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INTELLECTUAL PROPERTY LITIGATION

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'Tufenkian Import/Export Ventures': On 'Inexact' Copies of a Work

ONE OF THE most difficult problems in copyright law concerns "inexact" or "non-literal" copies of a work — copies that resemble the original copyrighted work, but do not literally copy any significant portion of it. As the U.S. Court of Appeals for the Second Circuit wrote last month in *Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc.*, 2003 WL 21750634 (2d Cir. July 30, 2003), "jurists have long been vexed by the task of precisely identifying that which separates inexact copies that infringe from those that do not."

Dozens of courts have quoted Learned Hand's famous formulation in *Nichols v. Universal Pictures Corp.*, 45 F2d 119, 121 (2d Cir. 1930): "Upon any work, ... a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out [B]ut there is a point in this series of abstractions where they are no longer protected Nobody has ever been able to fix that boundary, and nobody ever can."

'Total Concept and Overall Feel'

Since its decision in *Reyher v. Children's Television Workshop*, 533 F2d 87 (2d Cir. 1976), the Second Circuit has occasionally approached the problem of nonliteral copying by comparing the "total concept and overall feel" of the two works — a test that first appeared in a 1970 U.S. Court of Appeals for the Ninth Circuit decision, *Roth Greeting Cards v. United Card Co.*, 429 F2d 1106 (9th Cir. 1970). That test has been criticized for "subvert[ing] the very essence of copyright" by appearing to protect concepts — which, as ideas, are not protected by the Copyright Act — and for encouraging courts to consider the

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amorphous "feel" of a copyrighted work. 4 Nimmer on Copyright §13.03[A][1][c] (2003). The U.S. Court of Appeals for the Eleventh Circuit believes that the doctrine "creates a danger of unwittingly extending copyright

In 'Tufenkian,' the district court referred to the total concept and feel test in granting summary judgment that defendant's rug design was not substantially similar to that of plaintiff's rug.

protection to unoriginal aspects of the work." *Leigh v. Warner Bros. Inc.*, 212 F3d 1210, 1215 (11th Cir. 2000).

In *Tufenkian*, the district court referred to the total concept and feel test in granting summary judgment that defendant's rug design was not substantially similar to that of plaintiff's rug. While defendant had concededly copied aspects of plaintiff's design, each rug drew heavily upon classical Indian and Persian designs. On appeal, the Second Circuit used the opportunity to mount a defense of the doctrine as a necessary part of copyright analysis in certain cases: "Essentially, the

total-concept-and-feel locution functions as a reminder that, while the infringement analysis must *begin* by dissecting the copyrighted work into its component parts in order to clarify precisely what is not original, infringement analysis is not *simply* a matter of ascertaining similarity between components viewed in isolation." (Emphasis in original.)

No work is totally original: "[A]ll creative works draw on the common wellspring that is the public domain." While a defendant may infringe by literal copying, infringement may also occur "by parroting properties that are apparent only when numerous aesthetic decisions embodied in the plaintiff's work of art" — including the combination of public domain elements with new material — "are considered in relation to one another."

In applying the test to visual works, the panel said, "we generally have taken care to identify precisely the particular aesthetic decisions — original to the plaintiff and copied by the defendant — that might be thought to make the designs similar in the aggregate."

Ironically, the court went on to consider the two works at issue without explicitly ruling upon their "concept" or "feel." Instead, the panel closely analyzed plaintiff's arrangement, selection and alteration of public domain elements and found many of the same artistic judgments reflected in defendant's design. On that basis, the Court not only reversed summary judgment for defendant, but held that the two works were substantially similar as a matter of law, concluding that "this is one of those relatively unusual cases in which the infringing work has copied the original and 'particular' or 'same' selections embodied in the allegedly infringed upon work."

Whether or not its views are dictum, *Tufenkian* makes plain that "total concept and feel," whatever its faults, is alive and well, at least in the Second Circuit.

Trademark

In *In re Les Halles de Paris J.V.*, 334 F3d 1371 (Fed. Cir. 2003), the U.S. Court of Appeals for the Federal Circuit reversed a

Trademark Trial and Appeal Board decision that a trade name for a New York French kosher restaurant could not be registered on the ground that the name is not descriptively correct geographically. The restaurant's mark, Le Marais, is the name of a well-known Jewish neighborhood in Paris. Following its May 2003 decision in *In re California Innovations, Inc.*, 329 F3d 1334 (Fed.Cir.2003), the court held that, under the amendments to the Lanham Act mandated by the North American Free Trade Agreement, registration can be denied on this ground only where "(1) the primary significance of the mark is a generally known geographic location, (2) the consuming public is likely to believe the place identified by the mark indicates the origin of the goods [or services] bearing the mark, when in fact the goods [or services] do not come from that place, and (3) the misrepresentation was a material factor in the consumer's decision." Finding that the board had used an improper, pre-NAFTA standard and that the evidence showed only that the restaurant "conjures up memories or images of the Le Marais area of Paris," the court remanded for further consideration.

Under the doctrine of licensee estoppel, one who licenses intellectual property is generally estopped from challenging the validity of the licensed property in later disputes. In *Lear Inc. v. Adkins*, 395 US 653 (1969), the Court recognized an exception to that rule in patent cases, finding that the "strong public policy" favoring the free use of public domain ideas overrides the interest in enforcing private contracts. Reading *Lear* broadly, the Second Circuit held that licensee estoppel also does not apply to certification marks. *Idaho Potato Commission v. M&M Produce Farm & Sales*, 335 F3d 130 (2d Cir. 2003). Unlike traditional trademarks, certification marks — such as the Idaho potato mark before the Second Circuit — are designed to signify that goods have a particular geographic origin or meet particular quality standards and certification-mark owners cannot arbitrarily refuse to license the mark to qualified producers. The court determined that allowing estoppel would prevent present or past licensees from effectively policing the licensor's "obligation not to interfere with a free market for products meeting the certification criteria."

Copyright

In a major victory for copyright holders, the U.S. Court of Appeals for the Seventh Circuit became the second Court of Appeals to sustain an injunction against a peer-to-peer file-sharing service. In *re Aimster Copyright Litigation*, 334 F3d 643 (7th Cir. 2003). The Aimster service provided software that enabled users to identify files of interest located on the hard drives of other users —

often unauthorized copies of music files — and obtain copies sent as attachments to "instant messages" transferred through services such as America Online. The court rejected Aimster's argument that it lacked knowledge of illegal activity because an encryption feature it had built into the system prevented it from acquiring knowledge about what copyrights were being infringed by whom, calling its choice to provide for encryption an act of "willful blindness."

While the *Aimster* court reached the same result as the U.S. Court of Appeals for the Ninth Circuit in *A&M Records Inc. v. Napster Inc.*, 239 F3d 1004 (9th Cir. 2001), it did so through a different analysis. Imposing a sort of economic balancing test for contributory infringement, the court wrote that "if the infringing uses are substantial then to avoid liability as a contributory infringer the provider of the service must show that it would have been disproportionately costly for him to eliminate or at least reduce substantially the infringing uses." That holding arguably imposes a duty upon providers of goods or services used for infringing purposes to take effective steps to prevent copyright violations.

Taking an extremely accommodating view of the recovery of damages under the Copyright Act, the U.S. Court of Appeals for the Eighth Circuit sustained an award of \$570,000 in defendant's profits resulting from the use of 10 words from plaintiff's copyrighted work in a television ad for Audi's TT Coupe automobile. *Andreas v. Volkswagen of America, Inc.*, 2003 WL 21688111 (8th Cir. July 21, 2003). The award equaled 10 percent of Audi's profits from total sales of the car during the six months the commercial was broadcast.

The court observed that the statute does not distinguish between direct profits — profits on the sale of an infringing work — from indirect profits, earned when an infringing work is itself used to sell another product. Plaintiff had met its burden to show a nexus between the infringement and car sales, through evidence that the infringing words were a central element of the commercial, that the commercial was an important part of the launch of the TT Coupe, that sales were above projections while the commercial aired and that the commercials did well on consumer recall tests. Applying a deferential standard of review, the court was unwilling to disturb the jury's verdict that 10 percent of Audi's profits were attributable to the infringement.

Schering Corp. v. Geneva Pharmaceuticals, Inc., 2003 WL 21767852 (Fed. Cir. Aug. 1, 2003) applied the controversial doctrine of inherent anticipation to invalidate a patent concerning Schering's anti-allergy drug Claritin. A patent is invalid for anticipation if

a single prior art reference discloses each limitation of the claimed invention. A limitation may be inherently anticipated if it is "necessarily present, or inherent" in a single reference.

An expired Schering patent disclosed loratadine, Claritin's active ingredient. A later Schering patent claimed a metabolite of loratadine (a metabolite is a compound formed in the body when a drug is ingested). The Federal Circuit found that the earlier patent inherently anticipated the patent on the metabolite, reasoning that formation of the metabolite is a "necessary consequence" of administration of loratadine. In so doing, the court rejected Schering's argument that inherent anticipation requires that persons of ordinary skill in the art actually recognize the disclosure — it is sufficient that the claimed invention was deliberately produced. The court took pains, however, to point out that its ruling does not preclude all patent protection for metabolites of known drugs. Patents may be available for metabolites in pure form or for methods of administering the metabolite.

A group of drug patents on the over-the-counter drug Imodium also were invalidated in *McNeil-PPC, Inc. v. L. Perrigo Co.*, 2003 WL 21767851 (Fed. Cir. Aug. 1, 2003). As the original Imodium patents were set to expire, McNeil obtained a new set of patents, including claims combining Imodium's active ingredient with a well-known anti-gas drug. The resulting variant of Imodium was marketed as a remedy for both diarrhea and flatulence. After a bench trial, a district court held the patents invalid as obvious, finding, that the elements of the claimed combination were well known, that there was motivation to combine them and that McNeil had not shown unexpected or synergistic results.

The trial court also awarded defendants their attorney's fees, delivering a blistering attack on McNeil for devising a "scheme for extending the life of a drug about to go off patent ... without the slightest regard for the intent and purposes of the patent laws." While affirming the trial court's obviousness holding, the Federal Circuit reversed the award of fees. The Court of Appeals noted that it had never previously upheld an award of attorney's fees for attempting to enforce a presumptively valid patent "in the absence of clear and convincing evidence of inequitable conduct or misconduct during litigation," both of which were absent in the case before it.

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