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Intellectual Property

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INTELLECTUAL PROPERTY

INTRODUCTION

Four related legal subjects—patents, trade secrets, trademarks and copyrights—are customarily placed under the rubric of intellectual property because each deals with the protection afforded property rights in discovered knowledge. Although the court considered cases in each area this past term, decisions concerning patent issues continue to be the most numerous and most important. However, each of the four areas of intellectual property law are discussed separately below. Each discussion is preceded by a summary of the issues dealt with by the court in that area.

I. PATENTS

The bestowal of an exclusive privilege on one person forbids its exercise by any other, and thus appropriates to that person the benefits which otherwise would have remained, or which might have become, the property of all.¹ A patent, as a grant to an inventor of the exclusive right to make, use and vend his or her invention for a limited period of time,² is such a privilege. This past term the Ninth Circuit continued its practice of subjecting patents to harsh scrutiny in order to deny the privilege to any patent holders unqualified under the federal statutory scheme. The Ninth Circuit thus provided a good example of the increasing strictness with which patent validity is examined by the courts.³

1. See 1 W. ROBINSON, *THE LAW OF PATENTS* § 12 (1890).

2. See 35 U.S.C. § 271 (1970).

3. See CALIFORNIA CONTINUING EDUCATION OF THE BAR, *ATTORNEY'S GUIDE TO TRADE SECRETS* § 1.2 (1971) [hereinafter cited as *TRADE SECRETS*].

During the period from 1961 to 1970, the Ninth Circuit invalidated 75 of 101 (74%) patents litigated. See Horn & Epstein, *The Federal Courts' View of Patents—A Different View*, 55 J. PATENT OFFICE SOC'Y 134, 146 (1973). Some commentators have argued that the courts are not anti-patent, even though from the objective point of view of a healthy patent system, far too many patents are declared invalid. Instead, these commentators contend that the high rate of patent invalidity is caused "by the system which unfortunately encourages the issuance of questionable patents," rather than by any anti-patent bias of the courts. *Id.* at 136.

The amount of time spent by the Patent Office in evaluating patent applications seems inadequate in light of our sophisticated present day technology. The average pa-

No new standards for judging patent validity were pronounced by the court in the four patent cases considered during the survey period, but the court may have applied an older, stricter test than is statutorily required to a question of non-obviousness,⁴ and narrowed the applicability of the presumption of patent validity.⁵ The term also witnessed a continuation of the struggle to formulate rules regarding the use of secondary considerations in determining patentability, a struggle which is revealed by a comparison of cases in this circuit and other circuits.⁶ To be judged valid, a patent must meet three specific statutory standards: utility,⁷ novelty⁸ and non-obviousness.⁹ The cases discussed below focus on issues relating to novelty and non-obviousness.

A. NOVELTY

Patentable novelty, or statutory newness, concerns the means by which inventors reduce their ideas to practical application.¹⁰ For patentability, novelty must be accompanied by

ment receives only 15 hours of review. Kozinski, *A Market-Oriented Revision of the Patent System*, 1974 PATENT L. REV. 111, 129. Moreover, in the years between 1968 and 1972, the number of patent applications increased by almost 15% while the average number of patent examiners decreased from 1,599 to 1,576. *Id.*

Once a patent is issued, the only manner in which its validity may be tested is through litigation. The United States Supreme Court has adopted a policy of promoting early challenges to patent validity. See *Blonder-Tongue Laboratories v. University of Ill. Foundation*, 402 U.S. 313, 344-45 (1971), and cases cited therein. This policy is based on the Court's awareness that a patent is an exception to the general rule disfavoring monopolies and restrictions on the right to access to a free market. The Court has stated:

The far-reaching social and economic consequences of a patent . . . give the public a paramount interest in seeing that . . . such monopolies are kept within their legitimate scope.

Precision Instrument Mfg. Co. v. Automatic Maintenance Mach. Co., 324 U.S. 806, 816 (1945), cited in *Blonder-Tongue Laboratories v. University of Ill. Foundation*, *supra* at 343.

4. See *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131 (9th Cir. Mar., 1975).

5. See *id.*

6. Compare *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131 (9th Cir. Mar., 1975), *Rex Chainbelt, Inc. v. Harco Prods.*, 512 F.2d 993 (9th Cir. Feb., 1975), and *Reeves Inst. Corp. v. Beckman Insts., Inc.*, 444 F.2d 263 (9th Cir. 1971), with *Williamson-Dickie Mfg. Co. v. Hortex, Inc.*, 504 F.2d 983 (5th Cir. 1974), *Van Gorp Mfg. v. Townley Indus. Plastics, Inc.*, 464 F.2d 16 (5th Cir. 1972), and *Shelco, Inc. v. Dow Chem. Co.*, 466 F.2d 613 (7th Cir. 1972).

7. 35 U.S.C. § 101 (1970). Utility signifies that an invention is capable of being beneficially useful for the purpose for which it was invented; it must be operative; it must not constantly expose the user to death or great bodily harm, but it need not operate perfectly. 60 AM. JUR. 2d *Patents* § 45, at 361 (1972).

8. 35 U.S.C. § 102 (1970).

9. *Id.* § 103.

10. See 1 A. DELLER, *WALKER ON PATENTS* § 55 (2d ed. 1964).

invention—the quality of originality that causes a court to exclaim “here an inventor labored.”¹¹ Anticipation, which exists when there has been prior disclosure of a thing substantially identical with the claimed invention,¹² is the antithesis of novelty. Anticipation is the doctrine under which a claimed invention, which has been patented or described in a printed publication prior to the invention or discovery by the applicant, is properly rejected by the Commissioner of Patents or, if a patent has issued thereon, is held invalid by the courts.¹³

The defendant in *Schroeder v. Owens-Corning Fiberglas Corp.*,¹⁴ when accused of infringing plaintiff's patent, asserted that the patent was invalid for anticipation and for obviousness in view of an earlier patent and a trade brochure of another firm. The patented material was valuable because it minimized deficiencies in similar material used prior to that time, and the patent holders argued that they had produced results unparalleled in the prior art¹⁵ by their combination of structural components used in the past. The parties differed over whether this structural combination was actually unique.

If novelty exists by virtue of a unique combination, a patent cannot be invalidated for anticipation. Anticipation only arises if the invention and the subject of a single prior art reference perform the same function in the same situation by combining the same elements in the same way.¹⁶ Because the district court in *Schroeder* had found that one element of the challenged invention was not revealed by the prior art, a Ninth Circuit panel decided that it was error to declare the patent invalid as anticipated without permitting the trier of fact to resolve the question of whether the added element rendered the combination novel.¹⁷

In another patent infringement action, *Rex Chainbelt, Inc. v.*

11. See *id.* § 56, quoting *National Slug Rejectors v. A.B.T. Mfg. Corp.*, 164 F.2d 333, 336 (7th Cir.), *cert. denied*, 333 U.S. 832 (1947).

12. See 1 A. DELLER, *supra* note 10, § 57.

13. *Id.* § 54.

14. 514 F.2d 901 (9th Cir. Apr., 1975).

15. “Prior art” refers to the level of technology (*i.e.*, the nature and complexity of inventions) in a particular field. See BLACK'S LAW DICTIONARY 143 (4th ed. 1951).

16. See *Cool-Fin Electronics Corp. v. International Electronic Research Corp.*, 491 F.2d 660, 662 (9th Cir. 1974); *Ceramic Tilers Supply, Inc. v. The Council of America*, 378 F.2d 283, 284 (9th Cir. 1967); *Walker v. General Motors Corp.*, 362 F.2d 56, 68 (9th Cir. 1966).

17. 514 F.2d at 904.

Harco Products, Inc.,¹⁸ a patent holder attempted to prove the novelty of its approach to a recognized problem by asserting that its patented product filled a long-felt need and was commercially successful.¹⁹ In *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*,²⁰ the Supreme Court considered the same argument and rejected it. The *Rex* court followed *A & P Tea*, and declared that filling a long-felt need is only an indication, not a *prima facie* demonstration, of invention.²¹

B. NON-OBVIOUSNESS

The issue of non-obviousness was also critical to the court's holding of invalidity in *Schroeder v. Owens-Corning Fiberglas Corp.*²² and *Rex Chainbelt, Inc. v. Harco Products, Inc.*,²³ as well as in *Deere & Co. v. Sperry Rand Corp.*²⁴ and *Circuit-Stik, Inc. v. Bishop Graphics*.²⁵ Questions of obviousness entail an inquiry into that which would be obvious to one skilled in the art pertinent to the subject matter of the patent. If the differences between the invention and the prior art are such that the invention would have been obvious to one with ordinary skill in the art, the patent for that invention must be invalid for obviousness.²⁶ The criteria for ascertaining obviousness under 25 U.S.C. section 103 have been set forth by the Supreme Court in the leading case of *Graham v. John Deere Co.*,²⁷ and the Ninth Circuit expressly followed the Court's criteria in *Rex* and *Schroeder*. All three opinions emphasize that it is necessary to determine: (1) the scope and content of prior art; (2) differences between prior art and the claims at issue; and (3) the level of ordinary skill in the pertinent art.

Applying the three-level analysis for obviousness, the *Rex*

18. 512 F.2d 993 (9th Cir. Feb., 1975) (per Barnes, J.), *cert. denied*, 423 U.S. 831 (1975).

19. Cases dealing with such "secondary considerations" are cited at note 6 *supra*.

20. 340 U.S. 147, 152 (1950).

21. 512 F.2d at 1000.

22. 514 F.2d 901 (9th Cir. Apr., 1975) (per Wright, J.).

23. 512 F.2d 993 (9th Cir. Feb., 1975) (per Barnes, J.), *cert. denied*, 423 U.S. 831 (1975).

24. 513 F.2d 1131 (9th Cir. Mar., 1975) (per curiam).

25. 510 F.2d 359 (9th Cir. Feb., 1975) (per Koelsch, J.).

26. See 60 AM. JUR. 2d *Patents* § 59, at 367-68 (1972). It should be noted that most circuits, including the Ninth Circuit, consider the obviousness question to be a question of law, subject to full reexamination on appeal. See, e.g., *Payne Metal Enterprises, Ltd. v. McPhee*, 382 F.2d 541 (9th Cir. 1967). Some circuits consider obviousness to be a question of fact. See White, *Obviousness and the Level of Ordinary Skill*, in PATENT LITIGATION WORKSHOP: 1975, at 172 (Practising Law Institute Handbook No. 59, 1975).

27. 383 U.S. 1 (1966).

court had little difficulty in determining the scope and content of the prior art. Nor did the court experience difficulty in ascertaining the differences between the prior art and the challenged patent. The court found that the only difference between the prior art and the challenged patent was the substitution of one material for another. Relying on *Hotchkiss v. Greenwood*,²⁸ and the Ninth Circuit decision in *Griffith Rubber Mills v. Hoffar*,²⁹ the *Rex* court held that the substitution was obvious to a person having ordinary skill in the art. The court reasoned that the improvement consisted of the superiority of the material; it was the work of a skillful mechanic, not that of an inventor.

Rex Chainbelt argued that *Hotchkiss* was distinguishable because the improvement realized by *Hotchkiss*' use of different, more suitable material could have been expected, whereas in *Rex Chainbelt*'s case, the substitution of the material produced an unusual, surprising and unexpected result. Since the parties admitted that they knew the qualities of the material used in *Rex Chainbelt*'s patented process, the court found that persons who possess the ordinary skill of the art would not be surprised by the results *Rex Chainbelt* achieved with its substitution of materials.³⁰

In *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*,³¹ the Supreme Court had held that patentability may arise when the conjunction of known elements creates a whole which exceeds the sum of its parts.³² But the Ninth Circuit court found that the questioned patent in *Rex* had merely brought together known elements of the prior art and claimed them in congregation as a monopoly without having achieved the patentable level discussed in *A & P Tea*. The effect of granting a patent for incorporating elements already freely available is contrary to the patent purpose of adding to the sum of useful knowledge.

In contrast to the lengthy and detailed application of the three-step analysis in *Rex*, in a brief opinion the court in *Circuit-Stik, Inc. v. Bishop Graphics*³³ upheld the district court's ruling of invalidity for obviousness. Addressing only the differences be-

28. 52 U.S. (How.) 264 (1850).

29. 313 F.2d 1 (9th Cir. 1963).

30. 512 F.2d at 999.

31. 340 U.S. 147 (1952).

32. *Id.* at 152-53.

33. 510 F.2d 359 (9th Cir. Feb., 1975).

tween the patent and the prior art and the level of ordinary skill, the court held the difference between previous methods and the disputed invention were not sufficiently substantial to constitute patentability and were not beyond the ken of the proverbial mechanic skilled in the art.

A declaratory judgment was sought to declare defendant's machine patent invalid in *Deere & Co. v. Sperry Rand Corp.*³⁴ The patent was a combination of elements of prior art which the trial court declared invalid for failure to result in "new and surprising" consequences.³⁵ Sperry Rand, the patent holder, complained that the district court did not apply the correct "unusual and surprising" standard for non-obviousness which had been elucidated in *A & P Tea*.³⁶ The *Deere* court decided, however, that the correct standard had been applied. The court explained that the proper standard is applied if a patent is evaluated in terms of the obviousness concept embodied in 35 U.S.C. section 103.

Section 103 denies patentability "if the differences between the subject of the patent and the prior art would have been obvious to a person having ordinary skill in the art."³⁷ The "new and surprising" notion in *Deere* appears to create a more exacting standard than does the statutory language. "New and surprising" not only implies that an inventor's combination must be more than "unusual and surprising," it is also reminiscent of the anachronistic "flash of creative genius"³⁸ concept which the Supreme Court has characterized as a "rhetorical embellishment."³⁹

Deere can be read in another light. It may be that the court simply concluded that, regardless of the phrase used, the trial court evaluated the obviousness issue in accordance with section 103's "obvious to a person having ordinary skill in the art" test.

34. 513 F.2d 1131 (9th Cir. Mar., 1975).

35. *Id.* at 1132.

36. The statutory language of section 103 was designed to neutralize the missteps in the *A & P Tea* decision and not, as the Ninth Circuit states in *Deere*, 513 F.2d at 1132, to codify the *A & P Tea* holding. See I. KAYTON, *THE CRISIS OF LAW IN PATENTS, PART I* (Patent Resources Group, Inc. 1970). The Supreme Court created great confusion in *Anderson's Black Rock, Inc. v. Pavement Salvage Co.*, 696 U.S. 57 (1967), by trying to rely on the two very different theories represented by *A & P Tea*'s "unusual and surprising" language on the one hand and *Graham v. John Deere's* attention to the factual requirements of section 103 on the other.

37. 35 U.S.C. § 103 (1970).

38. The phrase "flash of creative genius" is found in *Cuno Eng'r Corp. v. Automatic Devices Corp.*, 314 U.S. 84, 91 (1941).

39. *Graham v. John Deere Co.*, 383 U.S. 1, 15 n.7 (1966).

Since the correct standard had been applied, and since the district court's finding of obviousness was not clearly erroneous, the decision to invalidate Sperry Rand's patent was affirmed.

C. OTHER FACTORS

While emphasizing obviousness and lack of novelty, the court has pointed out that other factors will destroy patent protection. In *Deere & Co. v. Sperry Rand Corp.*, the court warned that significant new results or modes of operations must be specified in the patent claims in order to be considered an advance over prior art which is entitled to protection.⁴⁰ While it may be that the change brought about by the plaintiff had constituted a patentable advance, the district court in *Deere* properly refused to consider it since it was not specified in the patent application.

A further limit to an otherwise valid patent arises with its misuse. Rex Chainbelt was found to have restrained commerce through its tying arrangement in violation of section 1 of the Sherman Act. Although Rex Chainbelt's activity was pursuant to a bona fide belief that it was in protection of their patent, the effect was to restrain the market.⁴¹ Exploitation is the privilege of the patent holder, but restraint of competition oversteps that privilege. Misuse, even when in good faith,⁴² suspends the right of the patent holder to have his exclusive use enforced.⁴³

D. PRESUMPTION OF VALIDITY

In order to find a patent invalid for any reason, a presumption of validity must be overcome.⁴⁴ In *Deere*, Sperry Rand contended that the district court had erred in holding that defendant patentee has the burden of proving validity in a declaratory judgment motion. In treating this contention, the court did not find it necessary to discuss whether the presumption required resolution of reasonable doubts in favor of the patent holder or

40. 513 F.2d at 1133.

41. 512 F.2d at 1002-03. For a discussion of antitrust considerations in the area of patent law see Heller, *Patent Misuse and Antitrust Considerations*, in PATENT LITIGATION WORKSHOP: 1975, at 497 (Practising Law Institute Handbook No. 59, 1975).

42. See 512 F.2d at 1007.

43. 512 F.2d at 100-07. See Kins, *Dissipation of Patent Misuse*, 51 J. PATENT OFFICE SOC'Y 790 (1969); McCarthy, *Licensing Policy for Minimizing Antitrust and Misuse Risks*, 46 J. PATENT OFFICE SOC'Y 547, 574 (1964).

44. See 35 U.S.C. § 282 (1970).

against the party alleging the invalidity of the patent.⁴⁵ The court again took the position that the presumption of validity had dissipated in light of proof that the most significant prior art reference had not been presented to nor considered by the patent office in granting the challenged patent.⁴⁶ The court thus adhered to the established view that even the statutory presumption of validity fails for the patent holder who has not comprehensively and thoroughly exposed the prior art to the patent office in the patent application.⁴⁷

E. SUMMARY JUDGMENT

In order to consider the issue of whether summary judgment is appropriate in a patent case, the *Schroeder* court reviewed prior Ninth Circuit decisions⁴⁸ before pronouncing the standards to be used in evaluating a summary judgment motion. Because of the technical nature of patent cases, the court has recognized that it must rely on the assistance of expert testimony.⁴⁹ Material issues of fact will often emerge. When they do, summary judgment is precluded and the questions must be resolved by trial. Moreover,

45. 513 F.2d at 1132. Some courts have stated that an infringer who attacks the validity of a patent bears a heavy burden of proof. See, e.g., *Radio Corp. of America v. Radio Eng'g Laboratories, Inc.*, 293 U.S. 1, 8 (1934). Invalidity must be established by clear and convincing evidence, see *Ortman v. Maass*, 391 F.2d 677 (7th Cir. 1968); *Griswold v. Oil Capital Valve Co.*, 375 F.2d 532 (10th Cir. 1967); *Mott Corp. v. Sunflower Indus., Inc.*, 314 F.2d 872 (10th Cir. 1963), and any reasonable doubt will be resolved against the party alleging the invalidity of a patent. See, e.g., *Samuelson v. Bethlehem Steel Co.*, 323 F.2d 944 (5th Cir. 1963), cert. denied, 376 U.S. 938 (1964).

Other courts have interpreted the presumption of patent validity to mean that reasonable doubts will be resolved in favor of the holder of a patent, see *Reeves Bros., Inc. v. United States Laminating Corp.*, 417 F.2d 869 (2d Cir. 1969); *Lorenz v. F.W. Woolworth Co.*, 305 F.2d 102 (2d Cir. 1962), and that an alleged infringer need not prove invalidity beyond a reasonable doubt. See, e.g., *Universal, Inc. v. Kay Mfg. Corp.*, 301 F.2d 140 (4th Cir. 1962).

46. For a prior holding to this effect see *Hewlett-Packard Co. v. Tel-Design, Inc.*, 460 F.2d 625, 628 (9th Cir. 1972).

47. 512 F.2d 1131, 1132 (9th Cir. Apr., 1975). The Ninth Circuit's treatment of a patent applicant's obligation to make a thorough exposure of prior art to the patent office is consistent with the treatment accorded applicants by the courts of appeals of other circuits. Compare *Deere & Co. v. Sperry Rand Corp.*, 513 F.2d 1131 (9th Cir. Mar., 1975), with *Kramer v. Duralite Co., Inc.*, 514 F.2d 1076 (2d Cir. 1974), and *Deep Welding, Inc. v. Sciaky Bros., Inc.*, 417 F.2d 1227 (7th Cir., 1969).

48. The court focused its attention on *Schwinn Bicycle Co. v. Goodyear Tire & Rubber Co.*, 442 F.2d 295 (9th Cir. 1970), and *Ashcroft v. Paper Mate Mfg. Co.*, 434 F.2d 910 (9th Cir. 1970).

49. 514 F.2d at 902. The subject of the use of experts in patent litigation is discussed in *White, Experts*, in *PATENT LITIGATION WORKSHOP: 1975*, at 389 (Practising Law Institute Handbook No. 59, 1975).

summary judgment is inappropriate when the prior art must be defined before the uniqueness of the patented item can be ascertained. Only simplicity of the patents themselves and sufficiently harmonious presentations of the issues by the parties can bring a patent case within the summary judgment standards.⁵⁰ *Schroeder* also teaches that the moving party has the burden of showing the absence of a genuine issue of material fact, and the trial court must view this motion in the light most favorable to the opposing party.

II. TRADE SECRETS

Trade secret⁵¹ law recognizes the right⁵² of the discoverer of special knowledge to padlock⁵³ his secret and use it to his own business advantage instead of disclosing it to the community.⁵⁴ Secrecy is therefore a basic element of a trade secret, and the party seeking trade secret protection bears the burden of proving that

50. The bicycle seat patent in *Schwinn Bicycle Co. v. Goodyear Tire & Rubber Co.*, 442 F.2d 295 (9th Cir. 1970), and the ball point pen filler patent in *Ashcroft v. Paper Mate Mfg. Co.*, 434 F.2d 910 (9th Cir. 1970), were considered simple enough to be dealt with by summary judgment.

51. The RESTATEMENT OF TORTS § 757, comment *b* (1939) defines trade secret as "any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it."

52. Most jurisdictions have recognized that the possessor of a trade secret has a property interest in the secret. See 12 R. MILGRIM, BUSINESS ORGANIZATIONS, TRADE SECRETS § 1.01 [2] (1976) and cases cited therein. One of the "bundle of rights" constituting the property interest of the holder of a trade secret is the right to prevent unauthorized use or disclosure of the trade secret, *id.* § 1.01, a right which is protected by the court in the two cases noted in this section.

53. See *Globe Ticket Co. v. International Ticket Co.*, 90 N.J. Eq. 605, 605, 104 A. 92, 93 (Ch. 1919).

54. The holder of a trade secret is under no legal obligation to disclose his or her secret to the community at large. See, e.g., *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186 (1933); *Painton & Co. v. Bourns, Inc.*, 442 F.2d 216, 225, 169 U.S.P.Q. 528, 534 (2d Cir. 1971); *American Dirigold Corp. v. Dirigold Metals Corp.*, 104 F.2d 863, 864, 42 U.S.P.Q. 178, 179 (6th Cir. 1939). In *Dubilier* the Court observed that an inventor "may keep his invention secret and reap its fruit indefinitely." *United States v. Dubilier Condenser Corp.*, *supra* at 186.

The rights which represent the "property" of a trade secret owner are derived from the common law of the states. Unlike other forms of intellectual property, such as copyright and patent rights, trade secret rights are derived from state common law, and not from state or federal statutes. 12 R. MILGRIM, *supra* note 52, § 6.02. Under the doctrine enunciated in *Erie R.R. v. Tompkins*, 304 U.S. 64 (1938), trade secret principles developed by state courts must be applied by federal courts in trade secret cases when they exercise jurisdiction on the basis of the diversity of citizenship of the parties.

such secrecy exists.⁵⁵ "Relative," rather than "absolute"⁵⁶ secrecy is what must be shown in any trade secret action.⁵⁷ However, the trade secret status of information may be forfeited by an unprotected disclosure of the information. Thus, the defense of unprotected disclosure may shield a defendant from the claim of a plaintiff alleging improper use of a trade secret.

A. MAINTENANCE OF SECRECY

The defendant in *K-2 Ski Co. v. Head Ski Co.*⁵⁸ adopted the "unprotected disclosure" defense.⁵⁹ In a reaffirmation of the major American view regarding the level of secrecy required to protect trade secrets,⁶⁰ the Ninth Circuit panel determined that

55. In order to be granted relief in any action involving a trade secret, the plaintiff must prove the following: (1) he or she is the owner of a trade secret; (2) he or she disclosed the trade secret to the defendant, or the defendant wrongfully appropriated the trade secret from the plaintiff without authorization; (3) the defendant was in a relation with reference to the plaintiff which gave rise to a contractual or other legally imposed obligation on the part of the defendant not to disclose the secret; and (4) the defendant used or disclosed the trade secret to the plaintiff's detriment. *See, e.g.,* Victor Chem. Works v. Iliff, 294 Ill. 532, 132 N.E. 806 (1921); L.M. Rabinowitz & Co. v. Dasher, 82 N.Y.S. 2d 431 (Sup. Ct. 1948); B.F. Goodrich Co. v. Wohlgenuth, 117 Ohio App. 493, 192 N.E. 2d 99 (1963).

56. Some courts require the party seeking protection of its trade secret to demonstrate that the alleged trade secret is known absolutely only to him or her to the exclusion of all other persons outside the party's enterprise. *See, e.g.,* Goldin v. R.J. Reynolds Tobacco Co., 22 F. Supp. 61, 37 U.S.P.Q., 244 (S.D.N.Y. 1938); Julius Hyman & Co. v. Velsicol Corp. 123 Colo. 563, 233 P.2d 977, *cert. denied*, 342 U.S. 870 (1951); Club Aluminum Co. v. Young, 263 Mass. 223, 160 N.E. 804 (1928).

However, a majority of courts take the position that the plaintiff in a trade secret action need only demonstrate that his or her secret is a "relative" or "qualified" secret:

A "secret" is nothing more than a private matter; something known only to one or a few and kept from others. It may be acquired by lawful means, as by discovery, or even by unfair means, without tracing title to the originator, and when so acquired it does not necessarily cease to be a secret which may be protected from unlawful competition. Secrecy may be absolute or relative.

Kaunagraph Co. v. Stampagraph Co., 235 N.Y. 1, 7, 138 N.E. 485, 487 (1923).

57. *Vulcan Detinning Co. v. American Can Co.*, 72 N.J. Eq. 387, 67 A. 339 (Ct. Err. & App. 1907), was one of the earliest cases to take this position.

58. 506 F.2d 471 (9th Cir. Oct., 1974) (per Wallace, J.).

59. The defendant Head Ski Co. hired a former employee of K-2 Ski Co. and utilized his knowledge of K-2's trade secrets. Head defended its use of those secrets on the ground that K-2 had not taken reasonable precautions to protect the secrecy of its method of ski manufacturing. The exhibition of K-2 skis at a trade conference and the conducting of occasional limited tours of the K-2 manufacturing plant were cited by Head as proof of its contention that K-2 failed to maintain the secrecy of its manufacturing methods. Both the district court and the Court of Appeals for the Ninth Circuit found that these activities did not constitute a public disclosure of K-2's trade secrets.

60. The RESTATEMENT OF TORTS § 757, comment b (1939) takes the position that "a

the plaintiff had retained relative secrecy because reasonable measures had been taken to protect the secret.

Trade secret law also provides protection against the activity that occurred in *Pachmayr Gun Works, Inc. v. Olin Mathieson Chemical Corp.*,⁶¹ where defendant's agent obtained secret information regarding physical properties and characteristics of plaintiff's product through their vendor-purchaser business relationship. The *Pachmayr* court agreed with the trial court finding that an implied relationship of trust and confidence had arisen between plaintiff and the defendant's agent with respect to handling the specific information. Obtaining the information while deliberately withholding the purpose for so doing⁶² was therefore a breach of faith and a reprehensible means of learning another's secret.

The court declared that a breach of faith and confidence was a question of fact, ascertainable upon consideration of the circumstances of each individual case.⁶³ Thus, they rejected defendant's contention that a specific and judicially recognized principal-agent or employer-employee relationship had to have been established before plaintiff could rely on defendant maintaining the secrecy of the confidential information obtained. The detailed findings of the trial court were held not to be clearly erroneous and were therefore affirmed.

B. INJUNCTIVE RELIEF

When a trade secret right has been violated, the court may grant injunctive relief for the period required by competitors to develop a similar product following public disclosure of the trade secret holder's product.⁶⁴ In the *K-2* court's evaluation, the result of the injunction was more important than the duration of the injunction.⁶⁵ Enjoining defendant's use of the wrongfully-obtained information for the period of time it would have taken,

substantial element of secrecy must exist, so that, except by the use of improper means, there would be difficulty in acquiring the information."

61. 502 F.2d 802 (9th Cir. July, 1974).

62. The purpose of obtaining the secret information was to allow Winchester to obtain a breakdown of the physical properties and characteristics of Pachmayr's pads. Winchester then planned to drop Pachmayr as a supplier and to actively seek an alternate manufacturing source for the recoil pads. *Id.* at 804-05.

63. *Id.* at 808.

64. See G. ALEXANDER, *COMMERCIAL TORTS*, § 3.4, at 219 (1973). Injunctive relief is the most commonly sought form of relief in trade secret litigation. See R. MILGRIM, *supra* note 52, § 7.08 [1].

65. 506 F.2d at 474-75.

either by reverse engineering or by independent development, to develop its product legitimately, was acknowledged to have been the proper action on the part of the trial court.⁶⁶ In *K-2*, a preliminary injunction had lasted for 27 months prior to the trial court's decision to impose one and two year injunctions on the defendant for utilization of improperly obtained trade secrets. Consequently, the defendant sought to have the permanent injunctions barred because time had passed under the preliminary injunction. Since this issue was not presented to the trial judge, and since it was definitely a question of fact, the court remanded the case for a determination of whether the preliminary injunction had achieved what a permanent injunction would be designed to achieve.⁶⁷

C. DAMAGES

Monetary damages may be appropriate in lieu of or in addition to injunctive relief.⁶⁸ The *K-2* court found that the amount of actual damages suffered by a plaintiff in a trade secret action must be determined only after both parties to the action have had an opportunity to present an offer of proof on that issue. The court, consistent with its action in an earlier decision,⁶⁹ specifically disapproved of the trial judge's failure to permit both *K-2* and *Head* to present evidence relevant to the damages issue before he determined the amount of damages awarded to *K-2*.⁷⁰ The issue was remanded to the trial court for a determination of the appropriateness and the amount of damages.

The Ninth Circuit also reaffirmed the view that in trade secret actions attorney's fees should be awarded to the successful party only on a showing of bad faith or wanton, vexatious or oppressive conduct by the losing party.⁷¹ The facts did not reveal such conduct in *K-2*, and thus no attorney's fees were awarded by the appellate panel.

66. *Id.* at 474.

67. *Id.* at 475.

68. See, e.g., *Sperry Rand Corp. v. Pentronix*, 311 F. Supp. 910, 924 (E.D. Pa. 1970); *Standard Brands, Inc. v. United States Partition & Packaging Corp.*, 199 F. Supp. 161, 175 (E.D. Wis. 1961); *Minnesota Mining & Mfg. Co. v. Technical Tape Corp.*, 23 Misc. 2d 671, 192 N.Y.S.2d 102 (Sup. Ct.), *aff'd mem.*, 15 App. Div. 2d 960, 226 N.Y.S.2d 1021 (1959).

69. See *Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 808 (9th Cir. July, 1974).

70. 506 F.2d at 477.

71. See *id.* at 476. The traditional American rule disfavors the awarding of attorney's

III. TRADEMARK

The term "trademark" includes any word, name, symbol or device, or combination thereof adopted and used by a manufacturer to identify his or her goods and distinguish them from those manufactured or sold by others.⁷² Ownership of a mark confers the power to exclude others from using the mark,⁷³ but ownership cannot arise unless the holder of the mark uses it in a proper manner.⁷⁴ Trademark registration is the government's *recognition* of the rights⁷⁵ which have been acquired by the applicant as a result of his or her use of the mark, rather than a *grant* of certain rights.⁷⁶ The adoption and use of a mark to identify goods or services accomplishes two purposes. First, the purchaser of the goods or services is given a means of distinguishing between the various producers of those goods and services.⁷⁷ Second, the producer of the goods or services is given the opportunity to enhance his or her market position by development and continuation of the goodwill inherent in the mark.⁷⁸

A. LIKELIHOOD OF CONFUSION

Under the Lanham Act,⁷⁹ a mark applied to a good or service is not registrable if it is likely to deceive or to cause confusion or

fees in the absence of statutory or contractual authorization. However, it is unquestioned that a federal court may award attorney's fees to a party when his opponent has acted in bad faith. *See, e.g., Newman Piggie Park Enterprises*, 390 U.S. 400, 402 n.4 (1968); *Vaughn v. Atkinson*, 369 U.S. 527 (1962); *Bell v. School Bd.*, 321 F.2d 494 (4th Cir. 1963). In this situation the rationale underlying the awarding of attorney's fees is punitive, and the essential element in triggering the award of fees is the existence of bad faith on the part of the losing party.

72. This definition of "trademark," is found in the Trade-Mark Act of 1946 § 45, 15 U.S.C. § 1127 (1970) (the Lanham Act).

73. *Dairy Queen of Okla., Inc. v. Commissioner*, 250 F.2d 503, 115 U.S.P.Q. 400 (10th Cir. 1957).

74. E. VANDENBURGH, *TRADEMARK LAW AND PROCEDURE* § 2.10 (2d ed. 1968).

75. Trademark rights may be adjudicated by declaratory judgment or actions for infringement.

76. *John Morrell & Co. v. Reliable Packing Co.*, 295 F.2d 314, 131 U.S.P.Q. 155 (7th Cir. 1961); *Rohm & Haas Co.*, 105 U.S.P.Q. 155 (1955). A patent, in contrast, is a government grant of the right to exclude others from selling or using a particular item or process.

77. *See* E. VANDENBURGH, *supra* note 74, § 1.10, at 28.

78. J. MCCARTHY, *TRADEMARKS AND UNFAIR COMPETITION* § 2.7 (1973). Goodwill is a business asset which reflects the basic human propensity to continue doing business with a seller who has offered goods and services which the customer likes and has found adequate to fulfill his needs. *Id.* § 2.8.

79. 15 U.S.C. § 1051-127 (1970).

mistake.⁸⁰ Infringement of the registrant's mark is defined in the Act as imitation⁸¹ or use⁸² of the mark, without consent of the registrant, which is likely to deceive or to cause confusion or mistake. The Lanham Act is concerned with preventing confusion or mistake "as to the source of origin of such goods or services."⁸³ The courts have interpreted the Act as requiring that the likelihood of confusion, mistake or deception regarding the source of the goods or services be more than a mere possibility,⁸⁴ although actual confusion on the part of the public is not necessary.⁸⁵ The principal task occupying the Ninth Circuit during the survey period in its review of trademark cases was the application of the likelihood of confusion test to a variety of fact situations.

In three cases the Ninth Circuit discussed the various factors which are relevant in considering the existence of a likelihood of confusion. They were identified as: (1) similarity in sound, appearance or meaning of products; (2) the class of goods in question; (3) the product's marketing channels; (4) the intent of the defendant; (5) the identity of purchasers; and (6) the strength or weakness of the mark. *Redken Laboratories, Inc. v. Clairol, Inc.*⁸⁶ recognized all six factors as relevant to a determination of likelihood of confusion. *HMH Publishing Co. v. Brincat*⁸⁷ noted all of the factors except the identity of purchasers, while *Saxony Products, Inc. v. Guerlain, Inc.*⁸⁸ emphasized that the likelihood of confusion test must be applied to the reasonable customer.⁸⁹

80. *Id.* § 1052(d).

81. *Id.* § 1114(1)(b).

82. *Id.* § 1114(1)(a).

83. *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 151 (9th Cir. 1963).

84. *See* *Sears, Roebuck & Co. v. All States Life Ins. Co.*, 246 F.2d 161, 168, 114 U.S.P.Q. 19, 23 (5th Cir. 1957); *Home of the Week, Inc. v. Associated Press, Inc.*, 178 F. Supp. 460, 465, 124 U.S.P.Q. 101, 105 (D.R.I. 1959).

85. *See, e.g.*, *G.D. Searle & Co. v. Chas. Pfizer & Co., Inc.*, 231 F.2d 316, 109 U.S.P.Q. 6 (7th Cir. 1959), *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 110 U.S.P.Q. 462 (2d Cir. 1956); *Mershon Co. v. Pachmayr*, 220 F.2d 879, 105 U.S.P.Q. 4 (9th Cir. 1955). The practical problems entailed by having large numbers of purchasers of goods or services testifying in court to the extent of their confusion over two similar trademarks have led courts to make decisions regarding the likelihood of confusion in any particular case based on their *own* opinion after having compared the trademarks involved. *See* E. VANDENBURGH, *supra* note 74, § 5.20, at 141 and authorities cited therein.

86. 501 F.2d 1403 (9th Cir. July, 1974) (per Goodwin, J.).

87. 504 F.2d 713 (9th Cir. Aug., 1974) (per Sneed, J.).

88. 513 F.2d 716 (9th Cir. Apr., 1975) (per Jameson, D.J.).

89. The reasonable customer standard is somewhat different than the standard enunciated by the Ninth Circuit in *Stork Restaurant v. Sahuti*, 166 F.2d 348, 359 (9th Cir. 1948).

In *Saxony Products, Inc. v. Guerlain, Inc.*,⁹⁰ the plaintiff sought a declaratory judgment that its use of Guerlain's registered trademark—Shalimar (a well-known, expensive, unpatented perfume)—in advertising for its own inexpensive similarly scented perfume did not constitute trademark infringement. In resolving this issue, the court referred to its decision in *Smith v. Chanel, Inc.*,⁹¹ which established that one who has copied an unpatented product sold under a trademark may use the trademark in advertising designed to identify the product copied. Applying that principle to the present case, the *Saxony* court concluded that it was clear that Saxony could freely use Guerlain's trademark for purposes of comparison while informing its consumers that its product was similar to Guerlain's—at least as long as there was no likelihood that reasonable consumers would be confused as to the source of the Saxony perfume. Since the district court had found that the inexpensive Saxony scent was represented neither as the expensive Guerlain perfume, nor as originating from Guerlain, the *Saxony* court concluded that the plaintiff's use of the defendant's trademark was permissible and thus upheld the declaratory judgment issued by the district court.

B. SECONDARY MEANING

The likelihood of confusion as to product sponsorship led a unanimous court in *HMH Publishing Co. v. Brincat*⁹² to determine that the defendant's use of the terms "Playboy" and "Bunny" in his auto accessories business was an infringement of the plaintiff's registered trademarks,⁹³ even though the exact type or style of HMH's mark was not used. HMH's main contention was that the defendant's use of the name "Playboy" was likely to cause confusion on the part of consumers as to the sponsorship of the products offered by Brincat. The court first rejected the plaintiff's assertions that the term "Playboy," as applied to its products, was fanciful and arbitrary and hence could be given legal protection immediately⁹⁴ upon its adoption and use as an inherently distinc-

90. 513 F.2d 716 (9th Cir. Apr., 1975).

91. 402 F.2d 562, 159 U.S.P.Q. 388 (9th Cir. 1968).

92. 504 F.2d 713 (9th Cir. Aug., 1974).

93. Infringement may be found in spite of the fact that the defendant uses the plaintiff's mark on goods totally different from those set forth within the plaintiff's mark registration statement. See E. VANDENBURGH, *supra* note 74, § 1.70.

94. See, e.g., *Blisscraft of Hollywood v. United States Plastics Co.*, 294 F.2d 694, 700 (2d Cir. 1961).

tive mark.⁹⁵ The word "playboy," the court found, was established in the English language prior to its use by HMH, and had historically carried strong connotations of wealth, urbanity and sophistication. Consequently, it was to be considered a generic mark which was not entitled to trademark protection unless it could be demonstrated that a secondary meaning⁹⁶ had attached to the word.

HMH additionally contended that it had established a secondary meaning for its "Playboy" mark in the automotive field. To support this contention, HMH introduced evidence of its promotional efforts on behalf of certain automobile manufacturers, and of the automobile industry's heavy advertising in a magazine published by HMH. The *HMH* court noted that the expenditure of large amounts of money by the plaintiff to promote automotive products would not in itself create rights which could be protected legally. The court stated, however, that the expenditure of efforts and money could result in the development of secondary meaning if the original weak mark came to be so well associated with the registrant that purchasers of products bearing the mark believed that such products were connected with the registrant's products. The *HMH* court found that, in the instant case, HMH's activities in this case did not create sufficient secondary meaning to establish that the defendant had infringed on HMH's marks.⁹⁷

Despite this conclusion, the *HMH* court upheld the district court's judgment that the defendant had infringed on HMH's trademark. The court noted that the district court had found that the defendant had intended to exploit the goodwill and reputation of the plaintiff.⁹⁸ In view of this finding, the *HMH* court held that "the inference of likelihood of confusion [could] be readily drawn," thus shifting to the defendant the burden of proving that his efforts to exploit the plaintiff's marks had been unsuccessful.

95. Requiring all trademarks to be distinctive is another way of stating that the mark must serve to indicate the origin of the goods or services it represents. See E. VANDENBURGH, *supra* note 74, § 4.70, at 115.

96. Secondary meaning is the significance which attaches to a mark over a period of time that identifies the origin of goods or services and concerns itself with acquired as opposed to inherent distinctiveness. *Id.* § 4.70.

97. 504 F.2d at 720.

98. There was evidence introduced at the district court that Brincat had contacted a trademark attorney in 1968 who had advised him against the use of the "Playboy" mark on his products. 504 F.2d at 715-16 n.6.

Since there was no such showing on the record, the *HMH* court found that the district court acted properly in enjoining the defendant's infringement.

The Ninth Circuit, in *Redken Laboratories, Inc. v. Clairol, Inc.*,⁹⁹ specifically focused on the similarity of the parties' hair-care products in evaluating the likelihood of confusion in a trademark registration case. Clairol appealed from a district court decision that the hair-care product Redken sold under the mark "Curl and Condition" was not likely to be confused with Clairol's hair-care product sold under the mark "Condition." The *Redken* court, in upholding the decision of the district court, noted that Clairol, having selected a common, useful and descriptive term as a mark, could not now expect to receive the same broad scope of protection accorded to more distinctive and arbitrary marks. The court stated that there were at least five other registrations of trademarks for hair conditioning products utilizing the word "condition." In view of this fact, the *Redken* court found that few customers would purchase any hair-care product solely as a result of observing the word "condition" on the label, and thus affirmed the judgment of the district court that the reasonable consumer would not be confused by the Redken and Clairol marks.¹⁰⁰

C. FUNCTIONAL TRADEMARKS

Functional trademarks were the focus of the court's concern in *Pachmayr Gun Works, Inc. v. Olin Mathieson Chemical Corp.*¹⁰¹ *Pachmayr* was an appeal from a district court judgment holding the plaintiff's two marks invalid. Pachmayr's "White Line" mark and distinctive multiple-X pattern mark, both found on gun recoil pads it manufactured, were the trademarks involved in the suit. The "White Line" trademark had been used by the plaintiff and its predecessor in interest since 1937. The mark had been the subject of previous litigation in which its validity had been upheld.¹⁰² The *Pachmayr* court stated that, while the earlier decision could not be given *res judicata* effect, the district court's decision to disregard the *stare decisis* effect of the past ruling was error,

99. 501 F.2d 1403 (9th Cir. 1974).

100. *Id.* at 1405.

101. 502 F.2d 802 (9th Cir. July, 1974).

102. *Mershon Co. v. Pachmayr*, 220 F.2d 879 (9th Cir. 1955). The earlier attack on the "White Line" mark had been brought by Pachmayr prior to its purchase of the assets, goodwill and trademarks of the original registrant Mershon Co.

absent a strong showing that the past decision was "palpably erroneous." The court thus upheld the validity of the "White Line" trademark.

The multiple-X trademark presented a different question to the court.¹⁰³ The court found that the evidence demonstrated not only that the design had failed to acquire sufficient secondary meaning, but also that the design performed an important function in the operation of Pachmayr's recoil pads. Reiterating settled law that an essentially functional feature of a product cannot be the subject of a valid trademark,¹⁰⁴ the *Pachmayr* court affirmed the judgment of the district court that the multiple-X design was not a proper subject for trademark protection.

A valid trademark protects its registrant from infringement. *Saxony* illustrates the principle that mere use of another's exact trademark is not an infringement per se as long as there is no resultant likelihood of confusion concerning the source of the product. However, *HMH* states that infringement may occur, even though the defendant does not use the same type or style of the registrant's mark, as long as the defendant intends to exploit the plaintiff's goodwill and reputation by using his or her registered words. The Ninth Circuit's decisions in the trademark area are in accord with the well-established principle of defining infringement as the creation, by any method or means, of the likelihood of confusion regarding the origin of goods.¹⁰⁵ Thus, either good faith activity or intentional adoption of another's protected mark which results in likelihood of confusion can be found to result in trademark infringement.¹⁰⁶

Remedies for infringement of trademark rights require a balancing of what the court in *HMH* considered to be the objectives of trademark protection.¹⁰⁷ In that case, the court de-

103. Both the "White Line" and multiple-X marks had apparently developed some secondary meaning. The court found it unnecessary to discuss the secondary meaning of "White Line" since it upheld that mark's validity on the basis of stare decisis. However, as to the multiple-X mark, the *Pachmayr* court found whatever secondary meaning that mark had developed was outweighed by its essentially functional nature.

104. See E. VANDENBURGH, *supra* note 74, § 4.30.

105. The leading case in this area is *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149 (9th Cir. 1963).

106. See E. VANDENBURGH, *supra* note 74, § 5.20, at 145-46.

107. The opinion of the court provides significant insight into what it considers the objectives of trademark protection to be. In a lucid opinion, Judge Sneed admitted that

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clared that, in order to prevent a decrease in the commercial value of HMM's marks, damage to HMM through actual public confusion resulting from the unauthorized use of the mark need not be proved. Instead, the infringer bears the burden of proving that his or her effort to confuse through unauthorized use has been unsuccessful; otherwise an injunction may be issued against the infringer.¹⁰⁸

Since the Lanham Act does not provide for attorney's fees the HMM court specifically denied the publisher's claim for such fees pursuant to *Pachmayr*'s reassessment of the prior law on attorney's fees. There the court examined California and federal law and determined that such fees could only be awarded by invoking the historic equity power of the federal courts since California law precluded awards of attorney's fees in cases of this nature. *Pachmayr* concluded that this equity power is limited to those "exceptional"¹⁰⁹ cases where justice demands it. Both the *Pachmayr* and HMM courts found no such exceptional circumstances, and *Pachmayr* indicates that there is no federal rule or policy that would be served by ignoring the California law in this area.

IV. COPYRIGHT

Under federal statutes,¹¹⁰ an author's interest in his or her published creation is protected by copyright from plagiarism and piracy. It is a fundamental precept of copyright that only the expression of ideas, and not the ideas themselves, is given protection by the law.¹¹¹ An idea can be expressed in a variety of different forms, including by a writing, filming, oral delivery, dramatic or musical composition, map, photograph, work of art or reproduction, scientific drawing or model.¹¹² Determining the precise

the objectives of trademark infringement action are often in conflict. These objectives are: (1) to protect consumers from being misled as to the enterprise from which the goods or services emanate or with which they are associated; (2) to prevent an impairment of the value of the enterprise which owns the trademark; and (3) to achieve these ends in a manner consistent with the objectives of free competition. But if the reasonable protection of the consumer is exceeded by limitations on the use of a trademark, the value of the mark as a marketing tool of the enterprise is diminished and the enterprise may be impaired in its advertising and sales function. It is apparent that the balance of these goals creates a need for exceedingly careful judicial consideration.

108. 504 F.2d at 720.

109. 502 F.2d at 813.

110. 17 U.S.C. §§ 1-216 (1970).

111. 2 M. NIMMER, COPYRIGHT § 166, at 715 (1975).

112. 17 U.S.C. § 5 (1970). The status accorded videotape at the present time is still uncertain. See 1 M. NIMMER, *supra* note 111, § 25.3, at 116.

point at which the idea ends and the expression of the idea begins is a difficult question which inevitably must be decided on a case-by-case basis.¹¹³ The concern of the court in *Goodson-Todman Enterprises, Ltd. v. Kellogg Co.*¹¹⁴ was the suitability of a district court's summary judgment disposition of the idea-expression issue in a copyright infringement case.

Goodson-Todman brought an action against Kellogg Company for infringement of copyright under 17 U.S.C. section 101, and for infringement of common law copyright. The Kellogg Company had produced and aired a film television commercial involving the cartoon character "Tony the Tiger" utilizing the format of the Goodson-Todman television quiz show "To Tell The Truth." After viewing the commercial and a segment of the quiz show, the district court granted summary judgment on both causes of action in favor of defendant Kellogg Company, holding as a matter of law that there was no substantial similarity between any of Goodson-Todman's protected expressions and the defendant's television commercial.¹¹⁵

Goodson-Todman contended on appeal that the district court erred in holding as a matter of law that there was no substantial similarity between any legally protected expression in its copyrighted television show and the Kellogg Company's television commercial. The court of appeals agreed and, in a per curiam opinion, reversed the district court's holding of non-infringement.¹¹⁶ The *Goodson-Todman* court stated that the ques-

113. It has been stated that:

Obviously, no principle can be stated as to when an imitator has gone beyond the "idea," and has borrowed its "expression." Decisions must therefore inevitably be *ad hoc*.

Peter Pan Fabrics, Inc. v. Martin Weiner Corp., 274 F.2d 487, 489 (2d Cir. 1960) (per Hand, J.).

114. 513 F.2d 913 (9th Cir. Mar., 1975) (per curiam).

115. *Goodson-Todman Enterprises, Ltd. v. Kellogg Co.*, 358 F. Supp. 1245, 1247, 178 U.S.P.Q. 573, 574 (C.D. Cal. 1973).

116. 513 F.2d at 915. The district court's granting of the motion for summary judgment on the issue of infringement in favor of Kellogg Company was given res judicata effect in a later second action brought by Goodson-Todman against Kellogg Company for common law copyright infringement of 12 years of non-videotaped, non-syndicated television broadcasts. The court of appeals found it unnecessary to consider whether this res judicata dismissal of the second action was proper in light of its reversal of the granting of the motion for summary judgment and its remanding of the first copyright action to the district court. *Id.* Judgment in the second common law copyright suit was stayed pending final judgment in the initial infringement action.

In its appeal, Goodson-Todman also contended that the district court erred in dismissing the common law copyright infringement counts on a motion directed solely

tion of whether only the idea or the expression of the idea had been copied by Kellogg Company was "at least . . . close enough . . . that it should be decided by way of evidentiary hearing on the merits and not by way of summary judgment."¹¹⁷ The court's action in *Goodson-Todman* reflects the prevailing judicial attitude toward summary judgment disposition of copyright infringement cases. The majority of courts agree that motions for summary judgment should not be granted in these cases as long as there is some reasonable question as to the issue of substantial similarity.¹¹⁸

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to the federal copyright issue. Kellogg argued that once the shows in question were copyrighted under the Copyright Act, 17 U.S.C. §§ 1-216 (1970), any state or common law copyright protection was supplanted and that, at any rate, the state and federal copyright tests were the same. The *Goodson-Todman* court noted that the parties had failed to raise these issues in the district court and thus also remanded this aspect of the case to the district court for further consideration. 513 F.2d at 915.

117. *Id.* at 914. The court used similar reasoning in *Schroeder v. Owens-Corning Fiberglas Corp.*, 514 F.2d 901 (9th Cir. Apr., 1975), a patent infringement suit discussed in the Patent section of this article, in reversing a summary judgment entered by the district court for the defendant.

Judge Ely, concurring in part and dissenting in part, agreed with the *Goodson-Todman* court's reversal of the granting of the motion for summary judgment. However, he did not believe that an evidentiary hearing need be conducted in this case. Judge Ely stated that his viewing of the films involved left him with "the inescapable conviction" that the defendant Kellogg Company had pirated the "expression of the idea" of *Goodson-Todman*'s copyrighted television production, and thus he would enter a judgment of infringement against the defendants. 513 F.2d at 915.

118. See, e.g., *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1946); *Harris v. Fawcett Publications, Inc.*, 176 F. Supp. 390 (S.D.N.Y. 1959); *Millstein v. Leland Hayward, Inc.*, 10 F.R.D. 198 (S.D.N.Y. 1950).

