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INTELLECTUAL PROPERTY LITIGATION

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Copyright and Patent Clause: Clashing Views of Meaning, Scope

ON OCT. 9, when the Supreme Court hears argument in *Eldred v. Ashcroft*, No. 01-618, it will be asked to choose between two very different views of the meaning and scope of the Copyright and Patent Clause of the Constitution and the role of copyright protection in encouraging, or inhibiting, creativity and free expression.

Copyright Term Extension Act

Eldred, which has stimulated the filing of more than 20 amicus briefs, concerns the constitutionality of the Copyright Term Extension Act of 1998 (CTEA), which added 20 years to the term of existing copyrights. Under the CTEA, works by individuals created after 1977 are protected for life of the author plus 70 years; works for hire created after 1977 for the earlier of 95 years from publication or 120 years from creation; and works created before 1978 are protected (including a renewal term) for 95 years. The act brings U.S. law into basic harmony with copyright terms set by the European Union in 1993.

The CTEA is part of a history of extensions of the terms of U.S. copyrights, starting at a maximum of 28 years in the 1790 Act, 42 years beginning in 1831, 56 years under the 1909 Act and life plus 50 years for individual works under the 1976 statute. In each case, terms were extended for all works, including previously existing works, not in the public domain.

Petitioners in *Eldred*, describe themselves as "individuals and businesses that rely upon



speech in the public domain for their creative work and livelihood." Pointing to the language of the Copyright Clause — which gives Congress 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" — they argue that "repeated" term extensions are not "limited" and that extensions for already existing works do not "promote the Progress of Science," principally because those works are not created in reliance upon the extended term.

Relying on cases such as *United States v. Lopez*, which strictly construed the Commerce Clause in striking down the Gun-Free School Zones Act, they urge the Court to narrowly circumscribe Congress' discretion under the Copyright Clause. They also claim that the CTEA's extended terms violate the First Amendment, because they cannot be justified by the "intermediate scrutiny" applied to content-neutral restrictions on speech. (Intermediate scrutiny requires that a statute advance an important governmental interest and restrain no more speech than necessary.)

In defense of the statute, the United States argues that any fixed — as opposed to perpetual — copyright term is "limited" and therefore within Congress' constitutional discretion. While petitioners see extended terms for existing works as a "windfall" for copyright owners, the government argues that extensions for those works "promote the Progress of Science" by giving copyright

proprietors funds for restoration and distribution of old works and financing of new ones and by promoting fairness among all copyright holders. Ultimately, the government argues, Congress was justified in choosing to promote distribution of copyrighted works by increasing revenues to copyright owners, rather than allowing works to fall into the public domain.

Where the First Amendment is concerned, the government argues that, under *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 US 539 (1985), the Copyright Act passes constitutional muster because it allows the free use of ideas and facts (§102(b)) and incorporates the doctrine of fair use (§107).

Although predicting a Supreme Court opinion is hazardous, the odds seem to favor the government. As petitioners acknowledge, a prohibition on extending the terms of existing works would not only strike down the CTEA, but also call into question copyright statutes stretching back over 200 years. And the Supreme Court has never found that the "limited times" or "promote the Progress of Science" language of the Copyright Clause — or the First Amendment — imposed significant limits on congressional discretion to prescribe the scope or duration of copyright protection.

Trademarks

Promatek Indus. Ltd. v. Equitrac Corp., 2002 WL 1837776 (7th Cir. Aug. 13, 2002), upheld an unusual preliminary injunction that forced a defendant to place a disclaimer on its Web site. Promatek sued Equitrac when it discovered a Promatek trademark in the metatags used on Equitrac's Web site. When it learned of the suit, Equitrac removed the metatags and requested that search engines remove links based on them. Despite those actions, the trial court's preliminary injunction directed Equitrac to place a message on its Web site stating that consumers who had been directed there after searching for Promatek's mark had arrived because of an

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“error” and giving the address of Promatek’s Web site. Rejecting Equitrac’s argument that it should not be compelled to advertise for a competitor, the Seventh Circuit found the “remedial language” on the Web site to be “more informative [to consumers] than it is harmful [to Equitrac].” The ruling is surprising in that the Court apparently did not consider whether a remedy that did not compel speech would have been sufficient, particularly at the preliminary injunction stage.

First Amendment issues were resolved differently in *Mattel, Inc. v. MCA Records, Inc.*, 296 F3d 894 (9th Cir. 2002), where the owner of the famous Barbie trademark unsuccessfully challenged the mark’s use in Barbie Girl, a Top 40 song performed by Danish band, “Aqua.” Calling Barbie “not just a toy but a cultural icon,” the Court of Appeals found that the song “pokes fun at Barbie and the values that Aqua contends she represents.” Under the Second Circuit’s test in *Rogers v. Grimaldi*, 875 F2d 994 (2d Cir. 1989), use of the mark in the song’s title was not trademark infringement because the title had “artistic relevance” to the content of the song. A dilution claim was also dismissed, because the song qualified as “noncommercial use” (use that “does more than propose a commercial transaction”) under the exception to dilution liability in §1125(c)(4)(B) of the Dilution Act.

First Amendment Protection

A New York federal court made short work of a novel claim in *Sherwood 48 Assocs. v. Sony Corp. of America*, 2002 WL 1771146 (SDNY July 31, 2002). Plaintiffs, owners of several Times Square buildings that display billboard advertising, claimed that scenes in the movie “Spider-Man” in which the buildings appear with digitally altered advertising violated their trademark and trade dress rights. The Court said: “[a]s to plaintiffs’ claim of confusion — as between whom was any purchasing decision affected?; as to trade dress — these buildings constantly change their advertising dress.” The ruling was plainly influenced by the Court’s view that “a mixture of a fictionally and actually depicted Times Square which is central to a major scene in the movie” has “First Amendment protection.”

Patents

Considering a significant issue for the biotech industry, a Federal Circuit panel reversed, on rehearing, an opinion it had issued only three months before and held that deposit of biological material in a public

library may satisfy the written description requirement of §112 ¶1 of the Patent Act. *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 296 F3d 1316 (Fed. Cir. 2002). The use of deposits began as a way to satisfy the enablement requirement for material that was difficult or impossible to describe in words. After hearing from amici including the Patent and Trademark Office, the court wrote that “in light of the history of biological deposits for patent purposes, the goals of the patent law, and the practical difficulties of describing unique biological materials in a written description, we hold that reference in the specification to a deposit in a public depository, which makes its contents accessible to the public when it is not otherwise available in written form,” satisfies the written description requirement. The court remanded for a determination of whether the written specification, including information available from the deposits, adequately described each of the claims at issue.

Under §111(b) of the Patent Act, an inventor who is not prepared to pay the full costs of patent prosecution may file a provisional application which describes the invention but need not include claims. A nonprovisional application filed within a year will receive the benefit of the provisional priority date. *New Railhead Mfg., L.L.C. v. Vermeer Mfg. Co.*, 2002 WL 1758933 (Fed. Cir. July 30, 2002), highlights the rule that §112’s written description requirement applies with full force to provisional applications. The *New Railhead* court invalidated a patent on a drill bit under the on-sale bar, because the provisional application did not adequately describe the invention and the patentee, therefore, was not entitled to the provisional priority date. The fact that the provisional application might have enabled one skilled in the art to make the invention and discover its features was not sufficient, because the disclosure did not describe each claim limitation.

A Pennsylvania District Court’s opinion in *McNeil-PPC, Inc. v. L. Perrigo Co.*, 207 FSupp 2d 356 (EDPa. 2002) is significant not because it breaks new legal ground, but because it illustrates the passions aroused by the marketing of generic drugs. After a bench trial, the court found that four McNeil patents covering Imodium A-D, a popular over-the-counter antidiarrheal drug, were invalid for obviousness. McNeil applied for the patents shortly before its basic patent on the drug was set to expire. Under the Hatch-Waxman Act, McNeil’s asserted the new patents delayed FDA consideration of Perrigo’s application to market a competing generic. Noting an internal McNeil memo instructing an

inventor to “come up with a patent-protected form of Imodium,” the trial court awarded Perrigo attorney’s fees and criticized what it saw as efforts by patent lawyers to make “modest developments look and feel like inventions, when in reality the purported discovery is nothing more than a creation of an advertising and marketing department.”

In *Mackie v. Rieser*, 296 F3d 909 (9th Cir. 2002), the Ninth Circuit took the opportunity to “clarify [its] longstanding rule” regarding the proof necessary to recover indirect profits in a copyright case. Indirect profits are revenues realized by the infringer other than “direct” profits generated by selling an infringing product. In *Mackie*, the Seattle Symphony conceded that it infringed the copyright in a well-known outdoor artwork in producing an illustration for its direct mail subscription campaign. As the artist had not registered the work before infringement, he was not entitled to statutory damages. Reviewing prior precedent and analogizing to tort damage principles, the Ninth Circuit held that a plaintiff must proffer “sufficient non-speculative evidence to support a causal relationship between the infringement” and the defendant’s indirect profits. Because the artist had not presented evidence connecting any amount of subscription revenues to use of his work, the court affirmed summary judgment denying indirect profits. It also held that the artist could not recover “hurt feelings” damages based on his personal objections to the way his work was used.

The Eleventh Circuit

The Eleventh Circuit, in *Calhoun v. Lillenas Publ’g*, 2002 WL 1625364 (11th Cir. July 23, 2002), upheld summary judgment dismissing a copyright claim on the ground that plaintiff had not overcome the defendant’s showing of independent creation. Plaintiff Calhoun alleged that McGee had copied the chorus of a devotional song written by Calhoun when McGee wrote the chorus “Emmanuel,” which became one of the most popular pieces of Christian music of the 1980s and 1990s. The court found that even a “casual comparison” of the two works “compels the conclusion” that they “are practically identical.” Nonetheless, dismissal was warranted, given the un rebutted affidavits of several witnesses who corroborated McGee’s independent creation of “Emmanuel” during a church service, and no evidence that McGee had access to Calhoun’s obscure work. Given the “simple composition of short length” at issue, the court found it was not surprising that the work was independently created by two different authors.