then, between trade secret law and the patent law policy of disclosure, at least insofar as the first two categories of patentable subject matter are concerned.

The final category of patentable subject matter to deal with is the clearly patentable invention, *i. e.*, that invention which the owner believes to meet the standards of patentability. It is here that the federal interest in disclosure is at its peak; these inventions, novel, useful and nonobvious, are “the things which are worth to the public the embarrassment of an exclusive patent.” *Graham v. John Deere Co.*, *supra*, at 9 (quoting Thomas Jefferson). The interest of the public is that the bargain of 17 years of exclusive use in return for disclosure be accepted. If a State, through a system of protection, were to cause a substantial risk that holders of patentable inventions would not seek patents, but rather would rely on the state protection, we would be compelled to hold that such a system could not constitutionally continue to exist. In the case of trade secret law no reasonable risk of deterrence from patent application by those who can reasonably expect to be granted patents exists.

Trade secret law provides far weaker protection in many respects than the patent law. While trade secret law does not forbid the discovery of the trade secret by fair and honest means, *e. g.*, independent creation or reverse engineering, patent law operates “against the world,” forbidding any use of the invention for whatever purpose for a significant length of time. The holder of a trade secret also takes a substantial risk that the secret will be passed on to his competitors, by theft or by breach of a confidential relationship, in a manner not easily susceptible of discovery or proof. *Painton & Co. v. Bourns, Inc.*, 442 F. 2d, at 224. Where patent law acts as a barrier, trade secret law functions relatively as a sieve. The possibility that an inventor who believes his invention meets the standards of patentability will sit back, rely on trade secret law, and after one year of use forfeit any right to patent protection, 35 U. S. C. § 102 (b), is remote indeed.

Nor does society face much risk that scientific or technological progress will be impeded by the rare inventor with a patentable invention who chooses trade secret protection over patent protection. The ripeness-of-time concept of invention, developed from the study of the many independent multiple discoveries in history, predicts that if a particular individual had not made a particular discovery others would have, and in probably a relatively short period of time. If something is to be discovered at all very likely it will be discovered by more than one person. *Singletons and Multiples in Science* (1961), in R. Merton, *The Sociology of Science* 343 (1973); J. Cole & S. Cole, *Social Stratification in Science* 12-13, 229-230 (1973); Ogburn & Thomas, *Are Inventions Inevitable?*, 37 *Pol. Sci. Q.* 83 (1922). Even were an inventor to keep his discovery completely to himself, something that neither the patent nor trade secret laws forbid, there is a high probability that it will be soon independently developed. If the invention, though still a trade secret, is put into public use, the competition is alerted to the existence of the inventor’s solution to the problem and may be encouraged to make an extra effort to independently find the solution thus known to be possible. The inventor faces pressures not

only from private industry, but from the skilled scientists who work in our universities and our other great publicly supported centers of learning and research.

We conclude that the extension of trade secret protection to clearly patentable inventions does not conflict with the patent policy of disclosure. Perhaps because trade secret law does not produce any positive effects in the area of clearly patentable inventions, as opposed to the beneficial effects resulting from trade secret protection in the areas of the doubtfully patentable and the clearly unpatentable inventions, it has been suggested that partial pre-emption may be appropriate, and that courts should refuse to apply trade secret protection to inventions which the holder should have patented, and which would have been, thereby, disclosed. However, since there is no real possibility that trade secret law will conflict with the federal policy favoring disclosure of clearly patentable inventions partial pre-emption is inappropriate. Partial pre-emption, furthermore, could well create serious problems for state courts in the administration of trade secret law. As a preliminary matter in trade secret actions, state courts would be obliged to distinguish between what a reasonable inventor would and would not correctly consider to be clearly patentable, with the holder of the trade secret arguing that the invention was not patentable and the misappropriator of the trade secret arguing its undoubted novelty, utility, and nonobviousness. Federal courts have a difficult enough time trying to determine whether an invention, narrowed by the patent application procedure and fixed in the specifications which describe the invention for which the patent has been granted, is patentable. Although state courts in some circumstances must join federal courts in judging whether an issued patent is valid, *Lear, Inc. v. Adkins, supra*, it would be undesirable to impose the almost impossible burden on state courts to determine the patentability—in fact and in the mind of a reasonable inventor—of a discovery which has not been patented and remains entirely uncircumscribed by expert analysis in the administrative process. Neither complete nor partial pre-emption of state trade secret law is justified.

Our conclusion that patent law does not pre-empt trade secret law is in accord with prior cases of this Court. *Universal Oil Co. v. Globe Co.*, 322 U. S., at 484; *United States v. Dubilier Condenser Corp.*, 289 U. S., at 186-187; *Becher v. Contoure Laboratories*, 279 U. S. 388, 391 (1929); *Du Pont Powder Co. v. Masland*, 244 U. S. 100, 102 (1917); *Dr. Miles Medical Co. v. Park & Sons Co.*, 220 U. S. 373, 402-403 (1911); *Board of Trade v. Christie Grain & Stock Co.*, 198 U. S. 236, 250-251 (1905). Trade secret law and patent law have co-existed in this country for over one hundred years. Each has its particular role to play, and the operation of one does not take away from the need for the other. Trade secret law encourages the development and exploitation of those items of lesser or different invention than might be accorded protection under the patent laws, but which items still have an important part to play in the technological and scientific advancement of the Nation. Trade secret law promotes the sharing of knowledge, and the efficient operation of industry; it permits the individual inventor to reap the rewards of his labor by contracting with a company large enough to develop and exploit it. Congress, by its silence over these many years, has seen the wisdom of allowing the States to enforce trade secret protection. Until Congress takes affirmative action to the contrary, States should be free to grant protection to trade secrets.

Since we hold that Ohio trade secret law is not preempted by the federal patent law, the judgment of the Court of Appeals for the Sixth Circuit is reversed, and the case is remanded to the Court of Appeals with directions to reinstate the judgment of the District Court.

It is so ordered.

MR. JUSTICE POWELL took no part in the decision of this case.

MR. JUSTICE MARSHALL, concurring in the result.

JUSTICE DOUGLAS, with whom MR. JUSTICE BRENNAN concurs, dissenting.

BONITO BOATS V. THUNDER CRAFT BOATS (1989)

Bonito Boats, Inc. v. Thunder Craft Boats, Inc.

489 U.S. 141 (1989)

JUSTICE O'CONNOR delivered the opinion of the Court.

We must decide today what limits the operation of the federal patent system places on the States' ability to offer substantial protection to utilitarian and design ideas which the patent laws leave otherwise unprotected. In *Interpart Corp. v. Italia*, 777 F. 2d 678 (1985), the Court of Appeals for the Federal Circuit concluded that a California law prohibiting the use of the "direct molding process" to duplicate unpatented articles posed no threat to the policies behind the federal patent laws. In this case, the Florida Supreme Court came to a contrary conclusion. It struck down a Florida statute which prohibits the use of the direct molding process to duplicate unpatented boat hulls, finding that the protection offered by the Florida law conflicted with the balance struck by Congress in the federal patent statute between the encouragement of invention and free competition in unpatented ideas. 515 So. 2d 220 (1987). We granted certiorari to resolve the conflict, 486 U. S. 1004 (1988), and we now affirm the judgment of the Florida Supreme Court.

I

In September 1976, petitioner Bonito Boats, Inc. (Bonito), a Florida corporation, developed a hull design for a fiberglass recreational boat which it marketed under the trade name Bonito Boat Model 5VBR. App. 5. Designing the boat hull required substantial effort on the part of Bonito. A set of engineering drawings was prepared, from which a hardwood model was created. The hardwood model was then sprayed with fiberglass to create a mold, which then served to produce the finished fiberglass boats for sale. The 5VBR was placed on the market sometime in September 1976. There is no indication in the record that a patent application was ever filed for protection of the utilitarian or design aspects of the hull, or for the process by which the hull was manufactured. The 5VBR was favorably received by the boating public, and "a broad interstate market" developed for its sale. *Ibid.*

In May 1983, after the Bonito 5VBR had been available to the public for over six years, the Florida Legislature enacted Fla. Stat. § 559.94 (1987). The statute makes "[i]t . . . unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person." § 559.94(2). The statute also makes it unlawful for a person to "knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2)." § 559.94(3). Damages, injunctive relief, and attorney's fees are made available to "[a]ny person who suffers injury or damage as the result of a violation" of the statute. § 559.94(4). The statute was made applicable to vessel hulls or component parts duplicated through the use of direct molding after July 1, 1983. § 559.94(5).

On December 21, 1984, Bonito filed this action in the Circuit Court of Orange County, Florida. The complaint alleged that respondent here, Thunder Craft Boats, Inc. (Thunder Craft), a Tennessee

corporation, had violated the Florida statute by using the direct molding process to duplicate the Bonito 5VBR fiberglass hull, and had knowingly sold such duplicates in violation of the Florida statute. Bonito sought “a temporary and permanent injunction prohibiting [Thunder Craft] from continuing to unlawfully duplicate and sell Bonito Boat hulls or components,” as well as an accounting of profits, treble damages, punitive damages, and attorney’s fees. App. 6, 7. Respondent filed a motion to dismiss the complaint, arguing that under this Court’s decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U. S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U. S. 234 (1964), the Florida statute conflicted with federal patent law and was therefore invalid under the Supremacy Clause of the Federal Constitution. App. 8-9. The trial court granted respondent’s motion, *id.*, at 10-11, and a divided Court of Appeals affirmed the dismissal of petitioner’s complaint. 487 So. 2d 395 (1986).

On appeal, a sharply divided Florida Supreme Court agreed with the lower courts’ conclusion that the Florida law impermissibly interfered with the scheme established by the federal patent laws. See 515 So. 2d 220 (1987). The majority read our decisions in *Sears* and *Compco* for the proposition that “when an article is introduced into the public domain, only a patent can eliminate the inherent risk of competition and then but for a limited time.” 515 So. 2d, at 222. Relying on the Federal Circuit’s decision in the *Interpart* case, the three dissenting judges argued that the Florida antidirect molding provision “does not prohibit the copying of an unpatented item. It prohibits one method of copying; the item remains in the public domain.” 515 So. 2d, at 223 (Shaw, J., dissenting).

II

Article I, § 8, cl. 8, of the Constitution gives Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the “Progress of Science and useful Arts.” As we have noted in the past, the Clause contains both a grant of power and certain limitations upon the exercise of that power. Congress may not create patent monopolies of unlimited duration, nor may it “authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available.” *Graham v. John Deere Co. of Kansas City*, 383 U. S. 1, 6 (1966).

From their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy. Soon after the adoption of the Constitution, the First Congress enacted the Patent Act of 1790, which allowed the grant of a limited monopoly of 14 years to any applicant that “hath . . . invented or discovered any useful art, manufacture . . . or device, or any improvement therein not before known or used.” 1 Stat. 109, 110. In addition to novelty, the 1790 Act required that the invention be “sufficiently useful and important” to merit the 14-year right of exclusion. *Ibid.* Section 2 of the Act required that the patentee deposit with the Secretary of State, a specification and if possible a model of the new invention, “which specification shall be so particular, and said models so exact, as not only to distinguish the invention or discovery from other things before known and used, but also to enable a workman or other person skilled in the art or manufacture . . . to make, construct, or use the same, to the end that the public may have the full benefit thereof, after the expiration of the patent term.” *Ibid.*

The first Patent Act established an agency known by self-designation as the “Commissioners for the promotion of Useful Arts,” composed of the Secretary of State, the Secretary of the Department of

War, and the Attorney General, any two of whom could grant a patent. Thomas Jefferson was the first Secretary of State, and the driving force behind early federal patent policy. For Jefferson, a central tenet of the patent system in a free market economy was that “a machine of which we were possessed, might be applied by every man to any use of which it is susceptible.” 13 Writings of Thomas Jefferson 335 (Memorial ed. 1904). He viewed a grant of patent rights in an idea already disclosed to the public as akin to an *ex post facto* law, “obstruct[ing] others in the use of what they possessed before.” *Id.*, at 326-327. Jefferson also played a large role in the drafting of our Nation’s second Patent Act, which became law in 1793. The Patent Act of 1793 carried over the requirement that the subject of a patent application be “not known or used before the application.” Ch. 11, 1 Stat. 318, 319. A defense to an infringement action was created where “the thing, thus secured by patent, was not originally discovered by the patentee, but had been in use, or had been described in some public work anterior to the supposed discovery of the patentee.” *Id.*, at 322. Thus, from the outset, federal patent law has been about the difficult business “of drawing a line between the things which are worth to the public the embarrassment of an exclusive patent, and those which are not.” 13 Writings of Thomas Jefferson, *supra*, at 335.

Today’s patent statute is remarkably similar to the law as known to Jefferson in 1793. Protection is offered to “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U. S. C. § 101. Since 1842, Congress has also made protection available for “any new, original and ornamental design for an article of manufacture.” 35 U. S. C. § 171. To qualify for protection, a design must present an aesthetically pleasing appearance that is not dictated by function alone, and must satisfy the other criteria of patentability. The novelty requirement of patentability is presently expressed in 35 U. S. C. §§ 102(a) and (b), which provide:

“A person shall be entitled to a patent unless—

“(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the application for patent, or

“(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country more than one year prior to the date of application for patent in the United States”

Sections 102(a) and (b) operate in tandem to exclude from consideration for patent protection knowledge that is already available to the public. They express a congressional determination that the creation of a monopoly in such information would not only serve no socially useful purpose, but would in fact injure the public by removing existing knowledge from public use. From the Patent Act of 1790 to the present day, the public sale of an unpatented article has acted as a complete bar to federal protection of the idea embodied in the article thus placed in public commerce.

In the case of *Pennock v. Dialogue*, 2 Pet. 1 (1829), Justice Story applied these principles under the patent law of 1800. The patentee had developed a new technique for the manufacture of rubber hose for the conveyance of air and fluids. The invention was reduced to practice in 1811, but letters patent were not sought and granted until 1818. In the interval, the patentee had licensed a third party to market the hose, and over 13,000 feet of the new product had been sold in the city of Philadelphia alone. The Court concluded that the patent was invalid due to the prior public sale, indicating that,

“if [an inventor] suffers the thing he invented to go into public use, or to be publicly sold for use” “[h]is voluntary act or acquiescence in the public sale and use is an abandonment of his right.” *Id.*, at 23-24. The Court noted that under the common law of England, letters patent were unavailable for the protection of articles in public commerce at the time of the application, *id.*, at 20, and that this same doctrine was immediately embodied in the first patent laws passed in this country. *Id.*, at 21-22.

As the holding of *Pennock* makes clear, the federal patent scheme creates a limited opportunity to obtain a property right in an idea. Once an inventor has decided to lift the veil of secrecy from his work, he must choose the protection of a federal patent or the dedication of his idea to the public at large. As Judge Learned Hand once put it: “[I]t is a condition upon the inventor’s right to a patent that he shall not exploit his discovery competitively after it is ready for patenting; he must content himself with either secrecy or legal monopoly.” *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F. 2d 516, 520 (CA2), cert. denied, 328 U. S. 840 (1946).

In addition to the requirements of novelty and utility, the federal patent law has long required that an innovation not be anticipated by the prior art in the field. Even if a particular combination of elements is “novel” in the literal sense of the term, it will not qualify for federal patent protection if its contours are so traced by the existing technology in the field that the “improvement is the work of the skillful mechanic, not that of the inventor.” *Hotchkiss v. Greenwood*, 11 How. 248, 267 (1851). In 1952, Congress codified this judicially developed requirement in 35 U. S. C. § 103, which refuses protection to new developments where “the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person of ordinary skill in the art to which said subject matter pertains.” The nonobviousness requirement extends the field of unpatentable material beyond that which is known to the public under § 102, to include that which could readily be deduced from publicly available material by a person of ordinary skill in the pertinent field of endeavor. See *Graham*, 383 U. S., at 15. Taken together, the novelty and nonobviousness requirements express a congressional determination that the purposes behind the Patent Clause are best served by free competition and exploitation of either that which is already available to the public or that which may be readily discerned from publicly available material. See *Aronson v. Quick Point Pencil Co.*, 440 U. S. 257, 262 (1979) (“[T]he stringent requirements for patent protection seek to ensure that ideas in the public domain remain there for the use of the public”).

The applicant whose invention satisfies the requirements of novelty, nonobviousness, and utility, and who is willing to reveal to the public the substance of his discovery and “the best mode . . . of carrying out his invention,” 35 U. S. C. § 112, is granted “the right to exclude others from making, using, or selling the invention throughout the United States,” for a period of 17 years. 35 U. S. C. § 154. The federal patent system thus embodies a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention for a period of years. “[The inventor] may keep his invention secret and reap its fruits indefinitely. In consideration of its disclosure and the consequent benefit to the community, the patent is granted. An exclusive enjoyment is guaranteed him for seventeen years, but upon expiration of that period, the knowledge of the invention inures to the people, who are thus enabled without restriction to practice it and profit by its use.” *United States v. Dubilier Condenser Corp.*, 289 U. S. 178, 186-187 (1933).

The attractiveness of such a bargain, and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a backdrop of free competition in the exploitation

of unpatented designs and innovations. The novelty and nonobviousness requirements of patentability embody a congressional understanding, implicit in the Patent Clause itself, that free exploitation of ideas will be the rule, to which the protection of a federal patent is the exception. Moreover, the ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure. State law protection for techniques and designs whose disclosure has already been induced by market rewards may conflict with the very purpose of the patent laws by decreasing the range of ideas available as the building blocks of further innovation. The offer of federal protection from competitive exploitation of intellectual property would be rendered meaningless in a world where substantially similar state law protections were readily available. To a limited extent, the federal patent laws must determine not only what is protected, but also what is free for all to use. Cf. *Arkansas Electric Cooperative Corp. v. Arkansas Public Service Comm'n*, 461 U. S. 375, 384 (1983) (“[A] federal decision to forgo regulation in a given area may imply an authoritative federal determination that the area is best left *unregulated*, and in that event would have as much pre-emptive force as a decision *to regulate*”) (emphasis in original).

Thus our past decisions have made clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws. The tension between the desire to freely exploit the full potential of our inventive resources and the need to create an incentive to deploy those resources is constant. Where it is clear how the patent laws strike that balance in a particular circumstance, that is not a judgment the States may second-guess. We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law. See *Coats v. Merrick Thread Co.*, 149 U. S. 562, 572 (1893) (“[P]laintiffs’ right to the use of the embossed periphery expired with their patent, and the public had the same right to make use of it as if it had never been patented”); *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U. S. 169 (1896). Where the public has paid the congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent. “It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property.” *Singer, supra*, at 185.

In our decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U. S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U. S. 234 (1964), we found that publicly known design and utilitarian ideas which were unprotected by patent occupied much the same position as the subject matter of an expired patent. The *Sears* case involved a pole lamp originally designed by the plaintiff Stiffel, who had secured both design and mechanical patents on the lamp. Sears purchased unauthorized copies of the lamps, and was able to sell them at a retail price practically equivalent to the wholesale price of the original manufacturer. *Sears, supra*, at 226. Stiffel brought an action against Sears in Federal District Court, alleging infringement of the two federal patents and unfair competition under Illinois law. The District Court found that Stiffel’s patents were invalid due to anticipation in the prior art, but nonetheless enjoined Sears from further sales of the duplicate lamps based on a finding of consumer confusion under the Illinois law of unfair competition. The Court of Appeals affirmed, coming to the conclusion that the Illinois law of unfair competition prohibited product simulation even in the absence of evidence that the defendant took some further action to induce confusion as to source.

This Court reversed, finding that the unlimited protection against copying which the Illinois law accorded an unpatentable item whose design had been fully disclosed through public sales conflicted with the federal policy embodied in the patent laws. The Court stated:

“In the present case the ‘pole lamp’ sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel’s design and sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws.” 376 U. S., at 231.

A similar conclusion was reached in *Compco*, where the District Court had extended the protection of Illinois’ unfair competition law to the functional aspects of an unpatented fluorescent lighting system. The injunction against copying of an unpatented article, freely available to the public, impermissibly “interfere[d] with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.” *Compco, supra*, at 237.

The pre-emptive sweep of our decisions in *Sears* and *Compco* has been the subject of heated scholarly and judicial debate. See, e. g., Symposium, Product Simulation: A Right or a Wrong?, 64 Colum. L. Rev. 1178 (1964); *Lear, Inc. v. Adkins*, 395 U. S. 653, 676 (1969) (Black, J., concurring in part and dissenting in part). Read at their highest level of generality, the two decisions could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter. See *id.*, at 677. Since the potentially patentable includes “anything under the sun that is made by man,” *Diamond v. Chakrabarty*, 447 U. S. 303, 309 (1980) (citation omitted), the broadest reading of *Sears* would prohibit the States from regulating the deceptive simulation of trade dress or the tortious appropriation of private information.

That the extrapolation of such a broad pre-emptive principle from *Sears* is inappropriate is clear from the balance struck in *Sears* itself. The *Sears* Court made it plain that the States “may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.” *Sears, supra*, at 232 (footnote omitted). Trade dress is, of course, potentially the subject matter of design patents. See *W. T. Rogers Co. v. Keene*, 778 F. 2d 334, 337 (CA7 1985). Yet our decision in *Sears* clearly indicates that the States may place limited regulations on the circumstances in which such designs are used in order to prevent consumer confusion as to source. Thus, while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* pre-empted by the federal patent laws.

What was implicit in our decision in *Sears*, we have made explicit in our subsequent decisions concerning the scope of federal pre-emption of state regulation of the subject matter of patent. Thus, in *Kewanee Oil Co. v. Bicron Corp.*, 416 U. S. 470 (1974), we held that state protection of trade secrets did not operate to frustrate the achievement of the congressional objectives served by the patent laws. Despite the fact that state law protection was available for ideas which clearly fell within the subject matter of patent, the Court concluded that the nature and degree of state protection did not conflict with the federal policies of encouragement of patentable invention and the prompt disclosure of such innovations.

Several factors were critical to this conclusion. First, because the public awareness of a trade secret is by definition limited, the Court noted that “the policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection.” *Id.*, at

484. Second, the *Kewanee* Court emphasized that “[t]rade secret law provides far weaker protection in many respects than the patent law.” *Id.*, at 489-490. This point was central to the Court’s conclusion that trade secret protection did not conflict with either the encouragement or disclosure policies of the federal patent law. The public at large remained free to discover and exploit the trade secret through reverse engineering of products in the public domain or by independent creation. *Id.*, at 490. Thus, the possibility that trade secret protection would divert inventors from the creative effort necessary to satisfy the rigorous demands of patent protection was remote indeed. *Ibid.* Finally, certain aspects of trade secret law operated to protect noneconomic interests outside the sphere of congressional concern in the patent laws. As the Court noted, “[A] most fundamental human right, that of privacy, is threatened when industrial espionage is condoned or is made profitable.” *Id.*, at 487 (footnote omitted). There was no indication that Congress had considered this interest in the balance struck by the patent laws, or that state protection for it would interfere with the policies behind the patent system.

We have since reaffirmed the pragmatic approach which *Kewanee* takes to the pre-emption of state laws dealing with the protection of intellectual property. See *Aronson*, 440 U. S., at 262 (“State law is not displaced merely because the contract relates to intellectual property which may or may not be patentable; the states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law”). At the same time, we have consistently reiterated the teaching of *Sears* and *Compco* that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint. *Aronson*, *supra*, at 263.

At the heart of *Sears* and *Compco* is the conclusion that the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions. In *Sears*, the state law offered “the equivalent of a patent monopoly,” 376 U. S., at 233, in the functional aspects of a product which had been placed in public commerce absent the protection of a valid patent. While, as noted above, our decisions since *Sears* have taken a decidedly less rigid view of the scope of federal pre-emption under the patent laws, *e. g.*, *Kewanee*, *supra*, at 479-480, we believe that the *Sears* Court correctly concluded that the States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law. Both the novelty and the nonobviousness requirements of federal patent law are grounded in the notion that concepts within the public grasp, or those so obvious that they readily could be, are the tools of creation available to all. They provide the baseline of free competition upon which the patent system’s incentive to creative effort depends. A state law that substantially interferes with the enjoyment of an unpatented utilitarian or design conception which has been freely disclosed by its author to the public at large impermissibly contravenes the ultimate goal of public disclosure and use which is the centerpiece of federal patent policy. Moreover, through the creation of patent-like rights, the States could essentially redirect inventive efforts away from the careful criteria of patentability developed by Congress over the last 200 years. We understand this to be the reasoning at the core of our decisions in *Sears* and *Compco*, and we reaffirm that reasoning today.

III

We believe that the Florida statute at issue in this case so substantially impedes the public use of the otherwise unprotected design and utilitarian ideas embodied in unpatented boat hulls as to run afoul of the teaching of our decisions in *Sears* and *Compco*. It is readily apparent that the Florida statute does not operate to prohibit “unfair competition” in the usual sense that the term is understood. The law of unfair competition has its roots in the common-law tort of deceit: its general concern is

with protecting *consumers* from confusion as to source. While that concern may result in the creation of “quasi-property rights” in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation. Judge Hand captured the distinction well in *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (CA2 1917), where he wrote:

“[T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff’s goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.”

With some notable exceptions, including the interpretation of the Illinois law of unfair competition at issue in *Sears and Compco*, see *Sears, supra*, at 227-228, n. 2, the common-law tort of unfair competition has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source. See generally P. Kaufmann, *Passing Off and Misappropriation*, in 9 *International Review of Industrial Property and Copyright Law, Studies in Industrial Property and Copyright Law* 100-109 (1986). The “protection” granted a particular design under the law of unfair competition is thus limited to one context where consumer confusion is likely to result; the design “idea” itself may be freely exploited in all other contexts.

In contrast to the operation of unfair competition law, the Florida statute is aimed directly at preventing the exploitation of the design and utilitarian conceptions embodied in the product itself. The sparse legislative history surrounding its enactment indicates that it was intended to create an inducement for the improvement of boat hull designs. See Tr. of Meeting of Transportation Committee, Florida House of Representatives, May 3, 1983, reprinted at App. 22 (“[T]here is no inducement for [a] quality boat manufacturer to improve these designs and secondly, if he does, it is immediately copied. This would prevent that and allow him recourse in circuit court”). To accomplish this goal, the Florida statute endows the original boat hull manufacturer with rights against the world, similar in scope and operation to the rights accorded a federal patentee. Like the patentee, the beneficiary of the Florida statute may prevent a competitor from “making” the product in what is evidently the most efficient manner available and from “selling” the product when it is produced in that fashion. Compare 35 U. S. C. § 154.[*] The Florida scheme offers this protection for an unlimited number of years to all boat hulls and their component parts, without regard to their ornamental or technological merit. Protection is available for subject matter for which patent protection has been denied or has expired, as well as for designs which have been freely revealed to the consuming public by their creators.

In this case, the Bonito 5VBR fiberglass hull has been freely exposed to the public for a period in excess of six years. For purposes of federal law, it stands in the same stead as an item for which a patent has expired or been denied: it is unpatented and unpatentable. See 35 U. S. C. § 102(b). Whether because of a determination of unpatentability or other commercial concerns, petitioner chose to expose its hull design to the public in the marketplace, eschewing the bargain held out by the federal patent system of disclosure in exchange for exclusive use. Yet, the Florida statute allows petitioner to reassert a substantial property right in the idea, thereby constricting the spectrum of useful public knowledge. Moreover, it does so without the careful protections of high standards of innovation and limited monopoly contained in the federal scheme. We think it clear that such protection conflicts

with the federal policy “that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent.” *Lear, Inc. v. Adkins*, 395 U. S., at 668.

That the Florida statute does not remove all means of reproduction and sale does not eliminate the conflict with the federal scheme. See *Kellogg*, 305 U. S., at 122. In essence, the Florida law prohibits the entire public from engaging in a form of reverse engineering of a product in the public domain. This is clearly one of the rights vested in the federal patent holder, but has never been a part of state protection under the law of unfair competition or trade secrets. See *Kewanee*, 416 U. S., at 476 (“A trade secret law, however, does not offer protection against discovery by . . . so-called reverse engineering, that is by starting with the known product and working backward to divine the process which aided in its development or manufacture”); see also *Chicago Lock Co. v. Fanberg*, 676 F. 2d 400, 405 (CA9 1982) (“A lock purchaser’s own reverse-engineering of his own lock, and subsequent publication of the serial number-key code correlation, is an example of the independent invention and reverse engineering expressly allowed by trade secret doctrine”). The duplication of boat hulls and their component parts may be an essential part of innovation in the field of hydrodynamic design. Variations as to size and combination of various elements may lead to significant advances in the field. Reverse engineering of chemical and mechanical articles in the public domain often leads to significant advances in technology. If Florida may prohibit this particular method of study and recomposition of an unpatented article, we fail to see the principle that would prohibit a State from banning the use of chromatography in the reconstitution of unpatented chemical compounds, or the use of robotics in the duplication of machinery in the public domain.

Moreover, as we noted in *Kewanee*, the competitive reality of reverse engineering may act as a spur to the inventor, creating an incentive to develop inventions that meet the rigorous requirements of patentability. 416 U. S., at 489-490. The Florida statute substantially reduces this competitive incentive, thus eroding the general rule of free competition upon which the attractiveness of the federal patent bargain depends. The protections of state trade secret law are most effective at the developmental stage, before a product has been marketed and the threat of reverse engineering becomes real. During this period, patentability will often be an uncertain prospect, and to a certain extent, the protection offered by trade secret law may “dovetail” with the incentives created by the federal patent monopoly. See Goldstein, *Kewanee Oil Co. v. Bicon Corp.*: Notes on a Closing Circle, 1974 S. Ct. Rev. 81, 92. In contrast, under the Florida scheme, the would-be inventor is aware from the outset of his efforts that rights against the public are available regardless of his ability to satisfy the rigorous standards of patentability. Indeed, it appears that even the most mundane and obvious changes in the design of a boat hull will trigger the protections of the statute. See Fla. Stat. § 559.94(2) (1987) (protecting “any manufactured vessel hull or component part”). Given the substantial protection offered by the Florida scheme, we cannot dismiss as hypothetical the possibility that it will become a significant competitor to the federal patent laws, offering investors similar protection without the *quid pro quo* of substantial creative effort required by the federal statute. The prospect of all 50 States establishing similar protections for preferred industries without the rigorous requirements of patentability prescribed by Congress could pose a substantial threat to the patent system’s ability to accomplish its mission of promoting progress in the useful arts.

Finally, allowing the States to create patent-like rights in various products in public circulation would lead to administrative problems of no small dimension. The federal patent scheme provides a basis for the public to ascertain the status of the intellectual property embodied in any article in general circulation. Through the application process, detailed information concerning the claims of the patent holder is compiled in a central location. See 35 U. S. C. §§ 111-114. The availability of damages in an

infringement action is made contingent upon affixing a notice of patent to the protected article. 35 U. S. C. § 287. The notice requirement is designed “for the information of the public,” *Wine Railway Appliance Co. v. Enterprise Railway Equipment Co.*, 297 U. S. 387, 397 (1936), and provides a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design. The public may rely upon the lack of notice in exploiting shapes and designs accessible to all. See *Devices for Medicine, Inc. v. Boehl*, 822 F. 2d 1062, 1066 (CA Fed. 1987) (“Having sold the product unmarked, [the patentee] could hardly maintain entitlement to damages for its use by a purchaser uninformed that such use would violate [the] patent”).

The Florida scheme blurs this clear federal demarcation between public and private property. One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property. See *The Federalist* No. 43, p. 309 (B. Wright ed. 1961). Since the Patent Act of 1800, Congress has lodged exclusive jurisdiction of actions “arising under” the patent laws in the federal courts, thus allowing for the development of a uniform body of law in resolving the constant tension between private right and public access. See 28 U. S. C. § 1338; see also Chisum, *The Allocation of Jurisdiction Between State and Federal Courts in Patent Litigation*, 46 Wash. L. Rev. 633, 636 (1971). Recently, Congress conferred exclusive jurisdiction of all patent appeals on the Court of Appeals for the Federal Circuit, in order to “provide nationwide uniformity in patent law.” H. R. Rep. No. 97-312, p. 20 (1981). This purpose is frustrated by the Florida scheme, which renders the status of the design and utilitarian “ideas” embodied in the boat hulls it protects uncertain. Given the inherently ephemeral nature of property in ideas, and the great power such property has to cause harm to the competitive policies which underlay the federal patent laws, the demarcation of broad zones of public and private right is “the type of regulation that demands a uniform national rule.” *Ray v. Atlantic Richfield Co.*, 435 U. S. 151, 179 (1978). Absent such a federal rule, each State could afford patent-like protection to particularly favored home industries, effectively insulating them from competition from outside the State.

Petitioner and its supporting *amici* place great weight on the contrary decision of the Court of Appeals for the Federal Circuit in *Interpart Corp. v. Italia*. In upholding the application of the California “antidirect molding” statute to the duplication of unpatented automobile mirrors, the Federal Circuit stated: “The statute prevents unscrupulous competitors from obtaining a product and using it as the ‘plug’ for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter if in the public domain, is free for anyone to make, use or sell.” 777 F. 2d, at 685. The court went on to indicate that “the patent laws ‘say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude.’” *Ibid.*, quoting *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 56 C. C. P. A. (Pat.) 863, 864, n. 2, 405 F. 2d 901, 902, n. 2 (1969).

We find this reasoning defective in several respects. The Federal Circuit apparently viewed the direct molding statute at issue in *Interpart* as a mere regulation of the use of chattels. Yet, the very purpose of antidirect molding statutes is to “reward” the “inventor” by offering substantial protection against public exploitation of his or her idea embodied in the product. Such statutes would be an exercise in futility if they did not have precisely the effect of substantially limiting the ability of the public to exploit an otherwise unprotected idea. As *amicus* points out, the direct molding process itself has been in use since the early 1950’s. See Brief for Charles E. Lipsey as *Amicus Curiae* 3, n. 2. Indeed, U. S. Patent No. 3,419,646, issued to Robert L. Smith in 1968, explicitly discloses and claims a method for the direct molding of boat hulls. The specifications of the Smith Patent indicate that “[i]t is a major object of the present invention to provide a method for making large molded boat hull molds at very low cost, once a prototype hull has been provided.” App. to Brief for Charles E. Lipsey as

Amicus Curiae 15a. In fact, it appears that Bonito employed a similar process in the creation of its own production mold. See *supra*, at 144. It is difficult to conceive of a more effective method of creating substantial property rights in an intellectual creation than to eliminate the most efficient method for its exploitation. *Sears and Compco* protect more than the right of the public to contemplate the abstract beauty of an otherwise unprotected intellectual creation—they assure its efficient reduction to practice and sale in the marketplace.

Appending the conclusionary label “unscrupulous” to such competitive behavior merely endorses a policy judgment which the patent laws do not leave the States free to make. Where an item in general circulation is unprotected by patent, “[r]eproduction of a functional attribute is legitimate competitive activity.” *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U. S. 844, 863 (1982) (WHITE, J., concurring in result). See also *Bailey v. Logan Square Typographers, Inc.*, 441 F. 2d 47, 51 (CA7 1971) (Stevens, J.) (“[T]hat which is published may be freely copied as a matter of federal right”).

Finally, we are somewhat troubled by the *Interpart* court’s reference to the *Mine Safety* case for the proposition that the patent laws say “nothing about the right to copy or the right to use.” As noted above, the federal standards for patentability, at a minimum, express the congressional determination that patent-like protection is unwarranted as to certain classes of intellectual property. The States are simply not free in this regard to offer equivalent protections to ideas which Congress has determined should belong to all. For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to “copy and to use.” *Sears and Compco* extended that rule to potentially patentable ideas which are fully exposed to the public. The *Interpart* court’s assertion to the contrary is puzzling and flies in the face of the same court’s decisions applying the teaching of *Sears and Compco* in other contexts. See *Power Controls Corp. v. Hybrinetics, Inc.*, 806 F. 2d 234, 240 (CA Fed. 1986) (“It is well established . . . that an action for unfair competition cannot be based upon a functional design”); *Gemveto Jewelry Co. v. Jeff Cooper Inc.*, 800 F. 2d 256, 259 (CA Fed. 1986) (vacating injunction against copying of jewelry designs issued under state law of unfair competition “in view of the *Sears and Compco* decisions which hold that copying of the article itself that is unprotected by the federal patent and copyright laws cannot be protected by state law”).

Our decisions since *Sears and Compco* have made it clear that the Patent and Copyright Clauses do not, by their own force or by negative implication, deprive the States of the power to adopt rules for the promotion of intellectual creation within their own jurisdictions. See *Aronson*, 440 U. S., at 262; *Goldstein v. California*, 412 U. S. 546, 552-561 (1973); *Kewanee*, 416 U. S., at 478-479. Thus, where “Congress determines that neither federal protection nor freedom from restraint is required by the national interest,” *Goldstein, supra*, at 559, the States remain free to promote originality and creativity in their own domains.

Nor does the fact that a particular item lies within the subject matter of the federal patent laws necessarily preclude the States from offering limited protection which does not impermissibly interfere with the federal patent scheme. As *Sears* itself makes clear, States may place limited regulations on the use of unpatented designs in order to prevent consumer confusion as to source. In *Kewanee*, we found that state protection of trade secrets, as applied to both patentable and unpatentable subject matter, did not conflict with the federal patent laws. In both situations, state protection was not aimed exclusively at the promotion of invention itself, and the state restrictions on the use of unpatented ideas were limited to those necessary to promote goals outside the contemplation of the federal patent scheme. Both the law of unfair competition and state trade secret law have coexisted harmoniously with federal patent protection for almost 200 years, and Congress

has given no indication that their operation is inconsistent with the operation of the federal patent laws. See *Florida Lime & Avocado Growers, Inc. v. Paul*, 373 U. S. 132, 144 (1963); *United States v. Bass*, 404 U. S. 336, 349 (1971).

Indeed, there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws. Section 43(a) of the Lanham Act, 60 Stat. 441, 15 U. S. C. § 1125(a), creates a federal remedy for making “a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same . . .” Congress has thus given federal recognition to many of the concerns that underlie the state tort of unfair competition, and the application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard. Similarly, as JUSTICE MARSHALL noted in his concurring opinion in *Kewanee*: “State trade secret laws and the federal patent laws have co-existed for many, many, years. During this time, Congress has repeatedly demonstrated its full awareness of the existence of the trade secret system, without any indication of disapproval. Indeed, Congress has in a number of instances given explicit federal protection to trade secret information provided to federal agencies.” *Kewanee, supra*, at 494 (concurring in result) (citation omitted). The case for federal pre-emption is particularly weak where Congress has indicated its awareness of the operation of state law in a field of federal interest, and has nonetheless decided to “stand by both concepts and to tolerate whatever tension there [is] between them.” *Silkwood v. Kerr-McGee Corp.*, 464 U. S. 238, 256 (1984). The same cannot be said of the Florida statute at issue here, which offers protection beyond that available under the law of unfair competition or trade secret, without any showing of consumer confusion, or breach of trust or secrecy.

The Florida statute is aimed directly at the promotion of intellectual creation by substantially restricting the public’s ability to exploit ideas that the patent system mandates shall be free for all to use. Like the interpretation of Illinois unfair competition law in *Sears* and *Compco*, the Florida statute represents a break with the tradition of peaceful coexistence between state market regulation and federal patent policy. The Florida law substantially restricts the public’s ability to exploit an unpatented design in general circulation, raising the specter of state-created monopolies in a host of useful shapes and processes for which patent protection has been denied or is otherwise unobtainable. It thus enters a field of regulation which the patent laws have reserved to Congress. The patent statute’s careful balance between public right and private monopoly to promote certain creative activity is a “scheme of federal regulation . . . so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it.” *Rice v. Santa Fe Elevator Corp.*, 331 U. S. 218, 230 (1947).

Congress has considered extending various forms of limited protection to industrial design either through the copyright laws or by relaxing the restrictions on the availability of design patents. See generally Brown, *Design Protection: An Overview*, 34 UCLA L. Rev. 1341 (1987). Congress explicitly refused to take this step in the copyright laws, see 17 U. S. C. § 101; H. R. Rep. No. 94-1476, p. 55 (1976), and despite sustained criticism for a number of years, it has declined to alter the patent protections presently available for industrial design. See Report of the President’s Commission on the Patent System, S. Doc. No. 5, 90th Cong., 1st Sess., 20-21 (1967); Lindgren, *The Sanctity of the Design Patent: Illusion or Reality?*, 10 Okla. City L. Rev. 195 (1985). It is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design. By offering patent-like protection for ideas deemed unprotected under the present federal scheme, the Florida statute conflicts with the “strong federal policy favoring free competition

in ideas which do not merit patent protection.” *Lear, Inc.*, 395 U. S., at 656. We therefore agree with the majority of the Florida Supreme Court that the Florida statute is preempted by the Supremacy Clause, and the judgment of that court is hereby affirmed.

It is so ordered.

TITLE 15

The following sections contain relevant portions of Title 15 of the U.S. Code. Portions have been omitted for brevity.

15 U.S.C. § 1051. APPLICATION FOR REGISTRATION; VERIFICATION

(a) Application for use of trademark

(1) The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director.

(2) The application shall include specification of the applicant's domicile and citizenship, the date of the applicant's first use of the mark, the date of the applicant's first use of the mark in commerce, the goods in connection with which the mark is used, and a drawing of the mark.

(3) The statement shall be verified by the applicant and specify that—

(A) the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be the owner of the mark sought to be registered;

(B) to the best of the verifier's knowledge and belief, the facts recited in the application are accurate;

(C) the mark is in use in commerce; and

(D) to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive, except that, in the case of every application claiming concurrent use, the applicant shall—

(i) state exceptions to the claim of exclusive use; and

(ii) shall [1] specify, to the extent of the verifier's knowledge—

- (I) any concurrent use by others;
- (II) the goods on or in connection with which and the areas in which each concurrent use exists;
- (III) the periods of each use; and
- (IV) the goods and area for which the applicant desires registration.

(4) The applicant shall comply with such rules or regulations as may be prescribed by the Director. The Director shall promulgate rules prescribing the requirements for the application and for obtaining a filing date herein.

(b) Application for bona fide intention to use trademark

(1) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.

(2) The application shall include specification of the applicant's domicile and citizenship, the goods in connection with which the applicant has a bona fide intention to use the mark, and a drawing of the mark.

(3) The statement shall be verified by the applicant and specify—

(A) that the person making the verification believes that he or she, or the juristic person in whose behalf he or she makes the verification, to be entitled to use the mark in commerce;

(B) the applicant's bona fide intention to use the mark in commerce;

(C) that, to the best of the verifier's knowledge and belief, the facts recited in the application are accurate; and

(D) that, to the best of the verifier's knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive.

Except for applications filed pursuant to section 1126 of this title, no mark shall be registered until the applicant has met the requirements of subsections (c) and (d) of this section.

(4) The applicant shall comply with such rules or regulations as may be prescribed by the Director. The Director shall promulgate rules prescribing the requirements for the application and for obtaining a filing date herein.

(c) Amendment of application under subsection (b) to conform to requirements of subsection (a)

At any time during examination of an application filed under subsection (b), an applicant who has made use of the mark in commerce may claim the benefits of such use for purposes of this chapter, by amending his or her application to bring it into conformity with the requirements of subsection (a).

(d) Verified statement that trademark is used in commerce

(1) Within six months after the date on which the notice of allowance with respect to a mark is issued under section 1063(b)(2) of this title to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Director and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce and those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, a certificate

of registration shall be issued for those goods or services recited in the statement of use for which the mark is entitled to registration, and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. Such examination may include an examination of the factors set forth in subsections (a) through (e) of section 1052 of this title. The notice of registration shall specify the goods or services for which the mark is registered.

(e) Designation of resident for service of process and notices

If the applicant is not domiciled in the United States the applicant may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, or if the registrant does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process may be served on the Director.

(f) Third-party submission of evidence

A third party may submit for consideration for inclusion in the record of an application evidence relevant to a ground for refusal of registration. The third-party submission shall identify the ground for refusal and include a concise description of each piece of evidence submitted in support of each identified ground for refusal. Not later than 2 months after the date on which the submission is filed, the Director shall determine whether the evidence should be included in the record of the application. The Director shall establish by regulation appropriate procedures for the consideration of evidence submitted by a third party under this subsection and may prescribe a fee to accompany the submission. If the Director determines that the third-party evidence should be included in the record of the application, only the evidence and the ground for refusal to which the evidence relates may be so included. Any determination by the Director whether or not to include evidence in the record of an application shall be final and non-reviewable, and a determination to include or to not include evidence in the record shall not prejudice any party's right to raise any issue and rely on any evidence in any other proceeding.

15 U.S.C. § 1052. TRADEMARKS REGISTRABLE ON PRINCIPAL REGISTER; CONCURRENT REGISTRATION

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute; or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods and is first used on or in connection with wines or spirits by the applicant on or after one year after the date on which the WTO Agreement (as defined in section 3501(9) of title 19) enters into force with respect to the United States.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: Provided, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with

the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Director may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before December 8, 1993.

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under [section 1125\(c\) of this title](#), may be refused registration only pursuant to a proceeding brought under [section 1063 of this title](#). A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under [section 1125\(c\) of this title](#), may be canceled pursuant to a proceeding brought under either [section 1064 of this title](#) or [section 1092 of this title](#).

...

15 U.S.C. § 1053. Service marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided in this chapter in the case of trademarks. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

15 U.S.C. § 1054. Collective marks and certification marks registrable

Subject to the provisions relating to the registration of trademarks, so far as they are applicable, collective and certification marks, including indications of regional origin, shall be registrable under this chapter, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities, and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment, and when registered they shall be entitled to the protection provided in this chapter in the case of trademarks, except in the case of certification marks when used so as to represent falsely that the owner or a user thereof makes or sells the goods or performs the services on or in connection with which such mark is used. Applications and procedure under this section shall conform as nearly as practicable to those prescribed for the registration of trademarks.

15 U.S.C. § 1055. Use by related companies affecting validity and registration

Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

15 U.S.C. § 1056. Disclaimer of unregistrable matter

(a) Compulsory and voluntary disclaimers

The Director may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

(b) Prejudice of rights

No disclaimer, including those made under subsection (e) of section 1057 of this title, shall prejudice or affect the applicant's or registrant's rights then existing or thereafter arising in the disclaimed

matter, or his right of registration on another application if the disclaimed matter be or shall have become distinctive of his goods or services.

15 U.S.C. § 1057. CERTIFICATES OF REGISTRATION

(a) Issuance and form

Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the United States Patent and Trademark Office, and shall be signed by the Director or have his signature placed thereon, and a record thereof shall be kept in the United States Patent and Trademark Office. The registration shall reproduce the mark, and state that the mark is registered on the principal register under this chapter, the date of the first use of the mark, the date of the first use of the mark in commerce, the particular goods or services for which it is registered, the number and date of the registration, the term thereof, the date on which the application for registration was received in the United States Patent and Trademark Office, and any conditions and limitations that may be imposed in the registration.

(b) Certificate as prima facie evidence

A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.

(c) Application to register mark considered constructive use

Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing—

- (1) has used the mark;
- (2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or
- (3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 1126(d) of this title to register the mark which is pending or has resulted in registration of the mark.

(d) Issuance to assignee

A certificate of registration of a mark may be issued to the assignee of the applicant, but the assignment must first be recorded in the United States Patent and Trademark Office. In case of change of ownership the Director shall, at the request of the owner and upon a proper showing and the

payment of the prescribed fee, issue to such assignee a new certificate of registration of the said mark in the name of such assignee, and for the unexpired part of the original period.

(e) Surrender, cancellation, or amendment by owner

Upon application of the owner the Director may permit any registration to be surrendered for cancellation, and upon cancellation appropriate entry shall be made in the records of the United States Patent and Trademark Office. Upon application of the owner and payment of the prescribed fee, the Director for good cause may permit any registration to be amended or to be disclaimed in part: *Provided*, That the amendment or disclaimer does not alter materially the character of the mark. Appropriate entry shall be made in the records of the United States Patent and Trademark Office and upon the certificate of registration.

(f) Copies of United States Patent and Trademark Office records as evidence

Copies of any records, books, papers, or drawings belonging to the United States Patent and Trademark Office relating to marks, and copies of registrations, when authenticated by the seal of the United States Patent and Trademark Office and certified by the Director, or in his name by an employee of the Office duly designated by the Director, shall be evidence in all cases wherein the originals would be evidence; and any person making application therefor and paying the prescribed fee shall have such copies.

(g) Correction of United States Patent and Trademark Office mistake

Whenever a material mistake in a registration, incurred through the fault of the United States Patent and Trademark Office, is clearly disclosed by the records of the Office a certificate stating the fact and nature of such mistake shall be issued without charge and recorded and a printed copy thereof shall be attached to each printed copy of the registration and such corrected registration shall thereafter have the same effect as if the same had been originally issued in such corrected form, or in the discretion of the Director a new certificate of registration may be issued without charge. All certificates of correction heretofore issued in accordance with the rules of the United States Patent and Trademark Office and the registrations to which they are attached shall have the same force and effect as if such certificates and their issue had been specifically authorized by statute.

(h) Correction of applicant's mistake

Whenever a mistake has been made in a registration and a showing has been made that such mistake occurred in good faith through the fault of the applicant, the Director is authorized to issue a certificate of correction or, in his discretion, a new certificate upon the payment of the prescribed fee: *Provided*, That the correction does not involve such changes in the registration as to require republication of the mark.

15 U.S.C. § 1058. DURATION, AFFIDAVITS AND FEES

(a) Time periods for required affidavits

Each registration shall remain in force for 10 years, except that the registration of any mark shall be canceled by the Director unless the owner of the registration files in the United States Patent and Trademark Office affidavits that meet the requirements of subsection (b), within the following time periods:

- (1) Within the 1-year period immediately preceding the expiration of 6 years following the date of registration under this chapter or the date of the publication under section 1062(c) of this title.
- (2) Within the 1-year period immediately preceding the expiration of 10 years following the date of registration, and each successive 10-year period following the date of registration.
- (3) The owner may file the affidavit required under this section within the 6-month grace period immediately following the expiration of the periods established in paragraphs (1) and (2), together with the fee described in subsection (b) and the additional grace period surcharge prescribed by the Director.

(b) Requirements for affidavit

The affidavit referred to in subsection (a) shall—

- (1)
 - (A) state that the mark is in use in commerce;
 - (B) set forth the goods and services recited in the registration on or in connection with which the mark is in use in commerce;
 - (C) be accompanied by such number of specimens or facsimiles showing current use of the mark in commerce as may be required by the Director; and
 - (D) be accompanied by the fee prescribed by the Director; or
- (2)
 - (A) set forth the goods and services recited in the registration on or in connection with which the mark is not in use in commerce;
 - (B) include a showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark; and
 - (C) be accompanied by the fee prescribed by the Director.

(c) Deficient affidavit

If any submission filed within the period set forth in subsection (a) is deficient, including that the affidavit was not filed in the name of the owner of the registration, the deficiency may be corrected after the statutory time period, within the time prescribed after notification of the deficiency. Such submission shall be accompanied by the additional deficiency surcharge prescribed by the Director.

(d) Notice of requirement

Special notice of the requirement for such affidavit shall be attached to each certificate of registration and notice of publication under section 1062(c) of this title.

(e) Notification of acceptance or refusal

The Director shall notify any owner who files any affidavit required by this section of the Director's acceptance or refusal thereof and, in the case of a refusal, the reasons therefor.

(f) Designation of resident for service of process and notices

If the owner is not domiciled in the United States, the owner may designate, by a document filed in the United States Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person or mailing to that person a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the last designated address, or if the owner does not designate by a document filed in the United States Patent and Trademark Office the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark, such notices or process may be served on the Director.

15 U.S.C. § 1064. CANCELLATION OF REGISTRATION

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:

- (1) Within five years from the date of the registration of the mark under this chapter.
- (2) Within five years from the date of publication under section 1062(c) of this title of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905.
- (3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.
- (4) At any time if the mark is registered under the Act of March 3, 1881, or the Act of February 20, 1905, and has not been published under the provisions of subsection (c) of section 1062 of this title.
- (5) At any time in the case of a certification mark on the ground that the registrant (A) does not control, or is not able legitimately to exercise control over, the use of such mark, or (B) engages in the production or marketing of any goods or services to which the certification mark is applied, or (C) permits the use of the certification mark for purposes other than to certify, or (D) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certifies.
- (6) At any time after the 3-year period following the date of registration, if the registered mark has never been used in commerce on or in connection with some or all of the goods or services recited in the registration.

Provided, That the Federal Trade Commission may apply to cancel on the grounds specified in

paragraphs (3) and (5) of this section any mark registered on the principal register established by this chapter, and the prescribed fee shall not be required. Nothing in paragraph (5) shall be deemed to prohibit the registrant from using its certification mark in advertising or promoting recognition of the certification program or of the goods or services meeting the certification standards of the registrant. Such uses of the certification mark shall not be grounds for cancellation under paragraph (5), so long as the registrant does not itself produce, manufacture, or sell any of the certified goods or services to which its identical certification mark is applied. Nothing in paragraph (6) shall be construed to limit the timing applicable to any other ground for cancellation. A registration under section 1126(e) or 1141f of this title shall not be cancelled pursuant to paragraph (6) if the registrant demonstrates that any nonuse is due to special circumstances that excuse such nonuse.

15 U.S.C. § 1065. INCONTESTABILITY OF RIGHT TO USE MARK UNDER CERTAIN CONDITIONS

Except on a ground for which application to cancel may be filed at any time under paragraphs (3), (5), and (6) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided*, That—

- (1) there has been no final decision adverse to the owner's claim of ownership of such mark for such goods or services, or to the owner's right to register the same or to keep the same on the register; and
- (2) there is no proceeding involving said rights pending in the United States Patent and Trademark Office or in a court and not finally disposed of; and
- (3) an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and other matters specified in paragraphs (1) and (2) hereof; and
- (4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this chapter shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the Director within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 1062 of this title.

The Director shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

15 U.S.C. § 1114. REMEDIES; INFRINGEMENT; INNOCENT INFRINGEMENT BY PRINTERS AND PUBLISHERS

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term “any person” includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

...

15 U.S.C. § 1115. REGISTRATION ON PRINCIPAL REGISTER AS EVIDENCE OF EXCLUSIVE RIGHT TO USE MARK; DEFENSES

(a) Evidentiary value; defenses

Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this chapter and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.

(b) Incontestability; defenses

To the extent that the right to use the registered mark has become incontestable under section 1065 of this title, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 1065 of this title, or in the renewal application filed under the provisions of section 1059 of this title if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 1114 of this title, and shall be subject to the following defenses or defects:

- (1) That the registration or the incontestable right to use the mark was obtained fraudulently;
or
- (2) That the mark has been abandoned by the registrant; or
- (3) That the registered mark is being used by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or
- (4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or 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;
or
- (5) That the mark whose use by a party is charged as an infringement was adopted without

knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to (A) the date of constructive use of the mark established pursuant to section 1057(c) of this title, (B) the registration of the mark under this chapter if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C) publication of the registered mark under subsection (c) of section 1062 of this title: Provided, however, That this defense or defect shall apply only for the area in which such continuous prior use is proved; or

(6) That the mark whose use is charged as an infringement was registered and used prior to the registration under this chapter or publication under subsection (c) of section 1062 of this title of the registered mark of the registrant, and not abandoned: Provided, however, That this defense or defect shall apply only for the area in which the mark was used prior to such registration or such publication of the registrant's mark; or

(7) That the mark has been or is being used to violate the antitrust laws of the United States; or

(8) That the mark is functional; or

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

15 U.S.C. § 1117. RECOVERY FOR VIOLATION OF RIGHTS

(a) Profits; damages and costs; attorney fees

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

(b) Treble damages for use of counterfeit mark

In assessing damages under subsection (a) for any violation of section 1114(1)(a) of this title or section 220506 of title 36, in a case involving use of a counterfeit mark or designation (as defined in section 1116(d) of this title), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee, if the violation consists of—

- (1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(d) of this title), in connection with the sale, offering for sale, or distribution of goods or services; or
- (2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

In such a case, the court may award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of title 26, beginning on the date of the service of the claimant's pleadings setting forth the claim for such entry of judgment and ending on the date such entry is made, or for such shorter time as the court considers appropriate.

(c) Statutory damages for use of counterfeit marks

In a case involving the use of a counterfeit mark (as defined in section 1116(d) of this title) in

connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of—

(1) not less than \$1,000 or more than \$200,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than \$2,000,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just.

(d) Statutory damages for violation of section 1125(d)(1)

In a case involving a violation of section 1125(d)(1) of this title, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.

(e) Rebuttable presumption of willful violation

In the case of a violation referred to in this section, it shall be a rebuttable presumption that the violation is willful for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar, domain name registry, or other domain name registration authority in registering, maintaining, or renewing a domain name used in connection with the violation. Nothing in this subsection limits what may be considered a willful violation under this section.

15 U.S.C. § 1125. FALSE DESIGNATIONS OF ORIGIN, FALSE DESCRIPTIONS, AND DILUTION FORBIDDEN

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term “any person” includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

(b) Importation

Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this chapter in cases involving goods refused entry or seized.

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who,

at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

(2) Definitions

(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

- (i)** The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- (ii)** The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- (iii)** The extent of actual recognition of the mark.
- (iv)** Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(B) For purposes of paragraph (1), "dilution by blurring" is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- (i)** The degree of similarity between the mark or trade name and the famous mark.
- (ii)** The degree of inherent or acquired distinctiveness of the famous mark.
- (iii)** The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv)** The degree of recognition of the famous mark.
- (v)** Whether the user of the mark or trade name intended to create an association with the famous mark.
- (vi)** Any actual association between the mark or trade name and the famous mark.

(C) For purposes of paragraph (1), "dilution by tarnishment" is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

(3) Exclusions The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

- (A)** Any fair use, including a nominative or descriptive fair use, or facilitation of such

fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

(4) Burden of proof In a civil action for trade dress dilution under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that—

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

(5) Additional remedies In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity if—

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after October 6, 2006; and

(B) in a claim arising under this subsection—

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

(6) Ownership of valid registration a complete bar to action The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this chapter shall be a complete bar to an action against that person, with respect to that mark, that—

(A) is brought by another person under the common law or a statute of a State; and

(B)

(i) seeks to prevent dilution by blurring or dilution by tarnishment; or

(ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

(7) **Savings clause** Nothing in this subsection shall be construed to impair, modify, or supersede the applicability of the patent laws of the United States.

15 U.S.C. § 1127. CONSTRUCTION AND DEFINITIONS; INTENT OF CHAPTER

In the construction of this chapter, unless the contrary is plainly apparent from the context—

The United States includes and embraces all territory which is under its jurisdiction and control.

The word “commerce” means all commerce which may lawfully be regulated by Congress.

The term “principal register” refers to the register provided for by sections 1051 to 1072 of this title, and the term “supplemental register” refers to the register provided for by sections 1091 to 1096 of this title.

The term “person” and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person. The term “juristic person” includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term “person” also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The term “person” also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

The terms “applicant” and “registrant” embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

The term “Director” means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The term “related company” means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms “trade name” and “commercial name” mean any name used by a person to identify his or her business or vocation.

The term “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 in 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.

The term “service mark” means 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 in commerce and applies to register on the principal register established by this chapter, to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term “certification mark” means 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, 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.

The term “collective mark” means a trademark or service mark—

(1) used by the members of a cooperative, an 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 commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization.

The term “mark” includes any trademark, service mark, collective mark, or certification mark.

The term “use in commerce” means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be “abandoned” if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. “Use” of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

The term “colorable imitation” includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term “registered mark” means a mark registered in the United States Patent and Trademark Office under this chapter or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase “marks registered in the Patent and Trademark Office” means registered marks.

The term “Act of March 3, 1881”, “Act of February 20, 1905”, or “Act of March 19, 1920”, means the respective Act as amended.

A “counterfeit” is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

The term “domain name” means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

The term “Internet” has the meaning given that term in section 230(f)(1) of title 47.

Words used in the singular include the plural and vice versa.

The intent of this chapter is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

TITLE 17

The following sections contain relevant portions of Title 15 of the U.S. Code. Portions have been omitted for brevity.

17 U.S.C. § 101. DEFINITIONS

Except as otherwise provided in this title, as used in this title, the following terms and their variant forms mean the following:

An “anonymous work” is a work on the copies or phonorecords of which no natural person is identified as author.

An “architectural work” is the design of a building as embodied in any tangible medium of expression, including a building, architectural plans, or drawings. The work includes the overall form as well as the arrangement and composition of spaces and elements in the design, but does not include individual standard features.

“Audiovisual works” are works that consist of a series of related images which are intrinsically intended to be shown by the use of machines, or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied.

The “Berne Convention” is the Convention for the Protection of Literary and Artistic Works, signed at Berne, Switzerland, on September 9, 1886, and all acts, protocols, and revisions thereto.

The “best edition” of a work is the edition, published in the United States at any time before the date of deposit, that the Library of Congress determines to be most suitable for its purposes.

A person’s “children” are that person’s immediate offspring, whether legitimate or not, and any children legally adopted by that person.

A “collective work” is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

A “compilation” is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term “compilation” includes collective works.

A “computer program” is a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.

“Copies” are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “copies” includes the material object, other than a phonorecord, in which the work is first fixed.

“Copyright owner”, with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A “Copyright Royalty Judge” is a Copyright Royalty Judge appointed under section 802 of this title, and includes any individual serving as an interim Copyright Royalty Judge under such section.

A work is “created” when it is fixed in a copy or phonorecord for the first time; where a work is prepared over a period of time, the portion of it that has been fixed at any particular time constitutes the work as of that time, and where the work has been prepared in different versions, each version constitutes a separate work.

A “derivative work” is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work”.

A “device”, “machine”, or “process” is one now known or later developed.

A “digital transmission” is a transmission in whole or in part in a digital or other non-analog format.

To “display” a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images nonsequentially.

An “establishment” is a store, shop, or any similar place of business open to the general public for the primary purpose of selling goods or services in which the majority of the gross square feet of space that is nonresidential is used for that purpose, and in which nondramatic musical works are performed publicly.

The term “financial gain” includes receipt, or expectation of receipt, of anything of value, including the receipt of other copyrighted works.

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 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.

A “food service or drinking establishment” is a restaurant, inn, bar, tavern, or any other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink, in which the majority of the gross square feet of space that is nonresidential is used for that purpose, and in which nondramatic musical works are performed publicly.

The “Geneva Phonograms Convention” is the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, concluded at Geneva, Switzerland, on October 29, 1971.

The “gross square feet of space” of an establishment means the entire interior space of that establishment, and any adjoining outdoor space used to serve patrons, whether on a seasonal basis or otherwise.

The terms “including” and “such as” are illustrative and not limitative.

An “international agreement” is-

- (1) the Universal Copyright Convention;
- (2) the Geneva Phonograms Convention;
- (3) the Berne Convention;
- (4) the WTO Agreement;
- (5) the WIPO Copyright Treaty;
- (6) the WIPO Performances and Phonograms Treaty; and
- (7) any other copyright treaty to which the United States is a party.

A “joint work” is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.

“Literary works” are works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied.

The term “motion picture exhibition facility” means a movie theater, screening room, or other venue that is being used primarily for the exhibition of a copyrighted motion picture, if such exhibition is open to the public or is made to an assembled group of viewers outside of a normal circle of a family and its social acquaintances.

“Motion pictures” are audiovisual works consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

To “perform” a work means to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.

A “performing rights society” is an association, corporation, or other entity that licenses the public performance of nondramatic musical works on behalf of copyright owners of such works, such as the American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music, Inc. (BMI), and SESAC, Inc.

“Phonorecords” are material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term “phonorecords” includes the material object in which the sounds are first fixed.

“Pictorial, graphic, and sculptural works” include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans. Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects

are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.

For purposes of section 513, a “proprietor” is an individual, corporation, partnership, or other entity, as the case may be, that owns an establishment or a food service or drinking establishment, except that no owner or operator of a radio or television station licensed by the Federal Communications Commission, cable system or satellite carrier, cable or satellite carrier service or programmer, provider of online services or network access or the operator of facilities therefor, telecommunications company, or any other such audio or audiovisual service or programmer now known or as may be developed in the future, commercial subscription music service, or owner or operator of any other transmission service, shall under any circumstances be deemed to be a proprietor.

A “pseudonymous work” is a work on the copies or phonorecords of which the author is identified under a fictitious name.

“Publication” is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

To perform or display a work “publicly” means-

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

“Registration”, for purposes of sections 205(c)(2), 405, 406, 410(d), 411, 412, and 506(e), means a registration of a claim in the original or the renewed and extended term of copyright.

“Sound recordings” are works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.

“State” includes the District of Columbia and the Commonwealth of Puerto Rico, and any territories to which this title is made applicable by an Act of Congress.

A “transfer of copyright ownership” is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in

a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

A “transmission program” is a body of material that, as an aggregate, has been produced for the sole purpose of transmission to the public in sequence and as a unit.

To “transmit” a performance or display is to communicate it by any device or process whereby images or sounds are received beyond the place from which they are sent.

A “treaty party” is a country or intergovernmental organization other than the United States that is a party to an international agreement.

The “United States”, when used in a geographical sense, comprises the several States, the District of Columbia and the Commonwealth of Puerto Rico, and the organized territories under the jurisdiction of the United States Government.

For purposes of section 411, a work is a “United States work” only if-

(1) in the case of a published work, the work is first published-

(A) in the United States;

(B) simultaneously in the United States and another treaty party or parties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;

(C) simultaneously in the United States and a foreign nation that is not a treaty party; or

(D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States;

(2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or

(3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.

A “useful article” is an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a “useful article”.

The author’s “widow” or “widower” is the author’s surviving spouse under the law of the author’s domicile at the time of his or her death, whether or not the spouse has later remarried.

The “WIPO Copyright Treaty” is the WIPO Copyright Treaty concluded at Geneva, Switzerland, on December 20, 1996.

The “WIPO Performances and Phonograms Treaty” is the WIPO Performances and Phonograms Treaty concluded at Geneva, Switzerland, on December 20, 1996.

A “work of visual art” is-

- (1) a painting, drawing, print, or sculpture, existing in a single copy, in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved, or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or
- (2) a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

A work of visual art does not include-

(A)

- (i) any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical, data base, electronic information service, electronic publication, or similar publication;
- (ii) any merchandising item or advertising, promotional, descriptive, covering, or packaging material or container;
- (iii) any portion or part of any item described in clause (i) or (ii);

(B) any work made for hire; or

(C) any work not subject to copyright protection under this title.

A “work of the United States Government” is a work prepared by an officer or employee of the United States Government as part of that person’s official duties.

A “work made for hire” is-

- (1) a work prepared by an employee within the scope of his or her employment; or
- (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a “supplementary work” is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an “instructional text” is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

In determining whether any work is eligible to be considered a work made for hire under paragraph

(2), neither the amendment contained in section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106–113, nor the deletion of the words added by that amendment-

(A) shall be considered or otherwise given any legal significance, or

(B) shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination,

by the courts or the Copyright Office. Paragraph (2) shall be interpreted as if both section 2(a)(1) of the Work Made For Hire and Copyright Corrections Act of 2000 and section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106–113, were never enacted, and without regard to any inaction or awareness by the Congress at any time of any judicial determinations.

The terms “WTO Agreement” and “WTO member country” have the meanings given those terms in paragraphs (9) and (10), respectively, of section 2 of the Uruguay Round Agreements Act.

17 U.S.C. §102. SUBJECT MATTER OF COPYRIGHT: IN GENERAL

(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. Works of authorship include the following categories:

- (1)** literary works;
- (2)** musical works, including any accompanying words;
- (3)** dramatic works, including any accompanying music;
- (4)** pantomimes and choreographic works;
- (5)** pictorial, graphic, and sculptural works;
- (6)** motion pictures and other audiovisual works;
- (7)** sound recordings; and
- (8)** architectural works.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

17 U.S.C. §§ 103, 104, 105. SUBJECT MATTER OF COPYRIGHT: COMPILATIONS AND DERIVATIVE WORKS

17 U.S.C. § 103. Subject matter of copyright: Compilations and derivative works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 U.S.C. §104. Subject matter of copyright: National origin

(a) Unpublished Works.—

The works specified by sections 102 and 103, while unpublished, are subject to protection under this title without regard to the nationality or domicile of the author.

(b) **Published Works.**—The works specified by sections 102 and 103, when published, are subject to protection under this title if—

(1) on the date of first publication, one or more of the authors is a national or domiciliary of the United States, or is a national, domiciliary, or sovereign authority of a treaty party, or is a stateless person, wherever that person may be domiciled; or

(2) the work is first published in the United States or in a foreign nation that, on the date of first publication, is a treaty party; or

(3) the work is a sound recording that was first fixed in a treaty party; or

(4) the work is a pictorial, graphic, or sculptural work that is incorporated in a building or other structure, or an architectural work that is embodied in a building and the building or structure is located in the United States or a treaty party; or

(5) the work is first published by the United Nations or any of its specialized agencies, or by the Organization of American States; or

(6) the work comes within the scope of a Presidential proclamation. Whenever the President finds that a particular foreign nation extends, to works by authors who are nationals or domiciliaries of the United States or to works that are first published in the United States,

copyright protection on substantially the same basis as that on which the foreign nation extends protection to works of its own nationals and domiciliaries and works first published in that nation, the President may by proclamation extend protection under this title to works of which one or more of the authors is, on the date of first publication, a national, domiciliary, or sovereign authority of that nation, or which was first published in that nation. The President may revise, suspend, or revoke any such proclamation or impose any conditions or limitations on protection under a proclamation.

For purposes of paragraph (2), a work that is published in the United States or a treaty party within 30 days after publication in a foreign nation that is not a treaty party shall be considered to be first published in the United States or such treaty party, as the case may be.

(c) Effect of Berne Convention.—

No right or interest in a work eligible for protection under this title may be claimed by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto. Any rights in a work eligible for protection under this title that derive from this title, other Federal or State statutes, or the common law, shall not be expanded or reduced by virtue of, or in reliance upon, the provisions of the Berne Convention, or the adherence of the United States thereto.

(d) Effect of Phonograms Treaties.—

Notwithstanding the provisions of subsection (b), no works other than sound recordings shall be eligible for protection under this title solely by virtue of the adherence of the United States to the Geneva Phonograms Convention or the WIPO Performances and Phonograms Treaty.

17 U.S.C. § 105. Subject matter of copyright: United States Government works

(a) In General.— Copyright protection under this title is not available for any work of the United States Government, but the United States Government is not precluded from receiving and holding copyrights transferred to it by assignment, bequest, or otherwise.

17 U.S.C. §106. EXCLUSIVE RIGHTS IN COPYRIGHTED WORKS

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- 1) to reproduce the copyrighted work in copies or phonorecords;
- 2) to prepare derivative works based upon the copyrighted work;
- 3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- 4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- 5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.
- 6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. §106A. RIGHTS OF CERTAIN AUTHORS TO ATTRIBUTION AND INTEGRITY.

(a) Rights of Attribution and Integrity.—Subject to section 107 and independent of the exclusive rights provided in section 106, the author of a work of visual art—

(1) shall have the right—

(A) to claim authorship of that work, and

(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

(2) shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation; and

(3) subject to the limitations set forth in section 113(d), shall have the right—

(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.

(b) Scope and Exercise of Rights.— Only the author of a work of visual art has the rights conferred by subsection (a) in that work, whether or not the author is the copyright owner. The authors of a joint work of visual art are coowners of the rights conferred by subsection (a) in that work.

(c) Exceptions.—

(1) The modification of a work of visual art which is a result of the passage of time or the inherent nature of the materials is not a distortion, mutilation, or other modification described in subsection (a)(3)(A).

(2) The modification of a work of visual art which is the result of conservation, or of the public presentation, including lighting and placement, of the work is not a destruction, distortion, mutilation, or other modification described in subsection (a)(3) unless the modification is caused by gross negligence.

(3) The rights described in paragraphs (1) and (2) of subsection (a) shall not apply to any reproduction, depiction, portrayal, or other use of a work in, upon, or in any connection with any item described in subparagraph (A) or (B) of the definition of “work of visual art” in section

101, and any such reproduction, depiction, portrayal, or other use of a work is not a destruction, distortion, mutilation, or other modification described in paragraph (3) of subsection (a).

(d) Duration of Rights.—

(1) With respect to works of visual art created on or after the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, the rights conferred by subsection (a) shall endure for a term consisting of the life of the author.

(2) With respect to works of visual art created before the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, but title to which has not, as of such effective date, been transferred from the author, the rights conferred by subsection (a) shall be coextensive with, and shall expire at the same time as, the rights conferred by section 106.

(3) In the case of a joint work prepared by two or more authors, the rights conferred by subsection (a) shall endure for a term consisting of the life of the last surviving author.

(4) All terms of the rights conferred by subsection (a) run to the end of the calendar year in which they would otherwise expire.

(e) Transfer and Waiver.—

(1) The rights conferred by subsection (a) may not be transferred, but those rights may be waived if the author expressly agrees to such waiver in a written instrument signed by the author. Such instrument shall specifically identify the work, and uses of that work, to which the waiver applies, and the waiver shall apply only to the work and uses so identified. In the case of a joint work prepared by two or more authors, a waiver of rights under this paragraph made by one such author waives such rights for all such authors.

(2) Ownership of the rights conferred by subsection (a) with respect to a work of visual art is distinct from ownership of any copy of that work, or of a copyright or any exclusive right under a copyright in that work. Transfer of ownership of any copy of a work of visual art, or of a copyright or any exclusive right under a copyright, shall not constitute a waiver of the rights conferred by subsection (a). Except as may otherwise be agreed by the author in a written instrument signed by the author, a waiver of the rights conferred by subsection (a) with respect to a work of visual art shall not constitute a transfer of ownership of any copy of that work, or of ownership of a copyright or of any exclusive right under a copyright in that work.

17 U.S.C. §107. LIMITATIONS ON EXCLUSIVE RIGHTS: FAIR USE

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright.

In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

17 U.S.C. §109. LIMITATIONS ON EXCLUSIVE RIGHTS: EFFECT OF TRANSFER OF PARTICULAR COPY OR PHONORECORD

(a) Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord. Notwithstanding the preceding sentence, copies or phonorecords of works subject to restored copyright under section 104A that are manufactured before the date of restoration of copyright or, with respect to reliance parties, before publication or service of notice under section 104A(e), may be sold or otherwise disposed of without the authorization of the owner of the restored copyright for purposes of direct or indirect commercial advantage only during the 12-month period beginning on—

(1) the date of the publication in the Federal Register of the notice of intent filed with the Copyright Office under section 104A(d)(2)(A), or

(2) the date of the receipt of actual notice served under section 104A(d)(2)(B),

whichever occurs first.

(b)

(1)

(A) Notwithstanding the provisions of subsection (a), unless authorized by the owners of copyright in the sound recording or the owner of copyright in a computer program (including any tape, disk, or other medium embodying such program), and in the case of a sound recording in the musical works embodied therein, neither the owner of a particular phonorecord nor any person in possession of a particular copy of a computer program (including any tape, disk, or other medium embodying such program), may, for the purposes of direct or indirect commercial advantage, dispose of, or authorize the disposal of, the possession of that phonorecord or computer program (including any tape, disk, or other medium embodying such program) by rental, lease, or lending, or by any other act or practice in the nature of rental, lease, or lending. Nothing in the preceding sentence shall apply to the rental, lease, or lending of a phonorecord for nonprofit purposes by a nonprofit library or nonprofit educational institution. The transfer of possession of a lawfully made copy of a computer program by a nonprofit educational institution to another nonprofit educational institution or to faculty, staff, and students does not constitute rental, lease, or lending for direct or indirect commercial purposes under this subsection.

(B) This subsection does not apply to—

(i) a computer program which is embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product; or

(ii) a computer program embodied in or used in conjunction with a limited purpose computer that is designed for playing video games and may be designed for other purposes.

(C) Nothing in this subsection affects any provision of chapter 9 of this title.

(c) Notwithstanding the provisions of section 106(5), the owner of a particular copy lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to display that copy publicly, either directly or by the projection of no more than one image at a time, to viewers present at the place where the copy is located.

(d) The privileges prescribed by subsections (a) and (c) do not, unless authorized by the copyright owner, extend to any person who has acquired possession of the copy or phonorecord from the copyright owner, by rental, lease, loan, or otherwise, without acquiring ownership of it.

(e) Notwithstanding the provisions of sections 106(4) and 106(5), in the case of an electronic audiovisual game intended for use in coin-operated equipment, the owner of a particular copy of such a game lawfully made under this title, is entitled, without the authority of the copyright owner of the game, to publicly perform or display that game in coin-operated equipment, except that this subsection shall not apply to any work of authorship embodied in the audiovisual game if the copyright owner of the electronic audiovisual game is not also the copyright owner of the work of authorship.

The privileges prescribed by subsections (a) and (c) do not, unless authorized by the copyright owner, extend to any person who has acquired possession of the copy or phonorecord from the copyright owner, by rental, lease, loan, or otherwise, without acquiring ownership of it.

17 U.S.C. § 110. LIMITATIONS ON EXCLUSIVE RIGHTS: EXEMPTION OF CERTAIN PERFORMANCES AND DISPLAYS

Notwithstanding the provisions of section 106, the following are not infringements of copyright:

(1) performance or display of a work by instructors or pupils in the course of face-to-face teaching activities of a nonprofit educational institution, in a classroom or similar place devoted to instruction, unless, in the case of a motion picture or other audiovisual work, the performance, or the display of individual images, is given by means of a copy that was not lawfully made under this title, and that the person responsible for the performance knew or had reason to believe was not lawfully made;

(2) except with respect to a work produced or marketed primarily for performance or display as part of mediated instructional activities transmitted via digital networks, or a performance or display that is given by means of a copy or phonorecord that is not lawfully made and acquired under this title, and the transmitting government body or accredited nonprofit educational institution knew or had reason to believe was not lawfully made and acquired, the performance of a nondramatic literary or musical work or reasonable and limited portions of any other work, or display of a work in an amount comparable to that which is typically displayed in the course of a live classroom session, by or in the course of a transmission, if—

(A) the performance or display is made by, at the direction of, or under the actual supervision of an instructor as an integral part of a class session offered as a regular part of the systematic mediated instructional activities of a governmental body or an accredited nonprofit educational institution;

(B) the performance or display is directly related and of material assistance to the teaching content of the transmission;

(C) the transmission is made solely for, and, to the extent technologically feasible, the reception of such transmission is limited to—

(i) students officially enrolled in the course for which the transmission is made; or

(ii) officers or employees of governmental bodies as a part of their official duties or employment; and

(D) the transmitting body or institution—

(i) institutes policies regarding copyright, provides informational materials to faculty, students, and relevant staff members that accurately describe, and promote compliance with, the laws of the United States relating to copyright, and provides notice to students that materials used in connection with the course may be subject to copyright protection; and

(ii) in the case of digital transmissions—

(I) applies technological measures that reasonably prevent—

(aa) retention of the work in accessible form by recipients of the transmission from the transmitting body or institution for longer than the class session; and

(bb) unauthorized further dissemination of the work in accessible form by such recipients to others; and

(II) does not engage in conduct that could reasonably be expected to interfere with technological measures used by copyright owners to prevent such retention or unauthorized further dissemination;

(3) performance of a nondramatic literary or musical work or of a dramatico-musical work of a religious nature, or display of a work, in the course of services at a place of worship or other religious assembly;

...

17 U.S.C. § 113. SCOPE OF EXCLUSIVE RIGHTS IN PICTORIAL, GRAPHIC, AND SCULPTURAL WORKS

(a) Subject to the provisions of subsections (b) and (c) of this section, the exclusive right to reproduce a copyrighted pictorial, graphic, or sculptural work in copies under section 106 includes the right to reproduce the work in or on any kind of article, whether useful or otherwise.

(b) This title does not afford, to the owner of copyright in a work that portrays a useful article as such, any greater or lesser rights with respect to the making, distribution, or display of the useful article so portrayed than those afforded to such works under the law, whether title 17 or the common law or statutes of a State, in effect on December 31, 1977, as held applicable and construed by a court in an action brought under this title.

(c) In the case of a work lawfully reproduced in useful articles that have been offered for sale or other distribution to the public, copyright does not include any right to prevent the making, distribution, or display of pictures or photographs of such articles in connection with advertisements or commentaries related to the distribution or display of such articles, or in connection with news reports.

(d)

(1) In a case in which—

(A) a work of visual art has been incorporated in or made part of a building in such a way that removing the work from the building will cause the destruction, distortion, mutilation, or other modification of the work as described in section 106A(a)(3), and

(B) the author consented to the installation of the work in the building either before the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, or in a written instrument executed on or after such effective date that is signed by the owner of the building and the author and that specifies that installation of the work may subject the work to destruction, distortion, mutilation, or other modification, by reason of its removal,

then the rights conferred by paragraphs (2) and (3) of section 106A(a) shall not apply.

(2) If the owner of a building wishes to remove a work of visual art which is a part of such building and which can be removed from the building without the destruction, distortion, mutilation, or other modification of the work as described in section 106A(a)(3), the author's rights under paragraphs (2) and (3) of section 106A(a) shall apply unless—

(A) the owner has made a diligent, good faith attempt without success to notify the author of the owner's intended action affecting the work of visual art, or

(B) the owner did provide such notice in writing and the person so notified failed, within 90 days after receiving such notice, either to remove the work or to pay for its removal.

For purposes of subparagraph (A), an owner shall be presumed to have made a diligent, good faith attempt to send notice if the owner sent such notice by registered mail to the author at the most recent address of the author that was recorded with the Register of Copyrights pursuant to paragraph (3). If the work is removed at the expense of the author, title to that copy of the work shall be deemed to be in the author.

(3) The Register of Copyrights shall establish a system of records whereby any author of a work of visual art that has been incorporated in or made part of a building, may record his or her identity and address with the Copyright Office. The Register shall also establish procedures under which any such author may update the information so recorded, and procedures under which owners of buildings may record with the Copyright Office evidence of their efforts to comply with this subsection.

17 U.S.C. § 201. OWNERSHIP OF COPYRIGHT

(a) Initial Ownership.— Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.

(b) Works Made for Hire.—In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.

(c) Contributions to collective works.— 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 the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.**(d)**

(d) Transfer of ownership. —

(1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

(e) Involuntary transfer. — When an individual author's ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11.

17 U.S.C. § 202. OWNERSHIP OF COPYRIGHT AS DISTINCT FROM OWNERSHIP OF MATERIAL OBJECT

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.

17 U.S.C. § 203. TERMINATION OF TRANSFERS AND LICENSES GRANTED BY THE AUTHOR

(a) Conditions for Termination.—In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:

(A) The widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest.

(B) The author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them.

(C) The rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(D) In the event that the author's widow or widower, children, and grandchildren are not living, the author's executor, administrator, personal representative, or trustee shall own the author's entire termination interest.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the

number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination.—Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants

that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

17 U.S.C. § 301. PREEMPTION WITH RESPECT TO OTHER LAWS

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

(2) any cause of action arising from undertakings commenced before January 1, 1978;

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106; or

(4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102(a)(8).

(c) Notwithstanding the provisions of section 303, and in accordance with chapter 14, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title. With respect to sound recordings fixed before February 15, 1972, the preemptive provisions of subsection (a) shall apply to activities that are commenced on and after the date of enactment of the Classics Protection and Access Act. Nothing in this subsection may be construed to affirm or negate the preemption of rights and remedies pertaining to any cause of action arising from the nonsubscription broadcast transmission of sound recordings under the common law or statutes of any State for activities that do not qualify as covered activities under chapter 14 undertaken during the period between the date of enactment of the Classics Protection and Access Act and the date on which the term of prohibition on unauthorized acts under section 1401(a)(2) expires for such sound recordings. Any potential preemption of rights and remedies related to such activities undertaken during that period shall apply in all respects as it did the day before the date of enactment of the Classics Protection and Access Act.

...

17 U.S.C. § 302. DURATION OF COPYRIGHT: WORKS CREATED ON OR AFTER JANUARY 1, 1978.

(a) In General.—

Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and 70 years after the author's death.

(b) Joint Works.—

In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and 70 years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire.—

In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) of section 408, or in the records provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the author or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors.—

Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death.—

After a period of 95 years from the year of first publication of a work, or a period of 120 years from

the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than 70 years before, is entitled to the benefits of a presumption that the author has been dead for at least 70 years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

17 U.S.C. § 305. Duration of copyright: Terminal date

All terms of copyright provided by sections 302 through 304 run to the end of the calendar year in which they would otherwise expire.

17 U.S.C. § 401. Notice of copyright: Visually perceptible copies

(a) General Provisions.—Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section may be placed on publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device.

(b) Form of Notice.—If a notice appears on the copies, it shall consist of the following three elements:(1) the symbol © (the letter C in a circle), or the word “Copyright”, or the abbreviation “Copr.”

...

17 U.S.C. § 402. Notice of copyright: Phonorecords of sound recordings

(a) General Provisions.—Whenever a sound recording protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section may be placed on publicly distributed phonorecords of the sound recording.

...

17 U.S.C. § 405. Notice of copyright: Omission of notice on certain copies and phonorecords

(a) Effect of Omission on Copyright.

With respect to copies and phonorecords publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988, the omission of the copyright notice described in sections 401 through 403 from copies or phonorecords publicly distributed by authority of the copyright owner does not invalidate the copyright in a work if—

(1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or

(2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or

(3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner’s authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

(b) Effect of Omission on Innocent Infringers.—

Any person who innocently infringes a copyright, in reliance upon an authorized copy or phonorecord from which the copyright notice has been omitted and which was publicly distributed by authority of the copyright owner before the effective date of the Berne Convention Implementation Act of 1988, incurs no liability for actual or statutory damages under section 504 for any infringing acts committed before receiving actual notice that registration for the work has been made under section 408, if such person proves that he or she was misled by the omission of notice. In a suit for infringement in such a case the court may allow or disallow recovery of any of the infringer's profits attributable to the infringement, and may enjoin the continuation of the infringing undertaking or may require, as a condition for permitting the continuation of the infringing undertaking, that the infringer pay the copyright owner a reasonable license fee in an amount and on terms fixed by the court.

(c) Removal of Notice.—

Protection under this title is not affected by the removal, destruction, or obliteration of the notice, without the authorization of the copyright owner, from any publicly distributed copies or phonorecords.

17 U.S.C. § 407. Deposit of copies or phonorecords for Library of Congress

(a) Except as provided by subsection (c), and subject to the provisions of subsection (e), the owner of copyright or of the exclusive right of publication in a work published in the United States shall deposit, within three months after the date of such publication—

(1) two complete copies of the best edition; or

- **(2)** if the work is a sound recording, two complete phonorecords of the best edition, together with any printed or other visually perceptible material published with such phonorecords

...

17 U.S.C. § 412. Registration as prerequisite to certain remedies for infringement

In any action under this title, other than an action brought for a violation of the rights of the author under section 106A(a), an action for infringement of the copyright of a work that has been preregistered under section 408(f) before the commencement of the infringement and that has an effective date of registration not later than the earlier of 3 months after the first publication of the work or 1 month after the copyright owner has learned of the infringement, or an action instituted under section 411(c), no award of statutory damages or of attorney's fees, as provided by sections 504 and 505, shall be made for—

1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or

2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

17 U.S.C. § 504. REMEDIES FOR INFRINGEMENT: DAMAGES AND PROFITS

(a) In General.—Except as otherwise provided by this title, an infringer of copyright is liable for either—

(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or

(2) statutory damages, as provided by subsection (c).

(b) Actual Damages and Profits.—

The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

(c) Statutory Damages.—

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than \$750 or more than \$30,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than \$150,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than \$200. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in section 118(f)) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

(3)

(A) In a case of infringement, it shall be a rebuttable presumption that the infringement was committed willfully for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar, domain name registry, or other domain name registration authority in registering, maintaining, or renewing a domain name used in connection with the infringement.

(B) Nothing in this paragraph limits what may be considered willful infringement under this subsection.

(C) For purposes of this paragraph, the term “domain name” has the meaning given that term in section 45 of the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes” approved July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1127).

(d) Additional Damages in Certain Cases.—

In any case in which the court finds that a defendant proprietor of an establishment who claims as a defense that its activities were exempt under section 110(5) did not have reasonable grounds to believe that its use of a copyrighted work was exempt under such section, the plaintiff shall be entitled to, in addition to any award of damages under this section, an additional award of two times the amount of the license fee that the proprietor of the establishment concerned should have paid the plaintiff for such use during the preceding period of up to 3 years.

TITLE 18

The following sections contain relevant portions of Title 18 of the U.S. Code. Portions have been omitted for brevity.

18 U.S.C. § 1831. ECONOMIC ESPIONAGE

(a) In General.—Whoever, intending or knowing that the offense will benefit any foreign government, foreign instrumentality, or foreign agent, knowingly—

(1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains a trade secret;

(2) without authorization copies, duplicates, sketches, draws, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys a trade secret;

(3) receives, buys, or possesses a trade secret, knowing the same to have been stolen or appropriated, obtained, or converted without authorization;

(4) attempts to commit any offense described in any of paragraphs (1) through (3); or

(5) conspires with one or more other persons to commit any offense described in any of paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy,

shall, except as provided in subsection (b), be fined not more than \$5,000,000 or imprisoned not more than 15 years, or both.

(b) Organizations.—

Any organization that commits any offense described in subsection (a) shall be fined not more than the greater of \$10,000,000 or 3 times the value of the stolen trade secret to the organization, including expenses for research and design and other costs of reproducing the trade secret that the organization has thereby avoided.

18 U.S.C. § 1832. THEFT OF TRADE SECRETS

(a) Whoever, with intent to convert a trade secret, that is related to a product or service used in or intended for use in interstate or foreign commerce, to the economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will, injure any owner of that trade secret, knowingly—

- (1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains such information;
- (2) without authorization copies, duplicates, sketches, draws, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys such information;
- (3) receives, buys, or possesses such information, knowing the same to have been stolen or appropriated, obtained, or converted without authorization;
- (4) attempts to commit any offense described in paragraphs (1) through (3); or
- (5) conspires with one or more other persons to commit any offense described in paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy,

shall, except as provided in subsection (b), be fined under this title or imprisoned not more than 10 years, or both.

(b) Any organization that commits any offense described in subsection (a) shall be fined not more than the greater of \$5,000,000 or 3 times the value of the stolen trade secret to the organization, including expenses for research and design and other costs of reproducing the trade secret that the organization has thereby avoided.

18 U.S.C. § 1833. EXCEPTIONS TO PROHIBITIONS

(a) In General.—This chapter does not prohibit or create a private right of action for—

(1) any otherwise lawful activity conducted by a governmental entity of the United States, a State, or a political subdivision of a State; or

(2) the disclosure of a trade secret in accordance with subsection (b).

(b) Immunity From Liability for Confidential Disclosure of a Trade Secret to the Government or in a Court Filing.—

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

(A) is made—

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

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

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

(2) Use of trade secret information in anti-retaliation lawsuit.—An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—

(A) files any document containing the trade secret under seal; and

(B) does not disclose the trade secret, except pursuant to court order.

(3) Notice.—

(A) In general.— An employer shall provide notice of the immunity set forth in this subsection in any contract or agreement with an employee that governs the use of a trade secret or other confidential information.

(B) Policy document.— An employer shall be considered to be in compliance with the notice requirement in subparagraph (A) if the employer provides a cross-reference to a policy document provided to the employee that sets forth the employer's reporting policy for a suspected violation of law.

(C) **Non-compliance.**— If an employer does not comply with the notice requirement in subparagraph (A), the employer may not be awarded exemplary damages or attorney fees under subparagraph (C) or (D) of section 1836(b)(3) in an action against an employee to whom notice was not provided.

(D) **Applicability.**— This paragraph shall apply to contracts and agreements that are entered into or updated after the date of enactment of this subsection.

(4) Employee defined.— For purposes of this subsection, the term “employee” includes any individual performing work as a contractor or consultant for an employer.

(5) Rule of construction.— Except as expressly provided for under this subsection, nothing in this subsection shall be construed to authorize, or limit liability for, an act that is otherwise prohibited by law, such as the unlawful access of material by unauthorized means.

18 U.S.C. § 1836. CIVIL PROCEEDINGS

(a) The Attorney General may, in a civil action, obtain appropriate injunctive relief against any violation of this chapter.

(b) Private Civil Actions.—

(1) In general.—

An owner of a trade secret that is misappropriated may bring a civil action under this subsection if the trade secret is related to a product or service used in, or intended for use in, interstate or foreign commerce.

(2) Civil seizure.—

(A) In general.—

(i) Application.—

Based on an affidavit or verified complaint satisfying the requirements of this paragraph, the court may, upon ex parte application but only in extraordinary circumstances, issue an order providing for the seizure of property necessary to prevent the propagation or dissemination of the trade secret that is the subject of the action.

...

(3) Remedies.—In a civil action brought under this subsection with respect to the misappropriation of a trade secret, a court may—

(A) grant an injunction—

(i) to prevent any actual or threatened misappropriation described in paragraph (1) on such terms as the court deems reasonable, provided the order does not—

(I) prevent a person from entering into an employment relationship, and that conditions placed on such employment shall be based on evidence of threatened misappropriation and not merely on the information the person knows; or

(II) otherwise conflict with an applicable State law prohibiting restraints on the practice of a lawful profession, trade, or business;

(ii) if determined appropriate by the court, requiring affirmative actions to be taken to protect the trade secret; and

(iii) in exceptional circumstances that render an injunction inequitable, that conditions future use of the trade secret upon payment of a reasonable royalty for no longer than the period of time for which such use could have been prohibited;

(B) award—

(i)

(I) damages for actual loss caused by the misappropriation of the trade secret; and

(II) damages for any unjust enrichment caused by the misappropriation of the trade secret that is not addressed in computing damages for actual loss; or

(ii) in lieu of damages measured by any other methods, the damages caused by the misappropriation measured by imposition of liability for a reasonable royalty for the misappropriator's unauthorized disclosure or use of the trade secret;

(C) if the trade secret is willfully and maliciously misappropriated, award exemplary damages in an amount not more than 2 times the amount of the damages awarded under subparagraph (B); and

(D) if a claim of the misappropriation is made in bad faith, which may be established by circumstantial evidence, a motion to terminate an injunction is made or opposed in bad faith, or the trade secret was willfully and maliciously misappropriated, award reasonable attorney's fees to the prevailing party.

(c) Jurisdiction.—

The district courts of the United States shall have original jurisdiction of civil actions brought under this section.

(d) Period of Limitations.—

A civil action under subsection (b) may not be commenced later than 3 years after the date on which the misappropriation with respect to which the action would relate is discovered or by the exercise of reasonable diligence should have been discovered. For purposes of this subsection, a continuing misappropriation constitutes a single claim of misappropriation.

18 U.S.C. § 1838. CONSTRUCTION WITH OTHER LAWS

Except as provided in section 1833(b), this chapter shall not be construed to preempt or displace any other remedies, whether civil or criminal, provided by United States Federal, State, commonwealth, possession, or territory law for the misappropriation of a trade secret, or to affect the otherwise lawful disclosure of information by any Government employee under section 552 of title 5 (commonly known as the Freedom of Information Act).

18 U.S.C. § 1839. DEFINITIONS

As used in this chapter—

(1) the term “foreign instrumentality” means any agency, bureau, ministry, component, institution, association, or any legal, commercial, or business organization, corporation, firm, or entity that is substantially owned, controlled, sponsored, commanded, managed, or dominated by a foreign government;

(2) the term “foreign agent” means any officer, employee, proxy, servant, delegate, or representative of a foreign government;

(3) the term “trade secret” means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if—

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information;

(4) the term “owner”, with respect to a trade secret, means the person or entity in whom or in which rightful legal or equitable title to, or license in, the trade secret is reposed;

(5) the term “misappropriation” means—

(A) acquisition of a trade secret of another by a person who knows or has reason to know that the trade secret was acquired by improper means; or

(B) disclosure or use of a trade secret of another without express or implied consent by a person who—

(i) used improper means to acquire knowledge of the trade secret;

(ii) at the time of disclosure or use, knew or had reason to know that the knowledge of the trade secret was—

(I) derived from or through a person who had used improper means to acquire the trade secret;

(II) acquired under circumstances giving rise to a duty to maintain the secrecy of the trade secret or limit the use of the trade secret; or

(III) derived from or through a person who owed a duty to the person seeking relief to maintain the secrecy of the trade secret or limit the use of the trade secret; or

(iii) before a material change of the position of the person, knew or had reason to know that—

(I) the trade secret was a trade secret; and

(II) knowledge of the trade secret had been acquired by accident or mistake;

(6) the term “improper means” —

(A) includes theft, bribery, misrepresentation, breach or inducement of a breach of a duty to maintain secrecy, or espionage through electronic or other means; and

(B) does not include reverse engineering, independent derivation, or any other lawful means of acquisition; and

(7) the term “Trademark Act of 1946” means the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes [1], approved July 5, 1946 (15 U.S.C. 1051 et seq.) (commonly referred to as the “Trademark Act of 1946’ or the ‘Lanham Act’”).

TITLE 35

The following sections contain relevant portions of Title 35 of the U.S. Code. Portions have been omitted for brevity.

35 U.S.C. § 100. DEFINITIONS

When used in this title unless the context otherwise indicates—

- (a) The term “invention” means invention or discovery.
- (b) The term “process” means process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.
- (c) The terms “United States” and “this country” mean the United States of America, its territories and possessions.
- (d) The word “patentee” includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.
- (e) The term “third-party requester” means a person requesting ex parte reexamination under section 302 who is not the patent owner.
- (f) The term “inventor” means the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention.
- (g) The terms “joint inventor” and “coinventor” mean any 1 of the individuals who invented or discovered the subject matter of a joint invention.
- (h) The term “joint research agreement” means a written contract, grant, or cooperative agreement entered into by 2 or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.
- (i)
 - (1) The term “effective filing date” for a claimed invention in a patent or application for patent means—
 - (A) if subparagraph (B) does not apply, the actual filing date of the patent or the application for the patent containing a claim to the invention; or
 - (B) the filing date of the earliest application for which the patent or application is entitled, as to such invention, to a right of priority under section 119, 365(a), 365(b), 386(a), or 386(b) or to the benefit of an earlier filing date under section 120, 121, 365(c), or 386(c).
 - (2) The effective filing date for a claimed invention in an application for reissue or reissued patent shall be determined by deeming the claim to the invention to have been contained in the patent for which reissue was sought.
- (j) The term “claimed invention” means the subject matter defined by a claim in a patent or an application for a patent.

35 U.S.C. § 101. INVENTIONS PATENTABLE

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.

35 U.S.C. § 102. CONDITIONS FOR PATENTABILITY; NOVELTY

(a) Novelty; Prior Art.—A person shall be entitled to a patent unless—

(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

(2) the claimed invention was described in a patent issued under section 151, or in an application for patent published or deemed published under section 122(b), in which the patent or application, as the case may be, names another inventor and was effectively filed before the effective filing date of the claimed invention.

(b) Exceptions.—

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

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

(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

(2) Disclosures appearing in applications and patents.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;

(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

(c) Common Ownership Under Joint Research Agreements.—Subject matter disclosed and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions of subsection (b)(2)(C) if—

- (1) the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, 1 or more parties to a joint research agreement that was in effect on or before the effective filing date of the claimed invention;
- (2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and
- (3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

(d) Patents and Published Applications Effective as Prior Art.—For purposes of determining whether a patent or application for patent is prior art to a claimed invention under subsection (a)(2), such patent or application shall be considered to have been effectively filed, with respect to any subject matter described in the patent or application—

- (1) if paragraph (2) does not apply, as of the actual filing date of the patent or the application for patent; or
- (2) if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), 365(b), 386(a), or 386(b), or to claim the benefit of an earlier filing date under section 120, 121, 365(c), or 386(c), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.

35 U.S.C. § 103. CONDITIONS FOR PATENTABILITY; NON-OBVIOUS SUBJECT MATTER

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

35 U.S.C. § 112. SPECIFICATION

(a) In General.—

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

(b) Conclusion.—

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

(c) Form.—

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

(d) Reference in Dependent Forms.—

Subject to subsection (e), a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

(e) Reference in Multiple Dependent Form.—

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

(f) Element in Claim for a Combination.—

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

35 U.S.C. § 154. CONTENTS AND TERM OF PATENT; PROVISIONAL RIGHTS

(1) Contents.—Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States, products made by that process, referring to the specification for the particulars thereof.

(2) Term.—Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, 365(c), or 386(c), from the date on which the earliest such application was filed.

(3) Priority.—Priority under section 119, 365(a)(b), 386(a)(b) shall not be taken into account in determining the term of a patent.

(4) Specification and Drawing.—A copy of the specification and drawing shall be annexed to the patent and be a part of such patent.

35 U.S.C. § 171. PATENTS FOR DESIGNS

a) In General.—

Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

(b) Applicability of This Title.—

The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

(c) Filing Date.—

The filing date of an application for patent for design shall be the date on which the specification as prescribed by section 112 and any required drawings are filed.

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35 U.S.C. § 173. Term of design patent

Patents for designs shall be granted for the term of 15 years from the date of grant.

35 U.S.C. § 271. INFRINGEMENT OF PATENT

a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

b) Whoever actively induces infringement of a patent shall be liable as an infringer.

c) Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

...

35 U.S.C. § 282. PRESUMPTION OF VALIDITY; DEFENSES

(a) In General.—

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

(b) Defenses.—The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

- (1)** Noninfringement, absence of liability for infringement or unenforceability.
- (2)** Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.
- (3)** Invalidity of the patent or any claim in suit for failure to comply with—
 - (A)** any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or
 - (B)** any requirement of section 251.

(4) Any other fact or act made a defense by this title.

(c) Notice of Actions; Actions During Extension of Patent Term.—In an action involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Federal Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires. Invalidity of the extension of a patent term or any portion thereof under section 154(b) or 156 because of the material failure—

(1) by the applicant for the extension, or

(2) by the Director, to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be

pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

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35 U.S.C. §§ 283, 284, 285, 286, & 289

35 U.S.C. § 283. Injunction

The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

35 U.S.C. § 284. Damages

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

35 U.S.C. § 285. Attorney fees

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

35 U.S.C. § 286. Time limitation of damages

Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.

In the case of claims against the United States Government for use of a patented invention, the period before bringing suit, up to six years, between the date of receipt of a written claim for compensation by the department or agency of the Government having authority to settle such claim, and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the period referred to in the preceding paragraph.

35 U.S.C. § 289. Additional remedy for infringement of design patent

Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than \$250, recoverable in any United States district court having jurisdiction of the parties.

Nothing in this section shall prevent, lessen, or impeach any other remedy which an owner of an

infringed patent has under the provisions of this title, but he shall not twice recover the profit made from the infringement.

35 U.S.C. § 311. INTER PARTES REVIEW

(a) In General.—

Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the review.

(b) Scope.—

A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

(c) Filing Deadline.—A petition for inter partes review shall be filed after the later of either—

- (1) the date that is 9 months after the grant of a patent; or
- (2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.