

# Bright Ideas

A publication of the Intellectual Property Law Section  
of the New York State Bar Association



## Message from the Chair

Now, more than ever, it is reassuring to be part of a larger community. Our Lake George conference this year, coming in the midst of a period of high alert, was a welcome opportunity to enjoy and make friendships, probe some thorny and fascinating intellectual property disputes, and get away from it all on one of the region's most beautiful fall weekends.



It was one of the most enjoyable sessions we have had in Lake George. Many of the presentations from Lake George will be placed on our Web site. Many thanks to Marc Lieberstein and Robert Greener for organizing a superb group of speakers from as far away as London and California. And thanks to Mimi Netter for helping land a provocative fill-in speaker to replace Congressman Sweeney, who was called away on fast-breaking official business: Scott Ritter, a member of the U.N. task

force that investigated Iraq's possession of weapons of mass destruction. Not strictly an intellectual property issue, of course, but one of vital interest.

One of our Lake George highlights was the opportunity to honor the winners of our writing competition, sponsored by Thomson & Thomson. Our first prize winner this year, winning \$2,000, was Maryellen O'Brien, who is working on a degree in law librarianship at SUNY Buffalo; second prize, \$1,000, went to Safia Nurbhai of Brooklyn Law School; and third prize, \$500, went to Steve Giametta of St. John's Law School. You will enjoy reading their submissions in this and future issues of *Bright Ideas*.

It is not too early to get started on next year's entries. Please pass the word to law students who are interested in intellectual property law that we are looking for excellent papers no longer than 35 pages on intellectual property law issues. Please contact Walter Bayer at [walter.bayer@corporate.ge.com](mailto:walter.bayer@corporate.ge.com) or me for further details.

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Our January 22 Annual Meeting promises to be another Section highlight. Titled "Intellectual Property in a Time of Crisis," we will present a roster of speakers including Marybeth Peters, the US Register of Copyrights, discussing the many tensions between new technologies and copyright law; Scott Charney, speaking on cyber security; a panel of experts discussing whether and when intellectual property rights might trump the Constitution; Madlyn Primoff and William Coats advising how to navigate intellectual property clients through bankruptcy and Article 9; a panel of corporate counsel on best intellectual property practices; and a discussion of intellectual property at war: private property rights vs. the public interest, an issue brought to the fore in some of the recent discussions about Cipro. Lisa Dolak, our ethics maven, will be rejoining us to discuss the risky business of representing competitors. The Section lunch will be a festive opportunity to renew acquaintances and celebrate our tenth anniversary. Please register early and encourage your colleagues to do the same.

Finally, I know you will be pleased to hear that the Section has assisted the NYSBA with its September 11 Web site, which may be found at [www.nysba.org/wtc/faqslawyers.htm](http://www.nysba.org/wtc/faqslawyers.htm). While most of the practical legal issues surrounding that event do not involve intellectual property, Jeff Cahn, Phil Furgang, Phil Gilman, Vejay Lalla and others from the Section gathered information about how directly affected practitioners might handle such issues as missed deadlines and lost originals. Fortunately, the United States and European Community offices involved in intellectual property have been extremely cooperative in addressing these practical issues. If you have special needs or questions arising out of September 11, please contact me or any other members of the Executive Committee.

We look forward to seeing you on January 22 and at our Committee and special meetings throughout the year.

**Victoria A. Cundiff**

## Thank You

The Intellectual Property Law Section extends its gratitude to the following firms for their significant sponsorship over the past year:

- Pennie & Edmonds LLP
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# Developments in U.S. Copyright Law Arising from Internet Music Cases

By Michael S. Elkin and Sharon P. Carlstedt

During the last several years, advances in information technology have made it possible for companies to make content available on the Internet and distribute it almost instantaneously to anyone owning a computer anywhere in the world. This raises new challenges for copyright owners and copyright law. This article will discuss the impact on copyright law of recent Internet music cases, including

*UMG Recordings, Inc., et al. v. MP3.com, Inc. (UMG)*;<sup>1</sup> *TeeVee Toons, Inc. et al. v. MP3.com, Inc. (TVT)*;<sup>2</sup> and *A&M Records Inc., et al. v. Napster, Inc. (Napster)*.<sup>3</sup>

One area of copyright practice that has been affected by these cases is the role in copyright litigation of the copyright registration itself. Under the Copyright Act, a copyright registration is *prima facie* evidence of copyright ownership; the defendant has the burden of rebutting ownership supported by registration.<sup>4</sup> The Internet music cases demonstrate, however, that a practitioner should not simply expect to place the copyright registration into evidence and rest as to ownership. For example, in *TVT*, the court required the plaintiffs to introduce into evidence the artist/label agreement underlying each sound recording registration and the songwriter/publisher agreement underlying each musical composition registration.<sup>5</sup>

In Internet music infringement cases, defendant's counsel have routinely attacked the validity of plaintiff's registrations based on the language of the underlying agreements. For example, in both *UMG* and *TVT*, MP3.com attacked the validity of registrations designated as "works made for hire." Among other things, registration of a copyright as a "work made for hire" extends copyright duration, for works created on or after January 1, 1978, from the life plus 70-year term applicable to individual authors,<sup>6</sup> to 95 years from first publication or 120 years from creation for corporate authors.<sup>7</sup> Thus, work-for-hire status is significant because it avoids statutory termination provisions.<sup>8</sup>

A work can be copyrighted as a work made for hire if it fits into one of two mutually exclusive statutory categories. First, a work is made for hire if it is prepared by an employee within the scope of his or her employment.<sup>9</sup> Alternatively, a work is made for hire if it is "specially ordered or commissioned" to be used as: (1) a contribution to a collective work; (2) part of a motion picture or audio-



Michael S. Elkin

visual work; (3) a translation; (4) a supplementary work (i.e., to explain a work by another author); (5) a compilation; (6) an instructional text; (7) a test; (8) answer material for a test; or (9) an atlas.<sup>10</sup> The copyright statute of frauds applicable to the second category requires a written agreement, generally executed prior to creation of the work, which expressly categorizes the work as a work made for hire.<sup>11</sup>



Sharon P. Carlstedt

Although sound recordings are not specifically listed as a category of commissioned works that can be treated as works made for hire, it nevertheless is a common practice in the music industry to register sound recording copyrights as works made for hire. In *TVT*, Judge Jed S. Rakoff did not actually reach the issue of whether a sound recording or a CD falls into one of the nine enumerated categories, as either a contribution to a collective work or a compilation. Instead, the court found that even if it ultimately were held that the registration of a sound recording as a work made for hire was not authorized under the Copyright Act, that would only invalidate the registration if the error were material and the misrepresentation were made in bad faith.<sup>12</sup> Since what constitutes a work made for hire is a complex issue upon which the law is less than clear, the court found that where plaintiffs otherwise could claim ownership of the relevant work, through assignment or transfer, the misclassification as a work made for hire would not invalidate the registration.<sup>13</sup>

Accordingly, the court held that if the plaintiffs could show at trial that at the time of application for registration, the underlying recording agreement established a good-faith basis for "work for hire" registration and included a "belt and suspenders" assignment, then the copyright registrations would be valid as a matter of law. In such instances, the registration certificates would support claims for statutory damages.<sup>14</sup> Thus, if you are counseling a record company with respect to drafting recording agreements with its artists, it is important to advise that the contracts should include a "belt and suspenders" assignment.

What if the agreement between the record company and the artist is an exclusive license? Can the record company prosecute a copyright infringement claim as exclusive licensee? It depends. The Copyright Act states that "[t]he owner of any particular exclusive right is entitled, to

the extent of that right to all of the protection and remedies accorded to the copyright owner by this title.”<sup>15</sup> However, in *TVT* the court held that an exclusive license, unlike an assignment, did not give the licensee standing to prosecute copyright infringement except “to the extent that any of the license agreements in issue specifically has a provision that allows the exclusive licensee to claim legal title to the copyright in an application for copyright registration.”<sup>16</sup> The court made this ruling despite the express language in the statute and despite the fact that the copyright application itself contains a box labeled “exclusive licensee.”

Another challenge Internet music companies have raised is that mistakes in ownership classifications in copyright applications constitute fraud on the Copyright Office, which, they argue, should invalidate the resulting registrations. It is settled law that mistake alone will not invalidate a registration, but deliberate misrepresentation may.<sup>17</sup> In *TVT*, MP3.com asserted the affirmative defense of fraud on the Copyright Office, and the court permitted MP3.com to question TVT’s witnesses on the issue. Ultimately, the court did not allow the fraud issue to go to the jury, ruling instead that where there was a colorable claim for a work-made-for-hire designation, “there cannot be a basis for a fraud defense because there could not as a matter of law be bad faith in making a pitch for something that the law arguably permitted then and even arguably now.”<sup>18</sup>

Another defense that has been unsuccessful for Internet music companies such as Napster and MP3.com is fair use. The Copyright Act sets out four nonexclusive factors for courts to consider in determining whether infringement is excused by the fair use defense. Consequently, courts take into account the purpose and character of the use, including whether such use is commercial; the nature of the copyrighted work; the amount and substantiality of the portion used; and the effect of the use upon the market for the copyrighted work.<sup>19</sup>

In *UMG*, the court held that MP3.com’s use was commercial, and moreover, that the fact that its use was not transformative militated against a fair use finding.<sup>20</sup> Regarding the second fair use factor, the court found that the recordings were creative and part of the intended core of copyright protection and thus were unlike the factual and descriptive materials traditionally eligible for fair use.<sup>21</sup> The fact that the entire works were copied also cut against a fair use finding, since, under the third factor—the amount and substantiality of the portion copied—the propriety of such a finding decreases with an increase in volume copied.<sup>22</sup> In assessing the fourth factor, the court could not make conclusions as to the effect of MP3.com’s activities on the market for plaintiffs’ works; however, it ruled that even a positive effect would “in no way free defendant to usurp a further market that directly derives from reproduction of the plaintiffs’ copyrighted works.”<sup>23</sup>

In *Napster*, the Ninth Circuit found that downloading MP3 files was not transformative, since the files were merely retransmitted in a different medium.<sup>24</sup> Moreover, the fact that the use was commercial militated against a finding of fair use.<sup>25</sup> The court also found that the creative nature of the works cut against a finding of fair use because, again, they were “closer to the core of intended copyright protection.”<sup>26</sup> The works were, moreover, copied in their entirety. Regarding the final fair use factor—harm to the market—the Ninth Circuit upheld the lower court’s finding that Napster had a “deleterious effect on the present and future digital download market.”<sup>27</sup> Furthermore, even in the absence of such harm, the court held that the copyright holder should not be deprived of the right to exploit alternative markets.<sup>28</sup> Thus, even though MP3.com and Napster had different business models as to how the music was made available to users, the courts were consistent in finding that neither constituted fair use.

In addition to the impact these cases have had on the defenses raised in copyright cases, the Internet music cases have also impacted damage analysis, in particular with respect to section 504(c) of the Copyright Act, which states:

The copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work . . . in a sum of not less than \$750 or more than \$30,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.<sup>29</sup>

Section 504(c)(2) adds that where the court determines that the infringement was willful, “the court in its discretion may increase the award of statutory damages to a sum of not more than \$150,000.”<sup>30</sup> This is the section that provides that a plaintiff may at any time before final judgment elect actual or statutory damages. Plaintiffs who have not filed copyright applications by the time of the alleged infringement or within three months after first publication of the work are limited to actual damages.<sup>31</sup>

Section 504(c) also sets the ranges of damages available to a plaintiff for willful and non-willful copyright infringement. Statutory damages for non-willful infringement may range from \$750 to \$30,000, while damages for willful infringement may be as much as \$150,000.<sup>32</sup> Therefore, while a willful infringer may be liable for as much as \$150,000 per work, courts apply section 504(c) to mean that they may also be liable for as little as \$750 per work (or \$200 per work, if the court finds that the infringer was unaware of the infringement and had no reason to know of it), as the jury or fact finder finds appropriate. This is an



important consideration when counseling a client regarding the risks of litigation and the potential recovery if the case proceeds to trial. Section 504(c) has been interpreted to mean that a plaintiff may only recover for each work infringed, not for each infringement.<sup>33</sup> If a defendant infringes upon the same work one thousand times, the plaintiff still is only entitled to one recovery under section 504(c).

The Internet music cases have shed some light on another part of section 504(c), which states: "For the purpose of this subsection, all the parts of a compilation or a derivative work constitute one work." In analyzing sound recordings on CDs, the court in *UMG* held that statutory damages would be awarded on a "per-CD" basis, not on a "per-song" basis, because, it said, CDs are compilations, and all the parts therefore must be treated as a single work.<sup>34</sup> In *UMG*, the record company plaintiffs had agreed that CDs were compilations in arguing that sound recordings were protected as works made for hire under section 101. The *TVT* court found that even individual musical compositions—the lyrics and notes—on CDs should be considered one work under section 504(c), despite ample authority to the contrary.<sup>35</sup>

In *TVT*, MP3.com made yet another argument—that the sound recording is a derivative work of the underlying musical composition—and, therefore, both the sound recording and the musical composition should be considered one work for damage purposes. The court rejected this argument, except in the case where the same owner owns both the sound recording and the musical composition.<sup>36</sup>

Cases continue to be litigated against companies like Napster and MP3.com. The RIAA has recently filed lawsuits against Aimster and MusicMatch, and other record company plaintiffs likely will follow. As technology improves and changes, companies are continuing to emerge with new and creative business models and methods to make content available on the Internet. To the extent those models and methods infringe on the rights of copyright owners, the impact on copyright law will continue.

## Endnotes

1. 92 F. Supp. 2d 349 (S.D.N.Y. 2000).
2. 134 F. Supp. 2d 546 (S.D.N.Y. 2001).
3. 239 F.3d 1004 (9th Cir. 2001).
4. 17 U.S.C. § 410(c).
5. The Copyright Act defines sound recordings as "works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material objects, such as discs, tapes, or other phonorecords, in which they are embodied." 17 U.S.C. § 101. A musical work consists of the underlying music and accompanying words. See 1 Nimmer on Copyright § 2.05.

6. It is important to note that the Copyright Act of 1909 only allowed for 28 years of copyright ownership, plus an additional 28-year renewal term. Those copyrights existing upon the effective date of the Copyright Act of 1976, that is, on Jan. 1, 1978, endure for 28 years from the date they were originally secured. See 17 U.S.C. § 304.
7. See 17 U.S.C. § 302.
8. For example, ownership by assignment only lasts 35 years. See 17 U.S.C. § 203.
9. See 17 U.S.C. § 101.
10. *Id.*
11. See *id.*
12. 154 F. Supp. 2d at 549.
13. *Id.*
14. *Id.*
15. 17 U.S.C. § 201(d)(2).
16. *TVT* Transcript for Continuation of Hearing, Apr. 4, 2001, at 43.
17. See *Whimsicality, Inc. v. Rubie's Costume Co., Inc.*, 891 F.2d 452 (2d Cir. 1989). See also *Fonar Corp. v. Domenick*, 105 F.3d 105 (2d Cir. 1997) (same); *TVT* Transcript for Continuation of Hearing, Apr. 4, 2001, at 26.
18. See Trial Transcript, vol. 8, at 1406.
19. See 17 U.S.C. § 107.
20. See *UMG*, 92 F. Supp. 2d at 351.
21. *Id.* at 352.
22. *Id.*
23. *Id.* at 351-52.
24. See *Napster*, 239 F.3d at 1015.
25. *Id.*
26. *Id.*
27. *Id.* at 1017.
28. *Id.*
29. 17 U.S.C. § 504(c).
30. 17 U.S.C. § 504(c)(2).
31. See 17 U.S.C. § 412.
32. See 17 U.S.C. § 504(c).
33. *Walt Disney Co. v. Powell*, 897 F.2d 565 (D.D.C. 1990).
34. *UMG Recordings, Inc. v. MP3.com, Inc.*, 109 F. Supp. 2d 223 (S.D.N.Y. 2000).
35. See *Broadcast Music, Inc. v. R Bar of Manhattan, Inc.*, 919 F. Supp. 656 (S.D.N.Y. 1996) (awarding \$1,500 for each willfully infringed music composition); *Peer Int'l Corp. v. Luna Records, Inc.*, 887 F. Supp. 560 (S.D.N.Y. 1995) (awarding \$10,000 for each willfully infringed licensed music composition, and \$15,000 for each willfully infringed unlicensed music composition); *Broadcast Music, Inc. v. 315 West 44th St. Rest. Corp.*, 93 Civ. 8082 (MBM), 1995 WL 408399 (S.D.N.Y. July 11, 1995) (awarding \$2,000 for each of nine willfully infringed music compositions).
36. *TVT*, 134 F. Supp. 2d at 548.

**Michael S. Elkin and Sharon P. Carlstedt are partners at Thelen Reid & Priest LLP and members of the firm's Entertainment and Media Group, of which Mr. Elkin is Chairman. They currently are litigating actions against Napster, MP3.com, and other Internet music services. Mr. Elkin and Ms. Carlstedt would like to thank Stephanie Hershkovitz, an associate at the firm, for her contribution to this article.**

# The Intersection of Publicity Rights and the First Amendment: A Survey of Recent Cases

By Adam E. Kraidin

## I. Introduction

Several legal theories protect an individual against the unauthorized, commercial use of his or her name, picture, voice, likeness or identity. An aggrieved person can make claims under the Copyright Act, under the Lanham Act, for misappropriation of his or her rights of privacy or publicity, and for unfair competition. Often, a plaintiff will assert more than one theory in a single case. This article focuses on right of publicity claims.



The right of publicity is the right of every person to control the commercial use of his or her identity.<sup>1</sup> The rule is that “[o]ne who appropriates the commercial value of a person’s identity by using without consent the person’s name, likeness, or other indicia of identity for the purposes of trade is subject to liability.”<sup>2</sup> This right developed from state privacy law, but it now protects against unfair competition.<sup>3</sup> Since its initial recognition by the Second Circuit in 1953 in *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*,<sup>4</sup> which involved the use of a famous baseball player’s photograph, courts have expanded the scope of protection so that now the nonconsensual use of a catch phrase,<sup>5</sup> a nickname,<sup>6</sup> a name variation,<sup>7</sup> a celebrity look-alike,<sup>8</sup> a celebrity sound-alike,<sup>9</sup> a race car with identifiable markings,<sup>10</sup> a caricature,<sup>11</sup> and a robot<sup>12</sup> all can constitute misappropriation of publicity rights.

The First Amendment limits the right of publicity.<sup>13</sup> A number of recent cases have turned on whether the use of the celebrity’s likeness, in one form or another, was protected speech under the First Amendment. The tension between the right of publicity and the right to freedom of expression guaranteed by the First Amendment is exposed by comparing the policies underlying the two rights. The First Amendment exists “to preserve an uninhibited marketplace of ideas” and to repel efforts to limit the “uninhibited, robust and wide-open debate on public issues,” and “to foster a fundamental respect for individual development and self-realization.”<sup>14</sup> The right of publicity, on the other hand, is alternatively justified on the grounds that it protects natural property rights, provides economic incentive to undertake socially enriching activities requiring entry

into the public eye, allocates resources, and prevents false endorsements.<sup>15</sup>

Squared against each other, each right has the potential to frustrate the purposes underlying the other. As one court recently observed:

Because celebrities take on public meaning, the appropriation of their likenesses may have important uses in uninhibited debate on public issues, particularly debates about culture and values. And because celebrities take on personal meanings to many individuals in the society, the creative appropriation of celebrity images can be an important avenue of individual expression.<sup>16</sup>

This article surveys the interplay between the right of publicity and the First Amendment in recent cases involving such noted celebrities as The Three Stooges, Norm and Cliff from “Cheers,” Dustin Hoffman, Tiger Woods, and The Temptations.

## II. The “Transformative Elements” Test

In *Comedy III Productions, Inc. v. Gary Saderup, Inc.*,<sup>17</sup> the Supreme Court of California articulated a balancing test between the First Amendment and the right of publicity in situations involving expressive works.<sup>18</sup> *Comedy III* involved a claim by the owner of all rights in The Three Stooges against an artist who was selling lithographs and T-shirts bearing the likenesses of the members of The Three Stooges that the artist had reproduced from his own charcoal drawings. The court held that “when an artist is faced with a right of publicity challenge to his or her work, he or she may raise as an affirmative defense that the work is protected by the First Amendment inasmuch as it contains significant transformative elements or that the value of the work does not derive primarily from the celebrity’s fame.”<sup>19</sup> Applying this test, the court held that the First Amendment did not protect the artist’s work because, as skillful as it was, it was nothing more than an attempt to commercially exploit The Three Stooges’ fame.<sup>20</sup>

The significance of *Comedy III* lies in its adoption of the first “fair use” factor from copyright law—the purpose and character of the use—in crafting its “transformative elements” test.<sup>21</sup> The U.S. Supreme Court has stated that “the central purpose of the inquiry into this

fair use factor 'is to see . . . whether the new work merely supersede[s] the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning or message.'"<sup>22</sup> In the context of the right of publicity, the Court restated the inquiry as:

whether the celebrity likeness is one of the "raw materials" from which an original work is synthesized, or whether the depiction or imitation of the celebrity is the very sum and substance of the work in question. We ask, in other words, whether a product containing a celebrity's likeness is so transformed that it has become primarily the defendant's own expression rather than the celebrity's likeness. And when we use the word "expression," we mean expression of something other than the likeness of the celebrity.<sup>23</sup>

This inquiry does not, of course, yield a bright-line rule, but it does provide guidelines. According to the Court:

When artistic expression takes the form of a literal depiction or imitation of a celebrity for commercial gain, directly trespassing on the right of publicity without adding significant expression beyond the trespass, the state law interest in protecting the fruits of artistic labor outweighs the expressive interests of the imitative artist.

On the other hand, when a work contains significant transformative elements, it is not only especially worthy of First Amendment protection, but it is also less likely to interfere with the economic interest protected by the right of publicity. As has been observed, works of parody or other distortions of the celebrity figure are not, from the celebrity fan's viewpoint, good substitutes for conventional depictions of the celebrity and therefore do not generally threaten markets for celebrity memorabilia that the right of publicity is designed to protect.<sup>24</sup>

Insofar as the number of right of publicity cases turning on the First Amendment is relatively small, the California Supreme Court's opinion, if allowed to stand by the U.S. Supreme Court,<sup>25</sup> can be expected to resonate in several jurisdictions.

In *Wendt v. Host International, Inc.*,<sup>26</sup> George Wendt and John Ratzenberger, the actors who played the char-

acters Norm and Cliff on the television show "Cheers," claimed that Host violated their statutory and common law rights of publicity when it placed robot dummies allegedly possessing their physical characteristics in airport bars resembling the set of "Cheers."<sup>27</sup> The U.S. District Court for the Central District of California compared photographs of Wendt and Ratzenberger to photographs of the animatronic figures and granted summary judgment dismissing the actors' claims on the ground that no reasonable jury could find that the robot dummies were the actors' "likenesses" under Cal. Civ. Code § 3344.<sup>28</sup> The Ninth Circuit reversed, holding that the district court's comparison of photographs was insufficient to resolve the actors' claims.<sup>29</sup> The court of appeals instructed that the "comparison must be decided without reference to the context in which the image appears."<sup>30</sup> On remand, the district court granted summary judgment dismissing the actors' claims for a second time after an in-court inspection of the robots. The Ninth Circuit reversed again, holding that a reasonable jury could find that Host's use of the robot dummies infringed their statutory and common law rights of publicity.<sup>31</sup>

*Wendt* closely tracked the Ninth Circuit's earlier decision in *White v. Samsung Electronics America, Inc.*<sup>32</sup> In *White*, Vanna White, the hostess of the game show "Wheel of Fortune," claimed that Samsung violated her statutory and common law rights of publicity when it ran a print advertisement featuring a robot designed and dressed to look like her placed against a background resembling the set of "Wheel of Fortune." The Ninth Circuit reversed the district court's order granting summary judgment dismissing White's common law claim, holding that a reasonable jury could find that Samsung's advertisement violated her right of publicity.<sup>33</sup>

*White's* primary focus was on the scope of the right of publicity, namely, whether the robot sufficiently appropriated Vanna White's "likeness" under Cal. Civ. Code § 3344 or her "identity" under the common law. Nevertheless, the opinion addressed an important First Amendment issue because Samsung defended its advertisement on the ground that it parodied White. The Ninth Circuit rejected that defense, explaining that the "ad's spoof of Vanna White and Wheel of Fortune is subservient and only tangentially related to the ad's primary message: 'buy Samsung VCRs.'"<sup>34</sup>

*Wendt* was not decided on First Amendment grounds; the court's sole focus was on whether a robot rendition of a celebrity's *television character*, inseparable in the public's mind from the actor who portrays the character, infringed the actor's right of publicity. However, *Wendt*, much more so than *White*, arguably involves expressive speech and therefore could have been decided on First Amendment grounds. In the view



of Judge Alex Kozinski, who dissented from the Ninth Circuit panel's order denying Host's petition for rehearing *en banc* (primarily on the ground that the Copyright Act preempted the actors' state misappropriation claims because Paramount, the owner of all copyrights in the "Cheers" characters Norm and Cliff, had licensed Host to make the robot dummies), "the portrayal of the "Cheers" characters is core protected speech: using Norm and Cliff dummies in a "Cheers"-themed bar is a dramatic presentation. It's like a play. "Cheers" may not have the social impact of "Hair," but it's a literary work nonetheless, worthy of the highest First Amendment protection."<sup>35</sup>

Indeed, the Norm and Cliff dummies do much more than simply propose a commercial transaction ("come drink here"). Whereas in *White*, the robot Vanna White was part of a product advertisement, in *Wendt*, the robots were a part of the décor of the "Cheers"-themed airport bars, and, as such, they either helped create a Disneyland-like illusion of visiting "Cheers," or helped convey the message "come in, don't feel alone, we're all family in here."<sup>36</sup>

Under this view, the Norm and Cliff robots are protected speech under either prong of the *Comedy III* balancing test. First, the dummies contain "significant transformative elements." They are not exact replicas, as one would find in Madame Tussaud's Wax Museum, but instead are robot renditions of the likenesses of Wendt and Ratzenberger, whose features provided only the "raw materials" from which an original expression was created. In addition, each robot's value arguably "does not derive primarily from the celebrity's fame," but instead from each *character's* popularity.

### III. Newsworthy Events, Matters in the Public Interest, and Commercial Speech

It is well settled that the First Amendment is a valid defense to a right of publicity claim where the celebrity's name or likeness is used in connection with the reporting of a newsworthy event or a matter of public interest.<sup>37</sup> This defense "extends 'to almost all reporting of recent events,' as well as to publications about 'people who by their accomplishments, mode of living, professional standing or calling, create a legitimate and widespread attention to their activities.'"<sup>38</sup> As the New York Court of Appeals has held, "if plaintiff's picture accompanied a newspaper article on a matter of public interest, to succeed [in her right of publicity claim] she must demonstrate that the picture bore no real relationship to the article, or that the article was an advertisement in disguise."<sup>39</sup> Several recent cases illustrate the application and limits of the newsworthiness doctrine.

In *ETW Corp. v. Jireh Publishing, Inc.*,<sup>40</sup> ETW, the exclusive licensee of Tiger Woods' right of publicity, sued a sports artist in the Northern District of Ohio,

claiming that the artist's original, limited edition print, "The Masters of Augusta," which featured "Tiger Woods in the center 'displaying that awesome swing' and 'flanked by his caddie . . . and final round player partner's caddie,'"<sup>41</sup> violated Tiger Woods' common law right of publicity.<sup>42</sup> The district court found that the artist's work was expressive rather than commercial speech,<sup>43</sup> and held that it was protected by the First Amendment. The court reasoned that paintings are "'unquestionably shielded' by the First Amendment"<sup>44</sup> and that this artist's painting conveyed a message—"the majesty of a newsworthy moment" and the importance of sports in American society. ETW's appeal of that decision currently is pending before the Sixth Circuit.

The *ETW* court reached the correct result: the First Amendment should protect the "Masters of Augusta" print as an expression of a newsworthy event.<sup>45</sup> However, the court's analysis was unfocused and broader than necessary in two respects. First, the court seems to have said that all works of art are deserving of First Amendment protection.<sup>46</sup> While art clearly is a form of protected expression, use of an artistic form of expression is not, in itself, sufficient to defeat a right of publicity claim. In fact, *Comedy III* conflicts with *ETW* insofar as *ETW* can be read to stand for the proposition—expressly rejected in *Comedy III*—that "any work of art, however much it trespasses on the right of publicity and however much it lacks additional creative elements, is categorically shielded from liability by the First Amendment."<sup>47</sup> Second, the court focused almost entirely on rejecting ETW's argument that posters are "merely sports merchandise" or, at best, commercial speech,<sup>48</sup> concluding that there is no set rule that all posters for sale are unprotected by the First Amendment.<sup>49</sup> Only one case cited by ETW and discussed by the court, *Factors Etc., Inc. v. Pro Arts, Inc.*,<sup>50</sup> is relevant to the issue of newsworthiness. *Factors* held that a poster of a copyrighted photograph of Elvis Presley sold shortly after his death and bearing the words "In Memory" did not depict a newsworthy event, and therefore did not merit First Amendment protection.<sup>51</sup>

The *ETW* court might have done better to have relied on *Montana v. San Jose Mercury News, Inc.*<sup>52</sup> *Montana* held that posters reproducing (1) front page newspaper photographs of San Francisco 49ers quarterback Joe Montana celebrating his victories in Super Bowls XXIII and XXIV, and (2) a special Sunday section front page artist's rendition of Montana as the leader of the "team of destiny" were protected by the First Amendment both as expressions of newsworthy events and as incidental advertising of the publication that originally reported the newsworthy events.<sup>53</sup>

Together, *Montana*, *Factors*, and *Comedy III* teach that it is one thing to take a picture or paint a portrait of a



celebrity and sell it without consent, but that it is quite another to sell a print capturing the celebrity participating in the very sport—indeed, in an actual competition—that has made him famous. The former violates the right of publicity because the celebrity’s likeness is used for nothing other than to sell a product; the latter is protected speech because it is a visual representation of a newsworthy person participating in a matter of public interest.<sup>54</sup>

In contrast to *ETW*, *Downing v. Abercrombie & Fitch*<sup>55</sup> exemplifies the use of a sports celebrity’s identity that does not report or comment on a newsworthy event or matter in the public interest, but instead is nothing more than commercial speech not entitled to First Amendment protection.<sup>56</sup> (This is not to suggest that all commercial speech is undeserving of protection, of course; the Supreme Court has held explicitly to the contrary.<sup>57</sup>) Abercrombie & Fitch is a clothing retailer that sells its merchandise both in retail stores and through a subscription catalogue to which it devotes 80 percent of its overall advertising budget in order to build brand awareness and increase sales.<sup>58</sup> Abercrombie & Fitch published a catalogue with a surfing theme that contained articles on the history of surfing, the surfing lifestyle, interviews with surfers, articles about matters important to surfers, and a photograph of the plaintiffs taken in 1965 at a surfing competition. An employee of Abercrombie & Fitch had purchased the photograph from a store and had never sought permission from the plaintiffs to use it in the catalogue.<sup>59</sup>

The plaintiffs claimed that Abercrombie & Fitch’s use of the photograph in the catalogue violated their statutory and common law rights of publicity under California law.<sup>60</sup> The U.S. District Court for the Central District of California entered summary judgment for Abercrombie & Fitch, holding that plaintiffs’ claims were foreclosed because Abercrombie & Fitch’s use of the photograph was protected by the First Amendment.<sup>61</sup> The Ninth Circuit reversed.<sup>62</sup>

Abercrombie & Fitch argued on appeal that its use of plaintiff’s photograph was protected because it “illustrates an article about surfing, a matter in the public interest,”<sup>63</sup> citing *Dora v. Frontline Video, Inc.*<sup>64</sup> *Dora* held that a video documentary about the early days of surfing in Malibu, California, which included footage of the plaintiff, a surfing legend, was a matter of public interest and therefore protected under the First Amendment. The Ninth Circuit in *Downing* noted that in *Dora*:

Mickey Dora’s contribution to the development of the surf lifestyle and his influence on the sport was “the point of the program.” . . . In the current action . . . Abercrombie used Appellants’ photograph essentially as

window-dressing to advance the catalogue’s surf-theme. The catalogue did not explain that Appellants were legends of the sport and did not in any way connect Appellants with the story preceding it.<sup>65</sup>

Thus, the Ninth Circuit held that Abercrombie & Fitch’s use of the photograph was not protected under the First Amendment.

Whereas *Downing* found that the commercial message in the catalogue predominated over any latent editorial expression, in *Hoffman v. Capital Cities/ABC, Inc.*,<sup>66</sup> the Ninth Circuit, under a different set of facts involving a magazine fashion spread, found that editorial expression predominated over any latent commercial message. In *Hoffman*, the actor Dustin Hoffman sued Los Angeles Magazine (LAM) in California state court<sup>67</sup> for violating his California state common law and statutory publicity rights by using a famous still photograph of him from the movie “Tootsie” to create a computer-generated, composite image for an article on fashion that falsely depicted him wearing current fashion designers’ women’s clothes.

The article in which Hoffman’s likeness appeared was part of a series of articles in LAM on Hollywood fashions. The LAM editors took the “Tootsie” film still, as well as 15 other famous film stills, including Cary Grant in “North By Northwest,” John Travolta in “Saturday Night Fever,” Elvis Presley in “Jailhouse Rock,” and Marilyn Monroe in “The Seven Year Itch,” and dressed the stars in current fashions. The article included a description of the editors’ vision and the digital techniques used and juxtaposed the original photographs with the new composites.

Hoffman argued that because his body double in the article was identified as wearing Ralph Lauren shoes, there was a Ralph Lauren advertisement elsewhere in the magazine, and the magazine contained a shoppers’ guide, the use of the altered photograph was commercial speech. Reversing the district court’s ruling in Hoffman’s favor after a bench trial, the Ninth Circuit held that LAM’s use of Hoffman’s likeness did not violate his right of publicity because it was not pure commercial speech and because it was not published with actual malice. The court reiterated that the “core notion of commercial speech” is that it “does no more than propose a commercial transaction” and held that “[t]hese facts are not enough to make the ‘Tootsie’ photograph pure commercial speech.”<sup>68</sup> Had the altered photograph been used in a Ralph Lauren advertisement, by contrast, it most likely would have been found to constitute commercial speech.<sup>69</sup> However, the court explained:

LAM did not use Hoffman's image in a traditional advertisement printed merely for the purpose of selling a particular product. Insofar as the record shows, LAM did not receive any consideration from the designers for featuring their clothing in the fashion article containing the altered movie stills. Nor did the article simply advance a commercial message. "Grand Illusions" appears as a feature article on the cover of the magazine and in the table of contents. It is a complement to and a part of the issue's focus on Hollywood past and present. Viewed in this context, the article as a whole is a combination of fashion photography, humor, and visual and verbal editorial comment on classic films and famous actors. Any commercial aspects are "inextricably entwined" with expressive elements, and so they cannot be separated out "from the fully protected whole."<sup>70</sup>

Accordingly, "LAM's publication of the altered 'Tootsie' photograph was not commercial speech" and was entitled to full First Amendment protection.<sup>71</sup>

In a sense, the LAM article is analogous to the documentary video in *Dora* in that it is a chronicle of then-current fashion trends. It also would appear to easily satisfy the *Comedy III* test: use of digital imaging techniques to create a composite is certainly "transformative," and the primary purpose of the use was not to sell Ralph Lauren apparel but to comment on how fashion helps shape Hollywood images.

Hoffman argued that LAM published the altered photograph with "actual malice"—that is, "reckless disregard for the truth" or a "high degree of awareness of probable falsity."<sup>72</sup> According to the Ninth Circuit, in order to meet this high standard, Hoffman would have to "demonstrate by clear and convincing evidence that LAM intended to create the false impression in the minds of its readers that when they saw the altered 'Tootsie' photograph they were seeing Hoffman's body."<sup>73</sup> However, after the court examined the "totality of [LAM's] presentation," including the text on the cover of the magazine, in the table of contents, in the "editor's notes," on the "contributor's page," accompanying the altered photographs, and accompanying the original photographs, it was clear that Hoffman could not make this showing. The court found that:

[a]lthough nowhere does the magazine state that models' bodies were digitally substituted for the actors' bodies, this would be abundantly clear given that

the vast majority of the featured actors were deceased. While LAM never explicitly told its readers that the living actors did not pose for the altered photographs in the article, there is certainly no clear and convincing evidence in the magazine itself that LAM intended to suggest the opposite.<sup>74</sup>

Whereas *Hoffman* explicitly holds that a public figure must prove "actual malice" in order to overcome a First Amendment defense, *Ruffin-Steinback v. dePasse*<sup>75</sup> does so implicitly. In *Ruffin-Steinback*, the estate of one of the former members of The Temptations, that member's heirs and his mother, and three other persons alleged violations of their rights of publicity after the defendants produced and aired a television mini-series about The Temptations that included fictionalized accounts about the group members' lives.<sup>76</sup> The U.S. District Court for the Eastern District of Michigan held that misappropriation of the right of publicity did not extend to the production of the plaintiffs' life stories.<sup>77</sup> The Sixth Circuit affirmed, holding that the unauthorized use of fictionalized likenesses of plaintiffs did not support claims under Michigan law for violation of the right of publicity.<sup>78</sup>

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*"The cases discussed in this article, and a myriad of others, do not always provide neat rules for determining when the right of publicity prevails, or when the First Amendment prevails."*

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The Sixth Circuit did not analyze the First Amendment issue; it appears to have considered only that a film is a medium of expression protected by the First Amendment, concluding that the "use of plaintiffs' fictionalized likenesses in a work protected by the First Amendment and the advertising incidental to such uses did not give rise to a claim for relief under the plaintiffs' right of publicity."<sup>79</sup> Instead, the court affirmed on the basis of the district court's opinion, which also did not focus not on the First Amendment but rather on the fact that a person's "likeness" does not include general incidents from a person's life, especially when fictionalized."<sup>80</sup> Only in passing did the district court note that "to the extent that courts have been reluctant to extend the right of publicity to depictions of life stories based on First Amendment considerations, those considerations are no less relevant whether the work in question is fictional, non-fictional or a combination of the two."<sup>81</sup> Without explicitly saying so, the district court's opinion supports the proposition that a dramatic presentation of

a celebrity's life story is a matter of public interest and that any fictionalization without "actual malice" is protected editorial expression.<sup>82</sup>

## IV. Conclusion

The cases discussed in this article, and a myriad of others, do not always provide neat rules for determining when the right of publicity prevails, or when the First Amendment prevails. In fact, the cases can appear contradictory. Nevertheless, general principles emerge. Under the First Amendment, a person who enjoys public prominence cannot use the right of publicity as a shield to ward off artistic expression, or caricature, parody, satire, or editorial comment relating to a newsworthy event or a matter of public interest in which the person is involved. The only thing that the First Amendment does not protect against is blatant commercial use that totally predominates over any *de minimis* artistic or editorial expression.

Persons who contemplate using a celebrity's identity therefore would be well advised to consider whether that use, if artistic, simply incorporates the celebrity's identity as a "raw material" to be used in creating a "transformative" work, or, if editorial, conveys a message that predominates over any commercial message that might be present.

## Endnotes

1. J. Thomas McCarthy, *The Rights of Publicity and Privacy* § 1:3 (2d ed. 2001). The majority view is that both celebrities and non-celebrities have a protectable right of publicity; however, a minority of states limit the right to celebrities. *Id.* §§ 4:14–4:16.
2. Restatement (Third) of Unfair Competition § 46 (1995).
3. This article discusses only the right of publicity. However, the reader should keep in mind that plaintiffs often allege a violation of both the right of privacy and right of publicity in the same action. Both rights are really two aspects of the same claim. See, e.g., *Dora v. Frontline Video, Inc.*, 15 Cal. App. 4th 536, 541–42, 18 Cal. Rptr. 2d 790, 791–92 (Cal. App. 2d Dist. 1993) ("Appropriation itself has two aspects. The difference between the two is found not in the activity of the defendant, but in 'the nature of the plaintiff's right and the nature of the resulting injury.' The first type of appropriation is the right of publicity . . . which is 'in essence that the reaction of the public to name and likeness, which may be fortuitous or which may be managed or planned, endows the name and likeness of the person involved with commercially exploitable opportunities.' The other is the appropriation of the name and likeness that brings injury to feelings, that concerns one's own peace of mind, and that is mental and subjective." (Internal citations omitted). Thus, it is possible for a defendant to be liable for violating one right but not the other. Conversely, if the court does not carefully analyze the issues, it is possible for a defendant to be liable under both theories even though the plaintiff suffered only one type of harm.
4. *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir. 1953).
5. *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983) (use of Johnny Carson's catch phrase "Here's Johnny" to sell toilets).

6. *Hirsch v. S.C. Johnson & Son, Inc.*, 90 Wis. 2d 379, 280 N.W.2d 129 (1979) (use of a football player's nickname "Crazylegs" on shaving product).
7. *Henley v. Dillard Dep't Stores*, 46 F. Supp. 2d 587 (N.D. Tex. 1999) (use of expression "Don's henley" as an intended wordplay to sell henley-style shirts).
8. *Tin Pan Apple, Inc. v. Miller Brewing Co., Inc.*, 737 F. Supp. 826 (S.D.N.Y. 1990); *Onassis v. Christian Dior-New York, Inc.*, 122 Misc. 2d 603, 614–15, 472 N.Y.S.2d 254, 262–63 (N.Y. Sup. Ct. 1984), *aff'd*, 110 A.D.2d 1095, 488 N.Y.S.2d 943 (1st Dep't 1985). *But see Allen v. National Video, Inc.*, 610 F. Supp. 612 (S.D.N.Y. 1985).
9. *Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988); *Waits v. Frito Lay, Inc.*, 978 F.2d 1093 (9th Cir. 1992); *Prima v. Darden Restaurants, Inc.*, 78 F. Supp. 2d 337 (D.N.J. 2000). *Cf. Tin Pan Apple, Inc. v. Miller Brewing Co.*, 737 F. Supp. 826 (S.D.N.Y. 1990).
10. *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821 (9th Cir. 1974).
11. *Ali v. Playgirl, Inc.*, 447 F. Supp. 723 (S.D.N.Y. 1978).
12. *Wendt v. Host Int'l, Inc.*, 125 F.3d 806 (9th Cir. 1997), *reh'g denied*, 197 F.3d 1284 (9th Cir. 1999), *cert. denied*, *Paramount Pictures Corp. v. Wendt*, 531 U.S. 811 (2000); *White v. Samsung Electronics America, Inc.*, 971 F.2d 1395 (9th Cir. 1992).
13. The First Amendment provides: "Congress shall make no law . . . abridging the freedom of speech, or of the press." U.S. Const., Amend. I. The First Amendment is made applicable to the states through the Fourteenth Amendment.
14. *Comedy III Productions, Inc. v. Gary Saderup, Inc.*, 25 Cal. 4th 387, 396, 21 P.3d 797, 803, 106 Cal. Rptr. 2d 126, 133 (2001), *petition for cert. filed*, 70 USLW 3163 (Aug. 28, 2001) (No. 01-368) (internal citations and quotation marks omitted).
15. McCarthy, *supra* note 1, §§ 2:1, 2:6–2:8.
16. *Comedy III*, 25 Cal. 4th at 397, 21 P.3d at 803, 106 Cal. Rptr. 2d at 134.
17. 25 Cal. 4th 387, 21 P.3d 797, 106 Cal. Rptr. 2d 126 (2001), *petition for cert. filed*, 70 USLW 3163 (Aug. 28, 2001) (No. 01-368).
18. *Comedy III* held that the artist's works were expressive speech rather than commercial speech, reasoning that "[t]he First Amendment is not limited to those who publish without charge . . . [An expressive activity] does not lose its constitutional protection because it is undertaken for profit." *Comedy III*, 25 Cal. 4th at 396, 21 P.3d at 802, 106 Cal. Rptr. 2d at 133. See *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 762, 96 S. Ct. 1817, 1825 (1976) (commercial speech is loosely defined as speech that "does no more than propose a commercial transaction"); *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180 (9th Cir. 2001) (same).
19. *Comedy III*, 25 Cal. 4th at 407, 21 P.3d at 810, 106 Cal. Rptr. 2d at 142.
20. 25 Cal. 4th at 407–10, 21 F.3d at 810–11, 106 Cal. Rptr. 2d at 142–44.
21. 25 Cal. 4th at 404–06, 21 F.3d at 808–09, 106 Cal. Rptr. at 139–41. See also 17 U.S.C. § 107(1).
22. 25 Cal. 4th at 404, 21 F.3d at 808, 106 Cal. Rptr. at 139 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579, 114 S. Ct. 1164 (1994)).
23. 25 Cal. 4th at 406, 21 F.2d at 809, 106 Cal. Rptr. at 141.
24. 25 Cal. 4th at 405, 21 F.3d at 808, 106 Cal. Rptr. at 139 (internal citations omitted).
25. The defendant has filed a petition for a writ of certiorari. See 70 USLW 3163 (Aug. 28, 2001) (No. 01-368).
26. *Wendt v. Host Int'l, Inc.*, 125 F.3d 806 (9th Cir. 1997), *reh'g denied*, 197 F.3d 1284 (9th Cir. 1999), *cert. denied*, *Paramount Pictures*



- Corp. v. Wendt*, 531 U.S. 811 (2000). *Wendt* was recently settled on undisclosed terms.
27. The plaintiffs also asserted violations of the Lanham Act. The district court dismissed those claims, and the Ninth Circuit reversed. *Wendt*, 125 F.3d at 814.
  28. *Wendt*, 125 F.3d at 809 (citing *Wendt v. Host Int'l, Inc.*, 1995 WL 115571 (9th Cir. 1995)).
  29. *Id.*
  30. *Id.* See also *White v. Samsung Electronics America, Inc.*, 971 F.2d 1395, 1397 (9th Cir. 1992).
  31. *Wendt*, 125 F.3d 806.
  32. 971 F.2d 1395 (9th Cir. 1992).
  33. *White* left open the possibility that some robot in a future case might constitute a celebrity's "likeness" for purposes of Cal. Civ. Code. § 3344, stating: "Without deciding for all purposes when a caricature or impressionistic resemblance might become a 'likeness,' we agree with the district court that the robot at issue here was not White's 'likeness' within the meaning of section 3344." *White*, 971 F.2d at 1397.
  34. *White*, 971 F.2d at 1401 and n.3.
  35. *Wendt v. Host Int'l, Inc.*, 197 F.3d 1284, 1288 (9th Cir. 1999) (Kozinski, J., dissenting).
  36. Context is not relevant to determining whether an image violates the right of publicity. See *Wendt*, 1995 WL 115571, at \*2; *White*, 971 F.2d at 1397. However, context is relevant in determining whether speech is commercial. See *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1185 (9th Cir. 2001).
  37. See *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1001 (9th Cir. 2001) (quoting *Montana v. San Jose Mercury News, Inc.*, 34 Cal. App. 4th 790, 793, 40 Cal. Rptr. 2d 639 (Cal. App. 6th Dist. 1995) ("[N]o cause of action will lie for the publication of matters in the public interest, which rests on the right of the public to know and the freedom of the press to tell it.")).
  38. *Downing*, 265 F.3d at 1001 (quoting *Eastwood v. Superior Court*, 149 Cal. App. 3d 409, 422, 198 Cal. Rptr. 342 (Cal. App. 2d Dist. 1983)).
  39. *Howell v. New York Post Co., Inc.*, 81 N.Y.2d 115, 124, 596 N.Y.S.2d 350, 355 (1993) (newspaper's publication of photograph did not support claim for invasion of privacy under N.Y. Civil Rights Law § 51). See also *Messenger v. Gruner & Jahr Printing & Publ'g*, 208 F.3d 122, 125 (2d Cir.) (same), *cert. denied*, 531 U.S. 818 (2000).
  40. *ETW Corp. v. Jireh Publ'g, Inc.*, 99 F. Supp. 2d 829 (N.D. Ohio 2000). Oral argument before the Sixth Circuit was scheduled for Sept. 2001.
  41. *ETW*, 99 F. Supp. 2d at 830.
  42. *ETW* also brought federal and state trademark infringement and unfair competition claims, as well as federal false advertising and state deceptive trade practices claims. The court granted summary judgment on the trademark claims on the ground that *ETW* had not demonstrated that it had used the image of Tiger Woods as a trademark. *ETW*, 99 F. Supp. 2d at 832-34.
  43. *Id.* at 835.
  44. *Id.* at 836.
  45. In this author's view, the court's acceptance of the argument that the prints convey a message about the importance of sports in American society is less convincing. That message could have been conveyed without using Tiger Woods' likeness.
  46. *ETW*, 99 F. Supp. 2d at 835-36.
  47. *Comedy III*, 25 Cal. 4th at 407 n. 11, 21 P.3d at 809, 106 Cal. Rptr. 2d at 141 n.11.
  48. *ETW*, 99 F. Supp. 2d at 834-35.
  49. *Id.* (citing *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 222 (2d Cir. 1978), *rev'd on other grounds*, 652 F.2d 278 (2d Cir. 1981); *Dallas Cowboys Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184 (5th Cir. 1979); *Parks v. LaFace Records*, 76 F. Supp. 2d 775 (E.D. Mich. 1999)).
  50. *Factors*, 579 F.2d at 222.
  51. *Dallas Cowboys Cheerleaders* held that a poster of partially nude former members of the Dallas Cowboys Cheerleaders wearing outfits nearly identical to the official cheerleaders' outfits infringed the Dallas Cowboys Cheerleaders' copyright. *Parks* merely stated in dictum that "more so than posters . . . books and movies are vehicles through which ideas and opinions are disseminated and, as such, have enjoyed certain constitutional protections, not generally accorded 'merchandise.'" 76 F. Supp. 2d at 779.
  52. *Montana v. San Jose Mercury News, Inc.*, 34 Cal. App. 4th 790, 40 Cal. Rptr. 2d 639 (Cal. App. 6th Dist. 1995).
  53. See also *Namath v. Sports Illustrated*, 48 A.D.2d 487, 371 N.Y.S.2d 10 (1st Dep't 1975), *aff'd*, 39 N.Y.2d 897, 386 N.Y.S.2d 397 (1976) (advertisements for *Sports Illustrated* featuring photographs of New York Jets quarterback Joe Namath that originally appeared in the magazine's coverage of the Jets' 1969 Super Bowl III victory were constitutionally protected as use incidental to advertising the publication that originally used his photograph in connection with coverage of a newsworthy event); *Booth v. Curtis Publishing Co.*, 15 A.D.2d 343, 223 N.Y.S.2d 737 (1st Dep't), *aff'd*, 11 N.Y.2d 907, 228 N.Y.S.2d 468 (1962) (publisher's use of plaintiff's photograph in advertisements in various publications to promote the publication that plaintiff's photograph appeared in connection with a newsworthy event was constitutionally protected).
  54. See also *Comedy III*, 80 Cal. Rptr. 2d at 469-70; *Dora v. Frontline Video, Inc.*, 15 Cal. App. 4th 536, 18 Cal. Rptr. 2d 790 (Cal. App. 2d Dist. 1993) (video documentary about the early days of surfing in Malibu, California, which included footage of the plaintiff, was a matter of public interest and therefore protected under the First Amendment); *Paulsen v. Personality Posters, Inc.*, 59 Misc. 2d 444, 299 N.Y.S.2d 501 (Sup. Ct., N.Y. Co. 1968) (poster of a television comedian who jokingly ran for president of the United States entitled "For President" was protected social commentary on a matter of public interest).
  55. 265 F.3d 994, 1001 (9th Cir. 2001).
  56. See also *Onassis v. Christian Dior-New York, Inc.*, 122 Misc. 2d 603, 614-15, 472 N.Y.S.2d 254, 262-63 (N.Y. Sup. Ct. 1984), *aff'd*, 110 A.D.2d 1095, 488 N.Y.S.2d 943 (1st Dep't 1985) (granting a preliminary injunction against the use of a Jacqueline Kennedy Onassis look-alike in an advertising campaign, finding that any humor conveyed by the ad was "wholly incidental to the commercial message and therefore impermissible").
  57. The First Amendment protects commercial speech, which is loosely defined as speech that "does no more than propose a commercial transaction." *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 (1976). Commercial speech warrants First Amendment protection when it passes a four-part test: "For commercial speech to come within [the First Amendment], it at least must concern lawful activity and not be misleading. Next, we ask whether the asserted governmental interest is substantial. If both inquiries yield positive answers, we must determine whether the regulation directly advances the governmental interest asserted, and whether it is not more extensive than is necessary to serve that interest." *Central Hudson Gas & Elec. Corp. v. Public Service Comm'n of New York*, 447 U.S. 557, 566 (1980). The government bears the burden of identifying a substantial interest and justifying the challenged restriction. *Greater New Orleans Broad. Ass'n, Inc. v. United States*, 527 U.S. 173, 183 (1999).
  58. *Downing*, 265 F.3d at 999.



59. *Id.* at 1000.
60. Downing also alleged a Lanham Act violation and negligence and defamation claims. *Id.* at 999.
61. *Id.* The district court also held that the right of publicity claims were preempted by the Copyright Act, that the Lanham Act claim was precluded by the First Amendment and by the nominative fair use doctrine, and that there was insufficient evidence to sustain the negligence or defamation claims.
62. 265 F.3d 994. The Ninth Circuit also held that the Copyright Act did not preempt plaintiffs' misappropriation claims, that whether the use of the photograph created a likelihood of confusion regarding endorsement by the surfers was an issue of fact, and that use of the photograph could not support a defamation claim.
63. *Id.* at 1002.
64. 15 Cal. App. 4th 536, 18 Cal. Rptr. 2d 790 (Cal. App. 2d Dist. 1993).
65. *Downing*, 265 F.3d at 1002.
66. 255 F.3d 1180 (9th Cir. 2001).
67. ABC removed the case to federal court.
68. *Hoffman*, 255 F.3d at 1184-85.
69. *Id.* at 1185.
70. *Id.*
71. *Id.* at 1186.
72. *Id.* (public figure can recover damages from a media organization for noncommercial speech only by proving "actual malice").
73. *Id.* at 1187.
74. *Id.* at 1188.
75. *Ruffin-Steinback v. dePasse*, 82 F. Supp. 2d 723 (E.D. Mich. 2000), *aff'd*, 2001 WL 1141394 (6th Cir. Sept. 28, 2001).
76. The plaintiffs also alleged unjust enrichment, conspiracy, negligence, defamation, defamation by implication, false light invasion of privacy, invasion of privacy based on public disclosure of private embarrassing facts, and intentional infliction of emotional distress. *Ruffin-Steinback*, 82 F. Supp. 2d 723.
77. The district court also held that the former wife's allegations that mini-series portrayed her former husband as better father than he was and her as unchaste could not support defamation claims; facts that were public prior to mini-series could not support claim for disclosure of embarrassing private facts; and conduct of producers, in producing plaintiffs' life stories and fictionalizing parts thereof, was not sufficiently outrageous to support claim for intentional infliction of emotional distress.
78. The Sixth Circuit also held that the unauthorized use of fictionalized likenesses of plaintiffs did not support claims under Michigan law for unjust enrichment; that the defamation claim by a since-deceased plaintiff was barred, since the law of the state in which plaintiff had resided, which governed, did not allow claims for reputational injury to survive plaintiff's death; and that claimed inaccuracies could not support claim for intentional infliction of emotional distress. *Ruffin-Steinback*, 2001 WL 1141394.
79. *Id.* at \*3.
80. *Ruffin-Steinback*, 82 F. Supp. 2d at 730 (citing *Matthews v. Wozen-craft*, 15 F.3d 432 (5th Cir. 1994)) (rejecting plaintiff's claim where ex-wife wrote a book relating events in the plaintiff's life as an undercover police officer, holding that the "term 'likeness' does not include general incidents from a person's life, especially when fictionalized."); *Whitehead v. Paramount Pictures, Corp.*, 53 F. Supp. 2d 38 (D.D.C. 1999), *aff'd*, 2000 WL 33363291 (D.C. Cir. Apr. 19, 2000) (quoting *Matthews* and holding that the misappropriation prong of common law invasion of privacy did not extend to appropriating the story of another person's life); *Seale v. Gramercy Pictures*, 949 F. Supp. 331 (E.D. Pa. 1996) (dramatization of life story of plaintiff, a former Black Panther, did not violate his right of publicity).
81. *Ruffin-Steinback*, 82 F. Supp. 2d at 730.
82. See *Hoffman*, 255 F.3d 1180; *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) (film "Ginger and Fred," which was unrelated to Ginger Rogers and Fred Astaire, did not violate their rights of publicity because the film's title was closely related to its content and was not a disguised advertisement for the sale of goods or services or collateral commercial products); *Maheu v. CBS, Inc.*, 201 Cal. App. 3d 662, 247 Cal. Rptr. 304, (Cal. App. 2d Dist. 1988) (complaint that failed to allege knowing or reckless falsity failed to state a right of publicity claim); *Eastwood v. Superior Court*, 149 Cal. App. 3d 409, 198 Cal. Rptr. 342 (Cal. App. 2d Dist. 1983) (same); *Gugliemi v. Spelling-Goldberg Productions*, 25 Cal. 3d 860, 603 P.2d 454, 160 Cal. Rptr. 352 (1979) (Bird, C.J., concurring) (no distinction may be drawn between fictional and factual accounts of Rudolph Valentino's life). Cf. *Messenger v. Gruner & Jahr Printing & Publ'g*, 208 F.3d at 125 (use of photograph in a substantially fictionalized way to illustrate a newsworthy piece is protected speech where (1) there is a real relationship between the article and the photograph, and (2) the article is not an advertisement in disguise). But see *Spahn v. Julian Messner, Inc.*, 21 N.Y.2d 124, 286 N.Y.S.2d 832 (1967) (First Amendment did not protect publication of fictionalized biography of well-known baseball player in which author used invented dialogue and imaginary incidents, and falsely attributed thoughts and feelings).

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# Trademark Protection in the European Union: A Comparison of the European Community Trademark and the International Trademark Systems

By Karina Dimidjian and Caroline Casalonga

## I. Introduction

Two different systems, the International Trademark Registration system (Madrid System) and the European Community Trademark system (CTM System), are available to companies and individuals seeking trademark protection in the countries of the European Union. Currently, as the United States has not yet ratified the international treaty governing the Madrid System, U.S. companies and citizens may only avail themselves of the protection offered by the CTM System. It is expected, however, that the United States will ratify this treaty in the near future.

In light of the United States' eventual membership in the Madrid System, this article will compare the advantages and disadvantages of the two systems from the perspective of a U.S. company seeking to protect its trademarks in the European Union.

## II. The Madrid System

The Madrid System for the international registration of trademarks, administered by the World Intellectual Property Organization (WIPO), is available to all countries party to the Madrid Agreement (the "Agreement"), which entered into force on July 13, 1892, or the Madrid Protocol (the "Protocol"), which came into operation on April 1, 1996. The Agreement and Protocol establish slightly different rights and obligations for International trademark holders. For the purposes of this article, we will assume that the Protocol governs, as this is the international treaty that the United States is expected to ratify.

This system allows a trademark owner to protect its mark in any or all of the other countries signatory to the Agreement and/or Protocol by filing a single application with its national trademark office in one language (English or French) with one set of fees in a single currency (Swiss francs). All of the Member States of the European Union are party to the Protocol, although the European Union itself has not yet ratified the Protocol. Therefore, although an applicant may claim protection in all of the different European Union Member States in connection with an International trademark application, it may not claim protection for a Community Trademark.

The list of the countries that have ratified the Protocol and/or the Agreement (as of October 2001) is set forth below:

Albania (A)	Lesotho (A&P)
Algeria (A)	Liberia (A)
Antigua and Barbuda (P)	Liechtenstein (A&P)
Armenia (A)	Lithuania (P)
Australia (P)	Luxembourg* (A&P)
Austria (A&P)	Monaco (A&P)
Azerbaijan (A)	Mongolia (A)
Belarus (A&P)	Morocco (A&P)
Belgium* (A&P)	Mozambique (A&P)
Bhutan (P)	Netherlands* (A&P)
Bosnia and Herzegovina (A)	Norway (P)
Bulgaria (A)	Poland (A&P)
China (A&P)	Portugal (A&P)
Croatia (A)	Republic of Moldova (A&P)
Cuba (A&P)	Romania (A&P)
Czech Republic (A&P)	Russian Federation (A&P)
Democratic People's Republic of Korea (A&P)	San Marino (A)
Denmark (P)	Sierra Leone (A&P)
Egypt (A)	Singapore (P)
Estonia (P)	Slovakia (A&P)
Finland (P)	Slovenia (A&P)
France (A&P)	Spain (A&P)
Georgia (P)	Sudan (A)
Germany (A&P)	Swaziland (A&P)
Greece (P)	Sweden (P)
Hungary (A&P)	Switzerland (A&P)
Iceland (P)	Tajikistan (A)
Ireland (P)	The former Yugoslav Republic of Macedonia (A)
Italy (A&P)	Turkey (P)
Japan (P)	Turkmenistan (P)
Kazakhstan (A)	Ukraine (A)
Kenya (A&P)	United Kingdom (P)
Kyrgyzstan (A)	Uzbekistan (A)
Latvia (A&P)	Vietnam (A)
	Yugoslavia (A&P)

(A) indicates a party to the Arrangement  
(P) indicates a party to the Protocol

\* Protection may not be requested separately for Belgium, Luxembourg or the Netherlands, but only for all three countries as a

whole (Benelux), subject to payment of a single complementary or individual fee.

### III. The European Community Trademark System

The CTM System, administered by the Office for Harmonization in the Internal Market (the “OHIM” or “CTM Office”) in Alicante, Spain, is governed by Regulation No. 40/94, which was issued by the European Council on December 20, 1993, and came into force on March 15, 1994. The first date to file a CTM application was April 1, 1996.

The CTM System allows a trademark owner to protect its mark in all 15 European Union Member States, namely Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Sweden, Spain, and the United Kingdom, by filing a single application with one trademark office in one language with one set of fees in a single currency (euros).

### IV. Comparison of the Two Systems

Assuming for our purposes that the United States has now ratified the Madrid Protocol, we propose the following scenario: a U.S. company (X Tech) is planning to expand its operations on an international basis. X Tech intends to open offices in France, Germany, the United Kingdom, and Spain, and subsequently expand to the other countries of the European Union if operations in the initial four countries are successful. Consequently, X Tech, which already owns a U.S. trademark registration for its house mark, is seeking advice as to the best strategy for protection of the mark in Europe. In particular, would it be more efficient for X Tech to file an International application based on its U.S. registration, claiming protection in each of the countries in the European Union, or to file a CTM application?

#### A. Scope of Protection: Requirement of Prior Application/Registration

An International application pursuant to the Madrid System must be based on either a prior national application or registration in the country of origin of the applicant (country of residence, domicile, or location of industrial or commercial establishment). Consequently, an International registration is limited to the identical goods and services for which the prior national application or registration is protected. There is no such requirement for a CTM application.

As the U.S. Patent and Trademark Office (USPTO) requires a very precise specification of goods and services, limited to those actually used by the applicant, the Madrid System’s condition of a prior application or registration may be disadvantageous to X Tech, in particular for the registration of its house mark. Indeed, in contrast to USPTO policy, the CTM Office permits a fairly broad specification of goods and services. Further, the obligation to

use a CTM does not commence until the fifth year following the registration of the mark.

For example, in the United States, X Tech, whose principal activity is designing software for the automobile industry, has registered its house mark for “*software for use in the manufacturing of cars and auto parts*” in Class 9. Therefore, the International registration based on this prior U.S. registration will likewise be limited to these specific goods. If X Tech were to file a CTM application, however, it would be able to register its mark for the broader “*computer software*” in Class 9. Therefore, X Tech would be able to obtain a much broader protection within the European Union by filing a CTM application than by filing an International application based on its prior U.S. application/registration.

#### B. Language Requirements

X Tech would prefer that all official communications and other proceedings in connection with its trademark application be in English in order to avoid expensive translation costs. International registrations may be filed in either English or French, and all communications with WIPO will be in the language of the application. Any oppositions or objections, however, from the national offices will be in the language of that office, i.e. Spanish, Italian, etc. Therefore, although all communications with WIPO will be in English, oppositions or objections may be in any of the 13 languages corresponding to the 13 non-English speaking countries of the European Union.

CTM applications must designate two languages, one of which must be an official language of the OHIM, i.e., English, French, Spanish, German, or Italian. If the first language chosen is an official language, communications from the OHIM in connection with the application must be in such language. If it is not an official language, communications may be in either of the two languages, at the OHIM’s option. Oppositions must be filed in one of the two languages of the application. The language chosen must also be an official language of the OHIM. Therefore, for example, if the first language of the application is Swedish (not an official language) and the second language is English, oppositions must be filed in English. Conversely, if the first language is English (official) and the second language is Spanish (official), oppositions may be filed in either English or Spanish. In practice, regardless of the second language chosen, the majority of oppositions are in English.

Therefore, in an International trademark registration procedure, X Tech risks being confronted with 13 languages other than English, while in the CTM registration procedure it will be confronted with at most one language in addition to English. The risk of incurring high translation costs, therefore, is much lower in the CTM System.

#### C. Costs of Registration

##### 1. Filing and Registration Fees

With both systems, there is only one filing and corresponding fee—at WIPO in Geneva in Swiss francs for the



International application and at the OHIM in Alicante in euros for the CTM application. The experience of five years of Community Trademarks proceedings demonstrates, however, that the CTM System is more cost-effective than the Madrid System for applicants who wish to benefit from protection in several (or all) of the countries of the European Union.

The following are the indicative costs (official fees only) for the protection in the European Union in one to three classes under the two systems:

*Madrid System:* fee for the U.S. trademark registration plus fee for the International registration in the 15 countries of the European Union (4,230 Swiss francs; approximately 3,000 euros) plus tax of the country of origin.

*CTM System:* application fee of 975 euros plus registration fee of 1,100 euros; total official fees of 2,075 euros.

## 2. Attorney's Fees

Further, after the filing, the examination of the absolute and relative grounds of refusal of International registrations is conducted by the national trademark offices of each of the countries in which protection was requested, whereas the CTM registration procedure is conducted by the OHIM.

The European experience shows that the single registration procedure of the CTM system is much more efficient and cost-effective for the applicant than the several national registration proceedings involved in the Madrid System. Indeed, even though under the Madrid System the mark may be registered very quickly and without difficulty in some countries, it may be subject to lengthy objection and opposition procedures in others, in particular in Spain and the United Kingdom, countries in which the national trademark offices automatically raise third party's prior rights as part of the examination procedure. The CTM Office does not raise third party's prior rights as objections to the registration of CTMs, although it does notify the owners of prior identical or very similar marks of the CTM application for purposes of the opposition procedure.

Further, in the case of an International application, the applicant must hire numerous different trademark attorneys in each of the countries where there is an objection or an opposition, whereas only one firm's services are required in connection with the prosecution of a CTM application, normally resulting in significantly reduced legal fees. In addition, it is more time- and cost-effective to negotiate a co-existence agreement between two trademarks at a pan-European level than at each national level. And in the event that the parties are unable to reach an agreement, the applicant may always transform its CTM

application into national applications in the countries where the opponent does not have prior trademark rights.

Therefore, as a result of the unified registration system, X Tech's legal fees in connection with the CTM application will likely be much less than they would be in connection with an International application. The registration procedure will likewise be easier to manage administratively, as there is only one interlocutor.

## D. Use Requirements

Whereas the trademark owner of an International registration must fulfill the use requirements for each of the countries in which its mark is protected, a genuine commercial use of the CTM registration in any one European Union Member State fulfills the use requirements for all of the European Union. This provides a significant advantage for the owner of a CTM who only uses its mark in a few European Union countries. This is a very important consideration for companies that have staggered expansion strategies in the European Union. For example, X Tech intends to open offices first in France, Germany, the United Kingdom and Spain, and subsequently to expand its overseas operations to the other countries of the European Union if these offices are successful. X Tech's use of its mark in these countries will be sufficient to satisfy the obligation of use requirements for the CTM registration for the whole of the European Union. If, however, it applies and registers an International trademark in all of the countries of the European Union, but the use of the mark in the countries other than France, Germany, the United Kingdom and Spain does not commence by the fifth anniversary of the registration of the mark, the registrations in these countries will be vulnerable to cancellation actions for non-use. Therefore, in this respect, the CTM application is a wiser choice for X Tech, as it will not be vulnerable to cancellation actions for non-use.

## E. Central Attack

During the five-year period commencing on the date of the filing of the International registration, the protection of the mark is dependent on the status of the trademark registration (or application) in the country of origin. If the prior application/registration upon which the International registration is based is refused, revoked or declared invalid by a competent court or administrative body, the protection of the mark in the other countries claimed in the registration will be canceled automatically. This is referred to as the "central attack."

For example, if X Tech's U.S. registration for its house mark is canceled as a result of an infringement action in the United States during the first five years following the filing of the International registration, the International registration will likewise automatically be canceled.

Likewise, if X Tech's International registration is based on a U.S. trademark application, and such application is



refused by the USPTO, the international registration will automatically be canceled. This is an important consideration for U.S. companies like X Tech, since the USPTO is very strict in granting trademark registrations, taking into account the distinctive character of the mark as well as refusing to register marks that infringe upon the prior trademark rights of third parties.

After this five-year period, the International registration becomes independent from the national registration. Consequently, after five years, the cancellation or non-renewal of the mark in the country of origin will have no effect on the International registration.

Further, pursuant to the Protocol, if an International registration is canceled due to a central attack action, the owner may transform the registration into a series of national trademark applications in the countries in which the registration was protected, all of which will maintain the filing date of the original International registration. This is intended to mitigate the potential risk of the dependence of the International registration on the prior application/registration. Nevertheless, the central attack remains a risk to International trademark owners, in particular U.S. companies.

## **F. Unitary Versus Fragmented System**

The Madrid System allows the applicant to claim protection in any country among the list of the parties signatory to either the Protocol or the Arrangement. A CTM registration, on the other hand, is unitary and granted for all of the countries of the European Union.

### **1. Prior Rights**

A prior right protected in any one Member State of the European Union is sufficient to successfully oppose a CTM application. Conversely, in the Madrid System, although the registration would be denied in the country in which there was a prior right, this would have no adverse consequences for the registration of the International application in the other countries of the European Union. Therefore, if the applicant is certain that a prior right will be opposed against its CTM application (identical or quasi-identical marks in use), it is preferable to file an International application claiming protection in all of the countries of the European Union other than that in which the prior right exists.

Prior to filing either a CTM or an International Registration, X Tech, upon the advice of its European trademark counsel, decided to conduct a search among prior identical and similar trademarks. Fortunately, the search did not reveal any absolute obstacles in any of the countries of the European Union. Had it revealed such an obstacle, X Tech would have been advised not to file a CTM application, as the existence of one prior national right in one country of the European Union is sufficient to block a CTM registration.

### **2. Assignment**

Whereas an International registration can be assigned for each separate country in which protection is obtained, a CTM application or registration may only be assigned for the European Union as a whole.

The ability to assign the International registration in the different countries in which it is protected is an advantage for the owner of an International registration, in particular if the owner of the mark decides not to conduct business in certain of the countries in which registration of the mark was obtained. For example, if X Tech secured registration for its house mark in all of the countries of the European Union, but ultimately decided not to expand operations outside of France, Germany, the United Kingdom and Italy, it would be able to assign its mark in the other countries in which it was protected.

It should be noted, however, that with the principle of exhaustion of the rights of a trademark owner for the goods and services which have been put on the market in the European Union under that trademark by the proprietor or with its consent, the interest in assigning an International registration for only part of the European Union is very limited. For example, if X Tech were to assign its International registration in Sweden, the products sold under this mark in Sweden, due to the free movement of goods among the European Union Member States, could also be offered and sold in all of the other countries of the European Union, including France, Germany, the United Kingdom or Italy where X Tech has operations and sells goods under the same mark.

### **3. Extension of Protection**

A further advantage of the Madrid System is that additional countries may be designated at a later date in conjunction with the payment of a supplemental official fee. For example, X Tech could file an International application presently for protection in France, Germany, the United Kingdom, and Italy, the countries in which it intends to commence its European operations. Subsequently, at a later date, when it decides to expand its operations to other countries of the European Union, it could extend the protection in these countries. This possibility is not available in connection with a CTM, which is granted for the whole of the European Union. In light of the free circulation of goods as discussed above, however, a company that intends to expand its operations to many different countries of the European Union may be better served by obtaining protection in all of the European Union Member States prior to commencing operations.

It should be noted, however, that pursuant to the CTM System, if new countries become Member States of the European Union, protection would be extended automatically to these countries.

## G. Litigation

### 1. Infringement Actions

An infringement action based on an International registration is identical to a national infringement action. The plaintiff has to introduce actions in each of the separate countries in which the infringing acts took place. For example, even if one's marks were infringed by the same company in France, Germany, the United Kingdom and Italy, the owner would have to bring separate infringement actions before the national courts of each of these countries.

One of the principal benefits of the CTM System, on the other hand, is that in the same scenario, the trademark owner would be able to obtain pan-European injunctive relief within all of the Member States of the European Union.

The Brussels Convention, which regulates the jurisdiction and enforcement of judgments of the courts of the European Union Member States in civil and commercial matters, governs issues of jurisdiction in CTM infringement matters. All of the Member States have designated certain national courts as "CTM Courts" (generally the same courts that had jurisdiction for national trademark matters). The CTM Courts have exclusive jurisdiction for substantive relief and have co-jurisdiction with national courts for preliminary relief for all trademark infringement actions.

In order to be deemed to have pan-European jurisdiction, however, the CTM Court must be selected according to the following rules (Article 93 of the EC Regulation No. 40/94):

- CTM Court of the Member State in which the defendant is domiciled;
- if the defendant is not domiciled in the European Union, the CTM Court of the Member State in which the defendant has an establishment;
- if the defendant has no establishment in the European Union, the CTM Court where the plaintiff is domiciled;
- if the plaintiff is not domiciled in the European Union, the CTM Court of the Member State in which the plaintiff has an establishment;
- if neither the defendant nor the plaintiff is domiciled or has an establishment in the European Union, then the CTM Court in Spain, as this is where the OHIM's offices are located.

Alternatively, the parties may expressly agree on another CTM Court, which will also be deemed to have pan-European jurisdiction according to Article 17 of the Brussels Convention.

The plaintiff also may choose to file an action before the CTM Court of the place of the infringement, although

the decision in this case will be limited to that particular Member State, as the CTM Court is not considered, under such circumstances, to have the competence to grant pan-European injunctive relief.

As the first CTM applications were filed on April 1, 1996, the CTM litigation system is still in its infancy, with very few infringement actions having been commenced and even fewer decisions rendered. For the reasons explained above, however, in particular the ability to obtain pan-European relief, the CTM litigation procedure system should simplify infringement actions within the European Union to the benefit of CTM trademark owners and result in a less costly procedure.

### 2. Revocation and Invalidity Claims

Subject to the exception of the "central attack" as previously explained, which only may be relied upon if the plaintiff has a prior right in the country of the original application/registration, revocation actions (for non-use or for loss of distinctiveness) and invalidity actions against an International registration must be brought before each of the local court systems of the countries in which the plaintiff wishes to obtain the revocation or invalidity of the mark. Consequently, the effects of such decisions are limited to the country in which the action was brought. Further, the trademark holder must engage the services of trademark attorneys in each of the different countries in which an action is to be brought.

Pursuant to the CTM System, the OHIM has exclusive jurisdiction for direct invalidity and revocation actions, although national CTM Courts will be deemed to have jurisdiction if such claims are raised as a defense in an infringement proceeding. Even in this case, however, the national CTM Court may stay the infringement action and direct the question of the invalidity or revocation of the CTM to the OHIM.

## V. Conclusion

The Madrid System and the CTM System differ in certain very significant ways, each of which must be analyzed in light of a company's strategy for expansion in the European Union. In the case of a company such as X Tech, whose eventual expansion in most or all of the countries of the European Union is fairly certain, it would be more cost-effective and efficient to file a CTM application for its house mark rather than an International application. If a prior right exists in one of the Member States of the European Union or if a company's plans for expansion to many or all of the countries of the European Union is much less definite, however, it may be advisable to choose the Madrid System, which allows much more flexibility in the choice of countries in which the mark will be protected, over the CTM System.

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# Using Customs to Protect Intellectual Property Rights in Lithuania

By Marius J. Jason

At the initiative of the Director of the Customs Department of the Republic of Lithuania, representatives of Customs, the Patent Bureau and the local Intellectual Property Association recently met in Vilnius to discuss how to improve the enforcement of intellectual property rights at the border, in accordance with Lithuania's new Law on the Protection of Import and Export of Intellectual Property, which went into effect on January 1, 2001.



In order for Customs to stop the shipment of goods that infringe trademark, copyright, design and patent rights ("IP rights") across Lithuania's borders, the IP rights must be registered with Customs. As of October 22, 2001, only eight trademark owners have filed applications requesting Customs to stop the shipment of suspicious goods with their marks at the border. In response to these applications, Customs has stopped numerous shipments of suspicious goods across the borders that bear trademarks that have been registered with Customs. More than 15 court actions have been filed to confiscate and destroy illegal goods that Customs withheld at the border, all of which have been decided in favor of the IP owner. More than ten tons of goods withheld by Customs that infringe the IP rights have been destroyed.

For border measures to be effective in protecting IP rights, more IP rights have to be registered with Customs.

The representatives of Customs and the Intellectual Property Association that participated in the meeting agreed to sign a Memorandum of Understanding, with mutual rights and obligations, wherein the following steps to improve the enforcement of IP rights at the border would be established:

1. Representatives of Customs and the IP Association shall have regular meetings to discuss how to improve the enforcement of IP rights at the border.
2. Customs, at its initiative, shall stop the shipment of suspicious goods at the border that involve IP

rights that have not been registered with Customs.

3. When Customs stops a shipment of suspicious goods at the border that involve IP rights that have not been registered with Customs, Customs shall immediately notify the IP Association. When Customs stops goods at the border that involve IP rights that have not been registered with Customs, Customs can hold the goods for only three days. To prolong the withholding, the IP owner must file an application to register its IP rights with Customs within three days of the withholding. If an application to register the IP rights is not filed with Customs within three days of the withholding, Customs must release the goods.

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*"In order for Customs to stop the shipment of goods that infringe trademark, copyright, design and patent rights across Lithuania's borders, the IP rights must be registered with Customs."*

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4. The IP Association shall immediately notify the IP owner:
  - a) about Customs' withholding of the suspicious goods; and
  - b) to file an application to register its IP rights with Customs within three days of the withholding, which will permit: Customs to prolong the withholding of the goods; the IP owner to inspect the goods; and, if the goods are illegal, the IP owner to file a court action to have the withheld goods confiscated and destroyed.

It is hoped that this procedure will encourage more IP owners to register their IP rights with Customs and take action to stop the shipment of counterfeit goods at the border and the sale of unauthorized goods within Lithuania.

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# The Uniform Computer Information Transactions Act: A Fatal Blow for Libraries

By Maryellen O'Brien

## I. Introduction

Generally speaking, the Uniform Computer Information Transactions Act (UCITA) is a legal rule book, a model code, designed to govern the future of electronic commerce. It is an attempt to conform state laws relating to software licensing to a uniform national standard.<sup>1</sup>

UCITA would "extend the Uniform Commercial Code (U.C.C.) to regulate transactions involving intangible goods (such as computer software, online databases and other information products in digital form), which are not sold per se, but are based on 'licenses' or licensing agreements that govern the 'use' of the product."<sup>2</sup> Essentially, UCITA is intended to establish a comprehensive set of rules governing "computer information transactions."

The term "computer information transactions" refers to licensing of software programs, such as Corel WordPerfect, and contracting for online information services, such as Lexis/Nexis or America Online. Thus, UCITA deals with software and electronically disseminated information. One of its primary objectives is to address the problem of "shrink-wrap" software licenses. "Shrink-wrap" refers to the plastic covering found on the exterior of software products upon purchase. Shrink-wrap licenses bind consumers to the software company's terms as a condition of use. However, under UCITA, the licensing provisions also apply to "click-on" and "active click-wrap" licenses, which are found online, i.e., they appear on the computer monitor as a condition of accessing information or installing software.<sup>3</sup>

UCITA is an offspring of efforts by the American Law Institute (ALI) and the National Conference of Commissioners of Uniform State Laws (NCCUSL)<sup>4</sup> to revise article 2 of the U.C.C., which deals with transactions in goods. Initially, the two groups proposed a new U.C.C. section to cover the licensing of software and online information, which they called article 2B. However, after two years of deliberations, ALI and NCCUSL were unable to agree on the terms of the proposed legislation. Hence, in May 1999, after realizing that article 2B's approach to software and online information trans-



actions was fatally flawed, ALI withdrew its support.<sup>5</sup> Nevertheless, NCCUSL proceeded alone and voted in July 1999—over opposition from educational, library, and consumer groups—to adopt the model legislation, which it renamed UCITA.<sup>6</sup>

Presently, UCITA has been adopted in two states, Virginia and Maryland, and has been submitted for adoption in seven others (Arizona, Illinois, Maine, New Hampshire, New Jersey, Oregon, and Texas), plus the District of Columbia.<sup>7</sup> It has been observed that states are "jostling quickly to adopt UCITA in the hopes of attracting high-tech businesses."<sup>8</sup> This has become a classic race to the bottom. However, the legislatures in both Virginia and Maryland have been unable to pass UCITA without amendments, making unclear the extent of the uniformity that ultimately will be achieved.

Proponents of UCITA claim that the legislation is "premised on freedom of contract."<sup>9</sup> That is, UCITA "consists largely of default rules or gap-fillers that will largely disappear in a negotiated transaction."<sup>10</sup> In other words, they claim that the parties to a transaction will be able to negotiate out any unwanted provisions on a contract-by-contract basis. However, UCITA's opponents strongly disagree. In fact, in New Jersey, the state legislature's Law Revision Commission drafted its own version of UCITA, which reflected its concerns about the uniform law providing too many benefits to the software industry, glossing over conflicts with other statutes, hurting consumers, and including too many fuzzy definitions, including the definition of what is, in fact, a computer.<sup>11</sup> Among the legislation's largest proponents are software companies such as Microsoft Corporation, online service providers such as America Online, and publishers of electronic-based materials such as Reed-Elsevier-Lexis.

UCITA seems to have many more opponents than proponents. Representatives of government such as the Federal Trade Commission and the attorneys general of at least 24 states oppose UCITA, as do various non-governmental groups, each with concerns peculiar to its distinct interests.<sup>12</sup> For instance, insurance companies and heavy users of computer software and digital information have expressed opposition based on concerns that UCITA will make it cost-prohibitive to protect against hackers. Trade associations such as the Institute of Electrical and Electronics Engineers (IEEE-USA)<sup>13</sup> argue that the law would turn purchasing decisions



into licensing agreements and would prevent certain forms of reverse engineering.<sup>14</sup> Meanwhile, consumer advocates, magazine and newspaper publishers, and librarians and library users are concerned about access to information and about the terms of that access.

Interestingly, there has been a movement in some states to prevent UCITA from taking effect within their jurisdictions. On May 15, 2000, the Governor of Iowa approved legislation preventing any state that has adopted UCITA from enforcing it in Iowa. That law was valid until July 1, 2001, and has since been extended until 2002.<sup>15</sup> Referred to as “bomb-shelter” legislation, Iowa’s was the first state legislation of its kind regarding UCITA.<sup>16</sup> However, in July 2001 North Carolina passed its own anti-UCITA legislation, and currently the New York and Ohio legislatures are considering comparable bills.<sup>17</sup> Of course, it remains to be seen if this approach will become more common.

This article examines the objections that librarians, in particular, have with UCITA as currently constituted. First, it focuses on UCITA’s “shrink-wrap” licensing provisions, which grant broad contracting authority to computer, software, and online companies. These new licensing provisions may adversely affect the ability of libraries to transfer computer information at reasonable cost. Second, it focuses on provisions in UCITA that permit computer, online, and software companies to utilize “self-help” measures. Under UCITA, “self-help” measures include the ability to terminate access to information already purchased by the licensee, which essentially leaves the consumer without recourse. Third, it examines concerns that UCITA will negatively impact fair use. Fair use protects from copyright infringement liability research done at a nonprofit library for research or educational purposes. UCITA’s impingement on fair use may affect those who utilize library services. Finally, the article focuses on the first-sale doctrine, which allows legitimate owners of copies of works to choose to sell or dispose of those copies. Libraries rely on this doctrine when they lend the materials in their collections. Thus, UCITA may affect the library’s primary function, which is the lending of, or provision of access to, information for nonprofit educational and research use.

## II. Shrink-Wrap Licensing

Libraries serve as information resource centers. Library users often depend on libraries for access to information to which they otherwise would not be privy. For example, libraries often maintain archived or specialized materials, which generally are stored either in their original book form or on microfiche or microfilm. However, modern technology has enabled the majority of libraries also to offer patrons access to information in more progressive electronic-based media,

such as CD-ROMs and online access to a myriad of Web-based databases. Unfortunately, UCITA’s provisions with respect to licensing for access to information may adversely affect the ability of libraries to provide these services.

Some have referred to UCITA as the software vendors’ bill of rights. However, *eWeek* has characterized it more as highhanded privilege than rights.<sup>18</sup> It has been noted that UCITA “was intended to codify and standardize state contract laws concerning business practices involving signed licenses, shrink-wrap licenses, and ‘click-through’ licenses for software, databases, and Web sites.”<sup>19</sup> But the model rules were written under the auspices of software, computer, and online companies, and that fact is not soon lost upon readers of the legislation.<sup>20</sup>

UCITA covers only software and information that is electronically disseminated. Under UCITA, “information” is defined as “data, text, image, sounds, mask words or computer programs, including collections and compilations of them.”<sup>21</sup> This covers the software used to access information, as well as services such as online databases and books. Also covered is what UCITA terms “computer information,” which is defined as any “information in electronic form which is obtained from or through the use of a computer or which is in a form capable of being processed by a computer. . . . [This] includes a copy of the information and any documentation or package associated with the copy.”<sup>22</sup> Basically, UCITA applies to any sort of computer-readable information. That is, it “allows anything digital to fall within UCITA’s jurisdiction. Electronic books, music, movies, computer software, online magazines, websites, anything that might be used within the broad definition of a computer.”<sup>23</sup> Troubling for libraries and their users is the fact that UCITA’s licensing provisions will “allow . . . publishers to impose the most outrageous restrictions” on those who read articles online or access databases.<sup>24</sup>

UCITA affords broad authorization to software and online companies to contract with consumers. UCITA defines a “computer information transaction” to be “an agreement or the performance of it to create, modify, transfer, or license computer information.”<sup>25</sup> This definition of computer information transactions “permits shrink-wrap/click-on licenses, i.e., clicking ‘I Agree’ when installing software, signing up for Internet access, or using an electronic book.”<sup>26</sup> UCITA defines these non-negotiable “mass-market licenses” and “mass-market transactions” to include:

consumer contracts or any other transaction with an end-user licensee . . .  
[where] the transaction is for information or informational rights directed to

the general public as a whole, including consumers, under substantially the same terms for the same information, [or where] the licensee acquires the information or informational rights in a retail transaction under terms and in a quantity consistent with an ordinary transaction in a retail market.<sup>27</sup>

Thus, UCITA's shrink-wrap licensing provisions cover not only situations where libraries have purchased materials in CD-ROM format, but also instances where libraries have contracted for the purchase of electronically formatted information and for access to online databases, books, and articles.

Mass-market licensing under UCITA presents several problems for libraries. First, libraries may be restricted in their lending of licensed materials based on the terms of licenses. For example, licenses may include prohibitions on the transfer of copies, which would mean that libraries no longer would be free to utilize interlibrary loan services through which networks of libraries share information so as to supplement each other's collections and to better service library patrons. Second, it may be necessary for knowledgeable personnel, such as contract officers, to examine each and every shrink-wrap license prior to acceptance to ensure that libraries do not agree to terms that are not in their best interest—a process that could substantially increase transaction costs.<sup>28</sup>

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*"UCITA's shrink-wrap licensing provisions cover not only situations where libraries have purchased materials in CD-ROM format, but also instances where libraries have contracted for the purchase of electronically formatted information and for access to online databases, books, and articles."*

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Third, institutions increasingly are providing faculty and staff with procurement cards, which allow decentralized purchasing of software and information from the distributor. By clicking on the license, a member of the faculty or staff could waive the privileges and rights available to the individual and/or institution under copyright law. To protect themselves, "libraries and educational institutions may need to re-centralize the procurement function."<sup>29</sup> Fourth, due to similar concerns about liability, libraries also may be forced to restrict online use by library users so as to prevent any unwanted acceptance of terms in the course of their personal/research-oriented browsing.<sup>30</sup> For example, "should a library be bound by a license if a 7-year-old

child in the children's room clicked the 'agree' button?"<sup>31</sup>

Fifth, UCITA may drastically alter one of the primary roles of libraries as institutions, namely, serving as warehouses of information and resources for research. For instance, under UCITA, publishers may include license terms that would prohibit quoting from electronic material for purposes of education or criticism.<sup>32</sup> However, this could severely curb the utilization by libraries of electronic information and could simply force libraries back to using solely traditional hardcover (or softcover) books. Finally, UCITA permits software publishers to place restrictions on the use of licensed products after purchase—without prior notice.<sup>33</sup> This ability to change the terms of the contract after payment has been made seems unconscionable. How can a library contract for services based on the specific terms of the license, only to have those terms modified at the vendor's whim? This seems contrary to public policy.

In sum, UCITA's regime of market-driven regulation may serve to relegate libraries to the use of free Internet resources or inadequate public domain software, make the administration of libraries cost-prohibitive, or encourage libraries to abstain from using these various technological advances altogether—to the detriment of us all.

UCITA's shortcomings have not gone unnoticed by the library community. There have been several attempts to exempt libraries from UCITA's mass-market licensing provisions. In Maryland, the second state to adopt UCITA, the library community has lobbied senators and delegates in legislative working groups to consider an amendment that would protect the central function of libraries. It reads:

A term of a non-negotiated contract to which a library, archive, or educational institution is a party is unenforceable to the extent that it restricts the ability of the library, archive, or educational institution to engage in archiving, reserve lending, interlibrary lending, or preservation activities that otherwise are permitted by state or federal law.<sup>34</sup>

This provision would have made use by libraries and colleges of online material governable by federal copyright law instead of UCITA. However, the library constituency met with a less than favorable response. In fact, the Maryland legislators insist that contracts under UCITA will be preempted by federal copyright law.

However, "the general rule is that a negotiated contract is not overruled by copyright law,"<sup>35</sup> although the law with respect to mass-market licenses is as yet unsettled. In *ProCD, Inc. v. Zeidenberg*,<sup>36</sup> the Seventh Circuit

held that since ordinary contract principles apply to packaged license agreements for software, the appellee had the opportunity to review the terms of the appellant's license before being bound and thus violated the terms of the agreement. Remember that UCITA is an expansion of contract law, and its principles would become the applicable law if it were adopted in a particular jurisdiction. Therefore, it is likely that the terms of these agreements would be upheld by the courts, but the issue has not yet been fully adjudicated.<sup>37</sup>

Opponents of UCITA also point out that there is limited, if any, competition in the marketplace for some types of software, information products, and databases.<sup>38</sup> Therefore, if UCITA's licensing provisions were the national standard, libraries would have little or no bargaining power with which to try to obtain more favorable terms from licensors. Moreover, libraries would incur greater transactional costs if they routinely had to negotiate each and every contract in order to avoid provisions that would affect them adversely. Furthermore, even if libraries were able to negotiate some contracts, the very nature of shrink-wrap licenses is that they are only offered on a "take it or leave it" basis, which precludes any negotiation at all. The Federal Trade Commission has held public hearings and intends to issue a report on the extent to which traditional consumer protection laws are applicable, which should provide a clearer indication of UCITA's potential impact on consumer digital transactions.<sup>39</sup>

### III. Self Help

UCITA supplies vendors with yet another means of controlling their products, which control may be extended even after those products have been purchased by consumers. UCITA permits the use of "self help," which allows a licensor to deal with a license violation without resorting to litigation and without incurring liability for the foreseeable harm caused.<sup>40</sup> In the context of computer information, self help usually means automatic or remote disablement by the licensor.<sup>41</sup> Thus, a licensor may "electronically disable, remove, or prevent the usage of computer information or software" for unspecified "license violations."<sup>42</sup> Under UCITA, vendors "could change the license retroactively at any time, and force you to delete the material if you don't accept the change."<sup>43</sup> In fact, UCITA "allows software publishers to remove their product, simply because usage fees arrive late."<sup>44</sup> However, recent amendments provide that self help may be used only where the licensee has been given notice—and then only after 15 days.<sup>45</sup>

Imagine the effect of such a device in the library context: a patron makes a copy of an online document in violation of the library's license or, perhaps, a patron quotes from the vendor's online information in violation of the library's license. In response to either of

these situations, the vendor could opt to terminate the library's license. Even though the library will likely have had no prior knowledge of the patron's actions, the library will suffer the consequences. This does not appear to be an equitable result.

In *Computer Trust Leasing v. Jack Farrell Implement Co.*,<sup>46</sup> the Eighth Circuit upheld the right of a licensor to electronically deactivate software after the licensee had defaulted, despite the fact that there was no clause in the license agreement expressly permitting same. However, it remains to be seen how other courts will interpret the self-help provisions.

Undoubtedly, self-help measures are of major concern to libraries. However, a vendor's ability to terminate contracts by resorting to self help is not the only issue making libraries uneasy. In order for companies to install the automatic or remote disabling system that would enable vendors to implement self-help measures, they must build "back doors" or "trap doors" into their software that would allow them to activate their "self-help" provisions. Such devices "are notorious as possible avenues for hackers to use in breaking into computer systems."<sup>47</sup> This will leave institutions prone to those who wish to compromise their computer files. The Nationwide Insurance Co. estimates that UCITA could cost its company a minimum of \$20 million annually just to counter the security problems the model code poses.<sup>48</sup>

Finally, and equally troubling, UCITA's self-help provisions permit licensors to monitor the licensee's use of the resource it has provided.<sup>49</sup> UCITA "allows software publishers to legally track and collect confidential information about personal and business activities of licensees."<sup>50</sup> For example, Juno, an Internet access provider, claims the right to use its customers' computers during their downtime to run its own "Computational Software."<sup>51</sup> However, the invasion doesn't end there. By the terms of Juno's service agreement, Juno may "harness its customers' unused CPU cycles to sell as a distributed computing service."<sup>52</sup> Furthermore, its service agreement is modified simply by the licensee's use of the service. As one commentator noted, "Juno may change this Agreement at any time. . . . [That is,] each time you use the Service [it automatically] reaffirms your acceptance of the then-current Agreement. If UCITA were the governing law in Juno's home state of New York, the company could have taken over its customers' computers before it announced its plans."<sup>53</sup>

In sum, libraries and their users should be very concerned about the effects that self help may have on libraries' ability to provide information and on the cost of doing so. As written, UCITA provides licensors with broad authority to control the end use of their products simply by incorporating clauses into their contracts. The problem is exacerbated by the fact that click-



through licenses, such as Juno's, may change the terms under which the licensee must operate at the will of the licensor. Additionally, libraries may have to spend a substantial portion of their budgets on security measures aimed at protecting themselves from hackers, who may wish to interrupt the libraries' systems or gain access to the library users' profiles. Although UCITA poses a threat to users of electronic information in all contexts, nonprofit institutions such as libraries may be particularly ill-equipped to compete in a market-based system such as that which UCITA prescribes.

#### IV. Fair Use Exception

The fair use doctrine, codified in section 107 of the Copyright Act, embodies a fundamental principle of U.S. copyright law, namely the need to allow the public limited use of copyrighted materials in order to fulfill the constitutional objective of promoting learning.<sup>54</sup> The statute provides that fair use of a work, including by reproduction or copying "for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research" may be found where the use is for nonprofit educational purposes and where the use of the copy does not have an adverse effect upon the potential market for or value of the copyrighted work.<sup>55</sup> The fair use doctrine has long enabled libraries to perform the services for which they were established, that is, allowing patrons access to works and to information, generally without compensation to the owners of said works, so long as copies of those works are not made or sold for profit. Simply put, "[b]ecause a copyright does not give its owner the right to require licensing fees for uses falling within the scope of [section] 107, parties availing themselves of fair use typically regard it as free use."<sup>56</sup> However, UCITA may change all that.

The term "copy" is defined in UCITA as the "medium on which information is fixed on a temporary or permanent basis and from which it can be perceived, reproduced, used, or communicated, either directly or with the aid of a machine or device."<sup>57</sup> Furthermore, "[t]ransfer of a copy is the basis of a licensing transaction."<sup>58</sup> Note that UCITA has transformed what had been a simple matter of photocopying a page of a book, or just rewriting the words onto a piece of paper, into a type of contract. This highlights an important difference between information stored in traditional media, such as books, and information that is digitally formatted. Computer information is not subject to copying in the same way as are paper books. Indeed, "[t]he genius of computers is their ability to retain and copy information. Copies of information look just like their originals. In fact, everything is a copy."<sup>59</sup> The worry of copyright owners is that copies will be disseminated in large numbers to many people, thereby diluting the value of the information itself.

Codification of the fair use doctrine in the Copyright Act reflects Congress's desire to specifically encourage nonprofit educational uses, as opposed to commercial uses, of copyright material. Conversely, by enacting UCITA, states are showing favor for commercial uses over educational uses. Under UCITA, "a vendor can wield more control of the subsequent use of [its] product, including the right to prohibit the transfer of computer information."<sup>60</sup> For example, in terms of how UCITA's restriction on transfers might affect libraries, "[a] consumer who buys a copy of an encyclopedia on CD cannot [thereafter] donate the used CD to her local library."<sup>61</sup> That is, because UCITA "redefines computer software and information transactions as a licensing transaction rather than a sale," consumers, including libraries, will no longer have the same degree of control over the transfer of computer information as they enjoy now.<sup>62</sup>

UCITA also threatens fair use privileges that allow libraries to provide fundamental services like interlibrary loans, archiving, and preservation.<sup>63</sup> Section 108 of the Copyright Act, which addresses reproduction by libraries and archives, states that "it is not an infringement of copyright for a library or archives, or any of its employees acting within the scope of their employment, to reproduce no more than one copy or phonorecord of a work, or to distribute such copy or phonorecord, under the conditions specified."<sup>64</sup> Such conditions include that the reproduction or distribution is made without any purpose of direct or indirect commercial advantage and that the collections of the library or archives are (i) open to the public, or (ii) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field.<sup>65</sup>

Further, section 108 allows for the making of fax copies of lost, stolen, or deteriorated materials; copies of unpublished work in a library's collection; and retrieval from the collections of other libraries of no more than one article or other contribution to a copyrighted collection or periodical issue, or of a copy or phonorecord of a small part of any other copyrighted work.<sup>66</sup> UCITA, however, may stifle these activities with respect to electronic works. Essentially, under UCITA, libraries would have to rely on their separate licensing contracts with individual database and online providers for terms of copying, which may include transfer fees or copies for cost. Thus, the bottom line may dictate what materials libraries will be able to archive or whether libraries will even be able to survive a marketplace struggle in which they are strong underdogs.

Indeed, UCITA may hamper libraries with contract clauses that "prohibit [the] lending [of] materials or that prohibit activities or uses that libraries may make in

carrying out their preservation efforts.”<sup>67</sup> However, regardless of whether libraries will even be able survive under UCITA, proponents of UCITA continue to argue that “[a]lthough consumers might have to pay fees that the fair-use defense would excuse in other media, they would in return gain better access to better information.”<sup>68</sup> However, opponents of UCITA could counterargue that high costs for this “better access to better information” may essentially preclude libraries from being able to provide these services. The only rays of light for libraries may be the good will of vendors, who may extend more lenient licensing terms to libraries as opposed to other consumers, or the astuteness of state legislators, who may see fit to amend the model rules to allow for fair use exceptions similar to those currently provided by copyright law.

## V. The First-Sale Doctrine

The general policy behind copyright is as follows: “Where . . . unauthorized copying displaces what realistically might have been a sale, no matter how minor the amount of money involved, the interests of the copyright owner need protection.”<sup>69</sup> Under current copyright law the copyright holder is granted exclusive rights with respect to the reproduction, adaptation, publication, performance, and display of copyrighted works.<sup>70</sup> However, traditionally, an exception has been made for uses by libraries or for educational or research purposes.

[W]hen a public body such as a library that has lawfully acquired a copy of a copyrighted work is prevented from making normal and traditional use of it, not because the use is profitable but merely in order that the copyright proprietor may make additional profits by charging for such use, the public interest is injured. It is injured the more if, in the process of licensing, the work of the public body is hampered.<sup>71</sup>

This sentiment is reflected in section 109 of the Copyright Act, 17 U.S.C. § 109. Section 109—which codifies the first-sale doctrine—terminates the rights of the author in his work after its initial sale and allows the new owner to resell, dispose of, display, and make use of his newly purchased content. Many traditional library functions, such as lending, browsing, and resale, which have their origins in this provision, would be negatively impacted by UCITA.<sup>72</sup>

First, traditional lending may be affected. UCITA “[l]imits rights of users to sell or transfer licensed software, effectively overturning the Copyright Act’s first sale doctrine.”<sup>73</sup> In a state in which UCITA has been adopted, a publisher “could extend license terms on a CD-ROM to the paper-book version of that information,

thereby limiting the legitimate uses of the copy owned by the library.”<sup>74</sup> For example, a CD-ROM’s license terms could prohibit the library from lending through the interlibrary loan program, a form of lending that otherwise clearly is permitted under the first-sale doctrine. Specifically, UCITA section 503(4) permits licensors to “prohibit transfer of a contractual interest under a mass-market license by the licensee [provided the license is] conspicuous [on this point].”

Second, UCITA might interfere with the ability of libraries to archive. That is, UCITA could prohibit libraries from storing dated material on microfiche or

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*“The only rays of light for libraries may be the good will of vendors, who may extend more lenient licensing terms to libraries as opposed to other consumers, or the astuteness of state legislators, who may see fit to amend the model rules to allow for fair-use exceptions similar to those currently provided by copyright law.”*

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microform for the purpose of maintaining the information or collections of information in accessible form. UCITA’s licensing provisions would permit licensors to prohibit libraries from making a preservation copy, which otherwise is allowable under section 108 of the Copyright Act.<sup>75</sup> Moreover, unlike section 108, which relieves libraries of liability where materials they have lent are used for purposes other than private study, scholarship, or research, UCITA does not provide any protections from liability.

Under UCITA, libraries are bound to the terms of the contract for any particular piece of electronic information. Critics point out that “licenses may last only for a limited period, which drives costs higher, and severely curtails the archival function of libraries.”<sup>76</sup> They note that “[t]he expiration of the license will terminate the library’s access to the information, and any right to make archival copies would be limited by the terms of the license.”<sup>77</sup> Overall, it seems abundantly clear that UCITA may negatively affect the ability of libraries to provide a full range of services and forever alter the concept of the “free” library by making access to information a pay-as-you-go service.

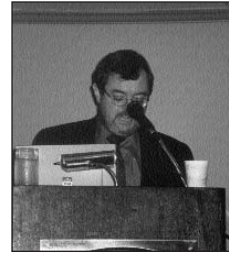
## VI. Conclusion

It has been observed that UCITA “represents a shift away from copyright law to contract law, as well as a

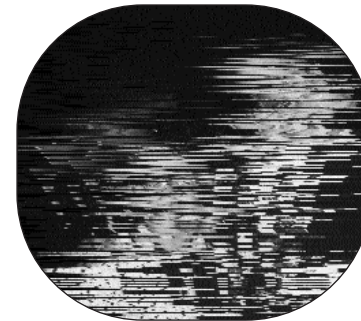
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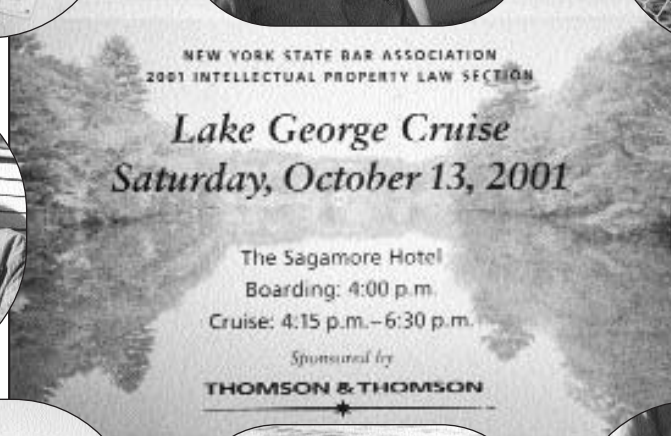
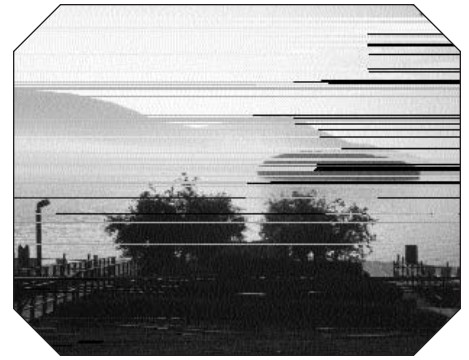
*Scenes from the  
Fall Meeting  
October 11-14, 2001  
The Sagamore*











movement away from societal interests to a focus on economic interests.”<sup>78</sup> This does not bode well for libraries or their patrons. As critics have noted, “[w]ith the increasing use by librarians of leased, rather than purchased, electronic materials, UCITA will be as important as, or even more important than, copyright law to librarians and information professionals.”<sup>79</sup> To compound matters further, UCITA’s contract-based scheme is founded on the assumption that licensors and licensees are negotiating on a level playing field—an assumption that is flawed, especially in light of shrink-wrap licenses, the terms of which are often not known by the licensee until they have already been accepted.

UCITA’s drawbacks have been recognized by state legislatures. This is indicated by the fact that Iowa and North Carolina have already passed legislation that prohibits enforcement of UCITA in those jurisdictions and the fact that New York and Ohio have similar legislation pending. However, some opponents of UCITA have taken it one step further and suggested that Congress should step in and promulgate federal legislation with regard to software and electronically-disseminated information.<sup>80</sup> This sounds like a logical alternative. UCITA, as constituted, is too favorable toward computer, software, and online companies. As such, states are scrambling to adopt the technology-friendly legislation in order to attract high-tech businesses to their states. Therefore, they are less likely to amend any of the substantive provisions of UCITA. Congress, however, may be more inclined to pass a bill with consumer-friendly compromises and, possibly, with some deference for libraries and their users/advocates.

Finally, it is troublesome that in states such as Maryland, businesses with enough political and financial power, such as the banking and entertainment industries, have been able to exempt themselves from UCITA’s more onerous provisions, whereas libraries have not been nearly as successful. It is a poor reflection of our societal values that the television and movie industries are treated with more solicitude than our institutions of learning. Even more disturbing is that while UCITA threatens to limit everyone’s access to electronic information, there has been little, if any, national coverage about this controversial model code. Maybe everyone is at the theater.

## Endnotes

1. Sarah K. Wiant, *UCITA Enacted in Virginia*, AALL Spectrum, May 2000, at 32.
2. IEEE-USA, *UCITA Network*, available at <http://www.ieeeusa.org/forum/grassroots/ucita/index.html>.
3. See Wiant, *supra* note 1.
4. The NCCUSL is an organization comprised of legislators, judges, law professors, and lawyers appointed by every state.

Now in its 109th year, NCCUSL has the following mission: “It is the purpose of the Conference to promote uniformity in the law among the several States on subjects as to which uniformity is desirable and practicable.” NCCUSL Constitution, *available at* [http://www.law.upenn.edu/bll/ulc/ulc\\_frame.htm](http://www.law.upenn.edu/bll/ulc/ulc_frame.htm). UCITA was formulated over a four-year period from 1996 to 1999. The drafting procedure included 18 public drafting meetings, which took place in major cities all over the United States. Most prevalent in attendance at these meetings were representatives of the software industry. See NCCUSL Publication and Drafts, *available at* [http://www.law.upenn.edu/bll/ulc/ulc\\_frame.htm](http://www.law.upenn.edu/bll/ulc/ulc_frame.htm). This fact is reflected in the resulting legislation, which clearly favors computer, online, and software companies.

5. Although ALI withdrew its support, the ALI Web site posted the following announcement on Apr. 7, 1999:

The information industry has grown exponentially in the last decade and already exceeds most manufacturing sectors in size. The numbers of transactions in information and their dollar value are immense. The Internet and information technology and commerce are major components of the future economic prosperity of the United States. As the nation moves from an economy centered around transactions in goods and services to an information economy, the need has grown dramatically for coherent and predictable legal rules to support the contracts that underlie that economy. Lack of uniformity and lack of clarity of the legal rules governing these transactions engender uncertainty, unpredictability, and high transaction costs. Nonetheless, it has become apparent that this area does not presently allow the sort of codification that is represented by the Uniform Commercial Code.

ALI Press Releases, *available at* <http://www.ali.org>.

6. See Wiant, *supra* note 1.
7. UCITA Online, *What’s Happening to UCITA in the States?*, available at <http://ucitaonline.com/whathap.html>.
8. *Business fared well in General Assembly*, The Capital (Annapolis, MD), Apr. 16, 2000, at B1.
9. Robert A. Feldman, *Not Exactly Everything You Need to Know About UCITA*, Corporate Legal Times, July 2000, at 9.
10. *Id.*
11. See New Jersey Law Revision Commission UCITA Project Report, Sept. 1, 2000, *available at* <http://www.lawrev.state.nj.us/ucita/ucitaM090100.doc>. The following is an excerpt from pages 3 and 4 of the report:

It should be kept well in mind that although UCITA’s title and expressed scope is “computer information transactions,” this language encompasses an extremely large category of transactions that do not involve a “computer” in the ordinary sense of the word. UCITA defines the term “computer” so broadly that it includes not only devices that fall within the common, ordinary understanding of the term (a mainframe computer, a desktop PC) but also communication devices such as a cell phone or a beeper, household appliances such as televisions and other consumer electronics, or any device which processes electronic or digital signals. Together with the equally broad definitions of the operative terms “computer information” and “transaction,” UCITA brings within its scope not only computer software but virtually all transactions in which any kind of digital or electronic “information” is accessed or transmitted, including databases, music, audio-video works and any



kind of electronic communication. The result is a proposal which offers the same set transactional rules to govern business and consumer computer software, consumer audio-visual products, contracts for computer consulting services, access to the Internet, access to on-line information services such as American Online and the Microsoft Network, and access to all kinds of messaging services, from telephone service to electronic mail.

See also Official Comment 7 to UCITA § 102 Definitions:

The definition of “computer” . . . does not include a traditional television set, radio or toaster even though such goods may contain a microprocessor. It *might* include new generations of machines that combine computation, word processing, Internet access, and traditional broadcast reception. The definition should be applied by the courts with common sense.

on Dec. 31, 2001. The following is language from the North Carolina bomb-shell statute:

SECTION 66-329. CHOICE OF LAW IN COMPUTER INFORMATION AGREEMENT. A choice of law provision in a computer information agreement which provides that the contract is to be interpreted pursuant to the laws of a state that has enacted the Uniform Computer Transactions Act, as proposed by the National Conference of Commissioners on Uniform State Laws, or any substantially similar law, is voidable and the agreement shall be interpreted pursuant to the laws of this state if the party against whom enforcement of the choice of law provisions is sought is a resident of this state or has its principal place of business located in this state.

2001 N.C. Sess. Laws 295.

12. See Vicki L. Gregory, *UCITA: What Does It Mean for Libraries*, Online, Jan. 2001, at 33.
13. The IEEE-USA Grassroots Network listed the following items of concern with respect to UCITA: (1) Under section 103(e) of the model UCITA, any medical device that incorporates microcomputers and operating software is subject to the license. That includes medical devices that are surgically implanted in the body. Under UCITA, the software developer for the software in that medical device can limit his liability when your doctor opens the shrink-wrap license on the device (while you are unconscious on the operating room table); (2) Your personal car, that you thought you owned, will in fact only be licensed to you under terms of the software license. Section 103(e) extends the software license to the entire device it operates (i.e., the entire car). So each microcomputer in your car will likely have a different shrink-wrap license, each claiming the entire car as the licensed computer. In fact, under UCITA, the software developer can prohibit the insurance industry from using remanufactured or reclaimed auto parts if the part has in it some computer and software. You will never again be able to legally buy a used auto radio. IEEE-USA, *What's Wrong With UCITA*, available at <http://www.ieeeusa.org/forum/grassroots/ucita/whatswrong.html>.
14. See IEEE-USA, *Opposing Adoption of the Uniform Computer Information Transactions Act (UCITA) By the States*, available at <http://www.ieeeusa.org/forum/POSITIONS/ucita.html>.
15. See Iowa General Assembly, available at <http://www.legis.state.ia.us/GA/78GA/BillHistory/HF/02200/HF02205/Current.html> for the bill history of the anti-UCITA legislation passed in May 2000. See also Iowa General Assembly, available at <http://www.legis.state.ia.us/GA/79GA/Legislation/HF/00500/HF00569/Current.html> for the bill history of the subsequent anti-UCITA legislation passed in July 2001.
16. See generally Jessica Davis, *Anti-UCITA Sentiment Growing: Some groups say UCITA shifts balance of power to software vendors* (Apr. 13, 2001), available at <http://www.itworld.com/Man/2683/IWD010412hnucita>. Note that anti-UCITA bills, which were previously introduced in Delaware, North Dakota, and Oregon have been defeated. See also American Library Association, available at <http://www.ala.org/washoff/ucita/news.html>. This Web site provides UCITA legislative status reports for each state.
17. See American Library Association, *supra* note 16. In New York, an anti-UCITA bill was recommended by Attorney General Eliot Spitzer's Office and introduced by Rep. Helen Weinstein. On March 1, 2001, it was referred to the Assembly Judiciary Committee (A. 7902). However, the New York legislative session ended on June 23, 2001 with no further action. In Ohio, the anti-UCITA bill was introduced by Rep. Willamowski, Rep. Depiero, and Rep. Lendrum on June 5, 2001. Hearings are on this bill (H.R. 287) are expected before the end of the legislative session on Dec. 31, 2001. The following is language from the North Carolina bomb-shell statute:  
  
SECTION 66-329. CHOICE OF LAW IN COMPUTER INFORMATION AGREEMENT. A choice of law provision in a computer information agreement which provides that the contract is to be interpreted pursuant to the laws of a state that has enacted the Uniform Computer Transactions Act, as proposed by the National Conference of Commissioners on Uniform State Laws, or any substantially similar law, is voidable and the agreement shall be interpreted pursuant to the laws of this state if the party against whom enforcement of the choice of law provisions is sought is a resident of this state or has its principal place of business located in this state.  
  
2001 N.C. Sess. Laws 295.
18. *UCITA is the wrong answer*, eWeek (Dec. 4, 2000), at 58.
19. Gregory, *supra* note 12, at 31.
20. See NCCUSL, *UCITA Drafting Committee Meetings Recorded Attendance*, available at [http://www.law.upenn.edu/bll/ulc/ulc\\_frame.htm](http://www.law.upenn.edu/bll/ulc/ulc_frame.htm).
21. UCITA § 102(a)(35).
22. UCITA § 102(a)(10).
23. UCITA § 102(a)(9). “‘Computer’ means an electronic device that accepts information in digital or similar form and manipulates it for a result based on a sequence of instructions.” See also Official Comment 7 to UCITA § 102 Definitions:  
  
The definition of ‘computer’ . . . does not include a traditional television set, radio or toaster even though such goods may contain a microprocessor. It *might* include new generations of machines that combine computation, word processing, Internet access, and traditional broadcast reception. The definition should be applied by the courts with common sense.  
  
See generally UCITA: A Guide to Understanding and Action—Participant's Material, A Satellite Conference cosponsored by American Association of Law Libraries, the American Library Association, the Association of Research Libraries, the Medical Library Association, and the Special Libraries Association (Dec. 13, 2000), at 33 (Appendix B), available at <http://www.arl.org/ucita/html>.
24. Richard Stallman, *Why We Must Fight UCITA*, Linux Today (Feb. 6, 2000), available at <http://linuxtoday.com/stories/15948.html>.
25. UCITA § 102(a)(11).
26. UCITA: A Guide to Understanding and Action—Participant's Material, *supra* note 23.
27. UCITA § 102(a)(44), (45)(A), (B).
28. See American Research Libraries, *UCITA: Summary and Implications for Libraries and Higher Education*, available at <http://www.arl.org/ino/frn/copy/ucitasum.html>. It is also important to note that UCITA applies only to new transactions. However, redistribution of an existing software package, such as those so frequently offered for free, count as new transactions under UCITA. This is the case regardless of the fact that the publication of the software occurred prior to the adoption of UCITA. See also Stallman, *supra* note 24.
29. American Research Libraries, *supra* note 28.
30. See Gregory, *supra* note 12, at 35.
31. *Id.*
32. See Andrea L. Foster, *New Software-Licensing Legislation Said to Imperil Academic Freedom*, The Chronicle of Higher Education

- (Aug. 11, 2000), at A49. Foster notes, however, that some UCITA advocates believe that the courts would likely hold prohibitions on quoting from electronic material for “purposes of education or criticism” invalid without a showing of “significant commercial need.” *Id.*
33. UCITA § 605. *See also* Americans for Fair Electronic Commerce Transactions, available at <http://www.4cite.org/why.html>.
  34. Harvey K. Morrell, *The Adoption of UCITA in Maryland: A View from the Trenches*, AALL Spectrum, July 2000, at 8.
  35. Gregory, *supra* note 12, at 35.
  36. 86 F.3d 1447 (7th Cir. 1996).
  37. It is important to note that UCITA allows adjudications to take place in the state of the licensor’s choosing. UCITA § 109.
  38. *See* James G. Neal, *The Fight Against UCITA*, Library Journal, Sept. 15, 2000, at 37.
  39. *See UCITA: A Guide to Understanding and Action—Participant’s Material*, *supra* note 23, at 7 (Appendix B).
  40. UCITA § 816.
  41. *See* Gregory, *supra* note 12, at 37. In Maryland, the state legislature approved UCITA with an amendment that would erase the provision that permits software manufacturers to disable an individual’s software remotely. *See also* Ed Foster, *The Gripe Line: Some New Shrink-Wrap License Terms Seem Tailor-Made for UCITA*, InfoWorld, Mar. 5, 2001, at 87. The Foster article is also available at <http://www.infoworld.com/articles/op/xml/01/03/05/010305opfoster.xml>.
  42. American Research Libraries, *supra* note 28.
  43. Americans for Fair Electronic Commerce Transactions, *supra* note 33. In 2000, the American Library Association, the Association of Research Libraries, the American Association of Law Libraries, and the Art Libraries Society of North America became the founding members of Americans for Fair Electronic Computer Transactions (AFFECT), a national coalition of businesses and nonprofits committed to defeating UCITA.
  44. *Id.*
  45. UCITA § 816(c), as amended Jan. 17-21, 2001. Virginia adopted an amendment that extended the notice requirement from 15 days to 45 days. *See generally* Wiant, *supra* note 1.
  46. 967 F.2d 1208 (8th Cir. 1992).
  47. Gregory, *supra* note 12, at 37.
  48. Patrick Thibodeau, *Texans Face-Off Over UCITA Bill*, Computerworld, Mar. 12, 2001, at 2.
  49. *See* American Research Libraries, *supra* note 28.
  50. Americans for Fair Electronic Commerce Transactions, *supra* note 33.
  51. *See* Foster, *supra* note 41, at 88.
  52. *Id.*
  53. *Id.*
  54. *See* Kenneth D. Crews, *Copyright, Fair Use, and the Challenge for Universities: Promoting the Progress of Higher Education* 22-23 (1993).
  55. 17 U.S.C. § 107.
  56. Tom W. Bell, *Fair Use vs. Fared Use: The Impact of Automated Rights Management on Copyrights Fair Use Doctrine*, 76 N.C.L. Rev. 557, 574 (Jan. 1998).
  57. UCITA § 102(a)(20).
  58. NCCUSL, *Introductions & Adoptions of Uniform Acts*, available at [http://www.nccusl.org/nccusl/uniformact\\_summaries/uniformacts-s-ucita.asp](http://www.nccusl.org/nccusl/uniformact_summaries/uniformacts-s-ucita.asp).
  59. *Id.*
  60. Morrell, *supra* note 34, at 21.
  61. Cem Kaner, *Why You Should Oppose UCITA*, Bad Software: A Consumer Protection Guide (2000), available at <http://www.badsoftware.com/claw2000.htm>.
  62. Morrell, *supra* note 34, at 21.
  63. *See* Americans for Fair Electronic Commerce Transactions, *supra* note 33.
  64. 17 U.S.C. § 108.
  65. 17 U.S.C. § 108(a)(1), (2).
  66. 17 U.S.C. § 108(c), (b), (d).
  67. Gregory, *supra* note 12, at 36.
  68. Bell, *supra* note 56, at 561.
  69. Verner W. Clapp, *Copyright—A Librarian’s View* 6 (National Advisory Commission on Libraries 1968).
  70. 17 U.S.C. § 106.
  71. Clapp, *supra* note 69, at 14.
  72. *See generally* Americans for Fair Electronic Commerce Transactions, *supra* note 33.
  73. *UCITA: A Guide to Understanding and Action: Participant’s Material*, *supra* note 23, at 22 (Appendix B).
  74. American Research Libraries, *supra* note 28.
  75. *See id.*
  76. Wiant, *supra* note 1.
  77. *Id.*
  78. American Research Libraries, *supra* note 28.
  79. Gregory, *supra* note 12, at 30.
  80. *See* Ed Foster, *Gripe Line: Federal redrafting of the UCITA law could benefit everyone—including Bush*, InfoWorld (Mar. 23, 2001), available at <http://www.infoworld.com/articles/op/xml/01/03/26/010326opfoster.xml>.

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# Style Piracy Revisited

By Safia A. Nurbhai

## I. Introduction

The fashion industry is an international multi-billion dollar business, one in which sales of general merchandise and apparel alone were estimated at \$784.5 billion dollars in 1999.<sup>1</sup> The public today is aware of high-end designers from cable stations and entertainment shows that center on fashion, as well as from various magazines and Internet sites. Consumer knowledge of high-end fashion spurs the demand for designer products. As a result, style piracy—copying a designer's original designs, thereby securing, without expense, the benefit of his artistic work<sup>2</sup>—has become more popular. In fact, style piracy has become “a way of life in the garment business.”<sup>3</sup> Copying the work of creative designers is “standard operating procedure for many [companies] both large and small.”<sup>4</sup> Not surprisingly, many designers oppose such “theft” and continue to seek federal legislation to protect their works.



Design pirates sometimes use covert methods to uncover what other designers are creating. “It is not uncommon for design pirates to sneak into a designer's fashion show in Paris (or raid the studio's trash for sketches) and have ‘knock-offs’ available in New York the next day.”<sup>5</sup> In *Johnny Carson Apparel, Inc. v. Zeeman Mfg. Co.*,<sup>6</sup> the plaintiff researched and developed a suit with “a distinctive design combination [on the] pocket treatment and stitching.”<sup>7</sup> The designer spent substantial time and money to create and promote this suit,<sup>8</sup> and, as a result, the item became quite popular.<sup>9</sup> The defendant purchased one of plaintiff's suits, had it copied by his designers, and returned the original suit for a refund. Thereafter, cheaper copies appeared on the market.

Design piracy is unfair to designers and detrimental to competition. Allowing design pirates to reap the benefits of the original designer's creativeness, labor, and risk-taking is unfair:<sup>10</sup>

Copying destroys the style value of dresses which are copied. Women will not buy dresses at a good price at one store if dresses which look about the same are offered for sale at another store at half those prices. For this rea-

son, copying substantially reduces the number and amount of reorders which the original creators get. With this uncertainty with respect to reorders, original creators cannot afford to buy materials in large quantities as they otherwise would. This tends to increase the cost of their dresses and the prices at which they must be sold

\* \* \*

Reputation for honesty, style, and service is an important asset of retailers. Copying often injures such a reputation. A customer who has bought a dress at one store and later sees a copy of it at another store at a lower price is quite likely to think that the retailer from whom she bought the dress lacks ability to select distinctive models and that she has been overcharged. Dresses are returned and customers are lost.<sup>11</sup>

Recent studies suggest that “industrial design . . . cannot yield long-term rewards to innovators if the short-term profits from successful innovation are consistently appropriated by free-riders who do not share the costs and risks of the creative process.”<sup>12</sup> As a result, over time, the designers whose talents and designs are being pirated will “be driven out of target markets by cut-throat competitors who never adequately fund the process of design innovations.”<sup>13</sup>

Those opposed to the idea of apparel designs receiving any type of governmental protection argue that there is both a public welfare and an economic interest in allowing garments to be copied and sold at a cheaper price. Arguably, the copyist is satisfying a public demand by supplying consumers with copies because the consumer is either unable or unwilling to spend the money necessary for the originals. This reflects a process known as the style cycle that has long been recognized in the fashion industry.<sup>14</sup> According to this theory, the wealthy class sets the fashion trends because they wish to be distinctive. A second group of consumers emulates the first group, and so on down the chain. The lower classes buy cheaper adaptations of the styles. Presumably, by the time a style reaches the masses, the trend has become commonplace and already has been abandoned by the trendsetters.<sup>15</sup>



Although the style cycle theory still exists, due to modern-day technology the masses now have access to copies of original designs much sooner than in the past. With the advent of television and the Internet, the fashions worn by the wealthy are seen immediately and can be copied overnight. While copying is, to some extent, necessary for fashion to exist, Congress needs to set a limit. Unless designers feel secure that they will profit from their creations, their incentive to create new works will dwindle.

The issue of design protection is “one of the most significant and pressing items of unfinished business” of copyright revision.<sup>16</sup> This article explores the history of design protection in the United States and critiques the current state of the law. It also recommends that Congress add a new chapter to Title 17 of the U.S. Code specifically geared toward the protection of apparel designs. Congress should extend the boundaries of copyright protection in order to encourage and reward the efforts of fashion designers to contribute to the “progress of science and useful arts.”<sup>17</sup>

## II. History of Design Protection

### A. Protection Under the Early Copyright Statutes

The Copyright Act of 1790 only protects “original work[s] of authorship.”<sup>18</sup> The first copyright statute, passed in 1790, protected only maps, charts and books.<sup>19</sup> However, over the years copyright protection was extended to literary works; musical works; dramatic works; pantomimes and choreographic works; pictorial, graphic and sculptural works; motion pictures; other audiovisual works; and sound recordings.<sup>20</sup> Copyright law continuously changes as the need arises.

Although three-dimensional objects were granted copyright protection in 1870, when protection was granted to “painting, drawing, chromo, statue, statuary, and . . . models or designs intended to be perfected as works of the fine arts,”<sup>21</sup> the phrase “fine arts” clearly excluded designs of useful articles, such as apparel designs. In 1909 the Copyright Act was revised, and the word “fine” was dropped. It thus appeared as if useful articles could gain protection.<sup>22</sup> To the disappointment of fashion designers, however, although the new law did not differentiate between “fine arts” and arts that have a utilitarian function, a 1910 Copyright Office regulation did. Regulation 12(g) provided:

Works of art—This term includes all works belonging fairly to the so-called fine arts. (Paintings, drawings, and sculpture.)

Productions of the industrial arts utilitarian in purpose and character are not subject to copyright registration, even if artistically made or ornamented.

No copyright exists in toys, games, dolls, advertising, novelties, garments, laces, woven fabrics, or any similar articles.<sup>23</sup>

At the time, the prospect of protection for fashion design seemed hopeless because garments undeniably serve a utilitarian purpose. Thus, the fashion industry decided to take matters into its own hands.

In 1935 the Fashion Originator’s Guild of America formed a trade association of garment manufacturers and retailers whose mission was to protect designers from style piracy. Retailers and manufacturers signed a “declaration of cooperation” wherein they pledged to deal only in original creations.<sup>24</sup> The Guild had an extensive design registration bureau, and as part of the enforcement procedures, the bureau sent its most potent weapon, the little red card, to all “non-cooperating retailers.” Guild members were forbidden from dealing with a red-card holder under penalty of large fines.<sup>25</sup>

The Guild was highly effective. In fact, in 1936, the Guild controlled 60 percent of the market for women’s clothes that cost at least \$10.75 and 38 percent of all women’s garments wholesaling at \$6.75 and up.<sup>26</sup> Although the Fashion Originator’s Guild of America was successful in combating design piracy, the Guild was shut down in 1941 by the Supreme Court because its collective practices were found to violate the Sherman Anti-Trust Act.<sup>27</sup> Thus, the garment industry was left with the Copyright Act of 1909 as its only source of protection.

In 1949 the Copyright Office expanded the scope of articles to which copyright protection was available by broadening the definition of “work of art.” The amendment read:

Section 202.8 Works of art. (Class G)—  
(a) in general. This class includes works of artistic craftsmanship, insofar as their form but not their mechanical or utilitarian aspects are concerned, such as artistic jewelry, enamels, glassware, and tapestries, as well as works belonging to the fine arts, such as paintings, drawings, and sculpture.<sup>28</sup>

At the time, many hoped the Copyright Office eventually would broaden its definition of works of art to include apparel designs because garments contain artistic expression, but the Copyright Office did no such thing. Instead, the Copyright Office and the courts took the position that fashion’s dominant function was utilitarian. Advocates for the protection of apparel designs, on the other hand, maintained that, while clothing does cover the human body, its primary market value rests not in its function, but in its appearance.<sup>29</sup>

The 1949 regulation was ratified by the U.S. Supreme Court in 1954 in *Mazer v. Stein*,<sup>30</sup> the leading case on the copyrightability of useful articles. In *Mazer*, the Supreme Court upheld the copyrightability of a statuette despite the fact that it had been reproduced for mass market distribution and sold as lamp bases.<sup>31</sup> The Court held that the statuettes qualified as “works of arts” eligible for copyright protection even though they had been created with a functional end in mind and had been mass produced and distributed as part of a utilitarian object.<sup>32</sup> However, the Court did not endorse copyright protection for all industrial designs: “The case requires an answer, not as to a manufacturer’s right to register a lamp base but as to an artist’s right to copyright a work of art intended to be reproduced for lamp bases.”<sup>33</sup>

Because the preparation of a statuette requires artistic skill, the Court found that the statuettes qualified as fine art without defining what a “work of art” was. The Court stated that “[i]ndividual perception of the beautiful is too varied a power to permit a narrow or rigid concept of art,”<sup>34</sup> thus leading an increased number of industrial designers to seek protection under section 5(g) of the 1909 Act.<sup>35</sup> To clarify that all ornamental useful articles could not gain protection, the Copyright Office enacted Regulation 202.10(c) to narrow the Supreme Court’s open-ended extension of copyright protection:

If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.<sup>36</sup>

The “sole intrinsic function” test was applied in *Ted Arnold Ltd. v. Silvercraft Co.*,<sup>37</sup> where the court recognized copyright protection for the casing of a pencil sharpener simulating the appearance of an antique telephone. The court stated:

[We] would not agree with defendant that its “sole intrinsic function . . . is its utility.” Customers are paying fifteen dollars for it, not because it sharpens pencils uncommonly well, but because it is also a decorative conversation piece.<sup>38</sup>

Unfortunately, the regulation failed to alleviate the “linedrawing problem inherent in delineating the extent of copyright protection available for works as applied

art.”<sup>39</sup> In fact, the “sole intrinsic function” test continues to confuse the law.

## B. The Copyright Act of 1976

The 1976 amendments to the Copyright Act codified the Supreme Court’s holding in *Mazer*. The House Committee report noted that “unless the shape of [the] industrial product contains some element that, physically or conceptually, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted under the bill.”<sup>40</sup> While physical separability, wherein the functional part of an object must be physically detachable from the artistic part,<sup>41</sup> is quite simple to apply, conceptual separability is more difficult to administer. It is clear, however, that the 1976 Act denies protection to apparel designs because they are categorized as “useful articles” under section 101.

Although works of apparel emphasize style and appearance, instead of utility, and even though competitiveness turns on originality in the fashion industry, the doctrine of conceptual separability does not provide copyright protection for apparel.<sup>42</sup> The prevailing view in the courts is that products like ladies’ dresses or any other industrial products that do not contain some element that physically or conceptually can be identified as separable from the utilitarian aspects of the article cannot be copyrighted.

## C. Title II of the Copyright Act of 1976

Over the years, numerous bills have been introduced in Congress aimed at obtaining more protection for ornamental designs of useful articles. With respect to the Copyright Act of 1976, design protection appeared as Title II of the general copyright revision bill.<sup>43</sup> Title II was meant to protect the “original ornamental design of a useful article.”<sup>44</sup> Designs that were seen as “staple or commonplace [or] dictated solely by a utilization function of the article”<sup>45</sup> were excluded. Title II, the Design Protection Act of 1975, was not passed by the House because the “new form of design protection provided by Title II could not truly be considered copyright protection.”<sup>46</sup>

Although the House Report noted that the bill failed to designate a specific agency to administer the system, there was a more fundamental objection. The Department of Justice was concerned, as was the Court in *Fashion Originators Guild of America v. FTC*, that Title II would create a new monopoly, the benefits of which did not necessarily outweigh the disadvantage of removing such designs from free public use.<sup>47</sup> Because Title II was not passed, the fashion industry has continued to lobby for copyright protection. No bills have been passed by Congress to date, but the history of design protection and current *sui generis* acts, such as the Digital Millennium Copyright Act, provide hope

that another chapter might eventually be added to Title 17.

### III. The Current State of the Law

To clearly understand the current copyright analysis for industrial designs, one must be aware of the different ways the courts have interpreted Regulation 202.10(c).

#### A. The Confusing Conceptual Separability Test

##### 1. The Sole Intrinsic Function Test

Two cases decided under the 1909 Copyright Act are key to understanding the Regulation: *Esquire, Inc. v. Ringer*<sup>48</sup> and *Kieselstein-Cord v. Accessories by Pearl, Inc.*<sup>49</sup> In *Esquire*, the lower court granted copyright protection to the designer of modernistic lighting fixtures when he brought a mandamus action to require registration of his design. Copyright registration had been denied on the theory that the fixtures did not contain “elements, either alone or in combination, which are capable of independent existence as a copyrightable pictorial, graphic or sculptural work apart from the utilitarian aspect.”<sup>50</sup> The court stated that “the lamp’s intrinsic function was not solely its utility because the lights served to decorate, as well as to illuminate, especially during the day, when they were exclusively decorative.”<sup>51</sup> The court deemed the fixture copyrightable even though it recognized the Register’s fear that a grant of copyright in this instance would “open the ‘floodgates’ to copyrighting ‘myriads of industrial designs of everything from automobiles to bathtubs to dresses.’”<sup>52</sup>

While the lower court’s decision seems to give apparel design a glimpse of hope because the court disregarded the Copyright Office’s concerns about “opening the floodgates” to tempt creators of industrial designs such as dresses to attempt to register their marks, this hope was destroyed when the decision was reversed on appeal. Swayed by legislative intent (the fact that the 70-odd design protection bills introduced in Congress since 1914 had failed to be enacted), the Register’s concern that the floodgates would open, and the Register’s expertise in such matters,<sup>53</sup> the court decided that the registration properly had been denied. The appellate court justified its decision by stating that an object is characterized as useful when it has “an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.”<sup>54</sup> This new language narrowed the reach of the copyright statute and ruled out the protection of articles, such as lighting fixtures, with dual intrinsic functions.<sup>55</sup> The court glossed over the notion of “conceptual separability” as irrelevant to the case at hand.<sup>56</sup>

Conversely, in *Kieselstein-Cord*, a case that has been deemed to be on the “razor’s edge” of copyright law,

the Copyright Office and the courts granted copyright protection to the designer of ornamental belt buckles because “the primary ornamental aspects of the . . . buckles [were] conceptually separable from their subsidiary utilitarian function.”<sup>57</sup> The court went on to state that “these are not ordinary buckles; they are sculptured designs cast in precious metal—decorative in nature and used as jewelry, principally [as] ornamentation.”<sup>58</sup> It is difficult to understand how many apparel designs cannot get protection under such a subjective test, since many top fashion designers create garments that are decorative in nature and principally ornamental, especially in the case of couture collections designed for runway shows.

##### 2. The Primary-Subsidiary Test

Copyright protection was granted to costume jewelry in *Trifari, Krussman & Fiebel, Inc. v. Charel Co.*<sup>59</sup> when the court used a primary-subsidiary test to determine if the jewelry was protectable under copyright law. The court stated:

In the case of costume jewelry, while the overall form is to some extent predetermined by the use for which it is intended, the creator is free to express his idea of beauty in many ways. Unlike an automobile, a refrigerator, or a gas range, the design of a necklace or of a bracelet may take as many forms as the ingenuity of the artist may conceive.<sup>60</sup>

Jewelry is viewed as ornamental, rather than utilitarian, because it is artistic and decorative. Advocates of apparel design protection would argue that the design of a garment, like jewelry, “may take as many forms as the ingenuity of the designer may conceive.” Unfortunately, the courts have failed to recognize to date that many garments express beauty and are often seen as “wearable art” in today’s society.

##### 3. The Inextricably Intertwined Test

Another interpretation of conceptual separability has been dubbed the “inextricably intertwined test.” This test evolved from a Second Circuit case, *Carol Barnhart Inc. v. Economy Cover Corp.*,<sup>61</sup> in which the court denied copyright protection to mannequins of partial human torsos because the “aesthetic and artistic features of the *Barnhart* forms [were] inseparable from the forms’ use as utilitarian articles.”<sup>62</sup> The court distinguished *Kieselstein-Cord* on the ground that in the latter the artistic design was “wholly unnecessary to [the] performance of the utilitarian function.”<sup>63</sup> The court found that the artistic elements of the mannequin torsos were “inextricably intertwined” with the torsos’ utilitarian features and therefore were not copyrightable.<sup>64</sup> This test makes conceptual separability such a high hur-



dle for industrial design that few works, if any, could gain copyright protection.<sup>65</sup>

#### 4. The Denicola/Brandir Artistic Judgment Test

The court in *Brandir International, Inc. v. Cascade Pacific Lumber Co.*<sup>66</sup> adopted what is known as the “Denicola/Brandir artistic judgment test.” Professor Denicola stated that “the dominant feature of modern industrial design is the merger of aesthetic and utilitarian concerns” and proposed a sliding scale between art and utility.<sup>67</sup> He believed that the more an artist is concerned with utilitarian considerations, the less right the work has to copyright protection.<sup>68</sup> Judge Oakes restated the Denicola test as follows:

[I]f design elements reflect a merger of aesthetic and functional considerations, the artistic aspects of a work cannot be said to be conceptually separate from the utilitarian elements. Conversely, where design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influences, conceptual separability exists.<sup>69</sup>

The court found that no conceptual separability existed because the aesthetic aspects of a bicycle rack were the same as the functional aspect.<sup>70</sup>

Judge Oakes’ restatement of the Denicola test has been criticized for two reasons. First, while Professor Denicola’s approach seemed to create a sliding scale between artistic influence and functionality, Judge Oakes seemed to require that industrial design be a result of either “artistic judgment” or “functional influences.”<sup>71</sup> Furthermore, the test is difficult to apply because it requires judicial analysis of artistic judgment.<sup>72</sup> Judges are ill-suited to assessing artistic judgment because they are not necessarily skilled in that area, and conflicting rulings are likely. It should be noted, moreover, that the two interpretations of the Denicola test potentially conflict: Professor Denicola’s interpretation allows protection for garment designs reflecting more aesthetic considerations than utilitarian ones, while Judge Oakes’ interpretation of the test would deny protection to articles in which functional considerations are manifested.

This conflict is illustrated in *Whimsicality, Inc. v. Rubie’s Costume Co.*<sup>73</sup> and *National Theme Productions, Inc. v. Jerry B. Beck, Inc.*<sup>74</sup> In *Whimsicality*, the Second Circuit cited *Brandir* and found that the artistic and utilitarian functions of clothing merge. Thus, the court concluded that Halloween costumes could not be protected.<sup>75</sup> On the other hand, in *National*, a California district court, citing *Brandir*, held that the function of costumes has little to do with their design and granted the costumes protection.<sup>76</sup> The court went on to state

that “the Second Circuit improperly applied the Denicola test . . . which will cause decisions to turn upon largely fortuitous circumstances.”<sup>77</sup> Although the interpretation of the Denicola test in *National* could eventually provide protection to garments, the standard is largely subjective, and it will continue to result in inconsistent decisions.

A more recent decision, *Severin Montres, Ltd. v. Yidah Watch Co.*,<sup>78</sup> used the *Brandir* test to analyze whether a watch should be afforded copyright protection. The plaintiff, the licensee of the Gucci trademark for the purpose of creating watch designs,<sup>79</sup> created the Gucci-G watch, a watch with its rectangular frame forming a three-dimensional letter G,<sup>80</sup> while the defendants made a J-watch and an E-watch.<sup>81</sup> The defendants claimed the frame was functional and could not be copyrighted.<sup>82</sup> The district court, however, relied on *National* and held “where design elements can be identified as reflecting the designer’s artistic judgment exercised independently of functional influences, conceptual separability exists.”<sup>83</sup>

The court held that the watches were copyrightable because it believed that the “plaintiff’s artistic expression contained enough artistic design to be unique and protectable under the *Brandir* test.”<sup>84</sup> Under the *Severin* analysis, artistic apparel designs might be protectable if certain design elements, such as the sleeve or neckline configuration, or the cut of garments, could be “identified as reflecting the designer’s artistic judgment exercised independently of the garments’ functional influence,” namely covering up the body.

#### 5. The “Lack of Test” Approach

Other courts have used a “lack of test” approach, merely citing the statute and legislative history. For example, in *Fabrica Inc. v. El Dorado Corp.*,<sup>85</sup> Fabrica sought copyright protection for a folder of carpet samples.<sup>86</sup> The court found that “no element of the folders . . . can be separated out and exist independently of their utilitarian aspects.”<sup>87</sup> This case-by-case approach is undesirable because the court does not clearly explain its reasoning for failing to afford protection to the design in question and thus fails to provide guidance to designers.

#### B. Fashion Today

Apparel designs are not ordinary useful articles, especially today, when apparel is meant to be admired, analyzed, and viewed. In *Poe v. Missing Persons*,<sup>88</sup> for example, an art student created a “swimsuit” made of clear plastic filled with crushed rock.<sup>89</sup> The designer called her work a “soft sculpture” representing a swimsuit, while the defendants characterized the work as merely a swimsuit. The court held that the work could be afforded copyright protection because it was not clear “by looking at [the suit] whether a person wearing

this object could move, walk, swim, sit, stand, or lie down without unwelcome or unintended exposure.”<sup>90</sup>

Returning to an important issue raised in *Poe*, the court stated that “given the bizarre nature of what sometimes passes for high fashion, there may be a legitimate issue even as to the threshold question of utility.”<sup>91</sup> Professor William Fryer of the University of Baltimore School of Law observed that “what some persons consider a costume is another person’s ordinary wear.”<sup>92</sup> Apparel designs and costumes often are indistinguishable today, making it difficult to determine whether a garment is utilitarian clothing or a non-utilitarian costume.

The difficulty of distinguishing between costume and high-end fashion is evident from viewing fashion shows and couture collections. Many of the designs created for these “appearances” are intended to make an artistic statement. Style, rather than durability, is the dominant competitive factor in the fashion industry today.<sup>93</sup> In addition, Halloween costumes often are designed to imitate the attire of others. An actor could wear an original garment in a movie or to an award show, and copies of that garment could be made for some to wear as a costume and for others to wear as everyday attire.

### C. Piracy in the Apparel Industry

Design piracy in the apparel industry is a tremendous problem. For example, the “Copycat King” Victor Costa grossed approximately \$50 million in 1988,<sup>94</sup> and Jack Mulqueen grossed more than \$200 million in 1981, mostly from copying the creations of other designers.<sup>95</sup> Unlike with other industries, Congress has not passed legislation that affords copyright protection to the apparel industry.<sup>96</sup> In fact, Congress has explicitly excluded apparel designs from the proposed bills. The purpose of the Design Anti-Piracy Act of 1989, introduced by Representatives Kastenmeier and Moorhead, was to protect original designs of useful articles against unauthorized copying.<sup>97</sup> Representative Moorhead stated that “the bill would exclude protection for designs compose[d] of three dimensional shapes and surfaces with respect to apparel.”<sup>98</sup>

Affording copyright protection to original apparel works would inspire designers to be more creative and would contribute to the “progress of science and useful arts.” Over the years, Congress has carefully and gradually extended the reach of the Copyright Act to include an increasing number of artistic works.<sup>99</sup> Since courts have found that designs on clothing may be sufficiently original to receive copyright protection,<sup>100</sup> it would be appropriate for Congress to take a step further and afford the design of original garments similar treatment.

## IV. Recommended Solution

### A. Why Copyright Protection Is the Best Alternative

The United States is a signatory to the TRIPS Agreement, which provides its members with minimum standards of intellectual property protection.<sup>101</sup> Although President Clinton stated that the existing intellectual property laws in the United States are sufficient to protect industrial designs, design piracy is a big problem in this country, and current law is inadequate to address the problem. Because the United States has only complied with the minimum requirements of the Berne Convention, foreign fashion designers do not receive the same protection in the United States as they do overseas.

Under international rules, the creative works of fashion designers are protected for a limited term under copyright law.<sup>102</sup> But works that are protected in Europe do not receive the same protection against design piracy when they are shown in the United States. Thus, when European designers show their works in the United States, they are risking that the works may be copied and reproduced for sale here.<sup>103</sup> In fact, in the United States, the copier is even allowed to use the original designer’s name in the advertisement to increase sales.<sup>104</sup> Congress should look to countries such as France and the United Kingdom as models and similarly extend copyright protection to industrial designs.

Copyright protection appears to be the best solution to design piracy because the application process is “cheap and expeditious.”<sup>105</sup> Apparel designs cannot be patented for a number of reasons, the most practical of which is time. Before the Patent and Trademark Office will issue a patent, a search of prior art is required, which could take several months. Due to the short life of apparel designs,<sup>106</sup> a work may have little or no commercial value by the time a design patent is granted.<sup>107</sup> In fact, in *Jack Adelman, Inc. v. Sonners & Gordon, Inc.*,<sup>108</sup> the court noted the practical inadequacy of patent protection for dress designs because of the short life span of such designs and the rigorous requirements and time involved in obtaining a patent. In addition, applying for a patent is expensive and complex. Many designers, especially new designers, cannot afford to apply for such protection. Because patent protection is not suitable for apparel protection, fashion designers should be able to look to copyright law for protection against piracy and compensation for their creations.

### B. The Garment Design Protection Act

In my view, Congress should add a new chapter, The Garment Design Protection Act of 2002, to Title 17 of the U.S. Code specifically to protect apparel designs. The procedural provisions should follow those laid out in Representative Moorhead’s and Representative Kas-

tenmeier's version of the Design Protection Act of 1989, which was intended to protect industrial designs.<sup>109</sup>

There are several basic problems with the current copyright law as applied to apparel designs. First, as the Copyright Act is written, apparel designs are not defined in section 101. Accordingly, I propose that garment designs be defined in the new chapter as "the design of a garment, including the cut of the fabric and the overall appearance and not including the fabric design." I further propose that for purposes of the Garment Design Protection Act useful articles be defined to include a garment design, including, but not limited to, the cut of the fabric, the style, the length, and the overall appearance of the garment, which normally has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.

An important feature of the Garment Design Protection Act would be the establishment of a new office, the United States Garment Design Protection Office (GDPO). The GDPO would handle all the administrative functions and duties required by the Act, thus not overburdening the Copyright Office. The Administrator and the subordinate officers and employees of the GDPO would be appointed by the Librarian of Congress and would act under the Librarian's general direction and supervision. Furthermore, the Administrator and all the subordinate officers who would determine whether garments are entitled to protection would be required to have a sufficient knowledge of apparel design and would have to pass a vigorous examination, just as patent office employees are required to have a scientific background and pass the patent bar exam. GDPO employees would receive the registration fees required to apply for a garment design copyright.

A new standard of originality tailored to the fashion industry is necessary to protect apparel designs. The standard should not be high. A low originality threshold is necessary because "the fickle nature of fashion"<sup>110</sup> requires that that protection be keyed to what a designer succeeds in making currently stylish."<sup>111</sup>

To demonstrate originality, a designer would be required to show that his apparel design is not a copy of another's work by showing that the design is not currently registered with the GDPO. To encourage designers to register their works, a piracy claim could not be brought on behalf of an unregistered work. "Upon such a showing and in return for creating (or recreating) public interest, and a current market for the design, copyright protection would issue."<sup>112</sup> Unlike with patents, prior works would not have to be submitted to the GDPO. Because the decision-makers at the GDPO would have a substantial background in apparel design, they would be able to make educated decisions about whether designs meet the originality standard.

The Administrator would consider the garment as a whole; only those garments exhibiting creativity would be protected, while purely functional, uncreative, "two-sleeves-and-a-body" designs would be denied protection.<sup>113</sup> The Administrator's preliminary originality and functionality determination could be contested by an accused design pirate in an infringement action.<sup>114</sup>

Once a design is approved for protection by the GDPO, notice would have to be given. Notice should consist of the words "Protected Design" or the letter "F" within a circle, the year of the date on which protection for the design commenced, and the name of the proprietor. The notice would be located and applied so as to give reasonable notice of design protection while the garment is passing through normal channels of commerce. This requirement would be fulfilled by tags affixed to the garment. If a designer knowingly attempts to deceive the public by giving false notice, he or she would be fined up to \$500 for every such offense. Any person could sue for the penalty, and in such event, one-half of the fees would go to the person suing and the other to the GDPO.

Another basic problem with the current copyright law protection as applied to apparel designs is that the period of copyright protection—the author's life plus 70 years<sup>115</sup>—is inappropriate in view of the "seasonal and capricious nature of fashion and consumer tastes."<sup>116</sup> I propose, as Rocky Schmidt has previously,<sup>117</sup> that a one-year term be implemented to provide a reasonable time period for designers to make a profit on their designs. Since most trends go out of style after three months, this time period should suffice.

The shortened term of protection would serve several purposes. First, it would align copyright protection with the fickle nature of the industry. Second, a shortened term would also encourage the courts to find infringement without fear that such a finding would be tantamount to granting a long monopoly in the design. Third, any harm to the copyright owner would be easier to account for because it would accrue over a shorter period of time. Finally, the designer would be more likely to apply for protection if he believed that the courts would effectively enforce the law.<sup>118</sup>

To ensure that the GDPO does not violate the Sherman Act, as did the Fashion Originator's Guild of America, I propose, as has Rocky Schmidt, that a compulsory licensing system be designed to limit the risk of monopolies. Upon registering a design, the designer would own the design exclusively for one month. However, upon publication, selling the design, or showing it in public, the designer would be required to license it. The license fee arrangement would be similar to the blanket licenses for sound recordings used by ASCAP and BMI, which the Supreme Court has found do not violate the Sherman Act.<sup>119</sup>



The GDPO would control the collection and distribution of the licensing fees, as well as police the stores, the Internet, magazines, and all other possible clothing distribution arenas to ensure that no copied material was being sold or displayed without payment of the requisite licensing fees. The compulsory royalty system “could be converted into a system whereby licensing fees fund a ‘pool’ used to bring enforcement actions and police the use of designs.”<sup>120</sup> A small percentage of the licensing fees would go to the GDPO.

If the GDPO, or another party, believes that a copier has infringed a protected apparel design, the GDPO will notify the designer. First, the designer may request a hearing in front of the GDPO’s Anti-Piracy Panel (APP), which would hear infringement claims. The APP would consist of lawyers trained in intellectual property law. Thereafter, either party could appeal the APP’s decision by bringing a civil action in district court.

When an infringement action is brought before the APP, the alleged infringer could pay the applicable licensing fees to avoid liability. If he refuses, the proprietor of the design could then seek a preliminary injunction in court; the APP would not have the authority to grant such an order. At this point, the court could appoint a member of the APP to serve as a court-appointed master.<sup>121</sup> The master would determine preliminarily whether infringement had occurred. If the master determined that infringement had occurred, the court could enjoin the alleged infringing party from further sales of the offending apparel until final resolution of the case. If the master finds preliminarily that infringement did not occur, the copyright holder could, of course, proceed with the litigation before the APP, but without an injunction preventing the other party from manufacturing or selling the allegedly pirated apparel.<sup>122</sup> The parties also could resolve the matter by arbitration.

As in all copyright infringement actions, it would not be infringement to make, have made, import, sell, or distribute any article embodying a garment design created without knowledge of, and copying from, a protected garment design. After proving that he is an innocent infringer, the accused infringer would be permitted to sell the remainder of his merchandise and then either cease sales or pay the licensing fees.

Whenever the alleged infringer introduces an earlier design that is identical or substantially similar to the protected design, the party alleging infringement would have the burden of affirmatively establishing its originality. After such originality is established, the degree of similarity between the protected design and the alleged infringing design would be evaluated.

In evaluating whether infringement had occurred, the master would evaluate a number of factors. First, he

would have to determine whether the allegedly infringing design is an exact copy of the protected design. If it is not, the master would determine whether significant stylistic features of the original garment are found in the second. If so, the master would compare the cut, sleeve and garment length, collar or waist, fit, and other similar features of the garments. The fabric design and necessary accessories such as zippers and buttons should not be included in this preliminary evaluation. The final preliminary test would be a comparison of the overall look and style of the two garments. If the master believes that, based on the foregoing, there is a basis for infringement, he should so advise the court and specify his reasoning. If the master does not find enough similarity to warrant a finding of likely infringement, he should indicate the degree of similarity that he found.<sup>123</sup>

Should the case proceed to trial before the APP after the court has either granted or denied the preliminary injunction, both parties should provide all supporting documents, including any design drawings, relating to the development of the respective garment designs. The parties also should provide documents tending to substantiate the period of time involved in developing and manufacturing the garment. Testimony of other employees who took part in designing the garment would be admissible as well. This could provide circumstantial evidence of the defendant’s independent effort.<sup>124</sup>

The master’s preliminary evaluation should play a substantial role in the APP’s analysis, and in the court’s analysis should the case be appealed. If the master finds that a substantially similar garment was developed by the defendant in a suspiciously short period of time, or soon after the plaintiff first showed the design (either publicly or at a private show), the APP should find copyright infringement.<sup>125</sup> Of course, evidence that the design was copied from a prior work by a third party would be a valid defense.

A prevailing plaintiff could be awarded the infringer’s profits resulting from the sale of the copies if it is found that the infringer’s sales are reasonably related to the use of the claimant’s design. In such a case, the plaintiff would only be required to prove the infringer’s sales, and the infringer would be required to prove his expenses against such sales. In any action, the APP may, in its discretion, allow the recovery of full costs by or against any party, other than the United States or an officer thereof. The APP also may award reasonable attorneys’ fee to the prevailing party. Additionally, the APP may award punitive damages as it sees fit. Finally, the APP may order that all infringing articles, and any patterns, models, or other means specifically adapted for making the infringed garment,

be delivered for destruction or other disposition as the APP may direct.

Some critics believe (not without reason) that if apparel designs receive copyright protection, other industrial designers would demand similar protection; they fear the formation of monopolies, which will cause prices to soar. However, I believe that implementation of a licensing scheme would allay this fear. Although some would claim that “the argument that a particular interest group will make more money and therefore be more creative does not satisfy this threshold standard or the constitutional requirements of the intellectual property clause,”<sup>126</sup> I disagree. Copyright protection for original apparel designs would benefit the economy and consumers, as well as designers. As Ralph Brown has stated, “[W]hen one places the case for limited protection for the ornamental design of useful objects in the context of other limited monopolies in intellectual property, the case is not an unreasonable one.”<sup>127</sup>

## V. Conclusion

Extending copyright law to afford protection for apparel designs would benefit society, designers, and consumers.<sup>128</sup> A federal law would give the courts a bright-line rule when deciding apparel design cases, thus providing more consistency for future decisions. In addition, designers who are afforded protection for their creations would be assured greater profits, and, in turn, would be likely to create more designs. This would not only increase domestic revenue for the United States but revenue abroad as well. A licensing scheme, such as the one discussed in this article, would greatly reduce the threat of monopolies; designers would be willing to license their designs for royalties or a fixed fee. This would keep the cost of licensed imitations relatively low, and consumers would still be able to get designer look-alikes at cheaper prices. Protection for apparel designs also would increase competition because the imitators would begin to create their own original designs. Finally, protecting original designs would rid the U.S. apparel industry of free riders, thus creating a truly level playing field—the very essence of fair competition.<sup>129</sup>

## Endnotes

1. Apparel Industry Web site (visited Apr. 16, 2001), at [http://www.activemedia-guide.com/retailing\\_industry.htm](http://www.activemedia-guide.com/retailing_industry.htm).
2. *Wolfenstein v. Fashion Originator's Guild of Am.*, 244 A.D. 656, 280 N.Y.S. 361 (1935).
3. J. Jarnow, M. Guerreiro & B. Judelle, *Inside the Fashion Business: Text and Readings* 28 (4th ed. 1987).
4. *Id.* at 150.
5. Jennifer Mencken, *A Design for the Copyright of Fashion*, B.C. Intell. Prop. & Tech. F. 121201, at n.75 (1997) (hereinafter “Mencken”).
6. 203 U.S.P.Q. (BNA) 585 (N.D. Ga. 1978).
7. *Id.* at 588.
8. “One estimate of the cost of producing a ‘sample line’ is \$25,000.” See Leslie J. Hagin, *A Comparative Analysis of Copyright Laws Applied to Fashion Works: Renewing the Proposal for Folding Fashion Works Into the Untied States Copyright Regime*, 26 Tex. Int'l L.J. 341, 388 n. 25 (1991) (hereinafter “Hagin”) (citing telephone interview with Bob Berkowitz, Chairman of the Board, Apparel Guild (Apr. 27, 1990) (documentation on file with the Texas International Law Journal)).
9. See *Johnny Carson Apparel*, 203 U.S.P.Q. (BNA) at 588.
10. See Hagin, *supra* note 8, at 364.
11. See Hagin, *supra* note 8, at 364–65 (citing *Wm. Filene's Sons v. Fashion Originator's Guild of Am.*, 90 F.2d 556, 558 (1st Cir. 1937)).
12. J.H. Reichman, *Design Protection and the Legislative Agenda*, 55 L. & Contemp. Probs. (No. 2) 281, 283 (1992).
13. *Id.* at 284.
14. Kenneth D. Hutchinson, *Design Piracy*, 18 Harv. Bus. Rev. 191, 194 (1939–40).
15. *Id.* at 195.
16. Barbara Ringer, *The Unfinished Business of Copyright Revision*, 24 UCLA L. Rev. 951, 976 (1977).
17. The Constitution gives Congress the right “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, sec. 8, cl. 8.
18. 17 U.S.C. § 102(a).
19. 1 Stat. 124 (1790).
20. 17 U.S.C. § 102.
21. Act of July 8, 1870, ch. 230, § 86, 16 Stat. 198, 212 (repealed 1916).
22. In section 5(g) of the 1909 Act, “works of art, models or designs for works of art” were listed among articles eligible for copyright protection.
23. Stuart Jay Young, *Freebooters in Fashions: The Need for a Copyright in Textile and Garment Designs*, 9 Copyright L. Symp. (ASCAP) 76, 77, 82 (1958) (hereinafter “Young”) (citing Weil, *American Copyright Law* 625 (1917)). In *White v. Lombardy Dresses*, 40 F. Supp. 548, 551 (S.D.N.Y. 1941), the court stated: “It may be that new designs ought to be entitled to a limited copyright, but that remedy is with Congress.”
24. *Fashion Originators' Guild of Am. v. FTC*, 312 U.S. 457, 461–62 (1941).
25. *Id.* at 462–63.
26. *Id.* at 462.
27. *Id.* at 462. The Court's rationale was that the Guild's practices substantially lessened competition and tended to create a monopoly.
28. 37 C.F.R. § 202.10(a) (1949).
29. See *Wm. Filene's Sons Co. v. Fashion Originator's Guild of Am.*, 14 F. Supp. 354 (D. Mass. 1936), *aff'd*, 90 F.2d 556 (1st Cir. 1937).
30. 347 U.S. 201 (1954).
31. *Id.* at 202.
32. *Id.* at 213. The Court also held that eligibility for design patent protection did not preclude copyright protection.
33. *Id.* at 205.
34. *Id.* at 214.
35. 61 Register of Copyrights Ann. Rep. 12 (1958). The number of “works of art” registered under section 5(g) of the 1909 Act swelled from 3,170 in 1954 to greater than 5,000 in 1958.

36. 37 C.F.R. § 202.10(c) (1959) (revoked Jan. 1, 1978, 43 Fed. Reg. 966 (1978) and codified in the current Act at § 101).
37. 259 F. Supp. 733 (S.D.N.Y. 1966).
38. *Id.* at 736.
39. Melville B. Nimmer, Nimmer on Copyright, § 2.08[B] at 2-89 (1981).
40. Richard G. Frenkel, *Intellectual Property in the Balance: Proposals for Improving Industrial Design Protection in the Post-TRIPS Era*, 32 Loy. L.A. L. Rev. 531, 541 (1999) (hereinafter “Frenkel”) (citing H.R. Rep. No. 94-1476, at 55 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5668).
41. *Id.* at 542 (citing *Parfums Givenchy, Inc. v. C & C Beauty Sales, Inc.*, 832 F. Supp. 1378, 1392 (C.D. Cal. 1993) (holding artistic labeling of perfume box is physically separable from the utilitarian aspects of the perfume itself, thereby avoiding a conceptual separability analysis)).
42. Leonard S. Elman, *The Limits of State Jurisdiction in Affording Common Law Protection to Clothing Designs*, 11 Vand. L. Rev. 501, 502-03 (1958).
43. See H.R. Rep. No. 1476, *supra* note 40, at 54.
44. S. 22, tit. II, 94th Cong., 1st Sess. §§ 201(a), 122 Cong. Rec. 3856-59 (1975), reprinted in S. Rep. No. 473, 94th Cong., 1st Sess. 39-47 (1975).
45. S. 22, tit. II, 94th Cong., 1st Sess. § 202. In an effort to win congressional approval, the three-dimensional shape of wearing apparel was also excluded. S. 22, tit. II, 94th Cong., 1st Sess. § 202(3).
46. See H.R. Rep. No. 1476, *supra* note 40, at 50.
47. *Id.*
48. 414 F. Supp. 939 (D.D.C. 1976), *rev’d*, 591 F.2d 795 (D.C. Cir. 1978).
49. 632 F.2d 989 (2d Cir. 1980).
50. 591 F.2d at 798-99.
51. Erica Lehrer, *The Design of Design Law Today*, 35 Copyright Law Symposium (ASCAP) 145, 162 (1988) (hereinafter “Lehrer”).
52. *Id.* (citing *Ringer*, 414 F. Supp. at 941).
53. See Lehrer, *supra* note 55, at 163.
54. 17 U.S.C. § 101 (definition of “useful article”).
55. See Lehrer, *supra* note 51, at 163.
56. “The court concluded that when legislative history was viewed in its entirety, the “isolated reference” to conceptual separability “disappears.” *Id.* at 62 n.87 (citing *Ringer*, 591 F.2d at 804).
57. 632 F.2d 989 (2d Cir. 1980).
58. *Id.* at 993.
59. 134 F. Supp. 551 (S.D.N.Y. 1955).
60. See Hagin, *supra* note 8, at 353 (1991) (citing *Trifari*, 134 F. Supp. at 553).
61. 773 F.2d 411 (2d Cir. 1985).
62. *Id.* at 418.
63. *Id.* at 419.
64. *Id.*
65. See Frenkel, *supra* note 40, at 548 (citing Keith Aoki, *Contradiction and Context in American Copyright Law*, 9 Cardozo Arts & Ent. L.J. 340 (1991)).
66. 834 F.2d 1142 (2d Cir. 1987).
67. Robert C. Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 Minn. L. Rev. 707, 739 (1983).
68. *Id.* at 739.
69. *Brandir*, 834 F.2d at 1145.
70. *Id.* at 1146-47.
71. See Frenkel, *supra* note 40, at 551.
72. *Id.*
73. 891 F.2d 452 (2d Cir. 1989).
74. 696 F. Supp. 1348 (S.D. Cal. 1988).
75. See *Whimsicality*, 891 F.2d at 455.
76. See *National*, 696 F. Supp. at 1353-54.
77. *Id.* at 1353 (quoting *Brandir*, 834 F.2d at 1151 (Winter, J., concurring in part and dissenting in part)).
78. 997 F. Supp. 1262 (C.D. Cal. 1997).
79. *Id.* at 1264 n.1.
80. *Id.* at 1265.
81. *Id.* at 1263.
82. *Id.* at 1265.
83. *Id.* (quoting *National Theme Productions*, 696 F. Supp. at 1353, and citing *Brandir*, 834 F.2d at 1145).
84. See Frenkel, *supra* note 40, at 553.
85. 697 F.2d 890 (9th Cir. 1983).
86. *Id.* at 892.
87. *Id.* at 893.
88. 745 F.2d 1238 (9th Cir. 1984).
89. *Id.* at 1241.
90. *Id.* at 1242. Various apparel designs have been displayed in museums to be viewed as art. Similar to the Kieselstein-Cord belt buckles, which were exhibited at the New York Metropolitan Museum of Art, Poe’s creation was displayed at the Los Angeles Institute for Contemporary Art. In 2000, Giorgio Armani’s designs were displayed at the Guggenheim Museum in New York City.
91. Peter K. Schalestock, “Forms of Redress for Design Piracy: How Victims can use Existing Copyright Law,” 21 Seattle U. L. Rev. 113, 123 (1997).
92. *Id.* at 124 (citing Comment on file at the U.S. Copyright Office, docket no. RM 90-7).
93. Maurice A. Weikart, *Design Piracy*, 19 Ind. L.J. 235, 256 (1944).
94. See Hagin, *supra* note 8, at 347 (1991) (citing Johnson, *Copycat King Victor Costa Cuts the High Costa Designer Duds*, People, Aug. 22, 1988, at 96).
95. Rocky Schmidt, *Comment, Designer Law: Fashioning a Remedy for Design Piracy*, 30 UCLA L. Rev. 861, 863 (1983) (hereinafter “Schmidt”).
96. In 1984, Congress enacted a new category of quasi-copyright law to protect semiconductor chip designs (“mask works”) when pirated computer chip designs reached more than \$100 million per year. See Hagin, *supra* note 8, at 347 (citing Semiconductor Chip Protection Act of 1984, 17 U.S.C. §§ 901-14 (1988)). Furthermore, when the United States signed the Berne Convention, Congress enacted the Architectural Works Copyright Protection Act of 1990, which extends full copyright protection to architectural works. The Architectural Works Copyright Protection Act, Title VII of the Judicial Improvements Act of 1990, Pub. L. No. 101-650, 104 Stat. 5089, 5132 (to be codified in various sections of 17 U.S.C.).
97. 135 Cong. Rec. E3484 (daily ed. Oct. 19, 1989).
98. *Id.* (statement of Rep. Moorhead).



99. See Hagin, *supra* note 8, at 348 (citing H.R. Rep. No. 1476, 94th Cong., 2d Sess. 6, reprinted in 1976 U.S.C.A.N. 5659, 5664 (“The history of copyright law has been one of gradual expansion in the types of works accorded protection.”)). Former Register of Copyrights Barbara Ringer has noted:

Copyright law revision may be changing from a sexagenary event into something resembling a continuous process. In the course of the last twenty years, copyright has emerged as one of the most important areas of American property law. As this society moves deeper and deeper into that phase protected by exclusive property interests can become central to national growth.

Barbara Ringer, *The Unfinished Business of Copyright Revision*, 24 UCLA L. Rev. 951, 976 (1977).

100. See *Samara Brothers, Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 132 (1998) (copyrights depicting familiar objects, such as hearts, daisies, and strawberries, entitled to very narrow protection; however, their registrations provide a presumption of validity, which Wal-Mart failed to overcome). See also *Peter Pan Fabrics, Inc. v. Brenda Fabrics, Inc.*, 169 F. Supp. 142 (S.D.N.Y. 1959) (design printed on dress fabric a proper subject of copyright, both as a work of art and as a print); *Dan River, Inc. v. Sanders Sale Enterprises, Inc.*, 97 F. Supp. 2d 426 (S.D.N.Y. 2000) (copyright protection extends to fabric designs).
101. Laurence R. Helfer, *Adjudicating Copyright Claims Under the TRIPS Agreement: The Case for a European Human Rights Analogy*, 39 Harv. Int'l L.J. 357, 360 (1998).
102. In the United Kingdom, a garment design will be protected as long as it can be related back to a copyright drawing. See Schmidt, *supra* note 95, at n.94 (citing 3 Eur. Intell. Prop. Rev. 163 (1981)). Under French law, garment designs are protected as applied art or non-functional designs and patterns. Designs may be protected upon a showing of public popularity even if there is no evidence of originality. See *id.* (citing Dalloz, *Jurisprudence Générale*, at *Propriété Littéraire et Artistique* and *Dessins et Modèles* (1952)).
103. See Mencken, *supra* note 5, at n.4 (citing *Société Yves Saint Laurent Couture v. Société Louis Dreyfus Retail Mgmt.*, [1994] ECC 512, 18 May 1994 (Paris) (finding that Ralph Lauren exactly copied a YSL dress)).
104. *Id.* at n.73 (copier may mark his clothing as being “inspired” or “copied” from a certain designer without fear of trademark infringement or false advertising).
105. Ralph S. Brown, *Copyright-like Protection for Designs*, 19 U. Balt. L. Rev. 308, 310 (1989).
106. Fashion designs usually only have a shelf-life of a few months because trends quickly go out of style.
107. See Young, *supra* note 23, at 90.
108. 112 F. Supp. 187 (S.D.N.Y. 1934). The court held that a copyright on a dress-design drawing gave the copyright holder the exclusive right to make copies or reprints of the drawing only, but no monopoly to produce the dress itself; that is, the copyrightable work was the drawing, not the resulting dress style.
109. See H.R. Rep. No. 3499, 101st Cong., 1st Sess.
110. See Schmidt, *supra* note 95, at n.105.
111. *Id.* at n.112.
112. *Id.* at 876.
113. *Id.* at 877.
114. See Hagin, *supra* note 8, at 378 (1991) (citing 136 Cong. Rec. E259, E260 (daily ed. Feb. 7, 1990) (statement of Rep. Kasteneier)).
115. The life of the author plus fifty years period applies to works created on or after Jan. 1, 1978. 17 U.S.C. § 302(a).
116. *Wm. Filene's Sons*, 90 F.2d at 558.
117. See Schmidt, *supra* note 95, at 877.
118. Peter D. Aufrichtig, *Protection for Computer Programs*, 32 Copyright Law Symposium (ASCAP) 133, 174-75 (1986) (hereinafter “Aufrichtig”).
119. *Broadcast Music, Inc. v. Columbia Broad. Sys., Inc.*, 441 U.S. 1, 99 S. Ct. 1551 (1979) (“Although the copyright laws confer no rights on copyright owners to fix prices among themselves or otherwise violate the antitrust laws, we would not expect that any market arrangements reasonably necessary to effectuate the rights that are granted would be deemed a per se violation of the Sherman Act.”).
120. See Hagin, *supra* note 8, at 385.
121. It is well within the court’s power to provide for a master to make determinations of fact in areas that are outside of the court’s expertise. See Aufrichtig, *supra* note 118, at 176-77 (citing *Wisconsin v. Illinois*, 449 U.S. 48 (1980)).
122. See *id.* at 176-77.
123. See *id.* at 180.
124. *Id.* at 181.
125. *Id.*
126. Brown, *supra* note 105, at 323.
127. *Id.*
128. “[The] encouragement of individual effort by personal gain is the best way to advance the public welfare. . . . Sacrificial days devoted to such creative activities deserve rewards, commensurate with the services rendered.” *Mazer*, 347 U.S. at 219.
129. See Brown, *Copyright and its Upstart Cousins: Privacy, Publicity, Unfair Competition*, 33 J. Copyright Soc’y 301, 313-20 (1986).

Almost no garment design can ever really be considered “brand new”: garment designs generally consist of elements already “discovered.” “Old” elements are incorporated either in a new combination or at a time when such elements are not generally in vogue. Often, then, the appeal of garment designs lies solely in the re-creation of public interest in a design from the past.

**Safia A. Nurbhai is a third-year student at Brooklyn Law School. A version of this article won Second Prize in the Intellectual Property Law Section’s Annual Law Student Writing Contest, and First Prize in Brooklyn Law School’s Nathan Burkan Memorial Competition sponsored by ASCAP. The author wishes to thank Professors Leo Raskind and Claire Kelly for comments on this article.**

**ANNOUNCING THE**  
**Intellectual Property Law Section's**  
**ANNUAL LAW STUDENT**  
**WRITING CONTEST**

**Sponsored by THOMSON & THOMSON**

To be presented at **The Annual Fall Meeting of the Intellectual Property Law Section, October 10-13, 2002, Lake George, NY** to the authors of the best articles on subjects relating to the protection of intellectual property not published elsewhere.

First Prize: \$2,000

Second Prize: \$1,000

**CONTEST RULES**

To be eligible for consideration, the paper must have been written solely by a student or students in full-time attendance at a law school (day or evening) located in New York State or by an out-of-state law student or students who are members of the Section. One hard copy of the paper and an electronic copy in Word format on a 3.5" H.D. disk must be submitted by mail, postmarked not later than August 15, 2002, to each of the persons named below. As an alternative to sending the disks, the contestant may e-mail the electronic copies, provided that they are e-mailed before 5:00 p.m. EST, August 15, 2002. Papers should be no longer than 35 pages, double-spaced, including footnotes. Submissions must include the submitter's name; law school and expected year of graduation; mailing address; e-mail address; telephone number; and employment information, if applicable.

Send entries to:

and:

Walter J. Bayer, II  
GE Licensing  
One Independence Way  
Princeton, NJ 08540  
(609) 734-9413

(e-mail: [walter.bayer@corporate.ge.com](mailto:walter.bayer@corporate.ge.com))

Victoria A. Cundiff  
Paul, Hastings, Janofsky & Walker LLP  
75 East 55th Street  
New York, NY 10022  
(212) 318-6030

(e-mail: [victoriacundiff@paulhastings.com](mailto:victoriacundiff@paulhastings.com))

Reasonable expenses will be reimbursed to the author of the winning paper for travel and lodging at the Fall Meeting to receive the Award.

Please direct any questions to Walter Bayer.

**2001 Winners**

1st Place: **Maryellen O'Brien**  
2nd Place: **Safia A. Nurbhai**  
3rd Place: **Stephen C. Giametta**

*The Section reserves the right not to consider any papers submitted late or with incomplete information.*

# New York State Bar Association

## Intellectual Property Law Section Annual Meeting

**TUESDAY, JANUARY 22, 2002**  
**New York Marriott Marquis**  
**1535 Broadway, New York City**

**MORNING PROGRAM, 8:50 a.m.**  
Marquis Ballroom, 9th Floor

**LUNCHEON, 12:45 p.m.**  
16th Floor Sky Lounge

**AFTERNOON PROGRAM, 2:00 p.m.**  
Marquis Ballroom, 9th Floor

### IMPORTANT INFORMATION

**Under New York's MCLE rule**, this program has been approved for a total of up to 8 credit hours, consisting of 7 credit hours in practice management and/or areas of professional practice and 1 credit hour in ethics.

**Discounts and Scholarships:** New York State Bar Association members may apply for a discount or scholarship to attend this program based on financial hardship. Under that policy, any member of our Association who has a genuine financial hardship may apply in writing not later than two working days prior to the program, explaining the basis of his/her hardship, and, if approved, can receive a discount or scholarship, depending on the circumstances. For more details, please contact: Linda Castilla at: New York State Bar Association, One Elk Street, Albany, New York 12207.

### INTELLECTUAL PROPERTY LAW SECTION

*presents*

### *INTELLECTUAL PROPERTY IN A TIME OF CRISIS*

#### SECTION CHAIR

**VICTORIA A. CUNDIFF, ESQ.**

Paul, Hastings, Janofsky & Walker LLP  
New York City

#### PROGRAM CO-CHAIR

**HAROLD L. BURSTYN, ESQ.**

Syracuse University  
College of Engineering & Computer Science  
Syracuse

#### PROGRAM CO-CHAIR

**RAY A. MANTLE, ESQ.**

Reitler & Brown LLC  
New York City

- |                           |   |
|---------------------------|---|
| <b>8:50 - 9:00 a.m.</b>   | <b>Welcoming Remarks</b><br><b>Victoria A. Cundiff, Esq.</b><br>Section Chair   |
| <b>9:00 - 10:00 a.m.</b>  | <b>"Copyright"</b><br><b>Speaker:</b><br><b>Honorable Marybeth Peters</b><br>United States Register of Copyrights<br>Washington, D.C. |
| <b>10:00 - 10:30 a.m.</b> | <b>"Cyber Security"</b><br><b>Speaker:</b><br><b>Scott Charney, Esq.</b><br>PricewaterhouseCoopers LLP<br>Washington, D.C.            |
| <b>10:30 - 10:45 a.m.</b> | <b>Coffee break</b>   |





- 10:45 - 11:15 a.m.**      ***"IP at War: Private Rights vs. the Public Interest"***  
**Speaker:**  
**Professor Rochelle Cooper Dreyfuss**  
 New York University School of Law  
 New York City
- 11:15 a.m. - 12:35 p.m.**      ***"Can IP Rights Trump the Constitution?"***  
**Speakers:**  
**William F. Patry, Esq.**      **Alan J. Hartnick, Esq.**  
 Skadden, Arps, Slate,      Abelman Frayne & Schwab  
 Meagher & Flom LLP      New York City  
 New York City
- 12:45 - 1:45 p.m.**      **Lunch - 16th Floor Sky Lounge**  
 The Intellectual Property Law Section would like to thank **Thomson & Thomson** for underwriting a portion of the cost for the Annual Meeting luncheon. Their continued support of the Section is greatly appreciated.

## THOMSON & THOMSON

- 1:45 - 2:00 p.m.**      **Nomination and Election of IP Section Officers - Sky Lounge**  
**2:00 - 3:00 p.m.**      ***"Ethics: Risky Business - the Perils of Representing Competitors"***  
**Speaker:**  
**Professor Lisa A. Dolak**  
 Syracuse University College of Law  
 Syracuse
- 3:00 - 4:00 p.m.**      ***"Best Practices"***  
**Speakers:**  
**Gwenda M. Burkhardt, Esq.**      **Jennifer A. Albert, Esq.**  
 Deputy General Counsel      Hunton & Williams  
 Alliant Foodservice, Inc.      Washington, D.C.  
 Deerfield, Illinois
- 4:00 - 5:30 p.m.**      ***"Navigating Your IP Clients Through Rough Waters"***  
**Moderator:**  
**Richard L. Ravin, Esq.**  
 Hartman & Winnicki, PC  
 Paramus, New Jersey
- Speakers:**  
**William Sloan Coats, Esq.**      **Madlyn G. Primoff, Esq.**  
 Orrick, Herrington & Sutcliffe LLP      Paul, Hastings, Janofsky & Walker LLP  
 Menlo Park, California      New York City



If you need assistance relating to a disability, please contact the NYSBA Meetings Department sufficiently in advance so that we can make every effort to provide reasonable accommodations.



For overnight room accommodations, please call the New York Marriott Marquis at 1-800-843-4898 and identify yourself as a member of the New York State Bar Association. Room rates are \$208.00 for single/double occupancy. Reservations must be made by Thursday, December 20, 2001.



For questions about this specific program, please contact Linda Castilla at 518-487-5562. For registration questions only, please call 518-487-5621.

**To download the registration form please go to our Web site at  
<http://www.nysba.org>.**

# Trade Winds

*Trade Winds* offers Section members a way to keep up on the comings and goings of their colleagues and upcoming events of interest. Has there been a change in your practice? Any recent or forthcoming articles or lecture presentations? Won any awards recently? Please e-mail submissions to Jonathan Bloom at [jonathan.bloom@weil.com](mailto:jonathan.bloom@weil.com).

**Philip Gilman** recently joined the Intellectual Property practice at Willkie Farr & Gallagher in New York City. He will continue to focus on all aspects of intellectual property rights protection, transactions, and counseling.

The current issue of Franklin Pierce Law Center's Germeshausen Center intellectual property newsletter features an in-depth profile of **Peter J. Gardner**, an attorney with the law firm of Stebbins, Bradley, Wood & Harvey in Hanover, N.H. and St. Johnsbury, Vt. Peter will complete his Master's in Intellectual Property degree (MIP) at FPLC next summer. His firm is committed to developing its IP law capabilities in the context of its business law practice. A copy of the newsletter can be obtained through the FPLC website at <http://www.fplc.edu/news/pubs/Germ01SF.pdf>, or by contacting Carol Ruh at [cruh@fplc.edu](mailto:cruh@fplc.edu).

## Welcome New Members:

Jordan J. Altman  
Jeong-Hoon An  
Christopher Aniedobe  
Jonathan Berschadsky  
Mirko Bibic  
Zoltan Boka  
Joel G. Brown  
Scott Michael Brown  
Dianne N. Bruning  
Charles E. Cantine  
Janie H. Chang  
Sohyun Chung  
Alina M. Collisson  
Timothy R. Couch  
Charles V. D'Onofrio  
Kimberley A. Danzi  
Lisa DeBock  
James A. Defelice  
Kalel R. Dennis  
Christopher J. DeWitt  
Saskia B. Ditisheim  
Ann Marie Donahue  
Brett Durand  
Lisa S. Ellern  
Jeffrey R. Farmer  
Filomena Fazzino  
Sarah Flaccus  
Eric V. Flam  
John Frangos  
Ray Freiworth  
Rudolph J. Fusco  
Peter J. Gardner  
Joseph Geller  
Steven M. Gill  
Robert Gitelman  
Timothy M. Gladden  
Frank Gontier  
Gayle S. Gorvett  
Cherilyn C. Guido

Suzanne Head  
Jodi Ann Heller  
Shireen G. Hilal  
Jared T. Horowitz  
Kurt Norman Jones  
Tonja F. Jordan  
Jennifer A. Juengst  
Yelena Kalika  
Hyun Su Kang  
Richard J. Katz  
Sarah Scova Klug  
S. Peter Konzell  
Michael Kosoff  
Adam E. Kraidin  
Oren Langer  
Hyun Soo Lee  
Matthew S. Lerner  
Alan H. Levine  
Eric J. Lobenfeld  
Matthew J. Loughran  
Scott Dwayne Lyne  
Matthew MacIsaac  
John Maier  
Robert J. Marel  
Neil M. Margolies  
Erika J. Medynski  
David Melnih  
Jimmy Mikaoui  
Erika K. Mikkelsen  
Azeema Mohaideen  
Christine M. Morgan  
Michele Moseley-Jones  
Adele Murray  
Eileen Napolitano  
Marcia Thayer Nass  
Robert Timothy Neufeld  
Joseph M. Noto  
Louis Orbach  
Thomas C. Parker

Elena M. Paul  
David Payne  
Asahi Pompey  
Jennifer Rodgers  
Gary R. Rose  
John D. Rue  
James M. Ruel  
Alanna C. Rutherford  
Dominick L. Schirripa  
Michael Schmieder  
Danae M. Schuster  
Saul A. Seinberg  
Sharon E. Selby  
Aasheesh V. Shravah  
Narendra V. Singh  
June H. Smith  
Edward So  
Daniel H. Solomon  
Matt Solow  
Julie L. Stein  
Patricia Betz Stockli  
David B. Sunshine  
Erika Takeuchi  
Nicole D. Tanenbaum  
Tommaso Tosi  
Teri N. Towe  
Edward Tracy  
Mario Vasquez  
Donna M. Vetrano  
Gilberto Maria Villacorta  
Julie L. Wald  
Ira N. Weinstein  
Odette J. Wilkens  
Jong-kyun Woo  
Mary Blasinim Workman  
Naohiko Yokoshima  
Stuart W. Yothers  
Philippe Zylberg

## **MEMBERSHIP APPLICATION**

### **New York State Bar Association:**

#### **INTELLECTUAL PROPERTY LAW SECTION**

Membership in the New York State Bar Association's Intellectual Property Law Section is a valuable way to:

- enhance professional skills;
- keep up-to-date with important developments in the legal profession;
- join colleagues in exciting Section events.

#### **OPPORTUNITIES FOR EDUCATION**

The Intellectual Property Law Section offers both the experienced and novice practitioner excellent opportunities to enhance their practical and legal knowledge and expertise. Through Section activities, including conferences on intellectual property (an annual fall event), members may examine vital legal developments in intellectual property law. The Section's Web site provides current information regarding Section events and offers "members only" access to current issues of *Bright Ideas* and current Committee bulletins providing updates on intellectual property law. The Section plans to sponsor continuing legal education (CLE) credit-bearing programs for Section members at reduced rates. Recent programs offered by the Section related to computer software and biotechnology protection, conducting intellectual property audits, and practical considerations in trade secret law. The Section sponsors an annual Intellectual Property Law writing contest for New York State Law Students.

#### **OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT**

Intellectual Property Law Section committees address unique issues facing attorneys, the profession and the public. The Section offers opportunities to serve on committees such as Patent Law; Trademark Law; Copyright Law; Internet Law; Trade Secrets; Technology, Transfer and Licensing and Young Lawyers.

Committees allow you to network with other attorneys from across the state and give you the opportunity to research issues and influence the laws that can affect your practice. Committees are also an outstanding way to achieve professional development and recognition. Law students are automatically members of the Young Lawyers Committee. Section members may join more than one committee.

#### **A VOICE IN THE ASSOCIATION**

The Intellectual Property Law Section takes positions on major professional issues that affect practitioners and advocates those positions within the New York State Bar Association, the legislature, and the public.

**See page 48 to become a member of the Intellectual Property Law Section**



## COMMITTEE ASSIGNMENT REQUEST

Please designate from the list below, those committees in which you wish to participate. For a list of committee chairs and their e-mail addresses, please refer to page 47 of this issue.

\_\_\_ Copyright Law (IPS1100)

\_\_\_ Trade Secrets (IPS1500)

\_\_\_ Internet Law (IPS1800)

\_\_\_ Trademark Law (IPS1600)

\_\_\_ Patent Law (IPS1300)

\_\_\_ Young Lawyers (IPS1700)

\_\_\_ Technology, Transfer and Licensing (IPS1400)

Please e-mail your committee selection(s) to Naomi Pitts at: [npitts@nysba.org](mailto:npitts@nysba.org)

\* \* \*

To be eligible for membership in the Intellectual Property Law Section, you first **must** be a member of the NYSBA.

☐ As a member of the NYSBA, I enclose my payment of \$30 for Intellectual Property Law Section dues. (Law student rate: \$15)

☐ I wish to become a member of the NYSBA and the Intellectual Property Law Section. I enclose both an Association and Section application with my payment.

☐ Please send me a NYSBA application. No payment is enclosed.

Name \_\_\_\_\_

Office \_\_\_\_\_

Office Address \_\_\_\_\_

Home Address \_\_\_\_\_

E-mail Address \_\_\_\_\_

Office Phone No. \_\_\_\_\_

Office Fax No. \_\_\_\_\_

Home Phone No. \_\_\_\_\_

*Please return payment and application to:*

Membership Department  
New York State Bar Association  
One Elk Street  
Albany, New York 12207  
Telephone: 518/487-5577  
FAX: 518/487-5579  
<http://www.nysba.org>

# Section Committees and Chairs

The Intellectual Property Law Section encourages members to participate in its programs and to contact the Section officers or Committee Chairs for information.

## **Committee on Copyright Law**

Jeffrey Barton Cahn (Co-Chair)  
Sills Cummis et al.  
The Legal Center  
Newark, NJ 07102  
Tel: (973) 643-5858  
Fax: (973) 643-6500  
e-mail: jcahn@sillscummis.com

Robert W. Clarida (Co-Chair)  
Cowan, Liebowitz & Latman, P.C.  
1133 Avenue of the Americas  
New York, NY 10036  
Tel: (212) 790-9200  
Fax: (212) 575-0671  
e-mail: rwc@ccl.com

## **Committee on Internet Law**

Rory J. Radding (Co-Chair)  
Pennie & Edmonds LLP  
1155 Avenue of the Americas  
22nd Floor  
New York, NY 10036  
Tel: (212) 790-9090  
Fax: (212) 869-8864  
e-mail: rjradding@pennie.com

Richard L. Ravin (Co-Chair)  
Hartman & Winnicki, PC  
115 West Century Road  
Paramus, NJ 07654  
Tel: (201) 967-8040  
Fax: (201) 967-0590  
e-mail: rick@ravin.com

## **Committee on Patent Law**

Philip A. Furgang (Chair)  
Furgang & Adwar, LLP  
Two Crosfield Avenue, Suite 210  
West Nyack, NY 10994  
Tel: (845) 353-1818  
Fax: (845) 353-1996  
e-mail: philip@furgang.com

## **Committee on Technology, Transfer and Licensing**

Walter J. Bayer, II (Co-Chair)  
GE Licensing  
One Independence Way  
Princeton, NJ 08540  
Tel.: (609) 734-9413  
Fax: (609) 734-9899  
e-mail:  
walter.bayer@corporate.ge.com

Neil A. Baumgarten (Co-Chair)  
1885 Cynthia Lane  
Merrick, NY 11566  
Tel: (516) 868-6617  
Fax: (516) 868-7666  
e-mail: nsbaumg@aol.com

## **Committee on Trade Secrets**

Michael B. Carlinsky (Chair)  
Orrick Herrington & Sutcliffe, LLP  
101 Roundabend Road  
Tarrytown, NY 10591  
Tel: (212) 506-5172  
Fax: (212) 506-5151  
e-mail: mcarlinsky@orrick.com

## **Committee on Trademark Law**

Peter S. Sloane (Chair)  
Ostrolenk Faber et al.  
1180 Avenue of the Americas  
7th Floor  
New York, NY 10036  
Tel.: (212) 382-0700  
Fax: (212) 382-0888  
e-mail: psloane@ostrolenk.com

## **Committee on Young Lawyers**

Marie-Eleana First (Co-Chair)  
Law Office of Theodore N. Cox  
179 Bennett Avenue, Apt. 1D  
New York, NY 10040  
Tel.: (212) 925-1208  
e-mail: mfirst622@aol.com

Vejay G. Lalla (Co-Chair)  
Cowan, Liebowitz & Latman, P.C.  
1133 Avenue of the Americas  
New York, NY 10036  
Tel.: (212) 790-9225  
Fax: (212) 575-0671  
e-mail: vgl@ccl.com

## **REQUEST FOR ARTICLES**

If you would like to submit an article, or have an idea for an article,  
please contact *Bright Ideas* Executive Editor

Jonathan Bloom  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
(212) 310-8775 • Fax (212) 310-8007  
E-mail: jonathan.bloom@weil.com

*Articles should be submitted on a 3.5" floppy disk, in Microsoft Word, along with a printed original, or by e-mail if in Microsoft Word. Submissions should include biographical information.*

## SECTION ACTIVITIES AND NOTICES

### Internet Law Committee

The development of the law of the Internet is as robust as ever. The events surrounding September 11, including the contamination of the U.S. mail system, have put a new emphasis on the Internet. Especially now, the Internet will be relied upon as an alternative to traditional mail delivery systems. For the same reason, security concerns have increased, and the Internet's vulnerability has received renewed scrutiny. State and federal laws are being passed in the wake of the terrorist attacks which will increase the investigatory powers of government law enforcement agencies. The constitutional parameters of our civil liberties will likely be redefined by the courts. Privacy and Fourth Amendment rights (e.g., freedom from unreasonable searches) will be affected the most, as will various First Amendment rights (e.g., freedom to associate and speak anonymously). Attention to security of the Internet infrastructure as well as of the Web sites and businesses using it has been heightened. The economy, which was already on a downswing, has put increased pressure on Internet-based companies to perform. The reality is that Internet practitioners need to pay more attention to insolvency and bankruptcy-related issues, whether drafting a license or equipment lease agreement, or litigating over same.

Over the coming year, the Internet Law Committee will be addressing these issues, as well as the hot topics that continually arise, whether it is a new domain name initial interest confusion case or the passage of a new statute affecting online intellectual property rights.

The Internet Law Committee meets at noon on the third Tuesday of every month (except in August and October). The luncheon meetings are hosted by Rory Radding at Pennie & Edmonds' New York City offices, with upstate members regularly participating by teleconference. Since the NYSBA's implementation of MCLE credits for Committee meetings, credits have been awarded for presentations at the meetings. Speaker presentations are followed by a roundtable discussion; hot topics are also discussed. Everyone benefits from the sharing of knowledge and views and the lively group interaction.

If you are interested in joining the Internet Law Committee, please contact Naomi Pitts at the New York State Bar Association via e-mail ([npitts@nysba.org](mailto:npitts@nysba.org)) or phone (518-487-5587). Membership is free for Intellectual Property Law Section members.

***Save the Dates!!***

**Intellectual Property Law Section**

**2002 Fall Meeting**

**October 10-13, 2002**

**The Sagamore, Bolton Landing**

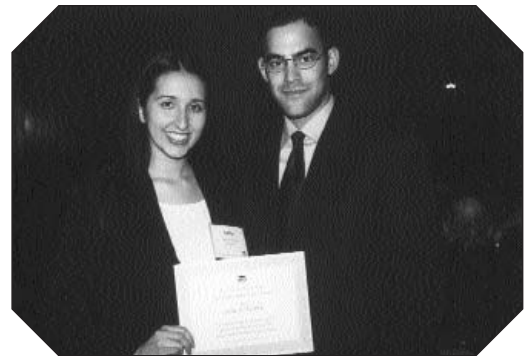


Intellectual Property Law Section's  
**ANNUAL LAW STUDENT WRITING CONTEST**  
*Sponsored by THOMSON & THOMSON*

**2001 Winners**

1st Place: **Maryellen O'Brien**  
2nd Place: **Safia A. Nurbhai**  
3rd Place: **Stephen C. Giametta**

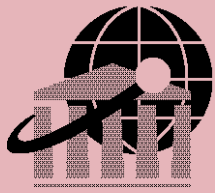
Awards were presented at the 2001 Fall Meeting of the Section.



# Submission of Articles

Anyone wishing to submit an article, announcement, practice tip, etc., for publication in an upcoming issue of *Bright Ideas* is encouraged to do so. Articles should be works of original authorship on any topic relating to intellectual property. Initially, submissions may be of any length.

Submissions should preferably be sent on a 3.5" disk (double or high-density) which clearly indicates the word processing program and version used, along with a hard copy or by e-mail to Jonathan Bloom, Executive Editor, at the address indicated on this page. Submissions for the Spring/Summer 2002 issue must be received by March 1, 2002.



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