

PRODUCT SIMULATION: A RIGHT OR A WRONG?

On March 9, 1964 the Supreme Court handed down the companion cases of *Sears, Roebuck & Co. v. Stiffel Co.** and *Compco Corp. v. Day-Brite Lighting, Inc.*** Justice Black, speaking for the Court, ruled that it was not consonant with the federal patent laws for the State of Illinois to enjoin the copying of an unpatented or unpatentable article, irrespective of whether the copying resulted in confusion of the public. Because of the implications of these cases and their potential effect on several related areas of the law, the Editors of the *Columbia Law Review* have invited several eminent scholars to comment upon the opinions.

The effect of the Supreme Court decisions in the Sears and Compco cases is neither as disastrous as many who espouse greater design protection fear nor as comforting as many who eschew such protection hope.

DAPHNE R. LEEDS

In two companion rulings during its last term the Supreme Court appears to have placed product simulation on a constitutional pedestal and accorded it a privileged status. These rulings, couched in the absolute and unqualified language that is the hallmark of Justice Black's juristic art, may portend revolutionary changes in the law of unfair competition.

MILTON HANDLER

When the Supreme Court released the Sears and Compco decisions it seemed, at first glance, that the law of unfair competition and related fields had become "disaster areas." The roof had seemingly fallen in on a vast structure of federal and state precedents laboriously built up since the days of the Court's famous decision in the International News case.

WALTER J. DERENBERG

Unless one chooses to assail the whole concept of freedom of imitative competition the Court's general conclusion, as stated in the Sears opinion, seems to be unassailable.

RALPH S. BROWN, JR.

It is crucial to observe, however, that while broad opinions generally preempting state monopolies may well be handed down, Sears and Compco are certainly not such opinions. They are the easy cases where the state protection was substantively inconsistent with the federal statute.

PAUL BENDER

* 376 U.S. 225 (1964).

** 376 U.S. 234 (1964).

The effect of the Supreme Court decisions in the *Sears*¹ and *Compco*² cases is neither as disastrous as many who espouse greater design protection fear nor as comforting as many who eschew such protection hope. Both cases involved the copying of an unpatentable article of commerce in its entirety—not a nonfunctional feature that had acquired a secondary meaning. The *Sears* case represents merely the application of old principle in a somewhat different context. It does not establish a new principle. The question presented was whether a competitor who copies an unpatentable article and sells it in competition with the originator's article is guilty of unfair competition.

The article—a pole lamp—was the subject of invalid mechanical and design patents. It was copied in its entirety and sold in labeled cartons, but without identification tags attached to the lamp, at a retail price equal to the originator's wholesale price. There was some evidence of public confusion resulting from the appearance of the two articles, but there was no evidence that such confusion resulted from the copying of a nonfunctional feature which had acquired a secondary meaning. There was no evidence of palming off.

A general rule concerning unprivileged imitation of the appearance of goods has evolved through the years on a case by case basis; today it contains some rather well-defined principles. As tentatively set forth in the *Restatement of Torts* the rule reads:

One markets his goods with an unprivileged imitation of the physical appearance of another's goods, under the rule stated in § 711, if he copies or imitates the configuration of the goods, the style or design of the goods, or the dress of the goods, or the conformation of the package for the goods of the other, and his goods are of the same class and sold in the same market as those of the other, and

(a) he procured or obtained access to the other's goods by improper means for the purpose of copying or imitating them; or

(b) he had promised that he would not copy or imitate the other's goods; or

(c) the imitated feature of the other's goods has acquired generally in the market a special significance identifying the goods as his, and the actor's copy or imitation is likely to cause prospective purchasers to regard them as those of the other, and,

(i) the copied or imitated feature is nonfunctional, or

(ii) if the copied or imitated feature is functional, the actor does not take reasonable steps to distinguish his goods from those of the other.³

The decision in the *Sears* case is not inconsistent with this rule, since the

* Reporter of RESTATEMENT (SECOND), TORTS, division 9, part I; former Assistant Commissioner of Patents in charge of Trademarks.

1. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

2. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

3. This formulation of RESTATEMENT (SECOND), TORTS § 741 (Elements of Unprivileged Imitation) has not as yet been incorporated into a tentative draft.

subject copied was the entire article, and thus functional. It was sold in cartons which were labeled—though there was no identification on the lamp itself. The Court observed in the final footnote that Illinois, where the case arose, had not seen fit to impose liability on sellers who did not label their goods.⁴

The court of appeals, in its opinion,⁵ had broadened Illinois law beyond any previous case involving similar circumstances. In so doing, it overlooked the established principle that sharing in the good will of an article which is unprotected by patent is the exercise of a right possessed by all. Moreover, it seems to have disregarded the fact that in granting the injunction against further copying of an unpatented article under the guise of unfair competition, the court was granting plaintiff a right as broad as a patent and unlimited as to time.

Some of Justice Black's reasoning is rather startling inasmuch as his conclusions seem to be based on the "[F]ederal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."⁶ The patent and copyright laws, however, allow no such "access." The right to copy stems from the common law; the patent and copyright laws are exceptions to that right. His analysis further seems to be based on a theory of federal preemption and occupation of the field which is contrary to the implications of the Court's opinion in *Gibbons v. Ogden*.⁷ The ultimate result in the case, however, is sound and is consonant with the body of established law.

The decision should not be interpreted as having any applicability to cases involving distinctive packages and dress of goods. The Court carefully pointed out that a state may, in appropriate circumstances, require that goods be labeled or that other steps be taken to prevent customers from being misled as to source, "just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods."⁸ In other words, a particular feature whose sole function is to identify and distinguish the user's article and which, in fact, does identify and distinguish, will continue to be protected as a device-trademark.

The opinion of the Supreme Court in the *Compco* case may cause some difficulty in the future—not because it differs substantively from the *Sears* case, but because it contains statements that may lead lower courts astray in cases involving substantially different facts. *Compco* involved a fluorescent

4. To this extent the Illinois law may not be consistent with the general rule.

5. *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115 (7th Cir. 1963).

6. 376 U.S. at 237.

7. 22 U.S. (9 Wheat.) 1, 48 (1824): "[W]ithin the limits of the state, a patent under the local law would be just as effectual."

8. 376 U.S. at 232. (Emphasis added.)

lighting fixture containing a particular kind of reflector that was the subject of an invalid design patent and a refused mechanical patent. A competitor had copied the fixture, including the reflector with cross-ribs designed to provide both strength and attractiveness, and sold it in a clearly marked container. The district court found:

- (a) the overall appearance of the copier's fixture was the same, to the ordinary observer, as the appearance of the originator's;
- (b) the appearance of the fixture had the capacity to identify and did so identify the originator in the trade;
- (c) the concurrent sale of the two fixtures was likely to cause confusion in the trade; and
- (d) actual confusion did occur.⁹

There was no evidence of palming off.

The court of appeals stated that there was no clear error in the district court's findings. The evidence supported the conclusion that the reflector, though functional, did have the capacity to identify and did identify the originator in the trade, and there was substantial evidence in the record to support the finding of likelihood of confusion. The court did not comment on the evidence of actual confusion. It observed, "the capacity of the plaintiff's design [the overall appearance of the article] to serve the plaintiff in somewhat the manner of a trademark does constitute a 'protectable' right."¹⁰

The case involved the copying of the overall appearance of an article of trade and not the copying of a nonfunctional feature that had acquired a secondary meaning. With respect to the reflector in the fixtures, the court of appeals had noted that "several choices of ribbing were apparently available to meet the functional needs of the product," and that the copier "did not avail itself of the other types but instead chose precisely the same design used by the plaintiff and followed it so closely as to make confusion likely."¹¹ The court, however, had theretofore stated that "while a choice of ribbing to meet the need was available, any particular choice had to be made from those types of ribbing which would be suitable to the functional requirement,"¹² and concluded that the district court's decision that the design of the cross-ribs was functional and dictated by the limitations of the manufacturing process is "*fully supported by the evidence.*"¹³

It has long been established principle that the appearance of an unpatented or unpatentable article or any part thereof that is functional may not acquire any secondary meaning rendering it subject to exclusivity.¹⁴ The copier may

9. *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26, 29 (7th Cir. 1962).

10. *Id.* at 30.

11. *Ibid.*

12. *Id.* at 28.

13. *Ibid.* (Emphasis added.)

14. See *J. R. Clark Co. v. Murray Metal Prods. Co.*, 219 F.2d 313 (5th Cir. 1955); *Alan Wood Steel Co. v. Watson*, 150 F. Supp. 861 (D.D.C. 1957); *In re Deister Concentrator Co.*, 48 C.C.P.A. (Patents) 952, 289 F.2d 496 (1961).

be required to distinguish his product by labels or other source indicia, but the mere copying and selling of the article does not constitute, and never has constituted, unfair competition. The Supreme Court in *Compco* merely underscored this principle.

In equating the overall design of an unpatentable article with a trademark, the court of appeals overlooked the fact and the legal principle that a trademark is adopted and used for the purpose of identifying and distinguishing the product of one person from the products of others, whereas the functional design of an article is adopted for utilitarian purposes. The two are not analogous. They are not even comparable.

In this context, the "summation" of the Supreme Court was most unfortunate. Justice Black stated:

That an article copied from an unpatented article could be made in some other way, that the design is "nonfunctional" and not essential to the use of either article, that the configuration of the article copied may have a "secondary meaning" which identifies the maker to the trade, or that there may be "confusion" among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.¹⁵

In light of the record in this case, the Court was merely saying that the fact that the copied fixture, or the reflector, could have been made in some other way (as the court of appeals observed), or that the particular design of the fixture has no effect upon its utilitarian value, or that the design of the fixture may identify its maker to the trade, or that purchasers may not be able to tell just by looking at the fixture itself who made it, may be relevant for the purpose of requiring reasonable steps to distinguish the copier's fixture. They do not, however, alter the established principle that an unpatented or unpatentable article may be freely copied, and the design of the article may not acquire such significance as would entitle it to exclusive appropriation, regardless of the copier's motives.

Thus, when read in the context of the record, and it should not be otherwise read, this "summation" does not mean that the originator is without recourse to restrain the palming off of the copy. Nor does the decision mean that the Supreme Court has overruled that considerable body of law which subjects to liability one who copies a *nonfunctional feature* of another's goods when such feature serves only the purpose of indicating source of the goods and when its copy or imitation is likely to cause prospective purchasers to regard them as those of the other.

15. 376 U.S. at 238.

MILTON HANDLER*

More than a half-century ago, when the law of unfair competition was yet in its infancy, Justice Holmes drew a pregnant distinction between sharing in the good will of a product and sharing in the good will of its producer.¹ A generation later Justice Brandeis observed that:

Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.²

The Supreme Court, however, has not always exempted product simulation from judicial regulation. In the *Schechter* case, Chief Justice Hughes, in synthesizing the law of unfair competition as it then existed, asserted:

“Unfair competition,” as known to the common law, is a limited concept. Primarily, and strictly, it relates to the palming off of one’s goods as those of a rival trader. . . . In recent years its scope has been extended. It has been held to apply to misappropriation as well as misrepresentation, to the selling of another’s goods as one’s own—to misappropriation of what equitably belongs to a competitor.³

In this synthesis the Chief Justice relied upon the *International News Service* case⁴ where, acting under its pre-*Erie* diversity jurisdiction, the Court had held tortious the copying and sale, by I.N.S., of uncopyrighted Associated Press news dispatches. *Schechter*, of course, was only a dictum, and the Chief Justice may have indulged in an overgeneralization. As is well known, *International News* has since had a checkered career and, though never overruled, has been essentially limited to its facts and applied only in closely related and cognate situations.⁵

It is fair to say that both before and after *International News*, product

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This Article is based upon a section of a lecture before the Association of the Bar of the City of New York on June 18, 1964. The remainder of the lecture will be published in the November issue of the University of Michigan Law Review.

1. See *Saxlehner v. Wagner*, 216 U.S. 375, 380-81 (1910):

The real intent of the plaintiff’s bill . . . is to extend the monopoly of such trademark or trade name as she may have to a monopoly of her type of bitter water, by preventing manufacturers from telling the public in a way that will be understood what they are copying and trying to sell. But the plaintiff has no patent for the water, and the defendants have a right to reproduce it as nearly as they can. . . . If [the defendants] do not convey, but, on the contrary, exclude the notion that they are selling the plaintiff’s goods, it is a strong proposition that when the article has a well-known name they have not the right to explain by that name what they imitate. By doing so they are not trying to get the good will of the name, but the good will of the goods.

2. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

3. *Schechter Poultry Corp. v. United States*, 295 U.S. 495, 531 (1935).

4. *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

5. See *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930) and cases cited in HANDLER, CASES ON TRADE REGULATION 948 n.7 (3d ed. 1960).

simulation, by itself, has generally been deemed non-tortious at common law in both state and federal courts.⁶ But at no time has it ever been suggested that where such simulation entails sharing in the good will of the producer as well as of the product, courts were powerless to prevent the resulting deception by curbing the imitation. In two companion rulings during its last term the Supreme Court appears to have placed product simulation on a constitutional pedestal and accorded it a privileged status. These rulings, couched in the absolute and unqualified language that is the hallmark of Justice Black's juristic art, may portend revolutionary changes in the law of unfair competition.

In the *Sears*⁷ and *Compco*⁸ cases, the Supreme Court ruled that it is not consonant with the federal patent laws for the State of Illinois to enjoin the copying of an unpatented or unpatentable article irrespective of whether the copying results in confusion of the public—regardless of whether the configuration of the article has acquired a secondary meaning or whether the copied features are functional. These factors, according to Justice Black, are irrelevant because in the absence of a patent the article is in the public domain and may therefore be freely imitated.⁹

The *Sears* case concerned a pole lamp originally made by the plaintiff, who had secured design and mechanical patents on it. Sears, Roebuck made a Chinese copy of the lamp and proceeded to sell it at retail for a price practically equivalent to Stiffel's wholesale price. Stiffel's complaint alleged patent infringement and unfair competition. After finding the patents invalid for want of invention,¹⁰ the district court, applying its view of Illinois law, held that there was some actual confusion as well as a likelihood of confusion stemming from the substantial identity of the two lamps. There was no finding of secondary meaning in the appearance of the product, and the copied features appear to have been functional. The Seventh Circuit affirmed the district court's judgment granting an injunction, ordering an accounting for profits, and awarding damages.¹¹

In *Compco* the imitated article was a cross-ribbed reflector used in a fluorescent lighting fixture on which a design patent had been secured and a mechanical patent refused. The suit was in two counts for patent infringement and unfair competition. Again, the design patent was held invalid. After finding secondary meaning and actual, as well as likely, confusion, the district

6. See, e.g., *Cheney Bros. v. Doris Silk Corp.*, *supra* note 5.

7. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

8. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

9. "To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Id.* at 237.

10. See summary of the district court's unreported opinion in *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115, 116 (7th Cir. 1963).

11. *Id.* at 118.

court awarded an injunction and an accounting.¹² The Seventh Circuit affirmed.¹³

The Supreme Court's rationale proceeds along the traditional lines of federal preemption. The federal patent system, specifically authorized by the Constitution,¹⁴ establishes a uniform federal standard for the protection of invention and the preservation of free competition. To give patent-like protection under state law to an article incapable of a patent grant runs counter to federal policy and is accordingly unconstitutional under the supremacy clause.¹⁵ Justice Black apparently views the patent law as embodying a congressional, if not a constitutional,¹⁶ decision to grant to the public complete freedom to copy all articles not of sufficient inventiveness to be patentable.¹⁷ According to the Court, the state's interest in prohibiting fraud and preventing confusion of the purchasing public may be achieved by other means, such as compulsory labeling,¹⁸ but federal law does not permit the states, in the guise of enjoining unfair competition, to restrain the copying of an unpatented article. The short of the rulings is that the recognition by the states of any rights in anything in the public domain conflicts with federal law.

Ever since *Darcy v. Allein*¹⁹ was decided in 1602, the English common law has denied its sanction to either a crown or a legislative²⁰ grant of monopoly over the manufacture and sale of ordinary articles of trade lacking any element of invention. It is no radical extension of doctrine under the American constitutional system to hold that such judge-created monopolies are equally impermissible.²¹ Indeed, judge-made monopolies entail a greater threat to our competitive institutions since, unlike patents, their creation is not restricted to products embodying invention and discovery, there is no time limitation on their duration, and there is no eventual dedication to the public.²² Accordingly, it has long been established that it is not tortious to

12. See summary of the district court's unreported opinion in *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26 (7th Cir. 1962).

13. *Ibid.*

14. U.S. CONST. art. I, § 8, cl. 8.

15. U.S. CONST. art. VI.

16. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964); see Justice Black's dissent in *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 522 (1964).

17. "To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231-32 (1964).

18. *Id.* at 232.

19. 11 Co. Rep. 84b, 77 Eng. Rep. 1260 (K.B. 1602).

20. See the Statute of Monopolies, 1623, 21 Jac. I, c. 3.

21. Implicit in the constitutional grant to Congress of legislative power to authorize the issuance of patents is a denial of like power to the judiciary.

22. See *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 281 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930).

share in the good will of a product as opposed to sharing in the good will of its producer.²³

There would, therefore, be no occasion to comment on these cases if they went no further than *Darcy v. Allein* and the legion of decisions upholding copying when there is no secondary meaning, no misrepresentation, and no confusion of the public. What differentiates these rulings is that they seemingly permit a sharing of the good will of the *producer* as well as that of his product. To relate these decisions to the prior precedents, it may be instructive to consider a series of hypothetical situations.

We first turn to the classic case of a naked copying of an unpatented article absent any element of explicit or implicit misrepresentation as to source. Justice Black's opinions reaffirm the right of imitation in these circumstances and are in accord with settled authority.²⁴ Suppose, however, the copier overtly misrepresents that his product emanates from a competitor. This type of explicit misrepresentation, palming off, has long been considered unfair competition²⁵ and the *Sears-Compco* rule of preemption, appertaining to the act of copying, should not affect the state's power to condemn it.²⁶

The next hypothetical concerns duplication of an article whose configuration or appearance has acquired a secondary meaning in circumstances where confusion has occurred or is likely. Here the misrepresentation is implicit, not overt. The crux of a secondary meaning is that the appearance of the product identifies and distinguishes its source. The copier is thus misrepresenting the origin of his own goods. If the imitated features are functional, the majority of the cases²⁷ and the *Restatement*²⁸ would deny protection to the original maker, even though it is *his* good will rather than that of his product which is being shared. When the copied features are nonfunctional, however, the general rule prior to *Sears* was to hold the imitation tortious.²⁹ Even though an implicit misrepresentation causing public confusion may exist, Justice Black

23. See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

24. *E.g.*, *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930).

25. *E.g.*, *Winthrop Chem. Co. v. Weinberg*, 60 F.2d 461 (3d Cir. 1932); see 1 NIMS, UNFAIR COMPETITION AND TRADEMARKS § 9a (4th ed. 1947) and cases cited therein.

26. "A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964).

27. See, *e.g.*, *Daniel v. Electric Hose & Rubber Co.*, 231 Fed. 827 (3d Cir. 1916); *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670 (S.D.N.Y. 1963); 1 CALLMAN, UNFAIR COMPETITION AND TRADE-MARKS § 16.2 (2d ed. 1950); 1 NIMS, *op. cit. supra* note 25, § 134.

28. RESTATEMENT, TORTS § 741 (1938). The *Restatement* prohibits copying of non-functional features which have acquired a secondary meaning. If the imitated feature is functional, the privilege of copying is conditional and permitted except when the copier "does not take reasonable steps to inform prospective purchasers that the goods which he markets are not those" of the original maker.

29. See, *e.g.*, *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299 (2d Cir. 1917). On the subject of functionality generally see Note, 64 COLUM. L. REV. 544 (1964).

now tells us that the states are powerless to curb copying. All they can do is to minimize the deception by requiring affirmative labeling.³⁰

Unfair competition, perhaps more than any other field in the law, necessarily involves a balancing of interests. No matter how devoted we may be to the philosophy of competition as the best instrument of economic control in a democratic society, we all recognize that it must be conducted within limits if it is not to destroy itself and produce the very condition it is designed to prevent. There are thus certain practices which, by common consensus, have been placed beyond the pale of proper competitive business behavior.³¹

There is always the danger that salutary efforts to curb business improprieties may subvert the competitive process itself. Hence, the courts have had to strike a delicate balance between the social interest in preserving competition and the equally important social interest in prohibiting unfair and deceptive practices. In our eagerness to elevate the ethical levels of business conduct, we must never forget that unfair competition is the other side of the antitrust coin. To attain our dual goals, we must eliminate fraud without preventing competition; in preserving competition, we must not immunize fraud.

With respect to product imitation, the interests to be weighed are the public's right, absent a patent grant, to imitate at will and, on the other side, the social desirability of avoiding public confusion resulting from a misrepresentation as to source, whether explicit or implicit. Heretofore, imitation has generally been permitted, as I have pointed out, where the copied feature was functional or integral to the product, since otherwise the product could not be made by others and there would be no competition. But when the feature was nonfunctional—which is another way of saying that the defendant could readily alter the appearance of the article and still compete effectively—as was the situation before the Court in *Compco*,³² there is no reason why misrepresentation should be tolerated. The restraint against copying does not confer a product monopoly; it merely requires changes in appearance necessary to avoid confusion.

Justice Black would harmonize these interests along totally different lines. The thrust of the patent law is so strong, he says, that the states, under the Constitution, may protect against the *implicit* misrepresentation arising from the imitation of a product with secondary meaning only by compelling labeling

30. No one could quarrel with the decisions if compulsory labeling were sufficient to obviate the fraud. Experience, however, has taught that confusion of the public can not always be effectively avoided by placing the name of the imitator on the imitated article. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 424 (1916); 2 NIMS, *op. cit. supra* note 25, § 379a.

31. See generally Handler, *Unfair Competition*, 21 IOWA L. REV. 175 (1936).

32. The court of appeals in *Compco* noted that "several choices of ribbing were apparently available to meet the functional needs of the product." 311 F.2d at 30. However, the court in affirming the district court's finding that the plaintiff's patent was invalid, did state that "the District Court's decision that the design of the cross ribs was functional and dictated by the limitations of the manufacturing process is fully supported by the evidence." *Id.* at 28.

showing the correct source. Copying itself—even of nonfunctional features—cannot be forbidden though such a prohibition may be the only effective means of counteracting the misrepresentation.³³ Whether or not this new formulation is preferable to the old, the fundamental question posed by these decisions is whether it is the only balance permitted the states under our constitutional system.

According to Justice Black, nothing in the public domain may be denied to anyone, no matter what the circumstances. In his subsequent dissent in the *Aro* case, he makes his position even clearer:

The granting of patent monopolies under . . . constitutional authority represents a very minor exception to the Nation's traditional policy of a competitive business economy, such as is safeguarded by the anti-trust laws. When articles are not patentable and therefore are in the public domain . . . , to grant them a legally protected monopoly offends the constitutional plan of a competitive economy³⁴

In painting with such a broad brush, he gives no weight to the traditional power of equity to mold a decree to fit the particular facts before the court. It is a long settled principle of equity jurisprudence, often applied in the field of trade regulation, that a court may enjoin completely lawful conduct in order to make its prohibition of unlawful conduct more effective. This principle has been applied time and again by the Supreme Court in antitrust cases,³⁵ and was reaffirmed as recently as two years ago in *United States v. Loew's, Inc.*, where Justice Goldberg stated: "to ensure . . . that relief is effectual, otherwise permissible practices connected with the acts found to be illegal must sometimes be enjoined."³⁶

Nor is this remedial doctrine limited to courts of equity. Administrative agencies such as the Federal Trade Commission likewise have a wide area of latitude in shaping their orders.³⁷ The remedies so framed, both by court and commission, have frequently deprived defendants of the right to do something that is permissible when done by everyone else—which is another way of

33. "[T]hat the design is 'nonfunctional' and not essential to the use of either article . . . can [not] furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling." 376 U.S. at 238.

34. *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 522 (1964).

35. For example, in *International Salt Co. v. United States*, 332 U.S. 392 (1947), the Court affirmed a decree which, in addition to enjoining leases containing tie-in provisions, required the defendant to lease its machines to all applicants on a nondiscriminatory basis. In *United States v. Bausch & Lomb Optical Co.*, 321 U.S. 707, 724 (1944), the Court affirmed a decree nullifying fair trade contracts in their entirety for six months even though only portions of them were unlawful, holding that "equity has power to eradicate the evils of a condemned scheme by prohibition of the use of admittedly valid parts of an invalid whole." In *Ethyl Gasoline Corp. v. United States*, 309 U.S. 436, 461 (1940), the Court affirmed a decree enjoining the defendant from licensing its patented fuel to jobbers even though the licensing device "might continue to be used for some lawful purposes."

36. 371 U.S. 38, 53 (1962).

37. See, e.g., *FTC v. National Lead Co.*, 352 U.S. 419, 428-31 (1957); which upheld a broad FTC order as reasonably restraining lawful practices in order to prevent a continuance of unfair competition.

saying that the defendants are being denied the right to make use of something in the public domain. It is difficult, therefore, to understand why under the Constitution there should be less remedial power in the states than in the Federal Trade Commission, particularly where the object of the restraint is to curb misrepresentation. When a court, in shaping an effective decree, inhibits the defendant from engaging in conduct which is otherwise entirely lawful, it is not in any sense arrogating to itself the powers vested in the patent office and conferring a monopoly upon the plaintiff; the only curb on the defendant is that he alter the nonfunctional features of his goods, but he is free to produce the same article with all of its functional characteristics. Moreover, the restraint on copying nonfunctional elements is imposed only when there is no alternative effective means of preventing the misrepresentation.

Does the new doctrine apply to imitation of features other than the appearance of the article? What about trademarks? Although Justice Black explicitly tells us that the states may continue to protect the use of trademarks in order to avoid public confusion, the breadth of his *ratio decidendi* presents some problems. Personal names,³⁸ geographical terms³⁹ and descriptive words⁴⁰ are all, in a sense, in the public domain. Yet, when a secondary meaning has been acquired, they have traditionally been granted trademark protection both at common law,⁴¹ and under state⁴² and federal⁴³ statutes. How is the protection of these items taken from the public domain to be squared with the denial of protection when the product itself is copied? Is the ambit of these decisions restricted to the subject matter of the patent and copyright laws, or does it extend to anything in the public domain which is available to all of mankind? If there be any such distinction, what is its rationale?

Suppose a manufacturer has a valuable trade secret which one of his competitors wrongfully procures. Is this another area, though not explicitly mentioned in *Sears* or *Compco*, in which a re-evaluation of well settled legal principles is required? By definition, a trade secret is not patented; frequently it is unpatentable. Yet so long as secrecy is maintained, relief will be afforded against misappropriation.⁴⁴ Recovery is not limited to money dam-

38. See 3 CALLMAN, *op. cit. supra* note 27, § 85.2; 1 NIMS, *op. cit. supra* note 25, §§ 67-81; RESTATEMENT (SECOND), TORTS § 720 (Tent. Draft No. 8, 1963); RESTATEMENT, TORTS § 722 (1938).

39. See 3 CALLMAN, *op. cit. supra* note 27, § 72; 1 NIMS, *op. cit. supra* note 25, §§ 98-115; RESTATEMENT (SECOND), TORTS § 720 (Tent. Draft No. 8, 1963).

40. See 3 CALLMAN, *op. cit. supra* note 27, § 71; 1 NIMS, *op. cit. supra* note 25, §§ 200-210; RESTATEMENT (SECOND), TORTS § 720 (Tent. Draft No. 8, 1963); RESTATEMENT, TORTS § 721 (1938).

41. See generally Handler & Pickett, *Trade-Marks and Trade Names—An Analysis and Synthesis*, 30 COLUM. L. REV. 168, 759 (1930).

42. See, *e.g.*, N.Y. GEN. BUS. LAW § 361(e).

43. See Lanham Act § 2(f), 60 Stat. 428 (1946), 15 U.S.C. § 1052(f) (1959).

44. See, *e.g.*, *Peabody v. Norfolk*, 98 Mass. 452 (1868). See generally 2 CALLMAN, *op. cit. supra* note 27, §§ 51-59; RESTATEMENT, TORTS §§ 757-59 (1938).

ages; an injunction will issue against a repetition of the wrong, and, in addition, against the use of the secret itself. In other words, the courts are granting a limited monopoly in an unpatented article or process against a wrongdoer who, by his conduct, has forfeited the right available to everyone else to use the subject matter of the secret when fairly discovered. Has this body of law also been discarded by *Sears* and *Compco*?

This brings me to my last hypothetical—state protection of trade dress or distinctive packaging. Here Justice Black obviates the need for guesswork as to the application of the *Sears* principle; the Court explicitly preserves the state's power to protect the use of "distinctive dress in the packaging of goods."⁴⁵ Evidently the Justices do not view the uniform federal patent policy as requiring preemption of state regulation in this area, notwithstanding the fact that elements of trade dress emanate from the public domain and to some extent may be the subject of design patents.⁴⁶

In holding that the states cannot place any limitations on that which is in the common domain, the Court's opinions may also affect the law of anti-trust itself. In *Scott Paper Co. v. Marcalus Mfg. Co.*,⁴⁷ Chief Justice Stone established the principle that neither estoppel nor private contract may prevent the assignor of a patent from defending himself in an infringement suit by alleging that the infringing device was in the public domain. Now we are told that the law of torts as well may not restrict the use of that which is in the public domain. Does this mean that ancillary covenants not to compete, which restrict economic activities otherwise open to all, are no longer valid?

Despite Justice Black's absolute language, I find it hard to believe that the Court intended to jettison the large body of state law of unfair competition which has developed over the last century and a half. This is particularly so since, as Justice Brandeis pointed out in *Kellogg Co. v. National Biscuit Co.*,⁴⁸ the *Erie* doctrine makes the state law controlling in unfair competition litigation when brought in the federal courts under the diversity jurisdiction. The anomalous situation to which we now have been brought is that, although the states theoretically have the last word on the substantive law, we will, in fact, have to look to the federal courts for the crucial decisions concerning the permissible scope of state regulation under the supremacy clause. It is perhaps worthy of note that for a century and three-quarters it has not even as much as been intimated that state law must conform to the implied policy postulates which the Court for the first time discerns in the federal patent laws. I would hope that, as the case by case explication of *Sears* and *Compco* unfolds in the vast amount of litigation these cases will inevitably spawn,⁴⁹ limits will be

45. 376 U.S. at 232.

46. See 35 U.S.C. § 171 (1959).

47. 326 U.S. 249 (1945).

48. 305 U.S. 111, 113 n.1 (1938).

49. See, e.g., *Edward H. Wood Associates v. Skene*, 197 N.E.2d 886 (Mass. 1964); *Capital Records, Inc. v. Greatest Records, Inc.*, 42 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup.

set on the absolutes found in these opinions, and that state courts in the economic area will be accorded the same deference as is shown state legislatures by a Court that so enthusiastically associates itself with the Holmes-Brandeis-Stone reading of the fourteenth amendment.⁵⁰ While competition unquestionably is "an ease to the people,"⁵¹ the effective prevention of fraud upon the public is one of the most ancient and mobile responsibilities of the judiciary.

Justice Brandeis, dissenting in *International News*,⁵² and Judge Learned Hand for the court in *Cheney Bros. v. Doris Silk Corp.*,⁵³ observed that judges are ill-equipped to create new rights or recognize new property interests, since they are unable to engage in the investigation or provide the limitations and safeguards which only a legislative body is in a position to afford. Are not the courts equally ill-equipped without investigation and safeguards to uproot from our law rights which have been long-recognized and effectively protected?

It seems worth remembering in this turbulent and agonizing century that change is not always synonymous with progress.

Ct., 1964); *New York World's Fair 1964-1965 Corp. v. Colourpicture Publishers, Inc.*, 141 U.S.P.Q. 939 (N.Y. Sup. Ct., June 10, 1964), *aff'd*, 21 App. Div. 2d 896, 251 N.Y.S.2d 885 (2d Dep't 1964); *Flamingo Telefilm Sales, Inc. v. United Artists Corp.*, 141 U.S.P.Q. 461 (N.Y. Sup. Ct., May 1, 1964); *Mastro Plastics Corp. v. Emenee Indus., Inc.*, 141 U.S.P.Q. 311 (N.Y. Sup. Ct., April 15, 1964); *Columbia Broadcasting Sys., Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 726, 248 N.Y.S.2d 809 (Sup. Ct. 1964).

50. See *Ferguson v. Skrupa*, 372 U.S. 726 (1963).

51. *The Schoolmaster Case*, Y.B. 11 Hen. IV, f. 47, pl. 21 (C.P. 1410).

52. *International News Serv. v. Associated Press*, 248 U.S. 215, 264-67 (1918).

53. 35 F.2d 279, 281 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930).

WALTER J. DERENBERG*

When the Supreme Court released the *Sears* and *Compco* decisions it seemed, at first glance, that the law of unfair competition and related fields had become "disaster areas." The roof had seemingly fallen in on a vast structure of federal and state precedents laboriously built up since the days of the Court's famous decision in the *International News* case.¹ The purpose of this article is to pierce through the confusion and disruption caused by these two cases and to appraise the more permanent aftereffects of the holdings and especially of certain sweeping dicta in both opinions.

Lest there be any misunderstanding, let it be stated at the outset that there was nothing unusual about the two cases in their early stages. They were but two among hundreds of similar cases in which patent owners sought protection against "slavish imitation" of their products and failed to secure it under the law of unfair competition once the patent had been declared invalid or had expired. Nor has it ever been suggested that under the guise of state law, a competitor could or should be prevented from using an invention that always had been or had become part of the public domain.

Since the lower court's decisions in both cases²—particularly in *Sears*—went too far in several respects, it was not surprising that the Supreme Court granted certiorari. The court of appeals had found unfair competition without adequate proof of secondary meaning and without any showing that the competitor had copied not only functional but nonfunctional features of the equipment as well. Moreover, it granted broad injunctive relief against further manufacture of the entire article just as if patent infringement had been present.

Nevertheless, careful observers noted that the Court had consistently declined to review a large number of previous decisions in which unsuccessful *plaintiffs*, rather than defendants, had petitioned. The very fact that the Court had singled out these cases for review, in itself, justified forebodings that in its first decisions concerning product simulation since the *Shredded Wheat* case³ of twenty-five years ago, the Court would reverse the lower court, at least with regard to the scope of relief to which the plaintiffs had been held entitled under Illinois law of unfair competition as a result of the Seventh Circuit's application of "principles of old fashioned" commercial honesty.⁴

Those who were present during the oral argument of the cases were left

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1. *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

2. *Stüffel v. Sears, Roebuck & Co.*, 313 F.2d 115 (7th Cir. 1963); *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26 (7th Cir. 1962).

3. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938).

4. *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26, 30 (7th Cir. 1962), quoting *Radio Shack Corp. v. Radio Shack Inc.*, 180 F.2d 200, 206 (7th Cir. 1950) (Duffy, J.): "In all cases of unfair competition, it is principles of old fashioned honesty which are controlling."

under no illusion—the Court would express little sympathy with the lower court's decisions. Few anticipated, however, that the Court would take this opportunity to sanction every form of product simulation, no matter how "unfair," on the ground that precluding the copying of an unpatented or uncopyrighted product would run afoul of "federal patent policy" and would conflict with the "limited times" provision of article I, section 8, of the Constitution.⁵ Rather than reverse the lower court on the ground that there had been no adequate showing of "palming off," imitation of "nonfunctional" features, or "secondary meaning," the Court looked upon the issues before it from the broader viewpoint of constitutional and statutory "preemption" and thereby appeared to have foreclosed any possibility of state court protection against product simulation. Only Justice Harlan, in a brief concurring opinion, suggested that states should be given "more leeway" in "unfair competition copying cases":

If copying is found, other than by an inference arising from the mere act of copying, to have been undertaken with the dominant purpose and effect of palming off one's goods as those of another or of confusing customers as to the source of such goods, I see no reason why the State may not impose reasonable restrictions on the future "copying" itself. Vindication of the paramount federal interest at stake does not require a State to tolerate such specifically oriented predatory business practices.⁶

But even if it now had to be conceded that cases involving "Chinese copying" or "slavish imitation" were to be decided solely on the basis of constitutional preemption, it would still remain doubtful whether the patent and the copyright "monopolies" should be treated alike in this respect. As was recently observed in a thought provoking study on the constitutional aspects of copyright law:

American legal thinking on the subject of intellectual property has suffered, *ab initio*, from the lazy man's impulse to treat patents and copyrights alike, without a careful consideration of the vital differences between them.⁷

5. "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing, for limited Times, to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries."

6. 376 U.S. 225, 239. Even the Department of Justice did not ask for or even suggest as extreme an approach as was later embodied in the Court's opinion.

There may be cases where a court might conclude that a prohibition against copying was the only way to provide effective relief. Such a decree might be justified if there were no feasible means to differentiate between the parties' goods, except by differences in appearance; if prior efforts to stop the deception by narrower relief had been unsuccessful; or if the counterbalancing public interest in the copied feature is insignificant.

Brief for the United States as Amicus Curiae, p. 36, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

7. Whicher, *The Ghost of Donaldson v. Beckett: An Inquiry Into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States*, 9 BULL. COPYRIGHT SOC'Y 102, 194, 196 n.4 (1962).

Even a glance at the Copyright Act of 1909, and particularly Section 2 thereof,⁸ will indicate that different standards of constitutional and congressional preemption should apply with regard to copyright as compared with patent law. The patent statute contains no reservation of a common-law right in undisclosed materials, while common-law copyright protection is expressly reserved until "general publication" and may in some respects and under a different label even survive such publication.⁹

Must we now assume that by not even referring to the *International News* case in *Sears* and *Compco*, the Court intended impliedly to overrule that decision at least to the extent that it granted protection against actual copying of news reports and stories after "general publication"? Or, are we justified in taking the position that the actual precedential scope of the decisions should be limited to the specific facts before the Court, their broad dicta notwithstanding?

It already seems apparent from judicial developments during the past six months that those competitors and traders who considered *Sears* and *Compco* the Magna Carta for all sorts of unfair business conduct have—thus far, at least—not found much encouragement in either federal or state courts.

I. IMPLICATIONS FOR THE LAW OF COPYRIGHT

While neither *Sears* nor *Compco* involved questions of statutory or common-law copyright, the Court's opinions in both cases unfortunately make certain broad observations with regard to the relationship between federal copyright law and state law of unfair competition that have immediately caused widespread confusion and misapprehension. It thus becomes particularly important not to be misguided by the Court's dicta with regard to copyright and the lack of any suggestion that different legal standards may have to be applied and important distinctions made concerning both works outside the scope of "writings" under the Constitution and works, which, while within its scope, have not been specifically included in the list of copyrightable subject matter under the Act of 1909. In the very first sentence of the *Sears* opinion Justice Black states the issue before the Court to be whether a state unfair competition law may "prohibit the copying of an article which is protected by neither a federal patent nor a copyright."¹⁰ After discussing patent policy and history, he reaches the conclusion that "because of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying."¹¹ There is no indication in either opinion whether this pronouncement was intended

8. 17 U.S.C. § 2 (1959).

9. See generally Whicher, *supra* note 7, at 214-27.

10. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964). (Emphasis added.)

11. *Id.* at 232-33. (Emphasis added.)

to apply only to works which, under existing law, are capable of *statutory* copyright or whether it was meant to include those vast controversial areas which, though within the constitutional concept of "writings," have been held to be outside the realm of the Act of 1909—for example, phonograph records and artistic contributions of performers.¹²

As a result of this uncertainty, the rights of record manufacturers against "dubbers" or other less drastic types of misappropriation—as recognized a few years ago in the majority opinion in *Capitol Records, Inc. v. Mercury Records Corp.*¹³—would seem to be in jeopardy. Judge Learned Hand's famous dissent characterizing such protection as establishing a "perpetual monopoly" may now have to be adopted though Judge Hand himself referred to the result of his conclusion as "harsh."¹⁴ It is submitted, however, that with regard to this and other issues involving common law copyright, such results can be avoided by focusing attention on Section 2 of the Copyright Act of 1909 which expressly preserves the rights of authors or proprietors of "unpublished" works, "at common law or in equity, to prevent the copying, publication, or use" of such works.¹⁵ It is interesting to note that Justice Black, in a footnote reference, refers to that section as being indicative of the congressional purpose to establish "national uniformity";¹⁶ there is, however, no indication in the Court's opinion that this area may be within the state court's jurisdiction not only on the basis of common-law copyright but on that of unfair competition as well. It would seem, therefore, that with regard to the problem of rescuing from the consequences of *Sears* and *Compco* authors of uncopyrightable material or of material which, while statutorily copyrightable, has remained "unpublished," this casual footnote reference may now, for a number of reasons, become the cornerstone of legal protection.

In the first place, Section 2 does not refer to "unpublished writings," as stated in Justice Black's footnote, but reads in terms of an "unpublished work." It has, of course, always been clear that common-law protection may be available for many "works" which do not qualify as "writings" under the Constitution. Any "original intellectual creation" may be capable of common-law copyright as long as it embodies "some creative intellectual or artistic contribution."¹⁷

12. With regard to the difficult problem of the interaction of the copyright clause, the Copyright Act of 1909 and the supremacy clause of the Constitution see Kalodner & Vance, *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 HARV. L. REV. 1079, 1088 (1959). See generally Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 HARV. L. REV. 409 (1956); U.S. COPYRIGHT OFFICE, GENERAL REVISION OF THE COPYRIGHT LAW (Study No. 3, 1956); Note, *Study of the Term "Writings" in the Copyright Clause of the Constitution*, 31 N.Y.U.L. REV. 1263 (1956).

13. 221 F.2d 657 (2d Cir. 1955).

14. *Id.* at 667 (dissenting opinion).

15. 17 U.S.C. § 2 (1959).

16. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 n.7 (1964).

17. Barbara A. Ringer, in her admirable study, *The Unauthorized Duplication of Sound Recordings*, in U.S. COPYRIGHT OFFICE, GENERAL REVISION OF THE COPYRIGHT LAW

Secondly, and more important, it is still the prevailing rule in the United States, despite "occasional rumblings to the contrary,"¹⁸ that performance of a play or a musical work does not constitute a "dedication" of the common-law right. Indeed, it has only recently been held that even Dr. Martin Luther King's famous speech, "I have a dream," was still to be considered as "unpublished" despite the fact that an estimated audience of over two hundred thousand persons witnessed its actual delivery and millions more heard and saw it over radio and television.¹⁹ Under the doctrine of *Ferris v. Frohman*, the oral delivery of the speech was held not to amount to a "general publication."²⁰

Many of us may have agreed with Professor Kaplan that perhaps this rule no longer fits the "emergent and developing facts of intellectual production"²¹ of today. In the light of *Sears* and *Compco*, however, we should now feel rather appreciative that this rule is still with us. Hopefully, it will assist in carving out from the reach of these cases some of the most important works, such as phonograph records or artists' renditions which thus will remain within the jurisdiction of the state courts—at least, to the extent to which such jurisdiction is based on common-law copyright. As a practical consequence of the decisions, it would seem advisable no longer to rely primarily on a theory of misappropriation or unfair competition in cases involving the copying of such "unpublished" works but rather to base the complaint, wherever possible, on a charge of common-law copyright infringement.

There is already some judicial assurance that the *Sears* and *Compco* decisions will not be permitted to interfere with effective enforcement of such common-law rights. In a case involving a defendant's use of off-the-air recording on phonograph records, including a network radio announcer's wire-service based report of President Kennedy's assassination, the court held that such activity constituted unfair competition and ruled on motion

11 (Study No. 26, 1957) distinguishes between common-law copyright and unfair competition as follows:

a. A work may be protected by a common law copyright only if it constitutes an original intellectual creation. The work need not be eligible for a statutory copyright, but it must embody some creative intellectual or artistic contribution. A common law copyright confers complete protection against unauthorized use, and this protection ordinarily lasts as long as the work remains unpublished.

b. The theory of unfair competition recognizes a property right in business assets which have been acquired by the expenditure or investment of money, skill, time, and effort. The work need not be original, new, or creative to be protected. The concept of unfair competition does not confer a monopoly, but protects only against unfair use in business. It is not affected by publication.

18. Kalodner & Vance, *supra* note 12, at 1092; see Kaplan, *Publication in Copyright Law: The Question of Phonograph Records*, 103 U. PA. L. REV. 469 (1955); Nimmer, *Copyright Publication*, 56 COLUM. L. REV. 185 (1956); Selvin, *Should Performance Dedicate?*, 42 CALIF. L. REV. 40 (1954).

19. *King v. Mister Maestro, Inc.*, 224 F. Supp. 101 (S.D.N.Y. 1963).

20. 223 U.S. 424 (1912). For an interesting discussion of cases of this type which should remain subject to state court protection, see Kalodner & Vance, *supra* note 12, at 1091.

21. Kaplan, *Publication in Copyright Law: The Question of Phonograph Records*, 103 U. PA. L. REV. 469, 478 (1955).

for reargument that nothing in *Sears* or *Compco* compelled a different result since the record in question was an "unpublished" work subject to common-law copyright.²²

There remained, of course, the most controversial and difficult question whether state or federal law should determine what constitutes "publication." According to Judge Learned Hand's decision in *RCA Mfg. Co., Inc. v. Whiteman*²³ and his dissenting opinion in the *Capitol Records* case,²⁴ public sale of records, as distinguished from their use by broadcasters and others, should be held "publication" under federal law. But, of course, the majority in the *Capitol Records* case and other courts have reached a contrary conclusion. Interestingly enough, in a recent case involving one of "The Beatles" records it was held that, notwithstanding *Sears* and *Compco*, the enormous sale of the records to the public, "unprecedented in the history of the record business,"²⁵ did not constitute a "dedication to the public" and that defendant's reliance on those two cases was "ill-placed" since the cases were "not applicable to the subject matter and devious conduct of defendants."²⁶ In granting injunctive relief the court said:

The law of this jurisdiction is still "that, where the originator . . . of records of performances by musical artists puts those records on public sale, his act does not constitute a dedication of the right to copy and sell the records."²⁷

Even more recently, the problem arose not only with regard to phonograph records but in connection with "publication" of architectural works. In *Edgar H. Wood Associates, Inc. v. Skene*,²⁸ the Massachusetts Supreme Judicial Court reached the conclusion that the filing of architectural plans in accordance with local building laws did not constitute publication; moreover, the erection of the building itself was not a "publication" with resulting loss of common-

22. *Columbia Broadcasting Sys., Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 726, 248 N.Y.S.2d 809, 811 (Sup. Ct. 1964); see *id.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964). It is interesting to note that in the initial panic that followed the publication of the *Sears* and *Compco* decisions an experienced commentator on the staff of the *United States Law Week* criticized the New York court's earlier invocation of the doctrine of common law copyright on the ground that the court was "apparently unaware of the U.S. Supreme Court's decision of March 9 extending the doctrine of federal preemption in patent and copyright cases." 32 U.S.L. WEEK 1143 (1964).

23. 114 F.2d 86 (2d Cir.), *cert. denied*, 311 U.S. 712 (1940).

24. *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 664 (2d Cir. 1955).

25. *Capitol Records, Inc. v. Greatest Records, Inc.*, 43 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964). The apprehension with regard to the effect of the Supreme Court's decisions on the record industry, see Spiegel, *Variety: Beatles Beware!*, 7 LOS ANGELES BAR BULL. 245 (1964), has thus far not been realized.

26. *Capitol Records, Inc. v. Greatest Records, Inc.*, *supra* note 25, at 879, 252 N.Y.S.2d at 554.

27. *Id.* at 882, 252 N.Y.S.2d at 556, quoting *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 663 (2d Cir. 1955); see *Metropolitan Opera Ass'n v. Wagner Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1st Dep't 1951).

28. 197 N.E.2d 886 (Mass. 1964).

law copyright protection.²⁹ Here again defendant strenuously argued without avail that *Sears* and *Compco* compelled a different result. The Massachusetts court rightly asserted:

A careful reading of these two opinions does not convince us that they have struck down common law copyright, which protects unpublished material, in those States which recognize its existence, or deprived such States of the right to regulate it. There is a distinction between that protection afforded under State unfair competition laws to the unpatentable article in the public domain and the protection extended through common law copyright to an unpublished work.³⁰

The approach here suggested is perhaps most conspicuously embodied in the recent Ninth Circuit community antenna case.³¹ The court there reversed the lower court's granting of preliminary injunctive relief on a counterclaim based on misappropriation under the *International News* doctrine, as well as on interference with contractual relations; it held that the injunction based on unfair competition was incompatible with *Sears* and *Compco* since "only actions for copyright infringement or such common-law actions as are consistent with the primary right of public access to all in the public domain will lie."³² Toward the end of the opinion, however, the court made it quite clear that the complaining television stations might have a remedy even in the light of *Sears* and *Compco* if they could make a showing that some of the programs transmitted by the community antenna were protected by statutory copyright or by common-law copyright. The court intimated in this regard that the mere fact of broadcasting did not constitute "publication," so that if the copyright proprietor were joined as a party plaintiff on the counter-claim, a cause of action might lie. The stations were given permission to file an amended pleading in the event that any material subject to statutory or common-law copyright had been included in the broadcasts.³³

Thus far, we have considered the possible effect of *Sears* and *Compco* on "unpublished" works that are subject to common-law copyright protection. But query: what will be the status of those works of the applied arts which fall within the "twilight zone" established since *Mazer v. Stein*³⁴ by the Copyright Office regulations with regard to the ornamental features of works of

29. With regard to the effect of filing of architectural plans, a Florida federal district court had previously reached a contrary conclusion in *DeSilva Constr. Corp. v. Herrald*, 213 F. Supp. 184 (M.D. Fla. 1962).

30. *Edgar H. Wood Associates, Inc. v. Skene*, 197 N.E.2d 886, 890 (Mass. 1964).

31. *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348 (9th Cir. 1964), *reversing* 211 F. Supp. 47 (D. Idaho 1962); see notes 87-89 *infra* and accompanying text.

32. *Id.* at 350.

33. At the time of writing, a petition for rehearing by the stations is pending in the Ninth Circuit. The present case was one of a series brought to test the rights of community antenna services to pick up the broadcasts of regularly licensed television stations for commercial distribution to their subscribers. See *Intermountain Broadcasting & Television Corp. v. Idaho Microwave, Inc.*, 196 F. Supp. 315 (D. Idaho 1961), 61 COLUM. L. REV. 1523; *Rahl, The Right to "Appropriate" Trade Values*, 23 OHIO ST. L.J. 56 (1962).

34. 347 U.S. 201 (1954).

artistic craftsmanship?³⁵ In other words, what might have been the result if it could possibly have been argued that both the Stiffel and Day-Brite lamps also included artistic features that might have justified the placing of a copyright notice on the articles, instead of leading to an abortive attempt to seek design patent protection? While in *Sears* and *Compco* no such copyrightable elements were present, the cases would now seem to suggest, as a practical matter, the advisability of asserting a claim to copyright by adding the appropriate notice. There would then exist at least a fighting chance that such claim to copyright in artistic features of articles of manufacture might be upheld under the extremely liberal rules of the Copyright Office and of recent court decisions in textile fabrics, costume jewelry, and other related cases.³⁶ Without this notice and in the absence of a valid design patent, competitors would have complete carte blanche under *Sears* and *Compco* to manufacture exact copies of such products and, conceivably, even use the same molds.³⁷ In

35. 37 C.F.R. § 202.10 (1960) presently provides:

(a) General: This class includes published or unpublished works of artistic craftsmanship, insofar as their form but not their mechanical or utilitarian aspects are concerned. . . . (c) If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.

36. See, e.g., *H. M. Kolbe Co. v. Armigus Textile Co.*, 315 F.2d 70 (2d Cir. 1963); *Trifari, Krussman & Fishel, Inc. v. Charel Co.*, 134 F. Supp. 551 (S.D.N.Y. 1955); Helfat, *Copyright Protection for Fashions*, 3 PUBLISHING, ENTERTAINMENT, ADVERTISING AND ALLIED FIELDS L.Q. 173 (1963); Jackson, *Unfair Competition by Product Simulation v. Copyright Protection for Designs*, 45 J. PAT. OFF. Soc'y 422 (1963); Silverman, *The Scope of Protection of Copyrights and Design Patents in the United States*, 24 U. PITT. L. REV. 21 (1962).

37. In effect this happened in *Wolf & Vine, Inc. v. Pioneer Display Fixtures Co.*, 142 U.S.P.Q. 112 (N.Y. Sup. Ct. June 24, 1964), where the plaintiff had developed a highly successful new type of mannequin that, according to the court, differed markedly from other dress forms then in use. It was found that plaintiff's creation required "the use of highly skilled artistic talent and was costly to plaintiff in terms of both time and money," that defendant came into possession of some of plaintiff's models, made production line molds and offered the mannequins at a substantially lower price. Although plaintiff's models were copied down to the smallest detail, no relief was granted in the absence of palming off. The court's decision was buttressed by reference to *Sears* and *Compco*, which would prohibit a state court from granting protection in case of such unpatented or uncopyrighted articles. The same result was reached in *Kingsway, Inc. v. Werner*, 142 U.S.P.Q. 320 (E.D. Mo. July 24, 1964), in which defendant copied not only plaintiff's artistically created set of chessmen, but even used the designation "Florentine," which plaintiff had chosen as its trademark but which was held to have not been so used. *Query*: Should plaintiffs in situations such as these not be advised at least to try to lay a foundation for a statutory claim to copyright under 37 C.F.R. § 202.10 (1960)? See note 35 *supra*.

In the very recent case of *Titelock Carpet Strip Co. v. Klasner*, 142 U.S.P.Q. 405 (Cal. Super. Ct. July 24, 1964) the defendant not only copied plaintiff's machine "in practically all details" but was a former employee who had gained access to the premises under the guise of seeking to purchase parts of plaintiff's machine as scrap, when in fact he intended to use these parts for purposes of reconstruction. Although acknowledging that "many hundreds of hours of effort" went into plaintiff's project before he had produced an economically effective machine, and that the defendant had obtained "for free" the advantage of all of this experimental effort, cost and time expenditure, the plaintiff was left without any relief (aside from an amount of \$250 as estimated value of the misappropriated scrap parts). Citing *Sears* and *Compco*, the court held defendant's conduct, "if a wrong," to be actionable only under the patent laws.

any event, it would now seem imperative as a result of the two cases that Congress enact, in the immediate future, the pending Design Bill.³⁸ This proposed legislation would provide a relatively short term of federal protection for those industrial designs which would have little or no chance today to be validly protected by design patent and which now have lost any prospect of being protected against slavish imitation under the law of unfair competition.³⁹

II. IMPLICATIONS FOR THE LAW OF TRADEMARKS

It has already become apparent that the sweeping dicta in *Sears* and *Compco* may also have some reverberations in connection with registration of trademarks, though the opinions themselves refer to alleged conflict with state law only. Justice Black observed that proof of secondary meaning of a "configuration of the article" identifying the maker to the trade can under no circumstances result in a prohibition of copying or selling.⁴⁰ This conclusion will not easily be reconciled with Section 23 of the Trademark Act of 1946, which permits registration of so-called "configurations of goods" on the Supplemental Register even in the absence of secondary meaning, provided they are "capable of distinguishing";⁴¹ indeed, present indications are that such configurations may in the not too distant future be permitted registration on the Principal Register under Section 2(f)⁴² in cases where secondary meaning is proven. It was a strange coincidence that only three days after *Sears* and *Compco* the Court of Customs and Patent Appeals held in the *Mogen David* case that the conformation of a wine bottle was not ineligible for registration on the Principal Register as a matter of law because of the subsistence of a design patent, but that such configuration may qualify for registration even on that register if it could be proven that, as a matter of fact, the bottle had acquired distinctiveness.⁴³ The court, speaking through Judge Almond, said *inter alia*:

In our opinion, trademark rights, or rights under the law of unfair

38. S. 776, 88th Cong., 1st Sess. (1963) was passed by the Senate and sent to the House on Dec. 6, 1963. See S. REP. NO. 686, 88th Cong., 1st Sess. (1963). Hearings were held on this bill and its House counterparts (H.R. 5523, H.R. 769, and H.R. 323) before the House Committee on the Judiciary on Dec. 12, 1963. For the origin and analysis of the design protection bills, see Latman, *The New Design Protection Proposals before Congress*, 8 BULL. COPYRIGHT SOC'Y 356 (1961).

39. It may be noted in passing that in one recent case, *International Biotical Corp. v. Federated Dep't Stores, Inc.*, 229 F. Supp. 528 (E.D.N.Y. 1964), plaintiff, seeking a preliminary injunction for design patent infringement and unfair competition, argued that the court should be prepared to issue preliminary injunctive relief in patent infringement cases even where there had been no adjudication of the validity of the patent. The court, however, refused to go along with plaintiff's theory that, in the light of *Sears* and *Compco*, the presumptive validity of the patent should be afforded greater significance than had been given it prior to those decisions.

40. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964).

41. 60 Stat. 435 (1946), 15 U.S.C. § 1091 (1959).

42. 60 Stat. 429 (1946), 15 U.S.C. § 1052 (1959).

43. Application of *Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. (Patents) 1964); see Derenberg, *The Seventeenth Year of Administration of the Lanham Trademark Act of 1946*, U.S.P.Q., Aug. 10, 1964, pt. II, p. 1.

competition, which happen to continue beyond the expiration of a design patent, do not "extend" the patent monopoly. They exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law. Conversely, trademarks conceivably could end through non use during the life of a patent.⁴⁴

It will be immediately noted that, according to this statement, there may be rights under the law of unfair competition, in addition to trademark rights, which may extend beyond the expiration of the patent and which may thus result in a theoretically perpetual monopoly of a configuration that ordinarily would be dedicated to the public upon expiration of the patent.⁴⁵

It is submitted, however, that a real conflict would only arise in situations—if there be any—involving the *entire* configuration of the article, as distinguished from its package, container or distinctive dress. We must not overlook the fact that in cases like *Mogen David*, the manufacturer did not seek to register the shape of the bottle *for containers as such*, but as a trademark *for wine* on the ground that the bottle had acquired distinctiveness with regard to that particular product. Presumably it was for this reason that in *Mogen David* the Court of Customs and Patent Appeals denied a motion for rehearing based on an alleged conflict with *Sears and Compco*.

Nevertheless, if we were to go just one step further and hold the configuration of the entire article registrable on the ground that the public may recognize its manufacturer from the overall shape of the product, we would run head on into conflict with the "limited times" patent and copyright clause of the Constitution. In other words, the fact that a six-year old child may recognize an automobile from its contours should not provide a basis for any kind of trademark registration of such contours, either on the Supplemental or on the Principal Register.⁴⁶ The Court of Customs and Patent Appeals had previously recognized this distinction in the *Deister* case,⁴⁷ when it held that a configuration in the form of a rhomboidal outline for a table was unregistrable on either register because, if registration were permitted, the result would be a perpetual monopoly in a utilitarian or functional feature of an article of commerce. Said Judge Rich:

It is basic to our consideration, therefore, that the socio-economic

44. Application of Mogen David Wine Corp., *supra* note 43, at 930. (Emphasis added.)

45. Cf. Arnold, *A Philosophy on the Protections Afforded by Patent, Trademark, Copyright and Unfair Competition Law: The Sources and Nature of Product Simulation Law*, 54 TRADEMARK REP. 413 (1964).

46. See Derenberg, *Copyright No-Man's Land: Fringe Rights in Literary and Artistic Property*, in 1953 COPYRIGHT PROBLEMS ANALYZED 215 (Kupferman ed. 1953).

47. *In re Deister Concentrator Co.*, 48 C.C.P.A. (Patents) 952, 289 F.2d 496 (1961).

policy supported by the general law is the encouragement of competition by all fair means, and that encompasses the right to copy, very broadly interpreted, except where copying is lawfully prevented by a copyright or patent.⁴⁸

For this reason, even a "*de facto* secondary meaning" of an entire configuration or one particular functional feature thereof must under all circumstances remain outside the scope of the trademark law.⁴⁹ This had been the view expressed in the first decision by the Assistant Commissioner of Patents on the alleged registrability of a configuration (headlights of a locomotive). He correctly stated that the overall design of an article in its entirety could never function as a trademark.⁵⁰ If this principle had not been established, the configuration and position of the lighting equipment involved in that case might have furnished a basis for indefinite "trademark" protection. At the same time, the copyright protection of the lamp base involved in *Maser v. Stein*⁵¹ would be limited to a maximum of 56 years, and the lamps involved in *Sears and Compco* would not be entitled to any protection at all—though the public may, in due course, become accustomed to associating the Stiffel pole lamp with this particular manufacturer. It thus becomes even clearer now than it had been before *Sears and Compco* that entire ornamental or utilitarian "configurations of goods," as distinguished from certain characteristic and distinctive markings thereon (as, for instance, a "V" design or a 3-pointed star on the hood of an automobile), should be held ineligible for registration under the Trademark Act of 1946. Unlike the Mogen David bottle, or any other distinctive container, they should be considered incapable of "trademark" significance as a matter of law. No other conclusion seems compatible with the reasoning of the Supreme Court's opinions.⁵²

However, apparently the Court of Customs and Patent Appeals does not share this view, at least with regard to registration on the Supplemental Register. In August 1964, without even a passing reference to the *Sears and Compco* dicta, the court reached the conclusion that an overall configuration

48. *Id.* at 961-62, 289 F.2d at 501.

49. See *In re Shakespeare Co.*, 48 C.C.P.A. (Patents) 969, 289 F.2d 506 (1961); *In re Bourns*, 45 C.C.P.A. (Patents) 817, 252 F.2d 579 (1958); *id.* at 821, 252 F.2d 582 (1958); *Alan Wood Steel Co. v. Watson*, 150 F. Supp. 861 (D.D.C. 1957). The *Bourns* cases are particularly instructive in that the unsuccessful applicant had made an attempt to register the configuration of an article in its entirety, both as a trademark and under the design patent law. It was held that the appearance of applicant's potentiometer was neither registrable on the Supplemental Register nor eligible for design patent protection.

50. *Ex parte Mars Signal-Light Co.*, 85 U.S.P.Q. 173 (Comm'r Patents 1950).

51. 347 U.S. 201 (1954).

52. Attention may be called to the following statement by Justice Black in the *Compco* case:

It is true that the trial court found that the configuration of Day-Brite's fixture identified Day-Brite to the trade because the arrangement of the ribbing had, like a trademark, acquired a "secondary meaning" by which that particular design was associated with Day-Brite. But if the design is not entitled to a design patent or other federal statutory protection, then it can be copied at will. 376 U.S. 234 at 238. (Emphasis added.)

which, according to an affidavit submitted by a single employee of the applicant, had been adopted primarily to indicate origin of the goods, was "capable of distinguishing" as a "mark" under Section 23 of the Trademark Act as long as such shape was neither ornamental nor functional in purpose.⁵³ The court acknowledged that subject matter for registration on the Supplemental Register did not have to satisfy the requirements for registration of a "trademark" on the Principal Register under Section 2 of the act, but at the same time observed, by way of dictum, that such "mark" may become a registrable "trademark" on the Principal Register upon proof of established secondary meaning, provided, of course, that the alleged mark has no ornamental or utilitarian function whatsoever. It is submitted, however, that even when so limited, this opinion is open to serious question. Very few overall configurations of goods would pass the court's test unless a mere statement by the applicant to the effect that the configuration was intended solely to indicate commercial origin is held sufficient evidence of "capable of distinguishing." In light of this decision, might the plaintiff in *Compco* have prevailed if instead of seeking patent protection he had taken the position that the distinctive ribbing of his lighting equipment was selected solely for the purpose of indicating origin and, consequently, qualified as a "mark" under Section 23, or, possibly, even as a "trademark" under Section 2(f)? The mere posing of this question would seem to suggest a negative answer or, at least, a more conservative approach than that reflected in the Court of Customs and Patent Appeals' most recent opinion.

III. IMPLICATIONS FOR THE LAW OF UNFAIR COMPETITION

We no longer recognize, since *Erie R.R. v. Tompkins*,⁵⁴ a federal law of unfair competition beyond the confines of Section 43(a) of the Lanham Act.⁵⁵ Nor has the pending Unfair Commercial Activities Bill,⁵⁶ which would

53. *In re Minnesota Mining & Mfg. Co.*, 335 F.2d 836, 839-40 (C.C.P.A. (Patents) 1964). Compare *In re Shenango Ceramics, Inc.*, 143 U.S.P.Q. 48 (Trademark Trial & Appeal Board Sept. 23, 1964) (a functional configuration, regardless of secondary meaning, is unregistrable; concurring opinion urged that the shape of an article, or even the shape of a feature, should be unregistrable as a matter of law, regardless of questions of functionality).

54. 304 U.S. 64 (1938). The post-*Erie* decisions of the state courts on unfair competition have been rightly called a "regurgitation of the state redistillation of federal precedents." *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538, 545 (2d Cir. 1956) (Clark, J., concurring).

55. Trademark Act § 43(a), 60 Stat. 441 (1946), 15 U.S.C. § 1125 (1959).

56. A bill to provide civil remedies to persons damaged by unfair commercial activities in or affecting commerce, H.R. 4651, 88th Cong., 1st Sess. (1963) (Lindsay, N.Y.); see *Hearings on H.R. 4651 Before the Subcommittee on Commerce and Finance of the House Committee on Interstate and Foreign Commerce*, 88th Cong., 2d Sess. (1964); Diamond, *The Proposed Federal Unfair Commercial Activities Act*, 23 OHIO ST. L.J. 110 (1962). See generally, Rogers, *New Concepts of Unfair Competition Under the Lanham Act*, 38 TRADEMARK REP. 259 (1948); Rogers, *Unfair Competition*, 35 TRADEMARK REP. 126 (1945). With regard to the effect of *Erie R.R. v. Tompkins*, see Clark, *State Law in the Federal Courts: The Brooding Omnipresence of Erie v. Tompkins*, 55 YALE L.J. 267 (1946); Kumin, *Eriecantompkinsitis: The Malady and Its Cure*, in ABA

create a federal unfair competition law, yet been enacted into law. It is accordingly imperative to consider the inroads that *Sears* and *Compco* have made on the state law of unfair competition. Our analysis in this connection will discuss two crucial questions:

1. What has been or may be the effect of the decisions with regard to cases of product simulation?
2. What may the effect be on other traditional instances of unfair competition, such as interference with contractual relations, so-called "inverse" palming off, and other competitive torts if such practices should involve subject matter outside the scope of special federal statutory protection?

A. *Product Simulation*

The most important immediate effect of the *Sears* and *Compco* opinions—particularly the latter—will result from the Court's sweeping statement that the actual act of copying and selling unpatented or uncopyrighted products may not be enjoined under the guise of state law of unfair competition even if one or all of the following elements are present: the copied features of the article are "nonfunctional" and the copied article can conveniently be made in some other way; the copied features may have acquired a "secondary meaning" identifying the maker to the trade; and "confusion" may have arisen or may be likely to arise among purchasers.⁵⁷ According to the Court, these factors "may be relevant evidence in applying a State's law requiring such precautions as labeling" but will under no circumstances transform the act of copying into an unlawful or unfair act of competition.⁵⁸ It may be argued that even this portion of the *Compco* opinion is dictum since the Court noted that the trial court had found only minimal evidence of actual confusion and appeared to look upon the copied features as clearly "functional." On the other hand, the court of appeals—but not the trial court—had made an express finding in *Compco* to the effect that the defendant's product could have been made in some other convenient way and that the Day-Brite design had the "capacity to identify" Day-Brite and did so identify it in the trade.⁵⁹ Thus we may be justified in concluding that, for the purpose of deciding the actual cases before it, the Court did not have to formulate an overall general rule. Such a rule, it is submitted, would send to its demise a vast body of law that had been originally established by our federal courts, including the Supreme Court, long before these decisions became part of a "distilled" state law of unfair competition.

Regarding the well established difference between "functional" and "non-

SECTION OF PATENT, TRADEMARK AND COPYRIGHT LAW, PROCEEDINGS 276 (1961); Zlinkoff, *Erie v. Tompkins: In Relation to the Law of Trademarks and Unfair Competition*, 42 COLUM. L. REV. 955 (1942).

57. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964).

58. *Ibid.*

59. *Day-Brite Lighting Inc. v. Compco Corp.*, 311 F.2d 26, 30 (7th Cir. 1962).

functional" features, it may be sufficient for present purposes to refer to the *Restatement, Torts*, which defines a feature of goods as functional "if it affects their purpose, action or performance, or the facility or economy of processing, handling or using them."⁶⁰ It is true that we must always bear in mind that even aesthetic features, as distinguished from technical ones, may be considered "functional" if the particular value and commercial success of the product depend on such features. On the other hand, as was stated in the often quoted case of *Pagliero v. Wallace China Co.*:⁶¹

[W]here the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden where the requisite showing of secondary meaning is made. Under such circumstances, since effective competition may be undertaken without imitation, the law grants protection.

As far back as 1901, Justice Holmes, speaking for the Massachusetts Supreme Judicial Court, stated in *Flagg Mfg. Co. v. Holway* that the public policy which permits the imitation of an article of commerce is without relevance to the dress in which the article is marketed.

[T]he label or ornament is a relatively small and incidental affair, which would not exist at all, or at least would not exist in that shape but for the intent to deceive; whereas the instrument sold is made as it is, partly at least, because of a supposed or established desire of the public for instruments in that form.⁶²

The cases are legion which have consistently made this important distinction. Indeed, as has already been indicated, the decisions of the court of appeals in *Sears* and *Compco* had been widely criticized before the cases reached the Supreme Court, on the ground that the appellate court had not properly considered the functional-nonfunctional distinction and had gone beyond the necessities of the case in granting broad injunctive relief.⁶³ It would indeed be regrettable if the elaborate study published in the *Columbia Law Review* shortly before the Supreme Court decisions—devoted solely to the problem of functionality—must now be relegated to limbo.⁶⁴ Moreover, the eradication of this distinction would seem to overlook the fact that the public interest in free competition will be completely satisfied as long as competitors are permitted to "practice the invention" after expiration of the patent, or to copy the basic technical features of an unpatented article without copying those numer-

60. RESTATEMENT, TORTS, § 742 (1938).

61. 198 F.2d 339, 343 (9th Cir. 1952).

62. 178 Mass. 83, 91, 59 N.E. 667, 671 (1901).

63. See Note, *Product Appearance in the Law of Unfair Competition—Preemption or Protection?*, 73 YALE L.J. 389 (1963).

64. Note, *Unfair Competition and the Doctrine of Functionality*, 64 COLUM. L. REV. 544 (1964). See also Pollack, *A Projection for the Revaluation of Unfair Competition*, 13 OHIO ST. L.J. 187 (1952).

ous collateral features which lie outside the scope of any patent or copyright protection. No legitimate excuse can be found for slavish copying of such features in those hundreds of cases in which competitors deliberately copy package design, color, sizes, catalog numbers, and many other elements, for the sole purpose of imitating as closely as possible the originator's merchandise.

I do not subscribe to the extreme view presented in a recent and scholarly article that "limiting competition by preserving specific consumer source associations in otherwise unprotectable symbols flies in the face of the basic postulate that competition is worth more than it costs."⁶⁵ The author went so far as to say, a few months prior to the Supreme Court's decisions, that "if legal-economic policy is based on competition, and if the essence of competition is copying, then courts should rarely forbid competitors to copy methods of product differentiation such as product and package design and configuration, even if a particular court believes consumers regard a method of differentiation as a symbol of origin."⁶⁶ Nor do I believe that it should always be an answer to a charge of deliberate copying of color, shape and other nonfunctional features that the competitor's *name* may appear somewhere on his product and that the "literacy rate is high enough in the United States, after all, to justify the courts in requiring consumers who care about source to read names on labels."⁶⁷ Most of us are or should be aware that even literate people are in the habit of remembering products by their outer appearance and would be likely to repurchase them by their appearance, even though the manufacturer's name had been forgotten. Indeed, talking in terms of palming off, it would not go too far to say that such a charge may be based and sustained on proof of copying even if the competitor's name were legibly placed on his product.

This last observation leads, of course, immediately to the next question on which even more precedents and literature exist—the question of "secondary meaning" in product simulation cases. It is true that the prevailing view, before *Sears* and *Compco*, was that copying of even nonfunctional features would not be sufficient to sustain a charge of unfair competition unless accompanied by a showing that such features had acquired a secondary meaning in the sense that the purchasing public associated the product with its producer rather than with the article itself.⁶⁸ Further, it must be acknowledged that, at least in the Second Circuit, proof of secondary meaning necessitated a showing that the copied features themselves, as distinguished from the article as a

65. Treece, *Copying Methods of Product Differentiation: Fair or Unfair Competition?*, 38 NOTRE DAME LAW. 244, 262 (1963).

66. *Ibid.*

67. *Id.* at 261.

68. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938). This was the well known and much quoted pronouncement of Mr. Justice Brandeis which resulted in denying relief from unfair competition in the *Shredded Wheat* case.

whole, had been the source of consumer confusion.⁶⁹ Nevertheless, before *Sears* and *Compco*, it was established law that proof of "secondary meaning" resulted in a prohibition of actual copying of any nonfunctional features that passed the "secondary meaning" test. The only really controversial question that remained unsolved before the two cases was not the legal *effect* of secondary meaning, but the question of its actual *proof*. In other words, there still remained uncertainty whether, in certain cases of well-known configurations, a finding of secondary meaning could not be "implied" even if no affirmative proof substantiating it were offered. This was in essence the famous *Rushmore* doctrine⁷⁰ (incidentally, another of the many pre-*Erie* federal precedents and, as it happened, also involving a configuration of lighting equipment), which in *Crescent Tool Co. v. Kilborn & Bishop Co.*⁷¹ the same court subsequently modified by imposing stricter requirements of proof.

The defendant has as much right to copy the "nonfunctional" features of the article as any others, so long as they have not become associated with the plaintiff as manufacturer or source. The critical question of fact at the outset always is whether the public is moved in any degree to buy the article because of its source and what are the features by which it distinguishes that source. Unless the plaintiff can answer this question he can take no step forward; no degree of imitation of details is actionable in its absence.

It is true that in *Sears* no finding had been made to indicate that the design, which had been invalidly patented, did in fact identify the manufacturer to the trade, or that other choices had been available to the competitor to meet the functional needs of the product. In *Compco*, however, both findings had been made and even the Department of Justice acknowledged that the two cases might have to be distinguished on this basis.⁷² The suggestion was disregarded

69. See *American-Marietta Co. v. Kringsman*, 275 F.2d 287 (2d Cir. 1960); *Derenberg, The Thirteenth Year of Administration of the Lanham Trademark Act of 1946*, 50 TRADE-MARK REP. 773, 848-850 (1960); *Developments in the Law—Competitive Torts*, 77 HARV. L. REV. 888, 915-18 (1964); cf. *Hygienic Specialties Co. v. H.G. Salzman, Inc.*, 302 F.2d 614 (2d Cir. 1962); *Blisscraft v. United Plastics Co.*, 294 F.2d 694 (2d Cir. 1961).

70. *Rushmore v. Manhattan Screw & Stamping Works*, 163 Fed. 939 (2d Cir. 1908).
71. 247 Fed. 299, 300 (2d Cir. 1917).

72. Brief for the United States as Amicus Curiae, p. 14, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). The Department's brief said, *inter alia*:

We may thus lay to one side such questions as whether state law may protect a performer in the performance of a copyrighted or uncopyrighted literary or musical work, whether a State may grant relief against systematic and widespread copying or "misappropriation" of the essential methods and operations of a business, *whether a State may prohibit the copying of features of a product which have no utilitarian or esthetic function but are arbitrarily designed to identify the manufacturer*, and whether a State may define what constitutes "publication" within the meaning of the copyright laws. For the policy considerations involved in the resolution of those issues may be different than those in the present cases, and the problems of federalism posed may call for a different balancing of federal and State interests.

Id. at 11. (Emphasis added.)

Indeed, the Department went even further in admitting that at least in the *Compco* case, the lower court may have been legally justified in granting some relief against unfair

in the Supreme Court opinions. It remains to be pointed out that contrary to the Court's observations, actual or likely consumer confusion always has been and, it is hoped, will remain a relevant factor in all instances of simulation of nonfunctional features that have acquired a secondary meaning.

Finally, the Court's statement that product simulation was not to be prohibited "regardless of the copier's motives"⁷³ would seem to be a dangerous and disturbing pronouncement in a field of law dealing with "unfair" business conduct. As Justice Brandeis noted over forty years ago:

The history of the restraint, the evil believed to exist, the reason for adopting the particular remedy, the purpose or end sought to be attained, are all relevant facts. This is not because a good intention will save an otherwise objectionable regulation or the reverse; but because knowledge of intent may help the court to interpret facts and to predict consequences.⁷⁴

Justice Harlan based his brief concurring opinion on this ground, suggesting that "more leeway" should be allowed the states in cases of copying "with the dominant purpose and effect of palming off."⁷⁵

B. *Other Types of Unfair Trading*

Before the ink on the present writing had dried, the Second Circuit, early in August 1964, handed down its decision in *Flexitized, Inc. v. National Flexitized Corp.*⁷⁶ There, the plaintiff manufacturer had developed a flexible collar stay for which the trademark "Flexitized" was coined. Efforts to secure patent protection for the product had been unsuccessful but plaintiff succeeded in registering "Flexitized" as a trademark. The defendants were sued for breach of an exclusive distributor's contract and for trademark infringement and unfair competition. The breach of contract cause of action was tried before a jury which found defendant guilty; on the issue of trademark infringement, both the lower court and the appellate court reached the doubtful conclusion that "Flexitized" was a descriptive term that had not yet acquired a "secondary meaning." Consequently, plaintiff's claim for trademark infringement was dismissed by both courts.⁷⁷ Plaintiff's charge of unfair competition, however, was sustained, and the appellate court, contrary to the lower court, held the plaintiff entitled even to an accounting of profits. Judge Waterman, speaking for a

competition. "Under the foregoing standards, we conclude: (1) that the district court's findings in the *Compco* case, upheld by the court of appeals, *justified relief* against the unfair competition found. . . ." *Id.* at 14. (Emphasis added.)

73. *Compco Corp. v. Day-Brite Lighting Co.*, *supra* note 72, at 238.

74. *Board of Trade v. United States*, 246 U.S. 231, 238 (1918).

75. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 239 (1964).

76. 335 F.2d 774 (2d Cir. 1964).

77. In the writer's opinion, plaintiff's registered mark should have been upheld as "suggestive." In that event there would, of course, have been no necessity to establish secondary meaning and the court would have lent effect to the statutory presumption of validity of the registration, rather than go out of its way to tear the mark apart and find the individual elements to be descriptive.

unanimous court, emphasized that the law of New York governed the unfair competition claim, even when appended to a trademark infringement charge.⁷⁸ State law would govern, according to the court, regardless of whether federal jurisdiction rested on trademark infringement alone or was also based, as in the *Flexitized* case, on diversity of citizenship. In applying New York law of unfair competition, the court granted relief even in the absence of "secondary meaning" on a theory of *misappropriation* derived from the Supreme Court's decision in the *International News* case.⁷⁹ Quoting the well-known case of *Dior v. Milton*,⁸⁰ the court held that relief should be available, even in the absence of palming off or fraud on the public, in cases involving "misappropriation" for the commercial advantage of one person of a benefit or property right belonging to another. According to the court, relief was appropriate in such cases under New York law without a showing of secondary meaning.⁸¹ Be that as it may, the real point of interest in the context of this article is a footnote reference to the *Sears* case, briefly stating that the decision did not establish "any constitutional bar to the application of state law in the instant case."⁸² The footnote then refers to that part of the *Sears* opinion that had upheld the states' prerogative of protecting businesses "in the use of their trademark, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods."⁸³ It should be recalled at this point that the appellate court in *Sears* and *Compco* had justified the granting of relief in *product simulation* cases in the absence of palming off by referring to an Illinois *trade name* case;⁸⁴ the Supreme Court, however, made it clear that there was no room for extension of the trade name rule to cases involving product simulation, since the alleged conflict with federal patent or copyright policy would not be present in trademark or trade name litigation.

I submit that the *Flexitized* case should have been decided on a theory of "misrepresentation" and infringement, rather than "misappropriation," so that the question would still be open what position the New York State courts would be likely to take if confronted with a typical misappropriation case outside the realm of product simulation. It would seem from the few precedents thus far available (other than the *Flexitized* case) that the state

78. 28 U.S.C. § 1338(b) (1959).

79. *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

80. 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1st Dep't 1956).

81. It is difficult to follow the Court's reasoning in finding no secondary meaning since the trial court had expressly found that "Flexitized" had acquired a public familiarity which made prospective purchasers more likely to buy products connected with that name. *Flexitized, Inc. v. National Flexitized Corp.*, 214 F. Supp. 664 (S.D.N.Y. 1963), *rev'd*, 335 F.2d 774 (2d Cir. 1964).

82. 335 F.2d at 781 n.4.

83. *Ibid.*, quoting *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964).

84. See *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26, 30 (7th Cir. 1962) citing *Investor's Syndicate of America, Inc. v. Hughes*, 378 Ill. 413, 38 N.E.2d 754 (1941).

courts may not necessarily consider *Sears* and *Compco* as a bar to granting relief in cases of this sort. The recent case of *Flamingo Telefilm Sales, Inc. v. United Artists Corp.*,⁸⁵ may serve as a pertinent illustration. Plaintiff there alleged that the defendant had distributed and exhibited a television program which included a "substantial segment" of a motion picture to which plaintiff had acquired exclusive rights. Defendant's allegation that, in the absence of copyright protection, plaintiff failed to state a cause of action, was rejected on the ground that the present case did not involve an act of "copying" but one of "appropriation" and that the property right asserted by plaintiff fell outside the scope of the federal copyright law. With regard to *Sears* and *Compco*, Judge Hecht held that "these recent decisions which involved distinguishable factual situations" had not "wiped clean the slate of precedent and empowered the unauthorized appropriation of artistic performances to the profit of others."⁸⁶

On the other hand, a different wind seems to be blowing from the direction of the Ninth Circuit. In the community antenna case,⁸⁷ the court of appeals reversed a lower court decision. The lower court's order had protected a local television station by preliminary injunction against tortious interference with its exclusive contractual rights concerning the first run of certain affiliated network television programs, and had also considered the activities of the community antenna operators to constitute unfair competition. It should be noted that this particular litigation involved no claims based on either statutory or common-law copyright. The Ninth Circuit, in distinguishing the *International News* case on several grounds, refused to grant the exclusive licensee relief on a theory of either contract interference or unfair competition. The court said that "to grant appellees relief without Congressional authorization on other grounds not consistent with the copyright act is, in effect, to recognize a new protectible interest."⁸⁸ The opinion observed that common-law theories of recovery may not be resorted to in an effort "to redeem what are in essence copyright interests." On the contrary, "As we read *Sears* and *Compco*, . . . only actions for copyright infringement or such common-law actions as are consistent with the primary right of public access to all in the public domain will lie."⁸⁹

The community antenna case brings to the fore still another inquiry concerning the effect of the two Supreme Court decisions. The district court in that case held that the activities of the community antenna not only constituted unfair competition under the *International News* doctrine

85. 141 U.S.P.Q. 461 (N.Y. Sup. Ct. May 1, 1964).

86. *Id.* at 462.

87. *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348 (9th Cir. 1964); see notes 31, 32 *supra* and accompanying text.

88. *Id.* at 352.

89. *Id.* at 350.

but that they were actionable also on the ground of interference with the "exclusive right to the first call of entertainment programs." In other words, the court held that plaintiff was entitled to protection against acts of third persons which "tortiously and unfairly prevent exploitation of the right or diminish its value."⁹⁰ The appellate court reversed the district court even in this respect with the brief—and, it is submitted, rather questionable—observation that:

Parties by the mere expedient of an exclusive contract can not "bootstrap" into existence rights from subject matter which at their source lie in the public domain. . . . To allow these appellees relief on an alternative ground not substantially differing in gravamen from other relief foreclosed in operative effect by the Supreme Court's explicit holding would be to enshrine form at the expense of substance.⁹¹

If this part of the decision were to remain unchallenged, we would be driven to the conclusion that because of an alleged conflict with federal copyright policy, many tortious competitive practices (such as bribery, breach of confidence, and enticing away customers) can not be enjoined if they deal with or are related to materials which may be copyrightable subject matter but which are not in fact so protected under the present Copyright Act of 1909 or for which copyright has not been secured in a particular case.⁹² It is hoped that, the community antenna decision notwithstanding, other courts, federal or state, will not stretch the theory of the *Sears* and *Compco* decisions into areas that bear no factual or legal relationship to the problem of product simulation.

In the only other case of this type which has been decided since the community antenna decision, we find an encouraging indication lending some substance to the hope just expressed. In the *New York World's Fair* case,⁹³ the Fair Corporation had sought and obtained a preliminary injunction restraining defendant from manufacturing, distributing and selling postcards, photographs and similar items disclosing reproductions of buildings, exhibits and various activities of the Fair, and from using the name "New York World's Fair" in connection therewith. The court rejected defendant's argument that *Sears* and *Compco* "overrule the various state cases which accorded a monopolistic right to be free of competition by giving the originator of an item, having commercial value, protection against copies under the theory of unfair competition."⁹⁴ The court's opinion was recently upheld in a three-to-

90. *Cable Vision, Inc. v. KUTV, Inc.*, 211 F. Supp. 47, 60 (D. Idaho, 1962).

91. *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348, 351, 352 (9th Cir. 1964).

92. For an interesting discussion of cases of this type, see Kalodner & Vance, *The Relation Between Federal and State Protection of Literary and Artistic Property*, 72 HARV. L. REV. 1079 (1959).

93. *New York World's Fair 1964-1965 Corp. v. Colourpicture Publishers, Inc.*, 141 U.S.P.Q. 939 (N.Y. Sup. Ct. June 10, 1964).

94. *Id.* at 942.

two decision by the Appellate Division.⁹⁵ The two dissenting judges questioned whether the Fair Corporation had established a "property right" sufficient to permit control of the taking of photographs of the exteriors of buildings and exhibits situated within the Fair grounds. They added the following observation with regard to *Sears and Compco*: "Thus, if the buildings and exhibits, the designs of which have not been patented, could themselves have been copied by others, it would appear that photographic reproductions of these buildings and exhibits for the purpose of sale cannot be enjoined."⁹⁶ It would seem, however, that the principal issue involved was not one of "product simulation," but a form of unfair competition based on interference with exclusive contractual arrangements—that is, an issue which in neither the community antenna case nor the *World's Fair* case justified any reliance on the holdings or dicta in the two Supreme Court opinions.

Finally, it appears that neither *Sears* nor *Compco* is likely to have an adverse effect on certain instances of "inverse palming off" which have recently been held to come within the scope of Section 43(a) of the Trademark Act of 1946.⁹⁷ This, at least, seems to be the conclusion reached by the New York Court of Appeals in its recent decision in the *Bongo Drum* litigation.⁹⁸ It was held there that in a case of "inverse palming off," a cause of action under Section 43(a) will lie where the defendant wrongfully uses plaintiff's photographs for purposes of advertising his own product. It is particularly interesting to note that subsequently the defendant filed a motion to dismiss based on *Sears and Compco*. The trial court rightly held, however, that those decisions should not be construed to "strike down statutory or judicial protection when such copying is accompanied by any device running afoul of the prohibition of the Lanham Act."⁹⁹

CONCLUSION

An attempt has been made briefly to review the severe impact which the *Sears and Compco* decisions have had and may, in days to come, continue to exert upon the law of unfair competition, as well as on the law dealing with statutory protection of intellectual property. Since this effort has resulted in a paper which may appear overlong within the framework of this symposium, I must—reluctantly—refrain from discussing the economic philosophy underlying the Court's decisions in this field beyond expressing respectful disagreement with the present Court's overall approach to the law of unfair competition. While there may be room for "absolutism" in the interpretation of

95. 21 App. Div. 2d 896, 251 N.Y.S.2d 885 (2d Dep't 1964).

96. *Id.* at 898, 251 N.Y.S.2d at 888.

97. 60 Stat. 441 (1946), 15 U.S.C. § 1125 (1959).

98. *Mastro Plastics Corp. v. Emenee Indus., Inc.*, 14 N.Y.2d 498, 197 N.E.2d 620, 248 N.Y.S.2d 223 (1964).

99. *Mastro Plastics Corp. v. Emenee Indus., Inc.*, 141 U.S.P.Q. 311, 312 (N.Y. Sup. Ct. Apr. 15, 1964).

our Constitution and the Bill of Rights, there never will be a place for inflexible and categorical legal principles in a branch of law which is intended to promote fairness and equity among business competitors.¹⁰⁰

When in 1919, in the first case involving judicial review of the term "unfair methods of competition" under Section 5 of the Federal Trade Commission Act,¹⁰¹ an allegation was made that this phrase and the entire section were void for indefiniteness, the court in rejecting this contention replied:

The general idea of that phrase as it appears in Constitutions and statutes is quite well known; but we have never encountered what purported to be an all-embracing schedule or found a specific definition that would bar the continuing processes of judicial inclusion and exclusion based upon accumulating experience.¹⁰²

It was our Supreme Court which, in 1936, declared the phrases "fair and open competition" and "unfair methods of trade" to be so "sufficiently definite" that "no one need be misled as to their meaning."¹⁰³ Elsewhere, the Court suggested that meaning had to be given to the phrase by "the gradual process of judicial inclusion and exclusion."¹⁰⁴ And in still another leading case, the Court defined unfair competition as "a method of competition which casts upon one's competitors the burden of the loss of business unless they will descend to a practice which they are under a powerful moral compulsion not to adopt."¹⁰⁵

Judge Learned Hand coined the following oft quoted formula:

The law of unfair competition has a simple rubric: an ungentlemanly practice will be condemned so long as its condemnation will not injure the consuming public more than the ungentlemanly practice itself.¹⁰⁶

It is my belief that too much concern for free competition tends to overlook two other vital public interests: the interest in and necessity for the maintenance of lawful competitive relationships between business competitors themselves, and the perhaps even more important interest of administering justice in individual situations without sacrificing any of the overall public policy of fostering free competition.

The first of these interests found eloquent recognition in the majority

100. It is for this reason that in those countries in which this branch of the law has been most highly developed, general clauses broadly outlawing any unfair commercial acts or practices have been in force and effect since the end of the 19th Century. Such clauses have become an integral part of several international treaties of which the United States is a signatory. See Convention for the Protection of Industrial Property, March 20, 1883, art. X, 25 Stat. 1372, T.S. No. 379; General Inter-American Trade-Mark Convention, Feb. 20, 1929, art. 20, 46 Stat. 2907, T.S. No. 833. See also, Derenberg, *The Influence of the French Code Civil on the Modern Law of Unfair Competition*, 4 AM. J. COMP. L. 1 (1955).

101. 38 Stat. 719 (1914), as amended, 15 U.S.C. § 45 (1959).

102. *Sears, Roebuck & Co. v. FTC*, 258 Fed. 307, 311 (7th Cir. 1919).

103. *Old Dearborn Distrib. Co. v. Seagram-Distillers Corp.*, 299 U.S. 183, 196 (1936).

104. *FTC v. Raladam Co.*, 283 U.S. 643, 648 (1931).

105. *FTC v. R. F. Keppel & Bros., Inc.*, 291 U.S. 304, 313 (1934).

106. *Millinery Creators' Guild, Inc. v. FTC*, 109 F.2d 175, 177 (2d Cir. 1940).

opinion in the *International News* case¹⁰⁷ and was perhaps most succinctly stated in a leading text on business ethics:

Most persons who interest themselves in problems of Business Ethics take the view that the incidence of unfair business methods is largely on the purchaser or consumer. Although this may be a matter of major public interest, in view of the fact that everyone is a consumer, such an analysis is not adequate. Indeed, most views of Business Ethics, and of remedial legislation and adjudication, are deficient because they take into account this single interest only. As also appears in problems concerning the broader business relationships, the interests of the competitor and of the trade should also be considered, for the values generated by a vigorous and economically sound trade group contribute to economic and social welfare. Whether these interests are more important than the consumer-purchaser interest, or are as primary, remains to be seen.¹⁰⁸

With regard to the second proposition, we should be guided by Judge Hand's observation that "equity does not seek for general principle, but weighs the opposed interests in the scales of conscience and fair dealing."¹⁰⁹

It may well be true that, as a general proposition, our courts are "properly reluctant" to grant relief in cases of misappropriation of unpatented and uncopyrighted material, as the late Professor Chafee remarked in his classic article on unfair competition.¹¹⁰ But it does not follow, as he suggests, that in the desire to stop a particular defendant, the courts "ought to stop everybody."¹¹¹ Rather it is urged that the wise judicial approach to these problems is reflected in the observation of Chief Judge Yankwich, who toward the end of his distinguished career, said:

By using the concept of unfair practices, the courts have not sought to evolve absolute formulas. Rather, they have considered each case on its separate facts, and have sought to apply to specific situations flexible principles of equity aimed at fostering higher ethical business practices. Such treatment is desirable, for in a growing and expanding democratic order, changing trade conditions evolve situations that cannot always be anticipated.¹¹²

It may be worth noting that California, the state in which Judge Yankwich served, has thus far remained the only jurisdiction in our nation whose civil code has a general prohibition against any act of unfair competition, and expressly defines that term to include "unlawful, unfair or fraudulent business practice."¹¹³ Perhaps the *Sears* and *Compco* decisions may have served to

107. *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

108. TAEUSCH, *POLICY AND ETHICS IN BUSINESS*, 374 (1931).

109. *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 825 (2d Cir. 1943).

110. Chafee, *Unfair Competition*, 53 HARV. L. REV. 1289, 1318 (1940).

111. *Ibid.*

112. Yankwich, *Unfair Competition as an Aid to Equity in Patent, Copyright and Trade-Mark Cases*, 32 NOTRE DAME LAW. 438, 468 (1957).

113. CAL. CIV. CODE, § 3369.

accentuate the long felt need for congressional enactment of an equally broad and flexible federal statute.¹¹⁴

114. See *Hearings on H.R. 4651 Before the Subcommittee on Commerce and Finance of the House Committee on Interstate and Foreign Commerce*, 88th Cong., 2d Sess. 8 (1964) (testimony of Congressman Lindsay); *id.* at 15 (statement of Senator Javits); note 55 *supra* and accompanying text.

The Court of Appeals for the Seventh Circuit sometimes hears a different drummer, especially in the field of trade regulation. It is consequently not surprising that it should have taken an extreme position in the two design imitation cases recently reversed by the Supreme Court.

Even those with the greatest respect for the dogged attempts of the Seventh Circuit to do justice cannot deny that both the judgments of the district court, and the affirming opinions of the court of appeals, were faulty in major respects. First, the record gave little support for the findings of confusion or likelihood of confusion of source; at most, there was some confusion of products. Second, the legal principles applied probably did not either reflect or foreshadow the common law of Illinois. Third, even if it is assumed that the copying went beyond permissible limits, the remedies—an apparently absolute prohibition of copying with damages for past copying—were excessively severe. Fourth, in its zeal to enforce standards of honesty and fair dealing, the court of appeals quite overlooked the existence of a strong public policy that favors free access to unpatented objects and designs.

Had the Supreme Court been acting only as supervisor of the federal system, it could probably have disposed of the cases summarily, by granting the petition for certiorari and ordering the complaints dismissed, without citation to authority beyond a reference to the *Shredded Wheat* case.¹ However, since the decisions purported to represent an application of Illinois law, the Court was doubtless well-advised not to make the swift disposition that the egregiousness of error would have permitted. Once it accepted, even though skeptically, the lower court's assertions² that the law of Illinois would prohibit copying under the circumstances of the two cases, the Supreme Court was obviously obliged to demonstrate the fallacy of postulating such a law in the face of the patent and copyright clause of the Constitution, the supremacy clause, and a statutory policy established early in the history of the republic.³

One might wish that the exposition had been a little more ample. Both decisions, with considerable repetition unavoidable because *Sears* and *Compco* were separately decided, take up a total of only fourteen pages. Any statement

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1. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938).

2. Derived more from other recent decisions of the Seventh Circuit than from independent Illinois sources. See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 227 n.2 (1964); cf. Note, 73 *YALE L.J.* 389, 392 (1963).

3. The first patent Act was passed in 1790. Act of April 10, 1790, ch. 7, 1 Stat. 109. The next patent law, of 1793, required federal patentees to relinquish state patents obtained under the Confederation. Act of Feb. 21, 1793, ch. 11, § 7, 1 Stat. 322. This enactment presumably ended an initial period of uncertainty. There are instances of inventors seeking both state and federal patents in the first years of the republic. See 1 WALKER, *PATENTS* 53-55 (2d ed. Deller 1964); Federico, *State Patents*, 13 *J. PAT. OFF. SOC'Y* 166 (1931).

from the Supreme Court in the area of industrial property and unfair competition is a rare event. Only about once a decade is the Court likely to speak on any substantial aspect of legal monopolies and competitive practices, outside the constant barrage of antitrust and Robinson-Patman cases; most often, difficult or controversial points are left to the inconclusive arbitrament of the courts of appeals. Although it is disconcerting to trade regulation specialists, the Court has many tasks more weighty than umpiring the competitive practices of manufacturers and merchants.

Nevertheless, Justice Black's companion opinions, though terse, surely contain enough exposition to deal with the cases before the Court. The main points of the decision are easy to state and to defend. The cases vividly present the conflict between patent policy and the recurrent yearning for a common law against copying. Both plaintiffs, Stiffel and Day-Brite, based their suits primarily on their patents. Stiffel, to a considerable extent the innovator of the popular pole lamp, was armed with both a design patent and a mechanical patent. The basis for the mechanical patent was the means for adjusting the pole so as to keep it upright by compression between floor and ceiling. Prior art caused both patents to fall. Day-Brite had also intended to obtain both design and mechanical patents on its reflectors. The Patent Office denied the mechanical patent and awarded a design patent. The Court found, however, that the design was responsive to mechanical requirements and not inventive as ornament. In both cases, the patents dominated the trial proceedings.⁴

Both plaintiffs added second counts, sounding in unfair competition, that could be dealt with by federal courts under the doctrine of pendent jurisdiction.⁵ In both cases, the unfair competition consisted of nothing more than the close copying of the plaintiff's designs. There was no evidence whatever of deliberate palming off, or of confusion of purchasers of Compco's industrial lighting fixtures at the time of purchase. The identity of Compco was in no way disguised; the containers and the fixtures were clearly marked. The purchasers were informed industrial users, not casual customers. Some bits and pieces of evidence indicating consumer confusion in the pole lamp case were introduced, but, though small retail consumers were involved, its weight was not impressive except to establish that Sears had faithfully copied the Stiffel lamp. For that matter, so had many other sellers.

We have, then, the trial judge finding in both cases that there was no merit in the claim of a statutory monopoly under patent, and going on to

4. See summaries of the unreported opinions of the district courts in *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115 (7th Cir. 1963); *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26 (7th Cir. 1962). I estimate that 90% of the testimony reproduced in the record on appeal concerned the patents.

5. 28 U.S.C. § 1338(b) (1959).

forbid the defendants to imitate the design. In short, he applied the same restraint that would have been used if the patents had been valid.

Curiously, the precise point of state disability to create a patent right, or a near-patent right, seems never to have been decided by the Court. The question was raised in *Gibbons v. Ogden*, but did not need to be and was not decided there.⁶ If Congress had left this area to the states, it is not unthinkable that a system of state protection of designs could have been brought into being, even in the absence of common law counterparts; article I, section 8, the patent and copyright clause, is not ineluctably preemptive. Congress, however, has exercised its patent power so continuously and pervasively that the possibility of state intervention now seems foreclosed.⁷

Freedom to copy an unpatented article or design is the corollary of the patentee's power to prevent copying. This freedom has been upheld in the context of the patent laws chiefly in cases where a patentee attempted, on unfair competition grounds, to continue his monopoly after the patent had expired. Justice Black asserts that the unpatentable article starts on the same footing as one on which the patent has expired, it is "in the public domain and may be made and sold by whoever chooses to do so."⁸

One might argue that the analogy is imperfect, because an article (or design) that had been the subject of a valid but expired patent may be said to come into the public domain because of the bargain struck between the sovereign and the patentee. The sovereign promises:

I will use my power to exclude all others from the practice of your invention for a term of years, if you will fully disclose it. But, the Constitution authorizes this compact only for "limited times." You must understand that once the statutory period expires, you have disclosed your invention to the world and anyone is free to make use of it. Do you accept the patent on these terms?⁹

In the case of an invention for which a patent is never sought, or for which

6. 22 U.S. (9 Wheat.) 1, 221 (1824); *id.* at 165-77 (argument of counsel). The pretermission of the question in *Gibbons v. Ogden* is discussed in the Brief for the United States as Amicus Curiae, pp. 21-22, *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964). My learned friend Richard Stern, Esq., commenting on it in correspondence before the cases were decided, observed: "What a way to begin an opinion—'This case presents the question left unresolved in *Gibbons v. Ogden*.'"

7. There has been a comprehensive design patent statute since 1842. See 1 WALKER, *op. cit. supra* note 3, at 729-32.

One occasionally encounters assertions that the states can theoretically create patent rights. See, e.g., 1 ROBINSON, *LAW OF PATENTS* 68 (1890); *cf.* Whicher, *The Ghost of Donaldson v. Beckett: An Inquiry Into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States*, 9 BULL. COPYRIGHT SOC'Y 102 (1961); *id.* at 194 (1962). Whicher's challenging essay includes a discussion of the patent aspects of *Gibbons v. Ogden* that is directed at the persistence of state power to protect literary property. The degree of preemption in copyright is obviously less than in patents, if only because the Copyright Act § 2, 17 U.S.C. § 2 (1959), specifically saves common-law rights in an "unpublished work"—a category of extensive scope. His occasional suggestions of common-law rights in inventions apparently relate to nonfunctional aspects, or to discoveries that can be practiced without being disclosed, *i.e.*, secret processes. *Id.* at 195-99.

8. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964).

9. *Cf.* *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186 (1933).

a patent is denied, or for which a patent is granted and then judicially withdrawn, the bargain cannot be said to have been effected.¹⁰ But, even if the case of an expired patent is an imperfect analogy, the result should not be altered when the design has never been validly patented at all. We are simply remitted to the first principle that everyone is free to imitate any article of commerce that is in public use, unless the article's originator has the protection of a patent, or a copyright.¹¹

Unless one chooses to assail the whole concept of freedom of imitative competition, the Court's general conclusion, as stated in the *Sears* opinion, seems to be unassailable:

To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public. The result would be that while federal law grants only 14 or 17 years' protection to genuine inventions, see 35 U.S.C. §§ 154, 173, States could allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. This would be too great an encroachment on the federal patent system to be tolerated.¹²

To support this conclusion, one need not labor the incongruity that the injunction creates a perpetual ban while the statutory grant is limited in its duration. Assume that a state court (or a federal court applying state law), mindful of the "limited times" obligation, awards an injunction that would expire at the end of a period no longer than the plaintiffs would have enjoyed under a patent. The encroachment on the national domain of such judicial legislation would be even more apparent. The same conclusion holds if a state legislature establishes a rule of protection for a "limited time."

After this basic statement, Justice Black's opinions for the Court move to new and more debatable ground. In the course of considering the possible scope for a state law of unfair competition when the federal policy authorizes free copying he advances several familiar propositions:

A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original.¹³

[More specifically, the state] may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of

10. Unless one wants to argue that the act of applying for a patent, or of accepting a patent later invalidated, implies a consent to dedication if the patent is denied. It seems unnecessary to pursue such interesting but strained points, for the reason asserted in the next paragraph.

11. See note 8 *supra* and accompanying text.

12. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964).

13. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 239 (1964).

goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.¹⁴

All this is utterly orthodox. Indeed, it may be too conventional for those who are impatient with the classic notion that a buyer's preference for a known source is the beginning and end of the prohibition against palming off. We need not be detained by these difficulties. Like similar doctrinal statements by state courts, this old-fashioned concern for the maker's "reputation for quality and integrity" can be stretched to include the case where the identity of the manufacturer is unknown, but there is a consumer desire to purchase goods coming from a reliable though unidentified source. The Court's concise statement of the common-law principle can also be expanded to include some protection from the use of a mark or label on products that differ from those produced by the first user of the mark, on the rationale that such use may still have a harmful effect on the reputation of the first user, or on his reasonable expansion into new markets.

These issues on the scope of trademark protection were not before the Court, and it is not profitable to speculate at length on what the Court's probable response to them might be. Once questions about the limits of state palming off protection move from the orbit of patent and copyright, they come into the relatively weak gravitational field of federal trademark law, a statutory expression that reflects a fairly wide range of common-law doctrines and does not at the present time exert much preemptive force.¹⁵

Where, then, is the new ground in the Court's opinion? It lies in the repudiation of a familiar rule that prohibited the copying of aspects of a design that were found to be distinctive of the source of the goods, that is, to have a significance similar to that of a trademark. The recognition of trademark significance in design features is an application of the doctrine of "secondary meaning"—a configuration, or an ornament, or a color combination, though primarily part of the design, may subsequently come to identify the source and thus be protected. But such protection was qualified by a recognition that it would be inappropriate to permit the "functional" aspects of the design to serve in place of a trademark. A prohibition against "functional" copying would effectively create a monopoly in the essence of the design even though it was ineligible for patent or copyright protection. Therefore the courts have generally restricted the recognition of this trademark-like interest to "nonfunctional" parts of the design.

The attempt to give meaning to "functional" and "nonfunctional" in this context has been full of difficulties.¹⁶ It seems clear, however, that the Supreme

14. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964). (Footnote omitted.)

15. See KAPLAN & BROWN, *CASES ON COPYRIGHT, UNFAIR COMPETITION AND OTHER TOPICS* 613-14 (1960).

16. Fully explored in Note, 64 *COLUM. L. REV.* 544, 568 (1964): "Courts have reached contrary conclusions on virtually every relevant proposition."

Court has put an end to this rather engaging form of disputation, by precluding any ban on copying a design that has no federal statutory protection. This conclusion, which is the one novelty in the cases, is bluntly stated in the *Compco* opinion. It was not necessary to the *Sears* case, because no showing was made there that the appearance of the pole lamp had yet come to signify Stiffel as the source. On the other hand, in *Compco* there was a finding—questionable on the record, but nevertheless a finding—that the appearance of Day-Brite's reflector did identify the product to the trade as coming from Day-Brite. This finding, and the conclusion by the court of appeals that it entitled Day-Brite to exclude others from using the design, created the occasion for the following declaration by the Supreme Court:

That an article copied from an unpatented article could be made in some other way, that the design is "non-functional" and not essential to the use of either article, that the configuration of the article copied may have a "secondary meaning" which identifies the maker to the trade, or that there may be "confusion" among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.¹⁷

What has the Court swept away with this holding? Clearly, the whole body of decisional law that, with respect to product imitation, struggled with questions of functionality. Could, for example, aesthetic appeal be considered functional, or could only utilitarian aspects of a design?¹⁸ Gone also are questions of definition and proof of secondary meaning. It is really idle to ask if anything is left of the old learning in the interstices of the excluded factors, because the decision is emphatic that neither those factors "nor any others" can be used to prohibit copying. We may more usefully ask what, at the boundaries of the fissure created by this lightning stroke, is left for decision by lower courts, and for argument by plaintiffs who still wistfully hope to find some way of curbing imitators.

It appears that three peripheral problems remain. First, are there categories of goods that are so far outside the federal scheme of protection that Congress may be said to have left them open for the creation of exclusive rights by the states? Second, how do we distinguish between the article itself and its trademark, label, or distinctive dress and packaging, which the Court assures us may still be protected from confusing imitation? Third, what is the occasion for and the scope of "such precautions as labeling?"

Before discussing these three residual problems, one should also take brief note of the final turn of the screw in the quoted portion of the Court's opinion.

17. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964).

18. *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670 (S.D.N.Y. 1963) is a useful recent discussion of this question.

It concludes that none of the old criteria can justify a prohibition of copying "regardless of the copier's motives."¹⁹ This led to the only note of dissent from any member of the Court, by Justice Harlan. He observed that if evidence beyond the mere act of copying shows a "dominant purpose and effect of palming off one's goods as those of another" a state should be able to "impose reasonable restrictions on the future 'copying' itself. Vindication of the paramount federal interest at stake does not require a State to tolerate such specifically oriented predatory business practices."²⁰ He nevertheless joined in the result because motives were not at issue in either of the cases before the Court. The reservation expressed by Justice Harlan has support and is not unappealing. The Court, in pronouncing such a strong dictum, may well have had in mind the excessive reliance on supposed bad motives in cases like *American Safety Table Co. v. Schreiber*.²¹ That case involved minutely exact copying of a machine on which the patent had expired. Judge Medina, while recognizing that "imitation is the life blood of competition,"²² also avowed that "morally and ethically such practices strike a discordant note."²³ He characterized the aggressive attempts of the defendants to capture a share of the market as "fraudulent" and prescribed an injunction ordering the defendants to distinguish their machines from the plaintiff's. As Judge Clark pointed out in his vigorous dissent, the majority relied on "such emotive words as 'poach,' 'deceitful,' 'fraudulent,' and 'cunningly contrived pirating,' without orientation in specific findings,"²⁴ to perpetuate the monopoly of an expired patent.

The persistent strain of distaste for the imitator, reflected in some judicial opinions and in the writings of commentators, is often unaccompanied by even a formal concession to the benefits of free competition. It perhaps justifies the Court's complete exclusion of motive as a ground for restricting imitation.

To return to the questions that may be left for decision. First, are there categories of articles so removed from the sphere of design patent that their protection from imitation may be remitted to common-law principles? This question is prompted by the case of *Capitol Records, Inc. v. Mercury Records Corp.*,²⁵ which dealt with the protectibility of a performer's rendition on phonograph records. A Second Circuit panel agreed that such renditions were "writings" in the sense that they could be regulated by Congress under article I, section 8. Congress, however, had not chosen to extend copyright protection to recordings of the performances of virtuosos. Despite Judge Learned Hand's

19. See note 17 *supra* and accompanying text.

20. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 239 (1964).

21. 269 F.2d 255 (2d Cir.), *cert. denied*, 361 U.S. 915 (1959), *modified*, 287 F.2d 417 (1961). Among recent Second Circuit decisions, this one, and *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955), were aberrational and are now obsolete.

22. *American Safety Table Co. v. Schreiber*, *supra* note 21, at 272.

23. *Id.* at 271.

24. *Id.* at 277.

25. 221 F.2d 657 (2d Cir. 1955).

contention, in dissent, that the renditions were "published" and were as a constitutional matter beyond the reach of state power, the majority held that New York law could and did provide relief against copying by a competing record manufacturer.²⁶ In contrast, there are other omissions from copyright protection, notably articles of clothing, that may be taken to represent a deliberate decision to withhold protection from "published" models rather than to allow state law to control.²⁷

No significant area of exclusion from design patent comes to mind. The statute refers to "any new, original and ornamental design for an article of manufacture."²⁸ There is no reason to believe that it should not be read to include *any* article of manufacture for which ornamental design would have relevance.²⁹

On the second question, whether there will be difficulties in separating state-protectable trade symbols from nonprotectable designs, there will be marginal problems when the trademark is impressed on the article itself and has aesthetic embellishments that merge into components of the design. Here the courts may have to focus on the essentially verbal (occasionally pictorial) character of a trademark and cut down attempts to enlarge the trademark so as to take in a significant part of the design. A brief reference to contrasting cases may help to illustrate this uncertain distinction. In the *Mishawaka* case³⁰ a red circle on rubber footwear was held to be a protectable trademark device. However, when RCA Victor claimed similar protection for the red center of its phonograph records, where the circular form was a necessary consequence of the shape of the record, protection was denied.³¹ A related marginal problem of considerable difficulty—which I must leave to others—arises if a package design is patentable, and is also capable of trademark significance.³²

26. Neither opinion gave proper consideration to the implications of the Copyright Act §§ 1(e), 5, 17 U.S.C. §§ 1(e), 5 (1959) against permitting protection of recorded renditions. See Kaplan, *Performer's Right and Copyright: The Capitol Records Case*, 69 HARV. L. REV. 409, 430 (1956).

27. The unavailability of copyright for apparel seems unchallenged, though it lacks adequate official rationale. There is not even an explicit denial of registrability in the Copyright Office Regulations, in contrast to 37 C.F.R. § 202.8(b) (1960), stating the unacceptability of phonograph records.

28. Patent Act, 35 U.S.C. § 171 (1939).

29. A design patent has been denied where the article is concealed when in use and where no one would care about its appearance. *In re Stevens*, 36 C.C.P.A. (Patents) 1017, 173 F.2d 1015 (1949) (rotary brush for vacuum cleaners); *cf. In re Koehring*, 17 C.C.P.A. (Patents) 774, 37 F.2d 421 (1930). But "article of manufacture" can include the configuration of a machine. *Id.* at 776-77, 37 F.2d at 423-24. Implicit in such cases, it seems to me, is a concern to prevent backdoor protection via design patent of inadequate mechanical inventions, as in the instant cases. This concern creates another reason to protect the patent system by barring state relief against imitators.

30. *Mishawaka Rubber & Woolen Mfg. Co. v. Panther-Panco Rubber Co.*, 153 F.2d 662 (1st Cir.), *cert. denied*, 329 U.S. 722 (1946).

31. *Radio Corp. of America v. Decca Records*, 51 F. Supp. 493 (S.D.N.Y. 1943).

32. The Court accepted "distinctive dress in the packaging of goods" as an element that can be protected against misleading imitation. Might not the distinctive dress be eligible for a design patent? If so, should not its failure to achieve a patent leave it open to copying, on the rationale of the instant cases? If, on the other hand, a design patent is obtained, is the distinctive configuration or ornament not unavoidably dedicated at the

Third, there are questions about the occasion for and the scope of "such precautions as labeling." In the *Sears* opinion the Court said that labeling or "other precautionary steps" could be required by a state "to prevent customers from being misled as to the source."³³ In the critical passage from the *Compco* opinion, already quoted, the Court recited the considerations that, though no longer a basis for prohibiting copying, might be "relevant evidence" in ordering precautionary labeling. These factors included the practicality of altering the imitation, the issue of functionality, the existence of secondary meaning, and the likelihood of confusion. These matters may be relevant, but it should not be necessary to consider all of them when only labeling is at issue.

One of the collateral advantages of the Court's blanket endorsement of free imitation is that it cuts several legal knots. It would be too bad if the snarls of functionality and secondary meaning had again to be untangled every time a question of adequate identification of source was presented to the courts. The refinements of these doctrines, which never quite fell into a stable pattern, were probably unavoidable if a line had to be drawn between the imitation permitted by national policy and that prohibited as unfair competition. However, if the only issue open is the requirement of adequate identification of source, surely any controversy can be settled with relative simplicity. There is no strong policy that favors hiding a seller's identity; reluctance to identify oneself as the source of a copy suggests that the seller would not mind being confused with a preferred source.

In view of these considerations, a plaintiff who desires to compel a competitor to identify himself should have to show no more than a likelihood of confusion. This may be established by simple visual comparison of the two articles, backed by evidence (witnesses who market the product should suffice) that the field is one in which buyers have some general concern for source. Clearly, the proposed test is an easier one than that required for a showing of secondary meaning. Neither proof of association of the article with the plaintiff, nor proof of motivation to buy it because it comes from the plaintiff are necessary.³⁴

end of the term? Is the dedication total, or can the patentee continue to exclude competitors on the ground of likely confusion of source? This last question was answered affirmatively, but not satisfactorily, in *Application of Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. (Patents) 1964), which held that the owner of a design patent (about to expire) on a decanter-shaped wine bottle is eligible to seek registration of the configuration of the bottle as a trademark, and on the Principal Register. The instant cases, decided March 9, 1964, were not considered. A petition for rehearing, to Professor Derenberg's surprise (in which I join), was denied. See Derenberg, *The Seventeenth Year of Administration of the Lanham Trademark Act of 1946*, U.S.P.Q., Aug. 10, 1964, pt. II, pp. 1, 3; cf. 328 F.2d at 932 (Rich, J., concurring). As an even smaller source of irritating fleabites, should any weight be given to the availability of protection under the Copyright Act §§ 4, 6, 17 U.S.C. §§ 4, 6 (1959), to "prints and labels published in connection with the sale or advertisement of articles of merchandise?"

33. 376 U.S. 225, 232 (1964).

34. This frequently overlooked distinction—between association and motivation—is discussed in *Developments: Competitive Torts*, 77 HARV. L. REV. 888, 912-13 (1964).

The defendant can of course attempt to rebut the plaintiff's contention that source labeling is desirable in the particular trade. Such rebuttal is useful as a means of checking the trend toward meaningless differentiation of goods when consumers neither know nor care about their source. I have in mind here the articles of trade that are still bought simply by objectively determined grade and description, such as Number One Winter Wheat, or Heavy Melting Scrap Steel. The defendant can also deny that confusion is in fact likely—an issue that is again related to the ways of the market. In *Compco*, it seems utterly implausible that people who bought these industrial fixtures almost by the mile did not know their source. But the harried housewife shopping in *Sears* for a pole lamp could indeed be confused.

Once labeling is required, in appropriate cases a court might still require the imitator not only to identify himself clearly but also to establish his separateness from the innovator with whom the design is associated by the buying public.³⁵ May a state court go even further and require the imitator to use pejorative language about himself? For example: "This pole lamp was copied by Sears Roebuck and Co. from the original design of Stiffel and Co. It is not a genuine Stiffel lamp." Such extreme requirements of self-abasement should not be permitted; they would hinder the normal competitive process. If the cause of action to require a label is made as simple as I have suggested, then it may also be reasonable to say that the kinds of labels that may be required should also be simple. They should go no further than is necessary for the elimination of confusion. They should not be the vehicle for state courts to award prizes to minor innovators who, we should recall, have not advanced the progress of useful arts enough to merit a patent.

Meanwhile, what about copyright? Since the two cases arose in a context of invalid design patents, the Court's discussion properly focused on the consequences of that state of affairs. Occasional references to copyright protection were parenthetical, as has been true so far in this discussion. Actually, a broad range of protection to commercial design, stemming somewhat paradoxically from a decision of the Supreme Court only ten years ago in *Mazer v. Stein*,³⁶ is currently afforded by the copyright law. *Mazer* held that the copyright classification of "works of art" was available for statuettes, even though they were embodied in articles of use, specifically electric table lamps. The Copyright Office responded to the decision as follows:

If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates fea-

35. *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526 (1924); cf. Note, 64 *COLUM. L. REV.* 544, 566 (1964): "It is usually sufficient if the defendant marks his goods as conspicuously as the plaintiff's." See also Stern & Hoffman, *Public Injury and the Public Interest: Secondary Meaning in the Law of Unfair Competition*, 110 *U. PA. L. REV.* 935, 960-66 (1962).

36. 347 U.S. 201 (1954).

tures, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.³⁷

The first sentence of the quoted part of the regulation is obviously intended to avoid the extension of copyright to conceptions that are more appropriate for patent protection. But the rest of it gives wide leeway for designs that can be superimposed on a useful article. *Mazer*, as it has been interpreted by the Copyright Office, opened the door to copyright protection of jewelry, fabrics, and many other kinds of goods where design is of prime commercial importance. It has even been extended to such objects as toy animals, specifically a representation of a chimpanzee.³⁸

The conceptual foundations of copyright creation and protection have, of course, significant differences from those of design patents. Simple originality, rather than inventive novelty, is all that is needed to obtain a copyright. The protection afforded is against copying and requires a finding of access to the protected work. The possibility of independent creation is thus theoretically open, so that the same design could be originated by another without infringing the copyright. On the other hand, a patent protects the invention from imitation even if someone else independently conceives it. In the classes of articles that are of practical concern, these conceptual differences are not significant. A claim of independent creation can be rebutted by inferences of access, which in a commercial setting are usually easy to raise.

Copyrights have many advantages over patents for the innovator. They come into being very simply, without lengthy administrative inquiries into validity. Since there is only a modest requirement of originality, they are usually sustained in court, in contrast to the fearful mortality of challenged design patents.³⁹ Their term of protection is much longer, fifty-six years as against a maximum of fourteen for design patents.

The shortcoming of copyright is the requirement that the design must, so to speak, be detachable from the object. Consequently the shape of an electric toaster cannot be protected by copyright, though fanciful curlicues impressed upon it can be—a result inimical to functionalism in design, in the sense of fitness for use.

This casual survey of design protection through copyright, though adequate for no other purpose, does serve to remind us that the Supreme Court has not left the proponents of protection naked and afraid. It also suggests some

37. 37 C.F.R. § 202.10(c) (1960).

38. *Rushton v. Vitale*, 218 F.2d 434 (2d Cir. 1955).

39. From 1937 to 1960 the Court of Appeals for the Seventh Circuit invalidated 22 design patents and validated none that came before it. *Amerock Corp. v. Aubrey Hardware Mfg., Inc.*, 275 F.2d 346, 349 n.1 (7th Cir. 1960). See Derenberg, *Copyright No-Man's Land: Fringe Rights in Literary and Artistic Property*, in *COPYRIGHT PROBLEMS ANALYZED* 215, 238 (Kupferman ed. 1953).

rather serious disparities in the federal scheme. What seems clear is that the way to smooth out disparities is through patient legislation, not through fruitless attempts to animate the misbegotten tort of misappropriation.⁴⁰ The Lindsay bill, I will assert dogmatically, would be a disaster.⁴¹ Whether the Design Protection Act⁴² recently passed by the Senate contributes to a more rational system, or whether it is only a piece of patchwork, is another topic that cannot be pursued in this Comment.

To sum up: if the unruffled view that is taken here about the effect of the Supreme Court's decisions is at all correct, they do not change the main current of the law, and indeed only reinforce a fundamental principle that anyone is free to copy an unpatented article, subject to some concessions to avoid confusion of source. The two decisions, as we have seen, declare that the interest in protection from confusion can be satisfied by adequate labeling or similar precautions. This also seems to the writer to be a reasonable result. If it changes the law, it is only by brushing aside a set of rules that have never been satisfactorily clarified.

The imperfect stabilization of the concept of functionality (and related issues) probably stemmed, not from judicial obtuseness, but from the sort of pressures typified by the Seventh Circuit decisions now reversed. The shortcomings of those decisions are not the result of ineptitude; they are rather still another reflection of what I have several times referred to as a persistent urge to create some general protection against copiers. That urge has never achieved dominant expression in the cases. But it runs along like the Manichean heresy, forever pitting the forces of light against the alleged forces of darkness. Justice Brandeis laid it to rest a quarter of a century ago in the *Shredded Wheat* case, when he observed that the defendant was

sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested.⁴³

Like other teachings, this lesson now has to be brought home to another generation.

40. This tort in its judicial development has at most a "modest function" in protecting "certain types of services of a fragile character, rather than products, whose commercial exploitation without destruction by immediate imitation is difficult." Rahl, *The Right to "Appropriate" Trade Values*, 23 OHIO ST. L.J. 56, 57 (1962). See also Pollack, *Unfair Trading by Product Simulation: Rule or Rankle?*, *id.* at 74.

41. H.R. 4651, 88th Cong., 1st Sess. (1963) (would establish a federal law of unfair competition). For a sympathetic review of its shortcomings, see Note, 70 YALE L.J. 406, 437 (1961).

42. S. 776, 88th Cong., 1st Sess. (1963); see S. REP. NO. 686, 88th Cong., 1st Sess. (1963); Latman, *The New Design Protection Proposals Before Congress*, 8 BULL. COPYRIGHT SOC'Y 356 (1961).

43. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 122 (1938).

PAUL BENDER*

The federal copyright and patent statutes provide limited protection against the unauthorized appropriation of artistic and intellectual achievements. The common law¹ embodies similar protections in certain circumstances, usually under the label of either "common-law copyright" or "unfair competition." Although the two bodies of doctrine have long existed side-by-side, the limiting effects of the federal statutes upon the operation of the common law have never been satisfactorily understood. Specifically, when a writing or discovery is copied without permission, it is often difficult to know whether state law is permitted to afford relief through a finding of "unfair competition" or whether protection must be obtained exclusively under an applicable federal statute. Such questions are of constitutional dimension (under the supremacy clause) and have important practical significance. The coverage of the federal statutes is limited and, even when they do apply, failure to satisfy their conditions and formalities may result in the irrevocable loss of federal protection. Therefore, when state principles would otherwise protect works which cannot or have not secured federal protection, rights may be radically changed by a finding that the federal statutes exclusively occupy the field.

Despite its importance, the problem has received relatively little judicial consideration.² In late March, however, in the companion opinions of *Sears* and *Compco*, the Supreme Court held that the Federal Design Patent Act³ prohibits state relief against copyists found to have violated applicable state law.⁴ A federal district court applying Illinois law had found "unfair competition" in the defendants' copying and marketing of the plaintiffs' lighting fixtures.⁵ Both defendants were enjoined from selling or attempting to sell

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1. "Common law" is used hereinafter as an equivalent to "state law." This has been true since *Erie R.R. v. Tompkins*, 304 U.S. 64 (1938) (except when the state law is statute law). Before *Erie*, a good part of the relevant common law was "general law" developed by federal courts. Indeed, the leading common-law "misappropriation" case was decided by the Supreme Court. See *International News Serv. v. Associated Press*, 248 U.S. 215 (1918); see notes 26-31 *infra* and accompanying text. The *Erie* doctrine, therefore, has probably sharpened the preemption problem, for federal courts would seem much more likely to address themselves to the possibility of federal preemption of individual state doctrines than of nationwide common law developed through federal precedents.

2. See *G. Ricordi & Co. v. Haendler*, 194 F.2d 914 (2d Cir. 1952); *RCA Mfg. Co. v. Whiteman*, 114 F.2d 86 (2d Cir.), *cert. denied*, 311 U.S. 712 (1940); *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930); *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 664 (2d Cir. 1955) (dissenting opinion). In all of these, the relevant discussion is by Judge Learned Hand.

3. 35 U.S.C. §§ 171-73 (1959).

4. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

5. Both opinions of the District Court for the Northern District of Illinois (Miner, J.) are unreported. They are summarized in *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115, 116-17 (7th Cir. 1963); *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26, 27-28 (7th Cir. 1962).

fixtures "identical to or confusingly similar to" those of the plaintiff.⁶ In the court of appeals the injunctions were held to rest upon reasonable findings of fact supporting the common-law right and consequently affirmed.⁷ The Supreme Court, conceding that federal law provided no relief to the plaintiffs since their design patents had been held invalid for want of invention, nevertheless reversed the injunctions as inconsistent with the "federal patent system."⁸

The Court's opinions, both written by Justice Black, do not expressly break new ground and are, on the facts of the two cases, limited to a specific issue arising under the patent laws. Similar issues, however, arise under the Copyright Act⁹ with regard to the protection of literary and artistic property. The new opinions are therefore bound to have, and have already had, important repercussions in the copyright area. The impact will probably be felt especially in the courts of New York State where litigation concerning the common-law tort of unfair competition has been unusually heavy.¹⁰

The *Sears* and *Compco* decisions are addressed to two questions: first, the extent to which the federal statutes preclude state protection against the copying or duplication of the plaintiff's creation—protection which would be equivalent to that provided by the statutes; second, the extent to which a state, though precluded from preventing copying as such, may nevertheless prohibit it as an incident of relief from a business tort. The Court held that on the facts presented state protection against copying was precluded both as a direct prohibition of duplication and as a means of preventing the defendants from palming off their products as those of the plaintiff.

6. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 235 (1964); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 226 (1964).

7. *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115 (7th Cir. 1963); *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26 (7th Cir. 1962).

8. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964).

9. 17 U.S.C. §§ 1-216 (1958).

10. Four of the seven cases that have so far dealt with the effect of the two new opinions on copyright law are from New York courts. *Columbia Broadcasting Sys., Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964) was a suit to enjoin the appropriation of a newscast for use on a phonograph record commemorating President Kennedy's assassination. *Sears* and *Compco* were found inapplicable through a distinction drawn between "copying" and "appropriation," and the injunction was granted. *Flamingo Telefilm Sales, Inc. v. United Artists Corp.*, 141 U.S.P.Q. 461 (N.Y. Sup. Ct., May 1, 1964) was a suit to enjoin the incorporation of part of plaintiff's film in defendant's new production. State power was allegedly based on a contract. *Sears* and *Compco* were held inapplicable on reasoning similar to that in *Columbia Broadcasting Sys., Inc. v. Documentaries Unlimited, Inc.*, *supra*. *New York World's Fair 1964-1965 Corp. v. Colourpicture Publishers Inc.*, 141 U.S.P.Q. 939 (N.Y. Sup. Ct. June 10, 1964), *aff'd mem.*, 21 App. Div. 2d 896, 251 N.Y.S.2d 885 (2d Dep't 1964) was a suit to enjoin defendant's sale of postcards incorporating unauthorized pictures of the Fair. The trial court granted a preliminary injunction despite *Sears* and *Compco*, and this was affirmed over a dissent which would have barred relief on the basis of the new cases. *Capitol Records, Inc. v. Greatest Records*, 42 Misc. 2d 878, 252 N.Y.S.2d 553 (Sup. Ct. 1964), involved the appropriation of phonograph records. Again the injunction was granted after distinguishing away *Sears* and *Compco*. One case arising in Illinois, *Aerosol Research Co. v. Scovill Mfg. Co.*, 334 F.2d 751 (7th Cir. 1964), on facts very similar to *Sears* and *Compco*, followed the Supreme Court decisions. *Cable Vision, Inc. v. KUTV, Inc.*, 335 F.2d 348 (9th Cir. 1964) used the new cases to reverse an injunction granted under Idaho law against a community's appropriation of television programs by use of an antenna. See also *Edgar H. Wood Associates, Inc. v. Skene*, 197 N.E.2d 886 (Mass. 1964).

To my mind, the general applicability of *Sears* and *Compco* to the first of these questions is quite limited. As to the second, the potential impact is greater. The precise rationale of the decisions, however, is unclear and provides an uncertain basis for prediction. In the following paragraphs, I shall attempt first to set out the legal background against which the new cases are decided, and then to explain my reasons for finding the decisions of only limited significance.

I.

The Constitution gives Congress power to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."¹¹ Congress has traditionally exercised this power through statutes granting patents for "new and useful" inventions,¹² copyrights for the "writings of an author,"¹³ and, more recently, design patents for any inventive "ornamental design for an article of manufacture."¹⁴ These federal statutes have always operated against a background of state law. State legislation granting copyrights and patents predated the constitutional provision,¹⁵ and principles of so-called common-law copyright and unfair competition have been available to frustrate copying for many years.¹⁶ While state patent and copyright statutes were formerly thought to have been preempted by the promulgation of the federal acts,¹⁷ the common law was not automatically so strictly limited.

The failure of federal statutes and precedents to set out the precise limits of common-law power left the courts in large measure free, at least in the first instance, to explore their own prerogatives. In recent years, especially in the copyright area, courts have occasionally had strong incentives to develop new modes of protection. While the Copyright Act has come to give considerable protection against misappropriation of artistic effort,¹⁸ it has been outdistanced by important piracies which it does not prevent, but which nonetheless tend to strike sensitive judges as unjust and inequitable. The act, for example, totally fails to provide protection against the unauthorized recording of original performances of musical works, thus, leaving an entrepreneur free, so far as federal law is concerned, to make and sell records of a symphony orchestra broadcast of Mozart or Beethoven without the orchestra's permis-

11. U.S. CONST. art. I, § 8, cl. 8.

12. 35 U.S.C. § 101 (1959).

13. 17 U.S.C. § 4 (1959).

14. 35 U.S.C. § 171 (1959).

15. See SUBCOMM. OF PATENTS, TRADEMARKS, & COPYRIGHT, SEN. COMM. ON THE JUDICIARY, 86TH CONG., 1ST SESS., COPYRIGHT LAW REVISION, STUDY No. 3, at 69 (Comm. Print 1960) [hereinafter cited as COPYRIGHT LAW REVISION].

16. See, e.g., *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834); *Fisher v. Star Co.*, 231 N.Y. 414, 132 N.E. 133, cert. denied, 257 U.S. 654 (1921).

17. *Wheaton v. Peters*, *supra* note 16 (by implication).

18. A general description of the steady increase of protection from the Act of May 31, 1790, ch. 15, 1 Stat. 124, to the Act of March 4, 1909, ch. 320, 35 Stat. 1075, will be found in COPYRIGHT LAW REVISION, STUDY No. 3, at 72-76.

sion. Not unnaturally, the courts have shown an inclination to provide the protection which the federal statute omits.¹⁹

The fountainhead of state protection for literary and artistic creations has been the state power to prevent the copying of "unpublished" writings. Since 1909 the Copyright Act has in fact contained explicit recognition of the "right" of the author to resort to the common law "to prevent the copying, publication, or use" of "unpublished" works;²⁰ this provision undoubtedly merely makes explicit what had previously been tacitly understood.

At one time, common-law protection against copying was strictly limited as a matter of doctrine to such "unpublished" property and courts refused to consider protection against copying after "publication."²¹ This position, if all could have agreed upon what constituted "publication," would have eliminated virtually all copyright preemption problems—at least where a state purported to act only against copying itself. If a work were "unpublished," the states' power to protect against copying would be unquestioned, and if it were "published," they would not attempt to prohibit duplication. Important doctrinal problems could arise only with regard to unpublished works where the author had voluntarily accepted federal statutory protection.²² One searches in vain, however, for an authoritative federal definition of "publication" designed to put an end to state power and capable of imposing uniformity upon the unusual range of definitions offered by the common law. A play, to take the most famous example, is not "published" (so as to divest it of common-law protection) by two thousand public performances,²³ though it would probably universally be deemed "published" by the indiscriminate sale of two hundred copies.²⁴ Moreover, it is no longer clear that common-law courts will automatically refuse relief upon a finding of technical "publication"; courts in some recent cases have shown a strong disinclination to consider "publication" as totally decisive of all rights.²⁵

To an extent not yet wholly understood, this entire area was deeply

19. See *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657, 662, 664 (2d Cir. 1955); cf. *COPYRIGHT LAW REVISION, STUDY No. 26*. Protection would be provided by the proposed Copyright Act § 1(7). See S. 3008, H.R. 11947, H.R. 12354, 88th Cong., 2d Sess. (1964).

20. 17 U.S.C. § 2 (1959). This express language was probably added to make it wholly clear that negative inferences are not to be drawn from the enactment of 1909 of federal statutory protection for some classes of "unpublished" works. *E.g.*, 17 U.S.C. § 12 (1959) (not offered for sale).

21. See *Ferris v. Frohman*, 223 U.S. 424 (1912); *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834).

22. This problem arises under the present state of the law. While it has never been authoritatively decided, indications are that authors of unpublished works will lose state protection by voluntarily putting their work under the act. See *Photo-Drama Motion Picture Co. v. Social Uplift Film Corp.*, 220 Fed. 448 (2d Cir. 1915) (dictum).

23. See *Ferris v. Frohman*, 223 U.S. 424 (1912).

24. See *White v. Kimmell*, 193 F.2d 744 (9th Cir.), *cert. denied*, 343 U.S. 957 (1952).

25. See, *e.g.*, *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955); *Metropolitan Opera Ass'n, Inc. v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd mem.*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1st Dep't 1951).

affected in 1918 by the landmark decision in *International News Serv. v. Associated Press*.²⁶ Sitting as a common-law court, in the now-defunct tradition of *Swift v. Tyson*,²⁷ the Supreme Court awarded equitable non-statutory relief, in very appealing competitive circumstances, against an appropriation of news bulletins. While the bulletins were concededly "published" and therefore the federal copyright law might conceivably have offered protection had it been invoked, the Court insisted that the question was one of "unfair competition in business," and the right to prevent such competition was not foreclosed by showing that the benefits of the Copyright Act had been waived.²⁸ Read liberally, *International News* might thus be understood to have abolished both the self-limitation of the common law to "unpublished" works and any preclusive effect flowing from the federal statutes after "publication." Judge Learned Hand, for one, was immensely troubled by the problems that the case created in the relationship between the common law and the "scheme" which Congress had for more than a century "devised to cover the subject-matter."²⁹ He would have limited its authority to the situations "then at bar," because the difficulties of understanding it otherwise were "insuperable."³⁰ Nevertheless, the tone of the Supreme Court's decision was bold, and in its wake have come other significant common-law expeditions against business piracy where federal protection was deemed inadequate.³¹ Until the present opinions, the Supreme Court had said nothing to impede or approve these developments, and the legitimacy of prior cases has remained quite uncertain.

Despite these assertions of expanding common-law power, there have remained areas where state protection against copying has been clearly excluded. Primarily, since *Singer Mfg. Co. v. June Mfg. Co.*,³² it has been clear that "on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted."³³ Presumably, the "right to make the thing" includes the right to copy it as well as the right to arrive at the result independently; the same right should attach to an ex-

26. 248 U.S. 215 (1918).

27. 41 U.S. (16 Pet.) 1 (1842).

28. 248 U.S. 215, 235 (1918).

29. *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280 (2d Cir. 1929), *cert. denied*, 281 U.S. 728 (1930).

30. *Ibid.*

31. The most prominent have been *Capitol Records, Inc. v. Mercury Records Corp.*, 221 F.2d 657 (2d Cir. 1955) (recorded musical performances); *Fisher v. Star Co.*, 231 N.Y. 414, 132 N.E. 133 (cartoon characters), *cert. denied*, 257 U.S. 654 (1921); *Dior v. Milton*, 9 Misc. 2d 425, 155 N.Y.S.2d 443 (Sup. Ct.), *aff'd mem.*, 2 App. Div. 2d 878, 156 N.Y.S.2d 996 (1st Dep't 1956) (dress designs); *Metropolitan Opera Ass'n, Inc. v. Wagner-Nichols Recorder Corp.*, 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd mem.*, 279 App. Div. 632, 107 N.Y.S.2d 795 (1st Dep't 1951) (recorded musical performances). For a more recent case, see *Columbia Broadcasting Sys., Inc. v. Documentaries Unlimited, Inc.*, 42 Misc. 2d 723, 248 N.Y.S.2d 809 (Sup. Ct. 1964) (broadcaster's newscast).

32. 163 U.S. 169 (1896).

33. *Id.* at 185.

pired design patent or copyright. Upon the expiration of statutory protection one can assume that state relief against copying an article will be precluded.

The doctrine of the *Singer* case is not difficult. By limiting Congress' power to that of securing rights "for limited Times," the Constitution may even command the result. But what of patentable or copyrightable articles not brought within the statute, either through the author's failure to seek statutory protection or because the work cannot meet the statutory standards of inventiveness or originality? With regard to these works, nothing is granted "on condition," and the *Singer* analysis will not alone suffice to exclude state power. So far as copyright is concerned, an area of uncertainty has therefore arisen between "unpublished" works, which the states can protect, and works upon which copyrights have expired, which clearly cannot be protected. The new opinions obviously mean to narrow this area in favor of preemption of state protection, but, as I shall try to show, one cannot be sure just how much uncertainty will remain.

Given this context, we must now focus upon the second aspect of the opinions. Where it has first been determined that the federal statutes preempt state protection against copying, how may a satisfactory accommodation be reached between federal preemption and state protection of interests that are not strictly equivalent to the right to prevent copying? Specifically, the new cases deal with the accommodation to be reached between the statutes and the law relating to the common-law tort of palming off. The problem, however, is not peculiar to that tort.³⁴

Palming off occurs when a seller markets his goods so as to make buyers believe them to be the products of another.³⁵ In its most blatant form, it involves applying the trademark of another manufacturer to goods of a similar nature made by the seller. If the trademark has been well-established, its use by the seller will probably be enjoined. Palming off can also occur, however, through imitation of products that, especially when labels are not prominent, may be so similar in appearance and packaging that the seller's goods, without more, will confuse the purchaser into thinking he has obtained the goods of the other manufacturer. The common law will ordinarily give pro-

34. Other areas in which copying might incidentally be prohibited are the law of contracts, the law of defamation, principles of privacy, and principles protecting confidential relationships—all of which may give rise to problems similar to that encountered in the present cases. See, e.g., *Thys Co. v. Brulotte*, 62 Wash. 2d 284, 382 P.2d 271, cert. granted, 376 U.S. 905 (1964) (No. 707, 1963 Term; renumbered No. 20, 1964 Term), a case that raises the issue of the enforceability of a contract to pay for the use of a patented machine after the term of the patent has expired (the contract having been made while the patent was in force). Even *International News* might conceivably be viewed as involving one of these areas where the common law does not act against copying as such, but only incidentally prevents copying through the protection of another interest. Perhaps that is what the Court had in mind when it said that the case must turn "upon the question of unfair competition in business" rather than "upon the general question of property in news matter at common law, or the application of the copyright act." *International News Serv. v. Associated Press*, 248 U.S. 215, 234-35 (1918).

35. See RESTATEMENT (SECOND), TORTS § 712, comment c (Tent. Draft No. 8, 1963).

tection in the latter situation only when the appearance of the first manufacturer's goods has acquired a so-called "secondary" meaning—that is, where the appearance has come to be associated in the public's mind with a particular manufacturer.³⁶ When a feature with secondary meaning is appropriated, the affirmative case for relief is, on principle, the same as when an established trademark is infringed. Unless the defendant does something to make it clear that his goods are not those of the plaintiff, the common law will afford protection to the public against harmful confusion concerning the source of goods.

So long as the law of palming off applies only to appropriation of trademarks or trade names, but not goods, it remains a safe distance from federal patent and copyright statutes. When palming off, however, is charged against a defendant who copies the appearance of a product that has acquired a secondary meaning, a genuine substantive dilemma may arise. For example, consider a case where the plaintiff's design is covered by a design patent. The design patent expires and immediately thereafter defendant's appropriation of the design occurs. So far as *Singer* is concerned, the defendant has the "right to make the thing"³⁷—to reproduce the design. Yet as far as the common law is concerned, the exercise of this right may result in palming off, which ordinarily would be enjoined as infringing a competitive interest that the states have long been thought entitled to protect. Must the problem be solved by having one interest override the other, or can a more accommodating resolution be achieved?

In an analogous case, *Kellogg Co. v. National Biscuit Co.*,³⁸ the Supreme Court achieved an effective accommodation. The predecessor of the plaintiff, National Biscuit Company, had acquired a mechanical patent upon the process for making the cereal "Shredded Wheat," and had also acquired a design patent upon the cereal's pillow-shaped biscuit form. The mechanical patent expired; one year before the design patent would have expired, it too was declared invalid. Thereafter, the Kellogg Company produced and sold under its own label a product identical to NBC's cereal and called "Shredded Wheat." NBC instituted suit and the lower federal courts ultimately restrained Kellogg "from the use of the name SHREDDED WHEAT as its trade name; . . . from advertising or offering for sale its product in the form and shape of plaintiff's biscuit; or from doing either."³⁹

The Supreme Court disagreed. The *Singer* case established that, upon the expiration of the plaintiff's patents, Kellogg had an affirmative federal right to make the cereal by the formerly patented process and in the formerly

36. See *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299, 300 (2d Cir. 1917) (L. Hand, J.); cf. RESTATEMENT, TORTS § 716, comment *b* (1938).

37. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896).

38. 305 U.S. 111 (1938).

39. *Id.* at 115, paraphrasing *National Biscuit Co. v. Kellogg Co.*, 96 F.2d 873 (3d Cir. 1938).

patented pillow form. Having these rights, it also had the right to use the generic designation of "Shredded Wheat." The Court found it necessary to go further, however, and asserted that while the showing made did not entitle the plaintiff to exclusive use of the term "Shredded Wheat" or the pillow-shaped form, plaintiff was entitled "to require that the defendant use reasonable care to inform the public of the source of its product."⁴⁰ An obligation rested upon the Kellogg Company "to identify its own product lest it be mistaken for that of the plaintiff."⁴¹ The Court then closely examined whether, in fact, the Kellogg Company in exercising its rights to use the name "Shredded Wheat" and the pillow-shaped biscuit was "doing so fairly."⁴² In finding for Kellogg, the Court concluded that there was "no evidence of passing off or deception on the part of the Kellogg Company; and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product."⁴³ Thus the Court in *Kellogg* seemed ready to respond both to the federal right to copy the plaintiff's product and to the common-law rule against palming off.⁴⁴

In *Kellogg*, the Court relied upon the "general law" of palming off to decide that the tort had not occurred,⁴⁵ and it found that general law in federal precedents.⁴⁶ Since *Erie*, it is unlikely that a federal court would attempt to decide such a question under its own precedents. Instead, the common law will have to be taken from the appropriate state and is likely to vary in substance among the states. Should palming off be found under the applicable rule of law, the question will arise whether this independent state rule is entitled to the same effect as the Supreme Court seemed ready to give to the "general law" in *Kellogg*. The question is crucially important; it seems clear that a state might conceivably frame a rule of palming off that would be inconsistent with applicable federal rights and would be entitled to no effect. Suppose, to take an extreme case, that a state evolved a rule whereby customer confusion was conclusively presumed solely on the basis of a close similarity between the appearance of the plaintiff's and defendant's products—identifying labels being deemed legally irrelevant. In such a state, the federal right to copy an article formerly covered by a patent or copyright would, in practical terms, become a nullity—thus raising the question as to what extent state law, allegedly based on interests different from those of patent and copy-

40. 305 U.S. at 119.

41. *Ibid.*

42. *Id.* at 120.

43. *Id.* at 122.

44. See *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 Fed. 299 (2d Cir. 1917) (L. Hand, J.) (indicating that an injunction, while permitting the copying of form and name, would have been issued to stop the palming off).

45. The Court insisted that Kellogg's right to copy the product was accompanied by an obligation "to use reasonable care to inform the public of the source of its product." The issue of whether Kellogg had been "fair" remained even after a finding "that Kellogg had taken only that to which it was entitled." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119, 120 (1938).

46. *Id.* at 113 n.1.

right law, may nevertheless be forced to give way before the implications of the federal statutes. This is the second question to which answers will be sought in *Sears* and *Compco*.

II.

The *Singer* case established an affirmative federal right to copy an article covered by an *expired* federal patent or copyright. Unquestionably, after *Sears* and *Compco*, the right to copy also applies to "an unpatentable article" which "like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so."⁴⁷ As to such articles, a state may not directly interfere with the appropriation of another's creation.

How far does this new holding go? We have seen that the protection of "unpublished" writings has been at the core of state protection against misappropriation. Yet this area is one where the opinions seem clearly *not* to go, for Justice Black explicitly recognizes "that section of the Copyright Act which expressly saves state protection of unpublished writings but does not include published writings."⁴⁸ Although by emphasizing the existence of an enlarged federal right to copy, *Sears* and *Compco* may ultimately exert some pressure against state assertions of nonpublication, no new federal standards of "publication" are suggested for purposes of preemption. Moreover, the opinions, without further elaboration, really do not have a wide preemptive result, even with respect to published works.

In the case of "published" works, the opinions emphasize the *unpatentable* rather than the unpatented quality of the designs involved. Suppose, for example, that a book—clearly the potential subject of copyright under the act—is published without the statutory notice of copyright. Under present law, an irrevocable loss of statutory protection would generally occur.⁴⁹ Assume, *arguendo*, that though no state presently safeguards such a book from copying, in an appealing case a state court did give such protection under state law. Such a case, I assert, would not be governed by anything in either *Sears* or *Compco*.

Sears suggests that when an article "represents too slight an advance to be patented" it "belongs to the public."⁵⁰ This result follows if one views either the statutes or the Constitution as reflecting a purpose, when patent standards are not met, to achieve free commerce in design advances. But this reasoning is irrelevant to the case which has been put because our book *does*

47. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964). While patents had been applied for, granted, and held invalid in both cases, these facts were clearly not deemed determinative of the issue. If unpatentability is really the test, then the courts may be obligated to decide whether a patent would have been valid, even though none was sought. Curiously, *Kellogg* also involved an invalid design patent, but the suit there was brought after the patent would have expired. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938).

48. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 n.7 (1964).

49. COPYRIGHT LAW REVISION STUDY No. 7, at 12.

50. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231-32 (1964).

meet federal standards; it might have been copyrighted had the statutory formalities been observed. A wholly different argument would be required to show why the states may not protect a patentable or copyrightable work for which the owner has voluntarily or inadvertently omitted to obtain federal statutory protection. Nor would the reasoning in *Sears* apply to resolve another question that has never authoritatively been settled—Is state protection necessarily lost when an “unpublished” work has voluntarily been placed under the federal statute?⁵¹ It seems clear that in neither of these cases can it automatically be assumed that there is a federal right to copy. On the contrary, upon the observance of certain formalities, there is a federal right to *prevent* copying.

The *Sears* case contains another idea potentially useful in dealing with this hypothetical. “States,” Justice Black suggests, should not allow “perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards”; that would be “too great an encroachment on the federal patent system to be tolerated.”⁵² Justice Black does not describe the nature of the “encroachment” he envisions. Suppose, in any event, that our hypothetical state does not give perpetual protection, but limits its relief to a short period, one no longer than that provided in the federal statute. (Relief in *International News* was similarly limited in time.) It seems fair to say that *Sears* and *Compco* provide no immediate answer to such a case.

The foregoing discussion is not meant to suggest that I believe a state could restrict for a limited time the right to copy our book where the federal formalities have not been observed. To avoid this result, one might emphasize the federal registration and deposit requirements and perhaps show how they would be undercut by parallel state protection;⁵³ indeed, one might find anti-monopoly implications in the Constitution and patent statutes. It is crucial to observe, however, that while broad opinions generally preempting state monopolies may well be handed down, *Sears* and *Compco* are certainly not such opinions. They are the easy cases where the state protection was substantively *inconsistent* with the federal statute—the state sought to protect an article that was unprotectable under federal law. They touch the hypothetical case of parallel state protection over copyrightable or patentable articles only remotely, if at all.

Now let us narrow the consideration even further. Can we, at least, be sure that articles which do not substantively qualify for federal protection are immune from state misappropriation protection after “publication”? Suppose an author creates and publishes a marvelous short title to go with a terrible

51. See *Photo-Drama Motion Picture Co., Inc. v. Social Uplift Film Corp.*, 220 Fed. 448 (2d Cir. 1915) (dictum: state protection is lost).

52. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964).

53. *But see* *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30 (1939) (delay in depositing copies of a copyrighted work only postpones the right to bring suit).

play.⁵⁴ The play attracts no notice whatsoever; the title, however, remains potentially valuable. The title does not presently qualify for copyright no matter how original,⁵⁵ and patent protection is out of the question. Suppose, then, that a producer appropriates the title without permission and successfully uses it for a motion picture whose story is wholly unrelated to the play? Can a state legitimately give the playwright damages and an injunction? Put another way, can the negative inference that there be free commerce in *titles* be drawn from the statutes, just as the Court in *Sears* was able to draw the inference that there be free commerce in *designs* which represent "too slight an advance to be patented"?⁵⁶

It is again submitted that this and similar questions concerning other kinds of artistic and literary property not presently covered by the Copyright Act must, for now, go unresolved. There is surely a basis for distinction between what *Sears* involved—state protection of a design which, had it only been more inventive, would have qualified for a patent—and a creation, like a title or a recorded musical performance, that is wholly outside the present scheme of federal protection. It is easy to imagine reasons why Congress may have failed to protect musical performances from appropriation while in no way intending to preclude the states from such protection. For instance, the present act was passed at a time when piracy through records may not have been an apprehended danger, or Congress may have been motivated by the practical problems involved in registering, placing notice upon, and accepting deposits of musical performances embodied in bulky records. As for titles, Congress may have been motivated by a belief that they are not writings at all in the constitutional sense.⁵⁷ Still different reasons may well apply where other kinds of property are involved. This is not to say that all state protection of articles not covered by the statutes is legitimate, but rather that there should be an obligation upon courts in each case to ferret out why federal protection is missing and to evaluate whether due appreciation of those reasons counsels limitations upon the states. No such evaluation is to be found in *Sears* and *Compco*. The opinions do not cite the leading cases where the common law has acted against misappropriation of literary or artistic property; even the Court's landmark opinion in *International News* is unmentioned. It would not be sensible to suppose that all of these precedents have been displaced, *sub silentio*, by these two decisions.

We come then to the second set of problems connected with the opinions. Here we assume the existence of an affirmative federal right to copy a given

54. See, e.g., *Jackson v. Universal Int'l Pictures, Inc.*, 36 Cal. 2d 116, 222 P.2d 433 (1950).

55. 3737 C.F.R. § 202.1(a) (1960); cf. *Atlas Mfg. Co. v. Street & Smith*, 204 Fed. 398 (8th Cir.), *appeal dismissed and cert. denied*, 231 U.S. 348, 755 (1913), *cert. denied*, 232 U.S. 724 (1914).

56. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964).

57. See authorities cited note 55 *supra*.

creation. The question becomes whether, and to what extent, the copying of the work may nevertheless be restricted by a state in the name of a non-misappropriation interest that the state would ordinarily be entitled to protect. The present cases specifically consider the permissible application of state protection against palming off.

According to the *Kellogg* case, despite a federal right to copy, a defendant has the obligation fairly to "identify its own product lest it be mistaken for that of the plaintiff."⁵⁸ In *Kellogg*, since palming off was not found, plaintiff's competitive interest deserved no protection. In the present cases, however, the court of appeals found that according to the trial court palming off had taken place under applicable state law; in Illinois it was "unnecessary to prove more than the likelihood of confusion as to the source of the products."⁵⁹ The Seventh Circuit panel concluded that the district court had reasonably determined not only that a likelihood of confusion existed but also that some specific confusion had in fact been proved. Thus, if *Kellogg* had been followed, it would appear that some state relief, despite the defendants' federal right, would have been proper in *Sears and Compco*. Nevertheless, injunctions in both cases were reversed.

We must reject the most drastic explanation of the court's result, namely, that *Kellogg* has been overruled insofar as it held that the states have a right to prevent palming off of works which may otherwise be freely copied under federal law. *Kellogg* is cited in three separate places in Justice Black's opinions, and nowhere is disapproval suggested.⁶⁰

Less drastic and more plausible interpretations do not explain the result as easily. It may be, for example, that the Court simply found the particular injunctions in these cases too broad; both orders prohibited the defendants from unfairly competing with plaintiff by selling or attempting to sell fixtures "identical to or confusingly similar" to those of the plaintiff. Certainly the portion of the injunctions that prohibited the mere act of selling "identical" fixtures directly violates the federal right, for it is in no way tied to palming off. And even the prohibition upon sales of "confusingly similar" fixtures goes too far. The essence of palming off is confusion concerning *source*. Prohibiting "confusingly similar" fixtures without specifying the relevant confusion could well be construed as just another way of prohibiting copying—the one prohibition that the states clearly cannot afford. However, if the injunctions were merely too broadly framed, ordinary practice would have suggested either that the Supreme Court narrowly interpret the decrees so as to make them proper, or that the cases be sent back to the district court for proper injunc-

58. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119 (1938).

59. *Stiffel Co. v. Sears, Roebuck & Co.*, 313 F.2d 115, 118 n.7 (9th Cir. 1963); *Day-Brite Lighting, Inc. v. Compco Corp.*, 311 F.2d 26 (7th Cir. 1962).

60. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230, 231 (1964).

tions aimed solely at palming off. If palming off were taking place, the district court could, under *Kellogg*, still compel the defendants to label their fixtures clearly or otherwise distinguish them from the plaintiffs' designs. How then are we to explain the Court's declaration that Sears was "entitled to a judgment in its favor"?⁶¹

One explanation may be that, in the Court's view, palming off had not occurred; thus, there was no need to consider an injunction narrowly embodying protection against confusion. After all, this was the result in *Kellogg* itself. However, after *Erie* it is no longer the Court's function initially to say when common-law palming off has occurred. Since, on the basis of the opinions themselves, we must reject the possibilities (a) that the Court has reversed the relevant factual findings below or (b) that the Court found the lower courts wrong in ascertaining the relevant Illinois law,⁶² the Court must mean to hold that, as applied below, Illinois law is somehow inconsistent with the patent act—despite the fact that Illinois law responded, as in *Kellogg*, to the likelihood of confusion as to product source.

The explanation for the decisions that I can offer in the face of the above considerations is not entirely satisfactory, but goes as follows. Presented with the decisions below, the Court was very likely irritated by, and impatient with, the findings of palming off. From the opinions of the lower courts it could easily have concluded that the injunctions were motivated as much by an outright desire to prevent copying as by a desire to protect against confusion of source; the evidence of palming off was extremely thin. More importantly, the present cases could be considered symbolic of a trend in post-*Erie* state court decisions steadily to lower the standards for finding confusion of source. If left unchecked, this trend might ultimately attach conclusory findings to virtually all cases of outright copying. One way to attack this problem without questioning judicial motives would be to raise the evidentiary standards for finding the relevant confusion. This, I suggest, is precisely what the Court has done. A statement in *Compco* seems to sum up the Court's objection to the decisions below: both injunctions "were based wholly on the fact that selling an article which is an exact copy of another unpatented article is likely to produce and did in this case produce confusion as to the source of the article."⁶³

61. *Sears, Roebuck & Co. v. Stiffel Co.*, *supra* note 60, at 233.

62. The *Compco* opinion, it is true, expresses concern with "the thinness of the evidence to support findings of likely and actual confusion among purchasers" but goes on to say that "we do not find it necessary in this case to determine whether there is 'clear error' in those findings." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964). The same disclaimer appears applicable to *Sears*. As to the finding of Illinois law below, a footnote again expresses doubt about the result below which "appears to have extended greatly the scope of Illinois law of unfair competition beyond the limits indicated in the Illinois cases . . ." but concludes "we need not decide whether it was correct in doing so." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 228 n.7 (1964).

63. *Compco Corp. v. Day-Brite Lighting, Inc.*, *supra* note 62, at 237.

Surely it is reasonable for the Court to hold that palming off may not be found merely on the basis of copying. Otherwise a state prohibition might swallow up a federal right. Thus, in the administration of the federal right, it may properly be demanded that where a state asserts confusion of source, it must require some solid direct evidence of that confusion and not rely wholly upon an inference to be drawn from the very copying authorized by federal law. It is true that in both *Sears* and *Compco* there was some direct evidence of past confusion, and I freely admit that this goes against my explanation. Nevertheless this evidence was extremely thin, and the Court may well have been justified in finding it insufficient. The opinions, however, contain no test for determining the amount of direct evidence necessary to sustain a finding of confusion, and it is unlikely that any abstract standard can be formulated. *Sears* and *Compco* may thus create another area where, in the protection of a federal right, it will be necessary for the Court to review particular fact situations in a number of individual cases that of themselves have no great intrinsic significance.

If the Court's holding is as I have just suggested, critics may argue that the states will be unduly hampered in preventing future confusion when none has yet occurred. One answer may be that the federal right cloaks copying with a privilege until some specific harm can be shown; a second answer, suggested in both opinions, might be that the states may have more freedom to impose prophylactic specific labeling requirements upon copyists than to act upon the basis of inferred actual confusion.⁶⁴

CONCLUSION

The *Sears* and *Compco* decisions undoubtedly indicate an attitude hostile to extensive state protection against misappropriation, deeming such matters of primarily federal concern under relatively strict federal statutes. Because of their limited rationale, however, the decisions say nothing of immediate consequence regarding state protection of literary and artistic achievements which are "unpublished" or are not embodied in categories covered by the Copyright Act. Even in those areas where a federal right to copy does exist, there remains the possibility that a state may incidentally prohibit copying in order to protect a separate legitimate interest. In the specific area of state protection against palming off, *Sears* and *Compco* again clearly show hostility, though their rationale is obscure. To my mind, the most plausible explanation of the cases is that they compel a state to require solid evidence of customer confusion beyond the inferences that may arise from the similarity of goods alone. On the one hand, I readily sympathize with the Court's apprehension

64. *Id.* at 238. See H.R. 4651, 88th Cong., 1st Sess. (1963) (Lindsay, N.Y.) which in creating a federal law of unfair competition would undoubtedly solve some, but not all, of the problems posed by *Sears* and *Compco*.

of the danger that an expanding doctrine of palming off might, if unchecked, swallow up affirmative federal rights to appropriate some writings and inventions; on the other, the Court's obscurity in disposing of the problem seems difficult to justify.⁶⁵

65. Nor can I justify the Court's failure to accept Justice Harlan's suggestion, in concurrence, that states should at least be able to act freely against copyists found to intend to create confusion as to source.