

REFERENCE GUIDE TO LAW

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Our Reference Guide covers many areas of Arizona law, highlighting the most common issues associated with civil litigation. This resource is intended to provide a general overview of the subject matter, and is a supplement to the personal service we provide to our clients. It should not be relied upon as the sole source of information, and should not be substituted for competent professional legal advice for a particular situation. Should you have any questions, we encourage you to contact the authors listed at the end of each chapter or any JSH attorney.

CHAPTER 24: INTELLECTUAL PROPERTY

OVERVIEW

Intellectual property law (“IP Law”) is the area of law that deals with legal rights to scientific inventions and artistic works. In a nutshell, IP Law protects inventors and artists by controlling who gets to use these “intangible assets.” Ultimately, the purpose of IP Law is to give an incentive for people to create and invent things that will in turn benefit society. IP Law is governed by both federal and state law. There are three main categories of IP Law: Patent; Copyright; and Trademark.

PATENTS

A patent is the legal right (often called a “limited monopoly”) to an original invention. It provides inventors with the exclusive right to make, use, offer to sell, or sell a particular invention in the United States for 20 years. During the term of the patent, no one else can make, sell, offer to sell, distribute, or otherwise use the patented invention without permission.

Section 101 of the Patent Act, 35 U.S.C. § 100 *et seq.*, specifies four independent categories of inventions or discoveries that are eligible for protection: processes, machines, manufactures, and compositions of matter. ***Bilski v. Kappos***, 561 U.S. 593, 602 (2010). The patent-eligibility inquiry is only a threshold test. *Id.* Even if an invention qualifies as a process, machine, manufacture, or composition of matter, in order to receive protection the claimed invention must also be: (1) novel; (2) nonobvious; and (3) fully and particularly described. *See* 35 U.S.C. §§ 102 (novel); 103 (nonobvious); and 112 (particularly described).

Not every new invention or discovery may be patented. Certain things are “free for all to use.” ***Bonito Boats, Inc. v. Thunder Craft Boats, Inc.***, 489 U.S. 141, 151 (1989). Patents are not available for the “laws of nature, physical phenomena, and abstract ideas.” ***Diamond v. Chakrabarty***, 447 U.S. 303, 308 (1980). These exceptions are consistent with the notion that a patentable process must be “new and useful.” *Id.*

“In order to prove direct infringement, a patentee must either point to specific instances of direct infringement or show that the accused device necessarily infringes the patent in suit.” ***ACCO Brands, Inc. v. ABA Locks Mfr. Co.***, 501 F.3d 1307, 1313(Fed.Cir. 2007). Direct infringement may be shown through direct or circumstantial evidence. ***Moleculon Research Corp. v. CBS, Inc.***, 793 F.2d 1261, 1272 (Fed.Cir. 1986).

Section 271(b) of the Patent Act also allows for liability for indirect infringement: “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” To establish liability under section 271(b), a patent holder must prove that once the defendants knew of the patent, they “actively and knowingly aid[ed] and abett[ed] another’s direct infringement.” However, “knowledge of the acts alleged to constitute infringement” is not enough. The “mere knowledge

of possible infringement by others does not amount to inducement; specific intent and action to induce infringement must be proven.” *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1305 (Fed.Cir. 2006). Lastly, Section 271(c) establishes contributory infringement liability, for those who sell components they know will be used in an infringing products.

COPYRIGHTS

Copyrights protect an owner’s right to their original works of authorship. Works covered by copyright include paintings, photographs, writings, print, architecture, software, performances, music, choreography, and movies. Copyright protection includes: (1) the right to reproduce; (2) the right to create derivative works; (3) the right to distribute; and (4) the right to publicly perform. Copyright protection does not extend to mere ideas, systems, concepts, principles, or discoveries in their abstract forms.

A copyright exists in all original works of authorship from the moment the work is fixed in a tangible medium of expression (e.g., photo, song, writing, etc.). Formal registration of the copyright is not necessary for an owner to have copyright protection. But registration (federal or state) raises a rebuttable presumption that the owner has a valid and enforceable copyright for the work. In addition, formal registration allows the owner to seek attorney’s fees and statutory damages if someone infringes the copyright.

A copyright plaintiff must prove (1) ownership of the copyright; and (2) infringement – that the defendant copied protected elements of the plaintiff’s work. *Smith v. Jackson*, 84 F.3d 1213, 1218 (9th Cir. 1996). Absent direct evidence of copying, proof of infringement involves fact-based showings that the defendant had “access” to the plaintiff’s work and that the two works are “substantially similar.” *Id.* Such proof creates a presumption of copying, which the defendant can then attempt to rebut by proving independent creation. *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 486 (9th Cir. 2000).

Substantial similarity is inextricably linked to the issue of access. In what is known as the “inverse ratio rule,” courts “require a lower standard of proof of substantial similarity when a high degree of access is shown.” *Smith*, 84 F.3d at 1218. Absent proof of access, a copyright plaintiff can still make out a case of infringement by showing that the songs are “strikingly similar.” *Baxter v. MCA, Inc.*, 812 F.2d 421, 423, 424 n. 2 (9th Cir. 1987).

Proof of substantial similarity is satisfied by a two-part test of extrinsic similarity and intrinsic similarity. *Sid and Marty Krofft Television Productions, Inc. v. McDonald’s Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977). Initially, the extrinsic test requires the plaintiff to identify concrete elements based on objective criteria. *Smith*, 84 F.3d at 1218. The extrinsic test often requires analytical dissection of a work and expert testimony. *Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435, 1442 (9th Cir. 1994). Once the extrinsic test is satisfied, the factfinder applies the intrinsic test. The intrinsic test is subjective and asks “whether the ordinary, reasonable person would find the total concept and feel of the works to be substantially similar.” *Pasillas v. McDonald’s Corp.*, 927 F.2d 440, 442 (9th Cir. 1991).

TRADEMARKS

A trademark is a word, symbol, design, logo, lettering, or phrase used to identify a particular manufacturer or seller's products and distinguish them from the products of another. It is an identifier that distinguishes one company, or its products, from others.

Like copyrights, there is no requirement to register the trademark to be entitled to protection. Trademark protection can be established by regularly using a mark in connection with a business or product. However, registering the mark provides a legal presumption of ownership.

Unlike a patent, a trademark can last forever. A valid and enforceable trademark provides the exclusive rights to make and sell products that use the trademark.

In order to be a valid and enforceable trademark, the mark must be distinctive – that is, it must be capable of identifying the source of a particular good. In determining whether a mark is distinctive, courts group marks into four categories based on the relationship between the mark and the underlying product: (1) arbitrary or fanciful; (2) suggestive; (3) descriptive; or (4) generic. Because the marks in each of these categories vary with respect to their distinctiveness, the requirements for, and degree of, legal protection afforded a particular trademark will depend upon the category in which it falls.

An arbitrary or fanciful mark is a mark that bears no logical relationship to the underlying product. For example, the word “Apple” has no inherent relationship to its products (electronic devices).

A suggestive mark is a mark that evokes or suggests a characteristic of the underlying good. For example, the word “Netflix” is suggestive of online films, but does not specifically describe the product. Some imagination is needed to associate the word with the underlying product. At the same time, however, the word is not totally unrelated to the underlying product. Like arbitrary or fanciful marks, suggestive marks are inherently distinctive and are given a high degree of protection.

A descriptive mark is a mark that directly describes, rather than suggests, a characteristic or quality of the underlying product (e.g., its color, odor, function, dimensions, or ingredients). It tells us something about the product. Unlike arbitrary or suggestive marks, descriptive marks are not inherently distinctive and are protected only if they have acquired “secondary meaning.” Descriptive marks must clear this additional hurdle because they are terms that are useful for describing the underlying product, and giving a particular manufacturer the exclusive right to use the term could confer an unfair advantage.

A descriptive mark acquires secondary meaning when the public primarily associates that mark with a particular producer, rather than the underlying product. Thus, for example, the term “Holiday Inn” has acquired secondary meaning because the consuming public associates that term with a particular provider of hotel services, and not with hotel services in general. The public need not be able to identify the specific producer; only that the product or service comes from a single producer. When trying to determine whether a given term has acquired secondary

meaning, courts will often look to the following factors: (1) the amount and manner of advertising; (2) the volume of sales; (3) the length and manner of the term’s use; and (4) results of consumer surveys. **Zatarain’s, Inc. v. Oak Grove Smokehouse, Inc.**, 698 F.2d 786 (5th Cir. 1983).

Finally, a generic mark is a mark that describes the general category to which the underlying product belongs. For example, the term “Computer” is a generic term for computer equipment. Generic marks are entitled to no protection under trademark law. Thus, a manufacturer selling “Computer” brand computers (or “Apple” brand apples, etc.) would have no exclusive right to use that term with respect to that product. Generic terms are not protected by trademark law because they are simply too useful for identifying a particular product. Giving a single manufacturer control over use of the term would give that manufacturer too great a competitive advantage. Under some circumstances, terms that are not originally generic can become generic over time (a process called “genericity”), and thus become unprotected. In **United States Patent and Trademark Office v. Booking.com B.V.**, ___ U.S. ___, 140 S. Ct. 2298 (2020), the U.S. Supreme Court ruled that “Booking.com” was not generic for federal trademark registration purposes.

If a party owns the rights to a trademark, that party can sue others for trademark infringement. 15 U.S.C. §§ 1114, 1125. The standard is “likelihood of confusion.” Specifically, infringement exists if the use of the mark by another is likely to cause consumer confusion as to the source of goods or as to the sponsorship or approval of such goods. In deciding whether consumers are likely to be confused, courts will typically look to a number of factors, including: (1) the strength of the mark; (2) the proximity of the goods; (3) the similarity of the marks; (4) evidence of actual confusion; (5) the similarity of marketing channels used; (6) the degree of caution exercised by the typical purchaser; and (7) the defendant’s intent. **Polaroid Corp. v. Polarad Elect. Corp.**, 287 F.2d 492 (2d Cir. 1961). A plaintiff in a trademark infringement suit is not required to show willful infringement of plaintiff’s trademark as a precondition to a profits award. **Romag Fasteners, Inc. v. Fossil, Inc.**, ___ U.S. ___, 140 S. Ct. 1492 (2020).

If you have questions regarding the information in this chapter, please contact the author or any JSH attorney.

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