



# IP Mississippi



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## Business Method Patent Criteria

Over the years, courts have created somewhat confusing distinctions between what is patentable and what is not. For instance, mathematical algorithms are not patentable, but business methods are. The difference between these two types of subject matter is not always clear, and inventors have struggled to define their patent claims effectively under the current law. The Federal Circuit Court of Appeals recently clarified what types of business methods are patentable. According to In Re Comiskey, a business method is not patentable under § 101 (the threshold patentability statute) if it depends entirely on mental processes. Mental processes are patentable, but only if the processes are part of a system which includes machines (including computers), articles of manufacture, or compositions of matter.

## NIH & Public Access

Recently proposed federal legislation tackled a sticky subject that has been the focus of much debate: should research funded by the National Institutes of Health (NIH) be made available to the public free of charge? Currently, the NIH encourages scientists to publish their results in journals with open access policies. The bill, H.R. 3043, would have required the NIH to make this policy a mandate for those receiving federal funds. Critics of the proposed policy worry that publishers' copyright rights would be violated by a mandatory open-access policy. Supporters feel that the public has already paid for the research through taxes and should not be required to pay additional money for access. The bill is now dead as Congress failed to override President Bush's veto, but the controversy is likely to re-emerge.

"IP Mississippi" is a quarterly publication of the Mississippi Law Research Institute designed to keep educators and administrators at Mississippi universities aware of current happenings in the world of intellectual property.

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## Electronic Discovery & Patents

A patent case, Qualcomm, Inc. v. Broadcom Corp., was decided in the last few months that will impact lawyers' obligations with respect to electronic discovery. After the trial, the magistrate judge found that Qualcomm's responses to Broadcom's discovery requests were "calculatedly misleading and totally false." Fourteen of Qualcomm's lawyers have been ordered to show cause why they should not be subject to sanctions for their behavior during and before the trial.

## INSIDE THIS ISSUE

- 1 Business Method Patent Criteria
- 1 NIH & Public Access
- 2 Electronic Discovery & Patents
- 2 IP News of Note
- 2 Article: A Review of Fair Use Factors and Application
- 5 Article: An Introduction to Trademark Law

## IP News of Note

- George Mason University has received funding from the Andrew W. Mellon Foundation to create an online public database of scanned rare documents and books.
- The NCAA is considering a proposal that would allow companies to include pictures of collegiate players in advertising, so long as the players did not endorse products specifically.
- A new flat fee option is being offered for universities by the Copyright Clearance Center (CCC). The CCC processes requests by universities to use copyrighted material in coursepacks.

## A REVIEW OF FAIR USE FACTORS AND APPLICATION

Copyright protection gives the authors of creative works tremendous power to limit others' use of their works. This protection is not absolute, however. The law has carved out several exceptions that allow for the limited use of a copyrighted work without the copyright owner's permission. This article will focus on fair use, which is one major defense available to those who wish to use a copyrighted work without securing a license or permission from the copyright owner.

Fair use is arguably the most important exception available to those who wish to use a copyrighted work without permission. Fair use is a major component of the American economy, responsible for nearly one-sixth of the total United States gross domestic product and more than ten million jobs. The four requirements for a use to be "fair" are statutorily defined and are set out in the Copyright Act. Specifically, "in determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include – (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work."

### Fair Use in Action – *Perfect Ten v. Amazon.com, Inc.*

Fair use is a very flexible defense, and deciding whether or not a use is "fair" is a highly fact-specific analysis which is not perfectly predictable. In a copyright infringement action, the defendant has the burden of proving that his use was fair. A recent important copyright case can serve as a useful example of how a defendant can argue fair use and how the four factors are applied in a real-world situation. In *Perfect Ten v. Amazon.com, Inc.*, a company sued Google for improperly using some copyrighted images and tried to get a preliminary injunction stopping Google from displaying thumbnail images of the copyrighted images. The company, Perfect Ten, claimed that Google was violating Perfect Ten's copyrights by providing smaller versions (or thumbnails) of Perfect Ten's images in response to search queries. The Ninth Circuit decided against Perfect Ten and determined that Google would probably be able to establish a fair use defense against the claims of copyright infringement. The Court analyzed all four fair use factors and weighed the results of each factor together to come to its conclusion.

The Court began its analysis with the first factor: purpose and character of the use. This factor essentially asks “to what extent the new work is transformative.” To be transformative, a use must alter the original work so that the copyrighted work becomes a new creation with new meaning. The Court determined that Google’s thumbprint images were highly transformative because the thumbnails served a different function than the original images. The thumbprints were an “electronic reference tool” and were not included on the results page to entertain. The Ninth Circuit noted that Google’s use of the images may be more transformative than a parody use, and parody has been a widely accepted fair use of copyrighted works. The Court’s analysis on this point makes it very clear that a fair use defense will not be defeated merely because a copyrighted work is incorporated entirely into the new use.

The Court found that the second factor, the nature of the copyrighted work, weighed slightly in favor of Perfect 10 because the images were creative in nature. The second factor requires courts to determine if a copyrighted work is creative or factual in nature. This factor was only found to weigh slightly in Perfect 10’s favor, however, because the copyrighted works had already been published. Unpublished works are subject to more protection under this factor because the copyright law has evolved to defend “the author’s right to control the first public appearance of his expression.”

The third factor – amount and substantiality of the portion used in relation to the copyrighted work as a whole – was found to favor neither party. Even though Google used the entire copyrighted image, this use was found to be highly reasonable in light of the purpose of the copying. As the court noted, a search engine has to copy the entire image in order to provide an effective search, or the search is rendered useless.

The fourth factor looks to the effect of the unauthorized use on the potential market of the copyrighted work. The court decided that this factor also favored neither party. The Ninth Circuit was not convinced that Google’s thumbnail images encroached on Perfect Ten’s market. Even though a lower court had determined that there was the potential for some negative effect on Perfect Ten’s ability to sell images, there was not enough evidence of non-hypothetical harm to push this factor in Perfect Ten’s favor. When all four factors were balanced by the court, it became clear that Google had established a solid fair use defense against Perfect Ten’s allegations of infringement.

#### One Group’s Approach to Fair Use

As seen in Perfect Ten v. Amazon.com, Inc., fair use is obviously a difficult defense to predict. Many individuals may lack confidence in a fair use defense to protect them from copyright infringement actions. Some groups have responded to the abstract nature and unpredictability of fair use by authoring “Best Practice Statements” outlining common concerns that arise in the world of copyright. While a Best Practice Statement does not have the same impact that a law or regulation would, these statements provide important guidance to individuals struggling to apply an abstract law.

The Documentary Filmmakers’ Statement of Best Practices in Fair Use (Statement) is a joint venture by several different groups to help clarify fair use in the documentary world. The Statement looks to two central questions that arise frequently in fair use analyses: (1) “did the unlicensed use ‘transform’ the material taken from the copyrighted work by using it for a different purpose than the original, or did it just repeat the work for the same intent and value as the original?” and (2) “was the amount and nature of material taken appropriate in light of the nature of the copyrighted work and of the use?” The Statement authors also noted that good faith on the part of the user is a critical, though unspoken, component of the analysis.

Four common situations that one might encounter are outlined in the Statement and the fair use implications are explored. First, the Statement looks at situations where someone wishes to include copyrighted works in order to analyze critically those works. The Statement generally holds this type of use to be a fair use unless the copyrighted work is included to such a degree that the new use fails to be a critical use and becomes a substitute for the copyrighted work itself.

A second situation that is generally considered fair by the Statement is the use of copyrighted works to illustrate an argument or point. The Statement gives the example of a filmmaker using clips from American fiction films to illustrate the filmmaker's point about attitudes toward race. The Statement indicates that this type of use will probably be fair as long as the material is properly attributed and as little of the copyrighted work as possible is used to make the point.

Third, the Statement gives guidance to filmmakers when copyrighted works are filmed by accident. This situation is predicted to be a fair use by the Statement authors, particularly since documentary filmmakers are so engaged in capturing the reality of an environment which may include copyrighted works. The Statement notes that fair use would only protect a filmmaker to the extent that he did not request the copyrighted media to be included in the environment. If the scene is included with the primary goal of displaying the copyrighted work, fair use will likely not apply.

Finally, the situation where copyrighted materials are used to give important context to a historical sequence is described. The Statement indicates that in this situation, a filmmaker should attempt to license the material that is being included. If, however, the material cannot be licensed or the terms of a potential license are outlandish given the reasonable budget of the documentary, fair use may protect the filmmaker from claims of infringement. It should be noted that, contrary to the Statement's advice, the Supreme Court has made it clear in Campbell v. Acuff-Rose Music that permission to use a copyrighted work does not have to be sought or granted in order for a use to be fair.

### Conclusion

Fair use is an important defense to copyright infringement. Courts are continually redefining the contours of fair use, and groups continue to develop new approaches to fair use. Although fair use may not be entirely predictable, its protections are very real and highly available.

### References

- 17 U.S.C. § 107 (2000)
- Campbell v. Acuff-Rose Music, 510 U.S. 569 (1994)
- Perfect Ten v. Amazon.com, Inc., 2007 U.S. App. LEXIS 27843 (9th Cir. Cal., Dec. 3, 2007)
- Documentary Filmmakers' Statement of Best Practices in Fair Use, available at [http://www.centerforsocialmedia.org/resources/publications/statement\\_of\\_best\\_practices\\_in\\_fair\\_use](http://www.centerforsocialmedia.org/resources/publications/statement_of_best_practices_in_fair_use)

## AN INTRODUCTION TO TRADEMARK LAW

### **What is a trademark?**

A trademark is a distinctive symbol that an organization attaches to its products to differentiate those products from other organizations' products. A trademark can be composed of words or images or both. Nike's "swoosh" is a famous trademark that allows Nike to set its products apart from its competitors. Not all marks are designed to differentiate products, however. A service mark is a word or image that differentiates one service provider from another. Service marks are treated identically to trademarks under the law and the same rights and responsibilities attach to the owner of a service mark as to the owner of a trademark.

Ultimately, a trademark or service mark allows an organization to "brand" an item or service. Consumers are therefore protected from confusion by allowing them to clearly identify the source of a product.

### **What rights do you have when you have a trademark?**

At the very least, having a trademark gives you the right to prevent others from using your mark if their use is likely to cause confusion. This right to prevent confusion arises simply through the use of a mark in commerce or the registration of the mark with the appropriate state agencies. Many people choose to expand their trademark rights, however, by registering their mark with the United States Patent and Trademark Office. By registering a mark with the USPTO, the owner of a mark can expand the geographical region of his mark and can file federal lawsuits to keep others from infringing on his mark. Federal registration also gives the owner an edge in court proceedings by changing the burden of proof and burden of production in some instances.

Owners of famous marks have another right. They can prevent others from using marks that would dilute the impact of the original mark, even if there is no likelihood of confusion between the two similar marks.

### **How do you acquire trademark rights?**

Trademark rights arise in the owner of a mark as soon as the mark is used in commerce. No special registration is necessary to gain basic rights in the mark. But as mentioned above, many mark owners choose to register their marks with the USPTO in order to increase their rights and protection.

In order to secure federal registration, a trademark application must be filed with the USPTO. The application can be filed online at the USPTO website, <http://uspto.gov>, or can be done with a paper form. Once submitted, the application is either rejected or granted. If rejected, an appeals process is available. If granted, the mark is published for public opposition. Once all the necessary steps are completed, the mark will be registered on the appropriate federal register.

Some words or symbols are not candidates for trademark registration. For example, a mark will be rejected if it is scandalous, is primarily merely a surname, or is simply a generic term.

### **What responsibilities do you have when you have a trademark?**

Trademarks can last forever. In order to keep a trademark, though, the owner must protect his mark in several ways. For example, a mark owner must continue to use his mark in commerce in order to keep it. An owner must also keep an eye out for other marks being used in commerce that are likely to cause consumer confusion. A trademark owner should also pay attention to new trademark applications when they are published online at the USPTO website.

A notice is a small notation that a mark owner can include with his trademarks to broadcast the fact that rights to the mark are being claimed. Any mark can be protected with the <sup>TM</sup> symbol. Only marks registered on the federal register can be protected with a ® symbol. Mark owners are not required by law to include a notice when they use their marks. Including the notice symbols, however, is probably a good idea because it lets others know that the mark is being claimed and it may help maintain the mark's distinctiveness.