

Chapter 7

Intellectual Property Rights

Chapter Objectives

By the end of this chapter, you should be able to:

- Compare the laws that protect intellectual property, and their duration.
- Differentiate between patents, copyrights, trademarks, and trade secrets.
- List the required elements to prove infringement for each type of intellectual property.
- Define *first sale doctrine*.
- List the required elements to prove infringement for each type of intellectual property.
- Describe the different international intellectual property treaties, and their purpose.

Why Does Internet Law Matter to Me?

The Internet impacts each of us, every day. The speed at which technology has advanced has presented challenges for the law to be able to keep up. To address these challenges, lawmakers have enacted several laws that solely address the Internet, like dealing with unsolicited e-mails or spam, domain names, cybersquatting and meta tags. It is important to have a general understanding of these laws and how businesses can protect themselves, and their intellectual property.

Trademarks

Trademarks and Service Marks

1. Catchy phrases
2. Abbreviations
3. Shapes
4. Ornamental colors
5. Ornamental designs
6. Sounds

Coca-Cola Co. v. Koke Co. of America (1920)

- In this case, the United States Supreme Court made it clear that trademarks and trade names (and nicknames for those marks and names, such as “Coke” for “Coca-Cola”) that are in common use receive protection under the common law.
- This holding is significant because it is the predecessor to the federal statute passed to protect trademark rights, the Lanham Act.

Coca-Cola Co. v. Koke Co. of America (1920)

Polling Question

Do you think the results of the case would have been different if Coca-Cola had been trying to make the public believe their product contained cocaine?

- Yes
- No

Statutory Protection of Trademarks

Trademark Dilution

- Federal Trademark Dilution Act of 1995

Trademark Dilution Revised

- Trademark Dilution Revision Act (TRDA) of 2006
 1. Plaintiff owns distinctive famous mark
 2. Defendant uses mark allegedly diluting famous mark
 3. Association is likely to impair distinctiveness

Trademark Registration

- To register a trademark, a person must file an application with the U.S. Patent and Trademark Office.
- A mark can be registered if in use, or mark will be used within 6 months.



Federal Express Corporation (FedEx) v. JetEx Management Services, Inc.

- FedEx sued a competitor, JetEx Management Services, Inc., for using the same color combination and a similar name and logo.
- JetEx also mimicked FedEx's trademarked slogan ("The World on Time" for FedEx, and "Keeping the World on Time" for JetEx).
- FedEx alleged trademark infringement and dilution, among other claims.

Federal Express Corporation (FedEx) v. JetEx Management Services, Inc. Polling Question

Do you think a company's distinctive colors, such as those for FedEx, should be protected under trademark law?

- Yes
- No

Distinctiveness of the Mark

Trademark Infringement

Copied Trademark

- When a trademark is copied intentionally or unintentionally, it has been infringed or used without authorization.

Distinctiveness of the Mark

Strong Marks

- Fanciful and arbitrary trademarks receive automatic protection.

Secondary Meaning

- Certain terms and personal names are not inherently distinctive. They receive protection only when they acquire a secondary meaning.

Generic Terms

- Generic terms that refer to an entire class of products receive no protection, even if they acquire secondary meanings.

Service, Certification, and Collective Marks

Service mark: a trademark that is used to distinguish the services (rather than the products) of one person or company from those of another

Certification mark: a mark used by one or more persons, other than the owner, to certify the region, materials, mode of manufacture, quality, or other characteristic of specific goods or services

Collective mark: a mark used by members of a cooperative, association, union, or other organization to certify the region, materials, mode of manufacture, quality, or other characteristic of specific goods or services

Trade Dress



- **Trade dress:** the image and overall appearance of a product
- It is a broad concept that can include all or part of the total image, or overall impression created by a product and its packaging.

Knowledge Check

Which of these are considered trade dress?

- A. The distinctive decor, menu, and style of service of a particular restaurant
- B. The layout and appearance of a catalogue
- C. The use of a lighthouse as part of a golf hole, the fish shape of a cracker, or the G-shaped design of a Gucci watch

Counterfeit Goods

Counterfeit goods: copy or otherwise imitate trademarked goods, but are not genuine

Stop Counterfeiting in Manufactured Goods Act (SCMGA): it is a crime to traffic in counterfeit goods and services

Penalties for counterfeiting: up to \$2 million or imprisonment for up to ten years (or more if they are repeat offenders)

Combating online sales of counterfeit goods: U.S. officials use court orders to shut down websites that sell foreign counterfeit goods

Charles Anthony Jones

- Charles Anthony Jones pleaded guilty to trafficking in counterfeit prescription drugs for erectile dysfunction.
- The court sentenced Jones to thirty-seven months in prison, and ordered him to pay more than \$600,000 in restitution.
- Jones appealed, arguing that the amount awarded was more than the pharmaceutical companies' actual losses.
- The court agreed. The pharmaceutical companies were entitled only to their lost net profits, rather than the retail price of the genuine drugs.

Charles Anthony Jones Polling Question

Do you agree that the amount awarded was more than the pharmaceutical companies' actual losses?

- Yes
- No

Trade Names and Licensing

Trade Names	Licensing
Trade name: a name that a business uses to identify itself and its brand	License: agreement that permits use of trademark, copyright, patent, or trade secret for limited purposes
<ul style="list-style-type: none">• A trade name is directly related to a business's reputation and goodwill.	<ul style="list-style-type: none">• The owner is the <i>licensor</i>, the user is the licensee.
<ul style="list-style-type: none">• Trademarks apply to products.	<ul style="list-style-type: none">• The terms of use are delineated in the license agreement.

Patents

What Is Patentable?

- Almost anything is patentable (excluding laws of nature, natural phenomena, abstract ideas).

Patent Infringement Suits and High-Tech Companies:

- These companies are frequently involved in patent infringement lawsuits.

If Infringed, the Patent Holder Can:

- Sue for relief.
- Seek an injunction against the infringer.
- Request damages for royalties and lost profits.

Remedies for Patent Infringement

If a patent is infringed, the patent holder can:

- Seek an injunction against the infringer.
- Request damages for royalties and lost profits.
- Seek reimbursement for attorneys' fees and costs.
- If infringement was willful, amount of damages awarded can triple.

Discussion

John and Andrew Doney invented a hard-bearing device for balancing rotors. Although they obtained a patent for their invention from the U.S. Patent and Trademark Office, it was never used as an automobile wheel balancer. Some time later, Exetron Corp. produced an automobile wheel balancer that used a hard-bearing device similar to the Doney's device. Given that the Doney's had not used their device for automobile wheel balancing, does Exetron's use of a similar device infringe on the Doney's patent? (See Patents.)

Apple, Inc. v. Samsung Electronics Company

- Apple sued Samsung in federal court alleging that Samsung's Galaxy smartphones and tablets that use Google's HTC Android operating system infringed on Apple's patents.
- Apple had design patents that covered its devices' graphical user interface (the display of icons on the home screen), shell, screen, and button design.

Apple, Inc. v. Samsung Electronics Company

Polling Question

Apple had also patented the way information is displayed on iPhones and other devices, the way windows pop open, and the way information is scaled and rotated.

No

Yes

Copyrights

- Federal statute grants to the author (or originator) of certain literary (or artistic) productions intangible property rights.
- Works created after January 1, 1978, are automatically given copyright protection for life, plus 70 years.

Copyright Infringement

What Is Fair Use?

- The courts determine whether a particular use is fair on a case-by-case basis.
- Case Example: Authors Guild, Inc. v. Hathi Trust (2014)
- The owner of a particular item that is copyrighted can, without the authority of the copyright owner, sell or otherwise dispose of it.

Copyright Protection

Generally, copyright owners are protected against:

1. Reproduction of the work
2. Development of derivative works
3. Distribution of the work
4. But not public display of the work

Google v. Oracle America, Inc.

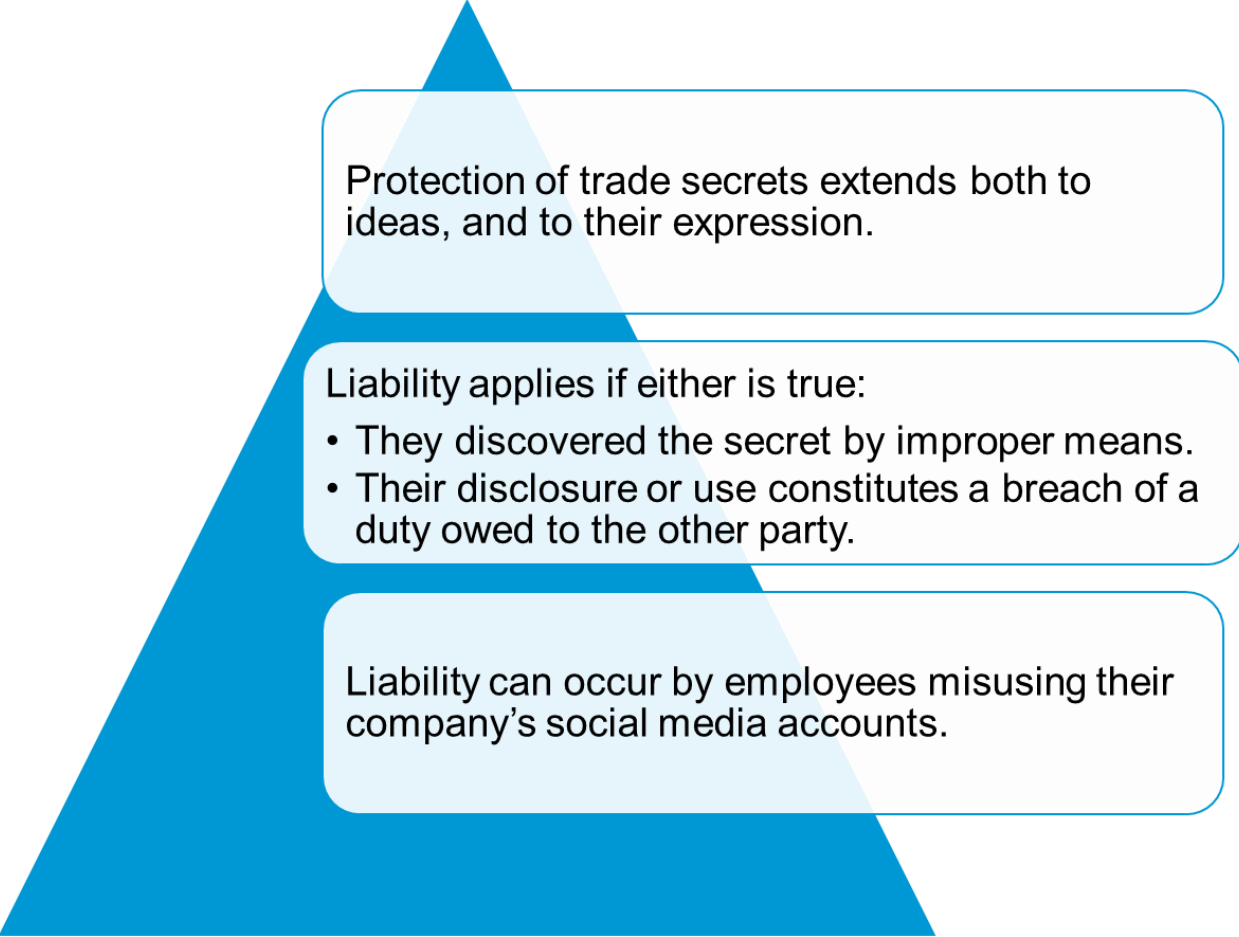
- Google began using some of Oracle's API packages to run Java on its Android mobile devices, Oracle sued for copyright infringement.
- Google argued that the software packages were command structure, which are not protected under copyright law.
- Ultimately, a federal appellate court concluded that the API packages were source code and were entitled to copyright protection.

Google v. Oracle America, Inc. Polling Question

Do you think Oracle was misusing the copyright in its proprietary software to stifle competition?

- Yes
- No

Trade Secrets in Cyberspace



Protection of trade secrets extends both to ideas, and to their expression.

Liability applies if either is true:

- They discovered the secret by improper means.
- Their disclosure or use constitutes a breach of a duty owed to the other party.

Liability can occur by employees misusing their company's social media accounts.

Furstenau and BTX Logistics

- Furstenau decided to join a competitor, BTX Logistics.
- Before doing so, he forwarded e-mails containing information on revenues, profit margins, preferred shippers, and financial projections from his Radiant account to his personal account.
- Learning this, Radiant sued Furstenau and BTX for misappropriation of trade secrets.

Furstenau and BTX Logistics Polling Question

Does today's computer technology undercut a business firm's ability to protect its confidential information, including trade secrets?

- Yes
- No

International Protections

The Berne Convention (1886)

- Every country that has signed the convention must recognize copyrights from the other signatories.

The TRIPS Agreement (1994)

- The TRIPS agreement established standards for the international protection of intellectual property rights.
- Generally, the TRIPS agreement forbids member nations from discriminating against foreign owners of intellectual property rights in the administration, regulation, or adjudication of such rights.

How Does the TRIPS Agreement Protect Intellectual Property Worldwide?

Do international agreements like the Berne Convention, the Trade-Related Aspects of Intellectual Property Rights (known as the TRIPS agreement), the Madrid Protocol, and the Anti-Counterfeiting Trade Agreement protect intellectual property worldwide.

- Yes
- No

Group Breakout: Spotlight on Macy's— Copyright Infringement

United Fabrics International, Inc., bought a fabric design from an Italian designer and registered a copyright to the design with the U.S. Copyright Office. When Macy's, Inc., began selling garments with a similar design, United filed a copyright infringement suit against Macy's. Macy's argued that United did not own a valid copyright to the design, and so could not claim infringement. Does United have to prove that the copyright is valid to establish infringement? Explain. [United Fabrics International, Inc. v. C & J Wear, Inc., 630 F.3d 1255 (9th Cir. 2011)] (See Copyrights.)

Knowledge Check Video: Intellectual Property Infringement and Remedies



Intellectual
Property Infringeme



Discussion of Video

What is the name of the Government body that maintains records of copyright registration in the United States, including a copyright catalog?

Video Debrief

The Copyright Office has implemented a new group registration option for short online literary works, such as blog entries, social media posts, and short online articles. Read more about the new group registration option for unpublished works.

Self-Assessment

What concepts did you find difficult, and thus need a review?

How might the topics in this chapter come up in the future in your personal (or work) life?

What could you do to improve your contributions in class discussion?

Summary

Now that the lesson has ended, you have learned to:

- Compare the laws that protect intellectual property, and their duration.
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- List the required elements to prove infringement for each type of intellectual property.
- Define *first sale doctrine*.
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