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First, "Let's Kill All the Intellectual Property Lawyers!": Musings on the Decline and Fall of the Intellectual Property Empire, 34 J. Marshall L. Rev. 851 (2001)

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ARTICLES

FIRST, “LET’S KILL ALL THE INTELLECTUAL PROPERTY LAWYERS!”: MUSINGS ON THE DECLINE AND FALL OF THE INTELLECTUAL PROPERTY EMPIRE

DORIS ESTELLE LONG *

The first thing we do, let’s kill all the lawyers . . .

Dick the Butcher¹

Do not call liberty what in reality is no more than license and piracy.

Louis Jacob²

Like Shakespeare in King Henry VI, when the cry of Dick the Butcher to “first . . . kill all the lawyers” was directed to creating havoc in civilized society,³ the current trend to “kill” (or at least

* Professor of Law, The John Marshall Law School. The author would like to thank Dean Robert Gilbert Johnston and Associate Dean John Corkery for the research grant that supported the development of this Article. She would also like to thank Karen Long, whose love of silent movies first led the author to discover the patent wars that dominated early technological developments in the Twentieth Century motion picture industry. In addition, she would like to thank numerous colleagues in the copyright industry, academia, and practitioner “world” who over the years have engaged in countless debates with the author and helped to shape the views contained in this Article.

1. WILLIAM SHAKESPEARE, THE SECOND PART OF KING HENRY THE SIXTH act 4, sc. 2.

2. CARLA HESSE, PUBLISHING AND CULTURAL POLITICS IN REVOLUTIONARY PARIS, 1789 – 1810, 214 (1991) (quoting Jacob L’ainé in *Idées générales sur les causes de l’anéantissement de l’entrepreneur*). Hesse discussed the post-revolutionary clamor for re-regulation of the French printing industry after its collapse in the early 1800’s. *Id.*

3. See SHAKESPEARE, *supra* note 1. The “suggestion” appeared as part of comedic interchange between two secondary characters that preceded the murder of a law clerk. *Id.* The significance of the line has been hotly debated. Some suggest that in fact the line is merely an example of lawyer bashing by Shakespeare. Seth Finkelstein, “*The first thing we do, let’s kill all the lawyers*” – *it’s a lawyer joke*, THE ETHICAL SPECTACLE (July 1997), at <http://www.spectacle.org/797/finkel.html>. Others have properly suggested that the line demonstrates that lawyers (or more precisely the law) must be

“seriously wound”) intellectual property protection is designed to wreak havoc on those forces which have contributed most directly to the present position of the United States as a premiere exporter of technology and intellectual property based products.⁴

This Article examines current trends at reducing intellectual property protection both domestically and internationally. It contends that such reductions in protection are particularly harmful to the incentivizing role of intellectual property and the ability of developing countries to obtain the economic benefits of such incentives. These trends are not limited to efforts at legalizing piracy or expanding uncompensated public welfare uses of intellectual property. To the contrary, they include disturbing trends in domestic protection that include resurrection of the discredited election doctrine. Such trends must be reversed and an appropriate balance between creators’ rights and public access struck before the economic and technological harm caused by reduced protection becomes irreversible.

Part I of this Article examines the historic and economic role of intellectual property in incentivizing creativity. Part II briefly describes the scope of current hostility to intellectual property rights (“IPRs”) protection and some of the historic bases for this hostility. Part III develops the positive relationship between creativity incentivization and wealth production encouraged by strong IPR protection. Part IV examines the balance required between IPR incentivization and public welfare needs to establish a workable international protection system. Part V describes current hostility to IPR protection in the United States, including in particular the unfortunate resurrection of the obligation of election. Part VI suggests changes in protection that must be achieved in order to reconfigure the currently harmful balance between incentivization and public welfare. Finally, the Article recommends that the trend toward election and present hostility to IPR protection be promptly reversed. It further recommends studies to quantify the incentivizing aspects of IPR protection internationally. Critical balances between incentivization and

eliminated before revolution and subsequent societal chaos can occur. Walter D. Posey, *The First Thing We Do, Let's Kill All the Lawyers: Plan of Action Or Misquoted Epigram?*, 30 UWLAW L. REV. 1, 2 (1999).

4. The so-called “copyright” or “cultural” industries include the motion picture, software, music and book publishing industries. STEPHEN E. SIWEK, COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY: THE 2000 REPORT n.1 at 3, 5 (Executive Summary 2000), available at http://www.ippa.com/copyright_us_economy.html. These industries are among the largest IP-based domestic exporting industries in the United States. *Id.* They contribute an estimated \$677.9 billion to the U.S. economy, approximately 7.33% of the Gross Domestic Product. *Id.* For a discussion of the incentivizing nature of intellectual property protection and its contribution to this economic bonanza, see *infra* text accompanying note 10.

public welfare must be determined in an objective manner. Globalization and internationalization of laws require no less.

I. "KILLING" INTELLECTUAL PROPERTY LAWS

In an era notable for the rapid pace of technological developments in the arenas of manufacturing and distribution, as well as in the communications media,⁵ intellectual property laws⁶

5. For a discussion identifying the most notable advances at the latter end of the century in the areas of manufacturing and communications media, including advances in robotic and computerized reproduction, digital manufacturing (including compact and laser disc technology), digital distribution product ordering and distribution systems, and in the areas of global electronic mail and messaging systems, satellite television and the rapid spread of the Internet as a source for global communication and information dissemination, as well as for e-business and e-commerce models, see *e.g.*, JANET ABBATE, *INVENTING THE INTERNET* (1999); JAMES E. MCCLELLAN III & HAROLD DORN, *SCIENCE AND TECHNOLOGY IN WORLD HISTORY: AN INTRODUCTION* (1999); TOM STANDAGE, *THE VICTORIAN INTERNET: THE REMARKABLE STORY OF THE TELEGRAPH AND THE NINETEENTH CENTURY'S ON-LINE PIONEERS* (1998); BRIAN WINSTON, *MEDIA TECHNOLOGY AND SOCIETY: A HISTORY: FROM THE TELEGRAPH TO THE INTERNET* (1998). For an interesting article on the Internet revolution and its impact on business and communications, see Diane Bentley, *rEvolution!*, 8 *HEATHROW INT'L TRAVELLER* 55 (2001). The article listed the Internet "revolution" as one of the top ten revolutions in history along with the Industrial Revolution, the American Revolution, the Russian Revolution and the Chinese Cultural Revolution. *Id.*

6. For purposes of this Article, the definition of "intellectual property" to has been limited to broader categories of traditionally acknowledged intellectual property forms. These forms include patents, copyrights, trademarks, trade secrets and industrial designs. The same five categories that were the historic focus of both domestic and international protection regimes. Most internationally recognized intellectual property treaty regimes, including the Berne Convention for the Protection of Literary and Artistic Works, the Paris Convention on the Protection of Industrial Property, and the Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, protect these five categories. Moreover, these five categories generally subsume, at least in part, newer forms of intellectual property protection such as geographic indications and (potentially) "traditional knowledge" (at least in certain forms). Historically, these traditional forms served as the focus for most of the debates over ownership versus public access. They presently serve as the main focus of such debates today. See discussion *infra* Parts III, IV.

"Copyright" generally protects works of artistic, literary and musical "expression," including, for example, novels, paintings, music, and choreography. See, *e.g.*, Berne Convention for the Protection of Literary and Artistic Works, July 14, 1967, art. 2, 828 U.N.T.S. 221, 227 (defining copyrightable subject matter as "every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression"). Protection under copyright is limited to the expressions contained in the protected works and does not extend to the ideas contained therein. *Id.* See also Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Dec. 15, 1993, art. 9, 33 I.L.M. 81, 87

are under concentrated attack. Historically, intellectual property laws in the United States have served as the bulwark for encouraging and protecting human innovation and creativity.⁷ From pre-constitutional copyright statutes that cited “the Improvement of Knowledge [and] the progress of Civilization . . . [which] greatly depend on the Efforts of learned and ingenious

[hereinafter TRIPS] (incorporating by reference the definition of copyrightable works under Art. 2 of the Berne Convention).

“Patent” law generally protects novel, non-obvious and useful inventions. *See, e.g.*, TRIPS, *supra*, art. 27(1), 33 I.L.M. at 93-94 (establishing a tripartite test that requires patent protection for inventions that are “new, involve an inventive step and are capable of industrial application”). Patent protection generally extends to machines, articles of manufacture, processes, chemical or electrical structures and compositions, and the like, and in some countries, such as the United States and Japan, it extends to novel methods of doing business. *See, e.g.*, *State St. Bank & Trust v. Signature Fin. Group*, 149 F.3d 1368, 1373 (Fed. Cir. 1998) (holding that a method for processing financial data using a mathematical algorithm to perform mutual funds accounting and administration was eligible for patent protection under U.S. law).

“Trademark” law generally protects corporate symbols, logos and other distinctive indicia of the origin or goods or services. *See, e.g.*, TRIPS, *supra*, art. 15(1), 33 I.L.M. at 89 (defining a trademark as “any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings”). Among the types of source-designators generally protected internationally are word marks, commercial logos, and other visible “signs” that are used to distinguish the goods or services.

“Trade secrets” law generally protects confidential information that has some commercial or economic value as a result of its secret nature and for which the owner has taken reasonable steps to protect the secret nature of this information. *See, e.g.*, TRIPS, *supra*, art. 39(2), 33 I.L.M. at 98 (defining protected information as that which has “commercial value because it is secret” and for which its owner took “reasonable steps” to protect its confidential nature).

“Industrial designs” and “utility models” generally include works and inventions which do not meet the requirements for patent or copyright protection, but which demonstrate some degree of novelty or originality, respectively, to warrant some level of protection. *See, e.g.*, TRIPS, *supra*, art. 25(1), 33 I.L.M. at 93 (requiring members to protect “independently created industrial designs that are new or original”).

7. The “Patents and Copyright Clause” of the U.S. Constitution is the basis for federal copyright and patent laws when it provides: “Congress shall have 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.” U.S. CONST. art. I, § 8, cl. 8. For a further discussion of the historical basis for this clause, see *infra* notes 8-9, 21 and accompanying text. For a suggestion that the Patents and Copyright Clause is based on a natural right (as opposed to an instrumentalist view), see John O. McGinnis, *The Once and Future Property-Based Vision of the First Amendment*, 63 U. CHI. L. REV. 49, 80 (1996). McGinnis contends that “text of the [Intellectual Property] Clause reads as if it were protecting a natural right, but protecting it only to the extent that enforcement through statute would rebound to society’s benefit.” *Id.*

Persons,”⁸ to the Patents and Copyrights Clause of the United States Constitution, which premised protection on the role of intellectual property to “encourage the progress of science and useful Arts,”⁹ United States law has long recognized the incentivizing necessity of intellectual property protection to fuel technological and creative advances.¹⁰ This recognition of the

8. Francine Crawford, *Pre-Constitutional Copyright Statutes*, 47 J. COPYRIGHT SOC'Y 167, 170 (2000). A pre-constitutional Massachusetts statute further emphasized that the “principal Encouragement” for such efforts “must exist in the legal Security of the Fruits of their Study and Industry to themselves.” *Id.* This rationale was repeated in almost all colonial statutes. *Id.* See also *infra* text accompanying note 10.

9. U.S. CONST. art. I, § 8, cl. 8. See, e.g., *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 429 (1984) (noting that the Constitution authorizes Congress to grant copyright protection “to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired”).

10. For a discussion of the incentivizing effects of intellectual property, see e.g., SHAHID ALIKHAN, *SOCIO-ECONOMIC BENEFITS OF INTELLECTUAL PROPERTY PROTECTION IN DEVELOPING COUNTRIES* (2000); HISAMITSU ARAI, *INTELLECTUAL PROPERTY POLICIES FOR THE TWENTY-FIRST CENTURY: THE JAPANESE EXPERIENCE IN WEALTH CREATION* (1999); THOMAS P. HUGHES, *AMERICAN GENESIS: A CENTURY OF INVENTION AND TECHNOLOGICAL ENTHUSIASM 1870–1970* (1989); KEITH E. MASKUS, *INTELLECTUAL PROPERTY RIGHTS IN THE GLOBAL ECONOMY* (2000); Martin J. Adelman, *The Supreme Court, Market Structure, and Innovation: Chakrabarty, Rohm and Haas*, 27 ANTITRUST BULL. 457 (1982); Wendy J. Gordon, *An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 STAN. L. REV. 1343 (1989); William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325 (1989); Robert P. Merges, *Toward A Third Intellectual Property Paradigm: Comments: Of Property Rules, Coase, and Intellectual Property*, 94 COLUM. L. REV. 2655 (1994); Barry Tyerman, *The Economic Rationale for Copyright Protection for Published Books: A Reply to Professor Breyer*, 18 UCLA L. REV. 1100 (1971); Edward C. Walterscheid, *To Promote the Progress of Useful Arts: American Patent Law and Administration, 1787-1836*, 80 J. PAT. & TRADEMARK OFF. SOC'Y 11 (1998). The economic desirability of intellectual property laws has long been subject to harsh debate. See, e.g., Thomas MacCaulay, *The First Speech on Copyright* (Feb. 5, 1841), in *MACCAULAY'S SPEECHES ON COPYRIGHT AND LINCOLN'S ADDRESS AT COOPER UNION* 18 (Charles Robert Gaston ed., 1914) (opposing a bill to extend the duration of copyright protection). See also Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281, 350 (1970) (concluding that the “case for copyright protection is weak”). For a good overview of current economic analyses regarding copyright protection, and the difficulties in ascertaining with precision the precise scope of protection needed to create optimal economic conditions for innovation and dissemination, see RICHARD WATT, *COPYRIGHT AND ECONOMIC THEORY: FRIENDS OR FOES?* (2000).

An in-depth analysis of the economic basis for protection is beyond the scope of this Article. Nevertheless, given the current dominance of the United States in the export of copyrighted works, see *supra* note 4, it seems axiomatic that some positive connection between the two exists. While the precise

incentivizing nature of intellectual property protection is not limited to the United States. To the contrary, the “utilitarian” nature of intellectual property in encouraging learning and progress was recognized even in such a natural law and author’s rights country as France. During the French Revolution, when the sacred relationship between authors and their works was established, the utilitarian nature of such protection lay at its heart.

Joseph Lakanal, in introducing a successful resolution to the National Convention for acknowledging an author’s rights (as opposed to those of a publisher or theatre director), stressed the role between such protection and encouraging creative activity. He stated:

Citizens, of all the forms of property the least susceptible to contest, whose growth cannot harm republican equality, or cast doubt upon liberty, is property in the productions of genius. . . .By what fatality is it necessary that the man of genius, who consecrates his efforts to the instruction of his fellow citizens, should have nothing to promise himself but a sterile glory and should be deprived of his claim to legitimate recompense for his noble labors?¹¹

Despite the undeniable relationship between intellectual property protection and the encouragement of innovation and its economical benefits in both the domestic and international arena, intellectual property protection appears to be losing ground. Hostility to the incentivizing role of intellectual property protection has mounted in recent years. At the same time, the expansion of the public domain as the source of the building blocks for creativity has been assiduously promoted, almost to the point of placing new works into the public domain to be used by the next new creator.¹²

boundaries of such connections may be subject to dispute, even those who predict the death of copyright recognize its incentivizing properties in certain cases. Robert C. Denicola, *Mostly Dead? Copyright Law in the New Millennium*, 47 J. COPYRIGHT SOC’Y 193 (2000).

11. HESSE, *supra* note 2, at 119-120.

12. See, e.g., Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965 (1990) (stressing in her seminal analysis of the public domain the need to protect and expand the scope of the public domain by re-evaluating the scope of copyright protection). Litman states:

Because copyright’s paradigm of authorship credits the author with bringing something wholly new into the world, it sometimes fails to account for the raw material that all authors use. This tendency can distort our understanding of the interaction between copyright law and authorship. Specifically, it can lead us to give short shrift to the public domain by failing to appreciate that the public domain is the law’s primary safeguard of the raw material that makes authorship possible. *Id.* at 967. See, e.g., JAMES BOYLE, SHAMANS, SOFTWARE, AND SPLEENS: LAW AND THE CONSTRUCTION OF THE INFORMATION SOCIETY (1996) (challenging the “proPERTIZATION” of copyright and contending that such strong protection

harms the public domain); Yochai Benkler, *Free As the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain*, 74 N.Y.U. L. REV. 354 (1999) (contending that current constraints on the public domain in cyberspace harms necessary access to information); Julie E. Cohen, *Lochner in Cyberspace: The New Economic Orthodoxy of "Rights Management"*, 97 MICH. L. REV. 462 (1998) (suggesting that a limited rights regime in cyberspace more appropriately promotes market development by adequately protecting public access to works to encourage their use). For a discussion of how the expansion of the public domain, at the expense of strong copyright protection, is not limited to domestic regimes, but urged in the international arena as well on grounds of public welfare and social justice, see Ruth Gana Okediji, *Copyright and Public Welfare in Global Perspective*, 7 IND. J. GLOBAL LEGAL STUD. 117 (1999); Ruth Okediji, *Toward an International Fair Use Doctrine*, 39 COLUM. J. TRANSNAT'L L. 75 (2000). See also *infra* notes 77-94 and accompanying text (discussing the public interest balance struck under the United States fair use doctrine as currently applied). Claims for weakened protection through the expansion of a "fair use" right have included fair use for patents. Maureen A. O'Rourke, *Toward A Doctrine of Fair Use in Patent Law*, 100 COLUM. L. REV. 1177 (2000). Similar claims have been made for the "fair use" of trademarks beyond traditional statutory provisions. Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks As Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1990).

Case law similarly reflects an expansionist view of the public domain in the arena of fair use. With the formal adoption by the United States Supreme Court in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994), of the "transformative use" test for parodies, the right to use works to create commercially competitive works expanded to the point where the unauthorized use of copyrighted characters is now justified under the rubric of "parody" and "free speech." See, e.g., *Suntrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357 (N.D. Ga. 2001), *vacated*, 252 F.3d 1165, 1166 (11th Cir. 2001) (vacating the lower court's injunction on the grounds of unconstitutional prior restraint under the First Amendment with no discussion of the grounds for such ruling). Like "genericide" for trademarks, creation of a popular character may result in the dedication of that character to the public domain.

The view of the public domain as providing "democratic access to a common cultural inheritance on which no particular claim could be made" dates at least from Condorcet and the French Revolution. HESSE, *supra* note 2, at 121. Instead of being perceived as the enemy of the public, the author was imbued with the nature of a public servant whose activities actually contributed to the public domain by creating new works that, after the expiration of their period of protection, would be part of the public domain. *Id.* at 121-22. But see Andre Kerever, *The French Revolution and Authors' Rights*, 141 REVUE INTERNATIONALE DU DROIT D'AUTUER 9 (1989) (stressing the emphasis of the July 1793 decree in the dedication to the public of the copyrighted works at the expiry of the term of protection). This contributory nature of an author's activities seems largely ignored in the present debates.

Some uncompensated fair uses of copyrighted works are necessary to assure a proper balance between the author's rights to control her work, and the public's right to access and use. See *infra* notes 79-99 and accompanying text. Realistically, science, arts and knowledge cannot progress if no one can build on what came before. Yet, the talisman of "transformative use" seems to trump any consideration of the potential market impact, or more precisely, the free rider effect that certain so-called transformative uses may have. I am not convinced that the line which Justice Kennedy draws in *Acuff-Rose* regarding satire versus parody is a completely workable solution. *Acuff-Rose*, 510 U.S.

International piracy levels remain high in nearly all fields. The International Intellectual Property Association (“I.I.P.A.”) reported global losses in the copyright industry in 1999 of approximately \$2 to \$22 billion.¹³ Rates of piracy in some countries remain nearly 90%, with countries such as Bolivia, Brazil, Paraguay, the People’s Republic of China, Indonesia, Malaysia, the Philippines and Thailand marking nearly 100% piracy rates last year in certain industries.¹⁴ According to a recent report by the International Planning and Research Corp. (“I.P.R.C.”), the United States software industry lost nearly \$3.2 billion to software piracy in 1999, with an estimated loss of 106,000 jobs, representing \$5 billion in lost wages.¹⁵

Global piracy is not limited to developing and least developed countries where economic conditions may explain, if not excuse, reliance on pirated works due to their lower cost.¹⁶ To the contrary, the Motion Picture Association of America (“M.P.A.A.”) reported that off-line video piracy levels in the United States in 2000 caused approximately \$250 million in losses.¹⁷ The Recording

at 596 (Kennedy, J., concurring). Nevertheless, some predictable balance needs to be struck between permissible and impermissible free riders. There is a difference between “standing on the shoulders of giants” and ripping off those giants for the sake of personal financial gain. While plagiarism has a long, and relatively fruitful history, *see infra* note 58, thoughtful limits must be established to assure that the incentivizing purposes of protection have value.

13. Int’l Intell. Prop. Alliance, 2001 SPECIAL 301 REPORT (Feb. 18, 2000), at 2, available at <http://www.iipa.com/special301.html>.

14. *Id.* at Appendix A. The industry informally refers to many countries as “single program countries” since only one lawful copy of software was apparently sold. This single copy, in turn, serves as the source of all remaining illegal copies in the countries. While the story is no doubt apocryphal, the point seems supported by the nearly 100 percent piracy rates in some countries. According to the statistics contained in the Special 301 Report filed with the Office of United States Trade Representative (“U.S.T.R.”) in February 2001, Bolivia has 100% and Ukraine has 99% piracy in the motion picture industry; Brazil has 98% piracy in sound recordings; Paraguay, Indonesia and the People’s Republic of China have 99%, and Malaysia, Thailand and the Philippines have 98% piracy in entertainment (non-business application) software. *Id.*

15. Press Release, Bus. Software Alliance, First Guilty Verdict Under NET Act Draws Praise (May 15, 2001), available at <http://www.bsa.org/usa/press/newsreleases/2001-05-15.553.phtml>.

16. Because the pirate’s costs do not include any of the development and marketing costs that generally mark the launch of newly created software, film or sound recordings, the lower costs are axiomatic. In addition, pirates generally do not pay any local taxes or worry about the quality of their productions. Thus, a pirated copy is not always the equivalent of its legal alternative, even with today’s digital reproduction techniques. I have personally viewed many pirated DVD’s and VCD’s of various films produced in diverse countries where the sound or picture quality was extremely poor, to the point where the film was nearly unwatchable.

17. Motion Picture Ass’n of Am., *Anti-Piracy*, available at

Industry Association of America (“R.I.A.A.”) similarly reported losses of over \$1 million per day due to piracy in the United States.¹⁸ Furthermore, these levels of piracy do not account for revenue lost as a result of the widespread availability of illegally distributed copyrighted works via sites such as Napster (pre-injunction),¹⁹ Gnutella, Aimster, Warez, Scour and other Internet sites.²⁰

On the domestic front, voices are increasingly raised against the strong enforcement of intellectual property rights. At the founding of the republic, the United States perceived protection of these rights as critical to the promotion of learning and economic growth.²¹ Now, some criticize these protections for stifling the very

<http://www.mpaa.org/anti-piracy/content.htm> (last visited Aug. 17, 2001). Worldwide piracy was estimated to cost \$2.5 billion per year. *Id.* Neither of these figures includes losses as a result of illegal Internet distribution.

Admittedly the estimated figures for piracy cited in this Article should not be relied on for their unerring accuracy. The methods for estimating such losses are questionable at best. Industries are being asked to prove a negative (how many CD’s didn’t you sell this year?). The problematic nature of international enforcement efforts, which makes the collection of hard data even more difficult, magnifies this problem. I visited numerous countries in Asia, Latin America and Central and Eastern Europe where the illegal copies of software, music and films filling the markets were too numerous to count. In fact, in many countries, even retail stores sell pirated goods.

Although accurate estimates are difficult to obtain, the limited hard data regarding seizures of pirated goods and destruction of production lines seem to indicate that such figures accurately reflect the magnitude, if not the precise amount, of the problem. *See, e.g.*, Recording Indus. Ass’n of Am., U.S. and International Antipiracy Reports (2001), available at www.riaa.org/Protect-Campaign-3.cfm (reporting seizures of 300,700 pirated and bootleg sound recordings during the first six months in 1999 in the United States, such seizures excluding music videos and Internet piracy). This is a remarkable figure in a country with the *lowest* reported global piracy rate.

18. *Id.* This figure includes only offline piracy (unauthorized reproduction of phonorecords and compact disks by plants and other manufacturing facilities) and does not include estimated losses as a result of illegal Internet distribution or so-called “personal use” copies.

19. For a more detailed discussion of the Napster case, see *infra* notes 92, 96 and accompanying text.

20. Napster, Gnutella and Aimster are well-known web sites for peer-to-peer sharing of files of primarily copyrighted sound recordings. “Warez” is a generic term applied to the numerous web sites that offer illegal copies of software. “Scour” was the name of a web site that provided downloads of motion pictures. In addition to individual web sites that provide access to illegally reproduced works, auction sites such as e-Bay often sell counterfeit software.

21. *See supra* notes 7-9 *supra* and accompanying text. For a historical discussion of how every colony except Delaware already had copyright statutes that gave authors the right to protect their books, pamphlets and other works at the time the Patents and Copyrights Clause of the U.S. Constitution was adopted, see *e.g.*, BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW (1967); BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT (1967); LYMAN RAY PATTERSON, COPYRIGHT IN HISTORICAL

innovation the Founders intended to encourage. Indeed, some scholars suggest that the protection of copyrighted expression potentially violates free speech guarantees of the First Amendment.²²

PERSPECTIVE (1968); Crawford, *supra* note 8; Frank D. Prager, *A History of Intellectual Property from 1545 to 1787*, 26 J. PATENT OFF. SOC'Y 711 (1944). See also Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, 64 TUL. L. REV. 991 (1990) (analyzing the public/private protection values embodied in various pre-revolution colonial acts, which placed the author's interests before those of the public).

According to Patterson, early colonial statutes, the Patents and Copyright Clause, the first federal copyright statute, and the first significant Supreme Court decision concerning copyright protection, *Wheaton v. Peters*, 33 U.S. 591 (1834), reflected four basic ideas as to the purpose of copyright protection. These four basic ideas were: "that copyright is to protect the author's rights; that copyright is to promote learning; that copyright is to provide order in the book trade as a government grant; and that copyright is to prevent harmful monopoly." PATTERSON, *supra*, at 181. Each of these four purposes were reflected to varying degrees in each of the four significant legal developments in early U.S. copyright protection. *Id.* Securing the author's right in his work was the primary purpose of state statutes that were in existence prior to the Patents and Copyright Clause. *Id.* at 182. The Patents and Copyright Clause had as its primary purpose the promotion of learning. *Id.* at 193. The first federal copyright statute, enacted in 1790, had as its primary purpose the creation of a statutory grant to provide order in the book trade. *Id.* at 197-98. *Wheaton* had as its primary purpose the protection of author's rights. *Id.* at 208-209.

Despite what on its surface appears to be a splintering of rationale for copyright protection, closer analysis seems to indicate a historic convergence of thought. During the Constitutional Convention, both James Madison and Charles Pinckney submitted proposed lists of power for the general legislature that included the promotion of learning in connection with the grant of copyright and/or patent rights. *Id.* at 192. Madison's list included among its powers "[t]o secure to literary authors their copyrights for a limited time. To establish a university. To encourage, by premiums and provisions, the advancement of useful knowledge and discoveries." *Id.*

Pinckney similarly listed the following among his list of legislative powers: "[t]o establish seminaries for the promotion of literature, and the arts and sciences . . . To grant patents for useful inventions. To secure to authors exclusive rights for a limited time." *Id.* at 193. The Convention referred the proposals to a committee that subsequently recommended the language for the Patents and Copyrights Clause. *Id.* The Clause was adopted without debate. *Id.* Despite the paucity of evidence, it appears from both the language of the Clause itself and from its history, that promotion of progress and learning was one of the key goals of copyright protection. *Id.* at 193-94. The Statute of Anne, which certainly influenced pre-Constitutional U.S. copyright law, see *supra* notes 7-9, was entitled "An Act for the Encouragement of Learning by vesting the Copies of printed Books in the *Authors or Purchasers* of such Copies, during the Times herein mentioned," further supports this conclusion. *Id.* at 145 (emphasis in original). Similarly, the title of the first federal copyright act was "An Act for the encouragement of Learning, by securing the copies of maps, charts, and books to the authors and proprietors of such copies, during the times therein mentioned." *Id.* at 197.

22. See, e.g., Mark A. Lemley & Eugene Volokh, *Freedom of Speech and*

This is not the first time that intellectual property laws have come under strenuous attack. As Sheldon Halpern recognized, “[h]ostility to copyright has a long and honorable history.”²³ Thus, in an oft-cited speech, Lord Thomas McCaulay argued that while copyright might be necessary to ensure a “supply of good books,”²⁴ the monopoly that it imposed was at best a necessary evil. He warned, “[f]or the sake of the good we must submit to the evil; but the evil ought not to last a day longer than is necessary for the purpose of securing the good.”²⁵ Challenges to intellectual property protection, followed by re-examination and re-establishment of a degree of prior protection, appear to constitute an historic pattern.

Great Britain enacted the Statute of Anne, the first copyright statute to grant rights to authors, in 1709.²⁶ Britain enacted the statute in response to the “chaos”²⁷ to the British book publishing industry brought on by the lapse of the Licensing Act of 1662.²⁸ Similarly, in an effort to free printed words from the barbarous restraints of censorship, the early days of the French Revolution

Injunctions in Intellectual Property Cases, 48 DUKE L.J. 147, 241 (1998) (suggesting that preliminary injunctions in all copyright cases violate the First Amendment’s prohibition against prior restraints). See also *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985) (noting that copyright and the First Amendment serve countervailing principles); *Suntrust Bank v. Houghton Mifflin Co.*, 252 F.3d 1165 (11th Cir. 2001) (vacating a preliminary injunction in a copyright infringement case as an unconstitutional prior restraint in violation of First Amendment free speech guarantees); *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d 294 (S.D.N.Y. 2000) (demonstrating that First Amendment challenges under copyright cases have expanded to include other areas of copyright dispute, including the application of anti-circumvention prohibitions to prevent the dissemination of software code created to evade copy protection codes for films in DVD format).

23. Sheldon w. Halpern, *The Digital Threat to the Normative Role of Copyright Law*, 62 OHIO ST. L.J. 569, 595 (2001).

24. MaCaulay, *supra* note 10, at 21 (opposing a bill which would have extended the duration of copyright protections).

25. *Id.* at 23. See also Breyer, *supra* note 10; *infra* note 58 and accompanying text.

26. PATTERSON, *supra* note 21, at 144.

27. *Id.* at 143. Such “chaos” of course was not the sole reason for the final enactment of a statute, which, contrary to previous practice, recognized that authors, and not only publishers, had a protectable interest in their works. *Id.* at 143-144. See, e.g., MARK ROSE, *AUTHORS AND OWNERS: THE INVENTION OF COPYRIGHT* (1993) (stating that the final enactment of the Statute of Anne was the result of political battles between anti-censorship, anti-monopoly, pro-author and pro-publisher forces).

28. PATTERSON, *supra* note 21, at 143. In reality the Statute of Anne was a partial re-establishment of publisher’s rights, since the statute also granted rights to printers to bring actions against pirated works. *Id.* at 144. See, e.g., *Id.*; KAPLAN, *supra* note 21 (suggesting that publishers rather than authors were the intended beneficiaries of England’s first copyright statute).

saw the eradication of printer's regulations.²⁹ The ultimate result of this deregulation was the collapse of the French publishing industry. In her seminal work, *Publishing and Cultural Politics in Revolutionary Paris 1789 - 1810*, Carla Hesse documents the impact on the French printing industry of the elimination of protection for their distribution efforts. Instead of creating a "cultural world in which public exchange of ideas would be an authorless and classless form of social action"³⁰ commercial presses, freed of old regime restraints, poured forth ephemera, romance novels and pirated copies of previously published works. As profits plummeted, production of public domain texts became commercially unviable: "[t]exts in the public domain had become 'too free' to be spread through the mechanism of the commercial market."³¹

The arguments against censorship and undue restrictions on public dissemination of copyrighted works represented by these two historic developments have strong analogues in today's debates over the extension of copyright protection to the Internet.³²

Challenges to intellectual property protection on the basis of its adverse impact on technological development also have historical analogues. Debates over the potentially deleterious effect of patent and copyright protection on the nascent motion picture industry marked its development at the turn of the twentieth century. Patents granted to Thomas Edison for his new motion picture camera gave rise to "patent wars" between competing movie studios over the right to use the new motion picture technologies.³³ These patent wars were as hard fought and

29. HESSE, *supra* note 2, at 241. See also Kerever, *supra* note 12 (noting that the *droit d'auteur* of the French Revolution was "inspired by legal and economic considerations"); Ginsburg, *supra* note 21 (arguing that the French revolutionary legislature viewed copyright law as a way to advance public learning).

30. HESSE, *supra* note 2, at 242.

31. *Id.* at 243. This lack of commercial viability resulted in large part from the inability of printers to earn any income from the distribution of texts that were available for anyone to print. *Id.* It raises interesting questions regarding present claims for a broadened public domain and the value of ownership-less works on the Internet.

32. I am currently continuing to research the analogues between the experiences of the French Revolution and today's Internet "revolution" since I believe useful insights into the challenges and potential solutions that face our new efforts at freeing creative expression from the "shackles" of analog and print media may be obtained.

33. For an outstanding historical analysis of the various patent battles that occurred over early motion picture technologies, including Edison's own travails in obtaining patent protection for his kinetoscope, see EILEEN BOWSER, *THE TRANSFORMATION OF CINEMA 1907-1915* (History of American Cinema, vol. 2, Charles Harpole ed.) (1990); RICHARD KOSZARSKI, *AN EVENING'S ENTERTAINMENT: THE AGE OF THE SILENT FEATURE PICTURE 1915-1928* (History of American Cinema, vol. 3, Charles Harpole ed.) (1990);

fiercely debated as business methods patents on the Internet today. Companies raced to the Patent Office to tie up their technological advances, leading to countless legal challenges.³⁴ Such patent wars were not limited to the United States, but extended to Europe and the nascent film industries in Great Britain, France and Germany.³⁵ Despite claims that this technological protection threatened to stifle, if not permanently harm, the United States film industry, this industry constitutes over 5% of the gross domestic product today, amounting to \$457 billion in 2000.³⁶

II. DOOMED TO REPEAT HISTORY?

Hostility to intellectual property protection is not a new development. To the contrary, early efforts to develop a federal trademark law in the 1870's were met with judicial hostility. A strongly worded Supreme Court decision treated trademarks as poor, unimaginative stepchildren to their more "creative" relatives—patents and copyrights.³⁷ In words that must make those who create trademarks for new products and services cringe, the Court described trademarks as "the result of accident rather than design"³⁸ and "require[ing] no fancy or imagination, no genius, no laborious thought."³⁹ More recently in the 1980's,

CHARLES MUSSER, *THE EMERGENCE OF CINEMA: THE AMERICAN SCREEN TO 1907* (History of American Cinema, vol. 1, Charles Harpole ed.) (1990).

34. See sources cited *supra* note 33. These challenges were not limited to validity and patent interference proceedings but also included patent and copyright infringement challenges. Moreover, the problems faced by Edison's new technology were not limited to questions of patentability but also extended to the problem of whether the new creation of a motion picture was subject to copyright protection, and if so, what form any deposit should take for this new creation.

35. See sources cited *supra* note 33.

36. Jack Valenti, *COPYRIGHT & CREATIVITY - The Jewel in America's Trade Crown*, Address Before the Int'l Trademark Ass'n (Jan. 22, 2001), available at http://www.mpa.org/jack/2001/01_01_22b.htm.

37. *The Trademark Cases*, 100 U.S. 82, 94 (1879).

38. *Id.*

39. *Id.* In rejecting the claim that Congress's power to enact the 1870 Trademark Act could be supported by the Patents and Copyrights Clause, see *supra* note 7, the Supreme Court stressed the lack of creativity in the development of trademarks. *Id.* The Court stated:

Any attempt, however, to identify the essential characteristics of a trade-mark with inventions and discoveries in the arts and sciences, or with the writings of authors, will show that the effort is surrounded with insurmountable difficulties.

The ordinary trade-mark has no necessary relation to invention or discovery. The trade-mark recognized by the common law is generally the growth of a considerable period of use, rather than a sudden invention. It is often the result of accident rather than design, and when under the act of Congress it is sought to establish it by registration, neither originality, invention, discovery, science, nor art is

United States courts demonstrated hostility to the perceived monopolistic nature of copyrights and patents in a series of decisions that questioned the pro-competitive nature of such grants.⁴⁰

Present developments suggest that we have once again entered into a period of hostility to intellectual property protection. This hostility is not limited to those who seek to turn the Internet into a copyright-free zone on the unsupported basis that the free dissemination of "information" requires such freedom.⁴¹ To the contrary, recent trends to re-establish long-discredited doctrines threaten to undermine the balance struck by intellectual property laws between creators' rights and public access, and demonstrate hostility to the pro-competitive goals of

in any way essential to the right conferred by that act. If we should endeavor to classify it under the head of writings of authors, the objections are equally strong. In this, as in regard to inventions, originality is required. And while the word writings may be liberally construed, as it has been, to include original designs for engravings, prints, &c., it is only such as are original, and are founded in the creative powers of the mind. The writings which are to be protected are the fruits of intellectual labor, embodied in the form of books, prints, engravings and the like. The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it . . . It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation . . . [W]e are unable to see any such power in the constitutional provision concerning authors and inventors, and their writings and discoveries.

Id.

40. See, e.g., *Digidyne Corp. v. Data Gen. Corp.*, 734 F.2d 1336 (9th Cir. 1984) (citing cases which refer to the government's grant of a patent or copyright as a monopoly that gives rise to presumptions of economic and market power that may warrant a *per se* prohibition). See also Comm'r Shelia F. Anthony, *Antitrust and Intellectual Property Law: From Adversaries to Partners*, 28 AM. INTELL. PROP. L. ASS'N Q.J. 1, 5 (2000) (noting the government's "Nine No-Nos" listing the types of licensing activities, including grant backs and cross licensing of patents that could lead to antitrust liability for such activities). Cf. *Miller Instituform, Inc. v. Instituform of N. Am., Inc.*, 830 F.2d 606, 608-609 (6th Cir. 1987) (describing various ways in which a patent holder might violate the antitrust laws). The courts' hostility to the monopolistic nature of patent and copyright grants was alleviated somewhat by the First Circuit's decision in *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147 (1st Cir. 1994). The court rejected the view that ownership of a copyright could be considered a grant of monopoly power sufficient in itself to raise antitrust concerns over marketing arrangements. *Id.* at 1187. The "Nine No-No's" policy was alleviated by the issuance of new Merger and Licensing Guidelines by the Department of Justice in the early 1990's.

41. An indefensible position, in my view, since it fails to distinguish between information (or facts) that falls outside the strictures of copyright protection and "expression" protected under copyright law. The popularity of web sites such as Napster has little to do with the spread of "information" and everything to do with the illegal reproduction of popular artistic expression.

intellectual property protection.

These trends appear to be based on the assumption that reductions in intellectual property protection serve public welfare needs for free or inexpensive access to IP-protected works. Whether dressed in the guise of arguments regarding the “common heritage of mankind,”⁴² economic need based on lower standards of living,⁴³ the “bad bargain” of international negotiations,⁴⁴ “information wants to be free,”⁴⁵ or the right to personal use of any IP-based work “because it’s there,”⁴⁶ these challenges seek to

42. See, e.g., Doris E. Long, *Copyright and the Uruguay Round Agreements: A New Era of Protection or An Illusory Promise?*, 22 AM. INTEL. PROP. L. ASS’N Q.J. 531 (1994) (noting that these arguments are most often raised in international settings and are based on the view that certain intellectual property, most often those related to technology or scientific inventions, qualifies as a common heritage of mankind for which no protection should be allowed).

43. This argument is most often raised in international settings. The argument is based on the premise that intellectual property rights most often result in the request for some type of payment (“rent”) before the right can be used. Given the lower standard of living in many developing and least developed nations, this rent cost imposes an unequal burden on such countries. Since pirated products are invariably cheaper than the legitimate product, the lower standard of living excuses the use of pirated products because cost differentials provide no realistic ability to purchase legitimate products. Although this argument was most often raised with regard to technological and scientific works, including for example, access to low cost pirated drugs, some use the argument to justify the purchase of all categories of pirated goods, including pirated copies of motion pictures and sound recordings.

44. The perceived unequal bargaining powers of the various nations that participated in the Uruguay Round Negotiations, which ultimately resulted in the TRIPS agreement, serves as the basis of the “bad bargain” argument. See, e.g., Marci A. Hamilton, *The TRIPS Agreement: Imperialistic, Outdated, and Overprotective*, 29 VAND. J. TRANSNAT’L L. 613 (1996) (raising the argument that the strong protection for intellectual property rights under TRIPS should be reduced because they represent an unfair agreement between developed and developing countries).

45. *Id.* at 625. This phrase is used to justify a wide array of copyright infringing activity using the Internet on the grounds that controls over content are contrary to the information sharing purposes of the Internet. This argument is often raised in domestic debates over the scope of protection to be afforded copyrighted works on the Internet.

46. The most recent example of this argument appears to be the arguments based on the unauthorized reproduction and distribution via the Internet of copyright-protected sound recordings. Many people justified their use of Napster on the grounds that since music companies “rip off” the artist by providing inadequate compensation for the musician’s work, it is acceptable to “rip off” the music companies. Of course, the fact that the artist loses twice (being “ripped off” by both the music company and her purported fans) does not seem to be part of the equation. The additional rationale that such unauthorized copying does not really harm the artist because they earn most of their income from concerts sounds reminiscent of the arguments used during the 19th century to justify the unauthorized publication of works in the

reduce present levels of protection for intellectual property.

Certainly, absolute protection of intellectual property rights, with no recognized exceptions for "fair" or compulsory uses,⁴⁷ is no more acceptable than reducing protection to levels that destroy the economic incentives represented by current protection regimes.⁴⁸ The history of intellectual property protection is replete with efforts by lawmakers, courts and international organizations to strike an acceptable balance between protection and free access based on perceived societal needs.⁴⁹ Clearly no bright line rule is possible.⁵⁰ The potentially disastrous impact that errors on the

United States of the novels of Charles Dickens and other foreign authors. Like modern day musicians, foreign authors could always recoup their lost earnings through readings, such as Dickens undertook in America. The adequacy of this option is probably most clearly answered by Victor Hugo, who chaired the First Author's Union. The union's activities eventually led to the adoption of the Berne Convention and the first multinational treaty regime establishing international protection for copyright.

47. I used the traditional term of "fair use" as codified in Section 107 of the U.S. copyright law and expressed more broadly in Article 13 of TRIPS. *See, e.g.*, 17 U.S.C. § 107 (2001) (listing factors to consider in determining fair use); TRIPS, *supra* note 6, art. 13, 33 I.L.M. at 88 (establishing a right that is contrary to the general requirement of compensation for use of a copyrighted work but which is limited in its applications to those uses which are perceived to be of social utility). I do not mean to suggest by this comparison that TRIPS and U.S. fair use doctrines are necessarily co-extensive, merely that the two aim to reach the same types of socially useful uncompensated uses.

48. The philosophical basis for intellectual property protection under domestic regimes may vary from Lockean labor reward theories, to natural rights, to property rights, to personality protection. At the international level, however, TRIPS plainly established that its intellectual property protection regime was based strictly on the utilitarian (trade) value of intellectual property law. First and foremost, TRIPS was a trade agreement, negotiated under the auspices of GATT, a trade organization. More significantly, even the language of TRIPS emphasizes the utilitarian nature of the protection at issue. In the preamble, TRIPS stresses that the protections contained in the Agreement were designed "to reduce distortions and impediments to international trade . . . and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade . . ." TRIPS, *supra* note 6, Preamble, 33 I.L.M. at 84.

49. The Berne Convention's Protocol Regarding Developing Countries represents such an accommodation between copyright owners and the public. It grants developing countries the right to certain uncompensated uses of copyrighted works, including the right of translation and dissemination where works are not available in native language editions. *See, e.g., Berne Convention, supra* note 6, art. 21, 828 U.N.T.S. at 253, 281 (incorporating by reference the "Protocol Regarding Developing Countries"). Such accommodations are also apparent in domestic fair use and fair dealing exceptions to copyright protection. *See infra* notes 79-96 and accompanying text.

50. Even attempts to examine the economic viability of copyright protection recognized that optimal economic operation of a protection system requires some degree of unprotected use, but not where that line should be drawn with any degree of precision.

side of free access can have on today's global economy, however, mandates that any reduction be applied cautiously.

As the world discovered in 1994, when the disastrous re-evaluation of the Thai Baht led to severe financial crises throughout Asia, modern globalization connected world economies in ways previously unseen. This interconnectedness is not limited to economic matters. To the contrary, countries rapidly adopt the changes made another country or region in order to match the breadth of intellectual property rights protection. Such adoptions are even more likely where the change in protection provides a competitive advantage.

In 1993, the European Union ("E.U.") extended the term of copyright protection beyond the traditional life plus fifty year period established under the Berne Convention⁵¹ to life plus seventy years.⁵² United States lawmakers rapidly followed suit on the grounds that such protection was a competitive necessity.⁵³ Other than a concern over E.U. authors somehow achieving greater protection than United States authors, it is difficult to see how an extra twenty years of protection *after the author's death* incentivizes creation. In the absence of such incentivization, the harm to the public domain by removing these works for additional periods of time seems unjustified. Yet, the "me too" syndrome of globalization continues to push countries to adopt similar standards of protection, even where such protection has a questionable competitive impact. Thus, even though there was criticism of the extension of United States patent protection to business methods on the Internet, the European and Japanese Patent Offices thereafter began to recognize and grant such patents.⁵⁴ Admittedly, the basis for such European and Japanese

51. *Berne Convention*, *supra* note 6, art. 7, 828 U.N.T.S. at 235.

52. Council Directive 93/98 of 29 October 1993 Harmonizing the Term of Protection of Copyright and Certain Related Rights, art. 1, 1993 O.J. (L 290).

53. S. REP. NO. 104-315, at 5 (1996). *See generally* J.H. Reichman, *An Evaluation of the Copyright Extension Act of 1995: The Duration of Copyright and the Limits of Cultural Policy*, 14 CARDOZO ARTS & ENT. L.J. 626 (1996) (criticizing the then-pending legislation to extend copyright protection). Other than a concern over European Union authors somehow achieving greater protection than U.S. authors, it is difficult to see how an extra twenty years of protection after the author's death incentivizes creation. In the absence of such incentivization, the harm to the public domain by removing these works for additional periods of time is unjustified.

54. *Cf.* Japanese Patent Law, § 29 (1998) (requiring an invention to have an industrial application); Convention on the Grant of European Patents, Oct. 5, 1973, art. 52, 1993 O.J. (L 290) (requiring an invention to be "susceptible" to industrial applications); *State St. Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368 (Fed. Cir. 1998) (requiring "technological arts" for business method patent protection to apply). *See generally* John R. Thomas, *The Post-Industrial Patent System*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 3, 58 (1999) (concluding that "the frontiers of the patent system appear virtually

protection is slightly different, since both countries impose a technical application requirement on the grant of patents that is not precisely required under United States law.⁵⁵ Nevertheless, each country apparently felt compelled to extend protection to such methods, despite initial reluctance.

These examples demonstrate that, in today's interconnected global economy, once the "genie is out of the bottle" in a single country, it is virtually impossible to replace it in *any* country. In view of the increased global impact of any erroneous decision regarding the scope of protection to be afforded IPR, recent decisions by the United States Congress and courts to resurrect old doctrines such as the "duty of election"⁵⁶ need to be quickly reconsidered (and remedied) before these decisions cause unintended (and unfortunate) consequences on both domestic innovation and international protection.⁵⁷

III. INCENTIVIZING CREATIVITY AND WEALTH PRODUCTION

Much of the current debate over the proper role of intellectual property protection in a civil society rests on the answer to a fundamental question: To what extent does intellectual property protection encourage the creation of innovative works and inventions? To the extent that intellectual property protection encourages such creation, it should be supported. Of course, there is a corollary to this question: To what extent does intellectual property protection encourage the development of domestic or export industries, thus fueling economic development? For developing and least developed countries, this corollary question may be even more significant as such countries strive to improve the standards of living of their citizens through individual and technological development.

Clearly, intellectual property protection is not a pre-requisite to the encouragement of all creative acts. Like many others, I have several unpublished novels hidden in my desk drawer that were created without thought (or even hope) of monetary reward or economic exploitation. Consequently, the possibility of intellectual property protection had little to do with their creation.

without limit").

55. See sources cited *supra* note 53.

56. See discussion *infra* Part V.B.

57. See *infra* note 99. This concern about unintended global consequences undeniably applies to decisions that improperly extend the scope of protection as well as those which improperly limit such protections. Nevertheless, given the already heightened global hostility to IPR generally, errors on the side of less protection seem to create a more immediate problem since they provide a ready excuse for pirates who already seek to diminish the rights of intellectual property owners for free rider purposes.

As Mark Rose acknowledged in his work *Authors and Owners*, the absence of copyright law and an abundance of plagiarism marked one of the periods of greatest achievement in English literature—the Elizabethan Age.⁵⁸

Similarly, many inventors created their break through inventions long before patent regimes existed to protect those inventions. Gunpowder, the printing press and time clocks developed without the benefit of the economic incentives offered by present-day intellectual property protection regimes. These examples demonstrate that the economic exploitation guarantees contained in present intellectual property regimes are not required to encourage *all* innovation. The image of the starving artist in the garret, or the mad scientist in the basement remain powerful images, and to a certain extent retain their validity as emblems of creative endeavors. Nevertheless, entire categories of innovative works and products exist that undoubtedly would *not* have been created without the economic incentives provided by intellectual property laws,⁵⁹ especially those works and products that require intensive capital investment in their creation, commercialization or distribution. Medicines, motion pictures, and sophisticated computer software programs are some of the most obvious examples of works whose creation is encouraged by strong intellectual property laws.

According to the Pharmaceutical Research and Manufacturers of America (“Ph.R.M.A.”), the average cost of creating, testing, and marketing a new drug is approximately \$500 million.⁶⁰ “Of every 5,000 medicines tested, on average, only five are tested in clinical trials and only one” of those actually receives approval for patient use.⁶¹ Moreover, the average time to bring a new drug to market, including the time required to establish

58. Among the most well known instances of such unauthorized “borrowing” being, of course, Shakespeare’s liberal use of works by fellow dramatist Christopher Marlowe and others. KAPLAN, *supra* note 21; ROSE, *supra* note 27. For suggestions that copyright serves little purpose in encouraging true creativity since everything is derivative, see *e.g.*, Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC’Y 209, 218 (1983); Landes & Posner, *supra* note 10, at 332; David Lange, *Recognizing the Public Domain*, 44 LAW & CONTEMP. PROBS. 147, 171-73 (1981). Nevertheless, although I agree that ideas and even plot structures may be derivative, creativity in literary and artistic media is certainly not limited to these narrow categories.

59. See, *e.g.*, Paul Edward Geller, *Copyright History and the Future: What’s Culture Got to Do with It?*, 47 J. COPYRIGHT SOC’Y 209 (2000) (recognizing that creativity alone does not encourage the updating of treatises and other works which the author labels as “scrivener’s” works).

60. Pharm. Research Mfrs. of Am., *Why Do Medicines Cost So Much?*, at <http://www.phrma.org/publications/publications/brochure/questions/whycostmch.phtml> (last visited Aug. 17, 2001).

61. *Id.*

safety, is approximately twelve to fifteen years.⁶² Only three out of ten marketed drugs actually generate enough income to meet or exceed their average research and development costs.⁶³ Similarly, the successful creation, beta testing and commercialization of a computer software program are labor and capital intensive.⁶⁴

In the early days of cinema, films required little more than a hand-cranked camera and a few actors on an open-air sound stage.⁶⁵ In contrast, today's movies represent multi-million dollar investments. The average major studio film in 1999 cost approximately \$80 million to produce and market.⁶⁶ The industry estimates that only one in ten films earns back its investment through domestic theatrical distribution.⁶⁷ The music industry is also extremely labor and capital intensive, with only 15% of released recordings generating enough revenue to cover their costs.⁶⁸

There is no question that other avenues to secure funding for medical research or film production outside commercial exploitation (such as philanthropic institutions) exist. Similarly, computer programs such as Linux, Gnutella and other open source programs continue to be developed and perfected. The reality, however, is that the absence of market incentives for the perfection of such programs generally delays the creation of viable versions of computer programs.⁶⁹ To the extent that the rapid

62. *Id.*

63. *Id.*

64. Figures for software development remain notoriously closely guarded, as do the methods of determining the actual cost of software development. Nevertheless, the scope of research and the budgets for such research at large multinational software companies such as Microsoft and Adobe indicate that the costs equate with those of films and pharmaceuticals companies. *See, e.g.*, Press Release, Microsoft Corp., Microsoft Corporation Financial Highlights First Quarter of Fiscal Year 2001 (Dec. 20, 2000), available at www.microsoft.com/msft/earnings/FY01/q101-finhighlights.htm (stating that research expenditures for Microsoft totaled \$956 million for the first quarter of fiscal year 2001.).

65. *See, e.g.*, BOWSER, *supra* note 33, at xi (tracing the development of film from a "hand-crafted amusement" to a medium of mass communication).

66. Valenti, *supra* note 36.

67. *Id.*

68. Recording Indus. Ass'n of Am., *Campaign Against Piracy: Effects*, at <http://www.riaa.org/Protect-Campaign-3.cfm> (last visited Aug. 17, 2001). The article further acknowledges that piracy has an exponential impact on earnings because "[t]he thieves often don't focus on the eighty-five percent [that don't generate the necessary revenue to recoup costs]; they go straight to the top and steal the gold." *Id.*

69. *See, e.g.*, Ben Charny, *Gnutella Spreading Itself Thin*, ZDNET NEWS, Jan. 29, 2001, available at <http://www.zdnet.com/filters/printerfriendly/0,6061,2679303-2,00.html> (stating that Gnutella, for all its hype, remains a program that is still difficult to use). Furthermore, it is worth remembering that, although offered without charge, Napster was developed under corporate auspices for commercial use.

development of successful programs is a technological benefit (which I believe it is), we cannot afford to rely solely on whim for the creation of software to meet our increasing technological needs. Copyright and patent protection provide the necessary economic incentives for programmers not only to create the software, but more importantly, to spend the additional time and resources debugging these programs.

As a corollary to incentivizing creation, modern intellectual property laws also assist in advancing a country's economic and commercial development. There is no question that strong international protection for intellectual property rights provides greater per dollar benefit to those countries with the greatest number of globally pirated products. Yet, the recipients of the largest real economic benefit may well be those countries that use such protection to advance domestic economic growth by exploiting new opportunities in wealth creation.

Put another way, Madonna may decide to continue recording music regardless of the number of pirated copies of her latest release. The loss of royalties to her from piracy may be a fraction of her real earnings globally, and of relatively little consequence to her decision to pursue her chosen career. In contrast, piracy may severely impact an unknown artist, or an artist struggling to earn a living in a developing country, because the loss of earnings may constitute a greater percentage of the artist's actual earnings.⁷⁰

The role of intellectual property protection in encouraging the growth and development of local industry has been amply demonstrated. In his well-known work, *Intellectual Property Policies for the Twenty-First Century: The Japanese Experience with Wealth Creation*, Hisamitsu Arai amply illustrates how various Japanese companies, such as Honda, Sony, and Matsushita, used the availability of patent protection to develop an aggressive research and development program aimed at creating and exploiting patentable inventions.⁷¹ This program ultimately helped Japan to convert from a country notorious for its poorly manufactured knock-offs of Western technology, to a country that is now one of the key exporters of technology. As Arai describes the conversion, Japan evolved from a country that sought information on other country's patents to one that is now a patent *licensor*. Similar examples of the use of copyright

70. My thanks to Roger Lawrence for suggesting this hypothetical. I have not been able to express it as eloquently and thoroughly as he did in our discussions. Any errors created by my oversimplification are mine alone.

71. ARAI, *supra* note 10, at 20-24. Arai provided a detailed analysis of the structure of such a wealth creation program, including the role of patents in the creation cycle, the use of university research, the scope of protection required to create a "patent market," and the types of examination and use needed to assure that patents reach their full potential in creating wealth. *Id.*

protection to assist in the development of local culture industries are apparent in Shahid Alikhan's recent work, *Socio-Economic Benefits of Intellectual Property Protection in Developing Countries*.⁷² In addition to noteworthy growth in the technology industry by Malaysia and India who have combined intellectual property protection with domestic investment in educational and technological infrastructures, Alikhan's sketches the growth of the software industry in China, which created more than 60,000 jobs and generated nearly \$220 million in tax payments in 1997.⁷³

Undoubtedly, the benefits of IPR protection are not evenly dispersed and the pace of commercialization in a given country depends on a variety of factors external to intellectual property protection.⁷⁴ Thus, the impact on any particular country's industrial and commercial development depends on its ability to exploit the benefits obtainable from heightened IPR protection. As Keith Maskus in his seminal work, *Intellectual Property Rights in the Global Economy*, recognized:

[S]tronger IPRs have considerable promise for expanding flows of trade in technical inputs, FDI, and licensing. These in turn could expand the direct and indirect transfer of technology to developing nations. Such gains may not be uniformly available to all developing countries, of course But more advanced developing nations could well benefit from the new policy regime and its ability to shorten technological distances between core technology providers and technology followers Technology learning must shift from uncompensated imitation of lower-quality techniques to compensated acquisition of higher-quality techniques. The source of information spillovers should move from copying by free riders to incremental innovation by fair followers.⁷⁵

Part of the wealth creation process facilitated by IPR protection lies, *not* merely in the incentivization of *innovation*—the creation of new works, but also in the incentivization of the *dissemination* of those newly created works to the public. Removal of legal protection for publishers and other disseminators of copyrighted works has a deleterious impact on the quality and scope of public dissemination of published works.⁷⁶ While dissemination seems easier today with the advent of self-publishing on the Internet, similar to the lessons learned during the French Revolution, elimination of publishing houses through the elimination of the profit obtainable under strong IPR

72. ALIKHAN, *supra* note 10.

73. *Id.* at 65.

74. These factors include, *inter alia*, infrastructure development, a standard of living that gives rise to disposable income and the size of the domestic market for consumer goods.

75. MASKUS, *supra* note 10, at 236-237.

76. *See supra* notes 29-31 and accompanying text.

protection may severely impact the public availability of a broad range of works. Despite the ubiquity of the Internet in the United States, the reality is that only seven percent of the world's population had access to the Internet in December 2000.⁷⁷ For over 90% of the world's population, public dissemination over the Internet is *not* a realistic alternative. Balances between creator protection and public access must continue to be struck to assure protection of all avenues of public dissemination, including those of traditional publishing and media outlets.

IV. STRIKING THE PUBLIC INTEREST BALANCE

Although IPR protection serves the goals of commercialization and technological advancement, overbroad intellectual property protection undoubtedly stifles innovation. It is axiomatic that no "new" work ever existed in the area of copyright. As Zechariah Chafee recognized years ago: "the world goes ahead because each of us builds on the work of our predecessors. 'A dwarf standing on the shoulders of a giant can see farther than the giant himself.' Progress would be stifled if the author had a complete monopoly of everything in his book . . ."⁷⁸ Plot lines, *scènes à faire* and other ideas properly remain outside the scope of protection to assure continued free use of the necessary building blocks of literary, artistic and musical works.⁷⁹ Yet, what is critical to the continued incentivization of innovation is a firm acknowledgement that the expressive aspects of a work are *not* merely derivative. To the contrary, those elements represent true creativity, entitled to protection against free-riding derivations.

The balancing act between the rights of authors and the need of the public for access and use of the author's work is a historic one. Not long after the enactment of the Statute of Anne, courts in England recognized an exception they called "fair abridgment" to the newly granted author's right to protect her works.⁸⁰ The

77. Nua.com, *How Many Online?*, at http://www.nua.com/surveys/how_many_online/world.html (last visited Sept. 21, 2001).

78. Zechariah Chafee, Jr., *Reflections on the Law of Copyright: I*, 45 COLUM. L. REV. 503, 511 (1945).

79. See, e.g., 17 U.S.C. § 102(b) (2001) (excluding from protection under U.S. copyright law "any idea, procedure, process, system, method of operation, concept, principle or discovery"). See also TRIPS, *supra* note 6, art. 9, 33 I.L.M. at 87 (excluding copyright protection for "ideas, procedures, methods of operation or mathematical concepts as such"). Admittedly the question of where to draw the line between protectable expression and unprotectable ideas or facts is not always easy. See, e.g., *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 49 F.3d 807 (1st Cir. 1995), *aff'd by an equally divided court*, 516 U.S. 233 (1996) (per curiam) (finding menu command hierarchy found unprotected under copyright as a method of operation).

80. *Gyles v. Wilcox*, 26 Eng. Rep. 489 (1740). For a review of early English

United States later adopted this doctrine in *Folsom v. Marsh*,⁸¹ and eventually codified it in Section 107 of the Copyright Act of 1976.⁸²

What is notable about the fair use doctrine and its role in establishing a balance between author protection and uncompensated use of a copyrighted work is the absence of predictable application. As Justice Leval recognized in his seminal article on the issue, “[w]hat is most curious about this doctrine [of fair use] is that neither the decisions that have applied it for nearly 300 years, nor its eventual statutory formulation, undertook to define or explain its contours or objectives.”⁸³ In support of his claim for the lack of predictable standards for applying fair use exceptions to protection, Justice Leval cited the checkered path of five significant copyright cases—the Howard Hughes biography case,⁸⁴ the Sony Betamax case,⁸⁵ the Ford memoirs case,⁸⁶ the Salinger biography case,⁸⁷ and the Elron Hubble biography case.⁸⁸ Justice Leval’s concern about the lack of predictability has no less resonance today where such significant fair use cases as the “Pretty Woman” parody case⁸⁹ and the “Wind Done Gone” case⁹⁰ had an equally checkered path, with each court reaching diametrically opposed decisions on the application of fair

case law, see WILLIAM F. PATRY, *THE FAIR USE PRIVILEGE IN COPYRIGHT LAW* 6-18 (2d ed. 1995); Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990).

81. 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901).

82. 17 U.S.C. § 107 (2001). This statute lists four non-exclusive factors for courts to consider in determining whether a claimed use qualifies as a “fair” one. *Id.* These factors are: (1) whether the challenged use is for profit or commercial purposes, (2) the nature of the work being copied, (3) the extent of the original being used without permission, and (4) the potential market impact of the unauthorized use. *Id.*

83. Leval, *supra* note 80, at 1105.

84. *Rosemont Enters., Inc. v. Random House, Inc.*, 256 F. Supp. 55 (S.D.N.Y. 1966), *rev’d*, 366 F.2d 303 (2d Cir. 1966) (dealing with the protection of fact research regarding an unauthorized biography).

85. *Universal City Studios, Inc. v. Sony Corp. of Am.*, 480 F. Supp. 429 (C.D. Cal. 1979), *rev’d*, 659 F.2d 963 (9th Cir. 1981), *rev’d*, 464 U.S. 417 (1984) (dealing with home taping of broadcast television programs).

86. *Harper & Row Publishers, Inc. v. Nation Enters.*, 557 F. Supp. 1067 (S.D.N.Y. 1983), *rev’d*, 723 F.2d 195 (2d Cir. 1983), *rev’d*, 471 U.S. 539 (1985) (dealing with the line between historical fact and protected expression in connection with President Ford’s memoirs concerning the Nixon pardon).

87. *Salinger v. Random House, Inc.*, 650 F. Supp. 413 (S.D.N.Y. 1986), *rev’d*, 811 F.2d 90 (2d Cir. 1987) (dealing with the right of first publication).

88. *New Era Publ’ns Int’l v. Henry Holt & Co.*, 695 F. Supp. 1493 (S.D.N.Y. 1988), *aff’d on other grounds*, 873 F.2d 576 (2d Cir. 1989) (dealing with the use of copyrighted materials in biographies).

89. *Acuff-Rose Music, Inc. v. Campbell*, 754 F. Supp. 1150 (M.D. Tenn. 1991), *rev’d*, 972 F.2d 1429 (6th Cir. 1992), *rev’d*, 510 U.S. 569 (1994).

90. *Suntrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357 (N.D. Ga. 2001), *vacated*, 252 F.3d 1165 (11th Cir. 2001) (per curiam) (dealing with the publication of a parody based on the copyrighted work *Gone with the Wind*).

use standards.

This continued lack of predictability in the application of fair use standards has been exacerbated in recent years by the increasing protection sought for commercially based, uncompensated “fair uses” under the guise of public welfare or free speech needs. The current debate over the application of copyright laws to Napster, MP3.com, and other unauthorized digital distribution systems, appears to go beyond traditional areas of fair use. These traditional areas — criticism, education and news reporting among others — at least balanced the protection of authors’ rights against the perceived social benefits obtained by allowing uncompensated uses to further socially useful interests.⁹¹ Modern claims for exemptions based on the right to distribute copyrighted works over the Internet, by contrast, appear to reside in the very nature of digital distribution. It is almost as if the technological *ability* to do an act (e.g., download music) must immediately give rise to the legal *right* to do the act.

Napster justified its offering of software, which allowed peer-to-peer transfer of sound recordings and an indexing system which facilitated such transfers, on the grounds of its users’ personal use and space shifting rights.⁹² Similarly, MP3.com attempted to justify its unauthorized reproduction of thousands of copyrighted sound recordings on the grounds of its users’ fair use right to space shift songs from the CD to their computer or other portable hard drive.⁹³

Courts, to date, have resisted the logic of these arguments in denying relief to Napster⁹⁴ and MP3.com⁹⁵ because of their unauthorized use of another’s copyrighted works. Nevertheless, the application of the fair use doctrine to other examples of commercial appropriation remains problematic. Thus, for

91. See, e.g., 17 U.S.C. § 107 (2001) (listing criticism, news reporting and education as examples of fair use); *Berne Convention*, *supra* note 6, art. 10, 828 U.N.T.S. at 239 (listing quotations and teaching as examples of fair use).

92. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1014 (9th Cir. 2001).

93. *UMG Recordings, Inc. v. MP3.Com, Inc.*, 92 F. Supp. 2d 349, 350-351 (S.D.N.Y. 2000).

94. In *A&M Records*, the Ninth Circuit upheld the lower court’s injunction against Napster’s continued support for the unauthorized distribution of copyrighted sound recordings. *A&M Records*, 239 F.3d at 1029. Rejecting Napster’s claims that its activities, including providing the software used to facilitate peer-to-peer distribution and an indexing system qualified as fair uses, the Ninth Circuit analogized Napster’s role to that of an operator of a flea market whose actions facilitate the sale of pirated goods. *Id.* at 1023.

95. In *UMG Recordings*, the court similarly rejected MP3.com’s efforts to wrap its activities the alleged right of CD owners “space shift” their works onto computer hard drives. *UMG Recordings*, 92 F. Supp. 2d at 352-53. The court properly recognized that MP3.com failed to take the necessary precautions (including assuring ownership of the “space shifted” works) to take advantage of any such fair use. *Id.* at 352-53.

example, in an opinion that is notable for its brevity and lack of discussion of precedent, the Eleventh Circuit Court of Appeals recently overturned an injunction prohibiting the distribution of a purported parody of Margaret Mitchell's *Gone with the Wind*.⁹⁶ The issues addressed by the lower court included such critical questions as the scope of allowable transformative use in parodies, derivative works based on characters, market impact in fair use analysis and the relationship between the First Amendment, copyright and the public interest.⁹⁷ Yet, the appellate court simply reversed the grant of the injunction with the terse explanation that such injunction qualified as a "prior restraint under the First Amendment."⁹⁸ On its face, this decision has the potential for eliminating injunctive relief in future copyright cases whenever the defendant raises a colorable fair use defense. Such tilt in the delicate balance between author protection and uncompensated public use could have untold consequences for intellectual property incentivization in the future.⁹⁹

The courts' growing hostility toward intellectual property protection, however, is not limited to what appears to be a continued lack of predictability in the application of the fair use doctrine. To the contrary, the courts and Congress have taken other steps, which may ultimately have the effect of critically undermining intellectual property rights at a time when such errors may not be readily correctable.¹⁰⁰

96. *Suntrust Bank*, 252 F.3d 1165.

97. *Id.*

98. *Id.*

99. It may also have an adverse impact on future international protection of copyright since the ability to obtain such injunctive relief in copyright cases is a treaty obligation under Article 50 of TRIPS. *See, e.g.*, TRIPS, *supra* note 6, art. 50, 33 I.L.M. at 102 (requiring the availability of provisional measures, including preliminary injunctive relief, in infringement cases).

100. I do not mean to suggest that all current developments in U.S. intellectual property laws aim to reduce protection. To the contrary, in what I believe is a mistaken move to follow a wrong-headed decision of the E.U., the U.S. extended copyright protection for an additional twenty years beyond the then-existing life plus fifty years. *See supra* note 53 and accompanying text. Despite the ill-advised nature of the extension, globalization appears to guarantee that perceived extensions in protection, regardless of their merit, will be followed, even where such protection threatens incentivization or public welfare interests. For the same reason, protection against the use of anti-circumvention devices should be applied cautiously. While an owner has the right to "lock" up his goods against "burglary," he does not have the right to use "burglary tools" to prohibit all access to a copyrighted work. Thus, for example, where a work only exists in digital format protected by copy codes, or where the lack of access to a digital version of a work makes access for purposes of scholarship, criticism or education excessively costly or difficult, anti-circumvention prohibitions should not apply.

V. YALE RESURRECTED

At the height of intellectual property protection in the United States in the 1980's, intellectual property owners had the luxury of protecting their creations in as broad a manner as possible. Inventors could seek patent protection for their inventions while maintaining their right to protect these inventions under trade secret law during the application process. At least until the patent issued, a patent application was confidential.¹⁰¹ If the patent did not issue, the inventor could still seek to protect her invention under trade secret doctrines since she had not made any public disclosure of her invention sufficient to eliminate such protection.

In a similar vein, computer code for which copyright registration was sought could retain its trade secret nature despite the requirement of the filing of a publicly available copy of the code in question.¹⁰² Copyright Office regulations allowed the submission of such computer code under special masking requirements designed to protect the confidentiality of the submitted code.¹⁰³ These requirements allowed the submission of the first and last twenty-five pages of the code in question.¹⁰⁴ Portions of this deposit could be masked so long as sufficient expression was disclosed in the deposit to allow for identification of the code in question.¹⁰⁵ The efficiency of this masking requirement depended on the amount of code that was to be registered. The longer the code the more likely the critical elements could be masked.

Courts also readily acknowledged that copyrighted characters and works could possess trademark significance that survived their loss of protection on expiration of the copyright protection term. As the court in *Frederick Warne & Co. v. Book Sales, Inc.* recognized:

Dual protection under copyright and trademark laws is particularly appropriate for graphic representations of characters. A character deemed an artistic creation deserving copyright protection, may also serve to identify the creator, thus meriting protection under theories

101. U.S. DEPT OF COMMERCE, PAT. & TRADEMARK OFF., MANUAL OF PATENT EXAMINING PROCEDURE (4th ed., rev. 9 Sept. 1982). See also 35 U.S.C. § 122 (2001) (requiring the Patent and Trademark Office to keep applications in confidence).

102. Subject matter jurisdiction required registration with the Copyright Office. Thus, before enforcing his rights in court, a copyright owner had to register the software code. Subsequent amendments eliminated this pre-registration requirement for foreign authors, but maintained the requirement for U.S. authors. 17 U.S.C. § 411 (2001).

103. 37 C.F.R. § 202.20 (2001).

104. *Id.*

105. *Id.*

of trademark or unfair competition.¹⁰⁶

The right to such dual protection was premised on a clear acknowledgement that each arena of intellectual property law served its own special goals, and on the incongruity of limiting protection to works that were more creative. The court stressed:

[T]he rule urged by defendant that copyrightable book covers may not obtain trademark or unfair competition protection would permit incongruous results: a book cover lacking sufficient originality to warrant copyright protection could be protected for a potentially unlimited duration under the trademark laws, while covers revealing great artistry or ingenuity would be limited to the duration of the copyright.¹⁰⁷

Even patents and trademarks retained an uneasy alliance in the area of trade dress protection. Thus, for example, in *Sunbeam Products, Inc. v. West Bend Co.*,¹⁰⁸ the Fifth Circuit Court of Appeals rejected efforts to automatically limit trade dress protection in the face of the potential for protection under patent law. It stated:

The Lanham Act embodies two strong countervailing policies: protection of the proprietary interest in distinctive trademarks, minimizing consumer confusion and maximizing consumer confidence, versus fostering competition and its attendant economic benefits. Trademark law accommodates these countervailing public policies by limiting trademark protection to distinctive, non-functional marks.

In the instant case, therefore, the public interest calculus is subsumed within the merits of the trade dress infringement claim: Because the product configuration of the American Classic Mixmaster (R) is entitled to trade dress protection, it necessarily follows that the preliminary injunction serves the public interest. Indeed, trade dress protection of the American Classic Mixmaster (R) will not frustrate competition, but will foster it.¹⁰⁹

Although the demarcation between the various forms of intellectual property protection is not always clear delineated,¹¹⁰

106. *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F. Supp. 1191, 1196-1197 (S.D.N.Y. 1979) (citations omitted).

107. *Id.* at 1197-98.

108. 123 F.3d 246 (5th Cir. 1997). *See also* *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1362 (Fed. Cir. 1999) (en banc) (stating that the existence of a patent does not preclude trade dress protection); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 290 (7th Cir. 1998) (finding that an expired patent does not preclude trademark protection); *But cf.* *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500 (10th Cir. 1995) (denying trade dress protection where a product configuration is "a significant inventive component of an invention covered by a utility patent").

109. 123 F.3d 246, 260 (5th Cir. 1997).

110. Distinctions between trade dress, and design and utility patents proved

the principle of dual protection (or, more precisely, the absence of an obligation to elect between diverse forms of protection) seems well established. Recent decisions, however, demonstrate that United States law is rapidly rejecting non-election. Instead, it appears that the former discredited doctrine of election is raising its head, with all the resultant harm to the incentivizing purposes of IPR protection that had been rejected nearly thirty years ago.

A. *The Obligation of Election*

In the opening decades of the 20th Century, United States courts crafted a doctrine of election that required intellectual property owners to limit protection for their creative efforts to a single form of protection.¹¹¹ In one of the earliest cases to establish the doctrine, *Louis De Jonge & Co. v. Breuker & Kessler Co.*,¹¹² the Circuit Court of Pennsylvania insisted that the plaintiff could not protect its painting which had been used as covers for boxes under both copyright and design patent protection because such dual protection would lead to inconsistent protection. The court stated:

In the present instance the artist was commissioned to produce a design for the useful arts; in executing the commission, he produced a painting of artistic excellence, original and pleasing, merely regarded by itself as a picture, and also original and ornamental as a design; and with such a work in his possession the owner or author might treat and protect it in either of its aspects. Since it was qualified for admission into the two statutory classes, I see no reason why it might not be placed in either. But it could not enter both. The method of procedure, the term of protection, and the penalties for infringement, are so different that the author or owner of a painting that is eligible for both classes must decide to which region of intellectual effort the work is to be assigned, and he must abide by the decision.¹¹³

particularly perplexing. Unlike copyrights and trademarks, where expiration of copyright protection did not adversely affect trademark protection for the same protected graphic work, see *Frederick Warne*, 481 F. Supp. at 1196, courts were conflicted over whether the expiration of patent protection precluded trademark protection for the same invention. The majority trend appeared to reject absolute preclusion in favor of a factual analysis of the relationship between the patent at issue and the purportedly functional elements of the claimed trade dress. See cases cited *supra* note 108 and accompanying text.

111. See generally Michael J. Kline, *Requiring an Election of Protection for Patentable/Copyrightable Computer Programs (Part I)*, 67 J. PAT. & TRADEMARK OFF. SOC'Y 280 (1985) (suggesting that an election should be made upon the issuance of a patent); Douglas R. Wolf, *The Doctrine of Elections: Has the Need to Choose Been Lost?*, 9 CARDOZO ARTS & ENT. L.J. 439 (1991) (considering the election doctrine and its application by the Copyright Office).

112. 182 F. 150 (C.C.E.D. Pa. 1910), *aff'd*, 235 U.S. 33 (1914).

113. *Id.* at 151-52.

Subsequent courts amplified the application of the election doctrine by placing the obligation squarely within the parameters of a constitutional imperative. Thus, in *Taylor Instrument Co. v. Fawley-Brost Co.*,¹¹⁴ the court rejected plaintiff's claim for copyright protection for charts used as part of a temperature-recording device¹¹⁵ because the plaintiff failed to select patent (as opposed to copyright) protection for its plainly useful work.¹¹⁶ The court held that its decision to apply the obligation of election was mandated by the Copyrights and Patents clause:

Art. 1, Sec. 8, Clause 8 of the Constitution of the United States empowers Congress "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." In the exercise of the power thus conferred, Congress has legislated with reference to copyrights (Title 17 U.S.C.A. § 1 et seq.), thereby furnishing protection to "Authors" in their "Writings," and has legislated with reference to patents (Title 35 U.S.C.A. § 31 et seq.), thereby furnishing protection to "Inventors" in their "Discoveries." Thus it appears that Congress has provided two separate and distinct fields of protection, the copyright and the patent. In the former (Sec. 4), it has placed "all the writings of an author," and in the latter (Sec. 31), inventions and discoveries of "any new and useful art, machine, manufacture *** or any new and useful improvements thereof *** ." While it may be difficult to determine in which field protection must be sought, it is plain, so we think, that it must be in one or the other; it cannot be found in both. In other words, there is no overlapping territory, even though the line of separation may in some instances be difficult of exact ascertainment.¹¹⁷

114. 139 F.2d 98 (7th Cir. 1943).

115. *Taylor*, 139 F.2d at 99. The temperature-recording device at issue was composed of a thermometer, a clock and writing device that marked the changing temperature on the charts that were the subject of the plaintiff's copyright claim. *Id.*

116. *Id.* at 101. In reaching this conclusion the court relied heavily upon *Baker v. Selden*, 101 U.S. 99 (1879), and the distinction *Baker* made between copyright protectable "explanation" of the art of accounting and the unprotected practice of that art. *Taylor*, 139 F.2d at 99-101. The Supreme Court in *Baker* described the distinction as follows:

The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters-patent.

Taylor, 139 F.2d at 99-100 (quoting *Baker*, 101 U.S. at 105). This distinction did not require election, however, since the difference between expression and invention ("practice") is a difference in the scope of protection, which inheres in the nature of copyright and patent protection, respectively.

117. *Taylor*, 139 F.2d at 99. The citation in the quotation to copyrights, referred to the Copyright Act of 1909.

In 1954, in *Mazer v. Stein*, the Supreme Court, faced with a claim for copyright registration of a lamp design, declined to address the continuing validity of the obligation of election since the plaintiff had not sought design protection for its lamp stand.¹¹⁸ Nevertheless, the Court implied that election was not required, stating: “[w]e do hold that the patentability of the statuettes, fitted as lamps or unfitted, does not bar copyright as works of art. Neither the Copyright Statute nor any other says that because a thing is patentable it may not be copyrighted. We should not so hold.”¹¹⁹

This implied rejection later became actual when the Court of Customs and Patent Appeals in *In re Yardley*¹²⁰ cited the *Mazer* decision to support its direct repudiation of the doctrine of election. In an appeal from the United States Patent and Trademark Office’s (“P.T.O”) refusal to grant a design patent for a watch face featuring a caricature of Spiro Agnew, that had already been copyrighted, the Circuit Court of Pennsylvania rejected the obligation of election as grounds for such refusal:

We believe that the “election of protection” doctrine is in direct conflict with the clear intent of Congress The Congress has provided that subject matter of the type involved in this appeal is “statutory subject matter” under the copyright statute and is “statutory subject matter” under the design patent statute, but the Congress has not provided that an author-inventor must elect between securing a copyright or securing a design patent. Therefore, we conclude that it would be contrary to the intent of Congress to hold that an author-inventor must elect between the two available modes of securing exclusive rights.¹²¹

In addition to rejecting the doctrine of election as contrary to Congressional intent, the court in *Yardley* also rejected the basis for the election doctrine, holding: “[w]e do not think that the [Copyrights and Patents Clause] requires an election If anything, the concurrent availability of both modes of securing exclusive rights aids in achieving the stated purpose of the constitutional provision.”¹²²

B. *The Re-emergence of Election*

Despite what appeared to be an end to the doctrine of election in *In re Yardley*,¹²³ recent legislative enactments and court

118. 347 U.S. 201, 216-17 (1954).

119. *Mazer*, 347 U.S. at 217.

120. 493 F.2d 1389, 1391 (C.C.P.A. 1974).

121. *Yardley*, 493 F.2d at 1394.

122. *Id.* at 1395-96.

123. *But cf.* Pamela Samuelson, *CONTU Revisited: The Case Against Copyright Protection for Computer Programs in Machine-Readable Form*, 1984 DUKE L.J. 663 (1984) (suggesting that the rejection of election in *Yardley* was

decisions indicate that the doctrine may be gaining renewed vigor, albeit in a somewhat different guise. Like the infamous “Nine Patent No-No’s” of the Department of Justice for patent licenses,¹²⁴ these developments seem to auger a renewed hostility to the incentivizing nature of intellectual property protection.

The right of a patent owner to avoid choosing between patent and trade secret protection in her initial decision to seek protection under United States patent laws was eliminated in 1999. Under 35 U.S.C. Section 122(b)(1)(A), virtually all patent applications must be published within eighteen months of application.¹²⁵ Such publication will occur regardless of whether a decision regarding ultimate patentability has been made by the P.T.O. This publication should effectively remove any trade secret protection that might otherwise lie for the as-yet unprotected invention disclosed in the application. Although the Act allows an applicant to opt-out of the publication process, such an option is not realistic because the applicant would, as a result of opting out, forego any international protection for her invention.¹²⁶

At least facially, the elimination of trade secret protection for patent applications was not directed to the re-establishment of the doctrine of election. To the contrary, the goal of pre-grant publication was to eliminate the perceived threat of so-called submarine patents.¹²⁷ The “correction” represented by the Act may well be the legal equivalent of throwing out the baby with the bath water. Aside from a few notable exceptions such as Lemuelson’s automobile parts patents, it is not clear that submarine patents posed so great a threat to the United States patent system. Moreover, there were other less intrusive options, such as stricter application of patent claim amendment rules, that might have resolved the problem.

limited to the narrow question of election between copyright and design patent).

124. Anthony, *supra* note 40, at 5.

125. 35 U.S.C. § 122(b)(1)(A) (2001).

126. While it is too soon to tell how many inventors will chose to opt-out of publication by electing to forego international protection for their invention, given the increasingly globalized economy, it seems doubtful this option will prove highly desirable or popular.

127. The term “submarine patents” refers to inventions adopted by industry in ignorance of the potential claim for patent protection represented by an inventor’s secret patent application. The patent later “rises to the surface” and “sinks” industry when the inventor requires payment for the industry’s use of the invention. In this example, the secret patent application prevented the industry from inventing around the invention.

Among the most notorious submarine patents in the United States was one granted for intermittent windshield wipers. In addition to being secret, submarine patents also generally resulted from a lengthy patent application process further dragged out by the applicant so the applicant’s claims covered widely used industry advances.

Trademarks appear to be the most recent victim of this unspoken rush to election. Last year, the Supreme Court, in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*,¹²⁸ strongly hinted that the election doctrine was far from moribund. As in the election cases from the last century, the focus of concern was the potential conflict with patent law doctrines. But unlike many of these earlier cases, it was not the potential expansion of protection through dual patent/copyright protection that caused concern, but dual protection through the stepchild—trademarks.

In *Wal-Mart*, the Court was faced with the issue of the extent of protection granted an unregistered trade dress for clothing designs.¹²⁹ At issue was the design of respondent's one-piece seersucker children's clothing.¹³⁰ The sole issue before the Court was the scope of protection to be afforded a so-called product configuration trade dress.¹³¹ In refusing to protect Samara Brother's trade dress the Court heightened its earlier hostility to trademark protection for non-traditional marks and made it clear that such expansions would not be looked upon with favor.¹³² This hostility was first apparent in the Court's decision in *Qualitex*¹³³ in which the Court reluctantly protected single color marks but only if such marks had demonstrated secondary meaning.¹³⁴ Even if the color selected for a product had no relationship whatsoever to any

128. 529 U.S. 205 (2000).

129. *Wal-Mart*, 529 U.S. at 207.

130. *Id.* at 207-208.

131. *Id.*

132. *Id.* at 215.

133. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995).

134. *Id.* at 163-64. Secondary meaning requires proof that "in the minds of the public, the primary significance of a product feature or term is to identify the source of the product rather than the product itself." *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982). Such proof requires evidence that the mark in question has acquired distinctiveness. Acquired distinctiveness is generally demonstrated by evidence of the mark's long use, sufficient sales of goods bearing the mark, and/or sufficient advertisement of the mark to demonstrate that the ordinary consumer considers the mark to indicate that the good at issue is derived from a single, often unknown, source. *See, e.g.*, *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217 (2d Cir. 1987) (noting that the "consuming public" decides whether a mark is successful and applying the *Polaroid* factors to determine whether a mark achieved secondary meaning).

In *Qualitex*, the plaintiff accused defendant of infringing plaintiff's single color mark for its dry cleaning press pad. *Qualitex*, 514 U.S. at 163. The single color mark adopted by the trademark owner was a gold-green color that had no relationship to any quality or characteristic of the product in question. *Id.* at 166. Given its relatively unappetizing color, it is fairly evident that there was no aesthetic reason for selecting the mark. The Court nevertheless refused to grant protection to such a clearly arbitrarily chosen mark without evidence of the mark's secondary meaning. *Id.* at 162. Thus, the owner needed to demonstrate that the single color mark was distinctive before the mark gained trademark protection.

quality or characteristic of the product at issue, even if a competitor had apparently copied the color for the purpose of trading off the renown of the color mark owner's fame (facts which were established in the lower court decision), protection could only exist if the trademark owner established acquired distinctiveness for his trade dress.

The practical import of the Court's secondary meaning requirement in *Qualitex* was to grant single color marks the unenviable status of second-class citizenship as source designators. If a single color mark can never be inherently distinctive,¹³⁵ then owners adopt such marks at their peril. Without the potential of automatic protection upon use granted inherently distinctive marks, any single color mark is free for the taking by competitors during the unpredictable period when it is acquiring secondary meaning.¹³⁶ The Court's insistence on

135. Inherently distinctive marks are those marks which are automatically distinctive (and therefore immediately protectable) by virtue of the nature of the mark. Among the marks considered inherently distinctive are arbitrary, fanciful and suggestive marks. *See, e.g.*, *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976) (discussing the four different categories of trademarks). Such marks are inherently distinctive because they do not describe any quality or characteristic of the good at issue. *Id.* at 9-12. A descriptive mark, in contrast, is protectable only if its owner demonstrates that the mark acquired distinctiveness through the mark's use. *Id.* Because descriptive marks describe a quality or characteristic of the good, they are not automatically perceived by consumers to serve as a source identifier. *Id.* Therefore, descriptive marks require proof of acquired distinctiveness. *Id.*

136. There is no established period of time during which a mark can be assumed of acquiring secondary meaning, and therefore becoming protectable against unauthorized uses. *But cf.* 15 U.S.C. § 1052(f) (2001) (authorizing registration of marks on Principle Register of the U.S. Patent and Trademark Office upon a showing of distinctiveness). Such secondary meaning may be assumed after five years of a mark's exclusive use. 15 U.S.C. § 1052(f).

While some courts treated intentional use of another's mark as evidence of secondary meaning (who would use someone else's mark unless they believed it served a source designating function?), this is not done consistently. For cases noting that intentional copying was persuasive, if not conclusive, evidence of secondary meaning, see *e.g.*, *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 169 (2d Cir. 1991); *20th Century Wear, Inc. v. Sanmark-Stardust, Inc.*, 815 F.2d 8, 10 (2d Cir. 1987). In view of the rejection of the doctrine of "secondary meaning in the making," any user of a mark that is not inherently distinctive runs the serious risk of having his mark stolen by a competitor before the mark achieves the distinctiveness needed to prevent unauthorized use. *See, e.g.*, *Laureyssens v. Idea Group, Inc.*, 964 F.2d 131, 138-139 (2d Cir. 1992) (rejecting a doctrine of secondary meaning because existing law may offer some protection and secondary meaning may develop quickly to preclude pirating). Whenever a mark owner selects a mark that is descriptive of his product, he runs the risk of losing that mark by unauthorized adoption by a third party prior to his mark acquiring distinctiveness. But, for at least word marks, the owner has the option of choosing a word mark that is inherently distinctive. For single color marks the Supreme Court removed this opportunity by eliminating any possibility of

secondary meaning for single color marks is even more difficult to understand since multi-color marks fall outside the Court's strictures for secondary meaning.¹³⁷

The implied hostility of *Qualitex* to trademark protection became apparent with the Court's decision in *Wal-Mart*. Relying on its development of two classes of trademarks in *Qualitex*,¹³⁸ the Court included product configuration trademarks among the classes of marks that could never qualify for inherent distinctiveness. Because "product design almost invariably serves purposes other than source identification"¹³⁹ thereby rendering inherent distinctiveness "problematic,"¹⁴⁰ the Court struck the balance between the rights of trademark owners and unfettered public (competitor) access on the side of public access. It supported this balance on the basis of the pro-competitive aspects such unfettered access provided:

Consumers should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves by a rule of law that facilitates plausible threats of suit against new entrants based upon alleged inherent distinctiveness. How easy it is to mount a plausible suit depends, of course, upon the clarity of the test for inherent distinctiveness, and where product design is concerned we have little confidence that a reasonably clear test can be devised.

... [T]he game of allowing suit based upon alleged inherent distinctiveness seems to us not worth the candle.¹⁴¹

The Court's concern about protecting new entrants makes little sense because the issue of inherency is problematic only for new marks. Older marks would conceivably be able to demonstrate sufficient use to meet a secondary meaning standard. Similarly, the Court's concern about predictability in determining source designating function rings false in view of its cavalier treatment of the equally important issue of when a trade dress

adopting an inherently distinctive mark. Moreover, the Court justified this second-class treatment of color marks on the questionable grounds that no color mark "automatically tell[s] a customer that [it] refers to a brand." *Qualitex*, 514 U.S. at 162-163 (emphasis in original).

137. Thus, if *Qualitex* had placed a single blue line down its mattress pad, the new color combination was conceivably protectable without the need to establish secondary meaning. Moreover, since marks need not be identical in order to create a likelihood of confusion, so long as that hypothetical line was relatively unobtrusive, the absence of a similar line on an infringer's press pad does not preclude relief.

138. The two classes of marks were those qualifying as inherently distinctive (such as word marks and packaging marks), and those that could never achieve inherent distinctiveness (such as single color marks).

139. *Wal-Mart*, 529 U.S. at 213.

140. *Id.* at 213.

141. *Id.* at 213-14.

qualifies as product configuration. Since package configuration trade dress can still qualify as inherently distinctive,¹⁴² the issue of when a design qualifies as package (as opposed to product) configuration has a critical impact on the scope of protection afforded a new mark. While the Court was concerned about the harm caused by an unpredictable inherency test, harm caused by an unpredictable test for qualification as product configuration caused far less concern:

There will indeed be some hard cases at the margin: a classic glass Coca-Cola bottle, for instance, may constitute packaging for those consumers who drink the Coke and then discard the bottle, but may constitute the product itself for those consumers who are bottle collectors, or part of the product itself for those consumers who buy Coke in the classic glass bottle We believe, however, that the frequency and the difficulty of having to distinguish between product design and product packaging will be much less than the frequency and the difficulty of having to decide when a product design is inherently distinctive.¹⁴³

To emphasize its support for public (competitor) access over the rights of trademark owners, the Court concluded by suggesting that in close cases “courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.”¹⁴⁴

I am less sanguine than the Court about the relative paucity of close cases that may result from their decision. The Court in *Wal-Mart* suggested in dicta that restaurant décor, the subject of the first Supreme Court case that established trade dress as a fully protectable trademark under United States law,¹⁴⁵ might qualify as “either product packaging . . . or else some *tertium quid* that is akin to product packaging.”¹⁴⁶ This test is far from comforting. Apparently, there are now three categories of trade dress protection: (1) product configuration for which secondary meaning is required, (2) package configuration for which inherent distinctiveness might exist, and (3) a new category of trade dress referred to as “*tertium quid*” for which no test for application has been given, but for which inherent distinctiveness might exist. If the Supreme Court cannot decide what qualifies as product configuration, how can its new test of non-inherency be applied

142. *Id.* at 215. See also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 776 (1992) (holding that the Lanham Act did not require evidence of secondary meaning for a Mexican restaurant’s décor because the décor was inherently distinctive).

143. *Wal-Mart*, 529 U.S. at 215.

144. *Id.*

145. *Two Pesos*, 505 U.S. at 763-67 (providing that the décor of a Mexican restaurant qualified as a protectable mark under the Lanham Act).

146. *Wal-Mart*, 529 U.S. at 215.

with any degree of predictability?

Perhaps most troubling of all is the Court's hostility to the consumer protection role of trademarks. With the exception of the Federal Trademark Dilution Act,¹⁴⁷ trademarks are only protected to the extent that their unauthorized use causes confusion in the marketplace.¹⁴⁸ It is difficult to understand how competition is harmed if relief for any claim of trademark infringement can only be obtained on proof of both distinctiveness *and* likelihood of public confusion regarding the source or association of the product at issue. The claim of competitive harm is further weakened by the fact that a simple claim of inherent distinctiveness is not sufficient to support a claim for trade dress protection. To the contrary, a trade dress owner must also demonstrate that his mark is not functional.¹⁴⁹ Thus, concerns over access by competitors to "utilitarian and esthetic" aspects of product configuration are already greatly alleviated through the functionality proof burdens placed on trade dress owners.¹⁵⁰

The hostility to trademark owners demonstrated by the Court in *Wal-Mart* was ameliorated somewhat by the Court's decision this year in *TraFFix Devices, Inc. v. Marketing Displays, Inc.*,¹⁵¹ however, once again the hint of election hid behind the Court's analysis. In *TraFFix*, the plaintiff sought trade dress protection for its dual spring traffic sign design.¹⁵² The design at issue was the

147. 15 U.S.C. § 1125(c) (2001). Under the Federal Trademark Dilution Act ("F.T.D.A."), "famous and distinctive" marks receive protection against diluting uses, regardless of whether the diluting use creates a likelihood of confusion. *Id.* This is the only example of trademark protection that removes "likelihood of confusion" from the balance in deciding whether to grant protection. The uniqueness of this removal may explain why the protection of marks under the F.T.D.A. led to so many conflicting choices.

148. The *sine qua non* of trademark protection is the likelihood of confusion that arises from the unauthorized use of another's distinctive mark. *See, e.g.*, 15 U.S.C. §§ 1116(a), 1125(a)(1)(A) (2001) (requiring a finding that there is "likelihood of confusion" before making injunctive relief available). Without such confusion, relief is unavailable.

149. 15 U.S.C. § 1125(a)(3) (2001). *See, e.g.*, *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos*, 505 U.S. at 769 (discussing the functionality doctrine). Product features that are functional cannot be protected under federal trademark laws. *Two Pesos*, 505 U.S. at 769. A feature is functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Labs.*, 456 U.S. at 851 n.10. Under the Lanham Act, the trade dress owner has the burden of proving that her trade dress is not functional. 15 U.S.C. § 1125(a)(3).

150. Functional features under trade dress law are not limited to features that are functional on a utilitarian basis, but include features that are functional on an aesthetic basis. *See, e.g.*, *Qualitex*, 514 U.S. at 164-65 (providing a discussion of the functionality doctrine).

151. 121 S. Ct. 1255 (2001).

152. *TraFFix*, 121 S. Ct. at 1258.

subject of an expired utility patent.¹⁵³ This design was not literally covered by the expired patent.¹⁵⁴ However, the plaintiff had successfully brought suit against another competitor during the pendency of the patent on the grounds that a similar design violated the plaintiff's rights under the doctrine of equivalents.¹⁵⁵

The Court properly determined that a prior utility patent did not qualify as an automatic bar to trade dress protection on the grounds of functionality, although the owner would "carry the heavy burden of showing that the feature is not functional."¹⁵⁶ Thus, it did not go so far as to hold that a trademark owner must choose between patent protection and trademark protection for a product or aesthetic design. The practical result of its decision, however, may well be to require such selection.

The limitation of trademark protection to non-functional configurations, like the fair use doctrine in copyright,¹⁵⁷ is based on a concern over balancing owner rights with public access to the essential building blocks of commerce. In the instance of trademarks, the essential building blocks include generic terms for the goods and services being offered,¹⁵⁸ and aesthetic and utilitarian elements of trade dress.¹⁵⁹ The Court drew an appropriate balance in *TrafFix* between these conflicting interests. By recognizing that the existence of a patent raised a substantial burden of proof on a trademark owner to establish non-functionality, the Court gave proper deference to competition concerns. By rejecting a *prima facie* or absolutist treatment of functionality in the face of a patent, the Court avoided establishing a *per se* election doctrine. Yet the basis on which the Court supported its decision raises a troubling specter of election philosophy.

In supporting its decision that the plaintiff's sign stand design

153. *Id.*

154. *Id.* at 1260.

155. Under the doctrine of equivalents, patent infringement may exist even if the accused product falls outside the literal terms of the patent grant. *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29-30 (1997) (stating that the "doctrine of equivalents" is applied to each element of the patent claim, not the invention itself).

156. *TrafFix*, 121 S. Ct. at 1260.

157. *See supra* notes 12, 79-96 and accompanying text.

158. Generic trademarks consist of the common descriptive term that describes the genus of the product. Generic marks never acquire distinctiveness regardless of the mark's length of use because of the mark's highly descriptive nature and the perception that competitors need to use the same terms to describe their own goods. *See, e.g., Abercrombie & Fitch*, 537 F.2d at 9-10 (describing the generic marks and applying the doctrine of impossibility to generic marks). *See also A.J. Canfield Co. v. Honickman*, 808 F.2d 291 (3d Cir. 1986) (finding the term "chocolate fudge" generic for soda because it is a genus for such beverage).

159. *See supra* notes 149-50.

was not protectable under federal trademark doctrines, the Court in *TrafFix* focused on the differences in protection afforded under patent and trademark laws:

The Lanham [Federal Trademark] Act does not exist to reward manufacturers for their innovation in creating a particular device, that is the purpose of the patent law and its period of exclusivity. The Lanham Act, furthermore, does not protect trade dress in a functional design simply because an investment has been made to encourage the public to associate a particular functional feature with a single manufacturer or seller.¹⁶⁰

The Court, however, seemed to maintain its right to consider the election doctrine at a later date, noting:

TrafFix and some of its *amici* argue that the Patent Clause of the Constitution, of its own force, prohibits the holder of an expired utility patent from claiming trade dress protection. We need not resolve this question. If, despite the rule that functional features may not be the subject of trade dress protection, a case arises in which trade dress becomes *the practical equivalent* of an expired utility patent, that will be time enough to consider the matter.¹⁶¹

The *TrafFix* case raises serious concerns about the future of trademark intersections with both patents and copyrights. The decision is remarkable for its failure to mention the positive aspect of trademark protection—their role as source designators that provide consumers shorthand information about the quality of the product at issue. To the contrary, in both *Wal-Mart* and *TrafFix*, the Court clearly perceives trademark protection as potentially harmful—a property right that must be closely controlled. Moreover, although *TrafFix* dealt solely with the issue of the intersection between utility patents and trademarks, its concern about leaving expired inventions available for copying has equal applicability to the treatment of characters covered by expired copyright.¹⁶² The Court stressed:

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. As the Court has explained, copying is not always discouraged or disfavored by the laws that preserve our competitive economy. Allowing competitors to copy will have salutary effects in many instances. “Reverse engineering of chemical and mechanical articles in the public domain often leads to significant advances in technology.”¹⁶³

160. *TrafFix*, 121 S. Ct. at 1262-63.

161. *Id.* at 1263 (emphasis added) (citations omitted).

162. See *supra* note 110 and accompanying text.

163. *TrafFix*, 121 S. Ct. at 1260 (quoting *Bonito Boats, Inc. v. Thunder Craft*

This same analysis would, on its face, appear to apply to the extension of trademark protection to copyrighted characters and works whose term of copyright protection has expired. Like utilitarian designs, such characters earn whatever secondary meaning they may develop as a result of a monopoly granted under another branch of intellectual property law. Except for useful articles,¹⁶⁴ the generally expressive (as opposed to utilitarian) nature of the works should make their continued protection of less concern with regard to the competitive necessity for free access to such works.¹⁶⁵ Nevertheless, given what appears to be a disturbing trend toward requiring election whenever patent protection is available, continued trademark protection for such works is by no means a certainty.

VI. RECONFIGURING THE BALANCE

The stakes have changed in the matter of IPR protection. With the advent of a globalized economy, errors in protection have the potential for being magnified one hundred fold. Historically, intellectual property protection has never been as monolithic as its critics contend. Indeed, as this Article demonstrates in a very abbreviated manner, the history of intellectual property protection is a story of constant efforts to balance and re-balance creators' rights with the public interest in free use of their works.¹⁶⁶ Current efforts to expand the bases for fair use of such works, including efforts to expand the right to use so-called "generic" versions of patent protectable drugs,¹⁶⁷ could be seen as simply another example of this historical balancing process. Yet, the United States can ill afford the growing hostility to IPR protection that is evident in some of its most recent decisions.

Boats, Inc., 489 U.S. 141, 160 (1989)).

164. See *supra* notes 114-117 and accompanying text.

165. The contention by some, however, that all works are derivative, and must be freely available for use by others to create new "derivative" works, cuts against this argument. This contention cuts an unacceptably broad swath through otherwise protectable works. See *supra* notes 12, 57.

166. See *supra* notes 21, 79-96 and accompanying text.

167. Current debates about the availability of so-called generic drugs for treating AIDS and other diseases have nothing to do with the right to market "generic" drugs after issuance of the patent. It has to do with the right to license others to market patented drugs under a compulsory license. International standards permit compulsory licensing in the event of national emergencies, subject to stringent safeguards to balance the patent owner's right to compensation for the exploitation of his invention. TRIPS, *supra* note 6, art. 31(b), 33 I.L.M. at 95. Efforts to expand "fair use" concepts to patented drugs, and thereby eliminate *any* compensation to the patent owner for the sale of such "generic" drugs, violate current international standards. They might also have dire consequences on the ability to raise private funds to develop future drug cures, especially given the extremely high research and development costs in the area. See *supra* note 60.

Beneath the current unacknowledged trend toward resurrection of the doctrine of election is a dangerous view of IPR as something that must be contained in order to reduce its anti-competitive potential. Differences in the goals between IPR protection under its various forms — copyrights, patents, trademarks and trade secrets — are viewed as rights created simply to be abused by competitors who seek to extend their monopolies. This hostility ignores the incentivizing nature of IPR and may auger a return to the days of the Nine Patent No No's when patent owners faced hostility from the Department of Justice for their efforts to license new technology.¹⁶⁸ It also ignores the different nature of each form of intellectual property: each form was created to protect a particular aspect of intellectual productivity. Thus, trademark protection for a design protectable under another category of IPR does *not* unduly expand the legal monopoly granted by other IPR rights. Patent protection does not automatically give rise to trademark protection because the design that is the subject of the patent must serve as a source designator before such trademark protection arises. Use alone does not make a design a source designator. Instead, the design must be distinctive of the product and it must be used as a trademark.¹⁶⁹ Copyright protection does not give rise to automatic trademark protection for the same reason.

Moreover, neither patent nor copyright protection addresses the use of the protected object *as a source designator*. The patent grant is designed to protect the owner's right to use or prohibit the use of the *invention*.¹⁷⁰ Similarly, copyright protects the owner's right to use or prohibit the use of the *expression* contained in the work.¹⁷¹ Avoiding abuse of the trademark right does not require a duty of election. It merely requires careful application of pre-existing doctrines of distinctiveness to assure that only those elements whose prior use has given rise to a source identifying function are protected.

The pro-competitive nature of incentivization must be given its due if any balance is to be struck between free public access and creator's rights. If the potential for economic exploitation is

168. Anthony, *supra* note 40 and accompanying text.

169. *See, e.g.*, 15 U.S.C. § 1127 (2001) (defining a trademark as “[a]ny word, name, symbol or device, or any combination thereof, used . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown”). *See also supra* notes 134, 135 and accompanying text.

170. *See, e.g.*, 35 U.S.C. § 271(d) (2001) (permitting relief for infringement even when the patent owner refuses to license or use his or her rights to the patent).

171. 17 U.S.C. § 501 (2001) (defining acts that give rise to copyright liability).

removed by over-broad "fair use" rights,¹⁷² then much of the incentives for the labor and/or capital intensive creation of new intellectual products will be eliminated. While uncompensated alternatives may be available for the creation of such works, the developmental potential of these alternatives is untried to say the least. To trust much of our technological developments to such untested methods seems particularly foolhardy in a century marked by the increasing pace of technological advances. Moreover, as demonstrated by the open source movement in software development, such alternatives are *not* precluded under current protection regimes. By contrast, if the balance moves too far to the side of free public access, incentive-based creation will be severely curtailed.

While, as a developed nation, the United States may be willing (and even able) to gamble with its economic and technological future by tipping the balance more strongly toward public access, we cannot be assured that such gamble will be limited to our own borders. To the contrary, since the beginning of the negotiations of the Uruguay Round, which ultimately led to the TRIPS Agreement, IPR protection has become increasingly internationalized.¹⁷³ There is a strong possibility that other, less developed countries will be tempted to try the same gamble. Those countries cannot afford to postpone the commercial and industrial benefits intellectual property protection affords. While TRIPS did not remove the ability of countries to set domestic policy in the area of IPR protection,¹⁷⁴ the reality is that the post-TRIPS world is a vastly different place. Domestic IPR policy is no longer created in a vacuum (if it ever was).

Since the Supreme Court's decision in *Sony Corp.*, which carved out a limited personal use exception for the time shifting of public broadcast television programs,¹⁷⁵ the issue of the scope of a personal use exception has been hotly debated.¹⁷⁶ In 1994,

172. I include among this category of "fair use" rights compulsory licenses that set compensation rates below fair market value.

173. See, e.g., Doris Estelle Long, *'Democratizing' Globalization: Practicing the Policies of Cultural Inclusion*, ___ CARDOZO J. INT'L & COMP. L. ___ (2001).

174. In fact, there are many articles of TRIPS that specifically address in a positive manner the ability of member countries to alter compliance with TRIPS protection norms in order to meet domestic policy objectives. For example, Article 27, governing international standards for patentability, expressly excludes from protection inventions whose commercial exploitation would be contrary to "ordre public or morality." TRIPS, *supra* note 6, art. 27(2), 33 I.L.M. at 94. Similarly, Article 31 permits countries to compel the licensing of inventions for public non-commercial use and in cases of "national emergency or other circumstances of extreme emergency." TRIPS, *supra* note 6, art. 31(b), 33 I.L.M. at 95.

175. *Sony Corp.*, 464 U.S. at 454-55.

176. See, e.g., *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1994) (noting the existence of a research exemption).

Congress carved out another personal use exemption when it enacted the Audio Home Recording Act of 1992.¹⁷⁷ Under this Act, a limited right to digitally record a lawfully obtained copy of a sound recording onto a digital audio recording device was granted.¹⁷⁸ This specific purpose legislation, however, has given rise to renewed claims for an expanded personal use right in all digital media.¹⁷⁹ Internationally, it has helped give renewed vigor to a personal use right that goes far beyond the limited time and space shifting purposes for which it was first crafted domestically. Some countries have interpreted this personal use right to include a personal right to record and distribute personal copies of copyrighted works, without compensation to the copyright holder.¹⁸⁰ Clearly, this personal use right strikes at the very heart of copyright protection. It also goes far beyond the exceptions set forth in TRIPS for the fair use of copyrighted works.¹⁸¹

In the United States, legislation is enacted virtually every year aimed at correcting some perceived problem in the scope of IPR protection. The United States has the luxury of experimentation because it can fairly quickly correct any problems that such experimentation later uncovers.¹⁸² Even if legislation is unavailable to correct such problems, courts often can and do clarify the application of such laws. As a common law country, the role of precedence plays a strong role in assuring that such

177. 17 U.S.C. §§ 1001-10 (2001).

178. 17 U.S.C. § 1008 (2001).

179. For recent cases involving defendants' claims of fair use of digital media, see *e.g.*, *A&M Records*, 239 F.3d at 1014; *UMG Recordings*, 92 F. Supp. 2d at 350.

180. Several CIS countries, including the Ukraine and Russia, have considered broad-based personal use rights. Thus, for example Article 25 of the Draft Ukrainian copyright law grants an uncompensated reproduction right "for personal purposes for a regular family and for close acquaintances of this family" of various copyrighted works. The Law of Ukraine On Copyright and Related Rights, N 2627-III, Art. 25 (July 11, 2001), available at http://www.welcometo.kiev.ua:8800/ili/ilic.frame_law_result2.show?p_arg_names=law_id&p_arg_values=90.

181. TRIPS, *supra* note 6, art. 13, 33 I.L.M. at 88. TRIPS permits fair use only when a tri-partite test has been met. *Id.* The fair use must arise only in "certain special cases." *Id.* Such cases must not "conflict with a normal exploitation of the work" and must not "unreasonably prejudice the legitimate interests of the right holder." *Id.* Unbounded personal use rights undoubtedly conflict with the normal exploitation rights of the owner since they involve the uncompensated reproduction of a copyrighted work. Such rights also unreasonably prejudice the interests of the copyright owner because, as practiced by users of Napster, they eliminate any compensation for use of the copyrighted works. With no requirement of lawful acquisition of a copy by the person exercising his "personal use" rights, there is no guarantee that *any* legal copy will be purchased in the chain of use.

182. Thus, for example, when Congress extended the work for hire doctrine to performers on sound recordings without adequate consideration of the impact of such change, it then reversed its decision the following year.

corrections are applied in a uniform manner.¹⁸³ By contrast, civil code countries, in which precedent plays a relatively limited role, do not generally have the ability to respond so quickly to developments. To the contrary, alteration of a civil code is generally an extremely complicated process, which may take years to accomplish.¹⁸⁴ Thus, any "errors" in protection that make it into a civil code may reside there for years, with little, if any, ability to alter the harm caused.

Because of the potential international consequences that special interest legislation in the IPR area, such as the Audio Home Recording Act may have, Congress should enact such legislation cautiously. Part of Congress' analysis must include consideration of the potential impact such "special rights" may have on the international arena. The time has passed when the United States can bury its head in the sand and pretend that what is done has no impact beyond its borders.

VII. CONCLUSION

The internationalization of IPR protection, the globalization of trade, and the rapidly accelerating pace of technological development in the latter decades of the Twentieth Century have placed new pressures on historic debates over creative incentivization and public welfare. Current decisions under US domestic law, which presage a resurrection of the election obligation, and an increasing hostility toward intellectual property protection, must be re-examined in light of these pressures. Limiting IPR protection because of its purported anti-competitive, anti-creative impact denigrates its importance in encouraging the development of domestic industries based on the manufacture and dissemination of the products of intellectual creativity. While developed nations such as the United States may have the luxury of making mistakes regarding the scope of protection required to assure necessary incentivization of creativity, developing nations cannot afford to do so. At a minimum, they may suffer a "brain drain" as their most talented citizens flee to countries that provide adequate compensation (exploitation rights) for their creative

183. Some "corrections" may take longer than others. The debate over the precise application of the F.T.D.A., 15 U.S.C. § 1125(c), in particular whether the F.T.D.A. requires actual or likely dilution, remains extant over five years after enactment of the statute. *Compare* *Ringling Bros. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999) (requiring actual dilution), *with* *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) (requiring likelihood of dilution).

184. For example, work on revisions to Russia's civil code in connection with intellectual property rights continues after six years. The Ukraine is also continuing its attempts to revise its civil code for intellectual property rights, a process expected to last several years.

endeavors. At its worst, such countries may suffer a lack of direct foreign investment and local economic development that will place them even further behind their more commercially advanced neighbors.

The growing hostility to IPR protection shown by United States courts through their recent resurrection of the obligation of election must be corrected. Effective creative incentivization can only occur when creators rights are given due respect, thus, ensuring a balanced approach to the author/public welfare dichotomy. Although absolute quantification may be impossible to achieve, the relationship between IPR protection and creative incentivization needs to be better understood, particularly at the international level. Such studies will not be easy to accomplish, given the number of variables that exist. Yet, the value of continued efforts to quantify which types of protection encourage which types of creative activity, is virtually incalculable. Such future studies, however, should be designed to determine the critical balance between incentivization and public welfare in the most objective manner possible. A clearer ratio between fair use and incentivization for patents and copyrights must be determined. Such rates must be based on carefully delineated variables whose relationship to incentivization is clearly articulated and quantified.

Creativity is the greatest natural resource a country has. The more we learn about how it is nurtured, encouraged, and turned into an economically viable asset, the better chance every country has to develop this critical, and yet often under used, natural resource.

