Opportunities, Risks & Considerations in Using IP Created by Others
presented by:

Bill Bryner, Esq.  
Kilpatrick Townsend  
Winston-Salem, NC

David Gurnick, Esq.  
Lewitt Hackman  
Los Angeles, CA
Master Compositions
THE SOUL OF FRANCHISING

38TH ANNUAL FORUM ON FRANCHISING
No. 16H2031 Fast tan.
No. 16H2032 Mixed brown.
Price for 3 pairs...........................................33c

36c for 3 Pairs

Foot ease

THE SOCKS FOR COMFORT.

Our Footease Socks are the most comfortable socks a man can wear, especially if you have tender and sensitive feet or if you have to be on your feet a great deal. These socks are medium weight, knitted from carded cotton of good quality, fully seamless. The cotton yarn which is knit into the soles or feet of these socks is not dyed, but left in its natural color (cream color). Many people who find it uncomfortable to wear socks which are colored will find our Footease Socks to be the most comfortable socks they have ever worn. Guaranteed by us to give service and satisfaction.

Sizes, 9½, 10, 10¼, 11 and 11½. Be very careful to state size.

No. 16H2019 Entire sock cream color.
No. 16H2047 Cream color sole, heel and toe.
No. 16H2048 Entire foot cream color.
No. 16H2078 Mottled gray.

Price for 3 pairs...........................................36c

SPECIAL VALUE, 13 CENTS EACH PAIR

No. 16H2060 Black Cotton Socks with heels, soles and toes made from a mixture of wool and cotton yarns. The tops of the socks are black; the heels, soles and toes are gray. A big value at this price. You will find them most comfortable and most practical socks. Sizes, 9½, 10, 10¼, 11 and 11½. Be very careful to state size wanted.

Price, each pair...........................................13c

TRADEMARK

Foot ease pedi-spa
CRASH DUMMY MOVIE, LLC v. MATTEL, INC., 601 F.3d 1387 (Fed. Cir. 2010)
LOUIS VUITTON MALLETIER S.A. v. HAUTE DIGGITY DOG,
507 F.3d 252 (4th Cir. 2007)
The Buck Stops Here.
WENDY'S INTERNATIONAL, INC. v. BIG BITE, INC.
COPYRIGHTS
LEIBOVITZ v. PARAMOUNT PICTURES CORP.
137 F.3d 109 (2d Cir. 1998)
DR. SEUSS ENT. v. PENGUIN BOOKS & DOVE AUDIO
109 F.3d 1394 (9th Cir. 1997)
Digital menu board display system

US 20070282763 A1

ABSTRACT

A digital menu board display system including: a server system configured to receive, manage, and store information and advertisement data appropriate for each branch office system, the information including business type, location, scale, price of products, and other related information; and a plurality of branch office systems, each branch office system of the plurality of branch office systems comprising: a network modem for providing two-way communication with the server system, the network modem transmitting and receiving the information and advertisement data; a network hub for distributing the received information and advertisement data; and a plurality of display apparatus, each display apparatus of the plurality of display apparatus configured to decode, classify, and display the received information and advertisement data onto appropriate areas of the each display apparatus.

Images (6)
Pizza box
US 4441626 A

ABSTRACT
A box is formed from a unitary, double-sided corrugated cardboard blank having a plurality of scored lines which enable a set up in box form. A bottom panel of the box has cemented thereto a single-sided, fluted corrugated cardboard medium with the fluted side facing upwardly. A moisture-resistant glue is used between the smooth faces of the fluted corrugated medium and the confronting liner of the blank to provide an impenetrable barrier which prevents grease from penetrating through the box. The boxes are manufactured on a conventional production line which is modified by, in effect, running one stage in a reverse direction in order to invert the single-sided medium and to apply the glue in a different manner to establish the moisture barrier.
TRADE SECRETS
STARWOOD HOTELS & RESORTS WORLDWIDE
v. HILTON HOTELS CORPORATION
No. 09-cv- 03862 (S.D.N.Y. Apr. 16, 2009)
Federal Investigation: St. Louis Cardinals

Cardinals’ employees allegedly hacked into Houston Astros’ databases, June 2015
PURE POWER BOOT CAMP, INC. v. WARRIOR FITNESS BOOT CAMP LLC
08-civ-04810
(S.D. New York 2011)
BUFFETS, INC. v. KLINKE
73 F.3d 965 (9th Cir. 1996)
VRAIMENT HOSPITALITY, LLC v. TODD BINKOWSKI, et. al. No. 8:11-CV-1240-VMC-TGW (M.D. Fla. 2011)
Thank You!

now
OPEN
for
QUESTIONS
AMERICAN BAR ASSOCIATION
38TH ANNUAL FORUM ON FRANCHISING

FINDERS KEEPERS, LOSERS WEEPERS:
OPPORTUNITIES, RISKS AND CONSIDERATIONS IN USING
INTELLECTUAL PROPERTY CREATED BY OTHERS

William Bryner
Kilpatrick Townsend & Stockton LLP
Winston-Salem, North Carolina

and

David Gurnick
Lewitt Hackman Shapiro Marshall & Harlan
Los Angeles, California

October 14 – 16, 2015
New Orleans, Louisiana

©2015 American Bar Association
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>II. Background</td>
<td>3</td>
</tr>
<tr>
<td>III. Overview – Principal Categories of Intellectual Property</td>
<td>7</td>
</tr>
<tr>
<td>A. Trademarks</td>
<td>7</td>
</tr>
<tr>
<td>B. Copyrights</td>
<td>8</td>
</tr>
<tr>
<td>C. Patents</td>
<td>11</td>
</tr>
<tr>
<td>D. Trade Secrets</td>
<td>12</td>
</tr>
<tr>
<td>IV. Encouragement and Discouragement of Using Other People’s Intellectual Property</td>
<td>13</td>
</tr>
<tr>
<td>V. Creative Processes – How Intellectual Property is Created</td>
<td>15</td>
</tr>
<tr>
<td>A. Free Association</td>
<td>16</td>
</tr>
<tr>
<td>B. Serendipity</td>
<td>16</td>
</tr>
<tr>
<td>C. Methodical Analysis</td>
<td>17</td>
</tr>
<tr>
<td>D. Assembly and Organization</td>
<td>18</td>
</tr>
<tr>
<td>E. Consciously Building on Works of Others</td>
<td>18</td>
</tr>
<tr>
<td>VI. Line Drawing – Lawful Uses and Limits on Uses of the Intellectual Properties of Others</td>
<td>19</td>
</tr>
<tr>
<td>A. Trademarks</td>
<td>19</td>
</tr>
<tr>
<td>B. Copyrights</td>
<td>32</td>
</tr>
<tr>
<td>C. Trade Secrets</td>
<td>46</td>
</tr>
<tr>
<td>D. Patents</td>
<td>49</td>
</tr>
<tr>
<td>VII. Conclusion</td>
<td>51</td>
</tr>
<tr>
<td>Appendix 1 – Rodin, <em>The Thinker and Works It Has Inspired</em></td>
<td>54</td>
</tr>
<tr>
<td>Appendix 2 – Copyright Office Circular, <em>How to Investigate the Copyright Status of a Work</em> (see attached Copyright Office Circular #22)</td>
<td>55</td>
</tr>
<tr>
<td>Appendix 3 – Websites with Intellectual Property Made Available for Public Use</td>
<td>56</td>
</tr>
<tr>
<td>Author/Speaker Biographies</td>
<td>62</td>
</tr>
</tbody>
</table>
FINDERS KEEPERS, LOSERS WEEPERS

I. Introduction.¹

Intellectual property – some combination of trademarks, copyrights, trade secrets and patents – is important to every franchise system. Owners of these types of intellectual property control them by carefully managed use. Owners of trademarks, copyrights, trade secrets and patents have the right, and typically exercise the right, to prohibit others from using these properties without the owner's permission. But in various circumstances intellectual property created and owned, or once-owned, by someone else may lawfully be used even without obtaining the owner's permission. It is on this basis that our society has produced and popularized such works as:

- Government buildings in Washington D.C. and elsewhere, based on Greek and Roman styles of architecture using such elements as tall columns, symmetrical shapes, triangular pediments and domed roofs.

- The plays and movies West Side Story, which is a modern version of Shakespeare's play Romeo and Juliet, which was in turn based on earlier works², and My Fair Lady, derived from the George Bernard Shaw play Pygmalion, in turn based on the Greek myth of Pygmalion and Galatea.

- "A Fifth of Beethoven," a rock music version of Beethoven's Fifth Symphony, recorded by Walter Murphy and the Big Apple Band, released in 1976, reaching No. 1 on the Billboard Top 100 and later included in the soundtrack to the film Saturday Night Fever.

¹ Portions of this paper are adapted from articles which appeared in the Franchise Law Journal: David Gurnick and Tal Grinblat, OPIP – When Is It Lawful To use Other People's IP in Franchising, 33 ABA Franchise L. J. No. 4, 481 (2014); and Marc A. Lieberstein and William M. Bryner, Before You Use Others' Intellectual Property Without Permission, Consider This . . ., 34 ABA Franchise L. J. No. 1, 131 (2014). The speakers acknowledge and thank their co-authors on those papers, Tal Grinblat and Marc A. Lieberstein, also Chris Bussert for assistance and valuable comments in the preparation of this paper, Lewitt Hackman Director of Marketing Chris Podbielski for assistance with graphics, and intern Danielle Kolker for research assistance in preparation of Appendix 3.

² See, e.g., Harbage, editor. The Complete Works of William Shakespeare (Viking Press 1969) 855 – 856 (Introduction to Romeo and Juliet, by John E. Hankins: "Shakespeare's source for this play was The Tragical Historye of Romeus and Juliet, written first in Italian by Bandell, and now in English by Ar. Br. (1562). This work by Arthur Brooke, or Brooke, is a long narrative poem based on the prose by Bandello (1554) . . . [Shakespeare's] obvious source, and probably his only one, was Brooke's poem.").
• Barry Manilow's "Could It Be Magic" which is adapted in part from Prelude, Opus 28, No. 20 in C Minor by Frédéric Chopin.

• Numerous versions of Rodin's 1880s sculpture, The Thinker (see Appendix 1).

• Devices like digital cameras, cell phones, and microwave ovens. The operation of a microwave oven, for example, is based on the application of scientific ideas first patented in 1939, and developed in patents in the 1940s, 1950s and subsequently.³

• Common words and phrases like aspirin, brassier, bundt cake, cellophane, cola, dry ice, escalator and thermos.

• Retail "dollar" stores like Dollar General, Dollar Tree, Family Dollar, 99 Cents Only and BigLots.

• Competing franchised businesses within industries, like Century 21, ERA, Realty World, Keller-Williams, Prudential and others in real estate, or Baskin-Robins and Coldstone in ice cream or, a recent development, the "build-your-own" pizza concept exemplified by Blaze, Pieology, Pizza Rev and Pie Five, based on concepts used in "build-your-own" sandwich shops like Jersey Mikes, Port Of Subs, Firehouse Subs, Blimpie's, Quiznos, Subway, Togo's and Which Wich.

Moreover, it is on the same basis that we see in everyday life, and hardly notice:

• A tv news broadcast or newspaper or magazine presents a photograph of an incident at a McDonald's or Jack-In-The-Box restaurant and the restaurant sign featuring the franchisor's famous trademark clearly appears in the photograph.

• The daily sports report on tv, radio or in the newspaper reports the results of recent matches between professional baseball, basketball, football and hockey franchises, stating the team names, which are registered trademarks, and scores.

• A student writes a book report, containing quotations from the work she has read and on which she is reporting.

³ U.S. Patents 2,147,689 Method and Apparatus for Heating Dielectric Materials (1939); 2,480,679 Prepared Food Article and Method of Preparing (1949); 2,495,429, Method of Treating Foodstuffs (1950); 2,540,036 Food Cooking (1951).
• Grocery and department stores aisles are filled with consumer products on display, many embodying trade secrets, and many presenting packaging with copyrighted art and graphics, registered trademarks, and notices of patent protection.

• In the home and every sort of retail and public environment are displayed works of art, including prints, paintings and sculptures, whether by famous or not-so-famous artists.

• In daily conversation people repeat something a celebrity said, talk about current events, books and articles they have read, sites they have seen, where they wish to go for breakfast, lunch or dinner, which store they will go to shop, which entertainment venue they will visit, which product they will buy, repeating the content of copyrighted text, and filling their discussion with mention of registered trademarks.

Obviously, the above are examples. In words, phrases, slogans, music, images, art, cinema, drama, architecture, inventions, foods, business and all varieties of things and endeavors that make up our world, we build on the intellectual creations that have come before. As Justice Story explained, "in truth, in literature, in science and in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before."  

This is equally true in franchising, a method of doing business that has intellectual property at its core. And the truism that we are permitted to build upon the works of others presents opportunities in franchising, though also risks. This paper discusses various types of intellectual property that may be available for use, with a focus on potential uses in franchising, and when other intellectual property may be used without necessity to obtain the owner's permission. This paper also discusses potential liabilities and other risks associated with unlawfully using someone else's intellectual property without permission.

II. Background

Trademarks create identity and recognition, and have been aptly referred to as the cornerstone of a franchise system. Copyright protects a franchisor's rights in its creative works such as advertising and promotional materials, operating manuals, menu board layouts, architectural and interior designs, brochures, training videos, website design, and

---

5 Susser v. Carvel Corp. 206 F. Supp. 636, 640 (S.D.N.Y. 1962), aff'd, 332 F.2d 505 (2d Cir. 1064) (noting that the trademark is the "cornerstone" of a franchise system.).
sound recordings. Copyright law is available to franchisors to prevent these works from being copied by others. Trade secrets are confidential information that also provide a competitive advantage, due to their secrecy, to one franchise system over others. In franchising, one of the clearest embodiments is in the system’s operating manual, which contains expressive content setting forth many confidential elements that give the particular system its competitive advantage. The manual’s original expressive content results in copyright protection and its confidential information is protectable as trade secrets.

Apart from the operating manual, initial training programs for new franchisees, secret recipes, research and development of new products and services, and next year's marketing program are likely embodiments of a franchise system's trade secrets. Patents provide a franchisor with something akin to an exclusive right, that is, the right to exclude others from making, using and selling an invention or novel design embodied in the patent.

In contrast to real property or personal property, intellectual property is a creation of the mind or intellect. Laws concerning intellectual property have several dimensions. Some rules concern the creation of intellectual property. In this context, an important question is the extent to which one person or entity can be inspired by, or build upon or use or appropriate to their own purposes, intellectual property created by others, and the risks of doing so. Other principles, or perhaps the same principle but from a different perspective, concern the protection of one’s intellectual property against appropriation or misappropriation by others. In this regard, important questions concern the extent that the law will protect one person or entity’s property against use by others or, conversely stated, restrict others from using intellectual property created and owned by someone else.

Intellectual property law seeks to balance conflicting objectives. The idea of "property" means the right to ownership and control and the right to exclude use by others.

7 Normally copyright registration eliminates trade secret protection, because part of the application for copyright registration includes copies of the work, resulting in public disclosure. However, the Copyright Office has a procedure for "special handling" in which up to 50% of the work deposited with the Copyright Office may be removed, so that copyright in a work may be registered while preserving trade secret status.
8 See, e.g., Kysor v. Alma Motor Co., 287 N.W. 385, 386 (Mich. 1939) ("An invention may be said to be a new idea of means created by the exercise of the inventive faculty for the attainment of some useful purpose. It is a mental result, a concept, a thing evolved from the mind, a product of the intellect, a new idea of means generated by the mind of the inventor, the embodiment of the inventive idea[.] The act of invention is the exercise of the inventive faculty resulting in the creation of a new idea of means, the finding out, the contriving, the creating of something which did not exist before, by an operation of the intellect.")
without permission. By definition, ownership of "intellectual property" implies that the owner can control, limit and prevent its use by others.\footnote{See, e.g., \textit{Alderson v. U.S.}, 686 F.3d 791, 796 (9th Cir. 2012) ("General principles of property law require that a property owner have the legal right to exclude others from use and enjoyment of that property."); \textit{G.S. Rasmussen & Assoc., Inc. v. Kalitta Flying Serv., Inc.}, 958 F.2d 896, 903 (9th Cir. 1992) (defining three characteristics of property: (1) an interest capable of precise definition; (2) an interest capable of exclusive possession or control; and (3) the owner must have established legitimate claim to exclusivity); \textit{E.I. Du Pont De Nemours & Co. v. U.S.}, 288 F.2d 904, 912 (Ct. Cl. 1961) (patent owner has the right to exclude all others from operating under the patent; trade secret owner's rights include the right to prevent unauthorized disclosure and effectively the right to prevent use of the trade secret by others.)}

The ability to control or exclude use by others is fundamental in franchising. If a franchisor could not control the use of its trademark, trade secrets, copyrights and patents, and these were freely available for use by others, the franchisor would have no basis to license these rights to franchisees in exchange for franchise fees and ongoing royalties. If potential franchisees and other competitors could use these properties freely, without needing a license or permission from their owner, there would be no motivation to enter into franchise agreements, undertaking wide ranging obligations and requiring payments to the franchisor. It is axiomatic that persons and entities would not pay money to use property if they could lawfully use that property for free.

Thus, key elements of trademark, copyright, trade secret and patent laws are the potentially significant rights they grant intellectual property owners, to prevent unauthorized uses by others, and expansive remedies where such usage occurs without permission. Injunctive relief is available to prevent threatened infringement or misappropriation, and various flexible, often generous forms of monetary relief -- including actual damages, statutory damages, disgorgement of profits, damage and profits multiples and unjust enrichment -- are among the forms of relief that may be available to owners whose intellectual property rights have been infringed. Some misuses of other people's intellectual property rise to the level of crimes, and are punishable as such.\footnote{See, e.g., \textit{18 U.S.C. Secs. 1831 – 1836} (provisions in U.S. Espionage Act of 1996, making trade secret theft a federal crime punishable by a fine up to $250,000 for an individual and up to $5 million for corporations, imprisonment up to ten years, or both. In a crime for the benefit of a foreign government, the fine is up to $500,000 for an individual, up to $10 million for an organization, or three times the value of the secret, and imprisonment up to 15 years, or both. \textit{See also} \textit{18 U.S.C. Sec. 2320} ("(w)hoever intentionally traffics or attempts to traffic in goods and services and knowingly uses a counterfeit mark on or in connection with such goods or services" shall be guilty of a felony); \textit{18 U.S.C. Sec. 2320(b)} enables the United States to obtain an order for destruction of articles in possession of a defendant upon a determination that the articles bear counterfeit marks. \textit{See also} \textit{17 U.S.C. Sec. 506} (making copyright infringement a crime.}
On the other hand, intellectual property laws are often designed in ways that countenance use without permission by others, at least eventually. Indeed, it may be argued that the Constitution, intellectual property statutes and case law encourage various uses of intellectual property created by others. The Constitution and laws recognize that progress, particularly intellectual progress, requires building on the creativity and achievements of others. In the fields of copyright and patent law, for example, the Constitution embodies a "carefully crafted bargain,"\(^{11}\) specifically, that creators receive certain exclusive rights in their inventions or works but only for a limited time. After that time ends, inventions and works enter the public domain, becoming freely available for anyone to use.

Intellectual property laws and courts also recognize that in areas where the law affords no protection, use and copying of the creations of others are permitted and encouraged. This encouragement stems from the view that the public benefits from such use. As one court stated: "Businesses often think competition unfair, but federal law encourages wholesale copying, the better to drive down prices. Consumers rather than producers are the objects of the law's solicitude."\(^{12}\) Another court noted that "although copyists undoubtedly incur the enmity of the product's creator, they serve the public interest by promoting competition and price reductions. Accordingly, those with the ingenuity to copy a popular but unpatented product are entitled to do so, as long as they do not run afoul of the unfair trade practices laws."\(^{13}\) The ability to use lawfully, without charge or permission, certain intellectual property originally created by others raises intriguing and potentially valuable possibilities in franchising, but also entails risks and potential traps for the unwary.

punishable by imprisonment and substantial fines, if committed for commercial advantage, or private financial gain or for copying or distributing works having a value over $1,000, or for placing online any work that was being prepared for commercial distribution).

\(^{11}\) See, e.g., Dastar Corp. v. Twentieth Century Fox Film Corp. 539 U.S. 23, 33 (2003) ("The rights of a patentee or copyright holder are part of a carefully crafted bargain, under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution."); Pfaff v. Wells Elecs., Inc. 525 U.S. 55, 63 (1998) ("[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time.").


\(^{13}\) Summit Mach. Tool Mfg. v. Victor CNC Sys., 7 F.3d 1434, 1437 (9th Cir. 1993).
III. Overview - Principal Categories of Intellectual Property

A. Trademarks

A trademark or service mark is a word, phrase, symbol, design, device (including even a sound or smell), or combination thereof that a business uses to identify and distinguish its goods or services from those of others.14 Trademark law, embodied in the federal Lanham Act,15 state trademark statutes and common law, protects one's right to use its mark to identify the source of goods or services and prevent competitors and other third parties from adopting and using confusingly similar marks.16 Franchisors own some of the world's most recognized, valuable, and famous trademarks. The ubiquitous Coca-Cola brand and its distinctive ribbon script,17 McDonald's and its golden arches, Colonel Sanders and the KFC brand, Jack-In-The Box, Pizza Hut, Subway, Shell, Supercuts, Hilton, Marriott and 7-Eleven are a few examples.

No government approval is needed to establish trademark rights. One need only adopt and use a word, symbol, or other indicator as the distinctive identity of its goods or service. One may register a trademark with the United States Patent and Trademark Office ("USPTO") and/or with the trademark registrar of a state. Trademark registrations last for a limited time, but they can be renewed as long as the trademark continues to be used and serve its function. Even without registration, the common law grants a trademark owner the exclusive right to the use of its mark to identify its goods and services, over anyone using the same or a similar mark that is likely to cause confusion to the public at least in the geographic area where the trademark owner operates.18 If properly used and maintained, a trademark owner's rights can theoretically last in perpetuity.19 If not properly used or

14 See 15 U.S.C. § 1127 (defining "trademark" and "service mark").
15 15 U.S.C. Sec. 1051 et seq.
16 See, e.g., United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) (noting that a trademark's function is "simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his.").
17 Coca-Cola's independently owned local bottlers are franchisees.
18 See, e.g., In re Trade–Mark Cases, 100 U.S. 82, 94 (1879) ("At common law the exclusive right to [trademark protection] grows out of its use, and not its mere adoption.... It is simply founded on priority of appropriation.").
19 See, e.g., Peter Letterese and Associates, Inc. v. World Institute of Scientology Enters., 533 F.3d 1287, 1322 n.40 (11th Cir. 2008) ("unlike the limited terms of protection accorded to patents and copyrights, trademark protection can be of indefinite duration."); Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir. 2001) ("Patent and copyright law bestow limited periods of protection, but trademark rights can be forever."); Brunswick Corp v. British Seagull Ltd., 35 F.3d 1527, 1530 (Fed. Cir. 1994) ("trademark protection is potentially perpetual in duration"). By way of example, US Trademark Registration 11210, originally registered May 27, 1884 by an individual as a trademark for ropes, consists of an image of the Biblical figure Samson wrestling a lion and continues to be an active federal
protected by the owner, trademark rights can be lost by abandonment.  

B. Copyrights

Copyright refers to one's right to prevent others from copying an original work of authorship that has been fixed in a tangible medium of expression. Copyright law grants the author or copyright holder the exclusive right to copy, display, distribute, perform, or use a work as the basis for derivative works. Works of authorship include literary, musical and dramatic works, pantomimes, choreographic works, pictorial, graphic, and sculptural works, motion pictures and other audiovisual works, sound recordings, and works of architecture. Contents of operating manuals, advertising, menu boards, brochures, wall designs, photographs of products, locations, fictional characters, personalities and other subjects, training videos, sound recordings used in the business, and the architectural designs and interior of franchised locations are examples of works of authorship that copyright law protects and that franchises commonly use.

Franchises have occasion to use creative expressive works of others. In advertising a product or offering or selling franchises, a franchisor may reproduce or quote copyrighted news or magazine articles that review its business. Some retail franchises
decorate their walls with inspirational quotations from famous people, or photos or paintings. A franchisor or franchisee may wish to present testimonial quotations to the public. Or they may wish to present photographs showing people using the franchise's product or service. Many franchise operating manuals include articles written by others, or perhaps supplied by vendors, on such subjects as safety, sales techniques, leadership, communication, effective advertising, developing good community relationships, providing good customer service, training personnel, and using equipment.

The duration of copyrights is long, but still finite. Currently, for works created on or after January 1, 1978, copyright protection lasts for the life of the author plus an additional seventy years. Copyrights in works of joint authorship (other than works made for hire) last until the seventieth anniversary of the last surviving author's death. Copyrights in anonymous or pseudonymous works (if the author's name is not revealed) and works made for hire last for ninety-five years from the date of first publication or 120 years from the date of creation, whichever is shorter.

For works created and published before January 1, 1978, determining the copyright term is more complex. This is because, at least five times, starting with the Copyright Act of 1790, Congress modified the length of the copyright term. So the duration for any

---

30 The first copyright statute, enacted in 1790, set a copyright term of fourteen years from the date of publication, renewable for an additional fourteen years if the author survived the first term. Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124. In 1831 Congress expanded the
particular work depends on a variety of factors. Generally, the copyright term for these works is not measured by the life of any author. Instead, the term lasts (or lasted) for, and ends (or ended) at the end of, a fixed period, starting on the date of publication or registration (for unpublished works) and extending anywhere from a minimum of twenty-eight to a maximum of ninety-five years, depending on various circumstances.\textsuperscript{31}

An important implication of the limited duration of copyright is that, at some point, copyright rights end. Consider that, under any scenario, the longest possible duration for a work created and published before 1978 was potentially 95 years. According to the Copyright Office, the effect is that for any work created and published in the United States before 1923, the copyright rights must have expired and the work is in the public domain.\textsuperscript{32} For countless other works, published later, under shorter copyright durations, copyright term to forty-two years (twenty-eight years from publication, renewable for an additional 14 years). Act of Feb. 3, 1831, ch. 16, §§ 1, 16, 4 Stat. 436, 439. In 1909 Congress expanded the copyright term to 56 years (28 years from publication, renewable for an additional twenty-eight years). Act of Mar. 4, 1909, ch. 320, §§ 23–24, 35 Stat. 1080–1081. In 1976, Congress changed the method for computing federal copyright terms. Pub.L. 94–553, 90 Stat. 2572 §§ 302–304. For works created by identified natural persons, the 1976 Act provided that copyright protection would run from the work's creation, not—as in the prior Acts—publication; protection would last until fifty years after the author's death. For anonymous works, pseudonymous works, and works made for hire, the 1976 Act set a term of seventy-five years from publication or 100 years from creation, whichever expired first. For published works with existing copyrights as of January 1, 1978, the 1976 Act set a copyright term of 75 years from the date of publication, which was a nineteen-year increase over the fifty-six-year term under the 1909 Act. In 1998, Congress passed the Copyright Term Extension Act, Pub.L. 105–298, 112 Stat. 2827–2828 (amending 17 U.S.C. §§ 302, 304), which enlarged the duration of copyrights by twenty years. Thus, for works created by identified natural persons, the term now lasts from creation until seventy years after the author's death. 17 U.S.C. § 302(a). For anonymous works, pseudonymous works, and works made for hire, the term is ninety-five years from publication or 120 years from creation, whichever expires first. 17 U.S.C. § 302(c). See \textit{Elred v. Ashcroft} 537 U.S. 186, 192 (2003) (discussing this history).

\textsuperscript{31} 17 U.S.C., Sec. 302.

\textsuperscript{32} See U.S. Copyright Office, Circular 15A, \textit{Duration of Copyright}, accessible at www.copyright.gov/circs/circ15a.pdf ("The 1976 Copyright Act carried over the system in the 1909 Copyright Act for computing copyright duration for works protected by federal statute before January 1, 1978, with one major change: the length of the renewal term was increased to 47 years. The 1998 Copyright Term Extension Act increased the renewal term another 20 years to 67 years. Thus the maximum total term of copyright protection for works already protected by January 1, 1978, has been increased from 56 years (a first term of 28 years plus a renewal term of 28 years) to 95 years (a first term of 28 years plus a renewal term of 67 years). Applying these standards, all works published in the United States before January 1, 1923, are in the public domain.").
rights also have expired. But 1923 establishes a bright line (though also not necessarily absolute). As time goes forward, the bright line year will roll forward, though not always one year at a time.

C. Patents

Patent law grants exclusive rights to inventors of new and useful machines, aesthetic designs, and useful methods of doing things covered by the patent claims. More specifically, a patent is a government-granted right to exclude others from making, using, selling, offering for sale, or importing a particular invention during the patent term. Some franchise systems include, in their grants of rights to franchisees, permission to use and practice patents owned by or licensed to the franchisor.

The law establishes three categories for patents: utility, design, and plant patents. The USPTO grants utility patents for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." Utility patents

---


34 "In 1998, the Sonny Bono Act extended the term of all existing copyrights by 20 years. Works already in the public domain (i.e., those published in 1922 and earlier) were unaffected, but those works from 1923 now had a 95-year term. These works will rise into the public domain on Jan. 1 2019 (1923 plus 95 years), and then each year thereafter, another year of published works will be added. This assumes . . . that Congress does not elect in 2018 to extend once again the length of copyright." Peter Hirtle, When Is 1923 Going to Arrive and Other Complications of the U.S. Public Domain (Sept. 2012) (accessible at www.infotoday.com/searcher/sep12/Hirtle--When-Is-1923-Going-to-Arrive-and-Other-Complications-of-the-U.S.-Public-Domain.shtml). The Copyright Office publishes a Circular entitled How to Investigate the Copyright Status of a Work. A copy of this Circular in its current version is attached as Appendix 2.


36 35 U.S.C. § 154(a)(1); Dawson Chemical Co. v. Rohm and Haas Co., 448 U.S. 176, 215 (1980) ("essence of a patent grant is the right to exclude others from profiting by the patented invention"); Bloomer v. McQuewan, 55 U.S. 539, 549 (1852) (A patent grants the right to exclude others from making, using, or vending the thing patented, without the permission of the patentee.").


are granted for a term that starts when the USPTO issues the patent and ends twenty years after the filing date of the patent application. Design patents cover a new, original, and ornamental design for an “article of manufacture.” The design must be definite and reproducible. Design patents have a term of fourteen years from the date the USPTO grants the patent. Plant patents are for discoveries of new varieties of asexually reproduced plants. They have had little significance in franchising.

D. Trade Secrets.

A creature of state, rather than federal, law, trade secrets refer to confidential information having independent value because (a) it is not generally known to the public or to others who could benefit economically from the use or disclosure of the information, and (b) the owner uses reasonable efforts to protect its secrecy. Trade secret laws protect one's right to maintain the secrecy of such information, control use of the information, and, in many instances, control others' use while still maintaining secrecy and ownership of the information.

Like trademarks, trade secrets are central to franchising. Many franchisors consider elements of their system to be confidential information providing them a competitive advantage, and thus a trade secret. Most have operating manuals containing information about their training programs, operating procedures, equipment, recipes, suppliers, marketing techniques, business forms, and other information. Service oriented franchise

---

42 35 U.S.C. §161. So far, plant patents have not been significant in franchising.
44 See, e.g., KFC Corp. v. Marion-Kay Co., 620 F. Supp. 1160, 1163 (S.D. Ind. 1985) (discussing secrecy of recipe for KFC chicken seasoning); Coca-Cola Bottling Co. of Shreveport, Inc. v. Coca-Cola Co., 107 F.R.D. 288 (D. Del. 1985) (noting "the complete formula for Coca-Cola is one of the best-kept trade secrets in the world").
45 See, e.g., Slates v. Int'l House of Pancakes, Inc., 413 N.E.2d 457, 465 (1980) (describing subjects in franchisor's operating manual, noting: "The franchisor is specifically given the power to promulgate a standard operational procedures manual which will be binding upon the franchisee covering the following subjects: training and supervision of franchisees and restaurant managers, quality control, record keeping and account controls, administrative assistance, periodic inspections, appearance of the premises, hours of operation, merchandise sold, employees' appearance and demeanor, the personal standards in training, promotions, advertising and signs, preparations and service of food and
programs like personal care salons and franchises providing industrial services, and even product franchises, consider their customer lists and their data on customer purchase histories and preferences to be trade secrets. Franchisors consider these compendiums of knowledge also to provide a competitive advantage and believe competitors would benefit if they had access to the information. Franchisors therefore consider this information to be trade secrets.

Whereas copyrights and patents last for a limited term specified by law, rights in trade secrets, like those in trademarks, have a potentially unlimited, perpetual duration. For trade secrets the duration can last as long as the information remains secret.

IV. Encouragement and Discouragement of Using Other People's Intellectual Property

On the subject of using intellectual property created by others, the law is of two unconflicting minds. On the one hand, certain types of intellectual property and intellectual creations are free for all to use – as one court has said, "free as the air" unless protected by law. As Justice Brandeis observed in a famous dissent: "The general rule of law is, that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—become, after voluntary communication to others, free as the air to common use." 46

But, not all intellectual property is available for free use. Rather, "[t]he Constitution and Congress have made some exceptions to this general rule, by the patent and copyright laws." 47 The same analysis applies with regard to the trademark laws and state trade secrets laws, as exceptions that restrict use of intellectual property created by others. These various laws "have rewarded inventors and authors for their creativeness by granting them monopolies for a limited time and under carefully fixed conditions." 48

Even while the law recognizes rights in intellectual property, various theories permit and encourage people and businesses to use lawfully intellectual property created by others. "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors." 49 The overriding purpose for the Constitution's copyright and patent clause is

braziers, and relations with suppliers."). See also Davis v. McDonald's Corp., 44 F. Supp. 2d 1251, 1257 (N.D. Fla. 1998) (quoting provision of McDonald's franchise agreement concerning the operating manual).

47 Cable Vision, Inc. v. KUTV, Inc., 335 F.2d 348, 352 (9th Cir. 1964).
48 Id.
"to promote the Progress of Science and useful Arts." \textsuperscript{50} Progress consists of new developments—generations and successors learning from, using, and building on the efforts and successes of those who came before. \textsuperscript{51}

As mentioned above, the Constitutional provisions authorizing the establishment of copyright and patent rights represent a "carefully crafted bargain." \textsuperscript{52} Their premise is to encourage "public disclosure of new and useful advances in technology." \textsuperscript{53} Then, after the

\textsuperscript{50}U.S. Const., Art. I, Sec. 8, Cl. 8.

\textsuperscript{51}See, e.g., \textit{Elred v. Ashcroft} 537 U.S. 186, 227 (2003) (Stevens, J., dissenting; noting purposes of copyrights and patents are to encourage new inventions and advance progress by adding knowledge to the public domain, thus there is an overriding interest in the release to the public of the products of the copyright author's creative genius; and in rewarding the inventor to motivate that activity and allow the public access to the products of the inventor's genius "after the limited period of exclusive control has expired."); Patry, \textit{The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision}, 67 Geo. Wash. L. Rev. 359, 381 (1999) ("With unfettered access to facts, the public may gain valuable information necessary for an enlightened citizenry, while later authors are free to create subsequent works utilizing those facts."); Hettinger, \textit{Justifying Intellectual Property}, 18 Philosophy & Public Affairs, No. 1, 31, 36 (1989) ("Our society gives its inventors and writers a legal right to exclude others from certain uses of their intellectual works in return for public disclosure of these works. Disclosure is necessary if people are to learn from and build on the ideas of others. When they bring about disclosure of ideas which would have otherwise remained secret, patents and copyrights enhance rather than restrict the free flow of ideas[.]"). \textit{Cf. White v. Samsung Electronics}, 989 F.2d 1512, 1513 n.11 (9th Cir. 1993) (Kozinski, J. dissenting) ("Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before. Overprotection stifles the very creative forces it's supposed to nurture.").

\textsuperscript{52} See, e.g., \textit{Pfaff v. Wells Electronics, Inc.}, 525 U.S. 55, 63 (1998) ("the patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time"). \textit{See also Dastar Corp. v. Twentieth Century Fox Film Corp.}, 539 U.S. 23, 33 (2003) ("The rights of a patentee or copyright holder are part of a carefully crafted bargain, under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution.").

\textsuperscript{53}Dastar Corp., \textit{supra} n.52, 539 U.S. at 33; see also \textit{Eldred v. Ashcroft}, 537 U.S. 186, 212 n.18 (2003) ("the economic philosophy behind the Copyright Clause is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors . . . copyright law celebrates the profit motive, recognizing that the incentive to profit from the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge") (internal citations and punctuation omitted).
limited term ends, works enter into the public domain, dedicated to and available for anyone to use.⁵⁴

So, one purpose of intellectual property protection for patents and copyrights is to create property that will ultimately be available for all to use upon the expiration of the term of protection. However, during the term of protection, the owner of a patent or copyright may avail itself of the law’s backing to prevent others from exploiting, without permission, that to which the owner has an exclusive right.

The ability and freedom lawfully to use other’s intellectual property, without permission or credit, has important implications and possibilities in franchising, but also legal risks. As intellectual property owners, there exists the ability to prevent unauthorized uses of one’s intellectual property, but within certain limits. Conversely, franchisors and franchisees can sometimes make some uses of intellectual property created by or even belonging to others, but must exercise care in doing so in order to avoid running afoul of the law.

V. Creative Processes – How Intellectual Property is Created

There are many different ways intellectual property is created. The creative processes are perhaps as varied as there are people, perhaps more so. Consider, for example, the following discussion of the process, in relation to James P. Watson’s book about his discovery of the double helix structure of DNA:

James P. Watson’s *The Double Helix* . . . is an intriguing book which talks about science in a way which is so contrary to many people’s concept of the scientific method that it was a very controversial when it first came out. It treats the

⁵⁴Many businesses and industries depend on patent and copyright expirations for their operation. The pharmaceutical industry is an example. Generic drug makers wait for drug patents to expire so that they can manufacture the previously-patented drugs. *See, e.g., Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 847 (1982) (noting that, after patent expired, “several generic drug manufactures . . . began marketing” the previously patented drug). *See also Christianson v. Colt Industries Operating Corp.*, 798 F.2d 1051, 1061 (7th Cir. 1986) (noting that, after expiration of a patent, anyone having ordinary skill would be able to make use of the technology set forth in the patent). In *Elred v. Ashcroft*, *supra*, plaintiffs challenged the constitutionality of the Sonny Bono Copyright Term Extension Act, which extended the duration of existing copyrights. Plaintiffs were businesses that “use, copy, reprint, perform, enhance, restore or sell works of art, film, or literature in the public domain,” which claimed that but for the enlarged durations of copyrights under the act, “they could have legally copied, distributed, or performed . . . works that would otherwise have entered the public domain.” *Elred v. Reno*, 74 F. Supp. 2d 1, 2 (D.D.C. 1999), aff’d, 239 F.3d 372 (D.C. Cir. 2001), aff’d sub nom. *Eldred v Ashcroft*, 537 U.S. 186.
discovery of the structure of DNA as a very human and very left-handed process. Watson and co-discoverer Francis Crick relied heavily on inspiration, iteration, and visualization. Even though they were superb biochemists, they had no precedent from which they could logically derive their structure and therefore relied heavily on left-handed thinking.\textsuperscript{55}

A few examples are presented here. And the reader may be aware, from experience or other sources, of many other ways of creating art, expressive writings, inventions, trademarks or secrets. For example:

A. Free Association.

A process for creating a trademark, artwork or invention could involve brainstorming and free association of words, phrases, images, or invention ideas. The brainstormer(s) develop lists of ideas and writes these down as words or sketches.

In the trademark context, the ideas might involve neologisms (combining letters to create an entirely new word, like Häagen-Dazs, Kodak, Frisbee, Exxon or Xerox). Or existing words might be written down to possibly apply to a product or service for which there is no apparent connection (like "Big Frog" for a custom t-shirt franchise).

In the context of art or invention, sketches might be preliminary or draft drawings of what the creator envisions.

The creator(s) might subjectively rank the ideas, perhaps starting with personal favorites. Ideas are then refined and studied to select the best prospect for the particular purpose involved.\textsuperscript{56}

B. Serendipity.

The creative process can occur with a significant element of serendipity (luck), arising from unanticipated developments or sudden inspiration. The proverbial discoveries


\textsuperscript{56} In one brainstorming paradigm, four main rules govern: (1) No evaluation of any kind is permitted. A judgmental attitude will cause people in the group to be more concerned with defending their ideas than with generating them. (2) All participants are encouraged to think of the wildest ideas possible. (3) Quantity of ideas is encouraged. (4) All participants are encouraged to build upon or modify the ideas of others, as combinations or modifications of previously suggested ideas can lead to new ideas that are better than those that sparked them. Adams, \textit{Conceptual Blockbusting, A Guide to Better Ideas} 115 (W.H. Freeman & Co. 1974).
of dynamite, penicillin, viagra, x-rays and saccharin, all results of accidents or other serendipitous events, are examples.\footnote{See, e.g., \textit{Chamberlin v. URIS Sales}, 150 F.2d 512 n.4 (2d Cir. 1945) ("It is not easy to ascertain what is intended and what inadvertent in the work of genius: That a man is color-blind may make him a master of black and white art; a painter's unique distortions, hailed as a sign of his genius, may be due to defective muscles. Consider the great scientific discoveries- such as the X-ray and the galvanic circuit- which resulted from accidents.")}

Serendipity occurs in the context of trademarks as well. The seven founders of the "Mechanics Tool and Forge Company," in 1938, probably did not expect customers to refer to the company and its products by the shorthand, "Mac Tools." In 1911 four companies (The Tabulating Machine Company, the International Time Recording Company, the Computing Scale Company and the Bundy Mfg. Co.) merged to form the Computing Tabulating Recording Company or "CTR." In 1914 Thomas Watson became CTR's president. In 1924 CTR changes its name to "International Business Machines Corporation." The natural human tendency to abbreviate resulted in the name and trademark being reduced to "IBM."\footnote{See, e.g., 1 McCarthy on Trademarks and Unfair Competition § 7:18 (4th ed.) ("Americans are prone to abbreviate recognized trademarks and to use nicknames.")} The trademark "coke" evolved similarly, from the trademark Coca-Cola.\footnote{\textit{Coca-Cola Co. v. Busch}, 44 F. Supp. 405, 408 (E.D. Pa. 1942) ("it is commonplace in our daily endeavor to shorten and abbreviate anything which is capable of being shortened or abbreviated.")}

C. Methodical Analysis.

Another important way that intellectual property is created is methodical, through analysis, study, trial-and-error, application of scientific methods and the like. These are structured processes involving development and testing of hypotheses, and analyses and assessment of results.

A methodical approach, applied in the context of art and painting, employed by the iconic American artist Norman Rockwell is cleverly illustrated in his self-portrait. This may be compared with a random, entropic method of creation, reflected in the artistic works of Jackson Pollack. These are illustrated in the following images:
D. Assembly and Organization.

Another way intellectual property is created, particularly in the context of trade secrets and often expression that may be copyrighted, is assembly, collection and organization of information created by others, and perhaps revision of that information into new, more useful formats. This way of creating intellectual property clearly relies on the existence of, and builds on, intellectual property created by others.

E. Consciously Building on Works of Others.

The innumerable ways intellectual property is created have some elements in common. They all involve creations of the mind. Intellectual property is the product of thought and mental vision. It exists mostly in the minds of people, starting with a creator and being imparted to others. And all these methods involve, sometimes to a lesser or greater extent, building on the works of others. But one further method is to consciously, by design, start with intellectual property of others, and evaluate how to lawfully develop it further, build upon it, or in some cases (particularly in the case of patents) work-around it, all with the objective of creating new intellectual property.
VI. Line Drawing - Lawful Uses and Limits on Uses of the Intellectual Properties of Others

A. Trademarks

The touchstone boundaries of trademark law are embodied in the word “distinctiveness” and the phrase “likelihood of confusion.” Where a person or entity has adopted a word, phrase, name, logo, symbol, sound, smell or other device (perhaps any other sensory embodiment) to “identify and distinguish” its product or service, it is unlawful for someone else to use the same or similar designation in circumstances that would create a likelihood of confusion to the public over the source of the identified goods or services. Use that creates a likelihood of confusion constitutes “infringement.”

These principles also apply to distinctive combinations of features embodied in product packaging and even the distinctive shapes and appearances of restaurant exteriors and interiors, which is known as “trade dress.” In franchising, one might think of the distinctive blue A-frame roof of IHOP® restaurants as an example of trade dress.

In what respects might a franchised business possibly make lawful use of the trademarks or trade dress of others?

(i) Not a Trademark, Not Trade Dress. One scenario is where the elements do not arise to the level of being a protectable trademark or trade dress. In Little Caesar Enters.,

---

62 See, e.g., Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 232 (1964) (“a State may . . . protect business in the use of their trademarks, labels or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods”); Two Pesos, Inc. v. Taco Cabana, Inc. 505 U.S. 763, 764 n.1 (1992) (trade dress protection for restaurant interior).
Inc. v. Sioux Falls Pizza Co., Inc.63 a Little Caesars franchise agreement expired, whereupon the franchisee began operating at the same location under the name Pizza Patrol. The franchisor claimed the franchisee had not changed the floor and wall tiles, location of the ordering counter, configuration of equipment, and layout that the franchisor claimed was its trade dress.64 The court declined injunctive relief, holding:

Little Caesars offered no evidence of specific trade dress requirements mandated by Little Caesars that were either typical or required in each company-owne[d] store or franchise. Little Caesars submitted no evidence . . . of a written policy, manual, guide, or other direct proof of Little Caesars' standard trade dress. . . . Evidence that some features of the current Pizza Patrol are still similar to the look and feel of the store when it was a Little Caesars is not enough to establish that Little Caesars has a fair chance of succeeding on its trade dress infringement claim. . . . Little Caesars offered no proof whatsoever that the black and white tile is a scheme or pattern that is clearly associated with Little Caesars. . . . Little Caesars admitted that it never found a napkin, pizza box, sign, or anything else with distinctive marks or proven dress that could be legitimate evidence of a trade dress violation. Without more at this stage of the litigation, Little Caesars' trade dress claim is not likely to succeed on the merits.65

The Little Caesars case demonstrates that when elements are insufficient to comprise a protectable trademark or trade dress, even though another party used those elements first, they may not comprise an interest that the courts will protect, or for which it will grant relief. There is no infringement because there is no distinctive, protectable interest to infringe.

Franchised businesses may and do take inspiration from and make use of particularized elements identified in other businesses and places. This occurs continuously. New colors and styles come into vogue for walls, floors, furnishings, uniforms and written materials. Writing styles and type fonts change. These matters are most often elements that do not rise to the level of anyone's protectable trademark or trade dress.

---

63 2012 WL 3190788 (D.S.Dak. 2012)
64 Id. at *2.
65 Id. at *8-9. To the same effect, see Happy's Pizza Franchise, LLC v. Papa's Pizza, Inc., No. 10-15174, 2013 WL 308728 at *4 (E.D. Mich. 2013) (infringement claim was denied because pizza restaurant franchisor failed to prove its restaurants used uniform theme, that other fast food restaurants did not use the same elements, that customers exclusively associated the claimed elements and menu items with the franchisor's restaurants, that other restaurants did not offer similar food combinations, that all the franchisor's restaurants used the claimed elements; or that the franchisor's combination of elements, including its menu, was original in its design).
However, comparison of the *Little Caesars* decision to cases in which trade dress was protected, such as the Supreme Court decision in *Two Pesos, Inc. v. Taco Cabana, Inc.* indicates that which elements rise to the level of protectable trade dress may be a case-specific fact-and-circumstance analysis. In the *Two Pesos* case, the Supreme Court and lower courts all found there was protectable trade dress in:

a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.

It has been reported that the decision generated expanded litigation and confusion as to the appropriate standard for determining whether trade dress is protectable.

(ii) *Factual Fair Use* or "*Nominative Fair Use.*" A franchised restaurant may refer factually to trademarks of others in describing menu items or service. A restaurant menu might offer items by their brand names. This is common where restaurants offer Coke® or Pepsi®. A franchised steak or burger restaurant might note that its condiments include Heinz® ketchup or A-1® Worcestershire sauce. Or that sweeteners like Splenda® (sucralose), Sweet'N Low® (saccharin), Equal® and NutraSweet® are available. A dessert store's menu board might note its toppings include Hershey’s® chocolate, M&M’s®, chopped Snickers® or Reese’s Peanut Butter Cups®. A franchised hotel may inform customers that HBO®, ESPN®, CNN® and Fox® are available on cable tv in guest rooms and that guest bathrooms feature complimentary branded soaps and shampoos.

These uses are lawful because they do not create confusion, but rather refer factually to the brands indicated. They are referred to as "nominative fair uses." It is

---

68 *See, e.g.* Amanda Harmon Cooley, *Trade Dress Protection of Business Decor: What is this Tertium Quid?* 18 Southern L. J. 19, 20 (2008) ("the Court established a legal taxonomy with somewhat blurry boundaries for subsequent lower courts’ analyses;"). *See also* id. at 30 (in the years following the *Two Pesos* decision "business decor Lanham Act cases continued to be litigated . . . with varying interpretations of alleged inherent distinctiveness of decor.").
69 *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (permitting use of a trademark to describe plaintiff’s product as a "nominative fair use" if product or service is not readily identifiable without using the trademark; no more of the mark is used than is necessary to identify the product or service and the user does not suggest sponsorship or endorsement by the trademark holder). *See also Volkswagen Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir.1969) (Volkswagen could not prevent
more practical to refer to "Hershey's® chocolate" than to refer to the brand of chocolate made by the company based in Hershey, Pennsylvania.\textsuperscript{70}

"Nominative fair use" is not limited to identifying the brand of menu items or name of someone else's services. In \textit{New Kids on the Block v. News America Publishing}\textsuperscript{71} newspapers with nationwide circulation polled readers about popularity of a teenage rock band called "New Kids on the Block." The poll announcement asked questions like: "Which one of the New Kids is the most popular?" and "Which of the New Kids on the Block would you most like to move next door?" and noted poll results would be published in an upcoming edition. Readers were directed to phone a 900 number to vote and were charged for the call. Rejecting the band's trademark infringement challenge, the Ninth Circuit stated:

While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. . . . Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. . . . The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name.\textsuperscript{72}

The \textit{New Kids} decision and its progeny suggest the possibility of polls or other events designed with some reference to popular culture – such as music groups, professional sports teams and other entertainers. Other cases suggest the possibility of

\textsuperscript{70} New Kids on the Block\textit{ v. News Am. Pub., Inc.,} 971 F.2d at 306 ("sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. For example, one might refer to "the two-time world champions" or "the professional basketball team from Chicago," but it's far simpler (and more likely to be understood) to refer to the Chicago Bulls." In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.").

\textsuperscript{71} 971 F.2d 302 (9th Cir. 1992).

\textsuperscript{72} Id. at 309.
designing services that pertain to and mention, perhaps lampoon\textsuperscript{73} other brands. In \textit{Toyota Motor Sales, U.S.A., Inc. v. Tabari}\textsuperscript{74} the Ninth Circuit noted that an auto broker could do business as "lexusbroker.com," over the objection of the trademark owner (Toyota), because "that's the most straightforward, obvious and truthful way to describe their business." The court said the "nominative fair use doctrine allows such truthful use of a mark, even if the speaker fails to expressly disavow association with the trademark holder."\textsuperscript{75}

\textit{Century 21 Real Estate Corp. v. Lendingtree, Inc.}\textsuperscript{76} presents another example of potential fair use, while also indicating a potential risk of moving ahead too quickly where this area of law applies. A mortgage lender's website used trademarks of prominent real estate firms. The website showed (1) a Coldwell Banker "For Sale" sign, a real estate agent, the Coldwell Banker logo and the word "SOLD;" (2) a statement that the mortgage broker would provide access "to a national network of brokers representing the country's leading real estate companies, including Coldwell Banker, ERA and Century 21;" and (3) a statement that the firm was "[r]epresented by large independent real estate companies and members of major franchises — Coldwell Banker, Century 21, Prudential, ERA, ReMAX, GMAC (formerly Better Homes & Gardens), and Realty Executives." The broker's printed materials referred to affiliation "with more than 700 certified brokers such as Coldwell Banker, Century 21, Prudential, ERA and RE/MAX."\textsuperscript{77}

A district court enjoined such uses. The Third Circuit reversed, but its ruling did not necessarily allow such uses. The Third Circuit looked to the Ninth Circuit's nominative fair use test, noted that "few other courts have spoken on the precise issue of how nominative fair use is successfully invoked,"\textsuperscript{78} adopted its own different multi-factor test for nominative fair use cases, and remanded for further consideration by the district court. The multifactor test adopted by the Third Circuit consisted of the following:\textsuperscript{79}

1. Is the use of the plaintiff's mark necessary to describe the plaintiff's product or service and the defendant's product or service?

2. Is only so much of the plaintiff's mark used as is needed to describe plaintiff's product or service?

\textsuperscript{73} \textit{Mattel, Inc. v. MCA Records, Inc.} 296 F.3d 894 (9th Cir. 2002) (rejecting toy manufacturer's claim against record company's for song, "I'm a Barbie Girl," that lampooned popular "Barbie" toy and trademark).
\textsuperscript{74} 610 F.3d 1171 (9th Cir. 2010).
\textsuperscript{75} 610 F.3d at 1177.
\textsuperscript{76} 425 F.3d 211 (3d Cir. 2005).
\textsuperscript{77} \textit{Id.}
\textsuperscript{78} \textit{Id.}
\textsuperscript{79} \textit{Id.} at 228.
3. Does the defendant's conduct or language reflect a true and accurate relationship between plaintiff and defendant's products and services?

In *New Kids on the Block, supra*, the Ninth Circuit established a similar test:

1. The plaintiff's product or service is not readily identifiable without use of the trademark.

2. Only so much of the mark is used as is reasonably necessary to identify the product or service.

3. The user must not do anything to suggest sponsorship or endorsement by the trademark owner.  

(ii) Comparative Advertising or Imitation. Trademarks of others may be lawfully used in truthful comparative advertising or in describing products that are imitations.

---

80 971 F.2d 302, 308 (9th Cir. 1992)

81 *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 308 n.7 (9th Cir. 1992) (noting "a soft drink competitor would be entitled to compare its product to Coca–Cola or Coke," though it "would not be entitled to use Coca–Cola's distinctive lettering."). *See also* 15 U.S.C. Sec. 1125(c)(3) (excluding comparative advertising from liability for action for dilution); *Nihon Keizai Shimbun v Comline Business Data, Inc.*, 166 F.3d 65, 73 (2d Cir. 1999); 3 McCarthy on Trademarks § 23:11 ("for example, Pepsi can use Coca-Cola's mark to advertise "Pepsi tastes better than Coke" without infringing the COKE trademark; there is "a competitive need to use a senior user's trademark to identify the senior user in a way that is not likely to confuse customers."); *EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolus, Inc.* 228 F.3d 56, 65 (2d Cir. 2000) ("Where a mark incorporates a term that is the only reasonably available means of describing a characteristic of another's goods, the other's use of that term in a descriptive sense is usually protected by the fair use doctrine."). Courts permit defendants to use a trademarked name to convey to consumers what it is their product seeks to copy; defendants are "not trying to get the good will of the name, but the good will of the goods." *Saxlehner v. Wagner*, 216 U.S. 375, 380–81(1910) (trademark holders may not keep "manufacturers from telling the public in a way that will be understood ... what they are copying and trying to sell"); *Societe Comptoir de L'Industrie v. Alexander's Dept' Stores, Inc.*, 299 F.2d 33, 36 (2d Cir.1962) ("The Lanham Act does not prohibit a commercial rival's truthfully denouncing his goods a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design."). *See also* *H & R Block Eastern Enterprises, Inc. v. Intuit, Inc.* 945 F. Supp. 2d 1033 (W.D. Mo. 2013) (rejecting claim of infringement by provider of income tax software).

Thus, a franchise company may conduct truthful advertising comparing itself by name, to its competitors by name, or offering its goods or services as substitutes for those of competitors.

Among the risks of this approach include the potential to go too far, using more of the competitor's name or trademark than is necessary for the comparison.\textsuperscript{83} Or evoking a challenge from the competitor, claiming the comparison is false, or defamatory.\textsuperscript{84} There is also the potential risk of prompting the rival to conduct a reciprocal comparative advertising campaign in return.\textsuperscript{85}

(iv) Abandoned Marks. Trademarks of others that were once in use, but have been abandoned, are potentially available for use. This has occurred in various industries.\textsuperscript{86} It might in some instances be a way to evoke nostalgia or other favorable connotations of a defunct or abandoned brand. For example, a restaurant in New York adopted the name "The Brooklyn Dodgers Sports Bar and Restaurant" to evoke nostalgia of the team that was formerly located there. A district court ruled that the restaurant could continue using the

\textsuperscript{83}See, e.g., Autodesk, Inc. v. Dassault Systèmes Solidworks Corporation, 685 F.Supp.2d 1001, 1017 (N.D. Cal. 2009) (in defense of nominative fair use, a fact question existed whether defendant used more of plaintiff's mark than necessary).

\textsuperscript{84}See e.g., U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia, 898 F.2d 914, 917 (3rd Cir. 1990) (describing "comparative advertising war between giants of the health care industry" wherein "each side asserts the other's advertising misrepresented both parties' products.").

\textsuperscript{85}Id.

\textsuperscript{86}See, e.g., Intrawest Fin'l Corp. v. Western Nat'l Bank, 610 F. Supp. 950, 961 (D. Col. 1985) (finding that Plaintiff abandoned "The First National Bank of Denver" and enjoining Plaintiff from using this name and ruling that Defendant could use the name because it started use after the name was abandoned by Plaintiff). Cf., AmBrit, Inc. v. Kraft, Inc. 805 F.2d 974, 994 (11th Cir. 1986) (trademark registration for an ice cream product, Polar B'ar, ordered cancelled where owner had not used mark for 48 years, then resumed use, but in the interim a competitor, which made Klondike ice cream bars, used a similar mark).
name because it had been abandoned by the original owner, which is now the Los Angeles Dodgers.\textsuperscript{87}

\textit{Exxon Corp. v. Humble Exploration Co}\textsuperscript{88} addressed this situation as well. Humble Oil & Refining Co. had been founded in Texas in 1917. By 1972 more than 20,000 Humble service stations operated across the nation. That year the entity changed its name to Exxon. Another company was founded in 1974. Its CEO chose the name Humble, believing the name had been abandoned by the company then known as Exxon. Exxon argued that it had continued to make limited use of the Humble brand, seeking to preserve its ownership of the trademark. But the Fifth Circuit ruled the limited use made by Exxon was not sufficient to preserve trademark rights, and remanded the case back to a district court to make findings whether or not Exxon had the intent to ever resume using the Humble mark. If the Humble Corporation founded in 1974 could prove Exxon lacked intent to resume use, Humble could succeed in establishing ownership of a once valuable mark abandoned by its original owner.\textsuperscript{89}

(v) \textit{Generic Terms.} Generic terms are not marks at all. They are words that define a product or service category. In many interesting court decisions, generic terms were originally trademarks but, through extensive usage, without identification as trademarks, they became, in the public's collective mind, the common generic word for the product involved. "\textit{Aspirin}" was originally a trademark for one company's brand of a pain reliever (acetysalicylic acid).\textsuperscript{90} The word "brassier," or its diminutive form, "bra" was originally one company's brand for a woman's bust supporter.\textsuperscript{91} "\textit{Bundt cake,}" \textsuperscript{92} "\textit{cellophane,}" \textsuperscript{93} "\textit{dry ice}" (originally a brand for frozen carbon dioxide),\textsuperscript{94} "\textit{escalator}" (originally a trademark for a moving staircase),\textsuperscript{95} "\textit{thermos}" (originally a trademark for an insulated bottle), and "\textit{cola}" are examples of trademarks that were lost as trademarks, and are freely available for use by the public for this reason.\textsuperscript{97}


\textsuperscript{88} 695 F.2d 96 (5th Cir. 1983).

\textsuperscript{89} There is presently a federal trademark registration for "Humble" for refined oils from petroleum, owned by Exxon Corporation (Reg. No. 2963325, app. filed in 2004 and registered in 2005).

\textsuperscript{90} Bayer Co. v. United Drug Co. 272 F. 505 (S.D.N.Y. 1921).

\textsuperscript{91} Charles R. De Bevoise Co. v. H & W Co. 60 A. 407 (N.J. Ch. 1905).

\textsuperscript{92} In re Northland Aluminum Products, 777 F.2d 1556 (Fed. Cir. 1985).

\textsuperscript{93} DuPont Cellophane Co. v. Waxed Products Co., 85 F.2d 75 (2d Cir. 1936).

\textsuperscript{94} Dry Ice Corp. v. Louisiana Dry Ice Corp., 54 F.2d 882 (5th Cir. 1932).

\textsuperscript{95} Haughton Elevator Co. v. Seeberger, 85 U.S.P.Q. 80 (Comm. Patents 1950).

\textsuperscript{96} King Seely Thermos Co. v Aladdin Industries, Inc. 321 F.2d 577 (2d Cir. 1963).

\textsuperscript{97} Dixi-Cola Laboratories, Inc. v. Coca Cola, 117 F.2d 352 (4th Cir. 1941); Coca Cola v. Standard Bottling Co., 138 F.2d 788 (10th Cir. 1943); Cleo Syrup Corp. v. Coca-Cola Co.,
The concept of genericness can also apply to packaging or other trade dress. Packaging that is functional is unprotectible under the trademark laws, and is available to be imitated or copied by others unless it is the subject of a patent or copyright.98

(vi) Satire, Lampoon and Parody. The marks of others might also be used in a parody or satirical manner. This is illustrated in the “Chewy Vuitton” case. A manufacturer of a chewy dog toy parodied the famous Louis Vuitton trademark.99 The case of Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC100 concerned a manufacturer of perfumes for pets, that created brand names for its products which parodied famous high fashion perfumes for people. The perfumes for pets were named Timmy Holedigger (parodying the Tommy Hilfiger brand), CK–9 (parodying Calvin Klein's CK–1), Pucci (parodying Gucci), Bono Sports (parodying Ralph Lauren's Polo Sports), Miss Claybone (parodying Liz Claiborne), and White Dalmatians (parodying Elizabeth Taylor's White Diamonds). A District Court noted:

where the unauthorized use of a trademark is part of an expressive work, such as a parody, the Lanham Act must be construed narrowly. . Specifically, it has held that the public interest in avoiding consumer confusion must be balanced against the public interest in free speech. Cases finding that First Amendment interests prevail involve nontrademark uses of mark—that is, where the trademark is not being used to indicate the source or origin of consumer products, but rather is being used only to comment upon and, in the case of parody, to ridicule, the trademark owner. In such cases, the parodist is not trading on the good will of the trademark owner to market its own goods; rather, the parodist's sole purpose for using the mark is the parody itself, and precisely for that reason, the risk of consumer confusion is at its lowest.101

A franchise company might likewise design a product or service brand that parodies, ridicules, satirizes a current event, competitor, political issue or some other aspect of the society, or that gives praise to a laudatory act by a competitor, or someone

139 F.2d 416 (8th Cir. 1943); Coca Cola Co. v. Nehi Corp., 36 A.2d 156 (Del. 1944); Coca Cola Co. v. Snow Crest Beverages, Inc., 162 F.2d 280 (1st Cir. 1947).
98 See, e.g., Aromatique, Inc. v. Gold Seal, Inc. 28 F.3d 863, 874 (8th Cir. 1994) (claimed trade dress for potpourri – cellophane bags tied with cord and hang tag attached, was actually functional packaging and was not protectible).
100 221 F. Supp. 2d 410 (S.D.N.Y. 2002).
101 Id. at 414 (citations omitted).
else. However, even in this area, care must be taken. Not all proffered parodies or satires will be found to be such, and sometimes even where a work is acknowledged to be a parody, that will not fully protect against liability for infringement.

After the O.J. Simpson murder trial, two publishers sought to publish a work that satirized the trial and called itself a parody of Dr. Seuss’ children’s book, The Cat in the Hat. The new work was entitled The Cat NOT in the Hat! A Parody by Dr. Juice. The work was described by the court as a “rhyming summary of highlights from the O.J. Simpson double murder trial.”

The publisher of Dr. Seuss books claimed trademark and copyright infringement and was granted a preliminary injunction. In affirming the grant of the preliminary injunction, the Ninth Circuit stated:

In several cases, the courts have held, in effect, that poking fun at a trademark is no joke and have issued injunctions. Examples include: a diaper bag with green and red bands and the wording “Gucchi Goo,” allegedly poking fun at the well-known Gucci name and the design mark, the use of a competing meat sauce of the trademark “A.2” as a “pun” on the famous “A.1” trademark. Stating that, whereas a

---

102 See, e.g., Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group, Inc., 886 F.2d 490 (2d Cir. 1989) (vacating injunction because "Spy Notes" was a parody of "Cliff's Notes;" though publisher intentionally used some of the identical colors and aspects of the Cliffs Notes cover design, the slight risk of consumer confusion was outweighed by public interest in free expression.).

true parody will be so obvious that a clear distinction is preserved between the source of the target and the source of the parody, a court found that the “Hard Rain” logo was an infringement of the “Hard Rock” logo. In such a case, the claim of parody is no defense “where the purpose of the similarity is to capitalize on a famous mark's popularity for the defendant's own commercial use.”  

In Wendy's International, Inc. v. Big Bite, Inc. a relatively small, new chain of sandwich restaurants sought to compete with national chains. Defendant's TV commercials parodied ad campaigns of other fast food chains. In one commercial, a cute, pigtailed, freckle faced little girl, apparently recognizable as Wendy's trademarked character, ordered a Big Bite sandwich and said, "Ain't no reason to go any place but Big Bite." That statement parodied a phrase trademarked by Wendy's ("Ain't no need to go anyplace else.").

![Image of Big Bite 1983 TV Commercial and Wendy's Registered Trademark](image)

Wendy's claimed the commercial gave the false impression that Wendy's own character endorsed or sponsored Big Bite.

---

106 Id. at 818. Versions of McDonald's Ronald McDonald character and KFC's Colonel Sanders also appear in the 1983 Big Bite commercial. The commercial can be viewed on the internet at www.youtube.com/watch?v=Dq225Qx1_Usc.
107 576 F. Supp. at 820.
A U.S. District Court in Ohio noted "it is fairly well established that an advertiser such as Big Bite may lawfully use a competitor's trademark for the purpose of comparing its wares directly to those of the competitor," and added, "no uniform rule exists where, as here, the advertiser compares his goods to those of another implicitly or indirectly by using the other's mark in a satirical or humorous manner." The court noted "courts facing this issue have reached widely different results for widely different reasons."108

The Court found Big Bite's commercials to be inoffensive, entertaining and light-hearted spoofs that did not misrepresent or make false statements about Wendy's products. But the court issued a preliminary injunction, because the evidence showed there was some confusion among the buying public.109

(vii) Risks Associated with Adopting Abandoned, Generic or Parodied Marks. There are also risks in adopting abandoned, generic or parody marks. One is a legal risk. The adopter's belief that his or her conduct is lawful may turn out to be incorrect. In that case, a claim by the trademark owner may result in a finding of infringement with its attendant liabilities.110 A second risk is practical. Using generic words to promote a product or service does little to distinguish that product or service in the marketplace. This is because a word that has become generic is, by definition, not distinctive. Therefore, use of a generic word as a brand identity may make it difficult to build brand recognition. A third risk arises from the same principal that permits use of a generic word – it is also available for use by others.111

In cases of perceived abandonment, proving all the elements of abandonment – namely, cessation of use with an intent not to resume use – may be difficult.112 Moreover,

108 Id. at 823.
109 Id. at 822.
110 If there is doubt about whether a proposed mark may infringe, the potential user could seek declaratory relief. Quality Inns adopted this approach when it sought to establish a chain of economy hotels to be called McSleep Inn. Quality Inns Int'l. v. McDonalds Corp 695 F. Supp. 198 (D. Md. 1988). A District Court in Maryland ruled that the proposed brand would infringe the McDonald's trademark, refused to grant Quality Inns the declaration it requested, and enjoined Quality Inns from using the McSleep mark.
111 See, e.g., Abdul-Jabbar v. General Motors Corp. 85 F.3d 407, 411 (9th Cir. 1996) ("Trademark law withdraws its protection from a mark that has become generic and deems it available for general use."); Aromatic, Inc. v. Gold Seal, Inc. 28 F.3d 863, 873 (8th Cir. 1994) ("Our society is better served if functional containers (as well as product designs and highly descriptive or generic terms) remain available for use among competitors.").
112 See, e.g., Exxon Corp. v. Humble Exploration Co., 695 F.2d 96 (5th Cir. 1983) in which Humble Exploration Co. established one element of abandonment, but the case was remanded for further findings. On remand the District Court found that Exxon had not abandoned its rights in the Humble mark and enjoined Humble Exploration Co. from using Humble as a trade name. 592 F. Supp. 1226 (N.D. Tx. 1984).
in some courts, abandonment must be shown by clear and convincing evidence.\textsuperscript{113} With regard to parody, satire or the like, court decisions concerning whether a usage constituted parody or satire may have an element of subjectivity, which tends to increase the risk that a court might conclude that a use did not fall into these categories, and therefore was not a permitted fair use.

For example, in \textit{Deere & Co. v. MTD Products, Inc.}\textsuperscript{114} the Second Circuit affirmed an injunction, ruling that a state's anti-dilution statute was likely violated by MTD Products' modification of John Deere's well known deer trademark. According to the court, MTD Products:

takes a static image of a graceful, full-size deer—symbolizing Deere's substance and strength—and portrays, in an animated version, a deer that appears smaller than a small dog and scampers away from the dog and a lawn tractor, looking over its shoulder in apparent fear. Alterations of that sort, accomplished for the sole purpose of promoting a competing product, are properly found to be within New York's concept of dilution because they risk the possibility that consumers will come to attribute unfavorable characteristics to a mark and ultimately associate the mark with inferior goods and services.\textsuperscript{115}

\textsuperscript{113} \textit{See}, 3 McCarthy on Trademarks and Unfair Competition § 17:12 n.2 (4th ed. 2010) \textit{(citing, inter alia, Mathy v. Republic Metalware Co., 35 App. D.C. 151, 1910 WL 20792 at *3, (1910) (“Abandonment being in the nature of a forfeiture, it is incumbent upon the person alleging it to prove by clear and convincing evidence that the right claimed has been relinquished.”);} \textit{Dial–A–Mattress Operating Corp. v. Mattress Madness, Inc.}, 841 F. Supp. 1339, 1355 (E.D.N.Y. 1994) (“[A]n affirmative defense alleging a break in plaintiff's chain of priority under the doctrine of abandonment must be proven by clear and convincing evidence.”); \textit{EH Yacht, LLC v. Egg Harbor, LLC}, 84 F. Supp. 2d 556, 564–65 (D.N.J. 2000) (noting that majority of courts have held the "strictly proven" standard requires proof by clear and convincing evidence.). \textit{But see} discussion in \textit{FreecycleSunnyvale v. Freecycle Network}, 626 F.3d 509, 515 (9th Cir. 2010) (Noting that some circuits reserved the issue of what standard of proof is required to prove abandonment).

\textsuperscript{114} 41 F.3d 39 (2d Cir. 1994).

\textsuperscript{115} \textit{Id.} at 45. Dilution is a form of injury to \textit{famous} trademarks. The concept is relevant to consideration of using marks of others because of the possibility that the marks being used are famous. Parody or satire, for example, to be effective, must have a target that is well-known, renowned, possibly even "famous," a term of art for an "elite category" of trademarks, meeting a higher standard than simply "fame amount an appreciable number of persons." \textit{I.P. Lund Trading ApS v. Kohler Co.}, 163 F.3d 27, 46 (1st Cir. 1998). Dilution has two variants. Dilution by blurring is "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B). "Some classic examples of blurring include hypothetical anomalies as Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth." \textit{Starbucks Corp. v. Wolfe's Borough Coffee, Inc.}
Potentially serious consequences can follow a determination that a trademark use was improper, constituting infringement. The Lanham Act authorizes a court to order preliminary and permanent injunctive relief, and various measures of damages. A successful plaintiff can recover any actual damages suffered, including the potential for triple damages. A victim of infringement can also require the infringer to disgorge its profits attributable to the infringement. Court costs are also recoverable.\textsuperscript{116} In a case the court finds exceptional, the court can also award reasonable attorneys fees to the prevailing party.\textsuperscript{117}

B. Copyrights

Several categories of expressive works are potentially available for use by others but, again, not without risk. These are discussed below.

(i) Works that never had copyright protection and thus were always in public domain. Copyright is the principal legal basis that prevents the use of the creative expressive works of others. A work that was not subject to copyright protection may be freely available for use. Examples include facts, works created by the U.S. Government\textsuperscript{118} works not fixed in a tangible form of expression, ideas, concepts, principles, discoveries, words, phrases, or familiar symbols. According to a Copyright Office regulation, the following are not subject to copyright protection and the Copyright Office will not entertain applications to register these works:

(a) Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents;\textsuperscript{119}


\textsuperscript{117} Id.

\textsuperscript{118} 17 U.S.C. Sec. 105.

\textsuperscript{119} See, e.g., Eastland Music Group, LLC v. Lionsgate Entertainment, Inc. 707 F.3d 869, 872 (7th Cir. 2013) (Titles of songs and movies cannot be copyrighted; the title of a work can infringe another author's mark only if the title falsely implies that the latter author is its origin; Atari Games Corp. v. Oman, 979 F.2d 242, 247 (D.C. Cir. 1992) (“simple geometric shapes and coloring alone are per se not copyrightable”) (quotations omitted).
(b) Ideas, plans, methods, systems, or devices, as distinguished from the particular manner in which they are expressed or described in a writing;
(c) Blank forms, such as time cards, graph paper, account books, diaries, bank checks, scorecards, address books, report forms, order forms and the like, which are designed for recording information and do not in themselves convey information;
(d) Works consisting entirely of information that is common property containing no original authorship, such as, for example: standard calendars, height and weight charts, tape measures and rulers, schedules of sporting events, and lists or tables taken from public documents or other common sources.
(e) Typeface as typeface.  

Of particular relevance in restaurant franchising, recipes are not copyrightable. The courts have stated that the identification of ingredients necessary for preparation of food is a statement of facts, lacking the expressive element required for copyright protection. Recipes are considered functional directions for achieving a result and are thus excluded from copyright protection. In other cases it has been held that "the idea for serving a chicken sandwich at a fast-food restaurant chain is . . . beyond the scope of protection under the Copyright Act;" the 'idea' of serving, at a Mexican theme restaurant, three tacos along with a side of rice and beans, is not copyrightable.... It is undisputable that defendant is allowed to serve three meat tacos on the same plate as a serving of rice and beans," and "the mere idea for a clear soft drink cannot be the subject of copyright protection." Of course, these elements might be protectable under other legal doctrines. For example, a recipe could be kept secret and protected as a trade secret, or might be patented.

But see Soc'y of Holy Transfiguration Monastery, Inc. v. Gregory, 689 F.3d 29, 52 (1st Cir. 2012) (noting that "not all short phrases will automatically be deemed uncopyrightable"); 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 2.01[B] (2013) ("[E]ven a short phrase may command copyright protection if it exhibits sufficient creativity.").

121 Lambing v. Godiva Chocolatier, 142 F.3d 434, 434 (6th Cir. 1998) (citing Publications Int'l, Ltd. v. Meredith Corp., 88 F.3d 473, 480–81 (7th Cir. 1996)).
124 Parham v. Pepsico, Inc., 927 F. Supp. 177, 179 (E.D.N.C. 1995). It is axiomatic in copyright law that copyright protects not ideas, but only original expression of ideas. See, e.g., Elred v. Ashcroft, 537 U.S. 186, 219 (2003) (the law "distinguishes between ideas and expression and makes only the latter eligible for copyright protection.").
Courts have also ruled that "scènes à faire" are not protectable. Scènes à faire are incidents, characters or settings which are indispensable, or standard, in treating a given topic. They are elements that follow naturally from a work's theme rather than from an author's creativity. They are not copyrightable because it is virtually impossible to write about a particular historical era or fictional theme without employing certain stock or standard literary devices. The scènes à faire doctrine applies beyond literary works. It has often been applied in the computer context, wherein the doctrine denies protection to program elements dictated by external factors, like the mechanical specifications of a computer on which a particular program is intended to run, or widely accepted programming practices in the computer industry. The doctrine has also been applied in the direct mail/telephone marketing context.

The scènes à faire doctrine prevents stock characters, which are standard in the treatment of a given topic, from receiving copyright protection and thus being unavailable for others to use. For example, in a work about a superhero, scenes showing the hero performing feats of miraculous strength wearing a tight-fitting acrobatic costume, battling wealthy megalomaniacal villains, exercising power of self-propelled flight, or leading a double life, are all unprotected scènes à faire. Foot chases, problems of police, stereotypical police figures are often-recurring themes of police fiction, which are likewise not copyrightable except to the extent they are given unique (and therefore protectable) expression in an original work. When two works convey similar ideas, the similarity of events may be considered scènes à faire, which result from identical situations. For example, in Lewinson v. Henry Holt & Co., a district court considered whether a children's book manuscript was infringed by another party's book. Analyzing the two books at issue, the court determined that the copied aspects were all unprotectable elements, and the court denied relief.

(ii) Works for which actual or hypothetical copyright protection expired and are thus in the public domain.

As discussed in Section III(B) above, works for which copyright rights have expired, are in the public domain and are available for use. A subset of this category is ancient and classic works, including literature, art, religious writings such as the Bible and other sacred texts, music compositions and speeches. By virtue of their age any copyright has expired and they are in the public domain.

---

126 The discussion of scènes à faire is adapted from the discussion in this case.
127 Softel, Inc. v. Dragon Med. & Scientific Commc'ns, 118 F.3d 955, 963 (2d Cir.1997).
(iii) *Works placed by owners into the public domain.* Some creators elect to place into the public domain, works for which they would otherwise have copyright rights. Here is an example:

Example of an image available for personal, educational or commercial project. 
Source: http://openphoto.net/gallery/image/view/23683
(iv) *Fair Use.* Even for works fully protected by copyright law, the common law long recognized, and the Copyright Act provides expressly, a fair use defense to claims of copyright infringement. As stated by the Ninth Circuit:

Sound policies underlie the fair use defense. The copyright holder has a property interest in preventing others from reaping the fruits of his labor, not in preventing the authors and thinkers of the future from making use of, or building upon, his advances. The process of creation is often an incremental one, and advances building on past developments are far more common than radical new concepts. [citation] Where the infringement is small in relation to the new work created, the fair user is profiting largely from his own creative efforts rather than free-riding on another's work. A prohibition on all copying whatsoever would stifle the free flow of ideas without serving any legitimate interest of the copyright holder.

In *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.*, the Second Circuit affirmed a district court's ruling that the fair use defense applied to a news organization's unauthorized taping of a corporation's two-hour earnings report phone conference call, and making the recording available online. The recording was made despite an announcement at the start that “This call must not be recorded for publication or broadcast.”

The court noted the statutory factors that it was required to consider, specifically:

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

---


133 756 F.3d 73 (2d Cir. 2014).

134 *Id.* at 81 (citing 17 U.S.C. § 107).
The court noted that "though mandatory, these four factors are non-exclusive." Moreover, defendants "need not establish that each of the factors set forth in § 107 weighs in their favor." Rather, "all the factors "are to be explored, and the results weighed together, in light of the purposes of copyright."\textsuperscript{135}

The court held that the public dissemination of the information served the purpose of news reporting. The court acknowledged that the defendant was a commercial enterprise seeking a profit, but gave this factor little weight because of the defendant's multi-faceted operations and because the use was news reporting. Because the defendant's purpose was to publish the information to an audience from which the corporation sought to withhold it, the court found the use to be arguably transformative.\textsuperscript{136} The court accepted that the content was intended by the defendant to be "unpublished," but because even the defendant intended to disseminate it, the court found this factor favored fair use. The court found that the defendant's use of the entirety of the recording was reasonable in light of its purpose of disseminating important financial information to investors and analysts and decided not to weigh this factor in either party's favor. With regard to the fourth fair use factor, the court found the "value" of the expression to the defendant was not to generate licensing royalties, but to convey information to investment analysts and the defendant's activities did not diminish that value. Therefore, this factor favored fair use.

The \textit{Swatch} case presents an example wherein a commercial user made an expressly unauthorized copy of the entirety of copyrighted material, used the material for its own purposes, and was found to have a valid fair use defense to a claim of copyright infringement.

However, this obviously does not mean that the fair use defense will succeed as to all uses of other people's copyrighted content. Despite the ruling in \textit{Swatch}, there is a significant risk in using too much of a copyrighted work, or "taking more than necessary."\textsuperscript{137} Another risk is that the defendant's use may injure the marketability of the plaintiff's work.

\textsuperscript{135} \textit{Id.}

\textsuperscript{136} The concept of "transformative" use was established by the Supreme Court in \textit{Campbell v. Acuff-Rose}, 510 U.S. 569, 578-579 (1994) in which the court stated that the inquiry looks to whether a use is for criticism, comment, news reporting and the like, whether the new work merely supersedes the objects of the original, supplanting the original, "or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." The court added that transformative use is not absolutely necessary for a finding of fair use but that the goal of copyright, to promote science and arts, is generally furthered by the creation of transformative works.

\textsuperscript{137} See, e.g., \textit{Walt Disney Productions v. Air Pirates}, 581 F.2d 751, 758 (9th Cir.1978) (taking "more than was necessary" can defeat copyright fair use defense).
In a fair use case occurring shortly after enactment of the doctrine into the copyright statute, a magazine published excerpts from unpublished memoirs of former President Gerald Ford. The publication was made before the former president's book was to be serialized in another magazine. Though only a small portion of the memoir was copied, the court viewed the copied portion as the "heart" of the work. This weighed against the magazine's fair use defense. The court found that the defendant's publication damaged the market for the later publication and therefore was not a fair use.\textsuperscript{138} From examination of the numerous fair use cases, it is not difficult to question whether there is consistency in the application of the fair use factors,\textsuperscript{139} and, consequently, fair use cases tend to be highly fact-sensitive, often with unpredictable outcomes.

(v) \textit{Parody, Satire and Lampoon}

Three significant concepts of fair use are parody and, though of lesser significance so far, satire and lampoon. Regarding \textit{parody}, the U.S. Supreme Court stated that for purposes of copyright law, "the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."\textsuperscript{140} The Supreme Court added, "parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination."\textsuperscript{141}

\textit{Satire}, in contrast, "can stand on its own two feet and so requires justification for the very act of borrowing."\textsuperscript{142} The meaning of satire was expanded upon by the Texas Supreme Court in a libel case:

\begin{quote}
[s]atire, particularly realistic satire, is a distortion of the familiar with the pretense of reality in order to convey an underlying critical message. Satire deals with actual cases, mentions real people by name or describes them unmistakably (and often
\end{quote}

\textsuperscript{139} See, e.g., Ashten Kimbrough, \textit{Transformative Use vs. Market Impact: Why The Fourth Fair Use Factor Should Not Be Supplanted By Transformative Use As The Most Important Element In A Fair Use Analysis}, 63 Ala. L.Rev. 625, 627 ("Court opinions that have been handed down since this doctrine became law in 1994 have paid special attention to a use's \textit{transformativeness}, so much so that it appears to have become dispositive in many cases. This is an issue for courts because there does not seem to be a consistent set of guidelines for approaching transformative use."). The foregoing quotation refers to the doctrine of \textit{transformativeness} becoming law in the decision in \textit{Campbell v. Acuff-Rose Music, Inc.}, 510 U.S. 569 (1994) (see fn. 136, supra). \textit{See also} Kimbrough, \textit{supra} at 636 ("Many authors have also lamented the lack of consistency and even confusion at the lower court level as to what constitutes transformative use.").
\textsuperscript{141} \textit{Id.}
\textsuperscript{142} \textit{Id.} at 581.
unflatteringly), talks of this moment and this city, and this special, very recent, very fresh deposit of corruption whose stench is still in the satirist's curling nostrils. . . . Perhaps the most famous example of satire is Jonathan Swift's 1729 essay, "A Modest Proposal," in which he advocated that the children of the Irish poor be sold and slaughtered for meat. The article was intended to criticize English landlords and political economists, but Swift was widely criticized by those who misunderstood the satire.\textsuperscript{143}

The Texas Court noted that in the United States there has been a long and storied "tradition of satiric comment,"\textsuperscript{144} and that public figures and judges often bear the brunt of satire.\textsuperscript{145} A lampoon, according to one definition, is a writing that ridicules and satirizes the character or personal appearance of a person in a bitter, scurrilous manner.\textsuperscript{146}

Establishing that a work is a true parody can potentially establish the defense of fair use.\textsuperscript{147} But the U.S. Supreme Court indicated, a preference for parody over satire, and satire may not constitute fair use. The Supreme Court stated in Campbell v. Acuff Rose, "satire can stand on its own two feet and so requires justification for the very act of borrowing."\textsuperscript{148}

\textit{Campbell v. Acuff Rose Music} involved a parody, by a rock music group 2 Live Crew, of an earlier Roy Orbison song, "Oh Pretty Woman." The Supreme Court analyzed the four fair use factors under Section 107 of the Copyright Act. The Supreme Court gave reduced significance to the first factor, namely, the purpose and character of the use, whether commercial or nonprofit.\textsuperscript{149} The second factor, nature of the original work, the

\textsuperscript{143} \textit{New Times, Inc. v. Isaacks}, 146 S.W.3d 144, 151 (Tex. 2004) (some internal punctuation and citations omitted).

\textsuperscript{144} \textit{Id. Citing, Falwell v. Flynt}, 805 F.2d 484, 487 (4th Cir. 1986) (rev'd sub nom Hustler Magazine v. Falwell, 485 U.S. 46 (1988)).

\textsuperscript{145} \textit{Id.} at 151 ("from the Pickwick Papers of the 1830's to Colorado of the 1890's to Monty Python of the early 1970's, judges and the judiciary have been fair game for satirists.") (quoting \textit{Patrick v. Superior Court}, 27 Cal.Rptr.2d 883, 885 (Cal. App. 1994) (review denied and ordered by the Calif. Supreme Court not to be officially published (Jun 16, 1994)).

\textsuperscript{146} Holman, \textit{A Handbook to Literature}, Third Ed. (Odyssey Press 1972) 286.

\textsuperscript{147} \textit{Campbell v. Acuff Rose Music Co.}, 510 U.S. 569, 579 (1994) ("We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use."). But the defense is not certain. \textit{Id.} at 581 ("The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line. Like a book review quoting the copyrighted material criticized, parody may or may not be fair use. . .").

\textsuperscript{148} \textit{Id.} at 581.

\textsuperscript{149} \textit{Id.} at 584. ("The mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a
court found to be "not much help... or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works."\textsuperscript{150} The third factor, amount and substantiality of the portion of the original used, the Supreme Court found in favor of the defendant, noting that a parody "must be able to "conjure up" at least enough of that original to make the object of its critical wit recognizable."\textsuperscript{151} 2 Live Crew had copied the key opening bass riff (musical phrase) of the original, and words of the first line, comprising the "heart" of the original.\textsuperscript{152} But the Supreme Court was satisfied that this was not "a substantial portion" of the parody itself or "verbatim" copying of the original; it was not a case "where the parody is so insubstantial, as compared to the copying," as to resolve the third factor against the parodist. The Supreme Court was satisfied that "no more was taken than necessary."\textsuperscript{153}

Regarding the fourth factor, "effect of the use upon the potential market for or value of the copyrighted work," the Supreme Court noted this factor does not concern injury to the market for the original that results from the parody's critique or disparagement of the original. Rather, this factor concerns whether the new work affects the market by acting as a substitute for the original.\textsuperscript{154} The Court's analysis of this factor provides encouragement to the use of parody in a competitive business environment such as franchising.

In the recent case of \textit{Klienitz v. Sconnie Nation LLC,}\textsuperscript{155} a Wisconsin federal court and the Seventh Circuit Court of Appeals upheld a fair use defense by a defendant clothing manufacturer. The defendant used a professional photographer's photo of a mayor, shown below, taken at the mayor's inauguration, as the basis for an image on t-shirts. The defendant had downloaded the photo from the city's website. The defendant then made t-shirts with the phrase "Sorry for Partying," which was a response to the mayor's effort to close down an annual block-party event. The original photo and image that appeared on the t-shirts are shown here:

---

\textsuperscript{150} \textit{Id.} at 586. In \textit{Campbell} the original work was a song, which the court found to be a core type of works that copyright law protects. Some other types of work, such as copyrighted functional works of a business competitor, could receive even less deference under the second factor.

\textsuperscript{151} \textit{Id.} at 588.

\textsuperscript{152} \textit{Id.} at 588.

\textsuperscript{153} \textit{Id.} at 589.

\textsuperscript{154} \textit{Id.} at 591.

\textsuperscript{155} 766 F.3d 756 (7th Cir. 2014)
The Seventh Circuit commented that there was no good reason why the defendant should be allowed to appropriate someone else's copyrighted efforts as the starting point for their lampoon, when so many noncopyrighted alternatives, such as snapshots they could make themselves, were available. The court added that the fair-use defense is not designed to protect lazy appropriators but is to facilitate uses that would not be possible if users had to negotiate with copyright owners. The court also noted that the usage could hurt the photographer's commercial opportunities. But these considerations did not overcome the fact, in the court's view, that "by the time defendants were done, almost none of the copyrighted work remained."  

(vi) First Sale/Exhaustion Doctrine

Intellectual property laws distinguish between intellectual properties that are creations of the mind, and the tangible embodiments of those creations. Under copyright law, it is the creative work to which a copyright is granted, and neither the idea per se nor copies of the work.  Likewise in the field of patents, it is the invention to which the

---

156 Id. at 760.
157 17 U.S.C. Sec. 202. Stephens v. Cady 55 U.S. 528, 531 (1952) ("the property in the copyright is regarded as a different and distinct right, wholly detached from the manuscript or any other physical existence, and will not pass with the manuscript unless included by express words in the transfer."). To the same effect, see Stevens v. Royal Gladding and Isaac T. Proud, 58 U.S. 447, 452 (1854).
patent holder's rights apply, not physical embodiments of the invention.\textsuperscript{158} Accordingly, transfer of ownership in a material embodiment of a copyright or patent does not transfer ownership of the copyright or patent itself. Stated differently, the sale or gift of an original novel, creative wall poster or sound recording does not transfer ownership of the copyright in the book, poster or recording, and the sale of a digital camera or Apple iPod, does not transfer ownership to any of the numerous patents embodied in these products.\textsuperscript{159}

Conversely, whoever acquires the embodiment of a work, is permitted to use and transfer freely that embodiment. This is the "first sale" or "exhaustion" doctrine, set forth in Section 109(a) of the Copyright Act, as follows:

Notwithstanding the provisions of section 106(3) [which grants the copyright holder exclusive distribution rights], the owner of a particular copy or phonorecord lawfully made under this title ... is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord."\textsuperscript{160}

As stated by the Supreme Court, "though §106(3) forbids distribution of a copy of, say, the copyrighted novel Herzog without the copyright owner's permission, §109(a) adds that, once a copy of Herzog has been lawfully sold (or its ownership otherwise lawfully transferred), the buyer of that copy and subsequent owners are free to dispose of it as they wish. In copyright jargon, the "first sale" has "exhausted" the copyright owner's §106(3) exclusive distribution right."\textsuperscript{161}

\textsuperscript{158} See, e.g., \textit{Quanta Computer, Inc. v. LG Electronics} 553 U.S. 617, 626 (2008) ("the scope of the grant which may be made to an inventor in a patent, pursuant to the patent statute, must be limited to the invention described in the claims of his patent.") (internal brackets omitted).

\textsuperscript{159} See, e.g., 17 U.S.C. Sec. 202 ("Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.").

\textsuperscript{160} 17 U.S.C. Sec. 109(a).

\textsuperscript{161} \textit{Kiritsaeng v. John Wiley & Sons, Inc.} 133 S.Ct. 1351, 1355 (2013). Also, "despite its name, the first sale doctrine does not require that the copyright owner initially dispose of the copy by selling it. Giving a copy away is enough to exhaust the distribution right." Aaron Perzanowski and Jason Schultz, \textit{Digital Exhaustion} 58 UCLA L. Rev. 889, 893 n.16 (2011) (quoting 2 Paul Goldstein, Goldstein on Copyright §7.61 n.4 (3d Ed. 2010) ("[A] gift of copies or phonorecords will qualify as a "first sale" to the same extent as an actual sale for consideration."); 2 Melville B. Nimmer & David Nimmer, \textit{Nimmer on Copyright} §8.12[B][1][a] (Matthew Bender rev. ed. 2010); 4 William f. Patry, \textit{Patry on Copyright}
The first sale or exhaustion doctrine also applies with regard to patented inventions, and with regard to products bearing a trademark. In the patent context it has been stated that: "the authorized sale of an article that substantially embodies a patent exhausts the patent holder's rights and prevents the patent holder from invoking patent law to control post-sale use of the article." Similarly, in the trademark context, "it is the essence of the "first sale" doctrine that a purchaser who does no more than stock, display, and resell a producer's product under the producer's trademark violates no right conferred upon the producer by the Lanham Act. When a purchaser resells a trademarked article under the producer's trademark, and nothing more, there is no actionable misrepresentation under the statute."163

A number of justifications have been offered for the first sale or exhaustion doctrine. Among them is that it promotes innovation. For example:

[F]irst sale supports innovation by allowing innovators to acquire multiple copies of works at low cost and enabling experimentation and innovation even when unwelcomed by rights holders. For example, Netflix and Redbox were both able to experiment, innovate, and eventually build substantial distribution businesses – mail-order envelopes and point-of-sale vending machines, respectively – in part because the first sale doctrine allowed them to acquire DVDs without the approval of movie studios.164

First sale also enables user innovation, the ability of users to develop new uses for products or creatively modify them to increase their value. Users often experiment in unanticipated ways with goods they purchase, leading to new product advances and markets. For example, one study found that mountain bike users developed or modified their bikes, clothing and equipment to create over forty new innovations in the sport.

§13:15 (2010) ("Since the principle [of the first sale doctrine] applies when copies are given away or are otherwise permanently transferred without the accoutrements of a sale, "exhaustion" is the better description.")

163 Sebastian Int'l., Inc. v. Long's Drug Store Corporation 53 F.3d 1073, 1076 (9th Cir. 1995); Brilliance Audio, Inc. v. Hights Cross Communications, Inc., 474 F.3d 365, 370 (6th Cir. 2007) (noting that the trademark first sale rule does not apply when notice that an item has been repackaged is inadequate and when an alleged infringer sells trademarked goods that are materially different than those sold by the trademark owner.)
164 Aaron Perzanowski and Jason Schultz, Digital Exhaustion, 58 UCLA L. Rev. 889, 898 n.37 (2011) (adding that while both companies rely on distribution deals with studios to obtain discounted DVDs in bulk, they also "relied on the first sale doctrine to overcome efforts by content owners to limit their ability to offer certain titles.")
* * *

Many user innovations transform existing products into entirely different objects, such as a handbag made from a classic novel, a clock made from old music CDs, or a flashing bike light made from an old Nintendo NES video game controller. But for first sale, a redistribution of these modified products could constitute infringement of the distribution right, potentially prohibiting users from sharing their innovations and recouping the costs of their experimentation.165

The first sale or exhaustion doctrine has been applied to permit display of copyrighted works, repair and renewal and adaptation and modification. With regard to display, the Copyright Act grants a copyright holder the exclusive right to publicly display its work.166 But the owner of a lawfully made copy may publicly display that copy at the place where the work is located.167 And private display is permitted among a family or its "social circle."168 Though there are few reported decisions, it is apparent that the right to display a lawful copy enables businesses of all kinds, and others, to buy and display originals of creative works.169 Thus, some restaurants display old movie posters, many businesses display original works of art. And businesses of any kind may display other originals or lawful copies of creative memorabilia.

---

165 Id. at 898-899 (internal footnotes omitted). Footnotes in the quoted text include web addresses for Rebound Designs, which sells handbags made from books (see www.rebound-designs.com), Secret Storage Books, which sells safes made from classic books (see www.secretstoragebooks.com) and for the bike flasher made from a Nintendo video game controller, see www.instructables.com/id/Bike-Flasher-Made-from-NES-Controller. The website cited in the article for a clock made from music CDs is not accessible, but other websites currently display such products. See, e.g., www.etsy.com/market/cd_clock.
166 17 U.S.C. Sec. 106(5) (granting the copyright owner the exclusive right "in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly").
167 17 U.S.C. Sec. 109(c).
168 See, e.g., American Broadcasting Companies v. Aereo, 134 S.Ct. 2398, 2511 (2014) ("an entity does not transmit to the public if it does not transmit to a substantial number of people outside of a family and its social circle."); Cartoon Network LP v. CSC Holdings, Inc. 536 F.3d 121, 139 (2d Cir. 2008) (playback of recorded tv programs to single subscribers using single copies made by the subscribers were not public performances).
169 In the museum context, see e.g., Hoepker v. Kruger 200 F. Supp. 2d 340, 342 (S.D.N.Y. 2002) (artist sold work to defendant museum. Museum "thus acquired the right to display the [work] without violating [artist's] copyright by virtue of 17 U.S.C. § 109(c.").

44
(vii) Risks

There are risks associated even with excessive reliance on the first sale or exhaustion doctrine. That is where the first sale rule intersects the copyright owner's right to create derivative works.

In *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*\(^{170}\), the defendant bought prints or books containing quality art prints. The defendant mounted individual prints from the books onto ceramic tiles and offered these for sale in retail stores. The defendant claimed the first sale doctrine protected this activity. The Court of Appeals affirmed a District Court and rejected the first sale defense, noting:

under the “first sale” doctrine . . . appellant can purchase a copy of the . . . book and subsequently alienate its ownership in that book. However, the right to transfer applies only to the particular copy of the book which appellant has purchased and nothing else. The mere sale of the book to the appellant without a specific transfer by the copyright holder of its exclusive right to prepare derivative works, does not transfer that right to appellant. The derivative works right, remains unimpaired and with the copyright proprietors . . . . As we have previously concluded that appellant's tile-preparing process results in derivative works and as the exclusive right to prepare derivative works belongs to the copyright holder, the “first sale” doctrine does not bar the appellees' copyright infringement claims.\(^{171}\)

Yet, on essentially the same facts, the Seventh Circuit concluded the first sale doctrine did apply and that no derivative work was involved. In *Lee v. A.R.T. Co.*\(^{172}\) the Seventh Circuit declined to follow *Mirage Editions*. The Seventh Circuit stated that "because the artist could capture the value of her art's contribution to the finished product as part of the price for the original transaction, the economic rationale for protecting an adaptation as “derivative” is absent. An alteration that includes (or consumes) a complete copy of the original lacks economic significance."\(^{173}\)

Remounting and selling art excised from other works, such as books, may be lawful in the Seventh Circuit and jurisdictions that follow its analysis in *Lee*, while such actions may constitute infringement in the Ninth Circuit and any jurisdictions that follow *Mirage Editions*. One commentator noted "although the Seventh Circuit's approach is better reasoned," the *Lee* and *Mirage Editions* cases "serve as useful illustrations of the difficulty courts face in applying the 1976 Copyright Act's notoriously vague definition of derivative

---

\(^{170}\) 856 F.3d 1341 (9th Cir. 1988)


\(^{172}\) 125 F.3d 580 (7th Cir. 1997)

\(^{173}\) 125 F.3d at 581 (internal citation omitted).
works."\(^{174}\) These decisions likewise illustrate the potential for difficulty and risks in relying on the first sale doctrine, or any of the doctrines discussed in this paper as justifying the use of other people’s intellectual property.

C. Trade Secrets

The Uniform Trade Secrets Act defines a trade secret as "information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy."\(^{175}\) The definition provides the basis for the possibility that some information claimed to be secret, may not be protectable by the owner.

In several circumstances the definitional elements of a claimed trade secret may not be satisfied. In these cases the information does not have trade secret status and is thus available for use.

(i) \textit{Information that is Not Secret}. “Indispensable to an effective allegation of trade secret is proof that the matter is, more or less, secret. In the absence of secrecy the property disappears. The value, then, of a trade secret rests in maintenance of secrecy.”\(^{176}\) “Matters that are public knowledge are not safeguarded as trade secrets.”\(^{177}\) “Information is considered public knowledge if it is available in trade journals, reference books or published materials, or if it is known to principal trade persons who can obtain an


\(^{176}\) Roger Milgrim, Milgrim on Trade Secrets (Matthew Bender) Sec. 1.03 p. 1-152.

\(^{177}\) \textit{Enterprise Leasing Co. of Phoenix v. Ehmkie}, 3 P.3d 1064, 1069 (Ariz. App. 1999). See also \textit{Accent Packaging, Inc. v. Leggett & Platt, Inc.}, 707 F.3d 1318, 1329 (Fed. Cir. 2013). (“Information that can be obtained from examining products sold into the public domain . . . cannot constitute a trade secret.”). But “a trade secret can exist in the unique combination of otherwise known components; although each of its parts, by itself, may be in the public domain, the unified process, design and operation of the combination may be the essence of the secret.” \textit{BBA Nonwovens Simpsonville, Inc. v. Superior Nonwovens, LLC}, 303 F.3d 1332, 1339 (Fed. Cir. 2002) (quoting \textit{Lowndes Prods., Inc. v. Brower}, 191 S.E.2d 761, 764) (S. Car. 1972).
economic benefit from the information and are aware that the information is not a trade secret."\textsuperscript{178} Information from publicly available sources is thus available for use.

(ii) \textit{Insufficient Efforts to Protect Secrecy}. In \textit{Buffets Inc. v. Klinke}\textsuperscript{179} for example, a restauranteur sought to become a franchisee of the Old Country Buffet concept conducted by Buffets, Inc. After being denied, the restauranteur started a new buffet restaurant, called Granny’s, and surreptitiously obtained the “position” or job manuals of Buffets. In the trade secret misappropriation claim that followed, relief was denied. The plaintiff’s employees often changed jobs, moving from restaurant to restaurant, but were allowed to keep their job position manuals. The court said in these circumstances, the plaintiff “cannot be heard to complain when its manuals fall into the hands of its rivals.” Minimal efforts may not be enough if not “designed to protect the disclosure of information.” Here, where employees were allowed to take the job manuals home and keep them even though they were supposed to be kept in the manager’s office when not in use, the security measures were not sufficient.\textsuperscript{180}

In \textit{Diamond Power International, Inc. v. Davidson}\textsuperscript{181} an industrial cleaning equipment manufacturer claimed an ex-manager and competitor misappropriated trade secrets. The competitor hired away a senior manager of the company. Before joining the competitor, the manager saved to his personal computer sensitive accounting, financial and product information, cost data for parts, a detailed book of parts and sequences to rebuild the company’s product, reports listing dollar volumes of sales to customers, pricing formulas, and a configurator used to match parts and products. At an exit interview, the manager certified falsely that he did not have, and had returned all specifications, drawings, blueprints, reproductions, sketches, notes, reports, proposals, or copies. After starting work for the competitor, he uploaded the data to the new employer’s computer. In the misappropriation claim the court considered the company’s efforts to maintain secrecy. The court noted that merely requiring all employees to sign generalized confidentiality agreements was not reasonable efforts. The company did not label its materials as “confidential;” did not tell employees they were confidential; did not direct employees to maintain secrecy of computer files; and did not track or regulate use of these materials. Employees kept copies of electronic files on their personal computers. Some materials were on CDs without confidentiality markings or copy protection, or any requirement to be returned after use. The court found the company gave virtually no guidance to employees on handling the information. This contrasted with other secrets for which the company used additional protective measures. As to most of the materials, the court found the efforts to maintain confidentiality were not sufficient, and therefore they were not trade secrets.

\textsuperscript{179} 73 F.3d 965, 969-970 (9th Cir. 1996).
\textsuperscript{180} Id. at 969.
\textsuperscript{181} 540 F. Supp. 2d 1322-1341 (N.D. Ga. 2007)
(iii) Claimed Secret is Generally Known or Readily Ascertainable. In the Buffets, Inc. decision mentioned above, with regard to the restaurant’s recipes, relief was also denied. The court noted that the claimed secret recipes were for “basic American dishes that are served in buffets across the United States.” The court added, “the recipes were for such American staples as BBQ chicken and macaroni and cheese and the procedures, while detailed, are undeniably obvious.” Therefore the claim did not concern “material from the public domain [that was] refashioned or recreated in such a way so as to be an original product.” Rather, the court held, in this case “the end-product is itself unoriginal.”

(iv) Learning Through Independent Discovery. An additional possibility is that a claimed or actual trade secret may be lawfully acquired by a third party through independent analysis or reverse engineering. As one court put it, perhaps more bluntly than accurately, “it is perfectly lawful to ‘steal’ a firm’s trade secret by reverse engineering.” As stated by another court, “it is perfectly lawful for a competitor to buy a product embodying a trade secret and unmask the secret by reverse engineering.” Reverse engineering is the act of “starting with the known product and working backward to divine the process which aided in its development or manufacture.”

Thus, when it comes to trade secrets it is proper and lawful to observe what someone else does, or after observing, to figure out how to do it, and perhaps to do it better. In franchising contexts these principles help explain why there are often multiple franchise brands in any particular industry; and these principles permit franchise systems to offer goods and services that meet and improve upon those offered by competition.

These principles suggest various competitive opportunities. Popular product and service offerings by competitors could be dissected and analyzed to facilitate offering the same or similar or improved versions to the public. Public information sources such as trade journals, technical journals and the like can be reviewed as sources of information. Where purportedly secret information has been publicly disclosed, it is then available for use. Examples include business data provided to government agencies, such as might be

182 Buffets, Inc. v. Klinke, 73 F.3d 965 (9th Cir. 1996).
183 Id. at 968.
184 ConFold Pacific, Inc. v. Polaris Industries, Inc., 433 F.3d 952, 959 (7th Cir. 2006) (citing Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 155–56 (1989); Rockwell Graphic Systems, Inc. v. DEV Industries, Inc., 925 F.2d 174, 179 (7th Cir.1991); American Can Co. v. Mansukhani, 742 F.2d 314, 334 n.24 (7th Cir. 1984)). However, since reverse engineering is lawful, the act would not constitute “stealing.” The U.S. Supreme Court has described the act of reverse engineering as “fair and honest.” Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974).
186 Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 at 476.
available by request under the federal Freedom of Information Act or its state law
counterparts, and business information that has been disclosed in speeches and articles by
company representatives. As illustrated by cases discussed above, when a business does
not protect its secrets, such as by lax attention to confidentiality when manuals and other
information are provided to personnel, that data too may be available for use and
improvement by others.

There are obviously risks attendant to making use of information created by others
and potentially claimed to be secret. Where a competitor’s information is used, and
litigation ensues, even when it is established that the use was lawful, the legal fees and
distraction incurred in the defense can be substantial and costly. If it turns out that the
information was secret, the remedies for misappropriation include damages, disgorgement
of profits, where damages are not ascertainable, payment of royalties can be required, for
willful infringement double damages may be awarded, 187 also injunctive relief and
attorneys fees. Also in making use of information that someone else created or claims to
own, one must use care not to run afool of other intellectual property concepts. For
example, though a body of someone else’s information may be publicly available, and thus
freely available to use, duplicating the expression of that information or even a portion of
it, could constitute copyright infringement. Some publicly available information about a
product or device, may also be embodied in a patent, and the use of such information as is
freely available, is not a license to infringe an existing patent.

D. Patents

The most common and obvious way that patent information becomes available for
use by others is when a patent expires. At that point, its information falls into the public
domain. It is also possible to build upon an existing patent by applying to patent an
improvement to a patented invention, even though the inventor of the improvement may
not yet have the right to practice the underlying patent. As stated by the then-Chief Judge
of the former U.S. Court of Customs and Patent Appeals, “Almost all patents are
improvement patents... If you have a patent, I can get a patent on an improvement of your
invention.” 188 Moreover, after the underlying patent expires the inventor of the
improvement may, for a limited period of time, enjoy the benefit of the exclusive rights to
the improvement.

Another important way to benefit and build upon patents of others is the proverbial
“workaround” or “design around.” As stated by one court:

187 See e.g., MacDermid Printing Solutions, LLC v. Cortron Corp., No. 3:08-cv-01649,
188 Howard T. Markey, Chief Judge, Special Problems in Patent Cases, 66 F.R.D. 529, 534
(1975).
Designing around patents is, in fact, one of the ways in which the patent system works to the advantage of the public in promoting progress in the useful arts, its constitutional purpose. Inherent in our claim-based patent system is also the principle that the protected invention is what the claims say it is, and thus that infringement can be avoided by avoiding the language of the claims.\textsuperscript{189}

One way of designing around is to examine the claims in a patent, and to devise an invention that performs the same function but in a different way, that does not overlap with the claims in the patent.\textsuperscript{190}

Designing or inventing around patents to make new inventions is encouraged. Keeping track of a competitor's products and designing new and possibly better or cheaper functional equivalents is the stuff of which competition is made and is supposed to benefit the consumer. One of the benefits of a patent system is its so-called "negative incentive" to "design around" a competitor's products, even when they are patented, thus bringing a steady flow of innovations to the marketplace.\textsuperscript{191}

A design-around is one way to avoid infringement, but it is not the only way. Another way is, prompted by the progress reflected in a patented invention, to conceive a new competitive invention with its own functional principal.

Of interest to franchise companies that operate internationally, is that patent rights are highly territorial. Making, selling, or using a U.S.-patented product or process in a foreign country does not directly infringe the United States patent.\textsuperscript{192} A U.S. based franchisor may be able to benefit from the teaching of a U.S. patent, and utilize the invention in its foreign franchised outlets (being thoughtful and diligent to check patents in


\textsuperscript{190} However, the changes compared to the claims in the patent, must not be so insubstantial as to result in "a fraud on the patent." \textit{Id.}


\textsuperscript{192} Dowagic Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641, 650 (1915) ("The right conferred by a patent under our law is confined to the United States and its territories ... and infringement of this right cannot be predicated of acts wholly done in a foreign country."). \textit{See also} Microsoft Corp. v. AT & T Corp., 550 U.S. 437, 455 (2007) ("The traditional understanding that our patent law operates only domestically and does not extend to foreign activities ... is embedded in the Patent Act itself, which provides that a patent confers exclusive rights in an invention within the United States.") (internal citation and punctuation omitted).
the nations where its outlets are located, to avoid infringing patents issued in such nations). Similarly, information contained in a foreign patent where there is no corresponding U.S. patent, may conceivably be leveraged in the United States in a way that avoids infringement of that specific foreign patent.\textsuperscript{193} However, care should be taken to ensure that no foreign patents have issued, or no foreign patent applications are pending, because often there may be a delay in the issuing of patents in different countries.

As with the working around the other forms of intellectual property, attendant to attempting to design around or challenge a patent is the cost associated with the challenge, or defense, and the risk that the effort will be unsuccessful, potentially resulting in the panoply of damages, potentially treble damages, royalties, disgorgement, injunctive relief and attorney fee remedies arising from a finding of patent infringement.\textsuperscript{194}

VII. Conclusion

Intellectual property exists to be used, and also to be improved upon by others. Intellectual property is a core element of franchising. Franchise companies create and use and depend on intellectual property for their competitive advantage over other franchises and over non-franchised businesses. Franchise companies often build upon the intellectual property of others.

The categories and types of intellectual property within those categories are many and varied. Statutory and common law grants owners many rights to use or prevent others from using their intellectual property. But like all things, the rights granted have limits. Rights in some properties like copyrights and patents are limited by time. Rights in others, like trademarks, are limited based on requirements that the owner actually use the mark, the manner in which the property is used and how the public perceives the mark. Rights are limited by the exercise of other rights, such as freedom of speech, embodied in the fair use doctrine, which permits various usages of other people’s copyrights and trademarks.

Thus, there are many opportunities for franchisors and franchisees to make use of and build upon intellectual properties developed by others. As examples:

\textsuperscript{193} Kerry J. Begley, Multinational Patent Enforcement: What the "Parochial", United States Can Learn from Past and Present European Initiatives, 40 Cornell Int’l. L. J. 521, 522 (“Patent law, like all intellectual property law, has historically been based on national laws and the principle of territoriality. Individual national governments grant patents to inventors, and the territorial limits of sovereignty preclude a nation from giving extraterritorial effect to its patent laws. Therefore, the rights, privileges, and obligations that accompany a patent begin and end with the country that issues it.) (internal quotation marks omitted).

• Background music or sound samples could be developed for franchise locations, using, or based on classical compositions of iconic or even lesser known composers, or modern works that have entered into the public domain.\textsuperscript{195}

• For example, the lyrics to the children's song "Aba Daba Honeymoon" were published in 1914 and are therefore public domain. A franchise providing services for children (gym, dance, birthday parties, camp, club, nursery school or the like) could make its own recording or include the lyrics and song in its own book of songs.

• In the 1912 Sears Catalogue is an ad for men's stockings called "Footease."\textsuperscript{196}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{footease.jpg}
\caption{Sears Footease advertisement from 1912.}
\end{figure}

Sears registered the trademark in 1926\textsuperscript{197} and renewed and maintained the registration until 2007, when it expired. A search of Sears' website, Internet and U.S. Trademark Office database does not identify any use of "Footease" for stockings or other clothing products. Possibly it has been abandoned. A franchisor emphasizing shoes or clothing could research further and evaluate whether this suggestive word with its double entendre, might be revived as a trademark.\textsuperscript{198}

• A pizza franchise based in Australia has advertised, referring to itself by the phrase "Pizza Wizards of Aus."\textsuperscript{199} Possibly, this phrase is a parody or in some other way a transformative suggestion built upon the L. Frank Baum storey and iconic film, The Wizard of Oz. A franchisor could similarly build upon famous phrases or slogans.

• Interior decor for franchised locations could be designed based on established patterns that are outside of copyright protection.

\textsuperscript{195} For a listing and other information on songs potentially in the public domain, see, e.g., Public Domain Information Project listing of "Public Domain Songs" accessible at www.pdinfo.com/pd-song-list/pd-song-list-best-a.php.\textsuperscript{196} Sears, Roebuck & Co, Catalogue (1912) p. 256.\textsuperscript{197} U.S. Trademark Registration No. 71233234 (Oct. 19, 1926).\textsuperscript{198} This brief analysis regarding "Footease" should not be relied on but suggests preliminary steps in a course of action that might involve further research and analysis.\textsuperscript{199} Crust Pizza. See www.crust.com.
• Older poster art could be redesigned and adapted to be used for modern advertising.\textsuperscript{200}
  • A franchisor might include works of art, or excerpts from public domain films into operating manuals, menu boards or advertising.

  • Recently expired utility or design patents could be sources of information and teaching for new products, designs or services.

  • Advertising and marketing campaigns, as well as product names, are often developed and can be developed as parodies, lampoons and satires about current events, or perhaps even the products and services of others.

These are examples, which are obviously not exhaustive. Ingenuity and creativity are limitless. Vast quantities of intellectual property exist and are available to be used and built upon. The law encourages this activity.

But as also explained above, caution and respect for legal rights is also critical. These properties must be investigated with diligence to assure both their availability and to assess that the usage is lawful.

Lawful use of the intellectual property of others is one aim of the law, as this generates new and improved products and services and new information and new ideas, for everyone’s benefit. The law also encourages vigilance by creating potentially significant costs, and liabilities, for erring in the determination when the property of others may be used.

\textsuperscript{200} For an example of an adaptation of 1800s poster art into a modern advertisement for a hypothetical bicycle shop franchise, see, David Gurnick and Tal Grinblat, \textit{OPIP – When Is It Lawful to Use Other People’s IP in Franchising}, 33 ABA Franchise L. J. No. 4, 481, 490-491 (2014).
Appendix 1
Versions of The Thinker

Rodin's sculpture, *The Thinker*:

Photo released into public domain by the photographer (Andrew Horne).


Here are examples of some works based on the sculpture:

Sculpture
[www.raven-armoury.co.uk/sculpture.htm](http://www.raven-armoury.co.uk/sculpture.htm)

Mural in Sao Paulo, Brazil

Editorial Cartoon

Advertisement for Centrum Vitamins
[http://adsoftheworld.com/media/print/centrum_whitehallmuch_thinker](http://adsoftheworld.com/media/print/centrum_whitehallmuch_thinker)
Appendix 2 – Copyright Office Circular

*How to Investigate the Copyright Status of a Work.*

[Copyright Office Circular #22]
How to Investigate the Copyright Status of a Work

In General

Methods of Approaching a Copyright Investigation

There are several ways to investigate whether a work is under copyright protection and, if so, the facts of the copyright. These are the main ones:

1. Examine a copy of the work for such elements as a copyright notice, place and date of publication, author and publisher. If the work is a sound recording, examine the disc, tape, cartridge, or cassette in which the recorded sound is fixed, or the album cover, sleeve, or container in which the recording is sold.
2. Search the Copyright Office catalogs and other records.
3. Have the Copyright Office conduct a search for you.

A Few Words of Caution About Copyright Investigations

Copyright investigations often involve more than one of these methods. Even if you follow all three approaches, the results may not be conclusive. Moreover, as explained in this circular, the changes brought about under the Copyright Act of 1976, the Berne Convention Implementation Act of 1988, the Copyright Renewal Act of 1992, and the Sonny Bono Copyright Term Extension Act of 1998 must be considered when investigating the copyright status of a work.

This circular offers some practical guidance on what to look for if you are making a copyright investigation. It is important to realize, however, that this circular contains only general information and that there are a number of exceptions to the principles outlined here. In many cases, it is important to consult with a copyright attorney before reaching any conclusions regarding the copyright status of a work.

How to Search Copyright Office Catalogs and Records

Catalog of Copyright Entries

The Copyright Office published the Catalog of Copyright Entries (CCE) in printed format from 1891 through 1978. From 1979 through 1982, the CCE was issued in microfiche format. The CCE is divided into parts according to the classes of works registered. Each CCE segment covers all registrations made during a particular period of time. Renewal registrations made from 1979 through 1982 are found in Section 8 of the catalog. Renewals prior to that time
makes the search for you, a search fee must be charged. The search will not be done while you wait.

In addition, Copyright Office records in machine-readable form cataloged from January 1, 1978, to the present, including registration and renewal information and recorded documents, are available for searching from the Copyright Office website at www.copyright.gov.

The Copyright Office does not offer search assistance to users on the Internet.

Searching by the Copyright Office

In General

Upon request and at the statutory rate for each hour or fraction of an hour used, the Copyright Office staff will search the records of registrations and other recorded documents concerning ownership of copyrights and will provide a written report. If you request a cost estimate, the Copyright Office will provide one. Estimates for searches are based on the information you furnish and are provided for a set fee that is applied toward the cost of the search and report. Fees for estimates are nonrefundable and may be applied to a search for up to one year from the date of the estimate. Requests must include an address and telephone number where you may be reached during business hours and an email address if available.

Certification of a search report is available for an additional fee. Certified searches are frequently requested to meet the evidentiary requirements of litigation.

Preferred payment is by personal check or credit card. Contact the Copyright Office for information regarding payment with money orders or by overseas banking institutions.

For information, correspondence, or payment, contact:

Copyright Office GCA/6R/RRC
Attn: RCC
P.O. Box 70400
Washington, DC 20024
PHONE: (202) 707-6850 (M-F, 8:30–5:00 eastern time)
FAX: (202) 251-3485
EMAIL: copysearch@loc.gov

What the Fee Does Not Cover

The search fee does not include the cost of additional certificates, photocopies of deposits, or copies of other Office records. For information concerning these services, see Circular 6, Obtaining Access to and Copies of Copyright Office Records and Deposits.
Information Needed
The more detailed information you furnish with your request, the less expensive the search will be. Please provide as much of the following information as possible:

• the title of the work, with any possible variants
• the names of the authors, including possible pseudonyms
• the name of the probable copyright owner, which may be the publisher or producer
• the approximate year when the work was published or registered
• the type of work involved (book, play, musical composition, sound recording, photograph, etc.)
• for a work originally published as a part of a periodical or collection, the title of that publication and any other information, such as the volume or issue number, to help identify it
• the registration number or any other copyright data

Motion pictures are often based on other works, such as books or serialized contributions to periodicals or other composite works. If you want a search for an underlying work or for music from a motion picture, you must specifically request such a search. You must also identify the underlying works and music and furnish the specific titles, authors, and approximate dates of these works.

Searches Involving Assignments and Other Documents Affecting Copyright Ownership
For the standard hourly search fee, the Copyright Office staff will search its indexes covering the records of assignments and other recorded documents concerning ownership of copyrights. The reports of searches in these cases will state the facts shown in the Office’s indexes of the recorded documents but will offer no interpretation of the content of the documents or their legal effect.

Limitations on Searches
In determining whether or not to have a search made, you should keep the following points in mind:

No Special Lists • The Copyright Office does not maintain any lists of works by subject or any lists of works that are in the public domain.

Contributions Not Listed Separately in Copyright Office Records • Individual works such as stories, poems, articles, or musical compositions that were published as contribu-

tions to a copyrighted periodical or collection are usually not listed separately by title in our records.

No Comparisons • The Copyright Office does not search or compare copies of works to determine questions of possible infringement or to determine how much two or more versions of a work have in common.

Titles and Names Not Copyrightable • Copyright does not protect titles and names, and our records list many different works identified by the same or similar titles. Some brand names, trade names, slogans, and phrases may be entitled to protection under the general rules of law relating to unfair competition. They may also be entitled to registration under the provisions of the trademark laws. Questions about the trademark laws should be addressed to: Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450. Possible protection of names and titles under common law principles of unfair competition is a question of state law.

No Legal Advice • The Copyright Office cannot express any opinion as to the legal significance or effect of the facts included in a search report.

Some Words of Caution

Searches Not Always Conclusive
Searches of the Copyright Office catalogs and records are useful in helping to determine the copyright status of a work, but they cannot be regarded as conclusive in all cases. The complete absence of any information about a work in the Office records does not mean that the work is unprotected. The following are examples of cases in which information about a particular work may be incomplete or lacking entirely in the Copyright Office:

• Before 1978, unpublished works were entitled to protection under common law without the need of registration.
• Works published with notice prior to 1978 may be registered at any time within the first 28-year term.
• Works copyrighted between January 1, 1964, and December 31, 1977, are affected by the Copyright Renewal Act of 1992, which automatically extends the copyright term and makes renewal registrations optional.
• For works under copyright protection on or after January 1, 1978, registration may be made at any time during the term of protection. Although registration is not required as a condition of copyright protection, there are certain
definite advantages to registration. For further information, see Circular 1, Copyright Basics.

- Since searches are ordinarily limited to registrations that have already been cataloged, a search report may not cover recent registrations for which catalog records are not yet available.

- The information in the search request may not have been complete or specific enough to identify the work.

- The work may have been registered under a different title or as part of a larger work.

Protection in Foreign Countries

Even if you conclude that a work is in the public domain in the United States, this does not necessarily mean that you are free to use it in other countries. Every nation has its own laws governing the length and scope of copyright protection, and these are applicable to uses of the work within that nation's borders. Thus, the expiration or loss of copyright protection in the United States may still leave the work fully protected against unauthorized use in other countries. For further information, see Circular 6, Circular 15, Renewal of Copyright, and Circular 15A, Duration of Copyright.

Impact of the Copyright Act on Copyright Investigations

On October 19, 1976, the President signed into law a complete revision of the copyright law of the United States (title 17 of the United States Code). Most provisions of this statute came into force on January 1, 1978, superseding the Copyright Act of 1909. These provisions made significant changes in the copyright law. Further important changes resulted from the Berne Convention Implementation Act of 1988, which took effect March 1, 1989; the Copyright Renewal Act of 1992 (P.L. 102-397) enacted June 26, 1992, which amended the renewal provisions of the copyright law; and the Sonny Bono Copyright Term Extension Act of 1998 (P.L. 105-298) enacted October 27, 1998, which extended the term of copyrights for an additional 20 years.

If you need more information about the provisions of either the 1909 or the 1976 law, write or call the Copyright Office. Both laws are available on the Copyright Office website. For information about renewals, see Circular 15. For paper copies of the law, order Circular 92, Copyright Law of the United States, from:

U.S. Government Printing Office
P.O. Box 979050
St. Louis, MO 63197-9000

WEB: http://bookstore.gpo.gov
FAX: (202) 512-2104
EMAIL: contactcenter@gpo.gov

Or go to the Copyright Office website at www.copyright.gov/title17.

For copyright investigations, the following points about the impact of the Copyright Act of 1976, the Berne Convention Implementation Act of 1988, and the Copyright Renewal Act of 1992 should be considered.

A Changed System of Copyright Formalities

Some of the most sweeping changes under the 1976 Copyright Act involve copyright formalities, that is, the procedural requirements for securing and maintaining full copyright protection. The old system of formalities involved copyright notice, deposit, and registration; recordation of transfers and licenses of copyright ownership; and U.S. manufacture, among other things. In general, while retaining formalities, the 1976 law reduced the chances of mistakes, softened the consequences of errors and omissions, and allowed for the correction of errors.

The Berne Convention Implementation Act of 1988 reduced formalities, most notably making the addition of the previously mandatory copyright notice optional. It should be noted that the amended notice requirements are not retroactive.


Automatic Copyright

Under the present copyright law, copyright exists in original works of authorship created and fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly, or indirectly with the aid of a machine or device. In other words, copyright is an incident of creative authorship and is not dependent on statutory formalities. Thus, registration with the Copyright Office generally is not required, but there are certain advantages that arise from a timely registration. For further information on the advantages of registration, see Circular 1.
Copyright Notice

The 1909 Copyright Act and the 1976 Copyright Act as originally enacted required a notice of copyright on published works. For most works, a copyright notice consisted of the symbol ©, the word "Copyright" or the abbreviation "Copr.,” together with the name of the owner of copyright and the year of first publication. For example: "© Joan Crane 2004" or "Copyright 2008 by Abraham Adams."

For sound recordings published on or after February 15, 1972, a copyright notice might read "© 1972 XYZ Records, Inc." See below for more information about sound recordings.

For mask works, a copyright notice might read "© SDR Industries." See Circular 100, Federal Statutory Protection for Mask Works, for more information.

As originally enacted, the 1976 law prescribed that all visually perceptible published copies of a work, or published phonorecords of a sound recording, should bear a proper copyright notice. This applies to such works published before March 1, 1989. After March 1, 1989, notice of copyright on these works is optional. Adding the notice, however, is strongly encouraged and, if litigation involving the copyright occurs, certain advantages exist for publishing a work with notice.

Prior to March 1, 1989, the requirement for the notice applied equally whether the work was published in the United States or elsewhere by authority of the copyright owner. Compliance with the statutory notice requirements was the responsibility of the copyright owner. Unauthorized publication without the copyright notice, or with a defective notice, does not affect the validity of the copyright in the work.

Advance permission from, or registration with, the Copyright Office is not required before placing a copyright notice on copies of the work or on phonorecords of a sound recording. Moreover, for works first published on or after January 1, 1978, through February 28, 1989, omission of the required notice, or use of a defective notice, did not result in forfeiture or outright loss of copyright protection. Certain omissions of, or defects in, the notice of copyright, however, could have led to loss of copyright protection if steps were not taken to correct or cure the omissions or defects. The Copyright Office has issued a final regulation (37 CFR 201.20) that suggests various acceptable positions for the notice of copyright. This regulation is available on the Copyright Office website at www.copyright.gov/title37/201/index.html. For further information, see Circular 3, Copyright Notice.

Works Already in the Public Domain

In general, once a work enters the public domain, copyright protection cannot be restored. However, certain exceptions apply to works of foreign origin. For eligible foreign works, copyright protection is automatically restored under the provisions of the Uruguay Round Agreements Act (URAA) and section 104(a) of the copyright law. Previous to the URAA, the North American Free Trade Agreement Implementation Act (NAFTA) contained copyright restoration provisions for certain Canadian and Mexican works.

Under the copyright law in effect prior to January 1, 1978, copyright could be lost in several situations. The most common were publication without the required notice of copyright, expiration of the first 28-year term without renewal, or final expiration of the second copyright term. The Copyright Renewal Act of 1992 automatically renewed first term copyrights secured between January 1, 1964, and December 31, 1977.

Scope of Exclusive Rights Under Copyright

The present law has changed and enlarged in some cases the scope of the copyright owner's rights. The new rights apply to all uses of a work subject to protection by copyright after January 1, 1978, regardless of when the work was created.

Duration of Copyright Protection

Works Originally Copyrighted On or After January 1, 1978

A work that is created and fixed in tangible form for the first time on or after January 1, 1978, is automatically protected from the moment of its creation and is ordinarily given a term enduring for the author's life plus an additional 70 years after the author's death. In the case of "a joint work prepared by two or more authors who did not work for hire," the term lasts for 70 years after the last surviving author's death. For works made for hire and for anonymous and pseudonymous works (unless the author's identity is revealed in the Copyright Office records), the duration of copyright will be 95 years from publication or 120 years from creation, whichever is less.

Works created before the 1976 law came into effect but neither published nor registered for copyright before January 1, 1978, have been automatically brought under the statute and are now given federal copyright protection. The duration of copyright in these works will generally be computed in the same way as for new works: the life-plus-70 or 95/120-year terms will apply. However, all works in this category were guaranteed at least 25 years of statutory protection.

Works Copyrighted Before January 1, 1978

Under the law in effect before 1978, copyright was secured either on the date a work was published with notice of copy-
right or on the date of registration if the work was registered in unpublished form. In either case, copyright endured for a first term of 28 years from the date on which it was secured. During the last (28th) year of the first term, the copyright was eligible for renewal. The copyright law extends the renewal term from 28 to 67 years for copyrights in existence on January 1, 1978.

However, for works copyrighted prior to January 1, 1964, the copyright still must have been renewed in the 28th calendar year to receive the 67-year period of added protection. The amending legislation enacted June 26, 1992, automatically extends this second term for works first copyrighted between January 1, 1964, and December 31, 1977. For more detailed information on the copyright term, see Circular 15A.

Works First Published Before 1978:
the Copyright Notice

General information About the Copyright Notice
In investigating the copyright status of works first published before January 1, 1978, the most important thing to look for is the notice of copyright. As a general rule under the 1909 law, copyright protection was lost permanently if the notice was omitted from the first authorized published edition of a work or if it appeared in the wrong form or position. The form and position of the copyright notice for various types of works were specified in the copyright statute. Some courts were liberal in overlooking relatively minor departures from the statutory requirements, but a basic failure to comply with the notice provisions forfeited copyright protection and put the work into the public domain in this country.

Absence of Copyright Notice
For works first published before 1978, the complete absence of a copyright notice from a published copy generally indicates that the work is not protected by copyright. For works first published before March 1, 1989, the copyright notice is required, but omission could have been cured by registration before or within five years of publication and by adding the notice to copies published in the United States after discovery of the omission. Some works may contain a notice, others may not. The absence of a notice in works published on or after March 1, 1989, does not necessarily indicate that the work is in the public domain.

Unpublished Works · No notice of copyright was required on the copies of any unpublished work. The concept of "publication" is very technical, and it was possible for a number of copies lacking a copyright notice to be reproduced and distributed without affecting copyright protection.

Foreign Editions · In the case of works seeking ad interim copyright,* copies of a copyrighted work were exempted from the notice requirements if they were first published outside the United States. Some copies of these foreign editions could find their way into the United States without impairing the copyright.

*Note: "Ad interim copyright" refers to a special short term of copyright available to certain pre-1978 books and periodicals. For further information on ad interim copyright, see page 8.

Accidental Omission · The 1909 statute preserved copyright protection if the notice was omitted by accident or mistake from a "particular copy or copies."

Unauthorized Publication · A valid copyright was not secured if someone deleted the notice and/or published the work without authorization from the copyright owner.

Sound Recordings · Reproductions of sound recordings usually contain two different types of creative works: the underlying musical, dramatic, or literary work that is being performed or read and the fixation of the actual sounds embodying the performance or reading. For protection of the underlying musical or literary work embodied in a recording, it is not necessary that a copyright notice covering this material appear on the phonograph records or tapes on which the recording is reproduced. A special notice is required for protection of the recording of a series of musical, spoken, or other sounds that were fixed on or after February 15, 1972. Sound recordings fixed before February 15, 1972, are not eligible for federal copyright protection. The Sound Recording Act of 1971, the present copyright law, and the Berne Convention Implementation Act of 1988 cannot be applied or be construed to provide any retroactive protection for sound recordings fixed before February 15, 1972. Such works, however, may be protected by various state laws or doctrines of common law.

The Date in the Copyright Notice
If you find a copyright notice, the date it contains may be important in determining the copyright status of the work. In general, the notice on works published before 1978 must include the year in which copyright was secured by publication or, if the work was first registered for copyright in unpublished form, the year in which registration was made. There are two main exceptions to this rule.
For pictorial, graphic, or sculptural works (Classes F through K under the 1909 law), the law permitted omission of the year date in the notice.

For “new versions” of previously published or copyrighted works, the notice was not usually required to include more than the year of first publication of the new version itself. This is explained further under Derivative Works below.

The year in the notice usually (though not always) indicated when the copyright began. It is, therefore, significant in determining whether a copyright is still in effect; or, if the copyright has not yet run its course, the year date will help in deciding when the copyright is scheduled to expire. For further information about the duration of copyright, see Circular 75A.

In evaluating the meaning of the date in a notice, you should keep the following points in mind:

Works Published and Copyrighted Before January 1, 1978
A work published before January 1, 1978, and copyrighted on or after January 1, 1923, may still be protected by copyright in the United States if a valid renewal registration was made during the 28th year of the first term of the copyright. If renewed by registration or under the Copyright Renewal Act of 1992 and if still valid under the other provisions of the law, the copyright will expire 95 years from the end of the year in which it was first secured.

Therefore, the U.S. copyright in any work published or copyrighted prior to January 1, 1923, has expired by operation of law, and the work has permanently fallen into the public domain in the United States. For example, on January 1, 1997, copyrights in works first published or copyrighted before January 1, 1922, expired; on January 1, 1998, copyrights in works first published or copyrighted before January 1, 1923, expired. Unless the copyright law is changed again, no works under protection on January 1, 1999, will fall into the public domain in the United States until January 1, 2019.

Works First Published or Copyrighted Between January 1, 1923, and December 31, 1949, But Not Renewed
If a work was first published or copyrighted between January 1, 1923, and December 31, 1949, it is important to determine whether the copyright was renewed during the last (28th) year of the first term of the copyright. This can be done by searching the Copyright Office records or catalogs as explained previously. If no renewal registration was made, copyright protection expired permanently at the end of the 28th year from the year date it was first secured.

Works First Published or Copyrighted Between January 1, 1923, and December 31, 1949, and Registered for Renewal
When a valid renewal registration was made and copyright in the work was in its second term on December 31, 1977, the renewal copyright term was extended under the latest act to 67 years. In these cases, copyright will last for a total of 95 years from the end of the year in which copyright was originally secured. Example: Copyright in a work first published in 1925 and renewed in 1953 will expire on December 31, 2020.

Works First Published or Copyrighted Between January 1, 1950, and December 31, 1963
If a work was in its first 28-year term of copyright protection on January 1, 1978, it must have been renewed in a timely fashion to have secured the maximum term of copyright protection. If renewal registration was made during the 28th calendar year of its first term, copyright would endure for 95 years from the end of the year copyright was originally secured. If not renewed, the copyright expired at the end of its 28th calendar year.

Works First Published or Copyrighted Between January 1, 1964, and December 31, 1977
If a work was in its first 28-year term of copyright protection on June 26, 1992, renewal registration was optional. The term of copyright for works published or copyrighted during this time period was extended to 95 years by the Copyright Renewal Act of 1992 and the Sonny Bono Term Extension Act of 1998. There was no need to make the renewal filing to extend the original 28-year copyright term to the full 95 years.

However, there were several advantages to making a renewal registration during the 28th year of the original term of copyright. If renewal registration was made during the 28th year of the original term of copyright, the renewal copyright vested in the name of the renewal claimant on the effective date of the renewal registration; the renewal certificate constitutes prima facie evidence as to the validity of the copyright during the renewed and extended term and of the facts stated in the certificate; and, the right to use the derivative work in the extended term may be affected. See Circular 15 for further information.

Unpublished, Unregistered Works
Before 1978, if a work had been neither “published” in the legal sense nor registered in the Copyright Office, it was subject to perpetual protection under the common law. On January 1, 1978, all works of this kind, subject to protection by copyright, were automatically brought under the federal copyright statute. The duration of copyright for these works can vary, but none of them expired before December 31, 2002.
Derivative Works

In examining a copy (or a record, disc, or tape) for copyright information, it is important to determine whether that particular version of the work is an original edition of the work or a "new version." New versions include musical arrangements, adaptations, revised or newly edited editions, translations, dramatizations, abridgments, compilations, and works republished with new matter added. The law provides that derivative works, published or unpublished, are independently copyrightable and that the copyright in such a work does not affect or extend the protection, if any, in the underlying work. Under the 1909 law, courts have also held that the notice of copyright on a derivative work ordinarily need not include the dates or other information pertaining to the earlier works incorporated in it. This principle is specifically preserved in the present copyright law. Thus, if the copy (or the record, disc, or tape) constitutes a derivative version of the work, these points should be kept in mind:

- The date in the copyright notice is not necessarily an indication of when copyright in all the material in the work will expire. Some of the material may already be in the public domain, and some parts of the work may expire sooner than others.

- Even if some of the material in the derivative work is in the public domain and free for use, this does not mean that the "new" material added to it can be used without permission from the owner of copyright in the derivative work. It may be necessary to compare editions to determine what is free to use and what is not.

- Ownership of rights in the material included in a derivative work and in the preexisting work upon which it may be based may differ, and permission obtained from the owners of certain parts of the work may not authorize the use of other parts.

The Name in the Copyright Notice

Under the copyright statute in effect before 1978, the notice was required to include "the name of the copyright proprietor." The present act requires that the notice include "the name of the owner of copyright in the work, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner." The name in the notice (sometimes in combination with the other statements on the copy, records, disc, tape, container, or label) often gives persons wishing to use the work the information needed to identify the owner from whom licenses or permission can be sought. In other cases, the name provides a starting point for a search in the Copyright Office records or catalogs, as explained at the beginning of this circular.

In the case of works published before 1978, copyright registration is made in the name of the individual person or the entity identified as the copyright owner in the notice. For works published on or after January 1, 1978, registration is made in the name of the person or entity owning all the rights on the date the registration is made. This may or may not be the name appearing in the notice. In addition to its records of copyright registration, the Copyright Office maintains extensive records of assignments, exclusive licenses, and other documents dealing with copyright ownership.

Ad Interim

Ad interim copyright was a special short-term copyright that applied to certain books and periodicals in the English language that were first manufactured and published outside the United States. It was a partial exception to the manufacturing requirements of the previous U.S. copyright law. Its purpose was to secure temporary U.S. protection for a work, pending the manufacture of an edition in the United States. The ad interim requirements changed several times over the years and were subject to a number of exceptions and qualifications.

The manufacturing provisions of the copyright act expired on July 1, 1986, and are no longer a part of the copyright law. The transitional and supplementary provisions of the act provide that for any work in which ad interim copyright was subsisting or capable of being secured on December 31, 1977, copyright protection would be extended for a term compatible with the other works in which copyright was subsisting on the effective date of the new act. Consequently, if the work was first published on or after July 1, 1977, and was eligible for ad interim copyright protection, the provisions of the present copyright act will be applicable to the protection of these works. Anyone investigating the copyright status of an English language book or periodical first published outside the United States before July 1, 1977, should check carefully to determine:

- whether the manufacturing requirements were applicable to the work, and
- if so, whether the ad interim requirements were met
For Further Information

By Internet
Circulars, announcements, regulations, other related materials, and all copyright application forms are available from the Copyright Office website at www.copyright.gov. To send an email communication, click on Contact Us at the bottom of the homepage.

By Telephone
For general information about copyright, call the Copyright Public Information Office at (202) 707-3000 or 1-877-476-0778 (toll free). Staff members are on duty from 8:30 AM to 5:00 PM, eastern time, Monday through Friday, except federal holidays. Recorded information is available 24 hours a day. Or, if you know which application forms and circulars you want, request them 24 hours a day from the Forms and Publications Hotline at (202) 707-9100. Leave a recorded message.

By Regular Mail
Write to:
Library of Congress
Copyright Office–COPUBS
101 Independence Avenue SE
Washington, DC 20559
Search Request Form

TYPE OF WORK
☐ Book  ☐ Music  ☐ Motion picture  ☐ Drama  ☐ Sound recording  ☐ Computer program
☐ Photograph/artwork  ☐ Map  ☐ Periodical  ☐ Contribution  ☐ Architectural work  ☐ Mask work

SEARCH INFORMATION YOU REQUIRE
☐ Registration  ☐ Renewal  ☐ Assignment  ☐ Address

SPECIFICS OF WORK TO BE SEARCHED
Title ____________________________________________________________

Author _________________________________________________________

Copyright claimant _____________________________________________
(Name in ☐ notice)

Approximate year date of publication/creation _______________________

Registration number (if known) ____________________________________

If you need more space, please attach additional pages.

The fee for a search report is based on a set statutory fee* for the hour(s) or fraction of an hour consumed. The more information you furnish as a basis for the search, the better service we can provide. The time between the date of receipt of your fee for the search and your receiving a report will vary, depending on the method of payment (personal check, money order, or credit card) and on the workload. If you want an estimate for the cost of the search and report, indicate your preference by checking the box below. There is a separate fee for an estimate.

Names, titles, and short phrases are not copyrightable.

Please read Circular 22 for more information on copyright searches.

Your name ___________________________________________ Date ____________

Address _________________________________________________________

Daytime telephone ______________________________ Email _________________

Convey results of estimate/search by telephone? ☐ Yes  ☐ No

Fee enclosed? ☐ Yes: amount: $ _______________________ ☐ No

*NOTE: Copyright Office fees are subject to change. For current fees for estimates or searches, check the Copyright Office website at www.copyright.gov, write the Copyright Office, or call the Records, Research, and Certification Section at (202) 707-6850.
Appendix 3 - Websites Providing Intellectual Property

<table>
<thead>
<tr>
<th>Website</th>
<th>Platform/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.publicdomainpictures.net/">www.publicdomainpictures.net/</a></td>
<td>Free HD pictures available to download, but some photos on the website are not free. Some photos require a model or property release. Must make an account in order to download photos.</td>
</tr>
<tr>
<td><a href="http://www.imageafter.com/index.php">www.imageafter.com/index.php</a></td>
<td>High resolution images of all sorts than can be used in personal and commercial works. People who donate photos agree to give up their rights to the photo. You can filter your search to find what you are looking for more easily. Photos can be used in any way except for an online resource site that would compete with this one. Photos are easy to download.</td>
</tr>
<tr>
<td><a href="https://commons.wikimedia.org/wiki/Main_Page">https://commons.wikimedia.org/wiki/Main_Page</a></td>
<td>Disclaimer: “The creators of image<em>after and its contributors are not liable in any way for damages or litigation that may arise when using or downloading content contained on all pages related to image</em>after. The users acknowledge that they assume all risk and/or responsibility when using and viewing this site. Please use your own legal discretion and resources concerning any liability issues. All brand, logos or product names are or may be trademarks of and are used to identify products and services of, their respective owners.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Website</th>
<th>Platform/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.publicdomainpictures.net/">www.publicdomainpictures.net/</a></td>
<td>Free HD pictures available to download, but some photos on the website are not free. Some photos require a model or property release. Must make an account in order to download photos.</td>
</tr>
<tr>
<td><a href="http://www.imageafter.com/index.php">www.imageafter.com/index.php</a></td>
<td>High resolution images of all sorts than can be used in personal and commercial works. People who donate photos agree to give up their rights to the photo. You can filter your search to find what you are looking for more easily. Photos can be used in any way except for an online resource site that would compete with this one. Photos are easy to download.</td>
</tr>
<tr>
<td><a href="https://commons.wikimedia.org/wiki/Main_Page">https://commons.wikimedia.org/wiki/Main_Page</a></td>
<td>Disclaimer: “The creators of image<em>after and its contributors are not liable in any way for damages or litigation that may arise when using or downloading content contained on all pages related to image</em>after. The users acknowledge that they assume all risk and/or responsibility when using and viewing this site. Please use your own legal discretion and resources concerning any liability issues. All brand, logos or product names are or may be trademarks of and are used to identify products and services of, their respective owners.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Website</th>
<th>Platform/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.publicdomainpictures.net/">www.publicdomainpictures.net/</a></td>
<td>Free HD pictures available to download, but some photos on the website are not free. Some photos require a model or property release. Must make an account in order to download photos.</td>
</tr>
<tr>
<td><a href="http://www.imageafter.com/index.php">www.imageafter.com/index.php</a></td>
<td>High resolution images of all sorts than can be used in personal and commercial works. People who donate photos agree to give up their rights to the photo. You can filter your search to find what you are looking for more easily. Photos can be used in any way except for an online resource site that would compete with this one. Photos are easy to download.</td>
</tr>
<tr>
<td><a href="https://commons.wikimedia.org/wiki/Main_Page">https://commons.wikimedia.org/wiki/Main_Page</a></td>
<td>Disclaimer: “The creators of image<em>after and its contributors are not liable in any way for damages or litigation that may arise when using or downloading content contained on all pages related to image</em>after. The users acknowledge that they assume all risk and/or responsibility when using and viewing this site. Please use your own legal discretion and resources concerning any liability issues. All brand, logos or product names are or may be trademarks of and are used to identify products and services of, their respective owners.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Website</th>
<th>Platform/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.publicdomainpictures.net/">www.publicdomainpictures.net/</a></td>
<td>Free HD pictures available to download, but some photos on the website are not free. Some photos require a model or property release. Must make an account in order to download photos.</td>
</tr>
<tr>
<td><a href="http://www.imageafter.com/index.php">www.imageafter.com/index.php</a></td>
<td>High resolution images of all sorts than can be used in personal and commercial works. People who donate photos agree to give up their rights to the photo. You can filter your search to find what you are looking for more easily. Photos can be used in any way except for an online resource site that would compete with this one. Photos are easy to download.</td>
</tr>
<tr>
<td><a href="https://commons.wikimedia.org/wiki/Main_Page">https://commons.wikimedia.org/wiki/Main_Page</a></td>
<td>Disclaimer: “The creators of image<em>after and its contributors are not liable in any way for damages or litigation that may arise when using or downloading content contained on all pages related to image</em>after. The users acknowledge that they assume all risk and/or responsibility when using and viewing this site. Please use your own legal discretion and resources concerning any liability issues. All brand, logos or product names are or may be trademarks of and are used to identify products and services of, their respective owners.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Website</th>
<th>Platform/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.publicdomainpictures.net/">www.publicdomainpictures.net/</a></td>
<td>Free HD pictures available to download, but some photos on the website are not free. Some photos require a model or property release. Must make an account in order to download photos.</td>
</tr>
<tr>
<td><a href="http://www.imageafter.com/index.php">www.imageafter.com/index.php</a></td>
<td>High resolution images of all sorts than can be used in personal and commercial works. People who donate photos agree to give up their rights to the photo. You can filter your search to find what you are looking for more easily. Photos can be used in any way except for an online resource site that would compete with this one. Photos are easy to download.</td>
</tr>
<tr>
<td><a href="https://commons.wikimedia.org/wiki/Main_Page">https://commons.wikimedia.org/wiki/Main_Page</a></td>
<td>Disclaimer: “The creators of image<em>after and its contributors are not liable in any way for damages or litigation that may arise when using or downloading content contained on all pages related to image</em>after. The users acknowledge that they assume all risk and/or responsibility when using and viewing this site. Please use your own legal discretion and resources concerning any liability issues. All brand, logos or product names are or may be trademarks of and are used to identify products and services of, their respective owners.”</td>
</tr>
</tbody>
</table>

56
<table>
<thead>
<tr>
<th>URL</th>
<th>Service Provider</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="https://images.nga.gov/en/page/show_home_page.html">https://images.nga.gov/en/page/show_home_page.html</a></td>
<td>National Gallery of Art</td>
<td>The public may download over 45,000 open access digital images but not all images on the website are available. Use may be commercial or non-commercial and users do not need to contact the gallery in order to use the images. Users do not have the exclusive right to use or reproduce any work of art and are encouraged to credit the gallery by writing: “Courtesy National Gallery of Art, Washington.”</td>
</tr>
<tr>
<td>creativecommons.org</td>
<td>Creative Commons</td>
<td>Millions of different songs, videos, and academic materials available for free and legal use to the public as long as any limitations set by the artist are followed. Some works may be available only for non-commercial use or have other specific limitations.</td>
</tr>
<tr>
<td>pixabay.com/</td>
<td>Pixabay</td>
<td>Free high quality images you can use anywhere. The website has over 380,000 photos, vectors, and illustrations. Any photo can be used, copied, modified, or distributed in digital or printed form for any use.</td>
</tr>
<tr>
<td><a href="http://www.oldbookillustrations.com/">www.oldbookillustrations.com/</a></td>
<td>Old Book Illustrations</td>
<td>Illustrations scanned from old books that are in the public domain and can be used for commercial or personal use. Prints cost money.</td>
</tr>
<tr>
<td><a href="http://www.1millionfreetopics.com/">www.1millionfreetopics.com/</a></td>
<td>One Million Free Pictures</td>
<td>Photos are in the public domain but must be used at users own risk. The website does not have a model release for any photos.</td>
</tr>
<tr>
<td>pdposter.weebly.com/index.html</td>
<td>PD Poster</td>
<td>Large catalogue of artwork including vintage art posters available for free use including commercial use.</td>
</tr>
<tr>
<td><a href="http://www.picdrome.com/page/galler">www.picdrome.com/page/galler</a></td>
<td>Picdrome</td>
<td>A public domain digital</td>
</tr>
<tr>
<td><strong><a href="http://www.mypublicdomainpictures.com/">www.mypublicdomainpictures.com/</a></strong></td>
<td>My Public Domain Pictures</td>
<td>Pictures can be downloaded and used for any purpose. Users should assume that there is not a model release for pictures of people, logos, or brands, and use these pictures with caution. This website has all different kinds of pictures.</td>
</tr>
<tr>
<td><strong>freetems.net/</strong></td>
<td>Freetems.net</td>
<td>A source images, graphics, music, videos, ebooks, audiobooks, software and more that are all in the public domain. All files are free and can be used in any way including for commercial use. This site gives complete freedom of using and creating without any attribution. Each different category of media includes many sub-categories.</td>
</tr>
<tr>
<td><strong>publicdomainreview.org/collections/</strong></td>
<td>The Public Domain Review</td>
<td>This website is an online journal which aims to celebrate and promote the public domain and all that it has to offer. This website has collections of books, images, and films from the pre-16th century through the 20th century that are all in the public domain. Each individual item states the rights that apply to that item, so it is recommended to check the items more carefully when necessary. The website's attribution policy for reusing material states that some items may have particular restrictions on the use of the item. Users are encouraged to investigate before reusing an item.</td>
</tr>
<tr>
<td>Website Link</td>
<td>Site Name</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>publicdomainarchive.com/us/</td>
<td>Public Domain Archive</td>
<td>Photography in the public domain that photographers and artists can use in their projects. No limitations are stated.</td>
</tr>
<tr>
<td><a href="https://unsplash.com/">https://unsplash.com/</a></td>
<td>Unsplash</td>
<td>Photos published on this website are licensed under Creative Commons Zero. The photos can be copied, modified, distributed, for commercial or personal purposes for free and without attribution to the photographers or the website.</td>
</tr>
<tr>
<td><a href="http://www.pdpics.com/">www.pdpics.com/</a></td>
<td>PDPics.com</td>
<td>This website has thousands of free public domain photographs and pictures that can be used in any project in any way.</td>
</tr>
<tr>
<td>goodfreephotos.com/</td>
<td>Good Free Photos</td>
<td>All photos are taken by the owner of the website and are released under the public domain license but the website may not have a model release for all photos that need one.</td>
</tr>
<tr>
<td><a href="http://www.gratisography.com/">www.gratisography.com/</a></td>
<td>Gratisography</td>
<td>Free high-resolution pictures that can be used in personal and commercial projects free of copyright restrictions.</td>
</tr>
<tr>
<td>viintage.com/genre/free-vintage-public-domain-images/</td>
<td>Viintage</td>
<td>Public domain vintage artwork including posters, postcards, books, graphics, advertisements, sketches, and more.</td>
</tr>
<tr>
<td>publicdomain4u.com/</td>
<td>Public Domain 4U</td>
<td>Music is freely available to play and share but NOT for commercial use.</td>
</tr>
<tr>
<td>freemusicarchive.org/</td>
<td>Free Music Archive</td>
<td>A library of legal audio downloads made by WFMU. Each track has a different Creative Commons license which means that each track has different restrictions for use.</td>
</tr>
<tr>
<td><a href="http://www.pacdvd.com/sounds/">www.pacdvd.com/sounds/</a></td>
<td>PacDV</td>
<td>Site that produces sound effects, clips, and music that can be downloaded and used in any project for free. Cannot be re-sold or re-licensed.</td>
</tr>
<tr>
<td>Website</td>
<td>Source</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td><a href="http://www.lifeofpix.com/">www.lifeofpix.com/</a></td>
<td>Life of Pix</td>
<td>Free high-resolution photos with no copyright restrictions available to download for personal or commercial use. All images are in the public domain.</td>
</tr>
<tr>
<td>mmt.li/</td>
<td>MMT</td>
<td>Stock photographs by Jeffrey Betts free for commercial use with a Creative Commons License.</td>
</tr>
<tr>
<td><a href="http://www.pexels.com/">www.pexels.com/</a></td>
<td>Pexels</td>
<td>All photos licensed under the Creative Commons Zero License meaning that anybody can copy, modify, distribute, and perform the photos. They are free to download for personal or commercial use and no attribution is required.</td>
</tr>
<tr>
<td><a href="https://stocksnap.io/">https://stocksnap.io/</a></td>
<td>Stock Snap</td>
<td>Hundreds of high resolution photos are added to the website weekly. All photos on the website are under the Creative Commons CC0 license so anybody can copy, modify, and distribute the photos for any use including commercial without asking for permission or giving any attribution.</td>
</tr>
<tr>
<td><a href="http://www.resplashed.com/">www.resplashed.com/</a></td>
<td>Re: splashed</td>
<td>Over 600 HD images that are in the Creative Commons free for web and design projects.</td>
</tr>
<tr>
<td>picography.co/</td>
<td>Picography</td>
<td>Free high resolution photos that can be used in any way. Photos are free of charge and under the Creative Commons Public Domain CC0 license. Users may not advertise the photos as their own or portray themselves as the author of the work.</td>
</tr>
<tr>
<td>isorepublic.com/</td>
<td>ISO Republic</td>
<td>Free high-quality photos that can be used for personal and commercial projects. Images cannot be sold nor given away on another website or app. Some photos may not be model-released so they cannot be used for commercial purposes. Some photos contain private buildings and also may not be</td>
</tr>
<tr>
<td>Website</td>
<td>Service Provider</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>raumrot.com/</td>
<td>Raumrot</td>
<td>Authentic, high resolution photography. The stock photos are free for commercial and personal use. Photos cannot be used for any unlawful or immoral purposes.</td>
</tr>
<tr>
<td>cupcake.nilssonlee.se/</td>
<td>Cupcake</td>
<td>All photography is under the Public Domain so it can be used for any commercial or personal purpose. Photos are high resolution.</td>
</tr>
<tr>
<td><a href="http://www.jewelbeat.com/free/free-library-music.htm">www.jewelbeat.com/free/free-library-music.htm</a></td>
<td>Jewel Beat</td>
<td>Free music for videos, TV, advertising, etc. Music is free to use but users must include the following on their website: &quot;Music by Jewel Beat. Download your free music and free sound effects at <a href="http://www.jewelbeat.com">www.jewelbeat.com</a>.&quot; Most pieces are instrumental.</td>
</tr>
<tr>
<td>audionautix.com/</td>
<td>Audionautix</td>
<td>Music on this site is free to use for any purpose but may not be re-sold or claim to have created the music. Users can search for music by genre, mood, or tempo.</td>
</tr>
<tr>
<td>cc.trax.com/</td>
<td>CC Trax</td>
<td>All music pieces available are bound to Creative Common licenses. There are different degrees to which each piece of music is available under the license so users should pay attention to the licensing on the piece they intend to use.</td>
</tr>
</tbody>
</table>
Author/Speaker Biographies

William Bryner

Bill Bryner is a partner resident in the Winston-Salem, North Carolina, office of Kilpatrick Townsend & Stockton LLP. A North Carolina State Bar Board Certified Specialist in trademark law, Bill’s practice is directed to all aspects of U.S. trademark law, including trademark clearance, prosecution, counseling and litigation. In the franchising arena, Bill has particular litigation expertise in the area of infringement by holdover ex-franchisees and in counseling franchisors about geographic expansion of their franchise concepts.

A 1996 graduate of Duke University School of Law, Bill is admitted to practice in North Carolina and all of its federal district courts, as well as the U.S. District Court for the Eastern District of Wisconsin and the United States Courts of Appeals for the Fourth and Seventh Circuits. A frequent author and speaker on trademark subjects, Bill is a repeat contributor to the Franchise Law Journal, has been a panelist at the International Franchise Association’s Legal Symposium, is a former member of the editorial board of The Trademark Reporter, and is an active committee member of the International Trademark Association’s Publications Committee.

David Gurnick

David Gurnick is with the Lewitt Hackman firm in Los Angeles, California. He represents manufacturers, franchisors, cooperatives, distributors, dealers and franchisees in wide ranging industries in preparation of distribution agreements, franchise law compliance, antitrust and competition matters, government investigations, trademarks, copyrights, trade secrets, e-commerce and related litigation. He is certified by the State Bar of California, Board of Legal Specialization as a specialist in Franchising and Distribution Law.

David is author of Distribution Law of the United States, a treatise on laws and considerations in distributing products in the United States, now in its second edition, and Franchising Depositions, a treatise on taking and defending depositions in franchising cases, both published by Juris Publishing. David previously served as adjunct professor of law, teaching franchising at the University of LaVerne College of Law. He has frequently been a panelist at the American Bar Association Forum on Franchising, and International Franchise Association Legal Symposium. David previously served on the editorial board of the American Bar Association Franchise Law Journal.

He is a past president of the San Fernando Valley Bar Association, and past chair of its Business Law Section and its Litigation Section. He served as trustee of the University of West Los Angeles College of Law, and was president of the Valley Community Legal Foundation, as well as trustee of the Los Angeles County Bar Association. He is currently on the board of directors of the Valley Bar Mediation Center, a charity that provides low cost mediation and dispute resolution services.
David is admitted in the U.S. Supreme Court, U.S. Courts of Appeals for the Federal Circuit and Ninth Circuit, and U.S. District Courts for the Central District and Eastern District of California. He earned his Bachelor’s Degree in 1981 at UCLA graduating *summa cum laude* and Phi Beta Kappa and his law degree in 1984 at the University California, Berkeley. While in law school, he served as Judicial Extern to the U.S. Ninth Circuit Court of Appeals.
FINDERS KEEPERS, LOSERS WEEPERS:
OPPORTUNITIES, RISKS AND CONSIDERATIONS IN USING
INTELLECTUAL PROPERTY CREATED BY OTHERS

William Bryner
Kilpatrick Townsend & Stockton LLP
Winston-Salem, North Carolina

and

David Gurnick
Lewitt Hackman Shapiro Marshall & Harlan
Los Angeles, California

October 14 – 16, 2015
New Orleans, Louisiana

©2015 American Bar Association
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>II. Background</td>
<td>3</td>
</tr>
<tr>
<td>III. Overview – Principal Categories of Intellectual Property</td>
<td>7</td>
</tr>
<tr>
<td>A. Trademarks</td>
<td>7</td>
</tr>
<tr>
<td>B. Copyrights</td>
<td>8</td>
</tr>
<tr>
<td>C. Patents</td>
<td>11</td>
</tr>
<tr>
<td>D. Trade Secrets</td>
<td>12</td>
</tr>
<tr>
<td>IV. Encouragement and Discouragement of Using Other People’s Intellectual Property</td>
<td>13</td>
</tr>
<tr>
<td>V. Creative Processes - How Intellectual Property is Created</td>
<td>15</td>
</tr>
<tr>
<td>A. Free Association</td>
<td>16</td>
</tr>
<tr>
<td>B. Serendipity</td>
<td>16</td>
</tr>
<tr>
<td>C. Methodical Analysis</td>
<td>17</td>
</tr>
<tr>
<td>D. Assembly and Organization</td>
<td>18</td>
</tr>
<tr>
<td>E. Consciously Building on Works of Others</td>
<td>18</td>
</tr>
<tr>
<td>VI. Line Drawing – Lawful Uses and Limits on Uses of the Intellectual Properties of Others</td>
<td>19</td>
</tr>
<tr>
<td>A. Trademarks</td>
<td>19</td>
</tr>
<tr>
<td>B. Copyrights</td>
<td>32</td>
</tr>
<tr>
<td>C. Trade Secrets</td>
<td>46</td>
</tr>
<tr>
<td>D. Patents</td>
<td>49</td>
</tr>
<tr>
<td>VII. Conclusion</td>
<td>51</td>
</tr>
<tr>
<td>Appendix 1 – Rodin, <em>The Thinker and Works It Has Inspired</em></td>
<td>54</td>
</tr>
<tr>
<td>Appendix 2 – Copyright Office Circular, <em>How to Investigate the Copyright Status of a Work</em> (see attached Copyright Office Circular #22)</td>
<td>55</td>
</tr>
<tr>
<td>Appendix 3 – Websites with Intellectual Property Made Available for Public Use</td>
<td>56</td>
</tr>
<tr>
<td>Author/Speaker Biographies</td>
<td>62</td>
</tr>
</tbody>
</table>
FINDERS KEEPERS, LOSERS WEEPERS

I. Introduction.¹

Intellectual property – some combination of trademarks, copyrights, trade secrets and patents – is important to every franchise system. Owners of these types of intellectual property control them by carefully managed use. Owners of trademarks, copyrights, trade secrets and patents have the right, and typically exercise the right, to prohibit others from using these properties without the owner's permission. But in various circumstances intellectual property created and owned, or once-owned, by someone else may lawfully be used even without obtaining the owner's permission. It is on this basis that our society has produced and popularized such works as:

- Government buildings in Washington D.C. and elsewhere, based on Greek and Roman styles of architecture using such elements as tall columns, symmetrical shapes, triangular pediments and domed roofs.

- The plays and movies West Side Story, which is a modern version of Shakespeare's play Romeo and Juliet, which was in turn based on earlier works², and My Fair Lady, derived from the George Bernard Shaw play Pygmalion, in turn based on the Greek myth of Pygmalion and Galatea.

- "A Fifth of Beethoven," a rock music version of Beethoven's Fifth Symphony, recorded by Walter Murphy and the Big Apple Band, released in 1976, reaching No. 1 on the Billboard Top 100 and later included in the soundtrack to the film Saturday Night Fever.

¹ Portions of this paper are adapted from articles which appeared in the Franchise Law Journal: David Gurnick and Tal Grinblat, OPIP – When Is It Lawful To use Other People's IP in Franchising, 33 ABA Franchise L. J. No. 4, 481 (2014); and Marc A. Lieberstein and William M. Bryner, Before You Use Others' Intellectual Property Without Permission, Consider This . . ., 34 ABA Franchise L. J. No. 1, 131 (2014). The speakers acknowledge and thank their co-authors on those papers, Tal Grinblat and Marc A. Lieberstein, also Chris Bussert for assistance and valuable comments in the preparation of this paper, Lewitt Hackman Director of Marketing Chris Podbielski for assistance with graphics, and intern Danielle Kolker for research assistance in preparation of Appendix 3.

² See, e.g., Harbage, editor. The Complete Works of William Shakespeare (Viking Press 1969) 855 – 856 (Introduction to Romeo and Juliet, by John E. Hankins: "Shakespeare's source for this play was The Tragical Historye of Romeus and Juliet, written first in Italian by Bandell, and now in English by Ar. Br. (1562). This work by Arthur Brooke, or Brooke, is a long narrative poem based on the prose by Bandello (1554) . . . . [Shakespeare's] obvious source, and probably his only one, was Brooke's poem.").
- Barry Manilow's "Could It Be Magic" which is adapted in part from Prelude, Opus 28, No. 20 in C Minor by Frédéric Chopin.

- Numerous versions of Rodin's 1880s sculpture, The Thinker (see Appendix 1).

- Devices like digital cameras, cell phones, and microwave ovens. The operation of a microwave oven, for example, is based on the application of scientific ideas first patented in 1939, and developed in patents in the 1940s, 1950s and subsequently.\(^3\)

- Common words and phrases like aspirin, brassier, bundt cake, cellophane, cola, dry ice, escalator and thermos.

- Retail "dollar" stores like Dollar General, Dollar Tree, Family Dollar, 99 Cents Only and BigLots.

- Competing franchised businesses within industries, like Century 21, ERA, Realty World, Keller-Williams, Prudential and others in real estate, or Baskin-Robins and Coldstone in ice cream or, a recent development, the "build-your-own" pizza concept exemplified by Blaze, Pieology, Pizza Rev and Pie Five, based on concepts used in "build-your-own" sandwich shops like Jersey Mikes, Port Of Subs, Firehouse Subs, Blimpie's, Quiznos, Subway, Togo's and Which Wich.

Moreover, it is on the same basis that we see in everyday life, and hardly notice:

- A tv news broadcast or newspaper or magazine presents a photograph of an incident at a McDonald's or Jack-In-The-Box restaurant and the restaurant sign featuring the franchisor's famous trademark clearly appears in the photograph.

- The daily sports report on tv, radio or in the newspaper reports the results of recent matches between professional baseball, basketball, football and hockey franchises, stating the team names, which are registered trademarks, and scores.

- A student writes a book report, containing quotations from the work she has read and on which she is reporting.

\(^3\) U.S. Patents 2,147,689 Method and Apparatus for Heating Dielectric Materials (1939); 2,480,679 Prepared Food Article and Method of Preparing (1949); 2,495,429, Method of Treating Foodstuffs (1950); 2,540,036 Food Cooking (1951).
• Grocery and department stores aisles are filled with consumer products on
display, many embodying trade secrets, and many presenting packaging
with copyrighted art and graphics, registered trademarks, and notices of
patent protection.

• In the home and every sort of retail and public environment are displayed
works of art, including prints, paintings and sculptures, whether by famous
or not-so-famous artists.

• In daily conversation people repeat something a celebrity said, talk about
current events, books and articles they have read, sites they have seen,
where they wish to go for breakfast, lunch or dinner, which store they will
go to shop, which entertainment venue they will visit, which product they
will buy, repeating the content of copyrighted text, and filling their
discussion with mention of registered trademarks.

Obviously, the above are examples. In words, phrases, slogans, music, images, art,
cinema, drama, architecture, inventions, foods, business and all varieties of things and
endeavors that make up our world, we build on the intellectual creations that have come
before. As Justice Story explained, "in truth, in literature, in science and in art, there are,
and can be, few, if any, things, which in an abstract sense, are strictly new and original
throughout. Every book in literature, science and art, borrows, and must necessarily
borrow, and use much which was well known and used before."4

This is equally true in franchising, a method of doing business that has intellectual
property at its core. And the truism that we are permitted to build upon the works of others
presents opportunities in franchising, though also risks. This paper discusses various types
of intellectual property that may be available for use, with a focus on potential uses in
franchising, and when other intellectual property may be used without necessity to obtain
the owner's permission. This paper also discusses potential liabilities and other risks
associated with unlawfully using someone else's intellectual property without permission.

II. Background

Trademarks create identity and recognition, and have been aptly referred to as the
cornerstone of a franchise system.5 Copyright protects a franchisor's rights in its creative
works such as advertising and promotional materials, operating manuals, menu board
layouts, architectural and interior designs, brochures, training videos, website design, and

4 Emerson v. Davies, 8 F. 615, 619 (D. Mass. 1845) (quoted in Campbell v. Acuff Rose
Music, Inc. 510 U.S. 569, 575 (1994)).
5 Susser v. Carvel Corp. 206 F. Supp. 636, 640 (S.D.N.Y. 1962), aff'd, 332 F.2d 505 (2d
Cir. 1064) (noting that the trademark is the "cornerstone" of a franchise system.).
sound recordings. Copyright law is available to franchisors to prevent these works from being copied by others. Trade secrets are confidential information that also provide a competitive advantage, due to their secrecy, to one franchise system over others. In franchising, one of the clearest embodiments is in the system’s operating manual, which contains expressive content setting forth many confidential elements that give the particular system its competitive advantage. The manual’s original expressive content results in copyright protection and its confidential information is protectable as trade secrets.

Apart from the operating manual, initial training programs for new franchisees, secret recipes, research and development of new products and services, and next year’s marketing program are likely embodiments of a franchise system's trade secrets. Patents provide a franchisor with something akin to an exclusive right, that is, the right to exclude others from making, using and selling an invention or novel design embodied in the patent. In contrast to real property or personal property, intellectual property is a creation of the mind or intellect. Laws concerning intellectual property have several dimensions. Some rules concern the creation of intellectual property. In this context, an important question is the extent to which one person or entity can be inspired by, or build upon or use or appropriate to their own purposes, intellectual property created by others, and the risks of doing so. Other principles, or perhaps the same principle but from a different perspective, concern the protection of one’s intellectual property against appropriation or misappropriation by others. In this regard, important questions concern the extent that the law will protect one person or entity’s property against use by others or, conversely stated, restrict others from using intellectual property created and owned by someone else.

Intellectual property law seeks to balance conflicting objectives. The idea of "property" means the right to ownership and control and the right to exclude use by others.

---

7 Normally copyright registration eliminates trade secret protection, because part of the application for copyright registration includes copies of the work, resulting in public disclosure. However, the Copyright Office has a procedure for "special handling" in which up to 50% of the work deposited with the Copyright Office may be removed, so that copyright in a work may be registered while preserving trade secret status.
8 See, e.g., Kysor v. Alma Motor Co., 287 N.W. 385, 386 (Mich. 1939) ("An invention may be said to be a new idea of means created by the exercise of the inventive faculty for the attainment of some useful purpose. It is a mental result, a concept, a thing evolved from the mind, a product of the intellect, a new idea of means generated by the mind of the inventor, the embodiment of the inventive idea[.] The act of invention is the exercise of the inventive faculty resulting in the creation of a new idea of means, the finding out, the contriving, the creating of something which did not exist before, by an operation of the intellect.")
without permission. By definition, ownership of "intellectual property" implies that the owner can control, limit and prevent its use by others.\(^9\)

The ability to control or exclude use by others is fundamental in franchising. If a franchisor could not control the use of its trademark, trade secrets, copyrights and patents, and these were freely available for use by others, the franchisor would have no basis to license these rights to franchisees in exchange for franchise fees and ongoing royalties. If potential franchisees and other competitors could use these properties freely, without needing a license or permission from their owner, there would be no motivation to enter into franchise agreements, undertaking wide ranging obligations and requiring payments to the franchisor. It is axiomatic that persons and entities would not pay money to use property if they could lawfully use that property for free.

Thus, key elements of trademark, copyright, trade secret and patent laws are the potentially significant rights they grant intellectual property owners, to prevent unauthorized uses by others, and expansive remedies where such usage occurs without permission. Injunctive relief is available to prevent threatened infringement or misappropriation, and various flexible, often generous forms of monetary relief -- including actual damages, statutory damages, disgorgement of profits, damage and profits multiples and unjust enrichment -- are among the forms of relief that may be available to owners whose intellectual property rights have been infringed. Some misuses of other people's intellectual property rise to the level of crimes, and are punishable as such.\(^{10}\)

\(^9\) See, e.g., *Alderson v. U.S.* 686 F.3d 791, 796 (9th Cir. 2012) ("General principles of property law require that a property owner have the legal right to exclude others from use and enjoyment of that property."); *G.S. Rasmussen & Assoc., Inc. v. Kalitta Flying Serv., Inc.*, 958 F.2d 896, 903 (9th Cir. 1992) (defining three characteristics of property: (1) an interest capable of precise definition; (2) an interest capable of exclusive possession or control; and (3) the owner must have established legitimate claim to exclusivity); *E.I. Du Pont De Nemours & Co. v. U.S.* 288 F.2d 904, 912 (Ct. Cl. 1961) (patent owner has the right to exclude all others from operating under the patent; trade secret owner's rights include the right to prevent unauthorized disclosure and effectively the right to prevent use of the trade secret by others.

\(^{10}\) See, e.g., 18 U.S.C. Secs. 1831 – 1836 (provisions in U.S. Espionage Act of 1996, making trade secret theft a federal crime punishable by a fine up to $250,000 for an individual and up to $5 million for corporations, imprisonment up to ten years, or both. In a crime for the benefit of a foreign government, the fine is up to $500,000 for an individual, up to $10 million for an organization, or three times the value of the secret, and imprisonment up to 15 years, or both. See also 18 U.S.C. Sec. 2320 ("(w)hoever intentionally traffics or attempts to traffic in goods and services and knowingly uses a counterfeit mark on or in connection with such goods or services" shall be guilty of a felony); 18 U.S.C. Sec. 2320(b) enables the United States to obtain an order for destruction of articles in possession of a defendant upon a determination that the articles bear counterfeit marks. See also 17 U.S.C. Sec. 506 (making copyright infringement a crime
On the other hand, intellectual property laws are often designed in ways that countenance use without permission by others, at least eventually. Indeed, it may be argued that the Constitution, intellectual property statutes and case law encourage various uses of intellectual property created by others. The Constitution and laws recognize that progress, particularly intellectual progress, requires building on the creativity and achievements of others. In the fields of copyright and patent law, for example, the Constitution embodies a "carefully crafted bargain," specifically, that creators receive certain exclusive rights in their inventions or works but only for a limited time. After that time ends, inventions and works enter the public domain, becoming freely available for anyone to use.

Intellectual property laws and courts also recognize that in areas where the law affords no protection, use and copying of the creations of others are permitted and encouraged. This encouragement stems from the view that the public benefits from such use. As one court stated: "Businesses often think competition unfair, but federal law encourages wholesale copying, the better to drive down prices. Consumers rather than producers are the objects of the law's solicitude." Another court noted that "although copyists undoubtedly incur the enmity of the product's creator, they serve the public interest by promoting competition and price reductions. Accordingly, those with the ingenuity to copy a popular but unpatented product are entitled to do so, as long as they do not run afoul of the unfair trade practices laws." The ability to use lawfully, without charge or permission, certain intellectual property originally created by others raises intriguing and potentially valuable possibilities in franchising, but also entails risks and potential traps for the unwary.

punishable by imprisonment and substantial fines, if committed for commercial advantage, or private financial gain or for copying or distributing works having a value over $1,000, or for placing online any work that was being prepared for commercial distribution).

11 See, e.g., Dastar Corp. v. Twentieth Century Fox Film Corp. 539 U.S. 23, 33 (2003) ("The rights of a patentee or copyright holder are part of a carefully crafted bargain, under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution."); Pfaff v. Wells Elecs., Inc. 525 U.S. 55, 63 (1998) ("[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time.").


III. Overview - Principal Categories of Intellectual Property

A. Trademarks

A trademark or service mark is a word, phrase, symbol, design, device (including even a sound or smell), or combination thereof that a business uses to identify and distinguish its goods or services from those of others.\textsuperscript{14} Trademark law, embodied in the federal Lanham Act,\textsuperscript{15} state trademark statutes and common law, protects one's right to use its mark to identify the source of goods or services and prevent competitors and other third parties from adopting and using confusingly similar marks.\textsuperscript{16} Franchisors own some of the world's most recognized, valuable, and famous trademarks. The ubiquitous Coca-Cola brand and its distinctive ribbon script,\textsuperscript{17} McDonald's and its golden arches, Colonel Sanders and the KFC brand, Jack-In-The Box, Pizza Hut, Subway, Shell, Supercuts, Hilton, Marriott and 7-Eleven are a few examples.

No government approval is needed to establish trademark rights. One need only adopt and use a word, symbol, or other indicator as the distinctive identity of its goods or service. One may register a trademark with the United States Patent and Trademark Office ("USPTO") and/or with the trademark registrar of a state. Trademark registrations last for a limited time, but they can be renewed as long as the trademark continues to be used and serve its function. Even without registration, the common law grants a trademark owner the exclusive right to the use of its mark to identify its goods and services, over anyone using the same or a similar mark that is likely to cause confusion to the public at least in the geographic area where the trademark owner operates.\textsuperscript{18} If properly used and maintained, a trademark owner's rights can theoretically last in perpetuity.\textsuperscript{19} If not properly used or

\textsuperscript{14} See 15 U.S.C. § 1127 (defining "trademark" and "service mark").

\textsuperscript{15} 15 U.S.C. Sec. 1051 et seq.

\textsuperscript{16} See, e.g., United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) (noting that a trademark's function is "simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his.").

\textsuperscript{17} Coca-Cola's independently owned local bottlers are franchisees.

\textsuperscript{18} See, e.g., In re Trade–Mark Cases, 100 U.S. 82, 94 (1879) ("At common law the exclusive right to [trademark protection] grows out of its use, and not its mere adoption.... It is simply founded on priority of appropriation.").

\textsuperscript{19} See, e.g., Peter Letterese and Associates, Inc. v. World Institute of Scientology Enters., 533 F.3d 1287, 1322 n.40 (11th Cir. 2008) ("unlike the limited terms of protection accorded to patents and copyrights, trademark protection can be of indefinite duration."); Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir. 2001) ("Patent and copyright law bestow limited periods of protection, but trademark rights can be forever."); Brunswick Corp v. British Seagull Ltd., 35 F.3d 1527, 1530 (Fed. Cir. 1994) ("trademark protection is potentially perpetual in duration"). By way of example, US Trademark Registration 11210, originally registered May 27, 1884 by an individual as a trademark for ropes, consists of an image of the Biblical figure Samson wrestling a lion and continues to be an active federal
protected by the owner, trademark rights can be lost by abandonment.\textsuperscript{20}

B. Copyrights

Copyright refers to one's right to prevent others from copying an original work of authorship that has been fixed in a tangible medium of expression.\textsuperscript{21} Copyright law grants the author or copyright holder the exclusive right to copy, display, distribute, perform, or use a work as the basis for derivative works.\textsuperscript{22} Works of authorship include literary, musical and dramatic works, pantomimes, choreographic works, pictorial, graphic, and sculptural works, motion pictures and other audiovisual works, sound recordings, and works of architecture.\textsuperscript{23} Contents of operating manuals,\textsuperscript{24} advertising, menu boards,\textsuperscript{25} brochures, wall designs,\textsuperscript{26} photographs of products, locations, fictional characters, personalities and other subjects, training videos, sound recordings used in the business, and the architectural designs and interior of franchised locations\textsuperscript{27} are examples of works of authorship that copyright law protects and that franchises commonly use.

Franchises have occasion to use creative expressive works of others. In advertising a product or offering or selling franchises, a franchisor may reproduce or quote copyrighted news or magazine articles that review its business. Some retail franchises

\textsuperscript{20} See, e.g., \textit{Hanover Star Milling Co. v. Metcalf}, 240 U.S. 403, 418-419 (1916) (noting "trademark rights, like others that rest in user, may be lost by abandonment, nonuse, laches, or acquiescence"). Another form of abandonment can occur when a trademark owner engages in so-called "naked licensing;" permitting use of the trademark by others, without controlling the quality of goods or services identified by the mark. As a result, the trademark loses its significance as the identifier of a particular source or quality of goods. See, e.g., \textit{Freecyclesunnyvale v. The Freecycle Network}, 626 F.3d 509 (9th Cir. 2010).

\textsuperscript{21} 17 U.S.C. § 102 ("Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression[].")

\textsuperscript{22} See U.S. Const Art I, Sec. 8, Cl. 8; 17 U.S.C. § 106.

\textsuperscript{23} 17 U.S.C. § 102.

\textsuperscript{24} See, e.g., \textit{Snelling & Snelling, Inc. v. Armel, Inc.}, 360 F. Supp. 1319, 1321 (W.D. La. 1973) (franchisee's use of franchisor's operating manual in a separate business was copyright infringement).


\textsuperscript{26} See, e.g., \textit{Doctor's Associates, Inc. supra} note 25 at *3 (judgment awarded for infringement of copyright in franchisor's menu board, wall-paper and other items).

\textsuperscript{27} See, e.g., \textit{Thomsen v. Famous Dave's of America, Inc.}, 606 F.3d 905 (8th Cir. 2010) (claim of copyright infringement for interior and architectural design of barbecue restaurants).
decorate their walls with inspirational quotations from famous people, or photos or paintings. A franchisor or franchisee may wish to present testimonial quotations to the public. Or they may wish to present photographs showing people using the franchise's product or service. Many franchise operating manuals include articles written by others, or perhaps supplied by vendors, on such subjects as safety, sales techniques, leadership, communication, effective advertising, developing good community relationships, providing good customer service, training personnel, and using equipment.

Wall Decorated with Quotations from Famous People in a Franchised Pieology Restaurant

The duration of copyrights is long, but still finite. Currently, for works created on or after January 1, 1978, copyright protection lasts for the life of the author plus an additional seventy years. Copyrights in works of joint authorship (other than works made for hire) last until the seventieth anniversary of the last surviving author's death. Copyrights in anonymous or pseudonymous works (if the author's name is not revealed) and works made for hire last for ninety-five years from the date of first publication or 120 years from the date of creation, whichever is shorter.

For works created and published before January 1, 1978, determining the copyright term is more complex. This is because, at least five times, starting with the Copyright Act of 1790, Congress modified the length of the copyright term. So the duration for any

30 The first copyright statute, enacted in 1790, set a copyright term of fourteen years from the date of publication, renewable for an additional fourteen years if the author survived the first term. Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124. In 1831 Congress expanded the
particular work depends on a variety of factors. Generally, the copyright term for these works is not measured by the life of any author. Instead, the term lasts (or lasted) for, and ends (or ended) at the end of, a fixed period, starting on the date of publication or registration (for unpublished works) and extending anywhere from a minimum of twenty-eight to a maximum of ninety-five years, depending on various circumstances.\footnote{17 U.S.C., Sec. 302.}

An important implication of the limited duration of copyright is that, at some point, copyright rights end. Consider that, under any scenario, the longest possible duration for a work created and published before 1978 was potentially 95 years. According to the Copyright Office, the effect is that for any work created and published in the United States before 1923, the copyright rights must have expired and the work is in the public domain.\footnote{See U.S. Copyright Office, Circular 15A, Duration of Copyright, accessible at www.copyright.gov/circs/circ15a.pdf ("The 1976 Copyright Act carried over the system in the 1909 Copyright Act for computing copyright duration for works protected by federal statute before January 1, 1978, with one major change: the length of the renewal term was increased to 47 years. The 1998 Copyright Term Extension Act increased the renewal term another 20 years to 67 years. Thus the maximum total term of copyright protection for works already protected by January 1, 1978, has been increased from 56 years (a first term of 28 years plus a renewal term of 28 years) to 95 years (a first term of 28 years plus a renewal term of 67 years). Applying these standards, all works published in the United States before January 1, 1923, are in the public domain.").}

For countless other works, published later, under shorter copyright durations, copyright
rights also have expired. But 1923 establishes a bright line (though also not necessarily absolute). As time goes forward, the bright line year will roll forward, though not always one year at a time.

C. Patents

Patent law grants exclusive rights to inventors of new and useful machines, aesthetic designs, and useful methods of doing things covered by the patent claims. More specifically, a patent is a government-granted right to exclude others from making, using, selling, offering for sale, or importing a particular invention during the patent term. Some franchise systems include, in their grants of rights to franchisees, permission to use and practice patents owned by or licensed to the franchisor.

The law establishes three categories for patents: utility, design, and plant patents. The USPTO grants utility patents for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." Utility patents

---


34 "In 1998, the Sonny Bono Act extended the term of all existing copyrights by 20 years. Works already in the public domain (i.e., those published in 1922 and earlier) were unaffected, but those works from 1923 now had a 95-year term. These works will rise into the public domain on Jan. 1 2019 (1923 plus 95 years), and then each year thereafter, another year of published works will be added. This assumes . . . that Congress does not elect in 2018 to extend once again the length of copyright." Peter Hirtle, When Is 1923 Going to Arrive and Other Complications of the U.S. Public Domain (Sept. 2012) (accessible at www.infotoday.com/searcher/sep12/Hirtle--When-Is-1923-Going-to-Arrive-and-Other-Complications-of-the-U.S.-Public-Domain.shtml). The Copyright Office publishes a Circular entitled How to Investigate the Copyright Status of a Work. A copy of this Circular in its current version is attached as Appendix 2.


36 35 U.S.C. § 154(a)(1); Dawson Chemical Co. v. Rohm and Haas Co., 448 U.S. 176, 215 (1980) ("essence of a patent grant is the right to exclude others from profiting by the patented invention"); Bloomer v. McQuewan, 55 U.S. 539, 549 (1852) (A patent grants the right to exclude others from making, using, or vending the thing patented, without the permission of the patentee.").


are granted for a term that starts when the USPTO issues the patent and ends twenty years after the filing date of the patent application. Design patents cover a new, original, and ornamental design for an "article of manufacture." The design must be definite and reproducible. Design patents have a term of fourteen years from the date the USPTO grants the patent. Plant patents are for discoveries of new varieties of asexually reproduced plants. They have had little significance in franchising.

D. Trade Secrets.

A creature of state, rather than federal, law, trade secrets refer to confidential information having independent value because (a) it is not generally known to the public or to others who could benefit economically from the use or disclosure of the information, and (b) the owner uses reasonable efforts to protect its secrecy. Trade secret laws protect one's right to maintain the secrecy of such information, control use of the information, and, in many instances, control others' use while still maintaining secrecy and ownership of the information.

Like trademarks, trade secrets are central to franchising. Many franchisors consider elements of their system to be confidential information providing them a competitive advantage, and thus a trade secret. Most have operating manuals containing information about their training programs, operating procedures, equipment, recipes, suppliers, marketing techniques, business forms, and other information. Service oriented franchise

---

42 35 U.S.C. §161. So far, plant patents have not been significant in franchising.
44 See, e.g., KFC Corp. v. Marion-Kay Co., 620 F. Supp. 1160, 1163 (S.D. Ind. 1985) (discussing secrecy of recipe for KFC chicken seasoning); Coca-Cola Bottling Co. of Shreveport, Inc. v. Coca-Cola Co., 107 F.R.D. 288 (D. Del. 1985) (noting "the complete formula for Coca-Cola is one of the best-kept trade secrets in the world").
45 See, e.g., Slates v. Int'l House of Pancakes, Inc., 413 N.E.2d 457, 465 (1980) (describing subjects in franchisor's operating manual, noting: "The franchisor is specifically given the power to promulgate a standard operational procedures manual which will be binding upon the franchisee covering the following subjects: training and supervision of franchisees and restaurant managers, quality control, record keeping and account controls, administrative assistance, periodic inspections, appearance of the premises, hours of operation, merchandise sold, employees' appearance and demeanor, the personal standards in training, promotions, advertising and signs, preparations and service of food and
programs like personal care salons and franchises providing industrial services, and even product franchises, consider their customer lists and their data on customer purchase histories and preferences to be trade secrets. Franchisors consider these compendiums of knowledge also to provide a competitive advantage and believe competitors would benefit if they had access to the information. Franchisors therefore consider this information to be trade secrets.

Whereas copyrights and patents last for a limited term specified by law, rights in trade secrets, like those in trademarks, have a potentially unlimited, perpetual duration. For trade secrets the duration can last as long as the information remains secret.

IV. Encouragement and Discouragement of Using Other People's Intellectual Property

On the subject of using intellectual property created by others, the law is of two unconflicting minds. On the one hand, certain types of intellectual property and intellectual creations are free for all to use — as one court has said, "free as the air" unless protected by law. As Justice Brandeis observed in a famous dissent: "The general rule of law is, that the noblest of human productions — knowledge, truths ascertained, conceptions, and ideas — become, after voluntary communication to others, free as the air to common use."\textsuperscript{46}

But, not all intellectual property is available for free use. Rather, "[t]he Constitution and Congress have made some exceptions to this general rule, by the patent and copyright laws."\textsuperscript{47} The same analysis applies with regard to the trademark laws and state trade secrets laws, as exceptions that restrict use of intellectual property created by others. These various laws "have rewarded inventors and authors for their creativeness by granting them monopolies for a limited time and under carefully fixed conditions."\textsuperscript{48}

Even while the law recognizes rights in intellectual property, various theories permit and encourage people and businesses to use lawfully intellectual property created by others. "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors."\textsuperscript{49} The overriding purpose for the Constitution's copyright and patent clause is

\textsuperscript{47}Cable Vision, Inc. v. KUTV, Inc., 335 F.2d 348, 352 (9th Cir. 1964).
\textsuperscript{48}Id.
\textsuperscript{49}Mazer v. Stein, 347 U.S. 201, 219 (1954) (emphasis added).
"to promote the Progress of Science and useful Arts."\textsuperscript{50} Progress consists of new developments—generations and successors learning from, using, and building on the efforts and successes of those who came before.\textsuperscript{51}

As mentioned above, the Constitutional provisions authorizing the establishment of copyright and patent rights represent a "carefully crafted bargain."\textsuperscript{52} Their premise is to encourage "public disclosure of new and useful advances in technology."\textsuperscript{53} Then, after the

\textsuperscript{50}U.S. Const., Art. I, Sec. 8, Cl. 8.

\textsuperscript{51}See, e.g., \textit{Elred v. Ashcroft} 537 U.S. 186, 227 (2003) (Stevens, J., dissenting; noting purposes of copyrights and patents are to encourage new inventions and advance progress by adding knowledge to the public domain, thus there is an overriding interest in the release to the public of the products of the copyright author's creative genius; and in rewarding the inventor to motivate that activity and allow the public access to the products of the inventor's genius "after the limited period of exclusive control has expired."); Patry, \textit{The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision}, 67 Geo. Wash. L. Rev. 359, 381 (1999) ("With unfettered access to facts, the public may gain valuable information necessary for an enlightened citizenry, while later authors are free to create subsequent works utilizing those facts."); Hettinger, \textit{Justifying Intellectual Property}, 18 Philosophy & Public Affairs, No. 1, 31, 36 (1989) ("Our society gives its inventors and writers a legal right to exclude others from certain uses of their intellectual works in return for public disclosure of these works. Disclosure is necessary if people are to learn from and build on the ideas of others. When they bring about disclosure of ideas which would have otherwise remained secret, patents and copyrights enhance rather than restrict the free flow of ideas."). \textit{Cf. White v. Samsung Electronics}, 989 F.2d 1512, 1513 n.11 (9th Cir. 1993) (Kozinski, J. dissenting) ("Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before. Overprotection stifles the very creative forces it's supposed to nurture.").

\textsuperscript{52} See, e.g., Pfaff v. Wells Electronics, Inc., 525 U.S. 55, 63 (1998) ("the patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time"). \textit{See also Dastar Corp. v. Twentieth Century Fox Film Corp.}, 539 U.S. 23, 33 (2003) ("The rights of a patentee or copyright holder are part of a carefully crafted bargain, under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution.").

\textsuperscript{53}Dastar Corp., \textit{supra} n.52, 539 U.S. at 33; \textit{see also Eldred v. Ashcroft}, 537 U.S. 186, 212 n.18 (2003) ("the economic philosophy behind the Copyright Clause is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors ... copyright law celebrates the profit motive, recognizing that the incentive to profit from the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge") (internal citations and punctuation omitted).
limited term ends, works enter into the public domain, dedicated to and available for anyone to use.\textsuperscript{54}

So, one purpose of intellectual property protection for patents and copyrights is to create property that will ultimately be available for all to use upon the expiration of the term of protection. However, during the term of protection, the owner of a patent or copyright may avail itself of the law's backing to prevent others from exploiting, without permission, that to which the owner has an exclusive right.

The ability and freedom lawfully to use other's intellectual property, without permission or credit, has important implications and possibilities in franchising, but also legal risks. As intellectual property owners, there exists the ability to prevent unauthorized uses of one's intellectual property, but within certain limits. Conversely, franchisors and franchisees can sometimes make some uses of intellectual property created by or even belonging to others, but must exercise care in doing so in order to avoid running afoul of the law.

V. Creative Processes — How Intellectual Property is Created

There are many different ways intellectual property is created. The creative processes are perhaps as varied as there are people, perhaps more so. Consider, for example, the following discussion of the process, in relation to James P. Watson's book about his discovery of the double helix structure of DNA:

James P. Watson's The Double Helix . . . is an intriguing book which talks about science in a way which is so contrary to many people's concept of the scientific method that it was a very controversial when it first came out. It treats the

\textsuperscript{54}Many businesses and industries depend on patent and copyright expirations for their operation. The pharmaceutical industry is an example. Generic drug makers wait for drug patents to expire so that they can manufacture the previously-patented drugs. \textit{See, e.g., Inwood Laboratories, Inc. v. Ives Laboratories, Inc.}, 456 U.S. 844, 847 (1982) (noting that, after patent expired, "several generic drug manufacturers . . . began marketing" the previously patented drug). \textit{See also Christianson v. Colt Industries Operating Corp.}, 798 F.2d 1051, 1061 (7th Cir. 1986) (noting that, after expiration of a patent, anyone having ordinary skill would be able to make use of the technology set forth in the patent). In \textit{Elred v. Ashcroft}, \textit{supra}, plaintiffs challenged the constitutionality of the Sonny Bono Copyright Term Extension Act, which extended the duration of existing copyrights. Plaintiffs were businesses that "use, copy, reprint, perform, enhance, restore or sell works of art, film, or literature in the public domain," which claimed that but for the enlarged durations of copyrights under the act, "they could have legally copied, distributed, or performed . . . works that would otherwise have entered the public domain." \textit{Eldred v. Reno}, 74 F. Supp. 2d 1, 2 (D.D.C. 1999), \textit{aff'd}, 239 F.3d 372 (D.C. Cir. 2001), \textit{aff'd sub nom. Eldred v Ashcroft}, 537 U.S. 186.
discovery of the structure of DNA as a very human and very left-handed process. Watson and co-discoverser Francis Crick relied heavily on inspiration, iteration, and visualization. Even though they were superb biochemists, they had no precedent from which they could logically derive their structure and therefore relied heavily on left-handed thinking.\(^{35}\)

A few examples are presented here. And the reader may be aware, from experience or other sources, of many other ways of creating art, expressive writings, inventions, trademarks or secrets. For example:

**A. Free Association.**

A process for creating a trademark, artwork or invention could involve brainstorming and free association of words, phrases, images, or invention ideas. The brainstormer(s) develop lists of ideas and writes these down as words or sketches.

In the trademark context, the ideas might involve neologisms (combining letters to create an entirely new word, like Häagen-Dazs, Kodak, Frisbee, Exxon or Xerox). Or existing words might be written down to possibly apply to a product or service for which there is no apparent connection (like "Big Frog" for a custom t-shirt franchise).

In the context of art or invention, sketches might be preliminary or draft drawings of what the creator envisions.

The creator(s) might subjectively rank the ideas, perhaps starting with personal favorites. Ideas are then refined and studied to select the best prospect for the particular purpose involved.\(^{36}\)

**B. Serendipity.**

The creative process can occur with a significant element of serendipity (luck), arising from unanticipated developments or sudden inspiration. The proverbial discoveries

---


\(^{36}\) In one brainstorming paradigm, four main rules govern: (1) No evaluation of any kind is permitted. A judgmental attitude will cause people in the group to be more concerned with defending their ideas than with generating them. (2) All participants are encouraged to think of the wildest ideas possible. (3) Quantity of ideas is encouraged. (4) All participants are encouraged to build upon or modify the ideas of others, as combinations or modifications of previously suggested ideas can lead to new ideas that are better than those that sparked them. Adams, *Conceptual Blockbusting, A Guide to Better Ideas* 115 (W.H. Freeman & Co. 1974).
of dynamite, penicillin, viagra, x-rays and saccharin, all results of accidents or other serendipitous events, are examples.\(^{57}\)

Serendipity occurs in the context of trademarks as well. The seven founders of the "Mechanics Tool and Forge Company," in 1938, probably did not expect customers to refer to the company and its products by the shorthand, "Mac Tools." In 1911 four companies (The Tabulating Machine Company, the International Time Recording Company, the Computing Scale Company and the Bundy Mfg. Co.) merged to form the Computing Tabulating Recording Company or "CTR." In 1914 Thomas Watson became CTR's president. In 1924 CTR changes its name to "International Business Machines Corporation." The natural human tendency to abbreviate resulted in the name and trademark being reduced to "IBM."\(^{58}\) The trademark "coke" evolved similarly, from the trademark Coca-Cola.\(^{59}\)

C. Methodical Analysis.

Another important way that intellectual property is created is methodical, through analysis, study, trial-and-error, application of scientific methods and the like. These are structured processes involving development and testing of hypotheses, and analyses and assessment of results.

A methodical approach, applied in the context of art and painting, employed by the iconic American artist Norman Rockwell is cleverly illustrated in his self-portrait. This may be compared with a random, entropic method of creation, reflected in the artistic works of Jackson Pollack. These are illustrated in the following images:

\(^{57}\) See, e.g., Chamberlin v. URIS Sales, 150 F.2d 512 n.4 (2d Cir. 1945) ("It is not easy to ascertain what is intended and what inadvertent in the work of genius: That a man is color-blind may make him a master of black and white art; a painter's unique distortions, hailed as a sign of his genius, may be due to defective muscles. Consider the great scientific discoveries- such as the X-ray and the galvanic circuit- which resulted from accidents.")

\(^{58}\) See, e.g., 1 McCarthy on Trademarks and Unfair Competition § 7:18 (4th ed.) ("Americans are prone to abbreviate recognized trademarks and to use nicknames.").

\(^{59}\) Coca-Cola Co. v. Busch, 44 F. Supp. 405, 408 (E.D. Pa. 1942) ("it is commonplace in our daily endeavor to shorten and abbreviate anything which is capable of being shortened or abbreviated.").
D. Assembly and Organization.

Another way intellectual property is created, particularly in the context of trade secrets and often expression that may be copyrighted, is assembly, collection and organization of information created by others, and perhaps revision of that information into new, more useful formats. This way of creating intellectual property clearly relies on the existence of, and builds on, intellectual property created by others.

E. Consciously Building on Works of Others.

The innumerable ways intellectual property is created have some elements in common. They all involve creations of the mind. Intellectual property is the product of thought and mental vision. It exists mostly in the minds of people, starting with a creator and being imparted to others. And all these methods involve, sometimes to a lesser or greater extent, building on the works of others. But one further method is to consciously, by design, start with intellectual property of others, and evaluate how to lawfully develop it further, build upon it, or in some cases (particularly in the case of patents) work-around it, all with the objective of creating new intellectual property.
VI. Line Drawing - Lawful Uses and Limits on Uses of the Intellectual Properties of Others

A. Trademarks

The touchstone boundaries of trademark law are embodied in the word “distinctiveness” and the phrase “likelihood of confusion.” Where a person or entity has adopted a word, phrase, name, logo, symbol, sound, smell or other device (perhaps any other sensory embodiment) to “identify and distinguish” its product or service, it is unlawful for someone else to use the same or similar designation in circumstances that would create a likelihood of confusion to the public over the source of the identified goods or services.60 Use that creates a likelihood of confusion constitutes “infringement.”61

These principles also apply to distinctive combinations of features embodied in product packaging and even the distinctive shapes and appearances of restaurant exteriors and interiors, which is known as “trade dress.”62 In franchising, one might think of the distinctive blue A-frame roof of IHOP® restaurants as an example of trade dress.

In what respects might a franchised business possibly make lawful use of the trademarks or trade dress of others?

(i) Not a Trademark, Not Trade Dress. One scenario is where the elements do not arise to the level of being a protectable trademark or trade dress. In Little Caesar Enters.,

62 See, e.g., Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 232 (1964) (“a State may . . . protect business in the use of their trademarks, labels or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods”); Two Pesos, Inc. v. Taco Cabana, Inc. 505 U.S. 763, 764 n.1 (1992) (trade dress protection for restaurant interior).
Inc. v. Sioux Falls Pizza Co., Inc.\textsuperscript{63} a Little Caesars franchise agreement expired, whereupon the franchisee began operating at the same location under the name Pizza Patrol. The franchisor claimed the franchisee had not changed the floor and wall tiles, location of the ordering counter, configuration of equipment, and layout that the franchisor claimed was its trade dress.\textsuperscript{64} The court declined injunctive relief, holding:

Little Caesars offered no evidence of specific trade dress requirements mandated by Little Caesars that were either typical or required in each company-owned store or franchise. Little Caesars submitted no evidence of a written policy, manual, guide, or other direct proof of Little Caesars' standard trade dress. . . . Evidence that some features of the current Pizza Patrol are still similar to the look and feel of the store when it was a Little Caesars is not enough to establish that Little Caesars has a fair chance of succeeding on its trade dress infringement claim. . . . Little Caesars offered no proof whatsoever that the black and white tile is a scheme or pattern that is clearly associated with Little Caesars. . . . Little Caesars admitted that it never found a napkin, pizza box, sign, or anything else with distinctive marks or proven dress that could be legitimate evidence of a trade dress violation. Without more at this stage of the litigation, Little Caesars' trade dress claim is not likely to succeed on the merits.\textsuperscript{65}

The Little Caesars case demonstrates that when elements are insufficient to comprise a protectable trademark or trade dress, even though another party used those elements first, they may not comprise an interest that the courts will protect, or for which it will grant relief. There is no infringement because there is no distinctive, protectable interest to infringe.

Franchised businesses may and do take inspiration from and make use of particularized elements identified in other businesses and places. This occurs continuously. New colors and styles come into vogue for walls, floors, furnishings, uniforms and written materials. Writing styles and type fonts change. These matters are most often elements that do not rise to the level of anyone's protectable trademark or trade dress.

\textsuperscript{63} 2012 WL 3190788 (D.S.Dak. 2012)
\textsuperscript{64} \textit{Id.} at *2.
\textsuperscript{65} \textit{Id.} at *8-9. To the same effect, \textit{see Happy's Pizza Franchise, LLC v. Papa's Pizza, Inc.}, No. 10-15174, 2013 WL 308728 at *4 (E.D. Mich. 2013) (infringement claim was denied because pizza restaurant franchisor failed to prove its restaurants used uniform theme, that other fast food restaurants did not use the same elements, that customers exclusively associated the claimed elements and menu items with the franchisor's restaurants, that other restaurants did not offer similar food combinations, that all the franchisor's restaurants used the claimed elements; or that the franchisor's combination of elements, including its menu, was original in its design).
However, comparison of the *Little Caesars* decision to cases in which trade dress was protected, such as the Supreme Court decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*\(^66\) indicates that which elements rise to the level of protectable trade dress may be a case-specific fact-and-circumstance analysis. In the *Two Pesos* case, the Supreme Court and lower courts all found there was protectable trade dress in:

a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.\(^67\)

It has been reported that the decision generated expanded litigation and confusion as to the appropriate standard for determining whether trade dress is protectable.\(^68\)

(ii) *Factual Fair Use or "Nominative Fair Use."* A franchised restaurant may refer factually to trademarks of others in describing menu items or service. A restaurant menu might offer items by their brand names. This is common where restaurants offer Coke\(^\circledR\) or Pepsi\(^\circledR\). A franchised steak or burger restaurant might note that its condiments include Heinz\(^\circledR\) ketchup or A-1\(^\circledR\) Worcestershire sauce. Or that sweeteners like Splenda\(^\circledR\) (sucralose), Sweet'N Low\(^\circledR\) (saccharin), Equal\(^\circledR\) and NutraSweet\(^\circledR\) are available. A dessert store’s menu board might note its toppings include Hershey’s\(^\circledR\) chocolate, M&M’s\(^\circledR\), chopped Snickers\(^\circledR\) or Reese’s Peanut Butter Cups\(^\circledR\). A franchised hotel may inform customers that HBO\(^\circledR\), ESPN\(^\circledR\), CNN\(^\circledR\) and Fox\(^\circledR\) are available on cable tv in guest rooms and that guest bathrooms feature complimentary branded soaps and shampoos.

These uses are lawful because they do not create confusion, but rather refer factually to the brands indicated. They are referred to as "nominative fair uses."\(^69\) It is

\(^{68}\) See, e.g., Amanda Harmon Cooley, *Trade Dress Protection of Business Decor: What is this Tertium Quid?* 18 Southern L. J. 19, 20 (2008) ("the Court established a legal taxonomy with somewhat blurry boundaries for subsequent lower courts' analyses;"). See also, id. at 30 (in the years following the *Two Pesos* decision "business decor Lanham Act cases continued to be litigated . . . with varying interpretations of alleged inherent distinctiveness of decor.").
\(^{69}\) *New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) (permitting use of a trademark to describe plaintiff's product as a "nominative fair use" if product or service is not readily identifiable without using the trademark; no more of the mark is used than is necessary to identify the product or service and the user does not suggest sponsorship or endorsement by the trademark holder). See also *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969) (Volkswagen could not prevent
more practical to refer to "Hershey's® chocolate" than to refer to the brand of chocolate made by the company based in Hershey, Pennsylvania. 70

"Nominative fair use" is not limited to identifying the brand of menu items or name of someone else's services. In New Kids on the Block v. News America Publishing 71 newspapers with nationwide circulation polled readers about popularity of a teenage rock band called "New Kids on the Block." The poll announcement asked questions like: "Which one of the New Kids is the most popular?" and "Which of the New Kids on the Block would you most like to move next door?" and noted poll results would be published in an upcoming edition. Readers were directed to phone a 900 number to vote and were charged for the call. Rejecting the band's trademark infringement challenge, the Ninth Circuit stated:

While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. . . . Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. . . . The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name. 72

The New Kids decision and its progeny suggest the possibility of polls or other events designed with some reference to popular culture – such as music groups, professional sports teams and other entertainers. Other cases suggest the possibility of

70 New Kids on the Block v. News Am. Pub., Inc., 971 F.2d at 306 ("sometimes there is no descriptive substitute, and a problem closely related to genericity and descriptiveness is presented when many goods and services are effectively identifiable only by their trademarks. For example, one might refer to "the two-time world champions" or "the professional basketball team from Chicago," but it's far simpler (and more likely to be understood) to refer to the Chicago Bulls." In such cases, use of the trademark does not imply sponsorship or endorsement of the product because the mark is used only to describe the thing, rather than to identify its source.").

71 971 F.2d 302 (9th Cir. 1992).

72 Id. at 309.
designing services that pertain to and mention, perhaps lampoon\textsuperscript{73} other brands. In \textit{Toyota Motor Sales, U.S.A., Inc. v. Tabari}\textsuperscript{74} the Ninth Circuit noted that an auto broker could do business as "lexusbroker.com," over the objection of the trademark owner (Toyota), because "that's the most straightforward, obvious and truthful way to describe their business." The court said the "nominative fair use doctrine allows such truthful use of a mark, even if the speaker fails to expressly disavow association with the trademark holder."\textsuperscript{75}

\textit{Century 21 Real Estate Corp. v. Lendingtree, Inc.}\textsuperscript{76} presents another example of potential fair use, while also indicating a potential risk of moving ahead too quickly where this area of law applies. A mortgage lender's website used trademarks of prominent real estate firms. The website showed (1) a Coldwell Banker “For Sale” sign, a real estate agent, the Coldwell Banker logo and the word “SOLD;” (2) a statement that the mortgage broker would provide access “to a national network of brokers representing the country's leading real estate companies, including Coldwell Banker, ERA and Century 21;” and (3) a statement that the firm was “[r]epresented by large independent real estate companies and members of major franchises — Coldwell Banker, Century 21, Prudential, ERA, ReMAX, GMAC (formerly Better Homes & Gardens), and Realty Executives.” The broker's printed materials referred to affiliation "with more than 700 certified brokers such as Coldwell Banker, Century 21, Prudential, ERA and RE/MAX."

A district court enjoined such uses. The Third Circuit reversed, but its ruling did not necessarily allow such uses. The Third Circuit looked to the Ninth Circuit's nominative fair use test, noted that "few other courts have spoken on the precise issue of how nominative fair use is successfully invoked,"\textsuperscript{78} adopted its own different multi-factor test for nominative fair use cases, and remanded for further consideration by the district court. The multifactor test adopted by the Third Circuit consisted of the following:\textsuperscript{79}

1. Is the use of the plaintiff's mark necessary to describe the plaintiff's product or service and the defendant's product or service?

2. Is only so much of the plaintiff's mark used as is needed to describe plaintiff's product or service?

\textsuperscript{73} \textit{Mattel, Inc. v. MCA Records, Inc.} 296 F.3d 894 (9th Cir. 2002) (rejecting toy manufacturer's claim against record company's for song, "I'm a Barbie Girl," that lampooned popular "Barbie" toy and trademark).

\textsuperscript{74} 610 F.3d 1171 (9th Cir. 2010).

\textsuperscript{75} 610 F.3d at 1177.

\textsuperscript{76} 425 F.3d 211 (3d Cir. 2005).

\textsuperscript{77} Id.

\textsuperscript{78} Id.

\textsuperscript{79} Id. at 228.
3. Does the defendant’s conduct or language reflect a true and accurate relationship between plaintiff and defendant’s products and services?

In *New Kids on the Block*, *supra*, the Ninth Circuit established a similar test:

1. The plaintiff’s product or service is not readily identifiable without use of the trademark.

2. Only so much of the mark is used as is reasonably necessary to identify the product or service.

3. The user must not do anything to suggest sponsorship or endorsement by the trademark owner. 80

(iii) Comparative Advertising or Imitation. Trademarks of others may be lawfully used in truthful comparative advertising81 or in describing products that are imitations. 82

---

80 971 F.2d 302, 308 (9th Cir. 1992)
81  *New Kids on the Block v. News America Pub., Inc.* 971 F.2d 302, 308 n.7 (9th Cir. 1992) (noting "a soft drink competitor would be entitled to compare its product to Coca-Cola or Coke," though it "would not be entitled to use Coca-Cola's distinctive lettering."). See also 15 U.S.C. Sec. 1125(c)(3) (excluding comparative advertising from liability for action for dilution); *Nihon Keizai Shimbun v Comline Business Data, Inc.*, 166 F.3d 65, 73 (2d Cir. 1999); 3 *McCarthy on Trademarks § 23:11* ("for example, Pepsi can use Coca-Cola's mark to advertise "Pepsi tastes better than Coke" without infringing the COKE trademark; there is "a competitive need to use a senior user's trademark to identify the senior user in a way that is not likely to confuse customers."); *EMI Catalogue Partnership v. Hill, Holliday, Connors, Cosmopolous, Inc.* 228 F.3d 56, 65 (2d Cir. 2000) ("Where a mark incorporates a term that is the only reasonably available means of describing a characteristic of another's goods, the other's use of that term in a descriptive sense is usually protected by the fair use doctrine."). Courts permit defendants to use a trademarked name to convey to consumers what it is their product seeks to copy; defendants are "not trying to get the good will of the name, but the good will of the goods." *Saxleiner v. Wagner*, 216 U.S. 375, 380–81(1910) (trademark holders may not keep "manufacturers from telling the public in a way that will be understood ... what they are copying and trying to sell"); *Socitee Comptoir de L’Industrie v. Alexander’s Dept’t Stores, Inc.*, 299 F.2d 33, 36 (2d Cir.1962) ("The Lanham Act does not prohibit a commercial rival's truthfully denouncing his goods a copy of a design in the public domain, though he uses the name of the designer to do so. Indeed it is difficult to see any other means that might be employed to inform the consuming public of the true origin of the design."). See also *H & R Block Eastern Enterprises, Inc. v. Intuit, Inc.* 945 F. Supp. 2d 1033 (W.D. Mo. 2013) (rejecting claim of infringement by provider of income tax software).
Thus, a franchise company may conduct truthful advertising comparing itself by name, to its competitors by name, or offering its goods or services as substitutes for those of competitors.

Among the risks of this approach include the potential to go too far, using more of the competitor’s name or trademark than is necessary for the comparison.\textsuperscript{83} Or evoking a challenge from the competitor, claiming the comparison is false, or defamatory.\textsuperscript{84} There is also the potential risk of prompting the rival to conduct a reciprocal comparative advertising campaign in return.\textsuperscript{85}

(iv) Abandoned Marks. Trademarks of others that were once in use, but have been abandoned, are potentially available for use. This has occurred in various industries.\textsuperscript{86} It might in some instances be a way to evoke nostalgia or other favorable connotations of a defunct or abandoned brand. For example, a restaurant in New York adopted the name "The Brooklyn Dodgers Sports Bar and Restaurant" to evoke nostalgia of the team that was formerly located there. A district court ruled that the restaurant could continue using the

\textsuperscript{83} See, e.g., Autodesk, Inc. v. Dassault Systèmes Solidworks Corporation, 685 F.Supp.2d 1001, 1017 (N.D. Cal. 2009) (in defense of nominative fair use, a fact question existed whether defendant used more of plaintiff's mark than necessary).

\textsuperscript{84} See e.g., U.S. Healthcare, Inc. v. Blue Cross of Greater Philadelphia, 898 F.2d 914, 917 (3rd Cir. 1990) (describing "comparative advertising war between giants of the health care industry" wherein "each side asserts the other's advertising misrepresented both parties' products.").

\textsuperscript{85} \textit{Id.}

\textsuperscript{86} See, e.g., Intrawest Fin'l Corp. v. Western Nat'l Bank, 610 F. Supp. 950, 961 (D. Col. 1985) (finding that Plaintiff abandoned “The First National Bank of Denver” and enjoining Plaintiff from using this name and ruling that Defendant could use the name because it started use after the name was abandoned by Plaintiff). \textit{Cf.,} AmBrit, Inc. v. Kraft, Inc. 805 F.2d 974, 994 (11th Cir. 1986) (trademark registration for an ice cream product, Polar B'ar, ordered cancelled where owner had not used mark for 48 years, then resumed use, but in the interim a competitor, which made Klondike ice cream bars, used a similar mark).
name because it had been abandoned by the original owner, which is now the Los Angeles Dodgers.  

Exxon Corp. v. Humble Exploration Co88 addressed this situation as well. Humble Oil & Refining Co. had been founded in Texas in 1917. By 1972 more than 20,000 Humble service stations operated across the nation. That year the entity changed its name to Exxon. Another company was founded in 1974. Its CEO chose the name Humble, believing the name had been abandoned by the company then known as Exxon. Exxon argued that it had continued to make limited use of the Humble brand, seeking to preserve its ownership of the trademark. But the Fifth Circuit ruled the limited use made by Exxon was not sufficient to preserve trademark rights, and remanded the case back to a district court to make findings whether or not Exxon had the intent to ever resume using the Humble mark. If the Humble Corporation founded in 1974 could prove Exxon lacked intent to resume use, Humble could succeed in establishing ownership of a once valuable mark abandoned by its original owner.89

(v) Generic Terms. Generic terms are not marks at all. They are words that define a product or service category. In many interesting court decisions, generic terms were originally trademarks but, through extensive usage, without identification as trademarks, they became, in the public's collective mind, the common generic word for the product involved. “Aspirin” was originally a trademark for one company’s brand of a pain reliever (acetylsalicylic acid).90 The word “brassier,” or its diminutive form, “bra” was originally one company’s brand for a woman’s bust supporter.91 “Bundt cake,”92 “cellophane,”93 “dry ice” (originally a brand for frozen carbon dioxide94), “escalator” (originally a trademark for a moving staircase95), “thermos” (originally a trademark for an insulated bottle96), and “cola” are examples of trademarks that were lost as trademarks, and are freely available for use by the public for this reason.97

---

88 695 F.2d 96 (5th Cir. 1983).
89 There is presently a federal trademark registration for "Humble" for refined oils from petroleum, owned by Exxon Corporation (Reg. No. 2963325, app. filed in 2004 and registered in 2005).
90 Bayer Co. v. United Drug Co. 272 F. 505 (S.D.N.Y. 1921).
92 In re Northland Aluminum Products, 777 F.2d 1556 (Fed. Cir. 1985).
93 DuPont Cellophane Co v. Waxed Products Co., 85 F.2d 75 (2d Cir. 1936).
94 Dry Ice Corp. v. Louisiana Dry Ice Corp., 54 F.2d 882 (5th Cir. 1932).
96 King Seely Thermos Co. v Aladdin Industries, Inc. 321 F.2d 577 (2d Cir. 1963).
97 Dixi-Cola Laboratories, Inc. v. Coca Cola, 117 F.2d 352 (4th Cir. 1941); Coca Cola v. Standard Bottling Co., 138 F.2d 788 (10th Cir. 1943); Cleo Syrup Corp. v. Coca-Cola Co.,
The concept of genericness can also apply to packaging or other trade dress. Packaging that is functional is unprotectible under the trademark laws, and is available to be imitated or copied by others unless it is the subject of a patent or copyright.  

(vi) *Satire, Lampoon and Parody.* The marks of others might also be used in a parody or satirical manner. This is illustrated in the “Chewy Vuitton” case. A manufacturer of a chewy dog toy parodied the famous Louis Vuitton trademark. The case of *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC* concerned a manufacturer of perfumes for pets, that created brand names for its products which parodied famous high fashion perfumes for people. The perfumes for pets were named Timmy Holedigger (parodying the Tommy Hilfiger brand), CK–9 (parodying Calvin Klein's CK–1), Pucci (parodying Gucci), Bono Sports (parodying Ralph Lauren's Polo Sports), Miss Claybone (parodying Liz Claiborne), and White Dalmatians (parodying Elizabeth Taylor's White Diamonds). A District Court noted:

where the unauthorized use of a trademark is part of an expressive work, such as a parody, the Lanham Act must be construed narrowly. . . Specifically, it has held that the public interest in avoiding consumer confusion must be balanced against the public interest in free speech. Cases finding that First Amendment interests prevail involve nontrademark uses of mark—that is, where the trademark is not being used to indicate the source or origin of consumer products, but rather is being used only to comment upon and, in the case of parody, to ridicule, the trademark owner. In such cases, the parodist is not trading on the good will of the trademark owner to market its own goods; rather, the parodist's sole purpose for using the mark is the parody itself, and precisely for that reason, the risk of consumer confusion is at its lowest.  

A franchise company might likewise design a product or service brand that parodies, ridicules, satirizes a current event, competitor, political issue or some other aspect of the society, or that gives praise to a laudatory act by a competitor, or someone

---

139 F.2d 416 (8th Cir. 1943); *Coca Cola Co. v. Nehi Corp.*, 36 A.2d 156 (Del. 1944); *Coca Cola Co. v. Snow Crest Beverages, Inc.*, 162 F.2d 280 (1st Cir. 1947).

98 *See, e.g.*, *Aromatique, Inc. v. Gold Seal, Inc.* 28 F.3d 863, 874 (8th Cir. 1994) (claimed trade dress for potpourri – cellophane bags tied with cord and hang tag attached, was actually functional packaging and was not protectible).


100 221 F. Supp. 2d 410 (S.D.N.Y. 2002).

101 *Id.* at 414 (citations omitted).
else. However, even in this area, care must be taken. Not all proffered parodies or satires will be found to be such, and sometimes even where a work is acknowledged to be a parody, that will not fully protect against liability for infringement.

After the O.J. Simpson murder trial, two publishers sought to publish a work that satirized the trial and called itself a parody of Dr. Seuss' children's book, *The Cat in the Hat*. The new work was entitled *The Cat NOT in the Hat! A Parody by Dr. Juice*. The work was described by the court as a "rhyming summary of highlights from the O.J. Simpson double murder trial."103

![The Cat in the Hat and The Cat NOT in the Hat!](image)

The publisher of Dr. Seuss books claimed trademark and copyright infringement and was granted a preliminary injunction. In affirming the grant of the preliminary injunction, the Ninth Circuit stated:

In several cases, the courts have held, in effect, that poking fun at a trademark is no joke and have issued injunctions. Examples include: a diaper bag with green and red bands and the wording "Gucchi Goo," allegedly poking fun at the well-known Gucci name and the design mark, the use of a competing meat sauce of the trademark “A.2” as a “pun” on the famous “A.1” trademark. Stating that, whereas a

102 See, e.g., *Cliffs Notes, Inc. v. Bantam Doubleday Dell Pub. Group, Inc.*, 886 F.2d 490 (2d Cir. 1989) (vacating injunction because "Spy Notes" was a parody of "Cliff's Notes;" though publisher intentionally used some of the identical colors and aspects of the Cliffs Notes cover design, the slight risk of consumer confusion was outweighed by public interest in free expression.).

103 *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997).
true parody will be so obvious that a clear distinction is preserved between the source of the target and the source of the parody, a court found that the “Hard Rain” logo was an infringement of the “Hard Rock” logo. In such a case, the claim of parody is no defense “where the purpose of the similarity is to capitalize on a famous mark’s popularity for the defendant’s own commercial use.”

In *Wendy’s International, Inc. v. Big Bite, Inc.* a relatively small, new chain of sandwich restaurants sought to compete with national chains. Defendant's TV commercials parodied ad campaigns of other fast food chains. In one commercial, a cute, pigtailed, freckle faced little girl, apparently recognizable as Wendy's trademarked character, ordered a Big Bite sandwich and said, "Ain't no reason to go any place but Big Bite." That statement parodied a phrase trademarked by Wendy's ("Ain't no need to go anyplace else.").

Wendy's claimed the commercial gave the false impression that Wendy's own character endorsed or sponsored Big Bite.

---

106 *Id.* at 818. Versions of McDonald's Ronald McDonald character and KFC's Colonel Sanders also appear in the 1983 Big Bite commercial. The commercial can be viewed on the internet at www.youtube.com/watch?v=Dq225Qx1_U.
107 576 F. Supp. at 820.
A U.S. District Court in Ohio noted "it is fairly well established that an advertiser such as Big Bite may lawfully use a competitor's trademark for the purpose of comparing its wares directly to those of the competitor," and added, "no uniform rule exists where, as here, the advertiser compares his goods to those of another implicitly or indirectly by using the other's mark in a satirical or humorous manner." The court noted "courts facing this issue have reached widely different results for widely different reasons."  

The Court found Big Bite's commercials to be inoffensive, entertaining and light-hearted spoofs that did not misrepresent or make false statements about Wendy's products. But the court issued a preliminary injunction, because the evidence showed there was some confusion among the buying public. 

(vii) Risks Associated with Adopting Abandoned, Generic or Parodied Marks. There are also risks in adopting abandoned, generic or parody marks. One is a legal risk. The adopter's belief that his or her conduct is lawful may turn out to be incorrect. In that case, a claim by the trademark owner may result in a finding of infringement with its attendant liabilities. A second risk is practical. Using generic words to promote a product or service does little to distinguish that product or service in the marketplace. This is because a word that has become generic is, by definition, not distinctive. Therefore, use of a generic word as a brand identity may make it difficult to build brand recognition. A third risk arises from the same principal that permits use of a generic word – it is also available for use by others. 

In cases of perceived abandonment, proving all the elements of abandonment – namely, cessation of use with an intent not to resume use – may be difficult. Moreover,

108 Id. at 823.
109 Id. at 822.
110 If there is doubt about whether a proposed mark may infringe, the potential user could seek declaratory relief. Quality Inns adopted this approach when it sought to establish a chain of economy hotels to be called McSleep Inn. Quality Inns Int'l. v. McDonalds Corp 695 F. Supp. 198 (D. Md. 1988). A District Court in Maryland ruled that the proposed brand would infringe the McDonald's trademark, refused to grant Quality Inns the declaration it requested, and enjoined Quality Inns from using the McSleep mark. 

111 See, e.g., Abdul-Jabbar v. General Motors Corp. 85 F.3d 407, 411 (9th Cir. 1996) ("Trademark law withdraws its protection from a mark that has become generic and deems it available for general use."); Aromatic, Inc. v. Gold Seal, Inc. 28 F.3d 863, 873 (8th Cir. 1994) ("Our society is better served if functional containers (as well as product designs and highly descriptive or generic terms) remain available for use among competitors.").

112 See, e.g., Exxon Corp. v. Humble Exploration Co., 695 F.2d 96 (5th Cir. 1983) in which Humble Exploration Co. established one element of abandonment, but the case was remanded for further findings. On remand the District Court found that Exxon had not abandoned its rights in the Humble mark and enjoined Humble Exploration Co. from using Humble as a trade name. 592 F. Supp. 1226 (N.D. Tx. 1984).
in some courts, abandonment must be shown by clear and convincing evidence. With regard to parody, satire or the like, court decisions concerning whether a usage constituted parody or satire may have an element of subjectivity, which tends to increase the risk that a court might conclude that a use did not fall into these categories, and therefore was not a permitted fair use.

For example, in *Deere & Co. v. MTD Products, Inc.* the Second Circuit affirmed an injunction, ruling that a state's anti-dilution statute was likely violated by MTD Products' modification of John Deere's well known deer trademark. According to the court, MTD Products:

> takes a static image of a graceful, full-size deer—symbolizing Deere's substance and strength—and portrays, in an animated version, a deer that appears smaller than a small dog and scampers away from the dog and a lawn tractor, looking over its shoulder in apparent fear. Alterations of that sort, accomplished for the sole purpose of promoting a competing product, are properly found to be within New York's concept of dilution because they risk the possibility that consumers will come to attribute unfavorable characteristics to a mark and ultimately associate the mark with inferior goods and services.

---

113 See 3 McCarthy on Trademarks and Unfair Competition § 17:12 n.2 (4th ed. 2010) (citing, inter alia, *Mathy v. Republic Metalware Co.*, 35 App. D.C. 151, 1910 WL 20792 at *3, (1910) (“Abandonment being in the nature of a forfeiture, it is incumbent upon the person alleging it to prove by clear and convincing evidence that the right claimed has been relinquished.”)); *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1355 (E.D.N.Y. 1994) (“[A]n affirmative defense alleging a break in plaintiff’s chain of priority under the doctrine of abandonment must be proven by clear and convincing evidence.”); *EH Yacht, LLC v. Egg Harbor, LLC*, 84 F. Supp. 2d 556, 564–65 (D.N.J. 2000) (noting that majority of courts have held the "strictly proven" standard requires proof by clear and convincing evidence.). But see discussion in *FreecycleSunnyvale v. Freecycle Network*, 626 F.3d 509, 515 (9th Cir. 2010) (Noting that some circuits reserved the issue of what standard of proof is required to prove abandonment).

114 41 F.3d 39 (2d Cir. 1994).

115 *Id.* at 45. Dilution is a form of injury to *famous* trademarks. The concept is relevant to consideration of using marks of others because of the possibility that the marks being used are famous. Parody or satire, for example, to be effective, must have a target that is well-known, renowned, possibly even "famous," a term of art for an "elite category" of trademarks, meeting a higher standard than simply "fame amount an appreciable number of persons." *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 (1st Cir. 1998). Dilution has two variants. Dilution by blurring” is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” 15 U.S.C. § 1125(c)(2)(B). "Some classic examples of blurring include hypothetical anomalies as Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth.” *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*
Potentially serious consequences can follow a determination that a trademark use was improper, constituting infringement. The Lanham Act authorizes a court to order preliminary and permanent injunctive relief, and various measures of damages. A successful plaintiff can recover any actual damages suffered, including the potential for triple damages. A victim of infringement can also require the infringer to disgorge its profits attributable to the infringement. Court costs are also recoverable. In a case the court finds exceptional, the court can also award reasonable attorneys fees to the prevailing party.

B. Copyrights

Several categories of expressive works are potentially available for use by others but, again, not without risk. These are discussed below.

(i) Works that never had copyright protection and thus were always in public domain. Copyright is the principal legal basis that prevents the use of the creative expressive works of others. A work that was not subject to copyright protection may be freely available for use. Examples include facts, works created by the U.S. Government, works not fixed in a tangible form of expression, ideas, concepts, principles, discoveries, words, phrases, or familiar symbols. According to a Copyright Office regulation, the following are not subject to copyright protection and the Copyright Office will not entertain applications to register these works:

(a) Words and short phrases such as names, titles, and slogans; familiar symbols or designs; mere variations of typographic ornamentation, lettering or coloring; mere listing of ingredients or contents;

588 F.3d 97, 105 (2d Cir. 2009). Tarnishment is "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." § 1125(c)(2)(C). It is "usually found where a distinctive mark is depicted in a context of sexual activity, obscenity, or illegal activity. Deere & Co., supra 41 F.3d at 44 (citing Coca-Cola Co. v Gemini Rising, Inc., 346 F. Supp. 1183, 1191 (E. D.N.Y. 1972) wherein dilution by tarnishment was an alternative basis to enjoin defendant's "Enjoy Cocaine" poster, and Pillsbury Co. v. Milky Way Productions, Inc., 215 U.S.P.Q. 124, 135 (N.D. Ga.1981) (finding defendant's sexually-oriented variation tarnished plaintiff's mark).


117 Id.

118 17 U.S.C. Sec. 105.

119 See, e.g., Eastland Music Group, LLC v. Lionsgate Entertainment, Inc. 707 F.3d 869, 872 (7th Cir. 2013) (Titles of songs and movies cannot be copyrighted; the title of a work can infringe another author's mark only if the title falsely implies that the latter author is its origin; Atari Games Corp. v. Oman, 979 F.2d 242, 247 (D.C. Cir. 1992) ("simple geometric shapes and coloring alone are per se not copyrightable") (quotations omitted).
(b) Ideas, plans, methods, systems, or devices, as distinguished from the particular manner in which they are expressed or described in a writing;
(c) Blank forms, such as time cards, graph paper, account books, diaries, bank checks, scorecards, address books, report forms, order forms and the like, which are designed for recording information and do not in themselves convey information;
(d) Works consisting entirely of information that is common property containing no original authorship, such as, for example: standard calendars, height and weight charts, tape measures and rulers, schedules of sporting events, and lists or tables taken from public documents or other common sources.
(e) Typeface as typeface. ¹²⁰

Of particular relevance in restaurant franchising, recipes are not copyrightable. The courts have stated that the identification of ingredients necessary for preparation of food is a statement of facts, lacking the expressive element required for copyright protection. Recipes are considered functional directions for achieving a result and are thus excluded from copyright protection. ¹²¹ In other cases it has been held that "the idea for serving a chicken sandwich at a fast-food restaurant chain is . . . beyond the scope of protection under the Copyright Act;" ¹²² "the 'idea' of serving, at a Mexican theme restaurant, three tacos along with a side of rice and beans, is not copyrightable.... It is undebatable that defendant is allowed to serve three meat tacos on the same plate as a serving of rice and beans;" ¹²³ and "the mere idea for a clear soft drink cannot be the subject of copyright protection." ¹²⁴ Of course, these elements might be protectable under other legal doctrines. For example, a recipe could be kept secret and protected as a trade secret, or might be patented. ¹²⁵

---

¹²⁰ But see Soc'y of Holy Transfiguration Monastery, Inc. v. Gregory, 689 F.3d 29, 52 (1st Cir. 2012) (noting that "not all short phrases will automatically be deemed uncopyrightable"); 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 2.01[B] (2013) ("[E]ven a short phrase may command copyright protection if it exhibits sufficient creativity.").
¹²² Lambing v. Godiva Chocolatier, 142 F.3d 434, 434 (6th Cir. 1998) (citing Publications Int'l, Ltd. v. Meredith Corp., 88 F.3d 473, 480–81 (7th Cir. 1996)).
¹²⁵ Parham v. Pepsico, Inc., 927 F. Supp. 177, 179 (E.D.N.C. 1995). It is axiomatic in copyright law that copyright protects not ideas, but only original expression of ideas. See, e.g., Elred v. Ashcroft, 537 U.S. 186, 219 (2003) (the law "distinguishes between ideas and expression and makes only the latter eligible for copyright protection.").
Courts have also ruled that "scènes à faire" are not protectable. Scènes à faire are incidents, characters or settings which are indispensable, or standard, in treating a given topic. They are elements that follow naturally from a work's theme rather than from an author's creativity. They are not copyrightable because it is virtually impossible to write about a particular historical era or fictional theme without employing certain stock or standard literary devices. The scènes à faire doctrine applies beyond literary works. It has often been applied in the computer context, wherein the doctrine denies protection to program elements dictated by external factors, like the mechanical specifications of a computer on which a particular program is intended to run, or widely accepted programming practices in the computer industry. The doctrine has also been applied in the direct mail/telephone marketing context.

The scènes à faire doctrine prevents stock characters, which are standard in the treatment of a given topic, from receiving copyright protection and thus being unavailable for others to use. For example, in a work about a superhero, scenes showing the hero performing feats of miraculous strength wearing a tight-fitting acrobatic costume, battling wealthy megalomaniacal villains, exercising power of self-propelled flight, or leading a double life, are all unprotectable scènes à faire. Foot chases, problems of police, stereotypical police figures are often-recurring themes of police fiction, which are likewise not copyrightable except to the extent they are given unique (and therefore protectable) expression in an original work. When two works convey similar ideas, the similarity of events may be considered scènes à faire, which result from identical situations. For example, in Lewinson v. Henry Holt & Co., a district court considered whether a children's book manuscript was infringed by another party's book. Analyzing the two books at issue, the court determined that the copied aspects were all unprotectable elements, and the court denied relief.

(ii) Works for which actual or hypothetical copyright protection expired and are thus in the public domain.

As discussed in Section III(B) above, works for which copyright rights have expired, are in the public domain and are available for use. A subset of this category is ancient and classic works, including literature, art, religious writings such as the Bible and other sacred texts, music compositions and speeches. By virtue of their age any copyright has expired and they are in the public domain.

--

126 The discussion of scènes à faire is adapted from the discussion in this case.
127 Softel, Inc. v. Dragon Med. & Scientific Commc'ns, 118 F.3d 955, 963 (2d Cir.1997).
(iii) *Works placed by owners into the public domain.* Some creators elect to place into the public domain, works for which they would otherwise have copyright rights. Here is an example:

Example of an image available for personal, educational or commercial project.
Source: http://openphoto.net/gallery/image/view/23683
(iv) *Fair Use.* Even for works fully protected by copyright law, the common law long recognized, and the Copyright Act provides expressly, a fair use defense to claims of copyright infringement. As stated by the Ninth Circuit:

Sound policies underlie the fair use defense. The copyright holder has a property interest in preventing others from reaping the fruits of his labor, not in preventing the authors and thinkers of the future from making use of, or building upon, his advances. The process of creation is often an incremental one, and advances building on past developments are far more common than radical new concepts. [citation] Where the infringement is small in relation to the new work created, the fair user is profiting largely from his own creative efforts rather than free-riding on another's work. A prohibition on all copying whatsoever would stifle the free flow of ideas without serving any legitimate interest of the copyright holder.

In *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.*, the Second Circuit affirmed a district court's ruling that the fair use defense applied to a news organization's unauthorized taping of a corporation's two-hour earnings report phone conference call, and making the recording available online. The recording was made despite an announcement at the start that "This call must not be recorded for publication or broadcast."

The court noted the statutory factors that it was required to consider, specifically:

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

---


133 756 F.3d 73 (2d Cir. 2014).

134 *Id.* at 81 (citing 17 U.S.C. § 107).
The court noted that "though mandatory, these four factors are non-exclusive." Moreover, defendants "need not establish that each of the factors set forth in § 107 weighs in their favor." Rather, "all the factors are to be explored, and the results weighed together, in light of the purposes of copyright."\textsuperscript{135}

The court held that the public dissemination of the information served the purpose of news reporting. The court acknowledged that the defendant was a commercial enterprise seeking a profit, but gave this factor little weight because of the defendant's multi-faceted operations and because the use was news reporting. Because the defendant's purpose was to publish the information to an audience from which the corporation sought to withhold it, the court found the use to be arguably transformative.\textsuperscript{136} The court accepted that the content was intended by the defendant to be "unpublished," but because even the defendant intended to disseminate it, the court found this factor favored fair use. The court found that the defendant's use of the entirety of the recording was reasonable in light of its purpose of disseminating important financial information to investors and analysts and decided not to weigh this factor in either party's favor. With regard to the fourth fair use factor, the court found the "value" of the expression to the defendant was not to generate licensing royalties, but to convey information to investment analysts and the defendant's activities did not diminish that value. Therefore, this factor favored fair use.

The \textit{Swatch} case presents an example wherein a commercial user made an expressly unauthorized copy of the entirety of copyrighted material, used the material for its own purposes, and was found to have a valid fair use defense to a claim of copyright infringement.

However, this obviously does not mean that the fair use defense will succeed as to all uses of other people's copyrighted content. Despite the ruling in \textit{Swatch}, there is a significant risk in using too much of a copyrighted work, or "taking more than necessary."\textsuperscript{137} Another risk is that the defendant's use may injure the marketability of the plaintiff's work.

\textsuperscript{135} \textit{Id.}

\textsuperscript{136} The concept of "transformative" use was established by the Supreme Court in \textit{Campbell v. Acuff-Rose}, 510 U.S. 569, 578-579 (1994) in which the court stated that the inquiry looks to whether a use is for criticism, comment, news reporting and the like, whether the new work merely supersedes the objects of the original, supplanting the original, "or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." The court added that transformative use is not absolutely necessary for a finding of fair use but that the goal of copyright, to promote science and arts, is generally furthered by the creation of transformative works.

\textsuperscript{137} See, e.g., \textit{Walt Disney Productions v. Air Pirates}, 581 F.2d 751, 758 (9th Cir.1978) (taking "more than was necessary" can defeat copyright fair use defense).
In a fair use case occurring shortly after enactment of the doctrine into the copyright statute, a magazine published excerpts from unpublished memoirs of former President Gerald Ford. The publication was made before the former president's book was to be serialized in another magazine. Though only a small portion of the memoir was copied, the court viewed the copied portion as the "heart" of the work. This weighed against the magazine's fair use defense. The court found that the defendant's publication damaged the market for the later publication and therefore was not a fair use.\(^\text{138}\) From examination of the numerous fair use cases, it is not difficult to question whether there is consistency in the application of the fair use factors,\(^\text{139}\) and, consequently, fair use cases tend to be highly fact-sensitive, often with unpredictable outcomes.

(v) *Parody, Satire and Lampoon*

Three significant concepts of fair use are parody and, though of lesser significance so far, satire and lampoon. Regarding *parody*, the U.S. Supreme Court stated that for purposes of copyright law, "the nub of the definitions, and the heart of any parodist's claim to quote from existing material, is the use of some elements of a prior author's composition to create a new one that, at least in part, comments on that author's works."\(^\text{140}\) The Supreme Court added, "parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination."\(^\text{141}\)

*Satire*, in contrast, "can stand on its own two feet and so requires justification for the very act of borrowing."\(^\text{142}\) The meaning of satire was expanded upon by the Texas Supreme Court in a libel case:

>[s]atire, particularly realistic satire, is a distortion of the familiar with the pretense of reality in order to convey an underlying critical message. Satire deals with actual cases, mentions real people by name or describes them unmistakably (and often


\(^{139}\) *See*, e.g., Ashten Kimbrough, *Transformative Use vs. Market Impact: Why The Fourth Fair Use Factor Should Not Be Supplanted By Transformative Use As The Most Important Element In A Fair Use Analysis*, 63 Ala. L.Rev. 625, 627 ("Court opinions that have been handed down since this doctrine became law in 1994 have paid special attention to a use's transformativeness, so much so that it appears to have become dispositive in many cases. This is an issue for courts because there does not seem to be a consistent set of guidelines for approaching transformative use."). The foregoing quotation refers to the doctrine of transformativeness becoming law in the decision in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994) (see fn. 136, *supra*). *See also* Kimbrough, *supra* at 636 ("Many authors have also lamented the lack of consistency and even confusion at the lower court level as to what constitutes transformative use.").


\(^{141}\) Id.

\(^{142}\) Id. at 581.
unflatteringly), talks of this moment and this city, and this special, very recent, very fresh deposit of corruption whose stench is still in the satirist's curling nostrils. . . . Perhaps the most famous example of satire is Jonathan Swift's 1729 essay, "A Modest Proposal," in which he advocated that the children of the Irish poor be sold and slaughtered for meat. The article was intended to criticize English landlords and political economists, but Swift was widely criticized by those who misunderstood the satire.\(^\text{143}\)

The Texas Court noted that in the United States there has been a long and storied "tradition of satiric comment,"\(^\text{144}\) and that public figures and judges often bear the brunt of satire.\(^\text{145}\) A lampoon, according to one definition, is a writing that ridicules and satirizes the character or personal appearance of a person in a bitter, scurrilous manner.\(^\text{146}\)

Establishing that a work is a true parody can potentially establish the defense of fair use.\(^\text{147}\) But the U.S. Supreme Court indicated, a preference for parody over satire, and satire may not constitute fair use. The Supreme Court stated in *Campbell v. Acuff Rose*, "satire can stand on its own two feet and so requires justification for the very act of borrowing."\(^\text{148}\)

*Campbell v. Acuff Rose Music* involved a parody, by a rock music group 2 Live Crew, of an earlier Roy Orbison song, "Oh Pretty Woman." The Supreme Court analyzed the four fair use factors under Section 107 of the Copyright Act. The Supreme Court gave reduced significance to the first factor, namely, the purpose and character of the use, whether commercial or nonprofit.\(^\text{149}\) The second factor, nature of the original work, the

\(^{143}\) *New Times, Inc. v. Isaacks*, 146 S.W.3d 144, 151 (Tex. 2004) (some internal punctuation and citations omitted).

\(^{144}\) *Id. Citing, Falwell v. Flynt*, 805 F.2d 484, 487 (4th Cir. 1986) (rev'd sub nom Hustler Magazine v. Falwell, 485 U.S. 46 (1988)).

\(^{145}\) *Id. at 151 ("from the Pickwick Papers of the 1830's to Colorado of the 1890's to Monty Python of the early 1970's, judges and the judiciary have been fair game for satirists.") (quoting Patrick v. Superior Court, 27 Cal.Rptr.2d 883, 885 (Cal. App. 1994) (review denied and ordered by the Calif. Supreme Court not to be officially published (Jun 16, 1994)).


\(^{147}\) *Campbell v. Acuff Rose Music Co.*, 510 U.S. 569, 579 (1994) ("We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use."). But the defense is not certain. *Id. at 581 ( "The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line. Like a book review quoting the copyrighted material criticized, parody may or may not be fair use. . . ").

\(^{148}\) *Id. at 581.

\(^{149}\) *Id. at 584. ("The mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a
court found to be "not much help . . . or ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works."150 The third factor, amount and substantiality of the portion of the original used, the Supreme Court found in favor of the defendant, noting that a parody "must be able to "conjure up" at least enough of that original to make the object of its critical wit recognizable."151 2 Live Crew had copied the key opening bass riff (musical phrase) of the original, and words of the first line, comprising the "heart" of the original.152 But the Supreme Court was satisfied that this was not "a substantial portion" of the parody itself or "verbatim" copying of the original; it was not a case "where the parody is so insubstantial, as compared to the copying," as to resolve the third factor against the parodist. The Supreme Court was satisfied that "no more was taken than necessary."153

Regarding the fourth factor, "effect of the use upon the potential market for or value of the copyrighted work," the Supreme Court noted this factor does not concern injury to the market for the original that results from the parody's critique or disparagement of the original. Rather, this factor concerns whether the new work affects the market by acting as a substitute for the original.154 The Court's analysis of this factor provides encouragement to the use of parody in a competitive business environment such as franchising.

In the recent case of Klienitz v. Sconnie Nation LLC,155 a Wisconsin federal court and the Seventh Circuit Court of Appeals upheld a fair use defense by a defendant clothing manufacturer. The defendant used a professional photographer's photo of a mayor, shown below, taken at the mayor's inauguration, as the basis for an image on t-shirts. The defendant had downloaded the photo from the city's website. The defendant then made t-shirts with the phrase "Sorry for Partying," which was a response to the mayor's effort to close down an annual block-party event. The original photo and image that appeared on the t-shirts are shown here:

finding of fairness. If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities "are generally conducted for profit in this country.""

150 Id. at 586. In Campbell the original work was a song, which the court found to be a core type of works that copyright law protects. Some other types of work, such as copyrighted functional works of a business competitor, could receive even less deference under the second factor.
151 Id. at 588.
152 Id. at 588.
153 Id. at 589.
154 Id. at 591.
155 766 F.3d 756 (7th Cir. 2014)
The Seventh Circuit commented that there was no good reason why the defendant should be allowed to appropriate someone else's copyrighted efforts as the starting point for their lampoon, when so many noncopyrighted alternatives, such as snapshots they could make themselves, were available. The court added that the fair-use defense is not designed to protect lazy appropriators but is to facilitate uses that would not be possible if users had to negotiate with copyright owners. The court also noted that the usage could hurt the photographer's commercial opportunities. But these considerations did not overcome the fact, in the court's view, that "by the time defendants were done, almost none of the copyrighted work remained."\footnote{Id. at 760.}

\textbf{(vi) First Sale/Exhaustion Doctrine}

Intellectual property laws distinguish between \textit{intellectual} properties that are creations of the mind, and the tangible embodiments of those creations. Under copyright law, it is the creative work to which a copyright is granted, and neither the idea \textit{per se} nor copies of the work.\footnote{17 U.S.C. Sec. 202. Stephens v. Cady 55 U.S. 528, 531 (1952) ("the property in the copyright is regarded as a different and distinct right, wholly detached from the manuscript or any other physical existence, and will not pass with the manuscript unless included by express words in the transfer."). To the same effect, see Stevens v. Royal Gladding and Isaac T. Proud, 58 U.S. 447, 452 (1854).} Likewise in the field of patents, it is the invention to which the
patent holder's rights apply, not physical embodiments of the invention.\footnote{See, e.g., Quanta Computer, Inc. v. LG Electronics 553 U.S. 617, 626 (2008) ("the scope of the grant which may be made to an inventor in a patent, pursuant to the patent statute, must be limited to the invention described in the claims of his patent.") (internal brackets omitted).} Accordingly, transfer of ownership in a material embodiment of a copyright or patent does not transfer ownership of the copyright or patent itself. Stated differently, the sale or gift of an original novel, creative wall poster or sound recording does not transfer ownership of the copyright in the book, poster or recording, and the sale of a digital camera or Apple iPod, does not transfer ownership to any of the numerous patents embodied in these products.\footnote{See, e.g., 17 U.S.C. Sec. 202 ("Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.").}

Conversely, whoever acquires the embodiment of a work, is permitted to use and transfer freely that embodiment. This is the "first sale" or "exhaustion" doctrine, set forth in Section 109(a) of the Copyright Act, as follows:

Notwithstanding the provisions of section 106(3) [which grants the copyright holder exclusive distribution rights], the owner of a particular copy or phonorecord lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.\footnote{17 U.S.C. Sec. 109(a).}

As stated by the Supreme Court, "though §106(3) forbids distribution of a copy of, say, the copyrighted novel Herzog without the copyright owner's permission, §109(a) adds that, once a copy of Herzog has been lawfully sold (or its ownership otherwise lawfully transferred), the buyer of that copy and subsequent owners are free to dispose of it as they wish. In copyright jargon, the "first sale" has "exhausted" the copyright owner's §106(3) exclusive distribution right."\footnote{Kirtsaeng v. John Wiley & Sons, Inc. 133 S.Ct. 1351, 1355 (2013). Also, "despite its name, the first sale doctrine does not require that the copyright owner initially dispose of the copy by selling it. Giving a copy away is enough to exhaust the distribution right." Aaron Perzanowski and Jason Schultz, Digital Exhaustion 58 UCLA L. Rev. 889, 893 n.16 (2011) (quoting 2 Paul Goldstein, Goldstein on Copyright §7.61 n.4 (3d Ed. 2010) ("[A] gift of copies or phonorecords will qualify as a "first sale" to the same extent as an actual sale for consideration."); 2 Melville B. Nimmer & David Nimmer, Nimmer on Copyright §8.12[B][1][a] (Matthew Bender rev. ed. 2010); 4 William f. Patry, Patry on Copyright}
The first sale or exhaustion doctrine also applies with regard to patented inventions, and with regard to products bearing a trademark. In the patent context it has been stated that: "the authorized sale of an article that substantially embodies a patent exhausts the patent holder's rights and prevents the patent holder from invoking patent law to control post-sale use of the article." Similarly, in the trademark context, "it is the essence of the "first sale" doctrine that a purchaser who does no more than stock, display, and resell a producer's product under the producer's trademark violates no right conferred upon the producer by the Lanham Act. When a purchaser resells a trademarked article under the producer's trademark, and nothing more, there is no actionable misrepresentation under the statute."

A number of justifications have been offered for the first sale or exhaustion doctrine. Among them is that it promotes innovation. For example:

[F]irst sale supports innovation by allowing innovators to acquire multiple copies of works at low cost and enabling experimentation and innovation even when unwelcomed by rights holders. For example, Netflix and Redbox were both able to experiment, innovate, and eventually build substantial distribution businesses — mail-order envelopes and point-of-sale vending machines, respectively — in part because the first sale doctrine allowed them to acquire DVDs without the approval of movie studios.

First sale also enables user innovation, the ability of users to develop new uses for products or creatively modify them to increase their value. Users often experiment in unanticipated ways with goods they purchase, leading to new product advances and markets. For example, one study found that mountain bike users developed or modified their bikes, clothing and equipment to create over forty new innovations in the sport.

§13:15 (2010) ("Since the principle [of the first sale doctrine] applies when copies are given away or are otherwise permanently transferred without the accoutrements of a sale, "exhaustion" is the better description.").

163 Sebastian Int'l., Inc. v. Long's Drug Store Corporation 53 F.3d 1073, 1076 (9th Cir. 1995); Brillance Audio, Inc. v. Haight's Cross Communications, Inc., 474 F.3d 365, 370 (6th Cir. 2007) (noting that the trademark first sale rule does not apply when notice that an item has been repackaged is inadequate and when an alleged infringer sells trademarked goods that are materially different than those sold by the trademark owner.)
164 Aaron Perzanowski and Jason Schultz, Digital Exhaustion, 58 UCLA L. Rev. 889, 898 n.37 (2011) (adding that while both companies rely on distribution deals with studios to obtain discounted DVDs in bulk, they also "relied on the first sale doctrine to overcome efforts by content owners to limit their ability to offer certain titles.")
Many user innovations transform existing products into entirely different objects, such as a handbag made from a classic novel, a clock made from old music CDs, or a flashing bike light made from an old Nintendo NES video game controller. But for first sale, a redistribution of these modified products could constitute infringement of the distribution right, potentially prohibiting users from sharing their innovations and recouping the costs of their experimentation.\(^{165}\)

The first sale or exhaustion doctrine has been applied to permit display of copyrighted works, repair and renewal and adaptation and modification. With regard to display, the Copyright Act grants a copyright holder the exclusive right to publicly display its work.\(^{166}\) But the owner of a lawfully made copy may publicly display that copy at the place where the work is located.\(^{167}\) And private display is permitted among a family or its "social circle."\(^{168}\) Though there are few reported decisions, it is apparent that the right to display a lawful copy enables businesses of all kinds, and others, to buy and display originals of creative works.\(^{169}\) Thus, some restaurants display old movie posters, many businesses display original works of art. And businesses of any kind may display other originals or lawful copies of creative memorabilia.

\(^{165}\) *Id.* at 898-899 (internal footnotes omitted). Footnotes in the quoted text include web addresses for Rebound Designs, which sells handbags made from books (see www.rebound-designs.com), Secret Storage Books, which sells safes made from classic books (see www.secretstoragebooks.com) and for the bike flasher made from a Nintendo video game controller, see www.instructables.com/id/Bike-Flasher-Made-from-NES-Controller. The website cited in the article for a clock made from music CDs is not accessible, but other websites currently display such products. See, e.g., www.etsy.com/market/cd_clock.

\(^{166}\) 17 U.S.C. Sec. 106(5) (granting the copyright owner the exclusive right "in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly").

\(^{167}\) 17 U.S.C. Sec. 109(c).

\(^{168}\) See, e.g., *American Broadcasting Companies v. Aereo*, 134 S.Ct. 2398, 2511 (2014) ("an entity does not transmit to the public if it does not transmit to a substantial number of people outside of a family and its social circle."); *Cartoon Network LP v. CSC Holdings, Inc.* 536 F.3d 121, 139 (2d Cir. 2008) (playback of recorded tv programs to single subscribers using single copies made by the subscribers were not public performances).

\(^{169}\) In the museum context, see e.g., *Hoepker v. Kruger* 200 F. Supp. 2d 340, 342 (S.D.N.Y. 2002) (artist sold work to defendant museum. Museum "thus acquired the right to display the [work] without violating [artist's] copyright by virtue of 17 U.S.C. § 109(c).".).
(vii) Risks

There are risks associated even with excessive reliance on the first sale or exhaustion doctrine. That is where the first sale rule intersects the copyright owner's right to create derivative works.

In *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*\(^{170}\), the defendant bought prints or books containing quality art prints. The defendant mounted individual prints from the books onto ceramic tiles and offered these for sale in retail stores. The defendant claimed the first sale doctrine protected this activity. The Court of Appeals affirmed a District Court and rejected the first sale defense, noting:

under the "first sale" doctrine . . . appellant can purchase a copy of the . . . book and subsequently alienate its ownership in that book. However, the right to transfer applies only to the particular copy of the book which appellant has purchased and nothing else. The mere sale of the book to the appellant without a specific transfer by the copyright holder of its exclusive right to prepare derivative works, does not transfer that right to appellant. The derivative works right, remains unimpaired and with the copyright proprietors . . . . As we have previously concluded that appellant's tile-preparing process results in derivative works and as the exclusive right to prepare derivative works belongs to the copyright holder, the "first sale" doctrine does not bar the appellees' copyright infringement claims.\(^{171}\)

Yet, on essentially the same facts, the Seventh Circuit concluded the first sale doctrine did apply and that no derivative work was involved. In *Lee v. A.R.T. Co.*\(^{172}\) the Seventh Circuit declined to follow *Mirage Editions*. The Seventh Circuit stated that "because the artist could capture the value of her art's contribution to the finished product as part of the price for the original transaction, the economic rationale for protecting an adaptation as "derivative" is absent. An alteration that includes (or consumes) a complete copy of the original lacks economic significance."\(^{173}\)

Remounting and selling art excised from other works, such as books, may be lawful in the Seventh Circuit and jurisdictions that follow its analysis in *Lee*, while such actions may constitute infringement in the Ninth Circuit and any jurisdictions that follow *Mirage Editions*. One commentator noted "although the Seventh Circuit's approach is better reasoned," the *Lee* and *Mirage Editions* cases "serve as useful illustrations of the difficulty courts face in applying the 1976 Copyright Act's notoriously vague definition of derivative

\(^{170}\) 856 F.3d 1341 (9th Cir. 1988)
\(^{171}\) 856 F.3d at 1344. See also *Greenwich Workshop, Inc. v. Timber Creations, Inc.*, 932 F. Supp. 1210 (C.D. Cal. 1996) (to the same effect).
\(^{172}\) 125 F.3d 580 (7th Cir. 1997)
\(^{173}\) 125 F.3d at 581 (internal citation omitted).
works."  These decisions likewise illustrate the potential for difficulty and risks in relying on the first sale doctrine, or any of the doctrines discussed in this paper as justifying the use of other people's intellectual property.

C. Trade Secrets

The Uniform Trade Secrets Act defines a trade secret as "information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy."  The definition provides the basis for the possibility that some information claimed to be secret, may not be protectable by the owner.

In several circumstances the definitional elements of a claimed trade secret may not be satisfied. In these cases the information does not have trade secret status and is thus available for use.

(i) Information that is Not Secret. "Indispensable to an effective allegation of trade secret is proof that the matter is, more or less, secret. In the absence of secrecy the property disappears. The value, then, of a trade secret rests in maintenance of secrecy."  "Matters that are public knowledge are not safeguarded as trade secrets."  "Information is considered public knowledge if it is available in trade journals, reference books or published materials, or if it is known to principal trade persons who can obtain an

\[174\] Aaron Perzanowski and Jason Schultz, Digital Exhaustion 58 UCLA L. R. 889, 918 (2011).
\[176\] Roger Milgrim, Milgrim on Trade Secrets (Matthew Bender) Sec. 1.03 p. 1-152.
\[177\] Enterprise Leasing Co. of Phoenix v. Ehmke, 3 P.3d 1064, 1069 (Ariz. App. 1999). See also Accent Packaging, Inc. v. Leggett & Platt, Inc., 707 F.3d 1318, 1329 (Fed. Cir. 2013). ("Information that can be obtained from examining products sold into the public domain . . . cannot constitute a trade secret."). But "a trade secret can exist in the unique combination of otherwise known components; although each of its parts, by itself, may be in the public domain, the unified process, design and operation of the combination may be the essence of the secret."  BBA Nonwovens Simpsonville, Inc. v. Superior Nonwovens, LLC, 303 F.3d 1332, 1339 (Fed. Cir. 2002) (quoting Lowndes Prods., Inc. v. Brower, 191 S.E.2d 761, 764) (S. Car. 1972).
economic benefit from the information and are aware that the information is not a trade secret. Information from publicly available sources is thus available for use.

(ii) Insufficient Efforts to Protect Secrecy. In Buffets Inc. v. Klinke for example, a restauranteur sought to become a franchisee of the Old Country Buffet concept conducted by Buffets, Inc. After being denied, the restauranteur started a new buffet restaurant, called Granny's, and surreptitiously obtained the "position" or job manuals of Buffets. In the trade secret misappropriation claim that followed, relief was denied. The plaintiff's employees often changed jobs, moving from restaurant to restaurant, but were allowed to keep their job position manuals. The court said in these circumstances, the plaintiff "cannot be heard to complain when its manuals fall into the hands of its rivals." Minimal efforts may not be enough if not "designed to protect the disclosure of information." Here, where employees were allowed to take the job manuals home and keep them even though they were supposed to be kept in the manager's office when not in use, the security measures were not sufficient.

In Diamond Power International, Inc. v. Davidson an industrial cleaning equipment manufacturer claimed an ex-manager and competitor misappropriated trade secrets. The competitor hired away a senior manager of the company. Before joining the competitor, the manager saved to his personal computer sensitive accounting, financial and product information, cost data for parts, a detailed book of parts and sequences to rebuild the company's product, reports listing dollar volumes of sales to customers, pricing formulas, and a configurator used to match parts and products. At an exit interview, the manager certified falsely that he did not have, and had returned all specifications, drawings, blueprints, reproductions, sketches, notes, reports, proposals, or copies. After starting work for the competitor, he uploaded the data to the new employer's computer. In the misappropriation claim the court considered the company's efforts to maintain secrecy. The court noted that merely requiring all employees to sign generalized confidentiality agreements was not reasonable efforts. The company did not label its materials as "confidential;" did not tell employees they were confidential; did not direct employees to maintain secrecy of computer files; and did not track or regulate use of these materials. Employees kept copies of electronic files on their personal computers. Some materials were on CDs without confidentiality markings or copy protection, or any requirement to be returned after use. The court found the company gave virtually no guidance to employees on handling the information. This contrasted with other secrets for which the company used additional protective measures. As to most of the materials, the court found the efforts to maintain confidentiality were not sufficient, and therefore they were not trade secrets.

---

179 73 F.3d 965, 969-970 (9th Cir. 1996).
180 Id. at 969.
(iii) Claimed Secret is Generally Known or Readily Ascertainable. In the Buffets, Inc. decision mentioned above, with regard to the restaurant’s recipes, relief was also denied. The court noted that the claimed secret recipes were for “basic American dishes that are served in buffets across the United States.” The court added, “the recipes were for such American staples as BBQ chicken and macaroni and cheese and the procedures, while detailed, are undeniably obvious.” Therefore the claim did not concern “material from the public domain [that was] refashioned or recreated in such a way so as to be an original product.” Rather, the court held, in this case “the end-product is itself unoriginal.”

(iv) Learning Through Independent Discovery. An additional possibility is that a claimed or actual trade secret may be lawfully acquired by a third party through independent analysis or reverse engineering. As one court put it, perhaps more bluntly than accurately, “it is perfectly lawful to ‘steal’ a firm’s trade secret by reverse engineering.” As stated by another court, “it is perfectly lawful for a competitor to buy a product embodying a trade secret and unmask the secret by reverse engineering.” Reverse engineering is the act of “starting with the known product and working backward to divine the process which aided in its development or manufacture.”

Thus, when it comes to trade secrets it is proper and lawful to observe what someone else does, or after observing, to figure out how to do it, and perhaps to do it better. In franchising contexts these principles help explain why there are often multiple franchise brands in any particular industry; and these principles permit franchise systems to offer goods and services that meet and improve upon those offered by competition.

These principles suggest various competitive opportunities. Popular product and service offerings by competitors could be dissected and analyzed to facilitate offering the same or similar or improved versions to the public. Public information sources such as trade journals, technical journals and the like can be reviewed as sources of information. Where purportedly secret information has been publicly disclosed, it is then available for use. Examples include business data provided to government agencies, such as might be

---

182 Buffets, Inc. v. Klinke, 73 F.3d 965 (9th Cir. 1996).
183 Id. at 968.
184 ConFold Pacific, Inc. v. Polaris Industries, Inc., 433 F.3d 952, 959 (7th Cir. 2006) (citing Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 155–56 (1989); Rockwell Graphic Systems, Inc. v. DEV Industries, Inc., 925 F.2d 174, 179 (7th Cir.1991); American Can Co. v. Mansukhani, 742 F.2d 314, 334 n.24 (7th Cir. 1984)). However, since reverse engineering is lawful, the act would not constitute “stealing.” The U.S. Supreme Court has described the act of reverse engineering as “fair and honest.” Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974).
186 Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 at 476.
available by request under the federal Freedom of Information Act or its state law
counterparts, and business information that has been disclosed in speeches and articles by
company representatives. As illustrated by cases discussed above, when a business does
not protect its secrets, such as by lax attention to confidentiality when manuals and other
information are provided to personnel, that data too may be available for use and
improvement by others.

There are obviously risks attendant to making use of information created by others
and potentially claimed to be secret. Where a competitor’s information is used, and
litigation ensues, even when it is established that the use was lawful, the legal fees and
distraction incurred in the defense can be substantial and costly. If it turns out that the
information was secret, the remedies for misappropriation include damages, disgorgement
of profits, where damages are not ascertainable, payment of royalties can be required, for
willful infringement double damages may be awarded,\(^\text{187}\) also injunctive relief and
attorneys fees. Also in making use of information that someone else created or claims to
own, one must use care not to run afoul of other intellectual property concepts. For
example, though a body of someone else’s information may be publicly available, and thus
freely available to use, duplicating the expression of that information or even a portion of
it, could constitute copyright infringement. Some publicly available information about a
product or device, may also be embodied in a patent, and the use of such information as is
freely available, is not a license to infringe an existing patent.

D. Patents

The most common and obvious way that patent information becomes available for
use by others is when a patent expires. At that point, its information falls into the public
domain. It is also possible to build upon an existing patent by applying to patent an
improvement to a patented invention, even though the inventor of the improvement may
not yet have the right to practice the underlying patent. As stated by the then-Chief Judge
of the former U.S. Court of Customs and Patent Appeals, “Almost all patents are
improvement patents. . . . If you have a patent, I can get a patent on an improvement of your
invention.”\(^\text{188}\) Moreover, after the underlying patent expires the inventor of the
improvement may, for a limited period of time, enjoy the benefit of the exclusive rights to
the improvement.

Another important way to benefit and build upon patents of others is the proverbial
“workaround” or “design around.” As stated by one court:

\(^{187}\) See e.g., MacDermid Printing Solutions, LLC v. Cortron Corp., No. 3:08-cv-01649,

\(^{188}\) Howard T. Markey, Chief Judge, Special Problems in Patent Cases, 66 F.R.D. 529, 534
(1975).
Designing around patents is, in fact, one of the ways in which the patent system works to the advantage of the public in promoting progress in the useful arts, its constitutional purpose. Inherent in our claim-based patent system is also the principle that the protected invention is what the claims say it is, and thus that infringement can be avoided by avoiding the language of the claims.\textsuperscript{189}

One way of designing around is to examine the claims in a patent, and to devise an invention that performs the same function but in a different way, that does not overlap with the claims in the patent.\textsuperscript{190}

Designing or inventing around patents to make new inventions is encouraged. Keeping track of a competitor’s products and designing new and possibly better or cheaper functional equivalents is the stuff of which competition is made and is supposed to benefit the consumer. One of the benefits of a patent system is its so-called “negative incentive” to “design around” a competitor’s products, even when they are patented, thus bringing a steady flow of innovations to the marketplace.\textsuperscript{191}

A design-around is one way to avoid infringement, but it is not the only way. Another way is, prompted by the progress reflected in a patented invention, to conceive a new competitive invention with its own functional principal.

Of interest to franchise companies that operate internationally, is that patent rights are highly territorial. Making, selling, or using a U.S.-patented product or process in a foreign country does not directly infringe the United States patent.\textsuperscript{192} A U.S. based franchisor may be able to benefit from the teaching of a U.S. patent, and utilize the invention in its foreign franchised outlets (being thoughtful and diligent to check patents in

\begin{flushleft}
\textsuperscript{190} However, the changes compared to the claims in the patent, must not be so insubstantial as to result in “a fraud on the patent.” Id.
\textsuperscript{192} Dowagic Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641, 650 (1915) (“The right conferred by a patent under our law is confined to the United States and its territories . . . and infringement of this right cannot be predicated of acts wholly done in a foreign country.”). See also Microsoft Corp. v. AT & T Corp., 550 U.S. 437, 455 (2007) (“The traditional understanding that our patent law operates only domestically and does not extend to foreign activities . . . is embedded in the Patent Act itself, which provides that a patent confers exclusive rights in an invention within the United States.”) (internal citation and punctuation omitted).
\end{flushleft}
the nations where its outlets are located, to avoid infringing patents issued in such nations). Similarly, information contained in a foreign patent where there is no corresponding U.S. patent, may conceivably be leveraged in the United States in a way that avoids infringement of that specific foreign patent.\textsuperscript{193} However, care should be taken to ensure that no foreign patents have issued, or no foreign patent applications are pending, because often there may be a delay in the issuing of patents in different countries.

As with the working around the other forms of intellectual property, attendant to attempting to design around or challenge a patent is the cost associated with the challenge, or defense, and the risk that the effort will be unsuccessful, potentially resulting in the panoply of damages, potentially treble damages, royalties, disgorgement, injunctive relief and attorney fee remedies arising from a finding of patent infringement.\textsuperscript{194}

VII. Conclusion

Intellectual property exists to be used, and also to be improved upon by others. Intellectual property is a core element of franchising. Franchise companies create and use and depend on intellectual property for their competitive advantage over other franchises and over non-franchised businesses. Franchise companies often build upon the intellectual property of others.

The categories and types of intellectual property within those categories are many and varied. Statutory and common law grants owners many rights to use or prevent others from using their intellectual property. But like all things, the rights granted have limits. Rights in some properties like copyrights and patents are limited by time. Rights in others, like trademarks, are limited based on requirements that the owner actually use the mark, the manner in which the property is used and how the public perceives the mark. Rights are limited by the exercise of other rights, such as freedom of speech, embodied in the fair use doctrine, which permits various usages of other people’s copyrights and trademarks.

Thus, there are many opportunities for franchisors and franchisees to make use of and build upon intellectual properties developed by others. As examples:

\textsuperscript{193} Kerry J. Begley, \textit{Multinational Patent Enforcement: What the "Parochial", United States Can Learn from Past and Present European Initiatives}, 40 Cornell Int’l. L. J. 521, 522 ("Patent law, like all intellectual property law, has historically been based on national laws and the principle of territoriality. Individual national governments grant patents to inventors, and the territorial limits of sovereignty preclude a nation from giving extraterritorial effect to its patent laws. Therefore, the rights, privileges, and obligations that accompany a patent begin and end with the country that issues it.") (internal quotation marks omitted).

• Background music or sound samples could be developed for franchise locations, using, or based on classical compositions of iconic or even lesser known composers, or modern works that have entered into the public domain. 195

• For example, the lyrics to the children's song "Aba Daba Honeymoon" were published in 1914 and are therefore public domain. A franchise providing services for children (gym, dance, birthday parties, camp, club, nursery school or the like) could make its own recording or include the lyrics and song in its own book of songs.

• In the 1912 Sears Catalogue is an ad for men's stockings called "Footease." 196

Sears registered the trademark in 1926197 and renewed and maintained the registration until 2007, when it expired. A search of Sears' website, Internet and U.S. Trademark Office database does not identify any use of "Footease" for stockings or other clothing products. Possibly it has been abandoned. A franchisor emphasizing shoes or clothing could research further and evaluate whether this suggestive word with its double entendre, might be revived as a trademark. 198

• A pizza franchise based in Australia has advertised, referring to itself by the phrase "Pizza Wizards of Aus." 199 Possibly, this phrase is a parody or in some other way a transformative suggestion built upon the L. Frank Baum story and iconic film, The Wizard of Oz. A franchisor could similarly build upon famous phrases or slogans.

• Interior decor for franchised locations could be designed based on established patterns that are outside of copyright protection.

195 For a listing and other information on songs potentially in the public domain, see, e.g. Public Domain Information Project listing of "Public Domain Songs" accessible at www.pdinfo.com/pd-song-list/pd-song-list-best-a.php.
197 U.S. Trademark Registration No. 71233234 (Oct. 19, 1926).
198 This brief analysis regarding "Footease" should not be relied on but suggests preliminary steps in a course of action that might involve further research and analysis.
• Older poster art could be redesigned and adapted to be used for modern advertising.\footnote{For an example of an adaptation of 1800s poster art into a modern advertisement for a hypothetical bicycle shop franchise, see, David Gurnick and Tal Grinblat, \textit{OPIP – When Is It Lawful to Use Other People's IP in Franchising}, 33 ABA Franchise L. J. No. 4, 481, 490-491 (2014).}

• A franchisor might include works of art, or excerpts from public domain films into operating manuals, menu boards or advertising.

• Recently expired utility or design patents could be sources of information and teaching for new products, designs or services.

• Advertising and marketing campaigns, as well as product names, are often developed and can be developed as parodies, lampoons and satires about current events, or perhaps even the products and services of others.

These are examples, which are obviously not exhaustive. Ingenuity and creativity are limitless. Vast quantities of intellectual property exist and are available to be used and built upon. The law encourages this activity.

But as also explained above, caution and respect for legal rights is also critical. These properties must be investigated with diligence to assure both their availability and to assess that the usage is lawful.

Lawful use of the intellectual property of others is one aim of the law, as this generates new and improved products and services and new information and new ideas, for everyone’s benefit. The law also encourages vigilance by creating potentially significant costs, and liabilities, for erring in the determination when the property of others may be used.
Appendix 1
Versions of The Thinker

Rodin's sculpture, *The Thinker*:

Photo released into public domain by the photographer (Andrew Horne).

Here are examples of some works based on the sculpture:

Sculpture  
[www.raven-armoury.co.uk/sculpture.htm](http://www.raven-armoury.co.uk/sculpture.htm)

Mural in Sao Paulo, Brazil  
[http://nework.org/10thinker-are-mural-eduardo-febre-on-sao-paulo-brazil/](http://nework.org/10thinker-are-mural-eduardo-febre-on-sao-paulo-brazil/)

Editorial Cartoon  

Advertisement for Centrum Vitamins  
[http://adsoftheworld.com/media/print/centrum_whitehallmuch_thinker](http://adsoftheworld.com/media/print/centrum_whitehallmuch_thinker)
Appendix 2 – Copyright Office Circular

*How to Investigate the Copyright Status of a Work.*

[Copyright Office Circular #22]
How to Investigate the Copyright Status of a Work

In General

Methods of Approaching a Copyright Investigation

There are several ways to investigate whether a work is under copyright protection and, if so, the facts of the copyright. These are the main ones:

1. Examine a copy of the work for such elements as a copyright notice, place and date of publication, author and publisher. If the work is a sound recording, examine the disc, tape, cartridge, or cassette in which the recorded sound is fixed, or the album cover, sleeve, or container in which the recording is sold.

2. Search the Copyright Office catalogs and other records.

3. Have the Copyright Office conduct a search for you.

A Few Words of Caution About Copyright Investigations

Copyright investigations often involve more than one of these methods. Even if you follow all three approaches, the results may not be conclusive. Moreover, as explained in this circular, the changes brought about under the Copyright Act of 1976, the Berne Convention Implementation Act of 1988, the Copyright Renewal Act of 1992, and the Sonny Bono Copyright Term Extension Act of 1998 must be considered when investigating the copyright status of a work.

This circular offers some practical guidance on what to look for if you are making a copyright investigation. It is important to realize, however, that this circular contains only general information and that there are a number of exceptions to the principles outlined here. In many cases, it is important to consult with a copyright attorney before reaching any conclusions regarding the copyright status of a work.

How to Search Copyright Office Catalogs and Records

Catalog of Copyright Entries

The Copyright Office published the Catalog of Copyright Entries (CCE) in printed format from 1891 through 1978. From 1979 through 1982, the CCE was issued in microfiche format. The CCE is divided into parts according to the classes of works registered. Each CCE segment covers all registrations made during a particular period of time. Renewal registrations made from 1979 through 1982 are found in Section 8 of the catalog. Renewals prior to that time
are generally listed at the end of the volume containing the class of work to which they pertained.

A number of libraries throughout the U.S. maintain copies of the CCE, and this may provide a good starting point if you wish to make a search yourself. There are some cases, however, in which a search of the CCE alone will not be sufficient to provide the needed information. For example:

- Because the CCE does not include entries for assignments or other recorded documents, it cannot be used for searches involving the ownership of rights.
- The CCE entry contains the essential facts concerning a registration, but it is not a verbatim transcript of the registration record. It does not contain the address of the copyright claimant.

Effective with registrations made since 1982 when the CCE was discontinued, the only method of searching CCE volumes outside the Library of Congress is by using the Internet to access the online catalog. The online catalog contains entries from 1978 to the present. Information on accessing the catalog via the Internet is provided below. The Copyright Office has been digitizing the 660 volumes of the CCE and many are now available at www.archive.org/details/copyrightrecords.

**Individual Searches of Copyright Records**


Most Copyright Office records are open to public inspection and searching from 8:30 AM to 5:00 PM, Eastern time, Monday through Friday, except federal holidays. The various records freely available to the public include an extensive card catalog, an automated catalog containing records from 1978 forward, record books, and microfilm records of assignments and related documents. Other records, including correspondence files and deposit copies, are not open to the public for searching. However, they may be inspected upon request and payment of a search fee.*

*NOTE: Copyright Office fees are subject to change. For current fees, please check the Copyright Office website at www.copyright.gov, write the Copyright Office, or call (202) 707-3000 or 1-877-476-0778.

If you wish to do your own searching in the Copyright Office files open to the public, you will be given assistance in locating the records you need and in learning procedures for searching. If the Copyright Office staff member actually makes the search for you, a search fee must be charged. The search will not be done while you wait.

In addition, Copyright Office records in machine-readable form cataloged from January 1, 1978, to the present, including registration and renewal information and recorded documents, are available for searching from the Copyright Office website at www.copyright.gov.

The Copyright Office does not offer search assistance to users on the Internet.

**Searching by the Copyright Office**

**In General**

Upon request and at the statutory rate for each hour or fraction of an hour used, the Copyright Office staff will search the records of registrations and other recorded documents concerning ownership of copyrights and will provide a written report. If you request a cost estimate, the Copyright Office will provide one. Estimates for searches are based on the information you furnish and are provided for a set fee that is applied toward the cost of the search and report. Fees for estimates are nonrefundable and may be applied to a search for up to one year from the date of the estimate. Requests must include an address and telephone number where you may be reached during business hours and an email address if available.

Certification of a search report is available for an additional fee. Certified searches are frequently requested to meet the evidentiary requirements of litigation.

Preferred payment is by personal check or credit card. Contact the Copyright Office for information regarding payment with money orders or by overseas banking institutions.

For information, correspondence, or payment, contact:

**Copyright Office GC/64/R/RRC**

Attn: RCC

P.O. Box 70400

Washington, DC 20014

Phone: (202) 707-6850 (M–F, 8:30–5:00 eastern time)

Fax: (202) 251-3485

Email: copysearch@loc.gov

**What the Fee Does Not Cover**

The search fee does not include the cost of additional certificates, photocopies of deposits, or copies of other Office records. For information concerning these services, see Circular 6, *Obtaining Access to and Copies of Copyright Office Records and Deposits.*
Information Needed
The more detailed information you furnish with your request, the less expensive the search will be. Please provide as much of the following information as possible:

- the title of the work, with any possible variants
- the names of the authors, including possible pseudonyms
- the name of the probable copyright owner, which may be the publisher or producer
- the approximate year when the work was published or registered
- the type of work involved (book, play, musical composition, sound recording, photograph, etc.)
- for a work originally published as a part of a periodical or collection, the title of that publication and any other information, such as the volume or issue number, to help identify it
- the registration number or any other copyright data

Motion pictures are often based on other works, such as books or serialized contributions to periodicals or other composite works. If you want a search for an underlying work or for music from a motion picture, you must specifically request such a search. You must also identify the underlying works and music and furnish the specific titles, authors, and approximate dates of these works.

Searches Involving Assignments and Other Documents Affecting Copyright Ownership
For the standard hourly search fee, the Copyright Office staff will search its indexes covering the records of assignments and other recorded documents concerning ownership of copyrights. The reports of searches in these cases will state the facts shown in the Office's indexes of the recorded documents but will offer no interpretation of the content of the documents or their legal effect.

Limitations on Searches
In determining whether or not to have a search made, you should keep the following points in mind:

No Special Lists - The Copyright Office does not maintain any lists of works by subject or any lists of works that are in the public domain.

Contributions Not Listed Separately in Copyright Office Records - Individual works such as stories, poems, articles, or musical compositions that were published as contribu-

How to Investigate Copyright Status

No Comparisons - The Copyright Office does not search or compare copies of works to determine questions of possible infringement or to determine how much two or more versions of a work have in common.

Titles and Names Not Copyrightable - Copyright does not protect names and titles, and our records list many different works identified by the same or similar titles. Some brand names, trade names, slogans, and phrases may be entitled to protection under the general rules of law relating to unfair competition. They may also be entitled to registration under the provisions of the trademark laws. Questions about the trademark laws should be addressed to: Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450. Possible protection of names and titles under common law principles of unfair competition is a question of state law.

No Legal Advice - The Copyright Office cannot express any opinion as to the legal significance or effect of the facts included in a search report.

Some Words of Caution

Searches Not Always Conclusive
Searches of the Copyright Office catalogs and records are useful in helping to determine the copyright status of a work, but they cannot be regarded as conclusive in all cases. The complete absence of any information about a work in the Office records does not mean that the work is unprotected. The following are examples of cases in which information about a particular work may be incomplete or lacking entirely in the Copyright Office:

- Before 1978, unpublished works were entitled to protection under common law without the need of registration.
- Works published with notice prior to 1978 may be registered at any time within the first 28-year term.
- Works copyrighted between January 1, 1964, and December 31, 1977, are affected by the Copyright Renewal Act of 1992, which automatically extends the copyright term and makes renewal registrations optional.
- For works under copyright protection on or after January 1, 1978, registration may be made at any time during the term of protection. Although registration is not required as a condition of copyright protection, there are certain
definite advantages to registration. For further information, see Circular 1, Copyright Basics.

- Since searches are ordinarily limited to registrations that have already been cataloged, a search report may not cover recent registrations for which catalog records are not yet available.

- The information in the search request may not have been complete or specific enough to identify the work.

- The work may have been registered under a different title or as part of a larger work.

Protection in Foreign Countries

Even if you conclude that a work is in the public domain in the United States, this does not necessarily mean that you are free to use it in other countries. Every nation has its own laws governing the length and scope of copyright protection, and these are applicable to uses of the work within that nation's borders. Thus, the expiration or loss of copyright protection in the United States may still leave the work fully protected against unauthorized use in other countries. For further information, see Circular 6; Circular 15, Renewal of Copyright; and Circular 15A, Duration of Copyright.

Impact of the Copyright Act on Copyright Investigations

On October 19, 1976, the President signed into law a complete revision of the copyright law of the United States (title 17 of the United States Code). Most provisions of this statute came into force on January 1, 1978, superseding the Copyright Act of 1909. These provisions made significant changes in the copyright law. Further important changes resulted from the Berne Convention Implementation Act of 1988, which took effect March 1, 1989; the Copyright Renewal Act of 1992 (P.L. 102-307) enacted June 26, 1992, which amended the renewal provisions of the copyright law; and the Sonny Bono Copyright Term Extension Act of 1998 (P.L. 105-298) enacted October 27, 1998, which extended the term of copyrights for an additional 20 years.

If you need more information about the provisions of either the 1909 or the 1976 law, write or call the Copyright Office. Both laws are available on the Copyright Office website. For information about renewals, see Circular 15. For paper copies of the law, order Circular 92, Copyright Law of the United States, from:

U.S. Government Printing Office
P.O. Box 979050
St. Louis, MO 63197-9000

WEB: http://bookstore.gpo.gov
FAX: (202) 512-2104
EMAIL: contactcenter@gpo.gov

Or go to the Copyright Office website at www.copyright.gov/title17.

For copyright investigations, the following points about the impact of the Copyright Act of 1976, the Berne Convention Implementation Act of 1988, and the Copyright Renewal Act of 1992 should be considered.

A Changed System of Copyright Formalities

Some of the most sweeping changes under the 1976 Copyright Act involve copyright formalities, that is, the procedural requirements for securing and maintaining full copyright protection. The old system of formalities involved copyright notice, deposit, and registration; recordation of transfers and licenses of copyright ownership; and U.S. manufacture, among other things. In general, while retaining formalities, the 1976 law reduced the chances of mistakes, softened the consequences of errors and omissions, and allowed for the correction of errors.

The Berne Convention Implementation Act of 1988 reduced formalities, most notably making the addition of the previously mandatory copyright notice optional. It should be noted that the amended notice requirements are not retroactive.


Automatic Copyright

Under the present copyright law, copyright exists in original works of authorship created and fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly, or indirectly with the aid of a machine or device. In other words, copyright is an incident of creative authorship and is not dependent on statutory formalities. Thus, registration with the Copyright Office generally is not required, but there are certain advantages that arise from a timely registration. For further information on the advantages of registration, see Circular 1.
Copyright Notice
The 1909 Copyright Act and the 1976 Copyright Act as originally enacted required a notice of copyright on published works. For most works, a copyright notice consisted of the symbol ©, the word "Copyright" or the abbreviation "Coprt.," together with the name of the owner of copyright and the year of first publication. For example: "© Joan Crane 2004" or "Copyright 2008 by Abraham Adams."
For sound recordings published on or after February 15, 1972, a copyright notice might read "© 1994 XYZ Records, Inc." See below for more information about sound recordings.
For mask works, a copyright notice might read "© SDR Industries." See Circular 100, Federal Statutory Protection for Mask Works, for more information.
As originally enacted, the 1976 law prescribed that all visually perceptible published copies of a work, or published phonorecords of a sound recording, should bear a proper copyright notice. This applies to such works published before March 1, 1989. After March 1, 1989, notice of copyright on these works is optional. Adding the notice, however, is strongly encouraged and, if litigation involving the copyright occurs, certain advantages exist for publishing a work with notice.
Prior to March 1, 1989, the requirement for the notice applied equally whether the work was published in the United States or elsewhere by authority of the copyright owner. Compliance with the statutory notice requirements was the responsibility of the copyright owner. Unauthorized publication without the copyright notice, or with a defective notice, does not affect the validity of the copyright in the work.
Advance permission from, or registration with, the Copyright Office is not required before placing a copyright notice on copies of the work or on phonorecords of a sound recording. Moreover, for works first published on or after January 1, 1978, through February 28, 1989, omission of the required notice, or use of a defective notice, did not result in forfeiture or outright loss of copyright protection. Certain omissions of, or defects in, the notice of copyright, however, could have led to loss of copyright protection if steps were not taken to correct or cure the omissions or defects. The Copyright Office has issued a final regulation (37 CFR 201.20) that suggests various acceptable positions for the notice of copyright. This regulation is available on the Copyright Office website at www.copyright.gov/title37/201/index.html. For further information, see Circular 3, Copyright Notice.

Works Already in the Public Domain
In general, once a work enters the public domain, copyright protection cannot be restored. However, certain exceptions apply to works of foreign origin. For eligible foreign works, copyright protection is automatically restored under the provisions of the Uruguay Round Agreements Act (URAA) and section 104(a) of the copyright law. Previous to the URAA, the North American Free Trade Agreement Implementation Act (NAFTA) contained copyright restoration provisions for certain Canadian and Mexican works.
Under the copyright law in effect prior to January 1, 1978, copyright could be lost in several situations. The most common were publication without the required notice of copyright, expiration of the first 28-year term without renewal, or final expiration of the second copyright term. The Copyright Renewal Act of 1992 automatically renews first term copyrights secured between January 1, 1964, and December 31, 1977.

Scope of Exclusive Rights Under Copyright
The present law has changed and enlarged in some cases the scope of the copyright owner's rights. The new rights apply to all uses of a work subject to protection by copyright after January 1, 1978, regardless of when the work was created.

Duration of Copyright Protection
Works Originally Copyrighted On or After January 1, 1978
A work that is created and fixed in tangible form for the first time on or after January 1, 1978, is automatically protected from the moment of its creation and is ordinarily given a term enduring for the author's life plus an additional 70 years after the author's death. In the case of "a joint work prepared by two or more authors who did not work for hire," the term lasts for 70 years after the last surviving author's death. For works made for hire and for anonymous and pseudonymous works (unless the author's identity is revealed in the Copyright Office records), the duration of copyright will be 95 years from publication or 120 years from creation, whichever is less.

Works created before the 1976 law came into effect but neither published nor registered for copyright before January 1, 1978, have been automatically brought under the statute and are now given federal copyright protection. The duration of copyright in these works will generally be computed in the same way as for new works: the life-plus-70 or 95/120-year terms will apply. However, all works in this category were guaranteed at least 25 years of statutory protection.

Works Copyrighted Before January 1, 1978
Under the law in effect before 1978, copyright was secured either on the date a work was published with notice of copy-
right or on the date of registration if the work was registered in unpublished form. In either case, copyright endured for a first term of 28 years from the date on which it was secured. During the last (28th) year of the first term, the copyright was eligible for renewal. The copyright law extends the renewal term from 28 to 67 years for copyrights in existence on January 1, 1978.

However, for works copyrighted prior to January 1, 1964, the copyright still must have been renewed in the 28th calendar year to receive the 67-year period of added protection. The amending legislation enacted June 26, 1992, automatically extends this second term for works first copyrighted between January 1, 1964, and December 31, 1977. For more detailed information on the copyright term, see Circular 15A.

Works First Published Before 1978: the Copyright Notice

General Information About the Copyright Notice

In investigating the copyright status of works first published before January 1, 1978, the most important thing to look for is the notice of copyright. As a general rule under the 1909 law, copyright protection was lost temporarily if the notice was omitted from the first authorized published edition of a work or if it appeared in the wrong form or position. The form and position of the copyright notice for various types of works were specified in the copyright statute. Some courts were liberal in overlooking relatively minor departures from the statutory requirements, but a basic failure to comply with the notice provisions forfeited copyright protection and put the work into the public domain in this country.

Absence of Copyright Notice

For works first published before 1978, the complete absence of a copyright notice from a published copy generally indicates that the work is not protected by copyright. For works first published before March 1, 1899, the copyright notice is required, but omission could have been cured by registration before or within five years of publication and by adding the notice to copies published in the United States after discovery of the omission. Some works may contain a notice, others may not. The absence of a notice in works published on or after March 1, 1899, does not necessarily indicate that the work is in the public domain.

Unauthorized Publication - A valid copyright was not secured if someone deleted the notice and/or published the work without authorization from the copyright owner.

Sound Recordings - Reproductions of sound recordings usually contain two different types of creative works: the underlying musical, dramatic, or literary work that is being performed or read and the fixation of the actual sounds embodying the performance or reading. For protection of the underlying musical or literary work embodied in a recording, it is not necessary that a copyright notice covering this material appear on the phonograph records or tapes on which the recording is reproduced. A special notice is required for protection of the recording of a series of musical, spoken, or other sounds that were fixed on or after February 15, 1972. Sound recordings fixed before February 15, 1972, are not eligible for federal copyright protection. The Sound Recording Act of 1971, the present copyright law, and the Berne Convention Implementation Act of 1988 cannot be applied or be construed to provide any retroactive protection for sound recordings fixed before February 15, 1972. Such works, however, may be protected by various state laws or doctrines of common law.

The Date in the Copyright Notice

If you find a copyright notice, the date it contains may be important in determining the copyright status of the work. In general, the notice on works published before 1978 must include the year in which copyright was secured by publication or, if the work was first registered for copyright in unpublished form, the year in which registration was made. There are two main exceptions to this rule.
1. For pictorial, graphic, or sculptural works (Classes F through K under the 1909 law), the law permitted omission of the year date in the notice.

2. For “new versions” of previously published or copyrighted works, the notice was not usually required to include more than the year of first publication of the new version itself. This is explained further under Derivative Works below.

The year in the notice usually (though not always) indicated when the copyright began. It is, therefore, significant in determining whether a copyright is still in effect; or, if the copyright has not yet run its course, the year date will help in deciding when the copyright is scheduled to expire. For further information about the duration of copyright, see Circular 75A.

In evaluating the meaning of the date in a notice, you should keep the following points in mind:

Works Published and Copyrighted Before January 1, 1978:
A work published before January 1, 1978, and copyrighted on or after January 1, 1923, may still be protected by copyright in the United States if a valid renewal registration was made during the 28th year of the first term of the copyright. If renewed by registration or under the Copyright Renewal Act of 1992 and if still valid under the other provisions of the law, the copyright will expire 95 years from the end of the year in which it was first secured.

Therefore, the U.S. copyright in any work published or copyrighted prior to January 1, 1923, has expired by operation of law, and the work has permanently fallen into the public domain in the United States. For example, on January 1, 1997, copyrights in works first published or copyrighted before January 1, 1922, expired; on January 1, 1998, copyrights in works first published or copyrighted before January 1, 1923, expired. Unless the copyright law is changed again, no works under protection on January 1, 1999, will fall into the public domain in the United States until January 1, 2019.

Works First Published or Copyrighted Between January 1, 1923, and December 31, 1949, But Not Renewed:
If a work was first published or copyrighted between January 1, 1923, and December 31, 1949, it is important to determine whether the copyright was renewed during the last (28th) year of the first term of the copyright. This can be done by searching the Copyright Office records or catalogs as explained previously. If no renewal registration was made, copyright protection expired permanently at the end of the 28th year from the year date it was first secured.

Works First Published or Copyrighted Between January 1, 1940, and December 31, 49, and Registered for Renewal:
When a valid renewal registration was made and copyright in the work was in its second term on December 31, 1977, the renewal copyright term was extended under the latest act to 70 years. In these cases, copyright will last for a total of 95 years from the end of the year in which copyright was originally secured. Example: Copyright in a work first published in 1925 and renewed in 1953 will expire on December 31, 2020.

Works First Published or Copyrighted Between January 1, 1950, and December 31, 1967:
If a work was in its first 28-year term of copyright protection on January 1, 1978, it must have been renewed in a timely fashion to have secured the maximum term of copyright protection. If renewal registration was made during the 28th calendar year of its first term, copyright would endure for 95 years from the end of the year copyright was originally secured. If not renewed, the copyright expired at the end of its 28th calendar year.

Works First Published or Copyrighted Between January 1, 1964, and December 31, 1977:
If a work was in its first 28-year term of copyright protection on June 26, 1992, renewal registration was optional. The term of copyright for works published or copyrighted during this time period was extended to 95 years by the Copyright Renewal Act of 1992 and the Sonny Bono Term Extension Act of 1998. There was no need to make the renewal filing to extend the original 28-year copyright term to the full 95 years.

However, there were several advantages to making a renewal registration during the 28th year of the original term of copyright. If renewal registration was made during the 28th year of the original term of copyright, the renewal copyright vested in the name of the renewal claimant on the effective date of the renewal registration; the renewal certificate constitutes prima facie evidence as to the validity of the copyright during the renewed and extended term and of the facts stated in the certificate; and, the right to use the derivative work in the extended term may be affected. See Circular 15 for further information.

Unpublished, Unregistered Works:
Before 1978, if a work had been neither “published” in the legal sense nor registered in the Copyright Office, it was subject to perpetual protection under the common law. On January 1, 1978, all works of this kind, subject to protection by copyright, were automatically brought under the federal copyright statute. The duration of copyright for these works can vary, but none of them expired before December 31, 2002.
Derivative Works

In examining a copy (or a record, disc, or tape) for copyright information, it is important to determine whether that particular version of the work is an original edition of the work or a "new version." New versions include musical arrangements, adaptations, revised or newly edited editions, translations, dramatizations, abridgments, compilations, and works republished with new matter added. The law provides that derivative works, published or unpublished, are independently copyrightable and that the copyright in such a work does not affect or extend the protection, if any, in the underlying work. Under the 1909 law, courts have also held that the notice of copyright on a derivative work ordinarily need not include the dates or other information pertaining to the earlier works incorporated in it. This principle is specifically preserved in the present copyright law. Thus, if the copy (or the record, disc, or tape) constitutes a derivative version of the work, these points should be kept in mind:

- The date in the copyright notice is not necessarily an indication of when copyright in all the material in the work will expire. Some of the material may already be in the public domain, and some parts of the work may expire sooner than others.

- Even if some of the material in the derivative work is in the public domain and free for use, this does not mean that the "new" material added to it can be used without permission from the owner of copyright in the derivative work. It may be necessary to compare editions to determine what is free to use and what is not.

- Ownership of rights in the material included in a derivative work and in the preexisting work upon which it may be based may differ, and permission obtained from the owners of certain parts of the work may not authorize the use of other parts.

The Name in the Copyright Notice

Under the copyright statute in effect before 1978, the notice was required to include "the name of the copyright proprietor." The present act requires that the notice include "the name of the owner of copyright in the work, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner." The name in the notice (sometimes in combination with the other statements on the copy, records, disc, tape, container, or label) often gives persons wishing to use the work the information needed to identify the owner from whom licenses or permission can be sought. In other cases, the name provides a starting point for a search in the Copyright Office records or catalogs, as explained at the beginning of this circular.

In the case of works published before 1978, copyright registration is made in the name of the individual person or the entity identified as the copyright owner in the notice. For works published on or after January 1, 1978, registration is made in the name of the person or entity owning all the rights on the date the registration is made. This may or may not be the name appearing in the notice. In addition to its records of copyright registration, the Copyright Office maintains extensive records of assignments, exclusive licenses, and other documents dealing with copyright ownership.

Ad Interim

Ad interim copyright was a special short-term copyright that applied to certain books and periodicals in the English language that were first manufactured and published outside the United States. It was a partial exception to the manufacturing requirements of the previous U.S. copyright law. Its purpose was to secure temporary U.S. protection for a work, pending the manufacture of an edition in the United States. The ad interim requirements changed several times over the years and were subject to a number of exceptions and qualifications.

The manufacturing provisions of the copyright act expired on July 1, 1986, and are no longer a part of the copyright law. The transitional and supplementary provisions of the act provide that for any work in which ad interim copyright was subsisting or capable of being secured on December 31, 1977, copyright protection would be extended for a term compatible with the other works in which copyright was subsisting on the effective date of the new act. Consequently, if the work was first published on or after July 1, 1977, and was eligible for ad interim copyright protection, the provisions of the present copyright act will be applicable to the protection of these works. Anyone investigating the copyright status of an English language book or periodical first published outside the United States before July 1, 1977, should check carefully to determine:

- whether the manufacturing requirements were applicable to the work, and
- if so, whether the ad interim requirements were met
For Further Information

By Internet
Circulars, announcements, regulations, other related materials, and all copyright application forms are available from the Copyright Office website at www.copyright.gov. To send an email communication, click on Contact Us at the bottom of the homepage.

By Telephone
For general information about copyright, call the Copyright Public Information Office at (202) 707-3000 or 1-877-476-0778 (toll free). Staff members are on duty from 8:30 AM to 5:00 PM, eastern time, Monday through Friday, except federal holidays. Recorded information is available 24 hours a day. Or, if you know which application forms and circulars you want, request them 24 hours a day from the Forms and Publications Hotline at (202) 707-9100. Leave a recorded message.

By Regular Mail
Write to:
Library of Congress
Copyright Office—COPUBS
101 Independence Avenue SE
Washington, DC 20559
Search Request Form

Library of Congress
Copyright Office
101 Independence Avenue SE
Washington, DC 20559

Records, Research, and Certification Section
8:30 am to 5:30 pm eastern Monday through Friday.
Phone (202) 707-6850
Fax (202) 707-3485

TYPE OF WORK
☐ Book    ☐ Music    ☐ Motion picture    ☐ Drama    ☐ Sound recording    ☐ Computer program
☐ Photograph/artwork    ☐ Map    ☐ Periodical    ☐ Contribution    ☐ Architectural work    ☐ Mask work

SEARCH INFORMATION YOU REQUIRE
☐ Registration    ☐ Renewal    ☐ Assignment    ☐ Address

SPECIFICS OF WORK TO BE SEARCHED

Title

Author

Copyright claimant
(Name in © notice)

Approximate year date of publication/creation

Registration number (if known)

If you need more space, please attach additional pages.

The fee for a search report is based on a set statutory fee* for the hour(s) or fraction of an hour consumed. The more information you furnish as a basis for the search, the better service we can provide. The time between the date of receipt of your fee for the search and your receiving a report will vary, depending on the method of payment (personal check, money order, or credit card) and on the workload. If you want an estimate for the cost of the search and report, indicate your preference by checking the box below. There is a separate fee for an estimate.

Names, titles, and short phrases are not copyrightable.

Please read Circular 22 for more information on copyright searches.

Your name

Date

Address

Daytime telephone

Email

Convey results of estimate/search by telephone? ☐ Yes ☐ No

Fee enclosed? ☐ Yes: amount: $ ____________________ ☐ No

*Note: Copyright Office fees are subject to change. For current fees for estimates or searches, check the Copyright Office website at www.copyright.gov, write the Copyright Office, or call the Records, Research, and Certification Section at (202) 707-6850.
### Appendix 3 - Websites Providing Intellectual Property

<table>
<thead>
<tr>
<th>Website</th>
<th>Platform</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="#">www.publicdomainpictures.net</a></td>
<td>Public Domain Pictures</td>
<td>Free HD pictures available to download, but some photos on the website are not free. Some photos require a model or property release. Must make an account in order to download photos.</td>
</tr>
<tr>
<td><a href="#">www.imageafter.com/index.php</a></td>
<td>Image * After</td>
<td>High resolution images of all sorts than can be used in personal and commercial works. People who donate photos agree to give up their rights to the photo. You can filter your search to find what you are looking for more easily. Photos can be used in any way except for an online resource site that would compete with this one. Photos are easy to download. Disclaimer: “The creators of image<em>after and its contributors are not liable in any way for damages or litigation that may arise when using or downloading content contained on all pages related to image</em>after. The users acknowledge that they assume all risk and/or responsibility when using and viewing this site. Please use your own legal discretion and resources concerning any liability issues. All brand, logos or product names are or may be trademarks of and are used to identify products and services of, their respective owners.”</td>
</tr>
<tr>
<td><a href="#">https://commons.wikimedia.org/wiki/Main_Page</a></td>
<td>Wikimedia Commons</td>
<td>Public domain for images, sound, and video clips available to anybody. Each individual work has its own license conditions which</td>
</tr>
<tr>
<td>Source</td>
<td>License</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><a href="https://images.nga.gov/en/page/show_home_page.html">https://images.nga.gov/en/page/show_home_page.html</a></td>
<td>National Gallery of Art</td>
<td>The public may download over 45,000 open access digital images but not all images on the website are available. Use may be commercial or non-commercial and users do not need to contact the gallery in order to use the images. Users do not have the exclusive right to use or reproduce any work of art and are encouraged to credit the gallery by writing: “Courtesy National Gallery of Art, Washington.”</td>
</tr>
<tr>
<td>creativecommons.org</td>
<td>Creative Commons</td>
<td>Millions of different songs, videos, and academic materials available for free and legal use to the public as long as any limitations set by the artist are followed. Some works may be available only for non-commercial use or have other specific limitations.</td>
</tr>
<tr>
<td>pixabay.com/</td>
<td>Pixabay</td>
<td>Free high quality images you can use anywhere. The website has over 380,000 photos, vectors, and illustrations. Any photo can be used, copied, modified, or distributed in digital or printed form for any use.</td>
</tr>
<tr>
<td><a href="http://www.oldbookillustrations.com/">www.oldbookillustrations.com/</a></td>
<td>Old Book Illustrations</td>
<td>Illustrations scanned from old books that are in the public domain and can be used for commercial or personal use. Prints cost money.</td>
</tr>
<tr>
<td><a href="http://www.1millionfreepictures.com/">www.1millionfreepictures.com/</a></td>
<td>One Million Free Pictures</td>
<td>Photos are in the public domain but must be used at users own risk. The website does not have a model release for any photos.</td>
</tr>
<tr>
<td>pdposter.weebly.com/index.html</td>
<td>PD Poster</td>
<td>Large catalogue of artwork including vintage art posters available for free use including commercial use.</td>
</tr>
<tr>
<td><a href="http://www.picdrome.com/page/gallery">www.picdrome.com/page/gallery</a></td>
<td>Picdrome</td>
<td>A public domain digital</td>
</tr>
<tr>
<td><strong>My Public Domain Pictures</strong></td>
<td>photography collection. The public can access the photography free of copyright and licensed under Creative Commons CC0 1.0 Public Domain Dedication. The photographs are completely free for anybody and can be used for any purpose including educational, commercial, and personal. Pictures can be downloaded and used for any purpose. Users should assume that there is not a model release for pictures of people, logos, or brands, and use these pictures with caution. This website has all different kinds of pictures.</td>
<td></td>
</tr>
<tr>
<td><strong>Freetems.net</strong></td>
<td>A source images, graphics, music, videos, ebooks, audiobooks, software and more that are all in the public domain. All files are free and can be used in any way including for commercial use. This site gives complete freedom of using and creating without any attribution. Each different category of media includes many sub-categories.</td>
<td></td>
</tr>
<tr>
<td><strong>The Public Domain Review</strong></td>
<td>This website is an online journal which aims to celebrate and promote the public domain and all that it has to offer. This website has collections of books, images, and films from the pre-16th century through the 20th century that are all in the public domain. Each individual item states the rights that apply to that item, so it is recommended to check the items more carefully when necessary. The website’s attribution policy for reusing material states that some items may have particular restrictions on the use of the item. Users are encouraged to investigate before reusing an item.</td>
<td></td>
</tr>
<tr>
<td>publicdomainarchive.com/us/</td>
<td>Public Domain Archive</td>
<td>Photography in the public domain that photographers and artists can use in their projects. No limitations are stated.</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><a href="https://unsplash.com/">https://unsplash.com/</a></td>
<td>Unsplash</td>
<td>Photos published on this website are licensed under Creative Commons Zero. The photos can be copied, modified, distributed, for commercial or personal purposes for free and without attribution to the photographers or the website.</td>
</tr>
<tr>
<td><a href="http://www.pdpics.com/">www.pdpics.com/</a></td>
<td>PDPics.com</td>
<td>This website has thousands of free public domain photographs and pictures that can be used in any project in any way.</td>
</tr>
<tr>
<td>goodfreephotos.com/</td>
<td>Good Free Photos</td>
<td>All photos are taken by the owner of the website and are released under the public domain license but the website may not have a model release for all photos that need one.</td>
</tr>
<tr>
<td><a href="http://www.gratisography.com/">www.gratisography.com/</a></td>
<td>Gratisography</td>
<td>Free high-resolution pictures that can be used in personal and commercial projects free of copyright restrictions.</td>
</tr>
<tr>
<td>viintage.com/genre/free-vintage-public-domain-images/</td>
<td>Viintage</td>
<td>Public domain vintage artwork including posters, postcards, books, graphics, advertisements, sketches, and more.</td>
</tr>
<tr>
<td>publicdomain4u.com/</td>
<td>Public Domain 4U</td>
<td>Music is freely available to play and share but NOT for commercial use.</td>
</tr>
<tr>
<td>freemusicarchive.org/</td>
<td>Free Music Archive</td>
<td>A library of legal audio downloads made by WFMU. Each track has a different Creative Commons license which means that each track has different restrictions for use.</td>
</tr>
<tr>
<td><a href="http://www.pacdvd.com/sounds/">www.pacdvd.com/sounds/</a></td>
<td>PacDV</td>
<td>Site that produces sound effects, clips, and music that can be downloaded and used in any project for free. Cannot be re-sold or re-licensed.</td>
</tr>
<tr>
<td>Website</td>
<td>Source</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><a href="http://www.lifeofpix.com/">www.lifeofpix.com/</a></td>
<td>Life of Pix</td>
<td>Free high-resolution photos with no copyright restrictions available to download for personal or commercial use. All images are in the public domain.</td>
</tr>
<tr>
<td>mmt.li/</td>
<td>MMT</td>
<td>Stock photographs by Jeffrey Betts free for commercial use with a Creative Commons License.</td>
</tr>
<tr>
<td><a href="http://www.pexels.com/">www.pexels.com/</a></td>
<td>Pexels</td>
<td>All photos licensed under the Creative Commons Zero License meaning that anybody can copy, modify, distribute, and perform the photos. They are free to download for personal or commercial use and no attribution is required.</td>
</tr>
<tr>
<td><a href="https://stocksnap.io/">https://stocksnap.io/</a></td>
<td>Stock Snap</td>
<td>Hundreds of high resolution photos are added to the website weekly. All photos on the website are under the Creative Commons CC0 license so anybody can copy, modify, and distribute the photos for any use including commercial without asking for permission or giving any attribution.</td>
</tr>
<tr>
<td><a href="http://www.resplashed.com/">www.resplashed.com/</a></td>
<td>Re: splashed</td>
<td>Over 600 HD images that are in the Creative Commons free for web and design projects.</td>
</tr>
<tr>
<td>picography.co/</td>
<td>Picography</td>
<td>Free high resolution photos that can be used in any way. Photos are free of charge and under the Creative Commons Public Domain CC0 license. Users may not advertise the photos as their own or portray themselves as the author of the work.</td>
</tr>
<tr>
<td>isorepublic.com/</td>
<td>ISO Republic</td>
<td>Free high-quality photos that can be used for personal and commercial projects. Images cannot be sold nor given away on another website or app. Some photos may not be model-released so they cannot be used for commercial purposes. Some photos contain private buildings and also may not be</td>
</tr>
<tr>
<td>Domain</td>
<td>Site</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>raumrot.com/</td>
<td>Raumrot</td>
<td>Authentic, high resolution photography. The stock photos are free for commercial and personal use. Photos cannot be used for any unlawful or immoral purposes.</td>
</tr>
<tr>
<td>cupcake.nilssonlee.se/</td>
<td>Cupcake</td>
<td>All photography is under the Public Domain so it can be used for any commercial or personal purpose. Photos are high resolution.</td>
</tr>
<tr>
<td><a href="http://www.jewelbeat.com/free/free-library-music.htm">www.jewelbeat.com/free/free-library-music.htm</a></td>
<td>Jewel Beat</td>
<td>Free music for videos, TV, advertising, etc. Music is free to use but users must include the following on their website: &quot;Music by Jewel Beat. Download your free music and free sound effects at <a href="http://www.jewelbeat.com">www.jewelbeat.com</a>.&quot; Most pieces are instrumental.</td>
</tr>
<tr>
<td>audionautix.com/</td>
<td>Audionautix</td>
<td>Music on this site is free to use for any purpose but may not be re-sold or claim to have created the music. Users can search for music by genre, mood, or tempo.</td>
</tr>
<tr>
<td>cc.trax.com/</td>
<td>CC Trax</td>
<td>All music pieces available are bound to Creative Common licenses. There are different degrees to which each piece of music is available under the license so users should pay attention to the licensing on the piece they intend to use.</td>
</tr>
</tbody>
</table>
Author/Speaker Biographies

William Bryner

Bill Bryner is a partner resident in the Winston-Salem, North Carolina, office of Kilpatrick Townsend & Stockton LLP. A North Carolina State Bar Board Certified Specialist in trademark law, Bill's practice is directed to all aspects of U.S. trademark law, including trademark clearance, prosecution, counseling and litigation. In the franchising arena, Bill has particular litigation expertise in the area of infringement by holdover ex-franchisees and in counseling franchisors about geographic expansion of their franchise concepts.

A 1996 graduate of Duke University School of Law, Bill is admitted to practice in North Carolina and all of its federal district courts, as well as the U.S. District Court for the Eastern District of Wisconsin and the United States Courts of Appeals for the Fourth and Seventh Circuits. A frequent author and speaker on trademark subjects, Bill is a repeat contributor to the Franchise Law Journal, has been a panelist at the International Franchise Association’s Legal Symposium, is a former member of the editorial board of The Trademark Reporter, and is an active committee member of the International Trademark Association’s Publications Committee.

David Gurnick

David Gurnick is with the Lewitt Hackman firm in Los Angeles, California. He represents manufacturers, franchisors, cooperatives, distributors, dealers and franchisees in wide ranging industries in preparation of distribution agreements, franchise law compliance, antitrust and competition matters, government investigations, trademarks, copyrights, trade secrets, e-commerce and related litigation. He is certified by the State Bar of California, Board of Legal Specialization as a specialist in Franchising and Distribution Law.

David is author of Distribution Law of the United States, a treatise on laws and considerations in distributing products in the United States, now in its second edition, and Franchising Depositions, a treatise on taking and defending depositions in franchising cases, both published by Juris Publishing. David previously served as adjunct professor of law, teaching franchising at the University of La Verne College of Law. He has frequently been a panelist at the American Bar Association Forum on Franchising, and International Franchise Association Legal Symposium. David previously served on the editorial board of the American Bar Association Franchise Law Journal.

He is a past president of the San Fernando Valley Bar Association, and past chair of its Business Law Section and its Litigation Section. He served as trustee of the University of West Los Angeles College of Law, and was president of the Valley Community Legal Foundation, as well as trustee of the Los Angeles County Bar Association. He is currently on the board of directors of the Valley Bar Mediation Center, a charity that provides low cost mediation and dispute resolution services.
David is admitted in the U.S. Supreme Court, U.S. Courts of Appeals for the Federal Circuit and Ninth Circuit, and U.S. District Courts for the Central District and Eastern District of California. He earned his Bachelor's Degree in 1981 at UCLA graduating *summa cum laude* and Phi Beta Kappa and his law degree in 1984 at the University California, Berkeley. While in law school, he served as Judicial Extern to the U.S. Ninth Circuit Court of Appeals.