

Chapter 1

INTRODUCTION TO COPYRIGHT AND INTELLECTUAL PROPERTY LAW

“The general rule of law is, that the noblest of human productions — knowledge, truths ascertained, conceptions and ideas — become after voluntary communication to others, free as the air to common use.”

International News Service v. Associated Press, 248 U.S. 215, 250 (1918)

(Justice Brandeis, dissenting).

“No man but a blockhead ever wrote, except for money.” Samuel Johnson, as quoted in III *Boswell’s Life of Johnson* 19 (Hill ed. 1934).

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§ 1.1 Introduction and Chapter Overview

In a surprisingly short period of time, the United States has evolved from an industrial to an information- and services-based society. Our post-industrial era is marked by rapid technological change in which our ability to reproduce and receive information grows exponentially. It is hard to believe that motion pictures first appeared little more than seventy-five years ago; many of us can remember a time when cable and satellite communications belonged to a hazy future. Who can predict what new information-based technologies lie ahead? From all indications, the communications revolution is only in its infancy.

As the value of communicative expression grows, so does the legal structure that governs the rules concerning its ownership. Products of the mind — informational products — are protected under three areas of “Intellectual Property” law. *Patent law* provides a limited monopoly for new and inventive products, processes, and designs. *Trademark law* prohibits product imitators from passing off their goods or services as the products of others. *Copyright law* protects “original works of authorship.” A separate body of state-created law provides additional protection.

The information industries are critically important to the American economy in its post-industrial stage. The numbers are staggering, as a study released early in 1998 demonstrates.¹ In 1996, the core copyright industries (including pre-recorded music, motion pictures, home videos, books, periodicals, newspapers, and computer software) accounted for 3.65%, or 278.4 billion, of U.S. Gross Domestic Product (GDP). Between 1987 and 1996, the core copyright industries grew significantly faster than the rest

¹ Siwek & Mosteller (Economists, Incorporated), *Copyright Industries in the U.S. Economy: The 1998 Report* (1998) (prepared for the International Property Alliance).

of the U.S. economy as a whole (3.59% vs. 1.26%). The increase in their share of American trade has been similarly dramatic. In 1996, the U.S. core copyright industries achieved foreign sales and exports of 60.18 billion, surpassing all other sectors, including agriculture, chemicals, and automobiles. Today, U.S. produced software alone constitutes more than half of the world market. These figures will only grow in coming years.

Such developments indicate clearly the growing importance of intellectual property. The transfer of information has become an ever greater component of international trade and the centerpiece of U.S. competitiveness. Unlike other areas of the economy, where intellectual property is concerned, the United States is a net exporter — indeed, the world’s largest exporter by far. Whether old media (motion pictures, music) or new (computer software), this nation is preeminent in the production and distribution of copyrighted works. But there is a dark side to this success. American copyright owners have become increasingly vulnerable to piracy and expropriation abroad and to inadequate protection of their interests under foreign laws. Accordingly, the international aspects of copyright law no longer can be given secondary consideration in a serious study of the subject.²

In the broadest sense, copyright law creates a system of property rights for certain kinds of intangible products, generally called works of authorship. Initiated in 18th century England, the first copyright act gave authors the exclusive right to make copies of their books. Today, copyright law covers much broader ground, including not only most artistic, literary, and musical works, but computer software and some kinds databases as well.

The term *copyright* is a highly descriptive term: the right to make copies. It reflects the basic Anglo-American notion that undesirable economic results will occur if unimpeded copying is allowed of those intangible products whose production we wish to encourage. The focus of copyright law is on the benefits derived by the public from the labors of authors. By this view, reward to the copyright owner or author is a secondary concern.

Although the term “copyright” is highly descriptive in one sense, it is a misnomer in another. Today’s copyright goes much farther in protecting works against copying in the strict sense of the word. Much of what we protect in copyright law today, such as performance rights, display rights, and derivative works rights, are more akin to rights to *use* a work rather than to *copy* it.³

The analog of copyright in the civil law world is known as *droit d’auteur* (France), *derecho de autor* (Spain), *Urheberrecht* (Germany), all of which can be translated as *author’s rights*. The difference in terminology between the common law *copyright* and the civil law *author’s rights* is more than

² See Chapter 12 *infra*. For an overview of U.S. intellectual property law policy in a changing world order, see Marshall A. Leaffer, *Protecting American Intellectual Property Abroad: Toward a New Multilateralism*, 76 Iowa L. Rev. 273 (1991).

³ For a development of this idea, see John M. Kernochan, *Imperatives for Enforcing Author’s Rights*, 131 *Revue Internationale du Droit D’Auteur* [R.I.D.A.] 181 (1987).

linguistic coincidence; it reveals a fundamental difference in attitude between the two legal traditions about works of authorship. The term “copyright” is an impersonal one, removed from the author. It connotes a negative right, the right of the owner to prevent copying of his work. The general philosophy of copyright in the common law world is to provide material support to one who invests in producing the work, whether an individual author or corporate entity. The ultimate goal of copyright is to enhance public welfare, an essentially economic value.

By comparison, the civil law tradition views the author’s work as an extension of his or her personality, which springs into existence by a personal act of creation. This view reflects a more sympathetic attitude toward the author.⁴ In the civil law world, an author is deemed to have a moral entitlement to control and exploit the product of his or her intellect. Under a principle of natural justice, the author, whose work is identified with his or her name throughout its existence, is given the right to publish his work as he or she sees fit and to prevent its injury or mutilation.⁵

This introductory chapter is divided into three parts. Part I treats copyright from an historical viewpoint, beginning with developments in 16th century England to the passage of the 1976 Act, our current copyright law. Part II examines the nature of intangible property and the economic rationale for copyright law. Part III provides a broad overview of other forms of intellectual property law protection such as federal patent and trademark law and state trade secret and unfair competition law.

PART I: HISTORICAL OVERVIEW OF COPYRIGHT⁶

§ 1.2 The Beginnings to the Statute of Anne (1710)

The development of copyright law has been a continuing response to the challenge posed by new technologies that reproduce and distribute human expression. Since the late 19th Century, for example, copyright in the United States has adapted to assimilate photography, motion pictures, and sound recordings. In today’s world technological change is relentless. At this moment and for the foreseeable future, the debate centers on how to best

⁴ See Jeremy Phillips, Robyn Durie, & Ian Karet *Whale on Copyright* 13 (5th ed. 1997).

⁵ The significance of this difference in attitude between the common law and civil law world will be discussed later in connection with 1990 amendments to U.S. copyright law providing certain “moral rights” protection for visual artists. These amendments to American copyright law suggest that the line between the two approaches — “copyright” versus “moral right” may not be as sharp as it once was. In fact, there seems to be an increasing convergence between the common law and civil law systems. Despite this convergence, however, the civil law still affords a wider scope of protection than traditional common law has been willing to allow. For example, although 1990 amendments to the Copyright Act established a moral right for visual artists, its scope is limited when compared with moral rights recognition in certain civil law countries like France, a country whose moral rights protection extends to a broad range of works. See §§ 8.28, 8.29 *infra*.

⁶ For an excellent overview of the early development of copyright law, see L. Ray Patterson, *Copyright in Historical Perspective* (1968).

modify copyright law to regulate use of digital information technology in general, and digital networks (such as the Internet) in particular. The connection between technological change and copyright is nothing new. Indeed, the first copyright statute was a reaction to a new technology of the fifteenth century: the printing press.

Introduced into England in 1476 by William Caxton, the printing press allowed large-scale reproduction of books for the first time. This new technology enriched publishers and booksellers (although not necessarily authors) and threatened the Crown, which shuddered at the thought of widespread dissemination of works advocating religious heresy and political upheaval. The Crown's solution to the problem was a system of regulation designed to control this "dangerous art." In 1534, a royal decree prohibited anyone from publishing without a license and without approval by official censors. In 1557, the Crown conferred a publishing monopoly on the Stationer's Company, a group of London printers and booksellers, who were expected to do the Crown's bidding while handsomely lining their own pockets.⁷

After a controversial and checkered career, during which the Stationer's copyright was used as an instrument of both monopoly and press control, official licensing to publish expired in 1695, leaving the Stationer's Company unsheltered by regulation and vulnerable to competition from "up-start" publishers. Parliament heeded the Company's predictions of economic disaster and anarchy, and, in response to these lobbying efforts, passed the first copyright act, the Statute of Anne, in 1710.⁸

The Statute of Anne maintained Stationer's rights in works already printed until 1731. But the Stationers' expectation of a continued monopoly over book publishing never materialized. In effect, the Statute of Anne undermined the Stationers' stranglehold on the book trade by recognizing for the first time the rights of authors to their works. The stated purpose of the Statute, as revealed in its enactment clause, was ". . . the encouragement of learned men to compose and write useful work."⁹ Thus, the Statute of Anne shifted the emphasis from the Stationer's Company to authors in general and declared that its ultimate purpose was to enhance public welfare by encouraging the dissemination of knowledge.¹⁰

The Statute of Anne rewarded authors for their creations, but at the same time recognized the public domain by limiting these rights to a specific number of years.¹¹ For existing works, the Statute provided that "authors and their assigns" should have the sole right of publication for twenty-one years. New books enjoyed a different term of protection. They were given a first term of protection of 14 years for authors and their assigns, measured

⁷ See Benjamin Kaplan, *An Unhurried View of Copyright* 5 (1967).

⁸ 8 Anne, ch. 19 (1710).

⁹ *Id.* at ch. 19 § 1.

¹⁰ See Bernard A. Grossman, *Cycles in Copyright*, 22 N.Y.L. Sch. L. Rev. 653, 657 (1977).

¹¹ See Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 Wayne L. Rev. 1119, 1141 (1983).

from the date of first publication, plus a second term of 14 years, which reverted to the author if he lived to its commencement. Although the Statute appeared on its face to create a limited term of protection, the Stationers claimed perpetual rights over their works and asserted that the statute was merely designed to provide them with expedited recovery against piracy. The lower courts sustained the Stationers' position for more than a half century until the famous case of

Donaldson v. Beckett.¹² In rejecting the plaintiffs' argument for a common

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law right in copyright that would exist in perpetuity, the House of Lords in *Donaldson* established that the term of copyright is finite. And once that copyright term is exhausted, a work will (in today's parlance) fall into the "public domain."

The Statute of Anne defined a "copy" as being "the sale, liberty of printing, and reprinting of a book." Infringement occurred when a third party printed, reprinted, or imported the book without consent. The protection granted was basically no more than a prohibition against literal copying.¹³ To enforce one's rights, one had to register the title of the book with the Stationer's Company before publication.

On the whole the Statute of Anne, which became the model for copyright law in the United States, articulated a series of mixed and contradictory messages about the purposes of copyright. On the one hand, the Statute, as interpreted by the House of Lords in *Donaldson*, vindicated the consumer interest in creating a public domain and allowing free access to previously protected works. On the other hand, the Stationers' argument for perpetual protection was favorably received by "natural rights" advocates who view authorship as a privileged category of human activity.¹⁴ As we will see, these two approaches to copyright, one based on the natural rights of the author and the other on utilitarian principles (the economic rationale of copyright), which are the foundations of a system of copyright, are sometimes at cross purposes. These approaches will be discussed in a later section.¹⁵

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2 Bro. P.C. 129, 1 Eng. Rep. 837 Burr. (4th ed) 2408, 98 Eng. Rep. 257 (H.L.

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1774). In *Donaldson*, the House of Lords overruled

Millar v. Taylor, 4 Burr. (4th ed.) 2303, 98 Eng. Rep. 201 (K.B. 1789), decided

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just five years before.

¹³ See generally Part IV of L. Ray Patterson & Craig Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. Rev. 719 (1989).

¹⁴ See generally, Peter Jaszi, *Toward a Theory of Copyright: The Metamorphoses of "Authorship,"* 1991 Duke L.J. 455 (1991).

¹⁵ See §§ 1.7–1.8 *infra*.

§ 1.3 From the Constitution to the Copyright Act of 1909

Although the colonies already had their own forms of copyright laws,¹⁶ the Framers of the Constitution recognized the need for a uniform law for copyright and patents.¹⁷ The United States Constitution, Article I, Section 8, Clause 8, which empowers Congress to legislate copyright and patent statutes, reads as follows:

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

The Patent and Copyright Clause was adopted in final form without debate in a secret proceeding on September 5, 1787. As a result, little is known about what the Framers had in mind in drafting this particular constitutional clause or about the scope of the various terms of the constitutional language.¹⁸ Consequently, one is left with the language of the Clause itself, which does not even use the term “copyright.” As revealed in the constitutional language, the dominant idea is to promote the dissemination of knowledge to enhance public welfare. This goal is to be accomplished through an *economic* incentive in the form of a monopoly right given for limited times, and the beneficiary of this monopoly right is the author. But it would be inaccurate to conclude that the Framers rejected entirely the notions of author’s rights based on natural rights reasoning. Why, one may ask, does the Copyright Clause speak of “securing” the rights of authors, unless those rights were recognized as being preexistent.¹⁹ Moreover, what are we to make of statements of various of the Framers, seeming to endorse notions of “author’s rights”? In the end, the ambiguity of the constitutional language is probably nothing more than the a reflection of the divided character of American thought, which continues to this day, about the purposes of the copyright system.

The first Copyright Act of 1790²⁰ was passed pursuant to this constitutional authority, and its provisions, modeled on the Statute of Anne, set the tone for future statutes. Like the Statute of Anne, the Act of 1790 gave protection to the author or his assigns of maps, charts, and books for two 14-year terms, an original and a renewal term. Judicial constructions, including most notably

¹⁶ Abrams, *supra* note 11, at 1173. Twelve states had adopted copyright statutes on the eve of the first federal copyright law of 1790.

¹⁷ See generally, Francine Crawford, *Pre-Constitutional Copyright Statutes*, 23 Bull. Copyright Soc’y 11 (1975).

¹⁸ See Ralph Oman, *The Copyright Clause: “A Charter For A Living People,”* 17 U. Balt. L. Rev. 99, 103 (1987).

¹⁹ See generally Barbara Ringer, *Two Hundred Years of American Copyright Law*, TWO HUNDRED YEARS OF ENGLISH AND AMERICAN PATENT, TRADEMARK AND COPYRIGHT LAW, 117, 126 (1977) (discussing the Federalist No. 143).

²⁰ Act of May 31, 1790, Ch. 15, 1 Stat. 124.

Wheaton v. Peters in 1834,²¹ followed

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Donaldson v. Beckett in insisting on the primacy of federal law. From

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1790 until the 1909 Act, the copyright law underwent two general revisions²² in addition to several important amendments, which greatly elaborated many aspects of copyrightable subject matter, rights, remedies, and administration.²³

§ 1.4 The 1909 Act

[A] General Provisions of the 1909 Act

In December 1905, President Theodore Roosevelt called for a complete revision of the copyright law to meet modern conditions. The result was the Copyright Act of 1909, which lasted for 68 years, until the enactment of the current law, the Copyright Act of 1976. Despite the four-year revision process, the 1909 Act was hardly a model of clarity, coherence, or precision, but it did contain important new features. Under the 1909 Act, for instance, copyrightable subject matter was expanded to include “all the writings of an author.”²⁴ The Act included a bifurcated durational system, a first term of 28 years and a second 28-year renewal term, conferring copyright protection for a possible 56 years.²⁵ Under the Act, federal copyright began at the moment of publication,²⁶ rather than from the time the title of the work was filed for registration, as had been previously required. Except for works not intended for reproduction (such as motion pictures and speeches), unpublished works were not covered by the Act, and a dual system of state common law copyright for unpublished works and federal protection for published works existed. Because of its various provisions, the 1909 Act did not solve the problems, which excluded the United States from joining the principal treaty governing international copyright relations, the Berne Convention for the Protection of Literary and Artistic Works.

²¹ 33 U.S. (8 Pet.) 591 (1834). The case is discussed at length in Part III of Craig Joyce, *The Rise of the Supreme Court Reporter: An Institutional Perspective on Marshall Court Ascendancy*, 83 Mich. L. Rev. 1291 (1985).

²² The general revisions took place in 1831 and 1870.

²³ Some of the more important changes occurred as follows: 1819, federal jurisdiction for copyright cases; 1831, addition of musical compositions as copyrightable subject matter and extension of the copyright term from 14 to 28 years; 1846, deposit requirements for the Library of Congress; 1856, public performance right for dramatic works; 1865, photographs as copyrightable subject matter; 1870, Library of Congress given principal responsibility for copyright and Copyright Office created; 1874, notice provisions required. For a more detailed look at the changes in the law between 1790 and 1909, see William F. Patry, *Copyright Law and Practice* 14–56 (1994).

²⁴ See 17 U.S.C. § 4 (1909 Act).

²⁵ See 17 U.S.C. § 24 (1909 Act).

²⁶ See 17 U.S.C. § 10 (1909 Act).

[B] United States Exclusion from the Berne Convention

One particularly unfortunate feature of the 1909 Act was its failure to amend U.S. law to conform to the then relatively new Berne Convention for the Protection of Literary and Artistic Works. Concluded in 1886, the Berne Convention was the first, and has remained for over 100 years the principal, international copyright convention.²⁷ Since its inception, the Berne Convention has been revised five times, most recently in the Paris revision in 1971. Its success as an international agreement is reflected by its large number of adherents, which by the mid-1980's included every major country in the world except China, the Soviet Union, and the United States.

The 1909 Act retained several aspects of U.S. copyright law, which constituted major stumbling blocks for United States entry into the Berne Convention. Two of the more prominent impediments were the 1909 Act's insistence on compliance with certain formalities as a prerequisite for copyright protection and the Act's shorter term of copyright.²⁸ The 1909 Act required notice on all published copies of a work; failure to include the required notice could inject the work into the public domain.²⁹ This aspect of American law was clearly in conflict with the Berne requirement that copyright protection be granted absent compliance with formalities. In addition, the 1909 Act's bifurcated durational system was not in accord with Berne's minimum durational requirement of the life of the author plus fifty years.³⁰ Consequently, these and other provisions of the 1909 Act prevented U.S. entry into the Berne Convention.

[C] Legislative Attempts to Retool the 1909 Act

From 1909 until the passage of the 1976 Act, changing times and technologies forced Congress to amend the 1909 Act. For example, motion pictures were added to copyrightable subject matter in 1912, and, in 1952, a performance right for profit was provided for non-dramatic literary works. In 1954, the United States ratified the Universal Copyright Convention,³¹ which provides non-discriminatory protection to nationals of all member nations for works published within their borders. No formalities are required for unpublished works. Published works, however, must bear a prescribed notice, but a nation can require other formalities for its own nationals or for works first published within its borders, as long as these further requirements are imposed without discrimination against nationals of foreign member states.

²⁷ For an overview, see Stephen M. Stewart, *International Copyright and Neighboring Rights* 86–132 (1983).

²⁸ There were other 1909 Act provisions impeding U.S. entry into Berne. This subject is discussed in fuller detail in § 12.5 *infra*.

²⁹ See 17 U.S.C. § 10 (1909 Act).

³⁰ Berne Convention art. 7.

³¹ Universal Copyright Convention, Sept. 6, 1962.

After some years, it became apparent that the 1909 Act was beyond repair and should be replaced by new legislation.³² In 1955, Congress authorized a copyright revision project, followed by twenty years of reports and extensive hearings, culminating in the passage of the Copyright Act of 1976.³³

§ 1.5 The Copyright Act of 1976

[A] Important Changes in the 1976 Act

The 1976 Act made innovative changes in addition to clarifying certain aspects of existing law. The more important aspects of the Act include:

(1) *Preemption of common law copyright.* Section 301 of the 1976 Act preempts common law copyright, which had bedeviled the administration of the 1909 Act.³⁴ No longer is there a dual system of copyright, *i.e.*, federal protection for published works and state common law protection for unpublished works. Now all works fixed in a tangible medium of expression are protected under the Act from the moment of creation.

(2) *Duration.* The Act eliminated the dual 28-year terms for copyright and replaced them with a single, extended term of the life of the author plus 50 years.³⁵ Publication is no longer the measuring point for most works. However, an alternate term of 75 years from publication or 100 years from creation, whichever is less, was given for anonymous and pseudonymous works, and works made for hire.³⁶ Even here, the term is much longer than under the 1909 Act.

(3) *Formalities.* Formalities continued to be important under the 1976 Act. Notice was still required for all published works, and it was possible to forfeit copyright by failure to affix notice.³⁷ Registration of copyright and recordation of transfers of copyright were also a condition to bringing suits for infringement of these works until amendments, which took effect in 1989 eliminated the latter requirement and modified the former.³⁸ These formalities have been modified by the Berne Convention Implementation Act of 1988. *See* 17 U.S.C. §§ 411, 205. A requirement mandating the domestic manufacture of copies of copyrighted works was maintained in the Act but expired in 1986.

³² For an overview of the 1909 and 1976 Acts, *see* Robert A. Gorman, *An Overview of the Copyright Act of 1976*, 126 U. Pa. L. Rev. 856 (1978).

³³ H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 47-50 (1976).

³⁴ *See* 17 U.S.C. § 301.

³⁵ *See* 17 U.S.C. § 302(a). In 1998, the basic term was extended to life plus 70. *See* Pub. L. 105-298, 112 Stat. 2827 (1998).

³⁶ *See* 17 U.S.C. § 302(c). In 1998, the term for these works was extended to 95 years from publication or 120 from creation. *See* Pub. L. 105-298, 112 Stat. 2827 (1998).

³⁷ *See* 17 U.S.C. §§ 401(a) and 405.

³⁸ *See* 17 U.S.C. § 411.

(4) *Subject Matter*. The 1976 Act established broad categories of subject matter that, according to the legislative history, are to be construed liberally. These are: (1) literary works; (2) musical works; (3) dramatic works; (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.³⁹ The subject matter is broad but Congress fell short of including all the writings of an author as it could have done under its constitutional authority. Rather, the subject matter of copyright includes *original* works of authorship, set forth in the eight aforesated broad and overlapping categories. What constitutes sufficient originality for a valid copyright is a matter of judicial precedent.

(5) *The Exclusive Rights and Their Limitations*. Originally, § 106 of the 1976 Act enumerated five exclusive rights of copyright ownership: the rights to reproduce and adapt the copyrighted work, and to distribute, perform, and display it publicly. A new provision, § 106A, was added in 1990 to delineate rights in works of visual art. In 1995, Congress added a sixth exclusive right, a performance right for sound recordings by digital audio transmission. The sections immediately following § 106A⁴⁰ impose various limitations on the exclusive rights. Section 107, the first of those limitations, codifies the judicially developed “fair use” privilege. The 1976 Act has tried to codify the privilege of fair use, the broadest exception to the exclusive rights under § 106, by setting forth criteria to be used in determining what constitutes fair use.⁴¹

(6) *Compulsory Licenses and the Copyright Royalty Tribunal*. The 1976 Act has increased to six the number of compulsory licenses in copyright, allowing access to copyrighted works on payment of the statutory fees and compliance with certain formalities. Under the Act as originally passed, there were only four compulsory licenses:⁴² the cable television license, the mechanical recording license, the jukebox license, and the public broadcasting license. A new license for satellite home viewing, the satellite retransmission license, was added in 1988.⁴³ In 1995, Congress added another compulsory license for certain digital audio transmissions.⁴⁴ The compulsory licenses had been administered by the Copyright Royalty Tribunal (“CRT”), an administrative agency established by the Act.⁴⁵ Constantly under fire, the Copyright Royalty Tribunal was abolished in 1993 and replaced by Copyright Arbitration Royalty Panels (“CARPs”).⁴⁶

³⁹ See 17 U.S.C. § 102(a). In 1990, § 102(a) was amended to include architectural works. See 17 U.S.C. § 102(a)(8).

⁴⁰ See 17 U.S.C. §§ 107–121.

⁴¹ See 17 U.S.C. § 107.

⁴² See 17 U.S.C. §§ 111, 115, 116, and 118.

⁴³ 17 U.S.C. § 119.

⁴⁴ See 17 U.S.C. § 114(d).

⁴⁵ See 17 U.S.C. §§ 801–810.

⁴⁶ The Copyright Royalty Tribunal Act of 1993, Pub. L. No. 103–198 (1993).

(7) *Ownership*. Ownership of copyright is divisible under the 1976 Act; the copyright owner can now license or assign parts of the copyright to third parties, who can bring suits for infringement of their ownership rights.⁴⁷ The Act also specifies that ownership of the material object does not entail ownership of the copyright in the work.⁴⁸

(8) *Entry Into Berne*. Although some progress had been made toward entry into the Berne Convention, such as extending the term of copyright, other stumbling blocks impeding entry, such as the formalities of notice and registration, had not been removed. It was not until the Berne Act amendments of 1988 that these impediments to U.S. adherence were overcome.

(9) *Legislative Developments from 1978 to 1988*. Major developments in copyright have occurred since passage of the 1976 Act. In 1980, a new § 117 was added to the Act, involving the protection and scope of rights in computer programs.⁴⁹ Other amendments have been added as well,⁵⁰ but perhaps the major development in copyright since 1978 is the passage of the Semiconductor Chip Protection Act of 1984.⁵¹ Affording protection to semiconductor mask works, this Act is a legislative response to the need to protect a new technology vital to our economic well being.

[B] The Berne Convention Implementation Act of 1988⁵²

Effective March 1, 1988, the United States entered into the Berne Union, the largest and most important international copyright convention. Among the principal motivating factors for entry at this time were the United States' withdrawal from UNESCO, the United Nations agency, which administers the Universal Copyright Convention ("UCC"); the growing importance of intellectual property in world trade; and the systematic piracy of American works in certain foreign countries. To have a say in the development of international copyright policy, and establish copyright relations with 24 more countries, it was felt that the United States should join the world copyright community as soon as possible.⁵³

The Berne Convention Implementation Act of 1988 ("BCIA") amended several aspects of the 1976 Copyright Act in conflict with Berne requirements. The Implementation Act reflects a *minimalist* approach whereby Congress attempted to amend the 1976 Copyright Act only where there was a direct conflict with the provisions of the Berne Convention.⁵⁴

⁴⁷ See 17 U.S.C. § 201(d).

⁴⁸ See 17 U.S.C. § 202.

⁴⁹ See 17 U.S.C. § 117.

⁵⁰ See the Record Rental Amendment of 1984, Pub. L. No. 98–450, 98 Stat. 1727 (1984), and the Satellite Home Viewer Act of 1988, Pub. L. No. 100–667, 104 Stat. 3949 (1988).

⁵¹ Pub. L. No. 98–620, 98 Stat. 3347 (1984). For a discussion of the Act and the technology of semiconductor mask works, see § 3.9 *infra*.

⁵² Pub. L. No. 100–568, 102 Stat. 2853 (1988).

⁵³ H.R. Rep. No. 100–609, 100th Cong., 2d Sess. 7 (1988).

⁵⁴ See *id.* at 20.

The most significant changes brought about by the Berne Amendments are the modification of formalities such as notice, registration, and recordation as conditions of copyright protection. These changes were necessitated by Berne requirements that copyright protection not be based on compliance with formalities.⁵⁵ Accordingly, the 1988 amendments have abrogated the notice requirement.⁵⁶ For works published on or after March 1, 1989, notice is permissive and a copyright owner can no longer forfeit copyright by omitting notice of publicly distributed copies of the work.⁵⁷ The registration requirement has also been modified. For works originating from a Berne country, registration is no longer required as a prerequisite for bringing a suit for copyright infringement.⁵⁸ Finally, recordation in the Copyright Office of an interest in copyright is no longer required as a prerequisite to bringing a suit for infringement.⁵⁹

In addition to relaxing certain formalities, the 1988 amendments include an express recognition of architectural plans in the definition of pictorial, graphic, and sculptural works,⁶⁰ a modification of the jukebox license,⁶¹ and a doubling of the limits for statutory damages.⁶²

[C] Post-Berne Amendments

In 1990, Congress made further amendments to the 1976 Act, granting new rights to visual artists⁶³ and protection to architectural works,⁶⁴ banning the direct or indirect commercial rental of computer software,⁶⁵ and abrogating the sovereign immunity of the states for copyright infringement.⁶⁶ Significant new legislation appeared in 1992: copyright renewals were made automatic, the fair use doctrine was clarified for unpublished works, new criminal penalties for copyright infringement were imposed, and special provisions were added to the Copyright Act to deal with home audio taping using digital media.

The year 1993 saw equally important amendments to the 1976 Act. Congress abrogated the jukebox compulsory license, replacing it in a section renumbered 116A with a voluntary negotiated license. In the same year,

⁵⁵ See Berne Convention Art. 5(2) (Paris text).

⁵⁶ See 17 U.S.C. § 401. For a discussion of notice, see § 4.8 *infra*.

⁵⁷ See 17 U.S.C. § 405. For a discussion of omission of notice, see § 4.11 *infra*.

⁵⁸ See 17 U.S.C. § 411. For a discussion of copyright registration, see §§ 7.1–7.8 *infra*.

⁵⁹ See 17 U.S.C. § 205(d), requiring recordation to bring an infringement suit has been deleted by the BCIA. For a discussion of recordation, see § 5.14 *infra*.

⁶⁰ See 17 U.S.C. § 101. For a discussion of architectural works, see § 3.16 *infra*.

⁶¹ See 17 U.S.C. § 116 (as amended by the BCIA). For a discussion of the jukebox license, see § 8.21 *infra*.

⁶² See 17 U.S.C. § 504(c). This increase in statutory damages is unrelated to the requirements of Berne adherence.

⁶³ See 17 U.S.C. § 106A.

⁶⁴ See 17 U.S.C. § 102(a)(8).

⁶⁵ See 17 U.S.C. § 109(b).

⁶⁶ See 17 U.S.C. § 511.

Congress abolished the Copyright Royalty Tribunal, replacing it with *ad hoc* arbitration panels (“CARPs”), which will now make royalty determinations previously made by the CRT.⁶⁷ Under the Uruguay Round Agreements Act (“URAA”), passed at the end of 1994 as part of the United States obligation under the General Agreement on Tariffs and Trade (“GATT”), Congress rewrote § 104A to restore copyright in works whose source country is a member of the World Trade Organization or the Berne Convention.⁶⁸ In addition, pursuant to the same legislation, a new Chapter 11 was added to the Copyright Act, prohibiting the unauthorized fixation of and trafficking in sound recordings and music videos.⁶⁹

In 1995, Congress took a step toward bringing the protection of sound recordings under copyright into rough parity with that afforded to other kinds of works. Extraordinarily dense and complex, the Digital Performance Right in Sound Recordings Act of 1995 creates a sixth exclusive right under § 106, the right to perform publicly a sound recording by means of a digital transmission. In so doing, Congress provided sound recording copyright owners, for the first time, with a measure of protection against unauthorized performances of their works.

In 1996, Congress added a new § 121 to the Copyright Act, allowing certain nonprofit organizations or government agencies, whose primary mission is to provide specialized services for the disabled, to reprint copyrighted material in Braille, audio, or digital text for use by blind persons or others with disabilities.

In 1997, Congress enacted a number of needed amendments to Title 17, most of them bundled in an omnibus “technical corrections” bill. In addition, the legislation sought to clarify the operation of the system of copyright restoration created by the 1994 Uruguay Round Amendments Act, and specifying that the effective date of the URAA restoration provisions is January 1, 1996, a point left in doubt by the original enactment. By far the least “technical provision” of the 1997 corrections act amended 17 U.S.C. § 303, adding the following new subsection (b): “The distribution before January 1, 1978, of a phonogram shall not for any purpose constitute a publication of the musical work embodied therein.” The intent of the amendment was to reverse a controversial Ninth Circuit opinion,⁷⁰ which held that a pre-1978 distribution of phonograph records resulted in a forfeiture of rights in the musical compositions they embodied, if the distribution occurred without appropriate copyright notice.

The other major piece of copyright legislation passed in 1997, the “No Electronic Theft Act, (NET),” amended the criminal copyright infringement

⁶⁷ See 17 U.S.C. 801–03.

⁶⁸ 17 U.S.C. § 104A. See discussion in §§ 6.18–6.19 *infra*.

⁶⁹ 17 U.S.C. § 1101. See also the companion criminal anti-bootleg provisions in 18 U.S.C. § 2319A.

⁷⁰

provisions of Titles 17 and 18 to permit the government to prosecute not only those who sell copies of copyrighted works without permission (as under current law), but also individuals who merely give away such copies.

The year 1998 marked some of the most significant legislative changes since the passage of the 1976 Act. In 1998, Congress extended the basic term of copyright to life plus 70 years. Duration for anonymous, pseudonymous, and works made for hire was increased to 95 years from publication or 120 years from creation whichever is less.⁷¹ In addition, Congress passed the Digital Millennium Copyright Act (“DMCA”), designed to implement two WIPO digital age treaties: the WIPO Copyright Treaty and the WIPO Performers and Phonograms Treaty.⁷² Among its provisions, the DCMA confers protection of “copyright management information” as a new Chapter 12 of the Act. In another digital age amendment, the DCMA clarified the liability for on-line service providers, creating safe harbors for their activities if they meet certain conditions.

[D] The Continuing Importance of the 1909 Act and the 1976 Act as Originally Enacted

Both the 1909 Act and the provisions of the 1976 Act as originally enacted remain relevant for several reasons. Most importantly, works whose source country is the United States⁷³ and that have gone into the public domain under the 1909 Act and the original provisions of the 1976 Act remain in the public domain. For example, if a work was published without notice under the 1909 Act, it could be injected into the public domain.⁷⁴ Such a work cannot be revived by the less harsh forfeiture provisions of the 1976 Act⁷⁵ or the total abrogation of the notice requirement under the Berne Amendments of 1988.⁷⁶ In addition, the 1976 Act has specifically incorporated provisions of the prior law, and has retained standards developed in case law decided under the 1909 Act for important issues such as the standards of originality and copyright infringement.

A copyright scholar has a complicated task. She must be conversant with the provisions of the 1909 Act, the 1976 Act as originally enacted, and subsequent amendments to the 1976 Act, and also to be able to determine which piece of legislation is applicable in a particular situation.

⁷¹ See The Sonny Bono Copyright Term Extension Act, Pub. L. 105-298, 112 Stat. 2827 (1998).

⁷² See The Digital Millennium Copyright Act, Pub. L. 105-304, 112 Stat. 2860 (1998).

⁷³ Section 104A, passed pursuant to U.S. obligations under the General Agreement on Tariffs and Trade (GATT), restores copyright in works whose source country is a member of the World Trade Organization or an adherent of the Berne Convention. It does not restore copyright for works in the public domain whose source country is the United States. See 17 U.S.C. § 104A. Copyright restoration is discussed *infra* in §§ 4.18 and 4.19.

⁷⁴ For a discussion of notice under the 1909 Act, see § 4.14 *infra*.

⁷⁵ See 17 U.S.C. Trans. and Supp. Provs. § 103.

⁷⁶ See Berne Convention Implementation Act of 1988, Pub. L. No. 100-568 § 12 (1988).

PART II: JUSTIFICATIONS FOR COPYRIGHT LAW

§ 1.6 In General

Whether property rights should be recognized in products of the mind is a matter of long-standing debate and challenges fundamental assumptions about why society creates a system of property rights. Few question the correctness of granting property rights in land or chattels but, when the subject turns to intangible property, the consensus breaks down. There continues to be a lively debate about the nature and scope of protection for intellectual products.⁷⁷

Discomfort with recognizing property rights in products of the mind runs through the common law, under which property rights arose from possession. But intellectual products were quite unlike land or chattels because once disseminated publicly, ideas and other intangibles were not subject to exclusive possession. Justice Brandeis reflected this view in a famous dissent. “The general rule of law is, that the noblest of human productions — knowledge, truths ascertained, conceptions, and ideas — become, after voluntary communication to others, free as the air to common use.”⁷⁸

Despite common law resistance, however, property rights for intellectual property always have had vigorous support. In general, arguments for establishing property rights in anything (land, chattels, or intangibles) are justified on two fundamental grounds: first, a person’s moral right to reap the fruits of his or her own labor (an idea based on natural law philosophy); and second, a utilitarian rationale that views copyright law as an incentive system designed to produce an optimal quantity of works of authorship, and thereby enhance public welfare. The emphasis of natural rights theory, characteristic of Continental European states, focuses on the author as an individual who deserves, on moral principles, to be compensated for work done. By comparison, the utilitarian justification, historically more common in the United States and Great Britain, places consumer welfare in the forefront, treating reward to authors primarily as a means to that end. In this country, the debate between advocates of these positions is of more than mere historical interest. It continues today.

⁷⁷ See, e.g., Lloyd Weinreb, *Copyright for Functional Expression*, 111 Harv. L.Rev. 1149 (1998); Neil Weinstock Netanel, *Copyright in a Democratic Civil Society*, 106 Yale L.J. 283 (1996); Stewart E. Sterk, *Rehetoric and Reality in Copyright Law*, Mich. L. Rev. 1198 (1996); Glynn S. Lunney, Jr., *Reexamining Copyright’s Incentive Access Paradym*, 49 Vand. L. Rev. 483 (1996); James Boyle, *A Theory of Law and Information: Copyright, Spleens, Blackmail, and Insider Trading*, 80 Cal. L. Rev. 1413 (1992); Jessica Litman, *The Public Domain*, 39 Emory L.J. 965 (1990); David Vaver, *Intellectual Property Today: Of Myths and Paradoxes*, 69 Can. Bar Rev. 98 (1990); Tom G. Palmer, *Intellectual Property: A Non-Posnerian Law and Economics Approach*, 12 Hamline L. Rev. 261 (1989); Wendy J. Gordon, *An Inquiry Into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 Stan. L. Rev. 1343 (1989).

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International News Service v. Associated Press, 248 U.S. 215, 250 (1918).

§ 1.7 The Natural Law Justification

The natural law justification for recognizing property rights in works of authorship is based on the rights of authors to reap the fruits of their creations, to obtain rewards for their contributions to society, and to protect the integrity of their creations as extensions of their personalities. The proposition that a person is entitled to the fruits of his labor is a compelling argument in favor of property rights of any kind, tangible or intangible. The most famous proponent of this natural rights theory was John Locke, the eighteenth century English philosopher, who reasoned that persons have a natural right of property in their bodies. In owning their bodies, people also own the labor of their bodies and, by extension, the fruits of their labor.⁷⁹

According to this natural rights approach, an individual who has created a piece of music or a work of art should have the right to control its use and be compensated for its sale, no less than a farmer reaps the benefits of his crop. In addition, because the author has enriched society through his creation, the author has a fundamental right to obtain a reward commensurate with the value of her contribution. Thus, copyright law, which confers an exclusive property right in an author's work, vindicates the natural right of individuals to control their works and to be justly compensated for their contributions to society.⁸⁰

The natural law justification for copyright law is not without its critics. First, natural law theory maintains that the author should have control over his work, but indicates little about how much control the author should have, how long that control should last, and who should benefit from the copyrighted work. The reality of positive law thus conflicts with the natural rights ideal. The United States has adopted a positive law approach, under which rights are granted solely as a matter of statute. The content of such rights is to be determined as the legislature sees fit, in accordance with the constitutional goal of promoting the progress of science.

Second, some have questioned whether copyright law satisfies the ideal of just compensation for the author's contribution to society. Empirically, copyright law has not particularly rewarded works of enduring social value; the contrary has more often occurred. Again, the reality of positive law departs from the abstractions of natural rights theory. As a theoretical matter, the goal of fair compensation is at best a vague concept. No one can show what is the "fair" price for any commodity, service, or work of authorship. Normally, for most endeavors, we prefer to allow the market to set its price, and believe the consumer is benefited when competition pushes that price toward the marginal cost of production. But even if it

⁷⁹ See John Locke, *Second Treatise of Government*, Ch. 5 (1960). For an overview of Lockean natural law theory as applied to intellectual property, see Wendy J. Gordon, *A Property Right in Self Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 Yale L.J. 1533 (1993).

⁸⁰ For an overview of natural rights theory, see Alfred C. Yen, *Restoring the Natural Law: Copyright as Labor and Possession*, 51 Ohio St. L.J. 517 (1990).

were possible to determine “just” compensation, society generally seems unconcerned about ensuring compensation in a sum equal to what any given individual — whether schoolteacher, farmer, auto worker, or nurse — contributes. Indeed, virtually all salaried workers and entrepreneurs are rewarded in lesser measure than the value they contribute — the difference being profit.

Despite such difficulties, the natural law justification for copyright enjoys considerable support both in the United States and throughout the world.⁸¹ It has motivated the successive revisions of the Berne Convention for the Protection of Literary and Artistic Property, which has continued to attract additional adherents including the United States. To many, however, natural law theory provides no more than a starting point and limited justification for copyright law. As an alternative to natural law propositions, one must turn to a utilitarian justification for the protection of intangible property rights. Based on economic principles, the utilitarian approach vindicates copyright law as an incentive system for authors to create works of authorship and thereby enhance the public welfare. As the next section shows, this view of copyright is deeply ingrained in American law.

§ 1.8 The Economic Rationale of Copyright Law

[A] Rationale of the Copyright Clause

Without specifying the form of protection, Art. 1, § 8, cl. 8 of the Constitution empowers Congress to legislate copyright and patent statutes, conferring a limited monopoly on writings and inventions. By implication, the Constitution recognizes that copyright law plays an important role in our market economy. Rather than encouraging production of works by government subsidy, or awards or prizes, the author is given, through the limited monopoly of copyright law, a private property right over his creation, the worth of which will ultimately be determined by the market. The underlying policy of this constitutional provision is to promote the public welfare through private market incentives. The U.S. Supreme Court, in

Mazer v. Stein, stated the rationale underlying the Copyright Clause as

follows:

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 the public

⁸¹ See also the 1948 Universal Declaration of Human Rights, Article 27(2), which gives the rights of authors a dignity coequal with that afforded to the most basic entitlements of humankind. The Article reads: “Everyone has the right to the protections of the moral and material interests resulting from any scientific, literary, or artistic creation of which he is the author.”

welfare through the talents of authors and inventors in science and the useful arts.⁸²

[B] Why Should Property Rights Be Created for Information?

The law confers property rights on most things of value that we normally think of as being tangible things, occupying physical space, such as land or movable objects. The law, however, also recognizes property rights in information, an intangible product. This is hardly surprising. Information can be of great value as well as costly to produce, and without a legal regime protecting certain informational products, we would not produce the optimal amount of information for the public welfare. For this reason, copyright law recognizes property rights in certain kinds of expressive information called “works of authorship.”

Protecting informational products presents special difficulties for the law because of their inherent intangible nature. Products of information, a piece of music, a computer program, or a radio signal, have characteristics that differentiate them from tangible products, such as a chair, an apple, or a television set. Once information is created, it can never be used up, and it can be used at little cost. A song can be sung endlessly, a computer program reproduced over and over, without ever using it up or depriving anyone else of its use. Information does not present the allocation problems that physical property does. If someone steals my automobile, I am deprived of it. My automobile is finite and exhaustible, whereas my song is infinite and inexhaustible.

This characteristic of intellectual property leads to an economic dilemma. Creating property rights in information imposes costs on the public. Why confer a life-plus-70-years monopoly for a work of art, a computer program, or a piece of music, if each of these products can be used infinitely and simultaneously without depriving anyone else of their use? Free market economics would prohibit creation of monopolies without an economic justification. As a monopolist, the owner of the copyright can charge a higher than competitive price for his or her product, causing people to buy less of it and to seek less useful substitutes for it. In economic terms, consumer welfare is distorted by this property right (copyright), which results in a less than maximum diffusion of information.

The above analysis is not entirely accurate because it applies only to information already created.⁸³ Without a proper return on investment, a

⁸² 347 U.S. 201, 219 (1954).

⁸³ See Frank H. Easterbrook, *The Supreme Court and the Economic System*, 98 Harv. L. Rev. 4 (1984). Judge Easterbrook takes the position that intellectual property cases often reflect a trade-off between optimal creation of information and its optimal use. As a result, he advocates an *ex ante* approach as opposed to an *ex post* approach in deciding intellectual property cases. The *ex ante* approach is forward looking and is concerned with making rules, which encourage the optimal creation and use of information. By comparison, the *ex post* approach is one that is solely concerned with settling a dispute between the parties.

producer, for example, will not invest the millions of dollars it takes to create a movie, if it can be copied by a free rider who has none of the development costs. The creator who cannot recoup his investment will not create. Thus, if the author cannot exclude others from his work, the result will be either non-production or non-disclosure. Viewed in this way, copyright law represents an economic trade-off between optimal creation of works of authorship and their optimal use.⁸⁴

According to economists, informational products have *public goods* characteristics — non-rivalrous consumption and non-appropriability. For example, a television signal carrying a copyrighted movie can be consumed non-rivalrously (one person's use of the signal does not deprive another consumer's use of the same signal). In addition, the signal is non-appropriable because it is difficult for its producer to appropriate its value through its sale. Consumers will tend to become “free riders” of the signal, which can be easily captured and used at little or no cost. Because the producer cannot appropriate its true value through its sale, a suboptimal amount of information will be produced. The solution to the public goods problem (to encourage optimal production) is either direct government subsidy or giving limited monopoly rights to authors through copyright law.⁸⁵

In the absence of copyright protection, self-help through market headstart is the traditional means by which an author or inventor can obtain a return on investment. By being the first to print and sell a book, could the creator earn enough profit to justify his investment and induce his or her continued creation? If so, headstart is a sufficient incentive for continued production; as a result, granting a copyright monopoly is unnecessary and harms the consumer.⁸⁶ A headstart advantage may adequately reward some inventors and authors, particularly when the costs of reproduction are significantly less than the costs of creation. But a headstart advantage is only as good as the length of time it takes another to copy your product.

⁸⁴ *Id.* at 25. Another way of putting it: a system of copyright that promotes economic efficiency will be one in which its principal doctrines “maximize the benefits from creating additional works, minus both the losses from limiting access and the costs of administering copyright protection.” See William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 28 J. Legal Stud. 325, 326 (1989).

⁸⁵ See Armen Alchian & William Allen, *Exchange and Production: Competition, Coordination and Control* 99–101 (3d ed. 1983). For a basic overview the economics of property rights in information and the public goods problem, see Robert Cooter & Thomas Ulen, *Law and Economics* 135–68 (1988). See also Mark Lemley, *Economics of Improvement in Intellectual Property in Intellectual Property Law*, 75 Tex. L. Rev. 989 (1997) (discussing both copyright and patent, with a focus on works and inventions that build on the past — as all do).

⁸⁶ This argument is elaborately made in a famous article, Stephen Breyer, *The Uneasy Case for Copyright: A Study in Copyright of Books, Photocopies and Computer Programs*, 84 Harv. L. Rev. 281 (1970); compare Barry W. Tyerman, *The Economic Rationale for Copyright Protection for Published Books: A Reply to Professor Breyer*, 18 UCLA L. Rev. 1100 (1971), with Stephen Breyer, *Copyright: A Rejoinder*, 20 UCLA L. Rev. 75 (1972). For a discussion of the strengths and weaknesses of the economic theory of copyright, see Wendy J. Gordon, *An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 Stan. L. Rev. 1343 (1989).

A company spending millions in developing a computer operating system program or motion picture could hardly compete with an imitator, which has no development costs, and is able to copy the program quickly and cheaply and enter the market immediately thereafter. Consequently, market headstart may be inadequate to encourage the optimal creation of works of authorship and inventions.

In place of an unregulated market, copyright law confers a limited monopoly on works of authorship. On the one hand, copyright law provides the incentive to create information and a shelter to develop and protect it. On the other hand, the copyright monopoly is a limited one. It is limited in time and scope by such doctrines as idea/expression, originality, and fair use. Viewed in this way, copyright law represents an economic trade-off between encouraging the optimal creation of works of authorship through monopoly incentives, and providing for their optimal access, use, and distribution through limiting doctrines. As Justice Stewart, in

Twentieth Century Music Corporation v. Aiken, said:

CASE UNDEFINED

BODY.PUB-PART.CH.CH-PART.SEC-SUB1.CASE

The immediate effect of our copyright law is to secure a fair return for an author's creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the public good. "The sole interest of the United States and the primary object in conferring the monopoly," the Supreme Court has said, "lie in the general benefits derived by the public from the labors of authors."⁸⁷

§ 1.9 The Future of Copyright and the Digital Challenge

[A] From Gutenberg to the Internet

Just as the printing press gave rise to the need for copyright law, new technologies have created the further need for legislative response. After a 20-year revision process, the Copyright Act of 1976 was passed with the hope that the law could meet the challenges of new technologies. But what seemed to be a far-sighted, intelligently drafted statute quickly became obsolete in some ways. The reason is the time lag between technological and legal change. Technological change always seems to outstrip the law's ability for adaptation. This is no better exemplified than in the law of copyright, a victim of the inexorable march of technological progress.

Over its several centuries of existence, copyright law has successfully negotiated a series of "crises" precipitated by changes in information distribution by adapting itself to new technological circumstances. In the last century or so, for example, copyright has proved flexible enough to deal effectively with the new media of photography, motion pictures, and sound recordings. The crisis of the moment, however, may pose a greater challenge by far to the adaptability of the copyright system.

⁸⁷ 422 U.S. 151, 156 (1975).

At the end of the 20th Century, a development in information technology, which may have as much potential for social transformation as did movable type, is leading some to question the continued relevance of traditional copyright law. That development is the digitization of information — *i.e.*, its description by means of strings of binary code — which was ushered in by the invention and popularization of digital computers. What is different about the digital era when compared with the other technological challenges that authors have faced in protecting their works? In short, the digital revolution allows us to store, manipulate, and transmit data in ways that greatly transcend our previous techniques of replication and dissemination.

Digital information technology is to be contrasted with analog technology, which preceded it and which still persists.⁸⁸ Take the example of a photographic image. Prints, negatives, screen projections, and cathode tube displays are all alternative potential analog embodiments of an image. What they have in common is that they represent that image — its shape, density, color, and so forth — directly to the human sense of sight. Now consider an image encoded on a digital medium — for example, a CD-ROM. No matter how hard one studies the surface of the disk, no matter at what magnification and no matter how bright the light, no representation of the image can be discerned there. What the CD-ROM contains is not a representation but an extraordinarily detailed description of the image, from which it can be rapidly reconstructed by electronic means.

It is precisely because they are descriptions rather than representations that images recorded in digital formats can be manipulated with such relative ease. To alter the texture of the background or the shape of a foreground object in an analog record of a photographic image might take a skilled retoucher hours or days, involving as it does the painstaking alteration of every affected portion of the picture. Beginning with a digitized image, the same result may be achieved with photo processing software in minutes, by changing the descriptive parameters of the digital record. That such digital records describe rather than represent information gives rise to some of the most important implications of the new technology for the law of intellectual property.

If digitalization allows us to store and manipulate data in ways never thought of, it has radically changed the way we transmit data. In a network environment, “packets” of information are routed from the memory of the sender’s computer to that of the receiver’s, either directly or, more commonly, by way of a series of electronic way-stations (“servers” and “routers”). The existence of these networks depends on the wide acceptance of common standards governing how information is to be broken down, sent,

⁸⁸ For an analysis of the characteristics of the digital media and its implications for copyright law, see Pamela Samuelson, *Digital Media and the Changing Face of Intellectual Property Law*, 16 Rutgers Computer and Tech. L.J. 323 (1990); For a comprehensive overview of digital age issues affecting copyright see Fred H. Cate, *The Technological Transformation of Copyright Law*, 81 Iowa L. Rev. 1395 (1996).

and reassembled. Collectively, these linked networks form what is called the “Internet.”

The Internet is made possible through the acceptance of common standards — such as the Transmission-Control Protocol (“TCP”) and the Internet Protocol (“IP”).⁸⁹ These developments have been accelerated dramatically by the creation of the multimedia branch of the Internet, the World Wide Web, by a researcher at the CERN physical laboratory in Geneva, Switzerland, in 1990 — and by the popularization of the Web, which followed the development of “web browser” software. Today, use of the Internet is growing exponentially. What was fifteen years ago an obscure (albeit powerful) communication system patronized by a small number of computer scientists and other devotees of digital technology has been transformed into the newest mass medium.

With the phenomenal development in communications networking, transmission of data is no longer limited to one to one communication (*e.g.*, telephone communication) or one to many communication (*e.g.*, broadcasting). The networking of communications facilities allows transmission of data from everyone to anywhere. Physical limits do not restrict the number of copies of a work that can be transmitted by electronic means. Similarly, no ceiling exists as to the number of recipients that can receive the work or where they may receive it.

[B] The Digital Challenge and Copyright Law

The digital revolution has allowed access to works and their reproduction and dissemination in ways not thought possible until recently. Data storage, transmission, and manipulability seriously challenge the control of the copyright owner over his work.

While changes in copying technologies may dramatically affect incentives to produce works of authorship, other current changes in technology call into question the very notion of authorship and of copyright law itself. Traditionally, a reference to the “author” of a work calls to mind a person, such as a novelist, composer, or artist. This “individualistic” notion of authorship (also called the “romantic” model of authorship) is ingrained in popular thinking and inscribed in the law of copyright.⁹⁰ But is this individualistic model of creation, on which so much of copyright law is

⁸⁹ By now, a distinction has emerged between “internet” with a small *i*, and “Internet” with a capital *I*. Officially, the distinction was simple: “internet” meant any network using TCP/IP while “Internet” meant the public, federally subsidized network that was made up of many linked networks all running the TCP/IP protocols. K. Hafner & M. Lyon, *WHERE WIZARDS STAY UP LATE: THE ORIGINS OF THE INTERNET* 244 (1996).

⁹⁰ The history, meaning, and ideology of authorship are examined comprehensively in Peter Jaszi, *Toward a Theory of Copyright: The Metamorphoses of “Authorship”*, 1991 Duke L.J. 455. (1991); see also Jessica Litman, *Copyright as Myth*, 53 U. Pitt. L. Rev. 235 (1991); Robert H. Rotstein, *Beyond Metaphor: Copyright Infringement and the Fiction of the Work*, 68 Chi.-Kent L. Rev. 725 (1993); Martha Woodmansee, *The Author, the Arts, and the Market: Rereading the History of Aesthetics* (1993).

based, appropriate to the world of digital electronic technologies where sounds, images, and words are duplicated, rearranged, and disseminated over vast, reticulated electronic networks?⁹¹ Some assert that traditional copyright law based on protecting a static printed text is ill-suited to today's world. In short, we need a copyright paradigm for protection informational products to meet the digital challenge. Without the ability to exclude others in the networked environment, information providers will have little incentive to disseminate works that take a heavy investment in time and effort. The fear is that we may be left with these wonderful digital copying and transmission technologies with less and less worth copying. In particular, corporate providers of copyrighted content — the so-called “copyright industries” that produce motion pictures, make sound recordings, publish books, and distribute software — have had a mixed response to the growth trend in Internet usage. In their view, the network environment is a place of both great opportunity and tremendous risk. On the one hand, they have identified the Internet as a potential future source of vast profits: a distribution medium with the potential of delivering content of all kinds, on demand, to consumers without the high overhead associated with conventional distribution systems. On the other hand, they perceive the Internet as a present danger to their valuable intangible assets. Their aim, then, is to make the network environment “safe” for digital commerce in information and entertainment products.

To some extent, this goal can be achieved through self-help by means of “technological safeguards” that create barriers to infringement: scrambling, encryption, watermarking, use of secure passwords, and so forth. But content providers are quick to argue that any technological security measures can eventually be “hacked,” and that, therefore, new legal protections for copyrighted works in the network environment are also required.

In August 1995, a working group of a special Clinton Administration Task Force issued its report, the so-called “White Paper” on Intellectual Property and the National Information Infrastructure.⁹² Although many of the White Paper proposals proved too controversial for legislative approval, its provisions against the circumvention of technological protection systems became the focus of a Diplomatic Conference of the World Intellectual Property Organization. The final treaties incorporated the “digital agenda” in calling on states to adopt legal measures to prevent “circumvention” of the technological protection system. On October 27, 1998, President Clinton signed into law legislation implementing the WIPO Copyright Treaties, known as the Digital Millennium Copyright Act (“DCMA”). As its centerpiece, the Act provides remedies, civil and criminal, against those who

⁹¹ Because digitization has called into question so many of the sacred notions of copyright one might ask what role copyright law will play in protecting the creative output of authors. This issue is explored in Marshall Leaffer, *Protecting Author's Rights in a Digital Age*, U. Tol. L. Rev. 1 (1996).

⁹² INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS (1995).

circumvent technological safeguards and tamper with copyright management information.⁹³

In addition to the anti-circumvention provisions, copyright owners have looked to other bodies, most importantly, contract law to protect their creations. We are all aware of the ubiquitous “shrink wrap” and “click on” licenses that the purchaser or user is required to accept as a condition of installing and using the program. Often these licenses include terms that run contrary to copyright law, restricting use of the program in ways copyright doctrine does not.

The state of the law on the enforceability of such terms is still unsettled, both as a matter of contract doctrine and its relation to the law of copyright preemption. But current proposals to update Article 2 of the Uniform Commercial Code (or, more accurately, to create a new Article 2B) to deal with information commerce in the digital environment would tend to bolster the arguments for enforceability of these restrictions and conditions.⁹⁴

One way or the other, the emergence of restrictive information licensing focuses new attention on the relationship between contract and copyright, and on the question of the extent to which our legal system should enable or abet the displacement of copyright rules by private arrangements.

[C] The Future

The emergent business model for the distribution of copyrighted works in the network environment seems to challenge the survival of a “cultural commons.” The day may soon be upon us when copyrighted works reside predominately in electronic networks, rather than in material form and when owners of these informational products will no longer have to look to traditional copyright law for protection. In place of traditional copyright law, a combination of technological restrictions, contractual arrangements, and criminal sanctions may well provide sufficient protection to copyright owners who will largely ignore traditional copyright law as the basis of enforcing their rights. In the coming world of the celestial jukebox, box office, or library, there may come a time that on-line access to a work will be allowed only to those who agree to conditions of payment and terms of use. Accordingly, copyright owners will negotiate for the kind of access license the user desires, such as read only access for viewing, or copying access. In short, technology may make it possible for information proprietors to treat every use as a new instance of “access.” The fear is that such proprietors could maximize profits while continuing to withhold their works from general scrutiny, including fair use.⁹⁵ In response to this dark vision, proprietors assert that these fears are overstated and a pay-per-use

⁹³ The DCMA is discussed at §§ 9.21 *infra*.

⁹⁴ The copyright/contract intersection and the issue of preemption is discussed at § 11.7[B] *infra*.

⁹⁵ The issues regarding fair use in a digital network environment is discussed at §§ 10.17-10.20 *infra*.

information environment will enhance access in more universal fashion and at lower cost than ever before.

Whatever view one has about the new information environment, copyright policy makers face issues radically different than those of the past. The challenge though remains the same: how to enhance public welfare with some balance between the interests of copyright owners with those of users. Striking this balance has never been easy from a theoretical or political standpoint, but the struggle to do so must continue because its goal is both socially imperative and the worth the fight.

PART III: COPYRIGHT, PATENT, AND TRADEMARK COMPARED

§ 1.10 In General

Anyone who seeks a thorough understanding of copyright law should be well acquainted with the other major bodies of intellectual property protection, particularly patent and trademark law. Although based on different statutes, goals, and theories, these three forms of intellectual property law protection (copyright, patent, and trademark) are interrelated and often overlap in the same subject matter. The purpose of the next section is to paint these relationships in broad brush, starting first with the federal intellectual property law and then proceeding to an analogous body of law arising out of state causes of action.

Copyright, patent, and trademark law share basic similarities. First, by their nature, all three major areas of intellectual property law recognize property rights in differing forms of information: copyright (expressive information); patent (technological information); and trademark (symbolic information). Second, because these bodies of law concern federally recognized rights, they are governed by federal statutes and administered by federal agencies. Third, from an international perspective, intellectual property is found in its most developed form in Western industrialized countries and rights in such property frequently are the subjects of international conventions.

§ 1.11 Patent Law

[A] In General

Compared with copyright, patent law is a form of intellectual property protection that is harder to secure, more difficult to maintain, and shorter in duration. Once obtained, however, a patent can be a more powerful form of protection than copyright. The patent grant encourages investment in research and development to produce valuable technological information. It creates a limited monopoly over this information in return for its public disclosure. Once issued, the patent becomes a public record, accessible to

those wishing to use the information to improve or invent around the invention and to those wishing to use the patent once its term expires.

Patent law is the only branch of intellectual property in which the claimant's rights are dependent on a governmental grant — one made by the U.S. Patent and Trademark Office. In contrast, a copyright does not spring into existence by an official act of government, but by the creative act of an author in fixing the work in a tangible medium of expression. Similarly, trademark rights do not begin with registration of the mark in the U.S. Patent and Trademark Office, but by the use of the mark on a product or service. Certainly, important procedural and substantive ramifications result from trademark registration. Moreover, an application for trademark before actual use may provide significant advantages. Despite these benefits, the basic fact remains: the substantive right to preclude others from using the mark vests only when use has been demonstrated.

Not surprisingly, the differing roles of the various federal and state bureaucracies in the regulation of intellectual property rights is often a source of confusion to the non-specialist.

[B] Procedures for Obtaining a Patent

As already noted, a patent is granted by a governmental agency: the U.S. Patent and Trademark Office (“PTO”).⁹⁶ To handle patent applications before the PTO, a practitioner must have a technical background and must pass a special PTO examination administered annually. These special qualifications help to ensure that the patent application is drafted properly, and that its prosecution will be guided competently through the PTO's administrative procedures.

A patent lasts from issuance to an expiration date 20 years from the date of filing. In the case of ornamental design patents, the patent lasts for 14 years from issuance.⁹⁷ The decision to grant the patent is made after the patent examiner evaluates the application to determine whether it meets the standards of patentability.

The patent application consists of three parts:⁹⁸ the claims, the drawings, and the specification. The numbered claims, found at the end of the patent document, determine the scope of the patent and are critical in deciding if the patent has been infringed. The specification and drawings show the

⁹⁶ The PTO is part of the U.S. Department of Commerce, although legislation to reassign its functions to a new autonomous agency is under consideration in Congress.

⁹⁷ See 35 U.S.C. § 154. Legislation related to obligations under the GATT changed the term to 20 years from the date of application. Previously, patents had lasted 17 years from the moment of issuance. The Uruguay Round Agreements Act (“URAA”), effective December 8, 1994, changed the basic term of patents. Current transitional provisions provide that the term of a patent that is in force on or that results from an obligation before the date that is six months after the date of the enactment of the Uruguay Round Agreements Act shall be the greater of the 20-year term . . . or 17 years from the grant. See 35 U.S.C. § 154(c)(1) (as amended by the URAA).

⁹⁸ See 35 U.S.C. §§ 111–115.

preferred embodiment of the invention and disclose the best means of making and using it.

The administrative process leading to issuance of a patent can take years, and thousands of dollars in legal fees. Thus, a patent should be sought only after careful consideration as to the chances of its successful issuance and its eventual validity if challenged in a court of law.

[C] Kinds of Patents

A patent confers a legal right to exclude others for a limited time from making, using, or selling the patented invention throughout the United States. There are three kinds of patents: a utility patent with a term running from the date of issuance, which expires 20 years from the date of application, a plant patent having the same term, and a design patent with a 14-year term from the date of the grant.

Utility patents are granted for new, useful, and nonobvious products and processes.⁹⁹ Plant patents may be given for discovering and asexually reproducing new and distinct plant varieties.¹⁰⁰ Design patents are granted for new, original and ornamental designs for articles of manufacture.¹⁰¹ Utility patents are those most often referred to when patents are discussed, and, overall, the most important from an economic standpoint.

[D] Utility Patents: Requirements for Validity

The patent statute sets forth the requirements for patentability in § 101.¹⁰² A patent is conferred on one who “. . . invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new improvement thereof.”¹⁰³ To obtain a patent one must show (1) patentable subject matter, (2) novelty, (3) usefulness, and (4) non-obviousness.

Patentable subject matter covers the full range of technological innovations that can be physically implemented in a product or process. Products are things: machines, chemical compounds, or objects. A process is a method of achieving a result. In addition to the more familiar patents covering mechanical, electrical, and chemical products or processes, patents have been granted for inventions in biotechnology (*e.g.*, man-made microbes)¹⁰⁴ and processes using computer software.¹⁰⁵ Generally speaking, the subject

⁹⁹ 35 U.S.C. § 101.

¹⁰⁰ 35 U.S.C. § 161.

¹⁰¹ 35 U.S.C. § 171. For a discussion of design patents, *see* § 3.15 *infra*.

¹⁰² *See* 35 U.S.C. § 101.

¹⁰³ *Id.*

¹⁰⁴ *See*

Diamond v. Chakrabarty, 447 U.S. 303 (1980).

¹⁰⁵ *See*

Diamond v. Diehr, 450 U.S. 175 (1981).

matter of utility patents and that of copyrights do not overlap, but copyright law also has extended significant protection to software, creating the potential that a given program may be protected under both intellectual property schemes.

Only *novel* products or processes are patentable. Under the “novelty requirement,” an invention must be something truly new, above and beyond what already exists. Thus, consistent with the novelty requirement, one cannot patent a preexisting natural substance, although one may be able to claim rights in an improved version of such a substance or in a process for its extraction. Above and beyond the novelty requirement, there are real limits on the patentability of fundamental “laws of nature” even if newly discovered. Even so, recent debates about the patent eligibility of genetic sequences isolated through recombinant DNA technology and mathematical algorithms underlying computer programs have created question about the exact scope of such restrictions.¹⁰⁶

The novelty requirement also reveals a fundamental difference between patent law and the law of copyright, which requires only that a protected work be original — the author’s own, not something copied from another work. Theoretically at least, two people who independently created identical works could both hold copyrights, and neither’s use would infringe the other’s rights. Thus, in order to recover for copyright infringement, a plaintiff must always prove that the defendant actually copied. By contrast, independent origination is not a defense in a patent infringement action. One who obtains a valid patent is entitled to enforce it against all who make, sell, or use the invention, whether or not they know about the work or the patent.¹⁰⁷

By the same token, however, an invention may also be found to lack novelty if its inventor (or someone else) publicly used it before filing for a patent on it.¹⁰⁸ Moreover, an invention is not considered novel if an application for it is not filed in the Patent Office within a year from the time the invention is used, or placed on sale in the United States, or described in a printed publication or patent anywhere in the world.¹⁰⁹ In this way, the patent statute encourages early disclosure of the invention through application in the Patent Office.

In the Patent Office, examiners scrutinize the record of “prior art” to assess an invention’s novelty. But the statute requires them to look to this source for other determinations as well. Even if the subject matter is new, patentability is precluded if the invention would be obvious to one with

¹⁰⁶ See, e. g., Robert Merges, *Review of Patenting/Licensing Laws as Related to Genome Research*, Genome Patent Working Group, Committee on Life Sciences and Health, Federal Coordination Council for Science Engineering and Technology, Proceedings of a Public Meeting, May 21, 1992, at 13, and John A. Burtis, *Towards a Rational Jurisprudence of Computer-Related Patentability in Light of In Re Alappat*, 79 Minn. L. Rev. 1129 (1995).

¹⁰⁷ See 35 U.S.C. § 271(a).

¹⁰⁸ See 35 U.S.C. § 102(a).

¹⁰⁹ See 35 U.S.C. § 102(b).

ordinary skill in the art. In other words, the invention sought to be patented must be nonobvious.¹¹⁰ Applying the nonobviousness standard is one of the most troublesome tasks in patent law. Determination of obviousness is ultimately a question of law based on several factual conclusions. The leading case on this issue,

Graham v. John Deere Co.¹¹¹ sets forth the process of inquiry to determine

non-obviousness. First, the scope and content of the prior “art” must be determined. Next, the differences between the prior art and the claim must be ascertained. Finally, the level of ordinary skill of the practitioner in the pertinent art must be resolved. Secondary considerations such as commercial success and the failure of others to make the discovery are also taken into account. It is easy to see why obviousness determinations in courtroom settings are often lengthy proceedings involving battles of technical experts testifying why a certain invention is obvious or not.

Nothing in copyright or trademark approximates the obviousness standard. The same can be said for the utility requirement in patent law, requiring that the invention be useful.¹¹² “Utility” means that the invention must work as described in the patent application. Utility also means that the invention must confer some benefit upon mankind.¹¹³

[E] Patent Infringement

The patentee can enforce the patent against those making, using, and selling the patented invention.¹¹⁴ A patent is the most exclusive right in intellectual property law, and, as noted above, original creation and innocent infringement cannot be asserted as defenses to patent infringement. The Patent Act allows for injunctive relief and up to three times actual damages for certain infringements.¹¹⁵ Patent infringement suits brought in federal district court can be appealed to the Court of Appeals for the Federal Circuit, a special appeals court created in 1982 in large part to handle the technicalities of patent litigation and to add a rational uniformity to patent law. Although the patentee enjoys a legislative presumption of validity of the patent, some courts have become notorious for appearing eager to strike down patents as being invalid. Thus, in litigation, the patentee runs the risk of having the patent invalidated after

¹¹⁰ See 35 U.S.C. § 103.

¹¹¹

383 U.S. 1 (1966).

¹¹² See 35 U.S.C. § 101.

¹¹³ See

Brenner v. Mason, 383 U.S. 519 (1966).

¹¹⁴ See 35 U.S.C. § 271.

¹¹⁵ See 35 U.S.C. §§ 281–294.

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incurring the expense of obtaining the patent and defending it in the patent litigation. The effect can be economically devastating to a patentee who made these substantial expenditures in expectation that the patent would be validated.

§ 1.12 Trademark Law

[A] Generally

Unlike copyright and patent law, which are exclusively creatures of statute, the origins of trademark law are in the common law. Indeed, the earliest British trademark decisions seem very distant from our modern notions of intellectual property. At its origins, trademark was a kind of consumer protection law, designed to prevent merchants from passing off inferior goods by using well established signs or labels.

Today, trademark law has come a long way from its beginnings, and federal statutes confer on proprietors of marks a broad range of property-like rights of association in products or services. A trademark can be a word, symbol, or device so long as it is used by a business to distinguish its goods from those of others.¹¹⁶ Trademarks — brand names and other symbols of identity — such as Coca-Cola, the Pillsbury Dough Boy, and the golden arches of McDonald's — surround us. These trade symbols are valuable to businesses and consumers. To their owners, a trade symbol is a marketing device, a focus of brand loyalty. To consumers, trade symbols allow the saving of time in deciding which product to buy and where to buy it. On the negative side, critics of trademark law believe that trade symbols create irrational brand loyalty, permitting the owner of a well-known mark to set his price for the product above the competitive price. As such, an overly strong trademark law creates entry barriers to new competition from lower-priced products and more efficient competitors. Whatever the merits of these arguments, trademark law, like other branches of intellectual property law, is strongest and most developed in the Western countries.

Trademarks, unlike patents and copyrights, can theoretically last forever so long as they are used to distinguish goods or services. Trademarks can be abandoned by non-use or can fall into the public domain — become the generic name of a product — if they no longer distinguish the goods or services. But ownership of a trademark is not subject to a specific duration and can theoretically endure in perpetuity.

Unlike copyright and patent law, trademark law is not the exclusive domain of federal law. Whereas a federal statute is the only source of copyright and patent law, trademark rights arise out of the state common law. The first trademark statutes in the United States were state laws, and even today the federal role is a coordinate (and theoretically) limited one.¹¹⁷

¹¹⁶ See 15 U.S.C. § 1127; *see generally*, RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (Tent. Draft No. 2, Mar. 23, 1990).

¹¹⁷ See *Trademark Cases*, 100 U.S. 82 (1879).

Specifically, Congress' power to legislate is limited to interstate or foreign-trade transactions. Meanwhile, the states continue to apply their own independent trademark systems locally. Where appropriate, federal courts may consider state law-based trademark claims along with federal ones under the principle of pendant jurisdiction. In addition, the states and federal government both offer facilities for trademark registration, and these (especially the latter) are important from a practical standpoint.

[B] Federal Registration of Trademarks

The Lanham Act,¹¹⁸ establishes a registration system administered by the U.S. Patent and Trademark Office. Trademark registration is important from a practical standpoint. The registrant enjoys substantial procedural and substantive advantages beyond common law rights, as well as access to enhanced remedies, in cases of infringement. Among these benefits are that: (1) the certificate of registration is *prima facie* evidence of the validity of the registration;¹¹⁹ (2) registration is constructive notice to others of the claim of ownership;¹²⁰ (3) registration confers federal jurisdiction without regard to diversity of citizenship or amount in controversy;¹²¹ (4) registration can become incontestable after five years of continuous use of the mark and will constitute the exclusive right to use of the mark;¹²² (5) registration provides the right to treble damages, attorney's fees, and other remedies in an action for infringement;¹²³ and (6) registration provides the right to request customs officials to bar importation of goods bearing infringing trademarks.¹²⁴ Taken as a whole, these advantages are a powerful inducement to register.

Federal trademark registration is obtained by filing an application in the Trademark Office. Once filed, an application is reviewed by a trademark examiner who verifies, among other things, that: (1) the mark is not deceptive; (2) the mark is not confusingly similar to another mark; and (3) the mark is not merely descriptive of the goods or misdescriptive of them, geographically descriptive or misdescriptive, or primarily merely a surname.¹²⁵ Although an applicant can base his application on an *intent to use* the mark in commerce as well as on *actual use*, registration will not issue until actual use of the mark is proved.¹²⁶

The trademark examination process is neither as lengthy nor as costly as an examination of a patent. The trademark application is relatively

¹¹⁸ See 15 U.S.C. §§ 1051–1127.

¹¹⁹ See 15 U.S.C. § 1057(b).

¹²⁰ See 15 U.S.C. § 1072.

¹²¹ See 15 U.S.C. § 1111.

¹²² See 15 U.S.C. § 1065.

¹²³ See 15 U.S.C. §§ 1116–1120.

¹²⁴ See 15 U.S.C. § 1124.

¹²⁵ See 15 U.S.C. § 1052(a), (d)–(e).

¹²⁶ See 15 U.S.C. § 1051(b)(1)(A).

simple to complete as compared with the patent application. Further, in contrast to patent, prosecution before the Trademark Office does not require the aid of a special attorney admitted to practice before the agency. The trademark registration process, however, can be much more intricate and costly than filing for copyright registration.

[C] Federal Unfair Competition Law: Section 43(a) of the Lanham Act

Under both federal and state law, the first user of a distinctive mark may have an action against one who offers goods or services marked in a confusingly similar manner. Section 43(a) of the Lanham Act¹²⁷ specifically provides for relief in cases where there has been a so-called “false designation of origin” and state laws provide general relief against “passing off” as a form of “unfair competition.” As the doctrine is understood, passing off takes place when a business makes a false representation likely to cause consumer confusion.

The classic example of passing off is trademark infringement, which has been applied to protect names, words, and symbols associated with particular firms or their products. The notion of passing off is applied more broadly to other indicia of commercial identity such as packaging, product configuration and labeling, and may include the total image, advertising materials, and marketing techniques by which the product or service is presented to customers. Many of these commercial attributes, collectively known as “trade dress,” do not qualify for federal trademark registration. Trade dress, however, may be protected under section 43(a) of the Lanham Act, which has enjoyed increasing vitality since the 1960’s. The last several years have seen a vast increase in the number of suits brought under section 43(a), and in the scope of the holdings they have produced.¹²⁸

Claims of passing off under section 43(a) and copyright infringement often overlap. For example the plaintiff may have a copyright on a label or advertising material on its product. If the defendant closely imitates the label by creating a substantially similar label, an action can be brought for copyright infringement. In addition, if the defendant sells goods under the same or similar label, causing consumer confusion about the origin of the defendant’s goods or services, an action for trademark and/or trade dress infringement will lie. Such protection goes further than copyright protection. First, protectable trademarks and trade dress may enjoy perpetual protection, so long as they are used and maintain their ability to indicate

¹²⁷ 15 U.S.C. §§ 1051-1127.

¹²⁸ See

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992) (holding that mexican restaurant total image is protectable trade dress based on a finding of inherent distinctiveness without proof that the trade dress has secondary meaning).

source. Second, unlike the situation in copyright, a third party user may not claim independent creation as a defense to an action in the nature of passing off. Conversely, trademark and trade dress protection is limited in some ways in which copyright is not. For example, distinctive trade dress will only be protected when third party use creates a likelihood of confusion.

[D] Trademark Infringement

A trademark is infringed when a third party without authorization uses a confusingly similar mark on similar goods or services.¹²⁹ The ultimate test is whether the concurrent use of the two marks would cause consumers to be mistaken or confused about the source of origin or sponsorship of the goods or services. Thus, the marks neither have to be identical, nor used on identical products to be confusingly similar.

[E] Trademark Dilution

Generally speaking, a successful action for trademark infringement requires that the defendant's use of plaintiff's mark causes confusion about the origin of products or services. Thus, if the trademark TIDE is used by a third party on another detergent or related product, such as dishrag, the consumer would be confused as to the origin of the product. Alternatively, confusion would not take place if TIDE were used on an unrelated product such as apple juice or dog food. Owners of strong marks, ones widely recognized by consumers, *e.g.*, TIDE, have often argued that third-party use on related products could dilute the distinctive quality of their mark and detract from their positive image. Antidilution laws found in about half the states have reflected these concerns and have been enforced to protect strong (if not always famous) marks¹³⁰ against third party use that would lead to the blurring of the distinctive character or tarnishment of the mark. In 1996, Congress enacted a federal cause of action for dilution to provide relief against the blurring or tarnishment of a *famous* mark.¹³¹ The Federal Statute — commonly referred to as § 43(c) — limits antidilution protection to famous marks only, and establishes criteria to determine whether a mark is famous.¹³²

¹²⁹ See 15 U.S.C. § 1052(d).

¹³⁰ See, *e.g.*,

Wedgwood Homes, Inc. v. Lund, 659 P.2d 377 (Or. 1993);

Deere & Co. v. MTD Products, Inc., 41 F.3d 39 (2d Cir. 1994) (finding the

use of altered, animated form of John Deere logo in advertisement constituted dilution under New York law).

¹³¹ 15 U.S.C. § 1125(c).

¹³² 15 U.S.C. § 1125(c)(1)(A-H).

§ 1.13 Chart Comparing Copyright, Patent, and Trademark

	COPYRIGHT	PATENT ¹³³	TRADEMARK
SUBJECT MATTER	Literary, dramatic, and musical works; pantomimes and choreography; pictorial, graphic, and sculptural works; audiovisual works; sound recordings; architectural works	<u>Utility patent:</u> Functional features of products and processes <u>Design patent:</u> Ornamental designs for manufactured goods	Words, names, symbols, or devices
STANDARDS FOR VALIDITY	Originality and fixation in a tangible medium of expression	<u>Utility patent:</u> Novelty, nonobviousness, and utility <u>Design patent:</u> What is obvious to ordinary designer	Use of mark to distinguish one's goods or services
WHEN PROTECTION BEGINS	Upon fixation of original expression	When granted by U.S. Patent and Trademark Office	Upon use of mark
DURATION OF PROTECTION	Life of the author (or longest-lived joint author), plus 70 years; or 95 years from publication or 120 years from creation, whichever expires first	<u>Utility patent:</u> Until 20 years from date filed <u>Design patent:</u> 14 years from date issued	So long as properly used as trademark
STANDARDS FOR	Copying and improper appropriation	<u>Utility patent:</u> Mainly by making, using, or selling something covered by the claim language <u>Design patent:</u> Similarity of the designs to the ordinary observer	Likelihood of confusion

¹³³ Summary omits patents for distinct and new plant varieties asexually reproduced, *i.e.*, without using seeds (same term of protection as utility patents). *See* 35 U.S.C. §§ 161-164.

	COPYRIGHT	PATENT ¹³³	TRADEMARK

§ 1.14 State Intellectual Property Law

A diverse system of state intellectual property law plays a significant role in protecting intangible property. These areas of state law are variously known as: trade secret, unfair competition, common law copyright, right to publicity, and misappropriation. Two of the more important areas of traditional state protection are trade secret and unfair competition, which are analogous to patent and trademark law, respectively. Of less practical importance is common law copyright, which is almost entirely preempted by federal law. In addition to these traditional forms of state law protection, the right to publicity represents a relatively new body of law having similarities to both copyright and trademark law. Finally, an older form of state law, misappropriation law, still is available in appropriate cases. State protection of intangible property interests supplements federal protection and fills in gaps unattended by federal law.

[A] Trade Secrets

The Uniform Trade Secrets Act, adopted in various versions in a majority of states, defines a trade secret as:

“Trade Secret” means information, including a formula, pattern, compilation, program, device, method, technique, or process, that: derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances.¹³⁴

Trade secret law protects much the same technological information as does patent law, but trade secret subject matter is even broader, extending to customer lists, marketing plans, and other information not included within patentable subject matter.¹³⁵ In addition, a trade secret does not have to meet the rigorous standards of inventiveness required by patent law. For these reasons, some businesses decide not to seek patent protection if the risk of being rejected for lack of patentable subject matter or inventiveness is substantial and/or does not justify the time and expense of the patent application process.

A valid trade secret exists only if it is substantially “secret” within the trade secret’s owner’s industry. Absolute secrecy is not required, but if the

¹³⁴ Uniform Trade Secrets Act, with 1985 Amendments § 1(4). The still influential RESTATEMENT OF TORTS § 757, Comment b (1939) defines a trade secret as consisting of: “. . . any formula, pattern, device or compilation of information which is used in one’s business, which gives him an opportunity to obtain an advantage over competitors who do not know or use it. [A trade secret] 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.” See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 (1995) and

Metallurgical Industries, Inc. v. Fourtek, Inc. 790 F.2d 1195 (5th Cir. 1996).

¹³⁵ See *Id.*

trade secret is widely used within the industry, it is less likely that it can be protected as a property right. Other factors that courts consider in determining whether secrecy exists are: the extent to which the subject matter is known by the employees in the trade secret owner's business, and the extent of measures taken to guard the secrecy of the subject matter.¹³⁶

Trade secrets have the attributes of property, and can be licensed, taxed, and inherited.¹³⁷ But if an attribute of property is the right to exclude others from using it, the trade secret is a weak form of property protection. A trade secret can only be enforced against improper appropriation, such as theft by an industrial spy,¹³⁸ or a breach of a confidential relationship not to divulge the trade secret. This is why it is often said that trade secret protects a relationship rather than a property interest.

Trade secrets are a particularly appropriate form of protection for processes. By its nature, a process, such as the formula for making Coca-Cola, can be practiced secretly by a few people and is often difficult to determine by reverse engineering. Compared with the 20-year patent monopoly, a trade secret may exist forever, so long as substantial secrecy exists. Thus, instead of seeking a patent for a process that will have to be publicly disclosed in the patent grant and whose patent protection will last only 20 years, many businesses prefer the trade secret status of their information in a gamble for a much longer term of protection.

[B] Unfair Competition Law

The term "unfair competition" is defined in two ways. It is sometimes used in the broadest sense as covering any cause of action against acts of "commercial immorality" among competitors. This would include actions for trade secret misappropriation, interference with contractual relations, predatory pricing, trademark infringement, product disparagement, and any other activity contrary to our notions of fair competitive practices.

"Unfair competition law" is most commonly used in referring to an action for "passing off," that is an action against a individual that passes off its goods or services as someone else's. An action for unfair competition may involve trademark infringement; use of confusingly similar corporate names; use of similar titles of literary works, products, or containers; and

¹³⁶ See Roger M. Milgrim, *TRADE SECRETS* § 2.01 (1988); See also

Rockwell Graphic Sys., Inc. v. DEV Industries, Inc., 925 F.2d 174 (7th Cir.

1991).

¹³⁷ The Supreme Court adopted this view in

Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1001-1004 (1984).

¹³⁸ See, e.g.,

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

(stating aerial photography of a plant undergoing construction was an improper means of appropriating a trade secret).

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trade dress similarities. False representations and false advertising would fall under this definition of unfair competition as well.¹³⁹

[C] Common Law Copyright

Under the 1909 Act, federal copyright protection began when an author published his work. Unpublished works were given protection, if at all, under state common law copyright. In contrast, the 1976 Act now protects works from the moment of creation — that is, when they are fixed in a tangible medium of expression.¹⁴⁰ In so doing, the 1976 Act specifically preempts state common law copyright.¹⁴¹ Federal preemption will occur for a work *fixed in a tangible medium of expression*, if the state law covers the subject matter of copyright and confers the same kinds of exclusive rights found in the federal Copyright Act.

Although federal preemption casts a long shadow, state common law copyright might play a role when a work is not fixed in a tangible medium of expression. Examples would include an oral interview or jazz improvisation. The states would not be precluded from protecting these non-fixed works under their own copyright laws. The underlying authority lies in the United States Constitution, which allows Congress to pass laws protecting “writings of authors.”¹⁴² Writings are generally recognized as works embodied in some kind of material form, the opposite of a purely oral or other non-fixed work.¹⁴³ Falling outside the constitutional authority of Congress, protection of oral or other non-fixed works could validly be regulated by state law. In practice, however, few courts have even considered copyright protection for oral works, but they have recognized its possibility.¹⁴⁴

[D] The Right of Publicity

In 1953, a court¹⁴⁵ recognized for the first time an intangible property right called the “right of publicity.” A body of law had already developed

¹³⁹ See generally RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 2–6 (Tent. Draft No. 1, April, 12, 1988).

¹⁴⁰ See 17 U.S.C. § 102(a).

¹⁴¹ See 17 U.S.C. § 301(a).

¹⁴² U.S. Const. art. I, § 8, cl. 8.

¹⁴³ See

Goldstein v. California, 412 U.S. 546, 567–68 (1973).

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¹⁴⁴ See, e.g.,

Estate of Hemingway v. Random House, Inc., 23 N.Y.2d 341, 244 N.E.2d

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250, 296 N.Y.S.2d 771 (1968). For a discussion of this case, see § 2.6
infra.

¹⁴⁵

Haelan Labs., Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir.), *cert.*

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denied, 346 U.S. 816 (1953).

around the right of privacy, prohibiting appropriation for commercial benefit of a person's name or likeness. If a private person's name or likeness is used to advertise a commercial product,¹⁴⁶ for example, the law would allow issuance of an injunction, and would award appropriate damages for this invasion of private life and the right to be let alone as a private citizen. However, when the persona of an athlete, a movie star, or other celebrity is exploited in this way, one cannot argue as persuasively that a privacy interest is invaded. Celebrities, by implication, have waived aspects of their privacy. The harm that occurs in these circumstances is a commercial one, because the celebrity has been deprived of a property right in the fruit of his labors — *i.e.*, the ability to exploit commercially his name or picture. The right to privacy relates to dignitary harm, whereas the right to publicity involves commercial harm. The two rights rest on distinct legal theories.

Some states have statutes protecting the right of publicity;¹⁴⁷ in others the right is protected under the common law.¹⁴⁸ Whatever its form, the right of publicity is a more absolute right than either trademark or unfair competition rights and is based on a theory of unjust enrichment. To prevail in an action for the right of publicity, one does not have to show confusion of source of sponsorship or falsity as in an action for trademark infringement. Rather, the aggrieved plaintiff in an action for right of publicity must only show the appropriation of goodwill in the use of his or her name or likeness.

The right of publicity has continued to expand beyond its traditional domain of names and likenesses. Recent case law has used the publicity doctrine to protect attributes concerning other aspects of the identity and image of a celebrity. These have included prohibitions against a Bette Midler sound-alike in a commercial,¹⁴⁹ the use of the phrase "Here's Johnny" by a seller of portable toilets,¹⁵⁰ and an advertisement showing a robot resembling Vanna White in a game show.¹⁵¹

¹⁴⁶ See

Pavesich v. New England Life Ins. Co., 122 Ga. 190, 50 S.E. 68 (1905).

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¹⁴⁷ See Cal. Civ. Code § 3344.

¹⁴⁸ See

Hirsch v. S.C. Johnson & Son, Inc., 90 Wis. 2d 379, 280 N.W.2d 129 (1979).

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¹⁴⁹

Midler v. Ford Motor Co., 849 F.2d 460 (9th Cir. 1988).

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¹⁵⁰

Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831 (6th Cir. 1983).

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¹⁵¹

Vanna White v. Samsung Elecs. Am., Inc., 971 F.2d 1395 (9th Cir. 1992),

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pet. for reh'g and reh'g en banc den., 989 F.2d 1512 (9th Cir. 1993).

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