

DECISIONS & DEVELOPMENTS

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Patents • Trademarks • Copyrights • Trade Secrets • Antitrust • Government Contracts • Licensing • Litigation

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FOR LIMITED TIMES?

In the 1976 Copyright Act Congress altered the method for computing federal copyright terms for the first time since the founding fathers had established it in 1790. Beginning with the 1976 Act for works created by natural persons the protection would run not from the work's publication as in all the prior acts but from the work's creation and it would last for the life of the author plus 50 years, whereas previously the copyright term had been 28 years renewable for 28 years. For works made for hire (read corporate owned works) the 1976 Act provided the term of 75 years from publication or 100 years from creation, whichever expired first.

The Copyright Term Extension Act (CTEA), also known as the Bono Amendment after Sonny Bono who was killed when he skied into a tree, extends the copyright protection even further. Now for individual authors the term is the life of the author plus 70 years whereas for anonymous, pseudonymous and works made for hire (read corporate owned) the term is 95 years from publication or 120 years from creation whichever expires first.

When a group of petitioners brought suit claiming that this extension was unconstitutional because it exceeded the authority given Congress by the "limited times" language in the U.S. Constitution, they lost. They did not challenge interestingly enough the extension for newly created works but rather were concerned with the enlargement of the term for published works with existing copyrights. Their business involved products and services built on copyrighted works that had gone into the public domain. They challenged the extension on the grounds that it was unconstitutional both because it exceeded the limited time limitations of the Constitution and because it was a regulation of speech not permitted by the First Amendment.

That's what the case decided. But the case is perhaps more interesting for what it didn't decide. The

authority for the copyright law and for Congress' ability to make such law is found in Article I §8 of the U.S. Constitution according to which Congress has the power "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries" note that authors and inventors are provided for in the very same clause in the very same language which gives rise to two observations. One, when the clause said "limited times to authors" with the purpose of promoting the useful arts does anyone seriously contend that a writer wouldn't write, a composer wouldn't compose, a singer wouldn't sing, an actor wouldn't make movies unless they had life of the author, *their life* plus 70 years of exclusive rights to what they did, or that a corporation should be given an exclusive right over work for 120 years? How is the progress of the useful arts promoted when an artist obtains an exclusive right for more than his life by 70 years? Wouldn't Michael Jackson make music even if the copyright term was only 10 years, or 20? Certainly he doesn't have to be guaranteed that the exclusivity will last for his entire life and 70 years more. Seems nonsensical to think without that kind of incentive Michael Jackson, Simon and Garfunkel, Bob Dylan, Jimmy Buffet, would not have created their songs or performed them. Or Julia Roberts or Mel Gibson wouldn't act in movies unless they had at least their life plus 70 years of exclusivity in their performances. To make it worse, corporations who own the copyrights have a 120 year exclusivity term. Something doesn't make sense.

Compare this to the protection given to patents under the exactly same language. Patents have a total life of 20 years from the date they are filed. From that must be subtracted all the time that is spent in the bureaucratic examination process in the United States Patent and Trademark Office, which is typically 2 to 3 years. So a patent has a life of 15 to 20 years maximum. Patents cover important things in our lives like transis-

tors, integrated circuits, computers, zippers, ballpoint pens, and interestingly enough television, VCR, movie cameras, computers, CDs, DVDs and the like, yet limited times for the inventors is 20 years minus the administrative time: seems a little more reasonable.

It is an interesting twist that the technology that brought us videotapes and VCRs is only granted a maximum of 20 years of protection whereas that very technology opened the door to an entire new multibillion dollar market for movies which was in no way anticipated by the investors who took the chance and funded the development of the various movies. There would be no market for the corporations that owned these old films unless the copyright term had been extended each time a new market occurred that hadn't been anticipated by the makers or investors. Is something out of balance? Eldred v. Ashcroft, 65 USPQ2d 1225 (US SupCt.).

TRADEMARK FENCES IN ALL COLORS

Keystone is a manufacturer of wire fencing products operating since 1889. In 1920 Keystone decided to color the top wire strand of its field fencing products red to distinguish its product. In 1954, it colored the individual barbs of its barbed wire products red. And in 1935, Keystone began using the "King Ranch" mark in connection with wire fencing products and obtained incontestable federal trademark registrations on these marks.

Midstates began a private label wire fencing program in 2000. It featured a field wire fencing with a green top wire and barbed wire fencing with green colored barbs and sought to use the name "Ranch King" as a trademark.

After learning of Midstates' marks Keystone filed suit for trademark infringement, dilution and unfair competition and sought a preliminary injunction.

The court found that the field fencing and barbed wire marks were identical but for color, red for Keystone, green for Midstates. Midstates, of course, argued that the difference between the two primary colors is dispositive of the issue, red is indeed different from green. But the court viewed the matter differently. Keystone's marks consist of more than just color. Keystone's marks consist of the color red applied to a specific location on its products: the ten gauge top wire strand of its field fencing and the individual barbs of its barbed wire fencing. The court finds that it is the placement of this color, and not the actual color itself, that is the salient feature of Keystone's marks. This, coupled with the similarity in the products and other features of the trademarked goods let the court to find in favor of Keystone and grant the preliminary injunction which prevented them not only from using the color green but any other mark which would be confusingly similar to

Keystone's red top or red barbed marks. It also prohibited Midstates from using "Ranch King" in view of Keystone's "King Ranch" mark. Keystone Consolidated Industrial Inc. v. Midstates Distributing Co., 65 USPQ2d 1492 (DC CIII).

CATCH 22 – NO COMMENT

The Digital Millennium Copyright Act (DMCA) prohibits devices designed to circumvent technological measures that control use of copyrighted works: it prohibits trafficking in and marketing of any tool or device that bypasses or circumvents restrictions on copying or performing works. The statute is intended to ban all circumvention tools, not merely those that enable infringing uses. And it expressly disclaims any intent to affect rights, remedies, limitations or defenses to copyright infringement, including the right of fair use. Thus, although it is not unlawful to circumvent restriction measures for purposes of engaging in fair use of copyrighted work, it is unlawful to traffic in tools that allow such circumvention? United States v. Elcom Ltd., 62 USPQ 2nd 1736 (DC NCalif.)

BOOK REVIEWS

Trademark dilution issues have historically been only a small part of trademark disputes. But with the explosion of domain name conflicts on the internet and the enactment of the Federal Trademark Dilution Act, trademark dilution is an area of which every lawyer must be aware. And Trademark Dilution: Federal, State, and International Law presents the complete picture. It explains the meaning of dilution and the criteria for both "distinctive" marks and "famous" marks as implicated in dilution. In addition to full coverage of the federal, state and international law of dilution, there is covered categories of dilution by: confusion, generic use, tarnishment, blurring and use in domain names. Also discussed is the anticybersquatting statute. David S. Welkowitz, BNA Books, Washington, D.C., \$275.

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To have all the current patent law developments dealt with in one place and in sufficient depth makes for a handy and indispensable reference. Here are all of decisions of the "patent court" the Court of Appeals of the Federal Court (CAF) on issues of patent prosecution, patentability infringement, title, enforcement and the jurisdiction of the court itself. Since the CAFC has exclusive appeal jurisdiction over not just the U.S. Patent Office but all federal courts on issues of patent law, this volume is a must have for issues of direct, induced and contributory infringement, evidence, injunctive relief,

costs, damages, interest and attorneys' fees, jury practice and many more patent law issues. Patents and The Federal Circuit, Robert L. Harmon, BNA Books, Washington, D.C., \$385.

BEANIE BABIES OVERREACH

Ty Inc., the maker of Beanie Babies, brought suit for trademark infringement against Perryman who sells second-hand beanbag stuffed animals primarily, but not exclusively, Ty's Beanie Babies over the internet. Her internet address is bargainbeanies.com. About 80 percent of the sales of the used stuffed animal sales were indeed Beanie Babies, about 20 percent were other types of beanbag stuffed animals.

In the lower court Ty obtained an injunction against Perryman using the name Beanie or Beanies in any business name, internet domain name, or trademark and Perryman appealed.

The court agreed with Perryman for the most part. Perryman is not producing a product or a service that is distinct from any specific product; rather she is selling the very product to which the trademark sought to be defended against her "infringement" is attached. One cannot sell a brand of product without using its brand name, that is, its trademark. Perryman is selling Beanie Babies made by Ty.

The court opined that what Ty was really seeking is an extension of anti-dilution law to forbid commercial uses that accelerate the transition from trademarks to generic names. Such things happened to "thermos", "yo-yo", "escalator", "cellophane" and "brassiere" which started life as trademarks but eventually lost their significance as source identifiers and became the popular name of the product. Ty is doubtless cognizant of a similar and quite real danger to "Beanie Babies" and "Beanies".

Nevertheless, Ty cannot prevent Perryman from advertising the fact that she sells used Beanies or Beanie Babies, however, the court did leave Ty with the portion of the injunction that prohibits Perryman from using the term "Beanie" or "Beanies" in conjunction with beanbag toys that are not made by Ty but are made by other competitors. Ty Inc. v. Perryman, 64 USPQ2d 1689 (CA 7).

WHOSE RED LABEL?

Guinness sought a preliminary injunction against the marketing and sale by Anheuser-Busch of a beer bearing the name "Red Label From Budweiser". Guinness markets and sells scotch whiskey under the name "Johnnie Walker Red Label" and claims that Anheuser-Busch's new beer trademark would infringe, dilute and misappropriate Guinness' trademark.

The court found for Guinness. In light of the similarity of the marks and the competitive proximity of the products there is a significant likelihood of confusion between Guinness' "Johnnie Walker Red Label" scotch whiskey and Anheuser-Busch's "Red Label From Budweiser" beer. Although Guinness has admitted that it has no current plans to bridge the gap and enter the beer market, the recent entrance of many liquor manufacturers into the crossover flavored alcoholic beverage market suggested consumers are likely to associate Anheuser-Busch's beer product with the scotch whiskey bearing a similar name.

Although Anheuser-Busch's confusion survey revealed very little actual confusion, this evidence, considering the limited distribution so far of the Anheuser-Busch product, is not enough to overcome the conclusion of likelihood of confusion, said the court.

The court also found that Anheuser-Busch acted in good faith, that its product is not inferior, and that purchasers of upscale alcoholic beverages may indeed be slightly more sophisticated than purchasers of other beverages. But this does not change the outcome.

The court granted Guinness' request for a preliminary injunction against Anheuser-Busch's use of the trademark on the beer product. Guinness United Distillers & Vintners B.V. v. Anheuser-Busch Inc., 63 USPQ2d 1039 (DC SNY).

DECEIVED AND DEPRIVED

When PMR brought suit for infringement of a patent for monitoring torque and tubular goods, they named Darrell and Lawrence Vincent, and John Shaunfield as inventors. The patent was held unenforceable because a fourth inventor, Weiner, who had contributed to at least one claim and was probably a major contributor to the inventive concept, had not been named on the patent.

When the question of inventorship is presented the critical question is who conceived the subject matter of the claims at issue. To determine whether a person made a contribution to the conception of the subject matter of a claim, the court must determine what the person's contribution was and then whether that contribution appears in one of the claims of the patent. Furthermore an inventor need not make a contribution to every claim of the patent: contribution to one claim is enough to compel him to be listed as an inventor.

Here the lower court found that Darrell and Larry Vincent deliberately concealed Dr. Weiner's involvement in the conception of the invention and engaged in a pattern of intentional conduct designed to deceive the attorneys and Patent Office as to who the true inventors were. Furthermore, the lower court found not only inferred intent to mislead the Patent Office on

the part of the Vincents but also direct evidence of deliberate scheming on the part of the Vincents designed to claim the patents for themselves and to omit Weiner and Shaunfield from participation.

But what of Weiner's interest, is the patent unenforceable for him too? Yes. Even though the Vincents may not be true inventors of the patent their conduct can render the patent unenforceable. It was the Vincents who sought a patent on the invention regardless of whose invention it was.

Thus, their inequitable conduct during prosecution of the application leading to the patent renders the patent unenforceable. If unenforceable due to inequitable conduct, a patent may not be enforced even by innocent co-inventors. One bad apple spoils the entire barrel. Frank's Casing Crew & Rental Tools Inc. v. PMR Technologies Ltd., 63 USPQ2d 1065 (CA FC).

MODEL CODES ADOPTED AS LAW LOSE COPYRIGHT PROTECTION

To what extent may a private organization assert copyright protection for its model codes after the models have been adopted by a legislative body and becomes the law? Specifically, may a code writing organization prevent a web site operator from posting the text of a model code where the code is identified simply as the building code of a city that enacted the model code as law? The short answer is that as law, the model codes enter the public domain and are not subject to the copyright holder's exclusive prerogatives. As model codes they do retain their protected status.

The copyright law is clear, it permits free communication of facts while protecting an author's form of expression of those facts. Veeck copied the building code of the towns of Anna and Savoy, Texas based on

their adoption of a version of the SBCCI model code. The codes are facts under copyright law, they are unique, unalterable expressions of the idea that constitutes the local law. When SBCCI attempted to enforce its copyright against Veeck, it failed.

In writing and publishing model building codes SBCCI is creating copyrightable works of authorship. But when those codes are enacted into law they become to that extent "the law" of the government and one of these may be reproduced and distributed as "the law" of those jurisdictions free from incumberment by copyright.

The court went on to explain the limits of its holding assuring national standard writing organizations that they need not fear that their copyrights would be vitiated simply by the common practice of governmental entities incorporating their standards in laws and regulations as opposed to making them the law itself. This case doesn't involve references to external references. It concerns the wholesale adoption of the model code promoted by SBCCI precisely for use as legislation.

Incorporation by reference does not affect the same result. If a statute requires citizens to consult or use a copyrighted work in the process of fulfilling their obligations, the copyrighted works do not become law merely because the statute refers to them. Veeck v. Southern Building Code Congress International Inc., 63 USPQ2d 1225 (CA 5th Cir.).



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