

PREEMPTION AND MISC. DOMESTIC IP LAW

PREEMPTION

BONITO BOATS, INC. v. THUNDER CRAFT BOATS, INC.

489 U.S. 141 (1989) (constitutional preemption)

Justice O'CONNOR delivered the opinion of the Court.

We must decide today what limits the operation of the federal patent system places on the States' ability to offer substantial protection to utilitarian and design ideas which the patent laws leave otherwise unprotected. In *Interpart Corp. v. Italia*, 777 F.2d 678 (1985), the Court of Appeals for the Federal Circuit concluded that a California law prohibiting the use of the "direct molding process" to duplicate unpatented articles posed no threat to the policies behind the federal patent laws. In this case, the Florida Supreme Court came to a contrary conclusion. It struck down a Florida statute which prohibits the use of the direct molding process to duplicate unpatented boat hulls, finding that the protection offered by the Florida law conflicted with the balance struck by Congress in the federal patent statute between the encouragement of invention and free competition in unpatented ideas. See 515 So. 2d 220 (1987). We granted *certiorari* to resolve the conflict, and we now affirm the judgment of the Florida Supreme Court.

. . . [O]ur past decisions have made clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws. The tension between the desire to freely exploit the full potential of our inventive resources and the need to create an incentive to deploy those resources is constant. Where it is clear how the patent laws strike that balance in a particular circumstance, that is not a judgment the States may second guess. . . .

In our decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), we found that publicly known design and utilitarian ideas which were unprotected by patent occupied much the same position as the subject matter of an expired patent. The *Sears* case involved a pole lamp originally designed by the plaintiff Stiffel, who had secured both design and mechanical patents on the lamp. Sears purchased unauthorized copies of the lamps, and was able to sell them at a retail price practically equivalent to the wholesale price of the original manufacturer. Stiffel brought an action against Sears in federal District Court, alleging infringement of the two federal patents and unfair competition under Illinois law. The District Court found that Stiffel's patents were invalid due to anticipation in the prior art, but nonetheless enjoined Sears from further sales of the duplicate lamps based on a finding of consumer confusion under the Illinois law of unfair competition. The Court of Appeals affirmed, coming to the conclusion that the Illinois law of unfair competition prohibited product simulation even in the absence of evidence that the defendant took some further action to induce confusion as to source.

This Court reversed, finding that the unlimited protection against copying which the Illinois law accorded an unpatentable item whose design had been fully disclosed through public sales conflicted with the federal policy embodied in the patent laws. The Court stated:

In the present case the "pole lamp" sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and sell

lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws.

376 U.S., at 231.

A similar conclusion was reached in *Compco*, where the District Court had extended the protection of Illinois' unfair competition law to the functional aspects of an unpatented fluorescent lighting system. The injunction against copying of an unpatented article, freely available to the public, impermissibly "interfere[d] with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Compco*, 376 U.S., at 237.

. . . Read at their highest level of generality, the two decisions could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter. Since the potentially patentable includes "anything under the sun that is made by man," *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980) (citation omitted), the broadest reading of *Sears* would prohibit the States from regulating the deceptive simulation of trade dress or the tortious appropriation of private information.

That the extrapolation of such a broad pre-emptive principle from *Sears* is inappropriate is clear from the balance struck in *Sears* itself. The *Sears* Court made it plain that the States "may protect businesses 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." *Sears*, 376 U.S., at 232. Trade dress is, of course, potentially the subject matter of design patents. See *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (CA7 1985). Yet our decision in *Sears* clearly indicates that the States may place limited regulations on the circumstances in which such designs are used in order to prevent consumer confusion as to source. Thus, while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* pre-empted by the federal patent laws.

What was implicit in our decision in *Sears*, we have made explicit in our subsequent decisions concerning the scope of federal pre-emption of state regulation of the subject matter of patent.

¹ . . .

¹ [Justice O'Connor's opinion cites to two non-patent cases of particular interest for our course.

Goldstein v. California, 412 U.S. 546 (1973), concerned the Copyright rather than the Patent Clause. *Goldstein* substantially narrowed the broad preemptive thrust of *Sears* and *Compco* (at least where copyright is concerned), through its holding that states have concurrent power with the federal government to protect works of authorship, at least where Congress has chosen to leave an area of potential protection "unattended." The case involved a criminal statute prohibiting the unauthorized copying of musical recordings. At the time the cause of action arose, sound recordings were not protected under federal copyright law, and record piracy was rife. The criminal statute in *Goldstein* attempted to protect an important state industry threatened by widespread piracy. But was this California statute preempted by federal law? The Court found no broad-based preemption under the Copyright Clause of the Constitution. Nothing in the Constitution explicitly indicated that Congress had been granted exclusive power to protect the writings of authors. Moreover, the power given to Congress to protect authors' writings was not a matter of such national interest that state legislation in the field would inevitably lead to conflicts with federal law. The Court also held that the California statute was not preempted under the

Several factors were critical to [our conclusion in *Kewanee*]. First, because the public awareness of a trade secret is by definition limited, the Court noted that “the policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection.” *Id.*, at 484. Second, the *Kewanee* Court emphasized that “[t]rade secret law provides far weaker protection in many respects than the patent law.” *Id.*, at 489-490. . . . Thus, the possibility that trade secret protection would divert inventors from the creative effort necessary to satisfy the rigorous demands of patent protection was remote indeed. Finally, certain aspects of trade secret law operated to protect non-economic interests outside the sphere of congressional concern in the patent laws. As the Court noted, “[a] most fundamental human right, that of privacy, is threatened when industrial espionage is condoned or is made profitable.” *Id.*, at 487. There was no indication that Congress had considered this interest in the balance struck by the patent laws, or that state protection for it would interfere with the policies behind the patent system. . . .

Our decisions since *Sears* and *Compco* have made it clear that the Patent and Copyright Clauses do not, by their own force or by negative implication, deprive the States of the power to adopt rules for the promotion of intellectual creation within their own jurisdictions. . . . Thus, where “Congress determines that neither federal protection nor freedom from restraint is required by the national interest,” *Goldstein*, 412 U.S., at 559, the States remain free to promote originality and creativity in their own domains.

Nor does the fact that a particular item lies within the subject matter of the federal patent laws necessarily preclude the States from offering limited protection which does not impermissibly interfere with the federal patent scheme. . . . Both the law of unfair competition and state trade secret law have co-existed harmoniously with federal patent protection for almost 200 years, and Congress has given no indication that their operation is inconsistent with the operation of the federal patent laws.

Indeed, there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws [e.g., § 43(a) of the Lanham Act]. . . . The case for federal pre-emption is particularly weak where Congress has indicated its awareness of the operation of state law in a field of federal interest, and has nonetheless decided to “stand by both concepts and to tolerate whatever tension there [is] between them.” *Silkwood v. Kerr-McGee Corp.*, 464 U.S. 238, 256 (1984). The same cannot be said of the Florida statute at issue here, which offers protection beyond that available under the law of unfair competition or trade secret, without any showing of consumer confusion, or breach of trust or secrecy.

Supremacy Clause: It found no conflict between federal copyright policy and California’s protection of sound recordings. The opinion distinguished *Sears* and *Compco* as cases involving patent policy, where the need for uniform national protection of limited duration is greater than in copyright.

Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974) was decided one year after *Goldstein*. In *Kewanee*, the Supreme Court took a similar position on the power of the states to protect trade secrets, further narrowing the preemption doctrine as articulated in *Sears* and *Compco*. The plaintiff had developed a process for synthesizing a new crystal for use in detecting ionizing radiation. The process was potentially patentable, but the plaintiff decided not to seek patent protection. Instead, it tried to enforce its rights in the process under Ohio’s trade secret law. The Court found that state trade secret law was not preempted by federal patent law because the state law neither clashed with the objectives of federal patent law nor “conflict[ed] with the operation of the laws in this area passed by Congress.” – Ed.]

The Florida statute is aimed directly at the promotion of intellectual creation by substantially restricting the public's ability to exploit ideas which the patent system mandates shall be free for all to use. . . . It thus enters a field of regulation which the patent laws have reserved to Congress. The patent statute's careful balance between public right and private monopoly to promote certain creative activity is a "scheme of federal regulation . . . so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it." *Rice v. Santa Fe Elevator Corp.*, 331 U.S. 218, 230 (1947).

. . . We therefore agree with the majority of the Florida Supreme Court that the Florida statute is preempted by the Supremacy Clause and the judgment of that court is hereby affirmed. It is so ordered.

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MISAPPROPRIATION

Oxford History: 272-273

Case Law:

INTERNATIONAL NEWS SERVICE v. ASSOCIATED PRESS 248 U.S. 215 (1918)

Mr. Justice PITNEY delivered the opinion of the Court.

[AP and INS were rival organizations, both engaged in gathering and distributing news for publication in newspapers throughout the United States. This controversy arose during World War I, when the British Government, angry over alleged offenses against wartime censorship laws, banned Hearst-owned INS from UK facilities for the transmission of news. AP brought suit against INS for "pirating" dispatches published by AP-member newspapers and distributing them to INS-member newspapers. The District Court enjoined INS from obtaining the news reports by a variety of means, including bribing employees of AP-affiliated newspapers; and the Court of Appeals allowed a broadening of the injunction to restrain INS from copying news from early editions and publicly posted copies of such papers. INS sought and obtained a grant of certiorari to the Supreme Court.]

The only matter that has been argued before us is whether defendant may lawfully be restrained from appropriating news taken from bulletins issued by complainant or any of its members, or from newspapers published by them, for the purpose of selling it to defendant's clients. . . . [N]otwithstanding the case has proceeded only to the stage of a preliminary injunction, we have deemed it proper to consider the underlying questions, since they go to the very merits of the action and are presented upon facts that are not in dispute. As presented in argument, these questions are: (1) Whether there is any property in news; (2) Whether, if there be property in news collected for the purpose of being published, it survives the instant of its

publication in the first newspaper to which it is communicated by the news-gatherer; and (3) whether defendant's admitted course of conduct in appropriating for commercial use matter taken from bulletins or early editions of Associated Press publications constitutes unfair competition in trade.

The federal jurisdiction was invoked because of diversity of citizenship, not upon the ground that the suit arose under the copyright or other laws of the United States. Complainant's news matter is not copyrighted. It is said that it could not, in practice, be copyrighted, because of the large number of dispatches that are sent daily; and, according to complainant's contention, news is not within the operation of the copyright act. Defendant, while apparently conceding this, nevertheless invokes the analogies of the law of literary property and copyright, insisting as its principal contention that, assuming complainant has a right of property in its news, it can be maintained (unless the copyright act be complied with) only by being kept secret and confidential, and that upon the publication with complainant's consent of uncopyrighted news of any of complainant's members in a newspaper or upon a bulletin board, the right of property is lost, and the subsequent use of the news by the public or by defendant for any purpose whatever becomes lawful. . . .

In considering the general question of property in news matter, it is necessary to recognize its dual character, distinguishing between the substance of the information and the particular form or collocation of words in which the writer has communicated it.

No doubt news articles often possess a literary quality, and are the subject of literary property at the common law; nor do we question that such an article, as a literary production, is the subject of copyright by the terms of the act as it now stands. . . .

But the news element -- the information respecting current events contained in the literary production -- is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day. It is not to be supposed that the framers of the Constitution, when they empowered Congress "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries" (Const. art. 1, § 8, par. 8), intended to confer upon one who might happen to be the first to report a historic event the exclusive right for any period to spread the knowledge of it.

. . . [E]xcept for matters improperly disclosed, or published in breach of trust or confidence, or in violation of law, none of which is involved in this branch of the case, the news of current events may be regarded as common property. What we are concerned with is the business of making it known to the world, in which both parties to the present suit are engaged. . . . The parties are competitors in this field; and, on fundamental principles, applicable here as elsewhere, when the rights or privileges of the one are liable to conflict with those of the other,

each party is under a duty so to conduct its own business as not unnecessarily or unfairly to injure that of the other. *Hitchman Coal & Coke Co. v. Mitchell*, 245 U. S. 229, 254.

Obviously, the question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business. The question here is not so much the rights of either party as against the public but their rights as between themselves. And, although we may and do assume that neither party has any remaining property interest as against the public in uncopyrighted news matter after the moment of its first publication, it by no means follows that there is no remaining property interest in it as between themselves. . . . Regarding the news, therefore, as but the material out of which both parties are seeking to make profits at the same time and in the same field, we hardly can fail to recognize that for this purpose, and as between them, it must be regarded as quasi property, irrespective of the rights of either as against the public. . . .

The question, whether one who has gathered general information or news at pains and expense for the purpose of subsequent publication through the press has such an interest in its publication as may be protected from interference, has been raised many times, although never, perhaps, in the precise form in which it is now presented.

[Justice Pitney's discussion of illustrative cases is omitted.]

Not only do the acquisition and transmission of news require elaborate organization and a large expenditure of money, skill, and effort; not only has it an exchange value to the gatherer, dependent chiefly upon its novelty and freshness, the regularity of the service, its reputed reliability and thoroughness, and its adaptability to the public needs; but also, as is evident, the news has an exchange value to one who can misappropriate it.

The peculiar features of the case arise from the fact that, while novelty and freshness form so important an element in the success of the business, the very processes of distribution and publication necessarily occupy a good deal of time. . . . [It] is a simple matter for defendant to take complainant's news from bulletins or early editions of complainant's members in the eastern cities and at the mere cost of telegraphic transmission cause it to be published in western papers issued at least as early as those served by complainant. Besides this, and irrespective of time differentials, irregularities in telegraphic transmission on different lines, and the normal consumption of time in printing and distributing the newspaper, result in permitting pirated news to be placed in the hands of defendant's readers sometimes simultaneously with the service of competing Associated Press papers, occasionally even earlier.

. . . The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not unreasonably interfering with complainant's right to make merchandise of it, may be admitted; but to transmit that news for commercial use, in competition with complainant -- which is what defendant has done and seeks to justify -- is a

very different matter. In doing this defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money, and which is salable by complainant for money, and that defendant in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped . . . The transaction speaks for itself and a court of equity ought not to hesitate long in characterizing it as unfair competition in business. . .

[Justice Pitney concludes that AP's action constituted a "publication for limited purposes" rather than "an abandonment of the news to the world for any and all purposes," and that, accordingly, AP is entitled to "a reasonable opportunity to obtain just returns for their expenditures.]

It is to be observed that the view we adopt does not result in giving to complainant the right to monopolize either the gathering or the distribution of the news, or, without complying with the copyright act, to prevent the reproduction of its news articles, but only postpones participation by complainant's competitor in the processes of distribution and reproduction of news that it has not gathered, and only to the extent necessary to prevent that competitor from reaping the fruits of complainant's efforts and expenditure, to the partial exclusion of complainant. and in violation of the principle that underlies the maxim "*sic utere tuo,*" etc.

It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical, cases of unfair competition. But we cannot concede that the right to equitable relief is confined to that class of cases. In the present case[,] . . . instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own.

Besides the misappropriation, there are elements of imitation, of false pretense, in defendant's practices. The device of rewriting complainant's news articles, frequently resorted to, carries its own comment. The habitual failure to give credit to complainant for that which is taken is significant. Indeed, the entire system of appropriating complainant's news and transmitting it as a commercial product to defendant's clients and patrons amounts to a false representation to them and to their newspaper readers that the news transmitted is the result of defendant's own investigation in the field. But these elements, although accentuating the wrong, are not the essence of it. It is something more than the advantage of celebrity of which complainant is being deprived. . . .

There is some criticism of the injunction that was directed by the District Court upon the going down of the mandate from the Circuit Court of Appeals. In brief, it restrains any taking or gainfully using of the complainant's news, either bodily or in substance from bulletins issued by the complainant or any of its members, or from editions of their newspapers, "*until its commercial value as news to the complainant and all of its members has passed away.*" The part complained of is the clause we have italicized; but if this be indefinite, it is no more so than the criticism. . . . But the case presents practical difficulties; and we have not the materials, either in the way of a definite suggestion of amendment, or in the way of proofs, upon which to frame a specific injunction; hence, while not expressing approval of the form adopted by the District Court, we decline to modify it at this preliminary stage of the case, and will leave that court to deal with the matter upon appropriate application made to it for the purpose.

The decree of the Circuit court of Appeals will be affirmed.

Mr. Justice HOLMES, dissenting.

When an uncopyrighted combination of words is published there is no general right to forbid other people repeating them-in other words there is no property in the combination or in the thoughts or facts that the words express. Property, a creation of law, does not arise from value, although exchangeable-a matter of fact. Many exchangeable values may be destroyed intentionally without compensation. Property depends upon exclusion by law from interference, and a person is not excluded from using any combination of words merely because some one has used it before, even if it took labor and genius to make it. If a given person is to be prohibited from making the use of words that his neighbors are free to make some other ground must be found. One such ground is vaguely expressed in the phrase unfair trade. This means that the words are repeated by a competitor in business in such a way as to convey a misrepresentation that materially injures the person who first used them, by appropriating credit of some kind which the first user has earned. The ordinary case is a representation by device, appearance, or other indirection that the defendant's goods come from the plaintiff. But the only reason why it is actionable to make such a representation is that it tends to give the defendant an advantage in his competition with the plaintiff and that it is thought undesirable that an advantage should be gained in that way. Apart from that the defendant may use such unpatented devices and uncopyrighted combinations of words as he likes. The ordinary case, I say, is palming off the defendant's product as the plaintiff's but the same evil may follow from the opposite falsehood-from saying whether in words or by implication that the plaintiff's product is the defendant's, and that, it seems to me, is what has happened here. . . .

Mr. Justice BRANDEIS, dissenting. . . .

No question of statutory copyright is involved. The sole question for our consideration is this: Was the International News Service properly enjoined from using, or causing to be used gainfully, news of which it acquired knowledge by lawful means (namely, by reading publicly posted bulletins or papers purchased by it in the open market) merely because the news had been originally gathered by the Associated Press and continued to be of value to some of its members, or because it did not reveal the source from which it was acquired? . . .

News is a report of recent occurrences. The business of the news agency is to gather systematically knowledge of such occurrences of interest and to distribute reports thereof. The Associated Press contended that knowledge so acquired is property, because it costs money and labor to produce and because it has value for which those who have it not are ready to pay; that it remains property and is entitled to protection as long as it has commercial value as news; and that to protect it effectively, the defendant must be enjoined from making, or causing to be made, any gainful use of it while it retains such value. An essential element of individual property is the legal right to exclude others from enjoying it. If the property is private, the right of exclusion may be absolute; if the property is affected with a public interest, the right of exclusion is qualified. But the fact that a product of the mind has cost its producer money and labor, and has a value for which others are willing to pay, is not sufficient to ensure to it this legal attribute of property. 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. Upon these incorporeal productions the attribute of property is continued after such communication only in certain classes of cases where public policy has seemed to demand it. These exceptions are confined to productions which, in some degree, involve creation, invention, or discovery. But by no means all such are endowed with this attribute of property. The creations which are recognized as property by the common law are literary, dramatic, musical, and other artistic creations; and these have also protection under the copyright statutes. The inventions and discoveries upon which this attribute of property is conferred only by statute, are the few comprised within the patent law. There are also many other cases in which courts interfere to prevent curtailment of plaintiff's enjoyment of incorporeal productions; and in which the right to relief is often called a property right, but is such only in a special sense. In those cases, the plaintiff has no absolute right to the protection of his production; he has merely the qualified right to be protected as against the defendant's acts, because of the special relation in which the latter stands or the wrongful method or means employed in acquiring the knowledge or the manner in which it is used. Protection of this character is afforded where the suit is based upon breach of contract or of trust or upon unfair competition.

The knowledge for which protection is sought in the case at bar is not of a kind upon which the law has heretofore conferred the attributes of property; nor is the manner of its acquisition or use nor the purpose to which it is applied, such as has heretofore been recognized as entitling a plaintiff to relief. . . .

Courts are ill-equipped to make the investigations which should precede a determination of the limitations which should be set upon any property right in news or of the circumstances under which news gathered by a private agency should be deemed affected with a public interest. Courts would be powerless to prescribe the detailed regulations essential to full enjoyment of the rights conferred or to introduce the machinery required for enforcement of such regulations. Considerations such as these should lead us to decline to establish a new rule of law in the effort to redress a newly disclosed wrong, although the propriety of some remedy appears to be clear.

Statutory Preemption (Copyright Law):

17 U.S.C. § 301

Preemption with respect to other laws

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. . . .

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or . . .

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 . . .

* * *

IDEA PROTECTION

MURRAY V. NATIONAL BROADCASTING CO., INC.

844 F.2d 988 (2d Cir. 1988)

ALTIMARI, CIRCUIT JUDGE:

[In the 1960s, Bill Cosby became the first African-American entertainer to star in a major network television series. In a 1965 interview, Cosby expressed his desire to create a situation comedy, located in a middle-class black neighborhood. Plaintiff Hwesu Murray, an employee of defendant NBC, claimed that, in 1980, he had proposed to NBC a “new” idea for a half-hour

situation comedy starring Bill Cosby. In a written proposal submitted to NBC, Murray described his series, called *Father's Day*, as “wholesome . . . entertainment” which “will focus upon the family life of a Black American family.” The leading character was to be the father, “a devoted family man and a compassionate, proud, authority figure.” Murray was asked to flesh out his proposal and did, indicating that he expected to be named executive producer and to receive compensation. Murray also allegedly told NBC that his ideas were being submitted in confidence. NBC rejected the proposal on November 21, 1980.

[In 1984, NBC launched *The Cosby Show*, starring Bill Cosby, about ordinary life in an upper middle-class black family. Murray wrote to NBC, asserting that *The Cosby Show* had been derived from his idea for *Father's Day*. NBC responded that the show was an outgrowth of the humor and style developed by Bill Cosby throughout his career, and further maintained that the show was developed and produced by an independent production company.

[The District Court considered whether Murray's idea was “property” that could be subject to legal protection under the rule articulated in *Downey v. General Foods Corp.*, 286 N.E.2d 257 (N.Y. 1972), that “[l]ack of novelty in an idea is fatal to *any* cause of action for its unlawful use” (emphasis in original). In focusing on the novelty of plaintiff's proposal, the District Court determined that Murray's idea was not subject to legal protection from unauthorized use because *Father's Day* merely combined two ideas which had been circulating in the industry for a number of years — namely, the family situation comedy, which was a standard formula, and the casting of black actors in non-stereotypical roles. The District Court granted the defendants' motion for summary judgment.]

. . . As the district court recognized, the dispositive issue in this case is whether plaintiff's idea is entitled to legal protection. Plaintiff points to “unique” — even “revolutionary” — aspects of his “Father's Day” proposal that he claims demonstrate “genuine novelty and invention,” see *Educational Sales Programs, Inc. v. Dreyfus Corp.*, 317 N.Y.S.2d 840, 844 (Sup. Ct. N.Y. Cty. 1970), which preclude the entry of summary judgment against him. Specifically, plaintiff contends that his idea suggesting the non-stereotypical portrayal of black Americans on television is legally protectible because it represents a real breakthrough. . . . Murray claims that the novelty of his idea subsequently was confirmed by the media and the viewing public which instantly recognized the “unique” and “revolutionary” portrayal of a black family on *The Cosby Show*.

We certainly do not dispute the fact that the portrayal of a non-stereotypical black family on television was indeed a breakthrough. Nevertheless, that breakthrough represents the achievement of what many black Americans, including Bill Cosby and plaintiff himself, have recognized for many years — namely, the need for a more positive, fair, and realistic portrayal of blacks on television. While NBC's decision to broadcast *The Cosby Show* unquestionably was innovative in the sense that an intact, non-stereotypical black family had never been portrayed on television before, the mere fact that such a decision had not been made before does not necessarily mean that the idea for the program is itself novel. See *Educational Sales Programs*, 317 N.Y.S.2d at 843 (“[n]ot every ‘good idea’ is a legally protectible idea”). . . .

We recognize of course that even novel and original ideas to a greater or lesser extent combine elements that are themselves not novel. Originality does not exist in a vacuum. Nevertheless, where, as here, an idea consists in essence of nothing more than a variation on a basic theme — in this case, the family situation comedy — novelty cannot be found to exist. . . . The addition to this basic theme of the portrayal of blacks in non-stereotypical roles does not alter our conclusion, especially in view of the fact that Bill Cosby previously had expressed a desire to do a situational comedy about a black family and that, as the district court found, Cosby's entire career has been a reflection of the positive portrayal of blacks and the black

family on television.

Appellant would have us believe that by interpreting New York law as we do, we are in effect condoning the theft of ideas. On the contrary, ideas that reflect “genuine novelty and invention” are fully protected against unauthorized use. *Educational Sales Programs*, 317 N.Y.S.2d at 844. But those ideas that are not novel “are in the public domain and may freely be used by anyone with impunity.” *Ed Graham Productions, [Inc. v. National Broadcasting Co.]*, 347 N.Y.S.2d [766,] at 769 [(Sup. Ct. N.Y. Cty. 1973)]. Since such non-novel ideas are not protectible as property, they cannot be stolen. . . .

Finally, as an alternative attack on the propriety of the district court’s order granting summary judgment, plaintiff posits that even if his idea was not novel as a matter of law, summary judgment still was inappropriate because his proposal was solicited by defendants and submitted to them in confidence. In this regard, Murray relies on *Cole v. Phillips H. Lord, Inc.*, 28 N.Y.S.2d 404 (1st Dep’t 1941). Murray contends that *Cole* stands for the proposition that when an idea is protected by an agreement or a confidential relationship, a cause of action arises for unauthorized use of that idea irrespective of the novelty of the subject matter of the contract. Plaintiff’s reliance on *Cole* is misplaced in light of subsequent cases, particularly the New York Court of Appeals decision in *Downey v. General Foods Corp.*, 286 N.E.2d 257 (N.Y. 1972). See also *Ferber v. Sterndent Corp.*, 412 N.E.2d 1311 (N.Y. 1980) (“[a]bsent a showing of novelty, plaintiff’s action to recover damages for illegal use of ‘confidentially disclosed ideas’ must fail as a matter of law”). . . .

Consequently, we find that New York law requires that an idea be original or novel in order for it to be protected as property. See *Downey*, 286 N.E.2d at 259. Since, as has already been shown, plaintiff’s proposal for “Father’s Day” was lacking in novelty and originality, we conclude that the district court correctly granted defendants’ motion for summary judgment.

. . . “[W]hen one submits an idea to another, no promise to pay for its use may be implied, and no asserted agreement enforced, if the elements of novelty and originality are absent. . . .” *Downey*, 286 N.E.2d at 259. As the district court recognized, non-novel ideas do not constitute property. As a result, there can be no cause of action for unauthorized use of Murray’s proposal since it was not unlawful for defendants to use a non-novel idea. We conclude, therefore, that the district court properly dismissed plaintiff’s state law claims for breach of implied contract, misappropriation, conversion, and unjust enrichment. . . .

Similarly, plaintiff’s fraud claim also fails, since, as the district court recognized, plaintiff “cannot be defrauded of property that he does not own.” . . .

Lastly, we find that Judge Cedarbaum correctly determined that plaintiff’s claim for false designation of origin, see Lanham Act § 43(a), 15 U.S.C. § 1125(a), regarding the credits to *The Cosby Show*, cannot survive in light of the court’s granting of summary judgment against plaintiff on the issue of novelty. Even assuming defendants used plaintiff’s idea, NBC’s failure to designate Murray as the creator of *The Cosby Show* does not mean that the credits to the program are false, since ideas in the public domain may be used with impunity and thus do not require attribution. . . . Affirmed.

GEORGE C. PRATT, CIRCUIT JUDGE, dissenting:

Today this court holds that the idea underlying what may well be the most successful situation comedy in television history was, in 1980, so unoriginal and so entrenched in the public domain that, as a matter of law, it did not constitute intellectual property protected under New York law. Because I am convinced that the novelty issue in this case presents a factual question subject to further discovery and ultimate scrutiny by a trier of fact, I respectfully dissent.

. . . Novelty, by its very definition, is highly subjective. As fashion, advertising, and television and radio production can attest, what is novel today may not have been novel 15 years ago, and what is commonplace today may well be novel 15 years hence. In this instance, where Cosby expressed the concept almost a decade and a half before Murray submitted his proposal, where it was Murray's idea that NBC actually used, where there is no evidence indicating NBC knew anything of the program idea until Murray submitted it, . . . and where substantial conflicting evidence exists as to the "novelty" of the idea under New York law, there seems to be at least a triable issue.

The majority's decision prematurely denies Murray a fair opportunity to establish his right to participate in the enormous wealth generated by *The Cosby Show*. Accordingly, I would reverse the district court judgment and remand the case for further consideration.

* * *

RIGHT OF PUBLICITY

Oxford History: 273-274

Case Law:

WHITE V. SAMSUNG ELECTRONICS AMERICA, INC.

971 F.2d 1395 (9th Cir 1992)

GOODWIN, CIRCUIT JUDGE:

This case involves a promotional "fame and fortune" dispute. In running a particular advertisement without Vanna White's permission, defendants Samsung Electronics America, Inc. (Samsung) and David Deutsch Associates, Inc. (Deutsch) attempted to capitalize on White's fame to enhance their fortune. . . .

Plaintiff Vanna White is the hostess of "Wheel of Fortune," one of the most popular game shows in television history. An estimated forty million people watch the program daily. Capitalizing on the fame which her participation in the show has bestowed on her, White markets her identity to various advertisers.



The dispute in this case arose out of a series of advertisements prepared for Samsung by Deutsch. The series ran in at least half a dozen publications with widespread, and in some cases national, circulation. Each of the advertisements in the series followed the same theme. Each depicted a current item from popular culture and a Samsung electronic product. Each was set in the twenty-first century and conveyed the message that the Samsung product would still be in use by that time. By hypothesizing outrageous future outcomes for the cultural items, the ads created humorous effects. For example, one lampooned current popular notions of an unhealthy diet by depicting a raw steak with the caption: "Revealed to be health food. 2010 A.D." Another depicted irreverent "news"-show host Morton Downey Jr. in front of an American flag with the caption: "Presidential candidate. 2008 A.D."

The advertisement which prompted the current dispute was for Samsung video-cassette recorders (VCRs). The ad depicted a robot, dressed in a wig, gown, and jewelry which Deutsch consciously selected to resemble White's hair and dress. The robot was posed next to a game board which is instantly recognizable as the Wheel of Fortune game show set, in a stance for which White is famous. The caption of the ad read: "Longest-running game show. 2012 A.D." Defendants referred to the ad as the "Vanna White" ad. Unlike the other celebrities used in the campaign, White neither consented to the ads nor was she paid.

Following the circulation of the robot ad, White sued Samsung and Deutsch in federal district court under: (1) California Civil Code § 3344; (2) the California common law right of publicity; and (3) § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The district court granted summary judgment against White on each of her claims. White now appeals.

[The Ninth Circuit agreed with the District Court that "the robot at issue here was not White's 'likeness' within the meaning" of the California statute but concluded, as to § 43(a) that there remained a genuine issue of material fact as to whether the ad created a likelihood of confusion concerning White's endorsement of the product.]

Right of Publicity

White next argues that the district court erred in granting summary judgment to defendants on White's common law right of publicity claim. In *Eastwood v. Superior Court*, 149 Cal. App. 3d 409 (1983), the California court of appeal stated that the common law right of publicity cause of action "may be pleaded by alleging (1) the defendant's use of the plaintiff's identity; (2) the appropriation of plaintiff's name or likeness to defendant's advantage, commercially or otherwise; (3) lack of consent; and (4) resulting injury." *Id.* at 417 (citing Prosser, LAW OF TORTS (4th ed. 1971) § 117, pp. 804-807). The district court dismissed White's claim for failure to satisfy Eastwood's second prong, reasoning that defendants had not appropriated White's "name or likeness" with their robot ad. We agree that the robot ad did not make use of White's name or likeness. However, the common law right of publicity is not so confined. . . .

In [*Midler v. Ford Motor Co.*, 849 F.2d 460 (9th Cir. 1988)], this court held that, even though the defendants had not used [singer Bette] Midler's name or likeness [in a Ford television commercial employing a "sound-alike" to sing a song that Midler had made famous], Midler had stated a claim for violation of her California common law right of publicity because "the defendants . . . for their own profit in selling their product did appropriate part of her identity" by using a Midler sound-alike. *Id.* at 463-64.

In *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831 (6th Cir. 1983), the defendant had marketed portable toilets under the brand name "Here's Johnny" — Johnny Carson's signature "Tonight Show" introduction — without Carson's permission. The district court had dismissed Carson's Michigan common law right of publicity claim because the defendants had not used Carson's "name or likeness." *Id.* at 835. In reversing the district court, the sixth circuit

found “the district court’s conception of the right of publicity . . . too narrow” and held that the right was implicated because the defendant had appropriated Carson’s identity by using, *inter alia*, the phrase “Here’s Johnny.” *Id.* at 835-37.

These cases teach not only that the common law right of publicity reaches means of appropriation other than name or likeness, but that the specific means of appropriation are relevant only for determining whether the defendant has in fact appropriated the plaintiff’s identity. . . . As the *Carson* court explained:

[T]he right of publicity has developed to protect the commercial interest of celebrities in their identities. The theory of the right is that a celebrity’s identity can be valuable in the promotion of products, and the celebrity has an interest that may be protected from the unauthorized commercial exploitation of that identity. . . . If the celebrity’s identity is commercially exploited, there has been an invasion of his right whether or not his “name or likeness” is used.

Carson, 698 F.2d at 835. It is not important how the defendant has appropriated the plaintiff’s identity, but whether the defendant has done so. . . .

Viewed separately, the individual aspects of the advertisement in the present case say little. Viewed together, they leave little doubt about the celebrity the ad is meant to depict. The female-shaped robot is wearing a long gown, blond wig, and large jewelry. Vanna White dresses exactly like this at times, but so do many other women. The robot is in the process of turning a block letter on a game-board. Vanna White dresses like this while turning letters on a game-board but perhaps similarly attired Scrabble-playing women do this as well. The robot is standing on what looks to be the Wheel of Fortune game show set. Vanna White dresses like this, turns letters, and does this on the Wheel of Fortune game show. She is the only one. Indeed, defendants themselves referred to their ad as the “Vanna White” ad. We are not surprised.

Television and other media create marketable celebrity identity value. Considerable energy and ingenuity are expended by those who have achieved celebrity value to exploit it for profit. The law protects the celebrity’s sole right to exploit this value whether the celebrity has achieved her fame out of rare ability, dumb luck, or a combination thereof. We decline Samsung and Deutsch’s invitation to permit the evisceration of the common law right of publicity through means as facile as those in this case. Because White has alleged facts showing that Samsung and Deutsch had appropriated her identity, the district court erred by rejecting, on summary judgment, White’s common law right of publicity claim. . . .

The Parody Defense

[The defendants also argued] that their robot ad constituted protected speech. . . . This case involves a true advertisement run for the purpose of selling Samsung VCRs. The ad’s spoof of Vanna White and Wheel of Fortune is subservient and only tangentially related to the ad’s primary message: “buy Samsung VCRs.” Defendants’ parody arguments are better addressed to non-commercial parodies. The difference between a “parody” and a “knock-off” is the difference between fun and profit. . . .

Conclusion

In remanding this case, we hold only that White has pleaded claims which can go to the jury for its decision.

DISSENT FROM REJECTION OF SUGGESTION FOR REHEARING EN BANC

989 F.2d 1512 (1993)

KOZINSKI, CIRCUIT JUDGE, with whom CIRCUIT JUDGES O'SCANLAIN and KLEINFELD join, dissenting from the order rejecting the suggestion for rehearing en banc.

I

Saddam Hussein wants to keep advertisers from using his picture in unflattering contexts.² Clint Eastwood doesn't want tabloids to write about him.³ Rudolph Valentino's heirs want to control his film biography.⁴ The Girl Scouts don't want their image soiled by association with certain activities.⁵ George Lucas wants to keep Strategic Defense Initiative fans from calling it "Star Wars."⁶ Pepsico doesn't want singers to use the word "Pepsi" in their songs.⁷ Guy Lombardo wants an exclusive property right to ads that show big bands playing on New Year's Eve.⁸ Uri Geller thinks he should be paid for ads showing psychics bending metal through telekinesis.⁹ Paul Prudhomme, that household name, thinks the same about ads featuring corpulent bearded chefs.¹⁰ And scads of copyright holders see purple when their creations are made fun of. . . .

Something very dangerous is going on here. Private property, including intellectual property, is essential to our way of life. It provides an incentive for investment and innovation; it stimulates the flourishing of our culture; it protects the moral entitlements of people to the fruits of their labors. But reducing too much to private property can be bad medicine. Private land, for instance, is far more useful if separated from other private land by public streets, roads and highways. Public parks, utility rights-of-way and sewers reduce the amount of land in private hands, but vastly enhance the value of the property that remains.

So too it is with intellectual property. Overprotecting intellectual property is as harmful as underprotecting it. Creativity is impossible without a rich public domain. Nothing today, likely nothing since we tamed fire, is genuinely new: 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.¹¹

The panel's opinion is a classic case of overprotection. Concerned about what it sees as a wrong done to Vanna White, the panel majority erects a property right of remarkable and

² See Eben Shapiro, *Rising Caution on Using Celebrity Images*, N.Y. Times, Nov. 4, 1992, at D20 (Iraqi diplomat objects on right of publicity grounds to ad containing Hussein's picture and caption "History has shown what happens when one source controls all the information").

³ *Eastwood v. Superior Court*, 149 Cal. App. 3d 409, 198 Cal. Rptr. 342 (1983).

⁴ *Guglielmi v. Spelling-Goldberg Prods.*, 25 Cal. 3d 860, 160 Cal. Rptr. 352, 603 P.2d 454 (1979) (Rudolph Valentino).

⁵ *Girl Scouts v. Personality Posters Mfg.*, 304 F. Supp. 1228 (S.D.N.Y. 1969) (poster of a pregnant girl in a Girl Scout uniform with the caption "Be Prepared").

⁶ *Lucasfilm Ltd. v. High Frontier*, 622 F. Supp. 931 (D.D.C. 1985).

⁷ Pepsico Inc. claimed the lyrics and packaging of grunge rocker Tad Doyle's "Jack Pepsi" song were "offensive to [it] and [are] likely to offend [its] customers," in part because they "associate [Pepsico] and its Pepsi marks with intoxication and drunk driving." Russell, *Doyle Leaves Pepsi Thirsty for Compensation*, Billboard, June 15, 1991, at 43. Conversely, the Hell's Angels recently sued Marvel Comics to keep it from publishing a comic book called "Hell's Angel," starring a character of the same name. Marvel settled by paying \$35,000 to charity and promising never to use the name "Hell's Angel" again in connection with any of its publications. Marvel, *Hell's Angels Settle Trademark Suit*, L.A. Daily J., Feb. 2, 1993, § II, at 1.

⁸ *Lombardo v. Doyle, Dane & Bernbach, Inc.*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (1977).

⁹ *Geller v. Fallon McElligott*, No. 90-Civ-2839 (S.D.N.Y. July 22, 1991) (involving a Timex ad).

¹⁰ *Prudhomme v. Procter & Gamble Co.*, 800 F. Supp. 390 (E.D. La. 1992).

¹¹ See Wendy J. Gordon, *A Property Right in Self Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 Yale L.J. 1533 (1993).

dangerous breadth: Under the majority's opinion, it's now a tort for advertisers to remind the public of a celebrity. Not to use a celebrity's name, voice, signature or likeness; not to imply the celebrity endorses a product; but simply to evoke the celebrity's image in the public's mind. This Orwellian notion withdraws far more from the public domain than prudence and common sense allow. It conflicts with the Copyright Act and the Copyright Clause. It raises serious First Amendment problems. It's bad law, and it deserves a long, hard second look.

II

. . . The district judge quite reasonably held that, because Samsung didn't use White's name, likeness, voice or signature, it didn't violate her right of publicity. Not so, says the panel majority: The California right of publicity can't possibly be limited to name and likeness. If it were, a "clever advertising strategist" could avoid using White's name or likeness but nevertheless remind people of her with impunity, "effectively eviscerating" her rights. To prevent this "evisceration," the panel majority holds that the right of publicity must extend beyond name and likeness, to any "appropriation" of White's "identity" — anything that "evokes" her personality.

III

But what does "evisceration" mean in intellectual property law? Intellectual property rights aren't like some constitutional rights, absolute guarantees protected against all kinds of interference, subtle as well as blatant. They cast no penumbras, emit no emanations: The very point of intellectual property laws is that they protect only against certain specific kinds of appropriation. I can't publish unauthorized copies of, say, PRESUMED INNOCENT; I can't make a movie out of it. But I'm perfectly free to write a book about an idealistic young prosecutor on trial for a crime he didn't commit. So what if I got the idea from PRESUMED INNOCENT? So what if it reminds readers of the original? Have I "eviscerated" Scott Turow's intellectual property rights? Certainly not. All creators draw in part on the work of those who came before, referring to it, building on it, poking fun at it; we call this creativity, not piracy.

The majority isn't, in fact, preventing the "evisceration" of Vanna White's existing rights; it's creating a new and much broader property right, a right unknown in California law. . . .

The panel is giving White an exclusive right not in what she looks like or who she is, but in what she does for a living.

This is entirely the wrong place to strike the balance. Intellectual property rights aren't free: They're imposed at the expense of future creators and of the public at large. Where would we be if Charles Lindbergh had an exclusive right in the concept of a heroic solo aviator? If Arthur Conan Doyle had gotten a copyright in the idea of the detective story, or Albert Einstein had patented the theory of relativity? If every author and celebrity had been given the right to keep people from mocking them or their work? Surely this would have made the world poorer, not richer, culturally as well as economically.

This is why intellectual property law is full of careful balances between what's set aside for the owner and what's left in the public domain for the rest of us: The relatively short life of patents; the longer, but finite, life of copyrights; copyright's idea-expression dichotomy; the fair use doctrine; the prohibition on copyrighting facts; the compulsory license of television broadcasts and musical compositions; federal preemption of overbroad state intellectual property laws; the nominative use doctrine in trademark law; the right to make soundalike recordings. All of these diminish an intellectual property owner's rights. All let the public use something created by someone else. But all are necessary to maintain a free environment in which creative genius can flourish.

The intellectual property right created by the panel here has none of these essential limitations: No fair use exception; no right to parody; no idea-expression dichotomy. It impoverishes the public domain, to the detriment of future creators and the public at large. Instead of well-defined, limited characteristics such as name, likeness or voice, advertisers will now have to cope with vague claims of "appropriation of identity," claims often made by

people with a wholly exaggerated sense of their own fame and significance. . . .

IV

The panel, however, does more than misinterpret California law: By refusing to recognize a parody exception to the right of publicity, the panel directly contradicts the federal Copyright Act. Samsung didn't merely parody Vanna White. It parodied Vanna White appearing in "Wheel of Fortune," a copyrighted television show, and parodies of copyrighted works are governed by federal copyright law. . . .

The majority's decision decimates this federal scheme. It's impossible to parody a movie or a TV show without at the same time "evoking" the "identities" of the actors. You can't have a mock Star Wars without a mock Luke Skywalker, Han Solo and Princess Leia, which in turn means a mock Mark Hamill, Harrison Ford and Carrie Fisher. You can't have a mock Batman commercial without a mock Batman, which means someone emulating the mannerisms of Adam West or Michael Keaton. . . . The public's right to make a fair use parody and the copyright owner's right to license a derivative work are useless if the parodist is held hostage by every actor whose "identity" he might need to "appropriate." . . .

V

[Judge Kozinski concludes also that the majority's decision, owing to the breadth of the protection it affords, conflicts with the U.S. Constitution's "dormant Commerce Clause," under which state intellectual property laws can stand only so long as they do not "prejudice the interests of other States" (*citing Goldstein v. California*, 412 U.S. 546, 558 (1973).]

VI

Finally, I can't see how giving White the power to keep others from evoking her image in the public's mind can be squared with the First Amendment. Where does White get this right to control our thoughts? The majority's creation goes way beyond the protection given a trademark or a copyrighted work, or a person's name or likeness. All those things control one particular way of expressing an idea, one way of referring to an object or a person. But not allowing any means of reminding people of someone? That's a speech restriction unparalleled in First Amendment law.²⁸

What's more, I doubt even a name-and-likeness-only right of publicity can stand without a parody exception. The First Amendment isn't just about religion or politics — it's also about protecting the free development of our national culture. Parody, humor, irreverence are all vital components of the marketplace of ideas. The last thing we need, the last thing the First Amendment will tolerate, is a law that lets public figures keep people from mocking them, or from "evoking" their images in the mind of the public.

The majority dismisses the First Amendment issue out of hand. . . .

VII

For better or worse, we are the Court of Appeals for the Hollywood Circuit. Millions of people toil in the shadow of the law we make, and much of their livelihood is made possible by the existence of intellectual property rights. But much of their livelihood — and much of the vibrancy of our culture — also depends on the existence of other intangible rights: the right to draw ideas from a rich and varied public domain, and the right to mock, for profit as well as fun, the cultural icons of our time.

In the name of avoiding the "evisceration" of a celebrity's rights in her image, the majority diminishes the rights of copyright holders and the public at large. In the name of fostering creativity, the majority suppresses it. Vanna White and those like her have been given something they never had before, and they've been given it at our expense. I cannot agree.

Assuming Protection, What Duration?: Life; Life-Plus; Perpetual?

