

# THE SECOND CIRCUIT AND THE DEVELOPMENT OF INTELLECTUAL PROPERTY LAW: THE FIRST 125 YEARS

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## INTRODUCTION

There is no question that the Second Circuit has had a significant influence on the development of U.S. intellectual property law, especially copyright law, and the reasons are evident. Historically, many of the business segments for which intellectual property rights were key assets, or at the heart of the endeavor, were concentrated in the New York area, including television, music, advertising, publishing, and theater.

Regardless of the reasons, it is inarguable that the Second Circuit has had a profound impact on copyright law. Judge Learned Hand's decision in *Nichols v. Universal Pictures Corp.*<sup>1</sup> helped define for later generations the fundamental idea/expression dichotomy. The transformative use doctrine, which dates from a 1990 influential article by then-District Judge Pierre N. Leval,<sup>2</sup> has not been without its critics, but its continued importance has been reaffirmed in the court's 2015 decision in *Author's Guild v. Google, Inc.*<sup>3</sup> (*Google Books*). Other leading decisions have helped write the rules of the road for the e-commerce era, both in the copyright and trademark contexts. For trademarks, the Second Circuit was the first federal circuit to craft a multifactor test for likelihood of confusion,<sup>4</sup> an approach adopted in time by all circuits. In another universally followed decision, the court set forth the standards for the degrees of mark distinctiveness.<sup>5</sup> In the Lanham Act advertising area, Second Circuit decisions helped define the role of survey evidence in determining whether and when advertising messages

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1. 45 F.2d 119 (2d Cir. 1930).
2. See Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990).
3. 804 F.3d 202 (2d Cir. 2015).
4. See *Polaroid Corp. v. Polarad Elecs., Corp.*, 287 F.2d 492 (2d Cir. 1961).
5. See *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

that might be considered literally truthful are nevertheless actionable as impliedly false.<sup>6</sup> One leading Second Circuit case was the first to recognize a right of publicity,<sup>7</sup> and another continues to guide the direction of this important intellectual property doctrine today.<sup>8</sup>

In addition to the traditional categories of copyright, patent, and trademark law, intellectual property law encompasses a range of distinct substantive areas. For example, the right of publicity, albeit a creation of state statutory law, is generally considered an area of intellectual property and is covered in this article. Law school catalogs<sup>9</sup> usually include trade secret law within the purview of intellectual property, but because trade secret issues often arise in employment disputes, this subject has not been included.<sup>10</sup>

### I. COPYRIGHT LAW

For many years, leading Second Circuit decisions have helped define and invigorate all principal aspects of copyright law. Based on a quantitative analysis of published copyright decisions cross-referenced to decisions discussed in copyright case books, Professor William Ford observed in 2006 that “[o]verall, the Second Circuit is the clear leader in terms of experience and influence.”<sup>11</sup> The article concluded that “the Second and Ninth Circuits, along with the Supreme Court and the Southern District of New York, are the most influential courts in the development of copyright law.”<sup>12</sup>

Similarly, an article published in the 1991 *St. John's Law Review* pointed out that several Second Circuit judges testified in 1990 at joint congressional hearings on the issue of copyright fair use.<sup>13</sup> The author observed that, as of that time,

[t]he Second Circuit is widely recognized as the nation's most important copyright court. Centered in the capital city of publishing and the arts, and mindful of the proud tradition of copyright scholars who have formed

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6. See *Am. Home Products Corp. v. Johnson & Johnson*, 577 F.2d 160 (2d Cir. 1978).

7. See *Haelan Labs., Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir. 1953).

8. See *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989).

9. The information about law school classes was obtained from the course lists of four law schools. See *Class Schedules and Registration*, U. CHI. L. SCH., <https://classes.uchicago.edu> (last visited Sept. 6, 2016) [<https://perma.cc/P7KH-7E5X>]; *Course Catalog*, HARV. L. SCH., <http://hls.harvard.edu/academics/curriculum/catalog/> (last visited Sept. 6, 2016) [<https://perma.cc/4X7C-MDU8>]; *Course Catalog*, STAN. L. SCH., <https://www.law.stanford.edu/courses> (last visited Sept. 6, 2016) [<https://perma.cc/M29L-CARQ>]; *Course Descriptions*, NYU SCH. L., <https://its.law.nyu.edu/courses/> (last visited Sept. 6, 2016) [<https://perma.cc/XF89-8YP8>].

10. More recently, cyberlaw and digital privacy have become common subjects of law school classes falling within the catalog definition of intellectual property, but these are subjects of too recent origin to warrant inclusion.

11. William K. Ford, *Judging Experience in Copyright Law*, 14 J. INTELL. PROP. L. 1, 41 (2006).

12. *Id.* at 41–42.

13. James H. Carter, *They Know It When They See It: Copyright and Aesthetics in the Second Circuit*, 65 ST. JOHN'S L. REV. 773, 773 n.1 (1991).

its treasure of precedent, the court regularly hears appeals raising issues in the forefront of copyright developments.<sup>14</sup>

Professor David Nimmer, a widely known copyright scholar, has referred to the Second Circuit as the “Copyright Specialists.”<sup>15</sup>

This part starts with *Nichols v. Universal Pictures Corp.*,<sup>16</sup> a decision by Judge Learned Hand widely cited in academic circles as one of the leading cases in U.S. copyright history. Addressing the fundamental issue of the idea/expression dichotomy, *Nichols* helped frame the fundamental scope of copyright protection. Other leading Second Circuit decisions have set standards for copyrighting computer software, developed principles applicable in the protection of the online marketplace, and established the highly influential principle of transformative use as an essential element of a fair use analysis.

### A. Standards for Determining Copyright Infringement

The discussion begins, appropriately, with the all-important idea/expression dichotomy, then addresses the use of experts in copyright infringement analyses and copyright standards for computer software.

#### 1. The Idea/Expression Dichotomy

*Nichols* is one of the earliest decisions from the Second Circuit to discuss the copyright concepts underlying the fundamental doctrines of the idea/expression dichotomy and scenes à faire. The appeal was heard by Judges Learned Hand, Thomas W. Swan, and Augustus N. Hand, with the opinion written by Judge Learned Hand.

The plaintiff, Anne Nichols, was a playwright who had achieved great success with her first Broadway play *Abie's Irish Rose* (the subject of the lawsuit).<sup>17</sup> The primary defendant was Universal Pictures Corporation (now known as Universal Studios), the film studio that had produced a motion picture entitled *The Cohens and Kellys*.<sup>18</sup> Both plot lines dealt with marriage between young adults from families of different religions (Catholic and Jewish) and the comedic consequences of such unions.<sup>19</sup>

*Abie's Irish Rose* became a commercial hit and went on to become, at that time, the longest running Broadway production ever (a distinction it held for fourteen years).<sup>20</sup> Similarly, *The Cohens and Kellys* enjoyed

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14. *Id.* at 773.

15. See David Nimmer, “*Fairest of Them All*” and Other Fairy Tales of Fair Use, 66 LAW & CONTEMP. PROBS. 263 (2003).

16. 45 F.2d 119 (2d Cir. 1930).

17. *Id.* at 120.

18. *Id.*

19. *Id.* at 120–21.

20. See Paul Mrozka, *Broadway Long Runs: How New York Became Home to the Long Run*, BROADWAY SCENE (May 17, 2013), <http://broadwayscene.com/broadway-long-runs-how-new-york-became-home-to-the-long-run/> [https://perma.cc/943C-N4BZ]. Indeed, the show's touring company held the record for the longest running touring company for nearly forty years. See *Abie's Irish Rose*, WIKIPEDIA, <https://en.wikipedia.org/w/index.php?title=>

significant commercial success and spawned five sequels between 1928 and 1933.<sup>21</sup> These two works appear to have captured the spirit of America as an ethnic melting pot. As the decision pointed out, the basic themes and characters presented in the two works were, in that era, the subject of numerous plays, books, films, and radio programs.<sup>22</sup>

Plaintiff's copyright infringement lawsuit sought an injunction and an accounting of profits.<sup>23</sup> In ruling for the defendants, the district court had held that although there were clear similarities between the two works, and clear evidence that defendants copied certain aspects of the plaintiff's play, nothing that the defendants took from the plaintiff's work was copyrightable.<sup>24</sup> The Second Circuit affirmed the district court's dismissal, holding that whatever features defendants may have taken from *Abie's Irish Rose* were not copyrightable elements but were instead general and unprotected concepts.<sup>25</sup>

The court began with a detailed description of the general plot and story elements of each work.<sup>26</sup> It then explained that while copyright must protect literary works beyond direct copying, at some point of abstraction the line is crossed between a protectable expression of an idea and the basic idea itself, which is not protected by copyright.<sup>27</sup> This discussion presents one of the earliest and clearest descriptions in copyright law of the now-familiar idea/expression dichotomy.

The court ultimately found that the similarities between the two works—including feuding Irish and Jewish families, young lovers secretly marrying, and ultimate reconciliation—exemplified only general ideas that could not be protected by copyright.<sup>28</sup> On the issue as to whether the plaintiff's characters were copyrightable, and to what extent (if any) the defendants' comparable characters constituted infringement, the court concluded that, for the most part, in both works the characters were little more than stock figures, demonstrating common and well-known characteristics that were not original to either party.<sup>29</sup> This discussion reflected an early depiction of what is now known as the *scènes-à-faire* doctrine.

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Abie%27s\_Irish\_Rose&oldid=729973360 (last visited Sept. 6, 2016) [<https://perma.cc/UY77-N5QN>].

21. *THE COHENS AND THE KELLYS IN PARIS* (Universal Pictures 1928); *THE COHENS AND KELLYS IN ATLANTIC CITY* (Universal Pictures 1929); *THE COHENS AND THE KELLYS IN SCOTLAND* (Universal Pictures 1930); *THE COHENS AND THE KELLYS IN AFRICA* (Universal Pictures 1930); *THE COHENS AND KELLYS IN TROUBLE* (Universal Pictures 1933).

22. *Nichols*, 45 F.2d at 121–22.

23. *Nichols v. Universal Pictures Corp.*, 34 F.2d 145, 145 (S.D.N.Y. 1929), *aff'd*, 45 F.2d 119.

24. *Id.* at 148.

25. *See generally Nichols*, 45 F.2d 119.

26. *See id.* at 120–21.

27. *See id.* at 121.

28. *See id.* at 121–23.

29. *See id.* at 122.

The *Nichols* decision has been cited over 325 times by state, federal, and even foreign courts, and in over 1,100 secondary sources.<sup>30</sup> It is also widely admired among both scholars and practitioners for the poetic quality of language describing and explaining important legal principles. For example, in summing up one of the fundamental components of copyright protection, Judge Hand stated, in frequently quoted language, that “[i]t is of course essential to any protection of literary property . . . that the right cannot be limited literally to the text, else a plagiarist would escape by immaterial variations.”<sup>31</sup> In explaining the foundation for the “abstraction” test, Judge Hand noted that

“[u]pon any work . . . a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out . . . but there is a point in this series of abstractions where [the concepts] are no longer protected, since otherwise the playwright could prevent the use of his ‘ideas,’ to which, apart from their expression, his property is never extended.”<sup>32</sup>

And, in discussing the idea/expression dichotomy, the opinion aptly observed that “[n]obody has ever been able to fix that boundary, and nobody ever can.”<sup>33</sup>

One notable aspect of *Nichols* is that the panel appeared to be wholly uninfluenced by what could be fairly characterized as bad facts. The record in the district court showed that the defendants originally attempted to purchase motion picture rights to *Abie’s Irish Rose*, that the screenwriters for *The Cohens and Kellys* studied a synopsis of *Abie’s Irish Rose* while writing *The Cohens and Kellys*, and that when the film was being released, Universal Pictures proudly proclaimed that it would “be to the screen what ‘Abie’s Irish Rose’ is to the stage.”<sup>34</sup> The Second Circuit panel was not distracted by the intent evidence from the application and development of important copyright legal principles.

## 2. Continued Influence of *Nichols*

The importance of *Nichols* can be seen not only in how often it has been cited, but also in the types of cases it has influenced. For instance, the Second Circuit relied on *Nichols* in its decision in *Williams v. Crichton*.<sup>35</sup> Similar to *Nichols*, *Williams* involved accusations that a popular novel-turned-film infringed the copyright of an earlier work—in *Williams* a series of children’s books.<sup>36</sup>

Plaintiff in *Williams* filed a lawsuit against several individuals and companies connected to the *Jurassic Park* film and novel, including both

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30. This figure comes from the “Citing References” tab of the *Nichols* case on Westlaw Next.

31. *Nichols*, 45 F.2d at 121.

32. *Id.*

33. *Id.*

34. *Nichols v. Universal Pictures Corp.*, 34 F.2d 145, 150 (S.D.N.Y. 1929).

35. 84 F.3d 581 (2d Cir. 1996).

36. *See id.* at 581.

Steven Spielberg and Michael Crichton.<sup>37</sup> The plaintiff had written a series of children's books about a dinosaur zoo and claimed that the *Jurassic Park* works appropriated protected elements from his stories.<sup>38</sup> Relying on *Nichols* and its progeny, the Second Circuit, in an opinion by Judge James L. Oakes, held that the only similarities between the plaintiff's stories and the *Jurassic Park* film and novel were scènes-à-faire elements that were necessarily inherent in the idea of a dinosaur zoo.<sup>39</sup> *Williams* is also notable for declaring that the test for substantial similarity and copyright infringement is the same for works intended for child audiences as those for adult audiences.<sup>40</sup>

### 3. Role for Experts in Copyright Disputes

Another Second Circuit bedrock case on resolving copyright infringement issues is *Arnstein v. Porter*,<sup>41</sup> which involved accusations of copyright infringement for musical compositions.<sup>42</sup> The district court had granted the defendant's motion for summary judgment, finding that no issue of material fact remained after reviewing the depositions of both parties and listening to recordings of the musical pieces at issue.<sup>43</sup>

The Second Circuit, in an opinion by Judge Jerome N. Frank, principally considered two important issues: (1) the appropriate role of experts in copyright infringement cases and (2) what questions should be left for the finder of fact to resolve.<sup>44</sup> On the first issue, the court divided its analysis into the two elements necessary to maintain a copyright infringement action: (1) whether there had been copying and (2) whether the copying constituted infringing appropriation.<sup>45</sup> Because evidence of direct copying (or a defendant admitting that he or she copied a work) was likely to be unavailable, the court permitted expert testimony on the issue of striking similarity, so that a plaintiff more easily could establish that a defendant likely copied at least a portion of the copyrighted work.<sup>46</sup>

At the same time, the court rejected the position that expert testimony was permissible on the second prong of copyright infringement, i.e., the question of whether the defendant's copying amounted to impermissible infringement.<sup>47</sup> Here, the court held that to establish infringement, a plaintiff would need to show that the pieces are so similar to a lay listener as to be "inexcusably alike."<sup>48</sup> Therefore, expert testimony on the issue of

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37. *See id.*

38. *See id.* at 582.

39. *See id.* at 587–89.

40. *See id.* at 589.

41. 154 F.2d 464 (2d Cir. 1946).

42. *See id.* at 467.

43. *Arnstein v. Porter*, No. 29-754, 1945 WL 6897, at \*1–3 (S.D.N.Y. July 27, 1945), *rev'd*, 154 F.2d 464.

44. *Arnstein*, 154 F.2d at 468–69.

45. *See id.* at 468.

46. *See id.*

47. *See id.*

48. *Id.* at 473.

impermissible copying (as distinct from whether copying occurred as a factual matter) was extremely limited and only allowed where the experts were testifying on the issue of the lay reaction to the works.<sup>49</sup>

*Arnstein* has been cited almost 600 times in judicial decisions and more than 750 times in secondary authorities. On the expert issue, *Arnstein* followed up on dicta from *Nichols*, where Judge Learned Hand had ended the decision by lamenting the use of experts in that case as well, expressing the hope that expert testimony on the issue of infringement would be excluded entirely in the future.<sup>50</sup> While the use of experts on the issue of substantial similarity is rare today, it is generally considered proper in two areas: (1) music cases and (2) software cases.<sup>51</sup>

The principles set forth in *Arnstein* are still valid today, but many copyright claims are nevertheless rejected on summary judgment.<sup>52</sup> Copyright infringement claims also have been defeated on a motion to dismiss,<sup>53</sup> which is not surprising since the complaint must cite the copyrighted work and the alleged infringing work,<sup>54</sup> thereby putting both works before the district court on a motion challenging the legal sufficiency of the pleading.

#### 4. Copyright and Computer Software

Computer software presents challenging copyright law issues, as the courts attempt to strike a balance between rewarding programmers with sufficient copyright protection and encouraging innovation in the software field. A principal analytical framework for determining the scope of copyright protection afforded to computer software is the three-part “abstraction-filtration-comparison” test formulated in *Computer Associates International, Inc. v. Altai, Inc.*<sup>55</sup>

The dispute in *Altai* arose out of two functionally similar computer programs developed by different companies.<sup>56</sup> Greatly simplifying the facts, Computer Associates (CA) developed ADAPTER, a successful “operating system compatibility” program that allowed its job scheduling program, CA-SCHEDULER, to function on different operating systems.<sup>57</sup> The defendant, Altai, developed its own compatibility software, OSCAR

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49. *See id.*

50. *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 123 (2d Cir. 1930).

51. *See* 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.10[c] (rev. ed. 2015).

52. *See, e.g.*, *Zalewski v. Cicero Builder Dev., Inc.*, 754 F.3d 95 (2d Cir. 2014) (discussing architectural designs).

53. *See, e.g.*, *Peter F. Gaito Architecture, LLC v. Simone Dev. Corp.*, 602 F.3d 57, 64 (2d Cir. 2010).

54. *See, e.g.*, 3 NIMMER & NIMMER, *supra* note 51, § 12.09.

55. 982 F.2d 693 (2d Cir. 1992).

56. *See id.* at 698–700.

57. *See id.* at 698–99.

3.5, which performed in a similar fashion.<sup>58</sup> CA contended that OSCAR 3.5 infringed its copyright in ADAPTER.<sup>59</sup>

Altai prevailed in the district court, with the court concluding that because ADAPTER and OSCAR 3.5 were only similar in their user-facing behavior rather than in their coding, the two programs were not substantially similar in form.<sup>60</sup> CA appealed, arguing that the district court erred by failing to find copyright protection for the nonliteral, structural elements of ADAPTER, such as its general flow charts, intermodular relationships, parameter lists, and macros.<sup>61</sup>

In an opinion written by Judge John M. Walker, the Second Circuit compared and contrasted computer software to other types of copyright protected works.<sup>62</sup> At the outset, the court noted that copyright protection generally extends beyond a literary work's textual form to nonliteral elements of expression.<sup>63</sup> However, the court cautioned that the utility of software makes more difficult the task of distinguishing protectable, nonliteral expression and nonprotectable, general ideas.<sup>64</sup> In their entirety, computer programs are more than singular ideas—software is made up of subprograms, each embodying a discrete idea and organized in a specific form. But these component parts coalesce into a process, a nonliteral element arguably beyond the bounds of copyright protection.

To balance these competing interests, the Second Circuit panel borrowed from well-established copyright doctrines to fashion the “abstraction-filtration-comparison” test.<sup>65</sup> In the “abstraction” prong, the court parsed the software into its component parts.<sup>66</sup> Using the abstraction test articulated by Judge Learned Hand in *Nichols* as a guide, the court divided OSCAR 3.5 into four parts: source and object code, parameter lists, services required, and outlines.<sup>67</sup>

After the constituent parts were identified, the test proceeded to the “filtration” prong, which requires the removal of all nonprotected component parts.<sup>68</sup> An element is nonprotectable if it is in the public domain or if it is an idea, rather than an *expression* of an idea.<sup>69</sup> An example of an unprotected idea within software is the link set in the desktop taskbar. Linked options such as “File,” “Edit,” and “View” are examples of expression dictated by efficiency rather than creativity. In short, the taskbar “idea” is so closely linked to its expression and so vital as a building block

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58. *See id.* at 700.

59. *See id.*

60. *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 775 F. Supp. 554, 560–62 (E.D.N.Y. 1991).

61. *Computer Assocs. Int'l, Inc.*, 982 F.2d at 701–02.

62. *See id.* at 702–12.

63. *See id.* at 701.

64. *See id.* at 702–12.

65. *See id.* at 706.

66. *See id.* at 706–07.

67. *See id.* at 714 (citing *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 775 F. Supp. 554, 560 (E.D.N.Y. 1991)).

68. *See id.* at 707–10.

69. *See id.* at 707.



in future program creation that it does not warrant copyright protection. Thus, in *Altai*, the court filtered out most of ADAPTER's component parts as nonprotectable because their expression was incident to the idea, a result of efficiency rather than creative expression.<sup>70</sup>

After “abstraction” and “filtration,” one is left with the protectable expression of the software—the “golden nugget.”<sup>71</sup> The “comparison” prong compares the remaining expressive elements of the plaintiff's program with the allegedly infringing elements of the defendant's program.<sup>72</sup> Finding that *Altai* did not copy any of the protectable elements of ADAPTER, the Second Circuit affirmed the judgment of the district court.<sup>73</sup>

The continuing influence of *Altai* is evident in the recent, significant decision in *Oracle America, Inc. v. Google, Inc.*<sup>74</sup> At issue in that dispute between two technology giants was the copyrightability of certain packages of source code first developed by Oracle and used in the operating system of the popular Android mobile devices.<sup>75</sup> In a comprehensive opinion, the Federal Circuit, citing to *Altai* nearly a dozen times, relied heavily on the “abstraction-filtration-comparison” test, pointing out that the test was first “formulated by the Second Circuit and expressly adopted by several other circuits.”<sup>76</sup>

#### *B. Copyright and Fair Use: The Transformative Use Doctrine*

One of the most profound influences of the Second Circuit on U.S. copyright law is seen in the development of the transformative use doctrine. Often a determinative aspect of the fair use analysis, the doctrine was first proposed in an influential article by Second Circuit Judge Pierre N. Leval, then a district court judge.<sup>77</sup>

The fair use defense generally serves to resolve the inherent tension between protecting intellectual property rights of artists and protecting the First Amendment rights of others to speak freely about, criticize, and comment on existing works. The rights to copyright protection and freedom of expression are on equal constitutional footing, as Article I, Section 8, Clause 8 of the U.S. Constitution empowers Congress to promote the progress of science and arts by granting creators limited monopolies over their works.<sup>78</sup>

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70. *See id.* at 707–10.

71. *See id.* at 710–11.

72. *See id.* at 710.

73. *See id.* at 721.

74. 750 F.3d 1339 (Fed. Cir. 2014).

75. *See id.* at 1347–48.

76. *Id.* at 1357.

77. *See* Leval, *supra* note 2.

78. U.S. CONST. art. I, § 8, cl. 8.

The fair use doctrine was ultimately codified in the Copyright Act of 1976.<sup>79</sup> Although transformative use is not referred to in the statute, and its development postdates its adoption, it has become an integral part of the fair use analysis. A few years following the publication of Judge Leval's article, the Supreme Court cited it throughout one of its most well-known fair use decisions, *Campbell v. Acuff-Rose Music, Inc.*<sup>80</sup> The Court expanded upon Judge Leval's original conception of transformative use, which had been based on the first fair use factor, holding that "[t]he more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use."<sup>81</sup>

Following the *Campbell* decision, the Second Circuit has identified transformative use as the primary issue to be considered when determining whether a second use satisfied the object of copyright law to stimulate creativity, rather than merely being a repackaging and republishing of the original. One such case is *Blanch v. Koons*,<sup>82</sup> where the defendant artist used the plaintiff's photograph as part of a commissioned work.<sup>83</sup> The photograph, depicting a woman's feet in high-fashion sandals, with metallic nail polish, resting on a man's lap in a first-class airplane cabin, had been published in *Allure* magazine accompanying a feature about metallic-colored cosmetic products.<sup>84</sup> The defendant used this and several other photographs to create a collage of four pairs of legs dangling over images of confections, with a grassy field and Niagara Falls in the background.<sup>85</sup> The work incorporating the photograph was part of a larger exhibition, the purpose of which (according to the defendant) was to critique and comment on "consumer culture" and the consequences of society's obsession with mass media.<sup>86</sup>

In the opinion in *Blanch*, authored by Judge Robert D. Sack, the court focused on the vastly different purposes of the two works, as well as the intent of the defendant's use of the photograph as a means of expressing comment and criticism, in finding that the defendant's work was sufficiently transformative to constitute a fair use.<sup>87</sup> The court held that the defendant's purpose and use of the work (i.e., as part of a large art exhibition critiquing aspects of society) were entirely different from those of the plaintiff (i.e., as part of a lifestyle magazine supporting and glorifying those same aspects of society and culture).<sup>88</sup>

*Bill Graham Archives v. Dorling Kindersley Ltd.*,<sup>89</sup> decided four months before *Blanch*, involved a 480-page coffee table book cataloging the career

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79. See 17 U.S.C. §§ 101–810 (2012).

80. 510 U.S. 569 (1994).

81. *Id.* at 579.

82. 467 F.3d 244 (2d Cir. 2006).

83. *Id.* at 246.

84. See *id.* at 247–48.

85. See *id.* at 248.

86. See *id.*

87. See *id.* at 251–53.

88. See *id.* at 252–53.

89. 448 F.3d 605 (2d Cir. 2006).

and cultural impact of the band The Grateful Dead.<sup>90</sup> The book had a timeline running continuously throughout, which told the band's history chronologically and included several images that complemented and provided visuals for the text.<sup>91</sup> Of the over 2,000 images included in the book, seven were of works copyrighted by the plaintiff (six were images of concert posters and one was an image of concert tickets).<sup>92</sup>

In an opinion authored by Judge Jane A. Restani (then-Chief Judge of the U.S. Court of International Trade, sitting by designation), the Second Circuit panel upheld the district court's grant of summary judgment dismissing the claim, relying heavily on the transformative nature of the defendant's use of the works in question.<sup>93</sup> The court held that the defendant's use of "thumbnail" reproductions of the plaintiff's protected works was sufficiently transformative to constitute a fair use.<sup>94</sup> The court contrasted the plaintiff's original use of the works as a means for providing the public with general concert information and promoting the band through artistic expression with the defendant's use of the works as a tool to enhance the readers' understanding of the biographical and historical text in the book.<sup>95</sup>

*Bill Graham Archives* and *Blanch* illustrate two aspects of the transformative use doctrine. It can apply either (1) where the original work has been transformed in some significant way to make a statement (as in *Blanch*) or (2) where the original work remains unchanged, but is used in an entirely different context, thereby transforming the purpose and meaning of the work (as in *Bill Graham Archives*).

Transformative use is not without its limits. For instance, in *Salinger v. Colting*,<sup>96</sup> in an opinion by Judge Guido Calabresi, the court concluded that an unauthorized sequel to J.D. Salinger's classic novel *The Catcher in the Rye* was not sufficiently transformative to qualify as a fair use.<sup>97</sup> Despite the defendant's arguments that his intent in writing the sequel, entitled *60 Years Later: Coming Through the Rye*, was in part to parody and comment on Salinger himself (who appears as a minor character in the novel), the court held that the work was primarily nontransformative as a straight sequel to *Catcher in the Rye*.<sup>98</sup>

There is no question that the transformative use doctrine has had a significant impact on copyright jurisprudence.<sup>99</sup> Judge Leval's article itself

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90. *See id.* at 607.

91. *See id.*

92. *See id.*

93. *See id.* at 608–12, 615.

94. *See id.* at 611.

95. *See id.* at 609–10.

96. 607 F.3d 68 (2d Cir. 2010).

97. *See id.* at 83–84.

98. *See id.* at 71–72.

99. Cases outside the Second Circuit applying the transformative use doctrine to copyright disputes include: *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1175–78 (9th Cir. 2013); *Bouchat v. Baltimore Ravens Ltd. P'ship*, 737 F.3d 932, 939–41 (4th Cir. 2013), *cert. denied*, 134 S. Ct. 2319 (2014); and *Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 342 F.3d 191, 198–200 (3d Cir. 2003).

has been cited over 900 times.<sup>100</sup> A recent decision in the Seventh Circuit questioning the doctrine is discussed in the next section.<sup>101</sup>

*C. Transformative Use in the Digital Age:  
The Google Books Decision*

In the fourth quarter of 2015, the Second Circuit handed down its latest landmark copyright decision in *Authors Guild v. Google Inc.*,<sup>102</sup> a decade-old litigation referred to informally as “*Google Books*.” There, the Second Circuit reaffirmed the central role that transformative use plays in the fair use analysis. The complaint in *Google Books* challenged two projects undertaken by technology giant Google, Inc.—the Google Library Project and the Google Books Project.<sup>103</sup> Through these two projects, Google made unauthorized digital copies of tens of millions of books that had been submitted by major libraries for that purpose.<sup>104</sup> Google then used the digital scans to establish a publicly available free search engine whereby users could determine whether certain books contained a specified word or term, as well as review “snippets” of text showing the context of the use.<sup>105</sup> Google also allowed the participating libraries to download and retain digital copies of the books that they had submitted, provided that the libraries committed to not using the digital copies in violation of copyright law.<sup>106</sup>

In September 2005, authors and a membership organization to which they belonged filed a copyright infringement lawsuit on behalf of themselves and a putative class of impacted authors.<sup>107</sup> After extensive negotiations, the parties proposed a class-wide settlement, which Judge Denny Chin rejected as unfair, inadequate, and unreasonable.<sup>108</sup>

The plaintiffs subsequently filed for class certification, and Google countered with a motion to dismiss.<sup>109</sup> In May 2012, the district court denied Google’s motion to dismiss and granted the individual plaintiffs’ motion for class certification.<sup>110</sup> On appeal, however, the Second Circuit set aside the grant of class certification, noting that the resolution of Google’s fair use defense could potentially moot many of the class certification issues, and therefore that question should be decided first.<sup>111</sup>

On the parties’ subsequent cross-motions for summary judgment, Judge Chin (who had in the interim been appointed to the Second Circuit but

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100. This figure comes from the “Citing References” tab for the article on Westlaw Next, which lists 986 secondary sources.

101. *See infra* Part I.C.

102. 804 F.3d 202 (2d Cir. 2015).

103. *See id.* at 206–07.

104. *See id.* at 207.

105. *See id.*

106. *See id.*

107. *See* *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666, 670 (S.D.N.Y. 2011).

108. *Id.* at 686.

109. *See* *Authors Guild v. Google Inc.*, 282 F.R.D. 384, 386 (S.D.N.Y. 2012).

110. *See id.* at 395.

111. *See* *Authors Guild, Inc. v. Google Inc.*, 721 F.3d 132, 134 (2d Cir. 2013).

elected to retain the case) held that Google's copying constituted fair use.<sup>112</sup> On the authors' appeal, the Second Circuit upheld the district court's grant of summary judgment, focusing on the transformative nature of the Google Book and Library projects.<sup>113</sup>

Writing for a unanimous panel, Judge Leval, the author of the 1990 seminal law review article introducing the concept of transformative use to copyright law discussed above,<sup>114</sup> relied heavily on the Supreme Court's decision in *Campbell v. Acuff-Rose Music, Inc.*,<sup>115</sup> as well as leading fair use cases from other circuits, including *A.V. ex rel. Vanderhye v. iParadigms, LLC*,<sup>116</sup> and *Perfect 10, Inc. v. Amazon.com, Inc.*<sup>117</sup> Focusing on the purpose and character of the Google Books Project as a tool for users to determine what books contain the information they are seeking, the court noted that the purpose of Google's copying was to "make available significant information *about those books*," and that such activity was "a quintessentially transformative use . . . [as] the result of a word search is different in purpose, character, expression, meaning, and message from the page (and the book) from which it is drawn."<sup>118</sup>

In so ruling, the court was careful to note that while the copying at the center of these projects was clearly covered by fair use, other aspects of the projects, particularly the "snippet" display and the use of the digital copies by the libraries, were fair specifically based on the record before it.<sup>119</sup> Thus, in a "copyright dispute [which] tests the boundaries of fair use,"<sup>120</sup> the court limited key parts of its holding to the facts before it and declined to comment on whether some other use of the digital copies by Google or the libraries would also be considered sufficiently transformative to be fair.<sup>121</sup>

The court in *Google Books* addressed the importance of the transformative character of Google's use in evaluating each of the four statutory factors:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>122</sup>

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112. See *Authors Guild, Inc. v. Google Inc.*, 954 F. Supp. 2d 282, 293–94 (S.D.N.Y. 2013).

113. See *Authors Guild v. Google, Inc.*, 804 F.3d 202, 229–30 (2d Cir. 2015).

114. See *supra* note 77.

115. 510 U.S. 569 (1994).

116. 562 F.3d 630 (4th Cir. 2009).

117. 508 F.3d 1146 (9th Cir. 2007); see *Google, Inc.*, 804 F.3d at 212–23.

118. See *Google, Inc.*, 804 F.3d at 217 (quoting *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014)).

119. See *id.* at 217–18.

120. *Id.* at 206.

121. See *id.* at 229.

122. See *id.* at 212–14 (quoting 17 U.S.C. § 107 (2012)).

For instance, even though Google copied the *entirety* of the authors' works, which typically would counsel against a fair use finding under factor three (the amount and substantiality of the portion copied), the court noted that the extent of permissible copying is directly related to the purpose of the work.<sup>123</sup> Because Google's purpose was to provide information about the books, including how many times a particular word or phrase was used in those books, the court found that copying the entirety of the work was the *only* way to accomplish this purpose.<sup>124</sup> Similarly, under the fourth factor (the effect of the use on the potential market), the court held that because Google's copying served an entirely different purpose than the original works, there was little risk that the market for the original works would be impacted.<sup>125</sup>

Several courts outside of the Second Circuit had recently questioned the usefulness of the transformative use concept. Most significantly, in *Kienitz v. Sconnie Nation LLC*,<sup>126</sup> a Seventh Circuit panel rejected the application of the doctrine (while still upholding the fair use defense), noting that it is not included in the statutory fair use factors and asserting that its application runs the risk of eliminating copyright holders' exclusive right to produce derivative works.<sup>127</sup> In particular, the panel noted its disagreement with another recent Second Circuit decision, *Cariou v. Prince*,<sup>128</sup> which had held that a transformative use did not need to comment on the original work.<sup>129</sup>

In a footnote in the *Google Books* opinion, and in other parts of its analysis as well, the panel responded to the Seventh Circuit's position, positing that the concerns identified by the Seventh Circuit could be avoided if courts refrained from broad interpretations of the term "transformative" and instead focused on the jurisprudence inherent in the concept.<sup>130</sup> Judge Leval offered that the transformative use principle serves as a helpful guidepost for addressing a difficult and complex topic and that the four-factor test in the statute was never meant to be exclusive, but rather it was meant to be a framework for the courts to use in developing and applying the fair use doctrine on a case-by-case basis.<sup>131</sup>

Because *Google Books* was not decided on a class-wide basis, it is theoretically possible for another group of authors to assert similar claims against Google in another circuit. Notwithstanding the disagreement between the Seventh and Second Circuits over *Cariou* and the application of the transformative use doctrine, it seems unlikely the Seventh Circuit (or panels from any other circuit) would take issue with the outcome in *Google Books*. Moreover, as the district court decision in *Google Books* was

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123. *See id.* at 221–23.

124. *See id.*

125. *See id.* at 223–25.

126. 766 F.3d 756 (7th Cir. 2014), *cert. denied*, 135 S. Ct. 1555 (2015).

127. *See id.* at 758.

128. 714 F.3d 694 (2d Cir. 2013).

129. *See Kienitz*, 766 F.3d at 758.

130. *See Google, Inc.*, 804 F.3d at 216 n.18.

131. *See id.* at 213.

authored by Judge Chin, the opinion actually represents the unanimous view of four Second Circuit judges. Thus, *Google Books* should secure the role of the transformative use analysis in copyright jurisprudence for the foreseeable future.

*D. Responsibilities of Online Service Providers  
to Eliminate Infringement*

In 2012, the Second Circuit interpreted key provisions of the 1998 Digital Millennium Copyright Act (DMCA) protecting online service providers from copyright infringement liability. In *Viacom International, Inc. v. YouTube, Inc.*,<sup>132</sup> in an influential opinion written by Judge José A. Cabranes, the court held that for there to be secondary liability, service providers must have knowledge or awareness of specific and identifiable instances of infringement on their websites. But the court also held that service providers could not avoid such knowledge (and liability) by means of “willful blindness.”<sup>133</sup> The court also held that the DMCA requires a high standard of control for vicarious liability, encompassing only those providers that are closely involved with their users’ activities.<sup>134</sup> The court’s decision is likely to have a lasting impact on the policies and practices of copyright owners and service providers alike.

Viacom filed suit against YouTube in 2007, “alleging direct and secondary copyright infringement based on the public performance, display, and reproduction of their audiovisual works on the YouTube website.”<sup>135</sup> At the same time, the Premier League, an English soccer association, also filed a putative class action against YouTube for copyright infringement, and the cases were consolidated.<sup>136</sup> This clash between well-known entertainment and sports entities over developing e-commerce business models led to an intensely watched case in the district court, which granted summary judgment for the defendant.<sup>137</sup>

On appeal, the Second Circuit vacated the dismissal but upheld many of YouTube’s positions.<sup>138</sup> The court first addressed whether 17 U.S.C. § 512(c)(A) requires that an online service provider have knowledge of specific and identifiable infringements or if general knowledge was sufficient to find liability.<sup>139</sup> The court looked to the statutory language, which provides that in the absence of actual knowledge of infringing activity, an online service provider is not liable if it does not have “red flag” knowledge, meaning that it is “not aware of facts or circumstances from which infringing activity is apparent.”<sup>140</sup> The court concluded that

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132. 676 F.3d 19 (2d Cir. 2012).

133. *Id.* at 34.

134. *See id.* at 36–38.

135. *See id.* at 28.

136. *See id.* at 28–29.

137. *See id.* at 29–30.

138. *See id.* at 41–42.

139. *See id.* at 32.

140. *Id.* at 30; *see also* 17 U.S.C. § 512(c)(1)(A)(ii) (2012).

knowledge or awareness of specific infringing activity was necessary to incur liability because expeditious removal of infringing material is possible only if the service provider knows precisely which items to remove.<sup>141</sup>

The court further held that the provider could not avoid specific knowledge through “willful blindness.”<sup>142</sup> On this issue, the court recognized that 17 U.S.C. § 512(m) does not require service provider monitoring of users’ activities.<sup>143</sup> However, the statute is silent on “deliberate effort[s] to avoid guilty knowledge,” or willful blindness.<sup>144</sup> And, because the statute does not explicitly address the doctrine of willful blindness, it does not abrogate it.<sup>145</sup>

The court also addressed liability based on receipt of financial benefit attributable to infringing activity that the service provider has the “right and ability to control.”<sup>146</sup> Finding that importing a common law definition of vicarious liability would render the DMCA “internally inconsistent,” the court held that the statute “requires something more than the ability to remove or block access” to infringing content on the service provider’s website.<sup>147</sup> Although defining the contours of that elevated standard is difficult, the court suggested that “exerting substantial influence” on the activities of users could constitute the extra element necessary to find a service provider liable.<sup>148</sup>

The decision in *Viacom* was immediately recognized as landmark precedent. Just a few months before the Second Circuit decision, the Ninth Circuit addressed similar questions on the limits of service provider protection in *UMG Recordings, Inc. v. Shelter Capital Partners LLC*.<sup>149</sup> Although that court’s interpretation of the DMCA differed slightly from the Second Circuit’s analysis, the Ninth Circuit issued a superseding opinion in 2013 in light of *Viacom*.<sup>150</sup> *Viacom* has also been followed by a number of district courts outside the Second Circuit.<sup>151</sup>

On remand, the district court again granted summary judgment for the defendant.<sup>152</sup> The ultimate result may encourage media companies to offer reasonable licenses. Online service providers, moreover, cannot be

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141. *See Viacom Int’l*, 676 F.3d at 30–32.

142. *See id.* at 34–35.

143. *See id.* at 35.

144. *Id.* (quoting *In re Aimster Copyright Litig.*, 334 F.3d 643, 650 (7th Cir. 2003)).

145. *Id.*

146. *See id.* at 36; *see also* 17 U.S.C. § 512(c)(1)(B) (2012).

147. *See Viacom Int’l*, 676 F.3d at 38 (quoting *Capitol Records, Inc. v. MP3tunes, LLC*, 821 F. Supp. 2d 627, 645 (S.D.N.Y. 2011)).

148. *Id.*

149. 667 F.3d 1022 (9th Cir. 2011), *superseded on reh’g*, 718 F.3d 1006 (9th Cir. 2013).

150. *See UMG Recordings*, 718 F.3d 1006; *see also* *Columbia Pictures Indus., Inc. v. Fung*, 710 F.3d 1020, 1043 (9th Cir. 2013) (finding the defendant liable under the theory of red flag knowledge set out by the Second Circuit).

151. *See, e.g.*, *BWP Media USA Inc. v. Clarity Dig. Grp., LLC*, No. 14-cv-00467-PAB-KMT, 2015 WL 1538366 (D. Colo. Mar. 31, 2015), *appeal docketed*, No. 15-1154 (10th Cir. Apr. 29, 2015); *Square Ring, Inc. v. Doe-1*, No. 09-563 (GMS), 2015 WL 307840 (D. Del. Jan. 23, 2015); *Disney Enters, Inc. v. Hotfile Corp.*, No. 11-20427-CIV, 2013 WL 6336286 (S.D. Fla. Sept. 20, 2013).

152. *Viacom Int’l Inc. v. YouTube, Inc.*, 940 F. Supp. 2d 110 (S.D.N.Y. 2013).



oblivious to infringement on their website. Rather, to avoid the allegation of willful blindness, they are encouraged to implement mechanisms to streamline the process by which copyright owners can notify them of specific infringing content to expedite removal. Thus, to minimize infringement in developing online business models without overly inhibiting that development, the Second Circuit opinion envisions a responsibility shared between copyright owners and service providers.

More recently, in *Capitol Records, LLC v. Vimeo, LLC*,<sup>153</sup> the Second Circuit addressed an important question of first impression regarding the proper interpretation of the safe harbor provision of the DMCA. As discussed above, the DMCA establishes a safe harbor from liability for “infringement of copyright” for online service providers that lack actual or “red flag” knowledge of infringing uses.<sup>154</sup> In *Capitol Records*, the court addressed, among other issues, whether this statutory safe harbor applies to all “infringement of copyright,” including infringement of nonpreempted state copyright law.<sup>155</sup>

In that case, the owner of the copyright in several pre-1972 sound recordings brought claims for direct, secondary, and vicarious copyright infringement against Vimeo, an Internet service provider that allows users to post videos to its website.<sup>156</sup> Although federal copyright law protects sound recordings made after February 15, 1972, and thus the DMCA safe harbor clearly applies to those recordings, any sound recordings made before that date are protected, if at all, only by state copyright law.<sup>157</sup> Vimeo argued that the safe harbor should also extend to protect Internet service providers from liability for violating state copyright laws.<sup>158</sup> The district court disagreed, holding that § 512 of the DMCA did not apply to pre-1972 sound recordings, as those recordings are protected by state, not federal, law.<sup>159</sup> On Vimeo’s motion to reconsider, the district court certified the question to the Second Circuit.<sup>160</sup>

The Second Circuit reversed, holding that the DMCA’s safe harbor did in fact apply to state copyright infringement claims.<sup>161</sup> In a unanimous opinion authored by Judge Pierre N. Leval, the Second Circuit panel focused primarily on the language of § 512(c), which releases a service provider from liability for “infringement of copyright” if certain requirements are satisfied.<sup>162</sup> While the district court (and the Copyright Office in a 2011 report addressing the issue)<sup>163</sup> had interpreted the phrase

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153. Nos. 14-1048/1049/1067/1068, 2016 WL 3349368 (2d Cir. June 16, 2016).

154. 17 U.S.C. § 512 (2012).

155. *Capitol Records*, 2016 WL 3349368, at \*1–2.

156. *Id.* at \*5.

157. *Id.* at \*6.

158. *Id.*

159. See *Capitol Records, LLC v. Vimeo, LLC*, 972 F. Supp. 2d 500, 536–37 (S.D.N.Y. 2013).

160. *Capitol Records*, 2016 WL 3349368, at \*5.

161. *Id.* at \*15.

162. *Id.* at \*6–10.

163. See U.S. COPYRIGHT OFFICE, FEDERAL COPYRIGHT PROTECTION FOR PRE-1972 SOUND RECORDINGS (Dec. 2011), <http://www.copyright.gov/docs/sound/pre-72-report.pdf> [<https://>

“infringement of copyright” to mean a violation of federal copyright,<sup>164</sup> the Second Circuit disagreed, noting that no definition of infringement exists in the Copyright Act, and therefore a “literal and natural reading of the text of § 512(c) leads to the conclusion that its use of the phrase ‘infringement of copyright’ *does* include infringement of state laws of copyright.”<sup>165</sup>

In reaching its decision, the court explained the compromise represented by the DMCA safe harbor: in exchange for relief of liability from infringement about which they had no knowledge, Internet service providers are obligated to promptly remove infringing works upon notice.<sup>166</sup> Excluding works protected only by state copyright would defeat the statutory purpose of having a safe harbor: “Service providers would be compelled either to incur heavy costs of monitoring every posting to be sure it did not contain infringing pre-1972 records, or incurring potentially crushing liabilities under state copyright laws.”<sup>167</sup>

The Second Circuit’s holding is noteworthy in part because it rejected the Copyright Office’s interpretation of § 512(c). Judge Leval first acknowledged that “we do recognize the Copyright Office’s intimate familiarity with the copyright statute and would certainly give appropriate deference to its reasonably persuasive interpretations of the Copyright Act” but then declined to adopt its interpretation because in matters of statutory interpretation, the court need not defer to a governmental agency.<sup>168</sup> In addition, the decision implicitly rejected the conclusions of a New York appellate court in *UMG Recordings, Inc. v. Escape Media Group, Inc.*<sup>169</sup> There, the court held that the DMCA and its safe harbor only apply to post-1972 recordings, relying on Congress’s express “directive in . . . the Copyright Act that nothing in the Act would ‘annul’ or ‘limit’ the common-law copyright protections attendant to any sound recordings fixed before February 15, 1972.”<sup>170</sup>

The Second Circuit’s holding in *Capitol Records* also is noteworthy because it continues the circuit’s approach of protecting the free flow of information on the internet and the growth of innovative technology companies. Thus, the decision in *Capitol Records* can be seen as a natural extension of the Second Circuit’s holding in *Viacom*, and further reinforces the view that copyright holders should not be allowed to avoid the protections Congress afforded Internet service providers in the DMCA. If the case had been decided differently, liability for unauthorized copies of pre-1972 recordings could have imposed a significant burden on Internet service providers, including compliance and litigation costs as well as possible adverse damage verdicts.

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perma.cc/MU76-UNGB]; *see also Capitol Records*, 972 F. Supp. 2d at 536–37 (relying on that report).

164. *See Capitol Records*, 972 F. Supp. 2d at 536–37.

165. *Capitol Records*, 2016 WL 3349368, at \*8.

166. *See id.*

167. *Id.*

168. *Id.* at \*10.

169. 964 N.Y.S.2d 106 (App. Div. 2013).

170. *Id.* at 108.

Given the panel's sound and well-documented reasoning regarding the purpose and legislative history behind the DMCA, one can predict with confidence that other federal courts will follow suit if and when similar cases are initiated.

#### *E. Industrial Design and Conceptual Separability*

The Second Circuit redefined the contours of the conceptual separability doctrine in the landmark case *Brandir International, Inc. v. Cascade Pacific Lumber Co.*<sup>171</sup> Examining conceptual separability both under the Copyright Act of 1976 and as set forth in prior decisions, Judge James L. Oakes established a new approach clarifying the line between copyrightable expression and utilitarian function. Addressing whether a bicycle rack, adapted from a minimalist sculpture, was copyrightable, the court concluded that because the bicycle rack reflected a “merger of aesthetic and functional considerations,” the artistic aspects were not conceptually separable from the function, and therefore the useful article was not copyrightable.<sup>172</sup> This influential decision has limited the scope of copyright protection for industrial design.

One of the owners of Brandir, the plaintiff, had created an original wire sculpture from “one continuous undulating piece of wire” and later translated the sculpture into a bicycle rack.<sup>173</sup> The lawsuit challenged a competitor's right to produce similar racks.<sup>174</sup> Since the defendant could be liable for copyright infringement only if it had appropriated protected expression, whether copyright law protected the rack was the primary issue in the dispute.<sup>175</sup> The court noted that the Copyright Office had denied Brandir's application for registration because the bicycle rack lacked any element that was “capable of independent existence as a copyrightable pictorial, graphic or sculptural work apart from the shape of the useful article.”<sup>176</sup>

The court analyzed both the legislative history of the Copyright Act of 1976 as well as case law defining conceptual separability.<sup>177</sup> According to the Act, a useful article is copyrightable “if, and only to the extent that, [its] design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.”<sup>178</sup> The legislative history added that an artistic element could be separable conceptually as well as physically.<sup>179</sup> In addition, the opinion addressed and sought to reconcile two previous

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171. 834 F.2d 1142 (2d Cir. 1987).

172. *Id.* at 1145.

173. *Id.* at 1146.

174. *See id.* at 1143.

175. *See id.* at 1143–46.

176. *Id.* at 1146.

177. *See id.* at 1143–46.

178. *Id.* at 1143 (citing 17 U.S.C. § 101 (2012)).

179. *See id.*

Second Circuit cases, *Kieselstein-Cord v. Accessories by Pearl, Inc.*,<sup>180</sup> and *Carol Barnhart Inc. v. Economy Cover Corp.*<sup>181</sup>

In *Kieselstein-Cord*, also authored by Judge Oakes, the court had held that a stylized belt buckle was conceptually separable, even if not physically separable, and thus qualified for copyright protection.<sup>182</sup> Noting that the buckle was worn as jewelry and displayed in museums, the *Kieselstein-Cord* court held that the function of the buckle was secondary to its ornamental purpose.<sup>183</sup> However, in *Barnhart*, in an opinion by Judge Walter R. Mansfield, the court had found that mannequins were not copyrightable because none of the design elements were conceptually separable.<sup>184</sup>

Seeking to reconcile these earlier holdings, Judge Oakes cited a *Minnesota Law Review* article by Professor Robert C. Denicola that had argued that copyrightability of useful articles “ultimately should depend on the extent to which the work reflects artistic expression uninhibited by functional considerations.”<sup>185</sup> The court translated Denicola’s test into “the language of conceptual separability”: only design elements that reflect artistic judgment entirely independent of functional influences are conceptually separable.<sup>186</sup> At the same time, any elements that were influenced at all by functional considerations are not separable.<sup>187</sup> According to the court, this approach was consistent with previous case law, in that the design of the belt in *Kieselstein-Cord* had no functional purpose whatsoever, whereas the mannequin forms in *Barnhart* were crafted for their utilitarian function.<sup>188</sup>

Applying the test to the bicycle rack in *Brandir*, the court held that the rack was not copyrightable.<sup>189</sup> Though adapted from a sculptural work of art, the rack itself was a product of functional constraints, as the form of the sculpture had been altered to make the rack useful.<sup>190</sup>

*Brandir* has been applied by several other federal courts of appeals.<sup>191</sup> The *Brandir* conceptual separability doctrine sets a high bar for industrial designers seeking copyright protection, as any consideration of function in the design process jeopardizes copyright protection. Perhaps for this

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180. 632 F.2d 989 (2d Cir. 1980).

181. 773 F.2d 411 (2d Cir. 1985).

182. *Kieselstein-Cord*, 632 F.2d at 993–94.

183. *See id.* at 993.

184. *Barnhart*, 773 F.2d at 424–26.

185. *Brandir Int’l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1145 (2d Cir. 1987); *see also* Robert C. Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 MINN. L. REV. 707, 741 (1983).

186. *Brandir*, 834 F.2d at 1145.

187. *See id.*

188. *See id.* at 1144.

189. *See id.* at 1146.

190. *See id.* at 1147.

191. *See, e.g., Inhale, Inc. v. Starbuzz Tobacco, Inc.*, 755 F.3d 1038, 1041 n.2 (9th Cir. 2014); *Superior Form Builders, Inc. v. Dan Chase Taxidermy Supply Co.*, 74 F.3d 488, 494 (4th Cir. 1996).

reason, other courts have applied modified, more lenient standards of copyrightability.<sup>192</sup>

*F. International Copyright Disputes and Choice of Law*

Given that federal law has exclusively governed copyright in the United States for decades, it is unsurprising that there are a few choice-of-law decisions in copyright jurisprudence. However, as world commerce expanded in the 1990s, and technological advances made it easier than ever to access—and to copy—creative works from other countries, U.S. federal courts faced choice-of-law issues in copyright infringement cases involving cross-border disputes.

One influential discussion on this topic is found in the Second Circuit's decision by Judge Jon O. Newman in *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*<sup>193</sup> *Itar-Tass* involved a claim by Russian publishers, news services, and journalists alleging copyright infringement of numerous news articles that an American newspaper and its publisher had copied in their weekly paper.<sup>194</sup> Because the defendants conceded wholesale copying, the court considered only whether plaintiffs owned a valid copyright in the works and, if so, whether the copyright had been infringed.<sup>195</sup>

The primary issue the court addressed in *Itar-Tass* was which jurisdiction's law should govern the issues of ownership and infringement.<sup>196</sup> Russian copyright law explicitly excluded newspaper articles from the “work-made-for-hire” doctrine, meaning that if Russian law applied, the copyright in the articles was owned by the Russian journalists; if U.S. law applied, the copyright was owned by their employers.<sup>197</sup>

The court held that the law of the jurisdiction where the copyrighted work was created should generally apply to the issue of copyright ownership.<sup>198</sup> More specifically, the court noted that copyright, as a type of intellectual property, should be treated like any other form of property.<sup>199</sup> Thus, the usual choice-of-law rule for property—that the jurisdiction with the “most significant relationship” to the property will provide the governing law—should apply to questions involving intellectual property ownership.<sup>200</sup> Conversely, the court held that the question of whether

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192. See, e.g., *Pivot Point Int'l, Inc. v. Charlene Prods., Inc.*, 372 F.3d 913, 930–31 (7th Cir. 2004) (noting that, although informed by the *Brandir-Denicola* test, the definition of conceptual separability rests on whether an object's artistic elements can be conceptualized as existing independently of its utilitarian function).

193. 153 F.3d 82 (2d Cir. 1998).

194. See *id.* at 84–85.

195. See *id.* at 84.

196. See *id.*

197. See *id.*

198. See *id.* at 90–91.

199. See *id.* at 90.

200. See *id.*

infringement has occurred is governed by the laws of the jurisdiction in which the alleged infringement took place, consistent with tort law.<sup>201</sup>

*Itar-Tass* has been cited in First,<sup>202</sup> Fifth,<sup>203</sup> Ninth,<sup>204</sup> and Eleventh<sup>205</sup> Circuit opinions. *Nimmer on Copyright* has dedicated an entire section to the *Itar-Tass* decision and its lasting effects on choice of law in copyright cases, in the United States and in other jurisdictions as well.<sup>206</sup>

### G. Joint Authorship

Who is, or is not, a joint author of a copyrighted work can be a contentious issue, especially if a work is financially valuable. The Copyright Act of 1976 defines a “joint work” as a “work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”<sup>207</sup> Because joint authorship entitles coauthors “to equal undivided interests in the whole work,” each coauthor enjoys the “right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made.”<sup>208</sup>

In two cases decided in the 1990s, the Second Circuit addressed joint authorship in decisions that became leading precedents on this issue. In the earlier of the two cases, *Childress v. Taylor*,<sup>209</sup> Judge Jon O. Newman established a two-prong standard for determining—in the absence of any written agreement addressing the issue—“when a contributor to a copyrighted work is entitled to be regarded as a joint author.”<sup>210</sup> The court determined that a more “stringent inquiry than the statutory language” was required to avoid “extend[ing] joint author status to many persons who are not likely to have been within the contemplation of Congress.”<sup>211</sup>

The *Childress* decision involved accusations of copyright infringement by playwright Alice Childress against actress Clarice Taylor.<sup>212</sup> Taylor had persuaded Childress to compose a script profiling the life of comedienne Jackie “Moms” Mabley, with Taylor to play the lead role.<sup>213</sup> During the script-writing process, Taylor contributed a number of factual findings about the life of Mabley and suggested a number of scenes.<sup>214</sup> Childress

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201. *See id.* at 91.

202. *See* Latin Am. Music Co. v. Archdiocese of San Juan, 499 F.3d 32, 42 (1st Cir. 2007).

203. *See* Indusoft, Inc. v. Taccolini, 560 F. App'x 245, 250 (5th Cir. 2015); Alameda Films S.A. de C.V. v. Authors Rights Restoration Corp., 331 F.3d 472, 476 n.6 (5th Cir. 2003).

204. *See* Foad Consulting Grp., Inc. v. Azzalino, 270 F.3d 821, 826 (9th Cir. 2001).

205. *See* Saregama India Ltd. v. Mosley, 635 F.3d 1284, 1290 (11th Cir. 2011).

206. *See* 5 NIMMER & NIMMER, *supra* note 51, § 17.05[B].

207. 17 U.S.C. § 101 (2012).

208. Thomson v. Larson, 147 F.3d 195, 199 (2d Cir. 1998).

209. 945 F.2d 500 (2d Cir. 1991).

210. *Id.* at 501.

211. Thomson, 147 F.3d at 200 (quoting *Childress*, 945 F.2d at 507).

212. *See* *Childress*, 945 F.2d at 501–02.

213. *See id.* at 502.

214. *See id.*

obtained a copyright for the play in her name alone.<sup>215</sup> When Taylor staged a production with a revised script authored by another playwright, Childress sued for copyright infringement, and Taylor asserted joint ownership.<sup>216</sup>

The court upheld a grant of summary judgment for Childress, concluding that Taylor's contributions never "evolved into more than the helpful advice that might come from the cast, the directors, or the producers of any play."<sup>217</sup> The court concluded that notwithstanding Taylor's contributions, "Childress was responsible for the actual structure of the play and the dialogue."<sup>218</sup> In so holding, the court established a two-part test to address joint authorship, with the intention of the parties as its cornerstone, requiring that (1) each putative joint author make independently copyrightable contributions to the work and (2) there be an intention that they be coauthors.<sup>219</sup> While the first prong had precedents, the second prong was an innovation often referred to as the "*Childress* rule of mutual co-authorship intent."<sup>220</sup>

The *Childress* joint authorship test has influenced decisions in the First and Seventh Circuits, as well as the District of Puerto Rico.<sup>221</sup> The Ninth Circuit has incorporated the *Childress* test into its own joint authorship test.<sup>222</sup> In a 1999 district court decision in Louisiana, the court held that "[s]ince the Fifth Circuit has yet to delineate a stance on the elements for finding joint authorship under § 101, this [c]ourt will follow the excellent analysis of the Second Circuit."<sup>223</sup>

The Second Circuit decision in *Thomson v. Larson*,<sup>224</sup> authored by Judge Guido Calabresi, also made significant contributions to joint authorship law by elaborating on the *Childress* test and cataloging factual inquiries that could prove relevant to the application of the standard. *Thomson* involved a dispute over joint ownership of the Broadway production of *Rent*.<sup>225</sup> Larson, a playwright, hired Thomson, a dramaturg, to help refine the storyline.<sup>226</sup> Just after the final dress rehearsal, Larson tragically died.<sup>227</sup> The show became a commercial success and Thomson later sued the Larson estate, claiming that she was a coauthor.<sup>228</sup>

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215. *See id.*

216. *See id.* at 504.

217. *Id.* at 509.

218. *Id.* at 502.

219. *See id.* at 506–08.

220. *Thomson v. Larson*, 147 F.3d 195, 201 (2d Cir. 1998).

221. *See* *Greene v. Ablon*, 794 F.3d 133, 151 (1st Cir. 2015); *Erickson v. Trinity Theatre, Inc.*, 13 F.3d 1061, 1068–69 (7th Cir.1994); *Cabrera v. Teatro del Sesenta, Inc.*, 914 F. Supp. 743, 764 (D.P.R. 1995).

222. *See* *Aalmuhammed v. Lee*, 202 F.3d 1227, 1232 (9th Cir. 2000).

223. *BTE v. Bonnezeze*, 43 F. Supp. 2d 619, 622 (E.D. La. 1999).

224. 147 F.3d 195 (2d Cir. 1998).

225. *See id.* at 196.

226. *See id.* at 197–98.

227. *See id.* at 198.

228. *See id.*

The court found that Thompson did make copyrightable contributions, but it held that there was no mutual coauthorship intent.<sup>229</sup> The dramaturg had no decision-making authority, she had neither sought nor was billed as a coauthor, and Larson had entered into contracts as the sole author.<sup>230</sup> The record also showed that Larson repeatedly rejected hiring a book writer.<sup>231</sup> On these facts and others, the Second Circuit held that there was no intent to be joint authors, and therefore Thompson's claim did not meet the *Childress* test.<sup>232</sup>

In total, more than one-half of the length of this intellectual property Article is devoted to Second Circuit copyright decisions. While the court's particular prominence in this field may not be as pronounced today as in the past, recent decisions such as those in *Viacom* and *Google Books* show that the Second Circuit's accumulated experience and expertise will continue to influence the future direction of copyright law as new technologies emerge.

## II. LANHAM ACT ISSUES

The title to this part refers to the Lanham Act, not trademark law, for convenience of organization. The Lanham Act covers at least three somewhat distinct substantive areas: trademark, dilution, and advertising.<sup>233</sup> The discussion begins with Judge Henry J. Friendly's 1976 *Abercrombie & Fitch Co. v. Hunting World, Inc.*<sup>234</sup> decision, one of the most influential Second Circuit decisions in the intellectual property field, dealing with the classification of the degrees of distinctiveness of marks. Fifteen years earlier, the court, also in an opinion by Judge Friendly, articulated the first of the multifactor tests for confusion, an approach adopted and applied in all federal circuits.<sup>235</sup>

### A. Classification of a Term for Trademark Eligibility

It is widely accepted today that to determine whether a term can be protected as a trademark, one typically begins with an analysis of the four *Abercrombie & Fitch* categories of distinctiveness.<sup>236</sup> These range from a mark that has the highest level of inherent distinctiveness (fanciful or arbitrary) to a term that can never be protected as a trademark (generic).<sup>237</sup>

A common way to explain the hierarchy is to reference the word "apple." When used to describe the fruit, the word is generic. When used to describe a pie or cake made from the fruit, the term is descriptive. When used in

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229. *See id.* at 205.

230. *See id.* at 203–05.

231. *See id.* at 204–05.

232. *See id.* at 206–07.

233. *See* 15 U.S.C. §§ 1051–1072, 1091–1096, 1111–1127, 1141–1141n (2012).

234. 537 F.2d 4 (2d Cir. 1976).

235. *See* *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).

236. *See* *Abercrombie*, 537 F.2d at 9 (“Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, [the four categories] are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.”).

237. *See id.*



“Apple-a-Day” for vitamin tablets, the mark is suggestive—enough inherent strength to qualify for trademark protection without more. When used to refer to computers, the term is arbitrary and has the highest degree of inherent strength.<sup>238</sup>

Why are they referred to as the *Abercrombie & Fitch* categories? In *Abercrombie & Fitch Co.*, Judge Henry J. Friendly articulated what the Supreme Court has referred to, not once, but twice, as the “classic” test or formulation for evaluating the distinctiveness of a word mark.<sup>239</sup> Judge Friendly’s organization and description of the four categories—arbitrary, fanciful, suggestive, and generic—has been cited in over 800 court decisions as well as in the leading treatises.<sup>240</sup>

The dispute in that case arose in a lawsuit by Abercrombie and Fitch (A&F) against competitor Hunting World (HW) for alleged infringement of several of A&F’s registered trademarks using the word “Safari” for sporting apparel.<sup>241</sup> Between the late 1930s and the filing of the lawsuit, A&F had continuously used “Safari” in connection with men’s and women’s apparel.<sup>242</sup> HW counterclaimed, arguing that “Safari” was a generic term.<sup>243</sup>

In the Second Circuit’s opinion, Judge Friendly began by setting forth the distinctiveness framework—arbitrary, suggestive, descriptive, and generic—and discussing the differing scopes of protection afforded to each category.<sup>244</sup> Turning to the facts in the case, the court concluded that (1) “Safari” was a generic term when used in connection with particular types of clothing and marketing tactics and (2) as applied to boots and shoes, “Safari” was suggestive or “merely descriptive” and was a protectable trademark, even if “merely descriptive,” because it had become incontestable.<sup>245</sup> However, in light of the lower court’s findings, HW had a valid defense of fair use under section 33(b)(4) of the Lanham Act, where HW’s use of “Safari” for boots was purely descriptive because “[w]hen a plaintiff has chosen a mark with some descriptive qualities, he cannot altogether exclude some kinds of competing uses even when the mark is properly on the register.”<sup>246</sup> Thus, the facts of the dispute gave Judge Friendly the opportunity not only to set forth and explain commonly used trademark law principles but also to apply those principles to a complex set of facts and illustrate how they worked in practice.

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238. See, e.g., 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:2 (4th ed. 2015).

239. *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 210–11 (2000); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

240. See, e.g., 2 MCCARTHY, *supra* note 238, § 11:2.

241. See *Abercrombie*, 537 F.2d at 7–8.

242. See *id.*

243. See *id.*

244. See *id.* at 9.

245. See *id.* at 11–12.

246. *Id.* at 12.

*B. Multifactor Tests to Evaluate the  
Likelihood of Confusion Issue*

Whether the alleged infringer's conduct created a likelihood of confusion is at the heart of almost every trademark infringement dispute (with the possible exception of cases brought by licensors against alleged former licensees). Curiously (or perhaps not), each of the federal circuits has developed its own multifactor test evaluating confusion.<sup>247</sup> However, as the Supreme Court indicated recently in *B&B Hardware, Inc. v. Hargis Industries, Inc.*,<sup>248</sup> in comparing the multifactor tests used in two circuits, the substantive differences, if any, among the varying tests are likely relatively minimal and not likely to be outcome determinative.<sup>249</sup>

Notably, the Second Circuit was the first federal court of appeals to organize the various factors cited in the cases (primarily derived from the 1938 Restatement (First) of Torts) and articulate a cohesive test for likelihood of confusion. In *Polaroid Corp. v. Polarad Electronics Corp.*,<sup>250</sup> in an opinion by Judge Henry J. Friendly, the court set forth for the first time the eight factors (subsequently referred to as the *Polaroid* factors) to be considered when addressing the question of likelihood of trademark confusion.<sup>251</sup> As Professor J. Thomas McCarthy makes clear in his extensive discussion of the various circuit multifactor tests, the *Polaroid* case is the earliest likelihood of confusion decision still remaining in force today, predating the next earliest decision, *In re E.I. DuPont DeNemours & Co.*,<sup>252</sup> employed by the Federal Circuit, by over a decade.<sup>253</sup> In this area, also, it is fair to state that a Second Circuit decision carved a new path forward on a critical issue in intellectual property law, one that has not fundamentally changed in more than fifty-five years.

*C. Challenges to Trademark Rights  
in the E-Commerce Era*

E-commerce, now ubiquitous, has unsurprisingly raised challenging issues concerning the protection of intellectual property rights. In a lawsuit brought by the owner of a tradition-laden famous brand, Tiffany Inc., against a contemporary, but similarly iconic, e-commerce brand, eBay, the Second Circuit weighed in on the balance between protecting the development of the e-commerce marketplace versus protecting the brands sold there.<sup>254</sup>

In 2004, the world-famous producer and retailer of branded jewelry asserted Lanham Act claims against the Internet auction site alleging,

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247. See Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CAL. L. REV. 1581 (2006).

248. 135 S. Ct. 1293 (2015).

249. *Id.* at 1307–09.

250. 287 F.2d 492 (2d Cir. 1961).

251. See *id.* at 495.

252. 476 F.2d 1357 (C.C.P.A. 1973).

253. See 4 MCCARTHY, *supra* note 238, §§ 24:31–:43.

254. *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010).

among other things, trademark infringement and dilution because large quantities of purportedly “Tiffany” goods sold on eBay were, in actuality, counterfeit.<sup>255</sup> In the four-year period addressed in the lawsuit, eBay generated over \$4 million in revenue from the sale of Tiffany-branded products, and it was not disputed that a “substantial” amount of the “Tiffany” jewelry sold on eBay was counterfeit.<sup>256</sup> At trial, eBay’s own expert testified that 30 percent or more of the products could be deemed counterfeit.<sup>257</sup> Tiffany sought to hold eBay liable for, among other things, direct and contributory trademark infringement and trademark dilution.<sup>258</sup> After a nonjury trial, the district court decided for eBay on all claims and Tiffany appealed.<sup>259</sup>

Citing the significant anticounterfeiting measures eBay had taken over the years, the Second Circuit, in a decision by Judge Robert D. Sack, affirmed the district court’s judgment with respect to trademark infringement and dilution.<sup>260</sup> The court easily dispensed with the direct claims, concluding that eBay had the right to use the Tiffany trademark to describe genuine Tiffany goods sold on its website and that there could be no dilution where eBay did not use Tiffany’s marks in association with eBay’s own products.<sup>261</sup>

The more difficult issue, and a matter of first impression, was whether eBay was accountable for the counterfeit sales on a contributory infringement theory.<sup>262</sup> That judicially created doctrine, rooted in tort law, had been set forth at length by the Supreme Court in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*,<sup>263</sup> in the context of manufacturers and distributors. Without deciding whether *Inwood* applied to service providers, the Second Circuit noted that there were two ways for service providers to be liable under the *Inwood* test: (1) if the provider intentionally induces another to infringe a trademark or (2) if the provider continues to supply its service to one whom it knows or has reason to believe is engaging in trademark infringement.<sup>264</sup>

Tiffany argued unsuccessfully that eBay was liable under the second prong.<sup>265</sup> According to the court, Tiffany failed to show that eBay was supplying its services to individuals it knew or had reason to know were selling counterfeits.<sup>266</sup> Willful blindness, the court noted, is tantamount to knowledge—but eBay, which had instituted numerous fraud-detection

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255. *See id.* at 96.

256. *See id.* at 110.

257. *Tiffany (NJ) Inc. v. eBay Inc.*, 576 F. Supp. 2d 463, 486 (S.D.N.Y. 2008), *aff’d in part, rev’d in part*, 600 F.3d 93.

258. *See Tiffany (NJ) Inc.*, 600 F.3d at 101.

259. *See id.*

260. *See id.* at 114.

261. *See id.* at 103.

262. *See id.*

263. 456 U.S. 844 (1982).

264. *See Tiffany (NJ) Inc.*, 600 F.3d at 104.

265. *See id.* at 106–09.

266. *See id.* at 109.

programs, did not act with willful blindness.<sup>267</sup> The court held that to be held liable for contributory infringement, a service provider must have more than general knowledge or reason to know that its service is being used to sell counterfeit goods.<sup>268</sup> Rather, the service provider must have some contemporary knowledge of which particular listings are or will infringe.<sup>269</sup>

In basing its decision on existing legal principles, and applying them to new technologies, the court avoided the risk of disrupting the development of new and developing forms of commerce. The decision reflected judicial restraint, leaving the fashioning of new safeguards for brand holders, if appropriate, to the legislative, political process.

#### *D. Admissibility of Survey Evidence in Lanham Act Cases*

The use of survey evidence in Lanham Act lawsuits is not uncommon. In the trademark area, surveys are often relied on to address the issue of likelihood of confusion, as well as genericness and secondary meaning. In false advertising cases, surveys can determine whether an advertisement communicates an implied (nonliteral) message to the intended audience. As a consequence of *Daubert v. Merrell Dow Pharmaceuticals, Inc.*,<sup>270</sup> and its progeny, including Federal Rule of Evidence 702, the district courts are authorized to act as gatekeepers with respect to all expert testimony.<sup>271</sup> That necessarily led to the question of what the post-*Daubert* standards would be for surveys offered in Lanham Act cases.

In the leading case addressing that issue, *Schering Corp. v. Pfizer, Inc.*,<sup>272</sup> in a comprehensive opinion by then-Judge Sonia Sotomayor, the Second Circuit firmly established the majority rule that, generally, most alleged defects in survey methodology go to the credibility, and not the admissibility, of a survey, and thus in Lanham Act cases surveys should rarely be excluded from evidence.<sup>273</sup>

Plaintiff Schering, the manufacturer of Claritin, concerned that a competitor was misrepresenting the nonsedative properties of a competing prescription drug, commissioned a survey among physicians that had been visited by the competitor's representatives.<sup>274</sup> The survey allegedly confirmed that false messages were being delivered, and Schering filed a Lanham Act lawsuit that ended with a settlement.<sup>275</sup> Schering then conducted additional surveys to monitor compliance with the terms of the settlement and filed a second lawsuit based on the survey results.<sup>276</sup> In the course of discovery, the plaintiff found surveys commissioned by the

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267. *See id.* at 109–10.

268. *See id.* at 107.

269. *See id.*

270. 509 U.S. 579 (1993).

271. *See id.* at 597–98.

272. 189 F.3d 218 (2d Cir. 1999).

273. *See id.* at 224–27.

274. *See id.* at 221–23.

275. *See id.* at 222.

276. *See id.* at 222–23.

competitor and moved for a preliminary injunction, citing in support a total of five surveys.<sup>277</sup> The district court granted defendants' *Daubert* motion to exclude the five surveys and denied the preliminary injunction.<sup>278</sup>

On appeal, the Second Circuit held that several of the surveys should have been considered and remanded for reconsideration of the admissibility of the others.<sup>279</sup> To reach this result, then-Judge Sotomayor conducted an exhaustive analysis of the exceptions to the hearsay rule that permitted survey evidence to be admitted.<sup>280</sup> On the issue of surveys considered under the state-of-mind exception in Rule 803(3) of the Federal Rules of Evidence, the court held that "errors in methodology . . . properly go only to the weight of the evidence—subject, of course, to Rule 403's more general prohibition against evidence that is less probative than prejudicial or confusing."<sup>281</sup>

The principles set forth in *Schering* reflect the realities of survey practice in Lanham Act cases. Every survey proffered by one party is inevitably countered by the opposing party's critiquing expert who pronounces the survey fatally flawed. Thus, there is ample opportunity for the fact finder to weigh and resolve the evidence on survey credibility or to simply ignore the experts and decide the disputed issues based on other evidence.

One post-*Daubert* appellate decision, *Southland Sod Farms v. Stover Seed Co.*,<sup>282</sup> had briefly considered the survey admissibility issue before the Second Circuit, but the *Schering* decision, with its comprehensive analysis of the hearsay issues and pre-*Daubert* precedent, is the leading case on the admissibility of surveys in Lanham Act lawsuits. Professor McCarthy, for example, cites to *Schering* in eight separate sections of his treatise. In all, *Schering* has been cited almost 1,000 times. While other circuits follow the majority rule set forth in *Schering* without necessarily citing the decision,<sup>283</sup> district court decisions outside the Second Circuit frequently rely on it.<sup>284</sup>

#### *E. The Territoriality Principle and the Famous Marks Doctrine*

Under the territoriality principle recognized by courts in the United States (and generally around the world), a trademark has a separate legal existence under each country's laws.<sup>285</sup> Therefore, ownership of a

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277. *See id.* at 223.

278. *See id.* at 223–24.

279. *See id.* at 239–40.

280. *See id.* at 231–39.

281. *Id.* at 228.

282. 108 F.3d 1134 (9th Cir. 1997).

283. *See* 1-800 Contacts, Inc. v. Lens.com, Inc., 722 F.3d 1229 (10th Cir. 2013); PMG Prods., LLC v. Mead Johnson & Co., 639 F.3d 111 (4th Cir. 2011).

284. *See* Lear Auto. Dearborn, Inc. v. Johnson Controls, Inc., 789 F. Supp. 2d 777, 780–81 (E.D. Mich. 2011); BoDeans Cone Co., L.L.C. v. Norse Dairy Sys., L.L.C., 678 F. Supp. 2d 883, 901–04 (N.D. Iowa 2009); United States v. S. Ind. Gas & Elec. Co., 258 F. Supp. 2d 884, 890–92 (S.D. Ind. 2003).

285. *See, e.g.*, Osawa & Co. v. B&H Photo, 589 F. Supp. 1163, 1171 (S.D.N.Y. 1984).

trademark in one country does not grant the owner any rights to the use of that trademark in another.

Under the “famous marks” doctrine, however, a trademark that is neither used nor registered in a country can still qualify for protection there if it is “well known” among the relevant class of consumers. For example, when a U.S. entity sought registration of the “Wimbledon” trademark for cologne in the United States, the Trademark Trial and Appeal Board (TTAB) held that the operators of the Wimbledon Tennis Tournament in England had standing to oppose the registration due to sufficient recognition of “Wimbledon” by U.S. consumers, even though the trademark had not been used or registered in the United States.<sup>286</sup> Interestingly, the TTAB grounded its holding in state unfair competition law, not trademark law.<sup>287</sup> State courts have also applied the famous marks doctrine in the context of unfair competition claims.<sup>288</sup> Professor McCarthy has opined that recognition by 50 percent of relevant consumers should be sufficient to invoke the doctrine.<sup>289</sup>

No U.S. federal circuit court had ever endorsed the doctrine until 2004, when the Ninth Circuit did so as a matter of federal trademark law in *Grupo Gigante S.A. de C.V. v. Dallo & Co.*,<sup>290</sup> involving a chain of Mexican grocery stores. Observing that the famous marks doctrine constituted “an exception to the territoriality principle,” the court based its holding on policy grounds, noting that “[a]n absolute territoriality rule without a famous-mark exception would promote consumer confusion and fraud. Commerce crosses borders. In this nation of immigrants, so do people.”<sup>291</sup>

Three years later, the Second Circuit disagreed in *ITC Ltd. v. Punchgini, Inc.*,<sup>292</sup> an opinion by Judge Reena Raggi. At issue in that case was the “Bukhara” trademark for restaurants.<sup>293</sup> Plaintiff in that case owned and operated a renowned Bukhara restaurant in India, as well as several other Bukhara restaurants in Asia.<sup>294</sup> While it had also previously operated Indian restaurants under the Bukhara trademark in both Manhattan and Chicago, those had closed a number of years prior to the lawsuit, and the mark in the United States was deemed abandoned.<sup>295</sup> The dispute arose when three former employees of the Bukhara restaurant in India opened two Bukhara Grill restaurants in Manhattan, which “mimic[ed] the ITC Bukhara’s logos, décor, staff uniforms, wood-slab menus, and red-checked customer bibs.”<sup>296</sup>

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286. *All Eng. Lawn Tennis Club, Ltd. v. Creations Aromatiques*, 220 U.S.P.Q. 1069, 1983 WL 51903 (T.T.A.B. 1983).

287. *See id.* at 1072, 1983 WL 51903, at \*4.

288. *See, e.g., Vaudable v. Montmartre, Inc.*, 193 N.Y.S.2d 332 (Sup. Ct. 1959) (applying New York common law).

289. *See* 5 MCCARTHY, *supra* note 238, § 29:4.

290. 391 F.3d 1088 (9th Cir. 2004).

291. *Id.* at 1094.

292. 482 F.3d 135 (2d Cir. 2007).

293. *See id.* at 142.

294. *See id.* at 142–43.

295. *See id.* at 144.

296. *Id.*

In the Second Circuit's opinion, Judge Raggi examined the history of the territoriality principle, repeatedly emphasizing the absence of congressional implementation of the doctrine through the Lanham Act.<sup>297</sup> Explaining that the famous marks doctrine originated from the 1925 addition of article 6*bis* to the Paris Convention for the Protection of Industrial Property,<sup>298</sup> the court noted that the treaty was not self-executing and its terms had never been given legal effect in the United States through implementing legislation.<sup>299</sup> Turning to the applicability of New York state court cases that had adopted the famous marks doctrine, the court explained that the cases were not grounded in trademark law, but entirely on New York common law principles of unfair competition.<sup>300</sup> And, because the TTAB decisions affirming the doctrine were grounded in state law, the court concluded that the doctrine "falls outside the sphere to which [the Second Circuit] owe[s] deference."<sup>301</sup>

Turning to the Ninth Circuit decision in *Grupo Gigante*, the court first acknowledged that the famous marks doctrine had twice been considered in the Second Circuit,<sup>302</sup> noting that in one case the doctrine was inapplicable because the plaintiff did not raise the issue,<sup>303</sup> while in the other, the court declined to address the doctrine because the Cuban plaintiff there was barred by an embargo from acquiring property rights in the relevant trademark.<sup>304</sup> The court disagreed with the Ninth Circuit, and rejected the doctrine under the Lanham Act because Congress had not incorporated the substantive protections into the statute.<sup>305</sup> The Supreme Court subsequently declined review,<sup>306</sup> there has been no action from Congress, and no circuit outside of the Second or Ninth has addressed the issue.

In light of the Second Circuit's holding in *ITC*, the famous marks doctrine, which had arguably been considered an exception to the territoriality principle for decades, now has an uncertain future in the United States. The Second Circuit's approach has certain doctrinal advantages, in that multinational businesses are on notice that they must take steps to protect their marks on the world market. The rejection of the famous marks doctrine also eliminates a problematic legal theory that can be difficult to apply, as evidenced by the Ninth Circuit's opinion in *Grupo Gigante*, where the court created a whole new category of mark strength which had previously not existed, defined as something more than secondary meaning but less than fame, requiring recognition by a substantial number of

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297. *See id.* at 155–56.

298. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 (last revised at Stockholm, July 14, 1967).

299. *ITC Ltd.*, 482 F.3d at 161–62.

300. *Id.* at 157.

301. *Id.* at 159.

302. *See id.* at 160.

303. *See id.*; *see also* *Buti v. Impresa Perosa, S.R.L.*, 139 F.3d 98, 103 (2d Cir. 1998).

304. *See ITC Ltd.*, 482 F.3d at 160; *see also* *Empresa Cubana del Tabaco v. Culbro Corp.*, 399 F.3d 462, 471 (2d Cir. 2005).

305. *See ITC Ltd.*, 482 F.3d at 163–64.

306. *ITC Ltd. v. Punchgini, Inc.*, 552 U.S. 827 (2007) (denying certiorari).

consumers in the relevant U.S. market.<sup>307</sup> Moreover, while much talked about and perhaps more relevant in Europe, the doctrine had rarely been used to protect marks in the United States. Finally, the court was careful to not interfere with continued state law development and application of the principle, and indeed obtained, via certification, a clarifying opinion on state law from the New York Court of Appeals.<sup>308</sup>

*F. Use of Survey Evidence to Address False Advertising Claims  
in Lanham Act Lawsuits*

There seems little doubt that the Lanham Act, adopted in 1948, was considered by its drafters to be a trademark statute and that it was the federal courts that developed what later became an extensive federal common law that allowed a marketer to sue a competitor for alleged false or misleading advertising.<sup>309</sup> After a relatively lengthy period of slow development, this area of federal jurisprudence began to grow significantly in the 1980s. A database search shows that between the passage of the Lanham Act and the Second Circuit's decision in *American Home Products Corp. v. Johnson & Johnson*,<sup>310</sup> there were 56 cases discussing false advertising in a Lanham Act context; between the court's decision in 1978 and 2000, that number increased to 923 decisions.<sup>311</sup> Contributing to this trend, in 1978 the Second Circuit became the first federal appeals court to put its imprimatur on the use of consumer survey evidence as a means of showing that an advertisement that could be considered truthful when read literally could nevertheless be actionable as misleading because it communicated a false implied message.<sup>312</sup>

In *American Home Products*, two leading producers of over-the-counter pain relief medications—American Home Products (AHP), the maker of Anacin, and McNeil Laboratories, Inc. (“McNeil”), a subsidiary of Johnson & Johnson and the maker of Tylenol—cross-appealed from a lower court order enjoining AHP from making certain superiority claims.<sup>313</sup> Anacin contained aspirin and caffeine and had been, until supplanted by Tylenol, the leading over-the-counter analgesic.<sup>314</sup> The challenged AHP television and magazine advertisements asserted Anacin's superiority to Tylenol.<sup>315</sup> Faced with McNeil's protests to the major television networks, AHP filed a declaratory judgment action.<sup>316</sup> Relying heavily on a consumer survey of

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307. See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1098 (9th Cir. 2004).

308. See *ITC Ltd. v. Punchgini, Inc.*, 880 N.E.2d 852 (N.Y. 2007).

309. See Jean Wegman Burns, *Confused Jurisprudence: False Advertising Under the Lanham Act*, 79 B.U. L. REV. 807, 815–16 (1999).

310. 577 F.2d 160 (2d Cir. 1978).

311. These figures come from a search on Westlaw Next.

312. See *Am. Home Prods. Corp.*, 577 F.2d 160.

313. See *id.* at 162.

314. See *id.*

315. See *id.* at 162–63.

316. See *id.* at 163.



analgesic purchasers exposed to the advertisements, McNeil counterclaimed under section 43(a) of the Lanham Act.<sup>317</sup>

The district court relied primarily on consumer survey evidence in finding that AHP's television advertisement represented that Anacin is a superior product generally and not superior only because Anacin reduced inflammation while Tylenol did not.<sup>318</sup> AHP appealed, arguing that because its advertisements did not expressly claim that Anacin is a superior analgesic to Tylenol, consumer survey evidence should not have been considered.<sup>319</sup>

The Second Circuit, in an opinion by Judge James L. Oakes, rejected AHP's contention that its advertisements were unambiguous and affirmed the use of consumer survey evidence to interpret an ambiguous consumer message.<sup>320</sup> The Lanham Act's reach, the court said, extends beyond literal falsehoods to those statements that, despite being literally true, have a tendency to mislead, confuse, or deceive consumers.<sup>321</sup> The court found that both the television and print advertisements used "pain" and "inflammation" to ambiguous effect, and thus the lower court properly looked to consumer response data to determine what meaning was actually communicated.<sup>322</sup> According to the court, the district judge was not only warranted in looking to the consumer survey evidence but, given the ambiguity of the advertisements' messages, "may have been compelled" to do so—thus underlining the importance of survey evidence in determining what messages advertisements convey to the relevant consumer population.<sup>323</sup>

Following the *American Home Products* decision, the use of consumer communication surveys in Lanham Act false advertising lawsuits in short order became a standard strategic option.

### G. Dilution Principles

According to a leading scholar and professor, the concept of dilution has created more "doctrinal puzzlement and judicial incomprehension" than any other aspect of trademark law.<sup>324</sup> Dilution is a doctrine that protects rights in famous marks and does not require evidence of consumer confusion.<sup>325</sup> In the United States, the development of the doctrine dates from a much-cited *Harvard Law Review* article written by Frank I. Schechter.<sup>326</sup>

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317. *See id.*; *see also* 15 U.S.C. § 1125(a) (2012).

318. *See Am. Home Prods. Corp.*, 577 F.2d at 163–64.

319. *See id.* at 164.

320. *See id.* at 164–67.

321. *See id.* at 166.

322. *See id.* at 166–67.

323. *See id.* at 166.

324. J. Thomas McCarthy, *Dilution of a Trademark: European and United States Law Compared*, 94 TRADEMARK REP. 1163, 1163 (2005).

325. *See id.* at 1166.

326. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

For several decades following the Schechter article, a number of states adopted antidilution statutes, but the doctrine did not become a subject of significant litigation until Congress passed the Federal Trademark Dilution Act of 1995<sup>327</sup> (FTDA), codified in 15 U.S.C. § 1125.<sup>328</sup> Shortly after its adoption, the Supreme Court nullified the usefulness of the statute by interpreting it literally,<sup>329</sup> and Congress passed the Trademark Dilution Revision Act of 2006<sup>330</sup> (TDRA), to put life back into the statute.

While the Second Circuit has decided a number of cases during the evolution of trademark dilution law, two are worth noting: *Deere & Co. v. MTD Products Inc.*<sup>331</sup> and *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*<sup>332</sup> Before there was a federal statute, Deere & Company, a manufacturer of agricultural machinery and other equipment, prevailed in establishing dilution under New York law.<sup>333</sup> Deere sought a nationwide injunction, but the Second Circuit, in an opinion by Judge Jon O. Newman, disagreed.<sup>334</sup> The court noted that New York's antidilution statute differed from other states' statutes, and therefore there was no basis to issue a nationwide injunction.<sup>335</sup> Thus, the decision highlighted the anomaly of state dilution laws being relied on to protect nationally famous marks.

During the period between the initial adoption of the federal statute and the 2006 revision, courts developed standards for proving a likelihood of dilution because the FTDA had not set forth any such standards. A number of courts had held that to establish a likelihood of dilution, the plaintiff needed to show that the two marks were substantially similar. In the TDRA, Congress set forth specific factors to be considered for proving a likelihood of dilution, one of which is the "similarity between the mark[s]."<sup>336</sup>

In *Starbucks*, the Second Circuit was the first appellate court to interpret the revised Act.<sup>337</sup> In an opinion by Judge Roger J. Miner, the court held that the statute did not require substantial similarity.<sup>338</sup> The court noted that the TDRA sets forth a six-factor test for dilution by blurring, and did not include a requirement of substantial similarity.<sup>339</sup> Therefore, the mere lack of substantial similarity was not sufficient to dismiss dilution claims.<sup>340</sup>

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327. Pub. L. No. 104-98, 109 Stat. 985 (1996).

328. See 4 McCARTHY, *supra* note 238 § 24:67.

329. See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

330. Pub. L. No. 109-312, 120 Stat. 1730.

331. 41 F.3d 39 (2d Cir. 1994).

332. 588 F.3d 97 (2d Cir. 2009).

333. See *Deere & Co.*, 41 F.3d 39.

334. See *id.* at 46–47.

335. See *id.*

336. 15 U.S.C. § 1125(c)(2)(B)(i) (2012).

337. *Starbucks*, 588 F.3d 97.

338. *Id.* at 107.

339. See *id.* at 108–10.

340. See *id.*

Two years after this opinion, the next time a court of appeals addressed the issue, the Ninth Circuit agreed with the Second Circuit's interpretation.<sup>341</sup>

As can be seen from the discussion above, while influential Second Circuit decisions in the trademark, dilution, and false advertising areas are not as abundant as in the copyright area, the Second Circuit has nevertheless been a thought leader in these areas.

### III. RIGHT OF PUBLICITY

To celebrities, the right of publicity can be an extremely valuable personal asset, as is evident from common advertising campaigns, such as a sports drink promoted by a prominent athlete, as well as the numerous lawsuits seeking to protect that right. The term "right of publicity" dates to a pivotal 1953 Second Circuit decision.<sup>342</sup>

#### A. *Creation of the Right of Publicity*

Many states recognize the right of publicity by statute or by common law development. Noteworthy right of publicity cases include the famous singer Bette Midler successfully prosecuting a right of publicity claim against an advertiser who used a soundalike who replicated her vocal styling.<sup>343</sup> In another case, the well-recognized "Here's Johnny" introductory phrase to Johnny Carson's *Tonight Show* was found to violate Carson's rights when used in an advertisement for portable restrooms.<sup>344</sup>

Historically, the right of publicity evolved from privacy theory. In 1890, Samuel D. Warren and Louis D. Brandeis outlined a novel legal theory that promoted a limited application of privacy rights ("the right to be let alone") in their famous *Harvard Law Review* essay.<sup>345</sup> In 1903, New York adopted the nation's first right of privacy statute, N.Y. Civil Rights Law sections 49 and 50, following the New York Court of Appeals's rejection of the theory.<sup>346</sup> In the years following, the right of privacy led to many cases brought by celebrity plaintiffs, but privacy law proved inadequate to accommodate "uncompensated, rather than unwelcome publicity."<sup>347</sup>

In *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*,<sup>348</sup> Haelan, the plaintiff gum manufacturer, had secured the exclusive right to use the images of a celebrated baseball player on its baseball cards.<sup>349</sup> The

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341. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172–73 (9th Cir. 2011) (quoting the Second Circuit's language in *Starbucks*).

342. *See Haelan Labs., Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866, 868 (2d Cir. 1953).

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

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

345. Louis D. Brandeis & Samuel D. Warren, *The Right to Privacy*, 4 HARV. L. REV. 193, 193 (1890).

346. *See Roberson v. Rochester Folding Box Co.*, 64 N.E. 442 (N.Y. 1902).

347. Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603, 622 (1984).

348. 202 F.2d 866 (2d Cir. 1953).

349. *See id.* at 867.

defendant, Topps Chewing Gum, was a competing gum manufacturer that wanted to use the baseball player's image for its advertisements.<sup>350</sup>

The court in *Haelan*, in an opinion by Judge Jerome N. Frank, ruled for the plaintiff, holding that a natural person has a right in the publicity value of his or her photograph, independent of the right to privacy, and that "this right might be called a right of publicity."<sup>351</sup> That right, the court explained, afforded a person the same benefits as with any other property right, namely that the right is exclusive, assignable, and descendible.<sup>352</sup> Judge Frank's articulation thus established the rationale for the development of the right of publicity, as an adjunct to, but also independent of, the statutory right of privacy.

*B. Standards for Resolving Disputes Between the Right  
of Publicity and Competing First Amendment Rights*

As it has developed and expanded, the right of publicity has raised complex issues concerning the tension between the exercise of First Amendment rights versus an individual's control over the commercial use of his or her identity. This tension was examined in the seminal case *Rogers v. Grimaldi*.<sup>353</sup> Noted actress Ginger Rogers asserted a right of publicity, as well as Lanham Act false endorsement claims, against the producers and distributors of famed director Federico Fellini's movie "Ginger and Fred."<sup>354</sup> The film told the story of two fictional Italian cabaret performers who imitated Rogers and her frequent film partner, Fred Astaire.<sup>355</sup> Rogers alleged that the movie title violated, among other things, her right of publicity.<sup>356</sup>

In the district court, Judge Robert W. Sweet granted summary judgment in favor of the defendants.<sup>357</sup> In an opinion by Judge Jon O. Newman affirming the district court, the Second Circuit noted that "suppressing an artistically relevant though ambiguous[ly] title[d]" film on trademark grounds would "unduly restrict expression."<sup>358</sup> The *Rogers* court fashioned a test for artistic titles—the artist is free to use a personal name of a celebrity in a movie title unless the use "has no artistic relevance to the underlying work whatsoever,"<sup>359</sup> or is "simply a disguised commercial advertisement for the sale of goods or services."<sup>360</sup> The court also set forth a comparable test for alleged false endorsement.<sup>361</sup>

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350. *See id.*

351. *Id.* at 868.

352. *See id.* at 868–69.

353. 875 F.2d 994 (2d Cir. 1989).

354. *See id.* at 996.

355. *See id.* at 996–97.

356. *See id.* at 997.

357. *Rogers v. Grimaldi*, 695 F. Supp. 112 (S.D.N.Y. 1988), *aff'd*, 875 F.2d 994.

358. *Rogers*, 875 F.2d at 1001.

359. *Id.* at 999.

360. *Id.* at 1004 (quoting *Frosch v. Grosset & Dunlap, Inc.*, 427 N.Y.S. 2d 828, 829 (App. Div. 1980)).

361. *See id.* at 999.

*Rogers* has been applied widely outside the Second Circuit (albeit more often in the false endorsement context), in decisions expanding the *Rogers* standards well beyond film titles. The Fifth Circuit, for instance, applied *Rogers* to a book title.<sup>362</sup> The Ninth Circuit went further and applied the *Rogers* formulation to a case involving the use of a trademark in the body of a work.<sup>363</sup> The Sixth Circuit applied the *Rogers* test to a nontitle element of a work in *ETW Corp. v. Jireh Publishing, Inc.*<sup>364</sup>

#### IV. PRE-FEDERAL CIRCUIT PATENT DECISIONS WORTHY OF NOTE

It has been more than thirty years since intermediate appellate jurisdiction for patent cases was consolidated in the Federal Circuit, which was created for that purpose. Pre-Federal Circuit cases, nevertheless, are still of precedential value and a number are still influential—or at least worth noting—including the four Second Circuit decisions discussed below.

##### A. *Defining a Printed Publication*

Semantics are at the heart of patent law. Every patent case revolves around parsing the meaning of words in the patent claims and, in turn, parsing the words of the applicable patent statute. Despite several major modifications to the patent laws since the decision issued in 1928, Judge Learned Hand’s analysis of what constitutes a “printed publication” in *Jockmus v. Leviton*,<sup>365</sup> remains authoritative.

Of particular significance is Judge Hand’s distinction between the physical nature of a publication and the manner of its dissemination:

A single copy in a library, though more permanent, is far less fitted to inform the craft than a catalogue freely circulated, however ephemeral its existence; for the catalogue goes direct to those whose interests make them likely to observe and remember whatever it may contain that is new and useful.<sup>366</sup>

In a modern world in which “publications” may be increasingly ephemeral (e.g., tweets and blogs), Judge Hand’s reasoning enjoys continuing vitality and respect.

##### B. *Benefits of a Specialized Court*

Two other decisions authored by Judge Learned Hand are striking for their foreshadowing of a debate that continues to this day: the appropriateness of having technical patent disputes resolved by lay judges

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362. *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 269 (5th Cir. 1999).

363. *E.S.S. Entm’t 2000, Inc. v. Rock Star Videos, Inc.*, 547 F.3d 1095, 1099 (9th Cir. 2008) (video game content).

364. 332 F.3d 915 (6th Cir. 2003). The Sixth Circuit concluded that Tiger Woods’s right of publicity was not compromised by the creation and distribution of a painting commemorating Woods winning the 1997 Masters of Augusta tournament. *Id.* at 937.

365. 28 F.2d 812 (2d Cir. 1928).

366. *Id.* at 813–14.

and juries. *Parke-Davis & Co. v. H.K. Mulford Co.*<sup>367</sup> was the central precedent for patentability of DNA sequences for over 100 years before the Supreme Court reversed course in 2013.<sup>368</sup> Displaying unwarranted humility, Judge Hand lamented the “extraordinary condition of the law which makes it possible for a man without any knowledge of even the rudiments of chemistry to pass upon such questions as these.”<sup>369</sup> Mirroring the arguments of current proponents for specialized patent courts, Judge Hand pointed to the approach of German courts, in which then, as now, the court of first instance in patent cases is comprised of a panel of specialized judges who may further call upon technical experts to advise the court.<sup>370</sup>

Forty years later, Judge Hand, at that time on the Second Circuit, reprised that concern in *Reiner v. I. Leon Co.*<sup>371</sup> *Reiner* addressed the so-called “sign posts”<sup>372</sup> that are useful in determining whether a patent is obvious, which were later referenced in *Graham v. John Deere Co.*,<sup>373</sup> as “legal inferences or subttests [that] focus attention on economic and motivational rather than technical issues and are, therefore, more susceptible of judicial treatment than are the highly technical facts often present in patent litigation.”<sup>374</sup> Posited in part as a safeguard against the “ignorance” of the judicial fact finder, Judge Hand’s “sign posts”—now more commonly referred to as “secondary considerations” or “objective indicia”—have stood the test of time and remain a central precept of analyzing patent obviousness defenses.

### C. Determining a Reasonable Royalty

There is arguably no more prolific citation in patent litigation than *Georgia-Pacific Corp. v. U.S. Plywood-Champion Papers Inc.*,<sup>375</sup> cited over 500 times in cases and secondary sources. Ask any patent litigator what the “*Georgia-Pacific* factors” are and the lawyer will recite a litany of elements to be considered in assessing what constitutes a “reasonable royalty” to compensate for patent infringement.

While the oft-quoted factors were actually enumerated in the district court’s decision in *Georgia-Pacific Corp. v. U.S. Plywood Corp.*,<sup>376</sup> the Second Circuit’s treatment of that decision on appeal, authored by Judge Wilfred Feinberg, is notable for several reasons. First and foremost, the Second Circuit affirmed the district court’s methodology in assessing the appropriate royalty amount,<sup>377</sup> absent which it is doubtful whether *Georgia-*

367. 189 F. 95 (C.C.S.D.N.Y. 1911).

368. See *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013).

369. *Parke-Davis*, 189 F. at 115.

370. See *id.*

371. 285 F.2d 501 (2d Cir. 1960).

372. *Id.* at 504.

373. 383 U.S. 1 (1966).

374. *Id.* at 35–36.

375. 446 F.2d 295 (2d Cir. 1971).

376. 318 F. Supp. 1116 (S.D.N.Y. 1970), *modified sub nom. Ga.-Pac. Corp. v. U.S. Plywood-Champion Papers Inc.*, 446 F.2d 295.

377. See *Ga.-Pac. Corp.*, 446 F.2d at 297.

*Pacific* would have become the leading authority that it remains. Second, the court's conclusion that evidence postdating the hypothetical royalty negotiation date is entitled to diminished weight<sup>378</sup> remains the law of the land today, albeit one that is subject to heated debate. Third and finally, the ubiquity of the district court's factors overshadows the fact that the Second Circuit found reversible error in the amount of royalty assessed by the district court.<sup>379</sup>

#### D. Forerunner to the eBay Doctrine

The patent community collectively gasped when the Supreme Court ruled in *eBay Inc. v. MercExchange, LLC*,<sup>380</sup> that patentees are not automatically entitled to an injunction following the establishment of a valid claim of infringement.<sup>381</sup> Patent owners continue to grumble that the Supreme Court in *eBay* vitiated the constitutional "exclusive right" that flows from the ownership of a patent.<sup>382</sup> But over twenty years earlier, the Second Circuit foreshadowed the current state of the law in *Foster v. American Machine & Foundry Co.*<sup>383</sup> Affirming the district court, the Second Circuit, in an opinion by then-District Court Judge Murray I. Gurfein, sitting by designation, held that "[a]n injunction to protect a patent against infringement, like any other injunction, is an equitable remedy to be determined by the circumstances."<sup>384</sup> The decision to uphold denial of injunctive relief—and the imposition of a compulsory license—turned on the fact that "the [infringer] manufactures a product; the [patentee] does not."<sup>385</sup> Thus, revisiting *Foster* reveals not only that the Supreme Court was not breaking new ground with *eBay*, but also that today's concern with "nonpracticing entities" asserting patents for money alone is by no means a new one.

#### CONCLUSION

The different substantive areas covered in this Article are not part of one overarching jurisprudence but, rather, are distinct areas with their own policies and intricacies, primarily joined together by the common feature that the property involved is not tangible. For this reason, it would be difficult to try to draw broad-based conclusions from the cases cited. We do note that while one of the Second Circuit decisions discussed is more than 100 years old, and others were decided several decades ago, a number

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378. *See id.*

379. *See id.* at 302.

380. 547 U.S. 388 (2006).

381. *See id.* at 393–94.

382. *See, e.g.,* Paul M. Mersino, *Patents, Trolls, and Personal Property: Will eBay Auction Away a Patent Holder's Right to Exclude?*, 6 AVE MARIA L. REV. 307, 333, 339 (2007); Steve Seidenberg, *Troll Control: The Supreme Court's eBay Decision Sets Back Pesky 'Patent Trolls' or American Innovation, Depending upon Which Side You're On*, 92 A.B.A. J. 51, 52 (2006).

383. 492 F.2d 1317 (2d Cir. 1974).

384. *Id.* at 1324.

385. *Id.*

are relatively recent—indeed, in the case of the *Capitol Records* decision, current. Notwithstanding the demographic changes in America, the Second Circuit is well positioned to continue in the coming decades to be a leader in the development of U.S. intellectual property law.