

Distinctiveness or Secondary Meaning

To qualify for federal protection, a mark must be either (1) *distinctive* or (2) have acquired a *secondary meaning*.

Distinctive mark

Being unique and fabricated.

- **Distinctive.** A distinctive mark would be a word or design that is unique. It therefore qualifies as a mark. The words of the mark must not be ordinary words or symbols.

Examples Words such as *Xerox* (Xerox Corporation), *Acura* (Honda Motor Corporation), *Google* (Google Inc.), *Exxon* (Exxon Mobil Corporation), and *Pinkberry* (Pinkberry, Inc.) are distinctive words and therefore qualify as marks.

- **Secondary meaning.** Ordinary words or symbols that have taken on a secondary meaning can qualify as marks. These are words or symbols that have an established meaning but have acquired a *secondary meaning* that is attached to a product or service.

Examples *Just Do It* (Nike Corporation), *I'm lovin' it* (McDonald's Corporation), *Windows* (Microsoft Corporation), and *Ben & Jerry's Ice Cream* (Unilever) are ordinary words that have taken on a secondary meaning when used to designate the products or services of the owners of the marks.

Secondary meaning

A brand name that has evolved from an ordinary term.

Words that are descriptive but have no secondary meaning cannot be trademarked.

Trademark Infringement

Trademark infringement

Unauthorized use of another's mark. The holder may recover damages and other remedies from the infringer.

The owner of a mark can sue a third party for the unauthorized use of the mark. To succeed in a **trademark infringement** case, the owner must prove that (1) the defendant infringed the plaintiff's mark by using it in an unauthorized manner and (2) such use is likely to cause confusion, mistake, or deception of the public as to the origin of the goods or services.

Go to www.videojug.com/film/how-to-spot-a-fake-louis-vuitton-bag and watch the video "How to Spot a Fake Louis Vuitton Bag."

A successful plaintiff can recover (1) the profits made by the infringer through the unauthorized use of the mark, (2) damages caused to the plaintiff's business and reputation, (3) an order requiring the defendant to destroy all goods containing the unauthorized mark, and (4) an injunction preventing the defendant from such infringement in the future. The court has discretion to award up to *treble* damages where intentional infringement is found.

In the following case, the court found trademark infringement.



CASE 8.2 Trademark Infringement

Intel Corporation v. Intelsys Software, LLC

Web 2009 U.S. Dist. Lexis 14761 (2009)

United States District Court for the Northern District of California

"Defendant's conduct has, and will continue to have, an adverse effect on the value of and distinctive quality of the INTEL mark."

—Wiekling, District Judge

Facts

Intel Corporation is a large company that distributes its entire line of products and services under the registered trademark and service mark "INTEL." The

company also owns numerous marks that incorporate its INTEL marks as a permanent component, such as the marks "INTEL INSIDE," INTEL SPEED-STEP, INTEL XEON, and "INTEL NETMERGE." Intelsys Software, LLC, which is owned by another party, develops software applications for network utilities and wireless applications. Intelsys uses the mark "Intelsys Software" and maintains a website at www.intelsys.com. Intel Corporation brought an action in U.S. District Court against Intelsys

Software, LLC, alleging that Intelsys infringed on Intel's trademarks and service marks in violation of the Lanham Act. Intel filed a motion for judgment and a permanent injunction against Intelsys's use of the mark "INTEL" in any of its company, product, or service names.

Issue

Is there trademark infringement that warrants the issuance of a permanent injunction against Intelsys?

Language of the Court

Defendant uses the mark "Intelsys Software," which incorporates Plaintiff's INTEL trademark and adds the generic term "sys"—a common abbreviation for "systems"—and the generic term "software." Defendant markets its products and services through similar channels of trade and to similar customers as Plaintiff. Defendant's unauthorized use of the Intelsys Software name and trademark falsely indicates to consumers that Defendant's products and services are in some manner connected with, or related to, Plaintiff. Defendant's use of the mark allows it to benefit from the goodwill established by Plaintiff. Defendant also has caused, and will

likely continue to cause, consumers to be confused regarding the source, nature and quality of the products and services it is promoting or selling. Defendant's conduct has, and will continue to have, an adverse effect on the value of and distinctive quality of the INTEL mark.

Decision

The U.S. District Court granted judgment to Intel and issued a permanent injunction prohibiting Defendant from using the name Intelsys as a trade name or name of any products or services.

Case Questions

Critical Legal Thinking

What is the test for finding trademark infringement?

Ethics

Do you think that defendant Intelsys intended to take advantage of Intel's strong trademarks and service marks?

Contemporary Business

Do you think that trademark infringement happens very often? Be honest: Have you ever purchased any good or service knowing that the seller had engaged in trademark infringement?

Generic Names

When filing for a trademark, if a word, name, or slogan is too generic, it cannot be registered as a trademark. If a word is not generic, it can be trademarked.

Examples The word *apple* cannot be trademarked because it is a generic name. However, the brand name *Apple Computer* is permitted to be trademarked because it is not a generic name. The word *secret* cannot be trademarked because it is a generic name. However, the brand name *Victoria's Secret* is permitted to be trademarked because it is not a generic name.

Once a company has been granted a trademark or service mark, the company usually uses the mark as a brand name to promote its goods or services. Obviously the owner of the mark wants to promote its brand so that consumers and users will easily recognize the brand name.

However, sometimes a company may be *too* successful in promoting a mark, and at some point in time, the public begins to use the brand name as a common name to denote the type of product or service being sold rather than as the trademark or service mark of the individual seller. A trademark that becomes a common term for a product line or type of service is called a **generic name**. Once a trademark becomes a generic name, the term loses its protection under federal trademark law.

Example Sailboards are boards that have sails mounted on them that people use to ride on water such as oceans and lakes. There were many manufacturers and sellers of sailboards. However, the most successful manufacturer of these sailboards used the trademarked brand name *Windsurfer*. However, the word *windsurfer* was

Generic Name

A term for a mark that has become a common term for a product line or type of service and therefore has lost its trademark protection.

Case Questions

Critical Legal Thinking

Is it difficult to determine when exigent circumstances exist that would justify warrantless search?

Ethics

Is it ethical for a defendant to try to keep damaging evidence out at trial? Does the Fourth Amendment

protection against unreasonable search and seizure trump any ethical considerations?

Contemporary Business

Are businesses subject to warrantless search and seizure?

In the following case, the U.S. Supreme Court addressed the lawfulness of a warrantless search.



CASE 7.2 U.S. SUPREME COURT Search and Seizure

Arizona v. Gant

129 S.Ct. 1710, 173 L.Ed.2d 485, Web 2009 U.S. Lexis 3120 (2009)
Supreme Court of the United States

“Because police could not reasonably have believed either that Gant could have accessed his car at the time of the search or that evidence of the offense for which he was arrested might have been found therein, the search in this case was unreasonable.”

—Stevens, Justice

Facts

Acting on an anonymous tip that a residence was being used to sell drugs, Tucson, Arizona, police officers knocked on the front door of the residence. Rodney Gant opened the door, and the police asked to speak to the owner. Gant identified himself and stated that the owner was expected to return later. The police officers left the residence. Later, the police conducted a records search that revealed that there was an outstanding warrant for Gant’s arrest for driving with a suspended license.

When the police officers returned to the house that evening, Gant drove up in an automobile, parked in the driveway, got out of his car, and shut the door. One of the police officers called to Gant and he walked toward the officer. When Gant was about 10 to 12 feet from the car, the officer arrested Gant, handcuffed him, and locked him in the back-seat of a patrol car.

The police officers searched Gant’s car and found a gun and a bag of cocaine. Gant was charged with possession of a narcotic drug for sale. At the criminal trial, Gant moved to suppress the evidence seized

from the car on the ground that the warrantless search violated the Fourth Amendment. The Arizona trial court held that the search was permissible as a search incident to an arrest. The jury found Gant guilty, and he was sentenced to a three-year term in prison. The Arizona Supreme Court held that the search of Gant’s car was unreasonable and violated the Fourth Amendment and that the evidence was inadmissible at trial. The case was appealed to the U.S. Supreme Court.

Issue

Is the warrantless search of Gant’s automobile justified as a search incident to an arrest?

Language of the U.S. Supreme Court

Our analysis begins, as it should in every case addressing the reasonableness of a warrantless search, with the basic rule that searches conducted outside the judicial process, without prior approval by judge or magistrate, are per se unreasonable under the Fourth Amendment—subject only to a few specifically established and well-delineated exceptions. Among the exceptions to the warrant requirement is a search incident to a lawful arrest. The exception derives from interests in officer safety and evidence preservation that are typically implicated in arrest situations.

In Chimel v. California¹¹ we held that a search incident to arrest may only include the arrestee's person and the area "within his immediate control"—construing that phrase to mean the area from within which he might gain possession of a weapon or destructible evidence.

Neither the possibility of access nor the likelihood of discovering offense-related evidence authorized the search in this case. Gant clearly was not within reaching distance of his car at the time of the search. Gant was arrested for driving with a suspended license—an offense for which police could not expect to find evidence in the passenger compartment of Gant's car. Because police could not reasonably have believed either that Gant could have accessed his car at the time of the search or that evidence of the offense for which he was arrested might have been found therein, the search in this case was unreasonable.

Decision

The U.S. Supreme Court held that the warrantless search in this case did not qualify for the incident

to arrest exception to obtaining a search warrant. It also held that the search violated the Fourth Amendment, and that the evidence found in Gant's automobile must be suppressed. The U.S. Supreme Court affirmed the judgment of the Arizona Supreme Court.

Case Questions

Critical Legal Thinking

What requirements must be met for police officers to conduct a warrantless search of an automobile under the incident to arrest exception to obtaining a search warrant?

Ethics

Should a person who is guilty of a crime be exonerated because the evidence of the crime has been obtained through an illegal search? What is the purpose of the Fourth Amendment?

Contemporary Business

Are businesses subject to police search? Are businesses accorded the same protection from unreasonable searches as individuals?

Searches of Business Premises

Generally, the government does not have the right to search business premises without a search warrant.¹² However, certain hazardous and regulated industries are subject to warrantless searches if proper statutory procedures are met.

Examples Sellers of firearms, liquor stores and bars that sell alcohol, coal mines, and the like are businesses subject to warrantless searches.

Privilege Against Self-Incrimination

The Fifth Amendment to the U.S. Constitution provides that no person "shall be compelled in any criminal case to be a witness against himself." Thus, a person cannot be compelled to give testimony against himself. A person who asserts this right is described as having "taken the Fifth." This protection applies to federal cases and is extended to state and local criminal cases through the Due Process Clause of the Fourteenth Amendment. The right established by the Fifth Amendment is referred to as the **privilege against self incrimination**.

Nontestimonial evidence (e.g., fingerprints, body fluids) may be obtained without violating the Fifth Amendment.

The protection against self-incrimination applies only to natural persons who are accused of crimes. Therefore, artificial persons (e.g., corporations, partnerships) cannot raise this protection against incriminating testimony.¹³ Thus, business records of corporations and partnerships are not generally protected from disclosure, even if they incriminate individuals who work for the business. However, certain "private papers" of businesspersons (e.g., personal diaries) are protected from disclosure.

Privilege Against Self-Incrimination

The Fifth Amendment provision that a person may not be required to be a witness against himself or herself in a criminal case.

prohibited outdoor advertising display signs, including billboards. On-site signs at a business location were exempted from this rule. The city based the restriction on traffic safety and aesthetics. *Metromedia, Inc.*, a company in the business of leasing commercial billboards to advertisers, sued the city of San Diego, alleging that the zoning ordinance was unconstitutional. Is it? *Metromedia, Inc. v. City of San Diego*, 453 U.S. 490, 101 S.Ct. 2882, 69 L.Ed.2d 800, Web 1981 U.S. Lexis 50 (Supreme Court of the United States)

5.7 Equal Protection Clause The state of Alabama enacted a statute that imposed a tax on premiums earned by insurance companies. The statute imposed a 1 percent tax on domestic insurance companies (i.e., insurance companies that were incorporated in Alabama and had their principal office in the state). The statute imposed a 4 percent tax on the premiums earned by out-of-state insurance companies that sold insurance in Alabama. Out-of-state insurance companies could reduce the premium tax by 1 percent by investing at least 10 percent of their assets in Alabama. Domestic insurance companies did not have to invest any of their assets in Alabama. *Metropolitan Life Insurance Company*, an out-of-state insurance company, sued the state of Alabama, alleging that the Alabama statute violated the Equal Protection Clause of the U.S. Constitution. Who wins and why?

Metropolitan Life Insurance Co. v. Ward, Commissioner of Insurance of Alabama, 470 U.S. 869, 105 S.Ct. 1676, 84 L.Ed.2d 751, Web 1985 U.S. Lexis 80 (Supreme Court of the United States)

5.8 Supremacy Clause The Clean Air Act, a federal statute, establishes national air pollution standards for fleet vehicles such as buses, taxicabs, and trucks. The South Coast Air Quality Management District (South Coast) is a political entity of the state of California. South Coast establishes air pollution standards for the Los Angeles, California, metropolitan area. South Coast enacted fleet rules that prohibited the purchase or lease by public and private fleet operators of vehicles that do not meet stringent air pollution standards set by South Coast. South Coast's fleet emission standards are more stringent than those set by the federal Clean Air Act. The Engine Manufacturers Association (Association), a trade association that represents manufacturers and sellers of vehicles, sued South Coast, claiming that South Coast's fleet rules are preempted by the federal Clean Air Act. The U.S. District Court and the U.S. Court of Appeals upheld South Coast's fleet rules. The Association appealed to the U.S. Supreme Court. Are South Coast's fleet rules preempted by the federal Clean Air Act? *Engine Manufacturers Association v. South Coast Air Quality Management District*, 541 U.S. 246, 124 S.Ct. 1756, 158 L.Ed.2d 529, Web 2004 U.S. Lexis 3232 (Supreme Court of the United States)



Ethics Cases

5.9 Ethics The Raiders are a professional football team and a National Football League (NFL) franchisee. Each NFL franchise is independently owned. Al Davis was an owner and the managing general partner of the Raiders. The NFL establishes schedules, negotiates television contracts, and otherwise promotes NFL football, including conducting the Super Bowl each year. The Raiders play home and away games against other NFL teams.

For years, the Raiders played their home games in Oakland, California. The owners of the Raiders decided to move the team from Oakland to Los Angeles, California, to take advantage of the greater seating capacity of the Los Angeles Coliseum, the larger television market of Los Angeles, and other economic factors. The team was to be renamed the Los Angeles Raiders. The city of Oakland brought an eminent domain proceeding in court to acquire the Raiders as a city-owned team. *City of Oakland, California v. Oakland Raiders*, 174 Cal.App.3d 414, 220 Cal.Rptr. 153, Web 1985 Cal.App. Lexis 2751 (Court of Appeal of California)

1. What is eminent domain?
2. Is it socially responsible for a professional sports team to move from one city to another city? What are the economic and other consequences of such a move?
3. Can the city of Oakland acquire the Raiders through eminent domain? Why or why not?

5.10 Ethics Congress enacted the Flag Protection Act, which made it a crime to knowingly mutilate, deface, physically defile, burn, or trample the U.S. flag. The law provided for fines and up to one year in prison upon conviction.²¹ Certain individuals set fire to several U.S. flags on the steps of the U.S. Capitol in Washington, DC, to protest various aspects of the federal government's foreign and domestic policy. In a separate incident, other individuals set fire to a U.S. flag to protest the act's passage. All these individuals were prosecuted for violating the act. The district courts held the federal act unconstitutional, in violation of the defendants' First Amendment free speech

waitress Sarah Mitchell at a pizza restaurant in Indianapolis, Indiana. Jacobs and Messer returned to the restaurant when Mitchell's shift ended at midnight, and the trio went to Messer's home. At approximately 2:30 A.M., Mitchell drove her Honda Accord with Jacobs in the front seat and Messer in the back seat. Jacobs suggested that they "jump the hills" on Edgewood Avenue, which he had done at least twenty times before. The speed limit for Edgewood Avenue, a two-lane road, was 40 miles per hour. Mitchell accelerated to approximately 80 miles per hour to jump the "big hill" on Edgewood Avenue near its crossroad at Emerson Avenue. The car crested the hill at 80 miles per hour, went airborne for a considerable distance, and landed in the middle of the road. Mitchell lost control of the car and over-steered to the right. The car sideswiped an Indiana Bell Telephone Company, Inc., utility pole (pole 65) and spun clockwise several times. The car then slammed broadside into an Indianapolis Power & Light Company utility pole (pole 66) and caught on fire. The two utility poles were located approximately 25 feet from Edgewood Avenue, at the edge of the utility companies' right of way. Messer escaped from the burning wreckage but was unable to rescue the unconscious Mitchell and Jacobs, both of whom died.

Susan J. Carter, the personal representative of the estate of Adam C. Jacobs, sued Indiana Bell and Indianapolis Power, alleging that the companies were negligent in the placement of their utility poles along Edgewood Avenue. Has Indiana Bell or Indianapolis Power breached its duty of care to Jacobs and proximately caused his death? *Carter v. Indianapolis Power & Light Company and Indiana Bell Telephone Company, Inc.*, 837 N.E.2d 509, Web 2005 Ind.App. Lexis 2129 (Court of Appeals of Indiana)

6.7 Strict Liability Senco Products, Inc. (Senco), manufactures and markets a variety of pneumatic nail guns, including the SN325 nail gun, which discharges 3.25-inch nails. The SN325 uses special nails designed and sold by Senco. The SN325 will discharge a nail only if two trigger mechanisms are activated; that is, the user must both squeeze the nail gun's finger trigger and press the nail gun's muzzle against a surface, activating the bottom trigger, or safety. The SN325 can fire up to nine nails per second if the trigger is continuously depressed and the gun is bounced along the work surface, constantly reactivating the muzzle safety/trigger.

The evidence disclosed that the SN325 double-fired once in every 15 firings. Senco rushed the SN325's production in order to maintain its position in the market, modifying an existing nail gun model so that the SN325 could shoot longer nails, without engaging in additional testing to determine whether the use of longer nails in that model would increase the prevalence of double-fire.

John Lakin was using a Senco SN325 nail gun to help build a new home. When attempting to nail two-by-fours under the eaves of the garage, Lakin stood on tiptoe and raised a two-by-four over his head. As he held the board in position with his left hand and the nail gun in his right hand, he pressed the nose of the SN325 up against the board, depressed the safety, and pulled the finger trigger to fire the nail into the board. The gun fired the first nail and then double fired, immediately discharging an unintended second nail that struck the first nail. The gun recoiled violently backward toward Lakin and, with Lakin's finger still on the trigger, came into contact with his cheek. That contact activated the safety/trigger, causing the nail gun to fire a third nail. This third nail went through Lakin's cheekbone and into his brain. The nail penetrated the frontal lobe of the right hemisphere of Lakin's brain, blocked a major artery, and caused extensive tissue damage.

Lakin was unconscious for several days and ultimately underwent multiple surgeries. He suffers permanent brain damage and is unable to perceive information from the left hemisphere of the brain. He also suffers partial paralysis of the left side of his body. Lakin has undergone a radical personality change and is prone to violent outbursts. He is unable to obtain employment. Lakin's previously warm and loving relationship with his wife and four children has been permanently altered. He can no longer live with his family and instead resides in a supervised group home for brain-injured persons. Lakin and his wife sued Senco for strict liability based on design defect. Is Senco liable to Lakin for strict liability based on a design defect in the SN325 that allowed it to double-fire? *Lakin v. Senco Products, Inc.*, 144 Ore.App. 52, 925 P.2d 107, Web 1996 Ore.App. Lexis 1466 (Court of Appeals of Oregon)

6.8 Design Defect Lorenzo Peterson was swimming in a swimming pool with a friend at an apartment complex. Lorenzo watched his friend swim to the bottom of the pool, slide an unattached drain cover away, and then slide it back. Lorenzo thought his friend had hidden something inside the drain, so he swam to the bottom of the pool. Lorenzo slid the drain cover aside and stuck his arm inside the drain. The 300 to 400 pounds of pull of the drain pump held Lorenzo trapped underwater. At least seven people tried to free Lorenzo to no avail. When the police arrived, they broke down the door to the pool equipment room and turned off the drain pump.

Lorenzo was trapped underwater for twelve minutes, which left him irreversibly brain damaged. Evidence at trial showed that Sta-Rite's drain covers are designed to screw down, but often a drain cover becomes loose. Further evidence showed that there had been more than twenty prior suction-entrapment accidents

involving Sta-Rite's drain covers and pumps. Evidence showed that others had designed a pool drain pump with a mechanism that would automatically shut off a pool drain pump when it detected that it was pulling more than it should. Sta-Rite did not install such safety features on its drain pumps, however.

Lorenzo, through his relatives, sued Sta-Rite Industries, Inc., the manufacturer of the drain, under the doctrine of strict liability to recover damages for Lorenzo's injuries. The plaintiff alleged that the underwater pool drain was defectively designed because it did not contain a shut-off mechanism. Is there a design defect? *Sta-Rite Industries, Inc. v. Peterson*, 837 So.2d 988, Web 2003 Fla.App. Lexis 1673 (Court of Appeal of Florida, 2003)

6.9 Negligence Curtis R. Wilhelm owned beehives and kept the hives on property he owned. John Black, who operated a honeybee business, contracted to purchase some beehives from Wilhelm. Black

employed Santos Flores, Sr., to help him pick up the beehives from Wilhelm. Black provided Flores with a protective suit to wear while picking up the beehives. Neither Wilhelm nor Black informed Flores of the danger of working with bees. After picking up beehives from Wilhelm's home, Black and Flores drove to remote property owned by Wilhelm to pick up other beehives. Flores opened the veil on his protective suit. After loading one beehive onto the truck, Flores started staggering and yelling for help. Flores sustained several bee stings, suffered anaphylactic shock reaction, and died before an ambulance could reach him. Flores's wife and children sued Wilhelm and Black for negligence for failing to warn Flores of the dangers of working with beehives and the possibility of dying of anaphylactic shock if stung by a bee. Has Wilhelm acted negligently by failing to warn Flores of the dangers of working with beehives? *Wilhelm v. Flores*, 133 S.W.3d 726, Web 2003 Tex.App. Lexis 9335 (Court of Appeals of Texas)



Ethics Cases

6.10 Ethics Radio station KHJ was a successful Los Angeles broadcaster of rock music that commanded a 48 percent market share of the teenage audience in the Los Angeles area. KHJ was owned and operated by RKO General, Inc. KHJ inaugurated a promotion titled "The Super Summer Spectacular." As part of this promotion, KHJ had a disc jockey known as "The Real Don Steele" ride around the Los Angeles area in a conspicuous red automobile. Periodically KHJ would announce to its radio audience Steele's location. The first listener to thereafter locate Steele and answer a question received a cash prize and participated in a brief interview on the air with Steele. One KHJ broadcast identified Steele's next destination as Canoga Park. Robert Sentner, 17 years old, heard the broadcast and immediately drove to Canoga Park. Marsha Baime, 19 years old, also heard the broadcast and drove to Canoga Park. By the time Sentner and Baime located Steele, someone else had already claimed the prize. Without the knowledge of the other, Sentner and Baime each decided to follow Steele to the next destination and to be first to "find" him.

Steele proceeded onto the freeway. For the next few miles, Sentner and Baime tried to jockey for position closest to the Steele vehicle, reaching speeds of up to 80 miles per hour. There is no evidence that the Steele vehicle exceeded the speed limit. When Steele left the freeway at the Westlake off ramp, Sentner and Baime tried to follow. In their attempts to do so, they knocked another vehicle, driven by Mr. Weirum, into the center

divider of the freeway, where it overturned. Mr. Weirum died in the accident. Baime stopped to report the accident. Sentner, after pausing momentarily to relate the tragedy to a passing police officer, got back into his car, pursued and successfully located Steele, and collected the cash prize. The wife and children of Mr. Weirum brought a wrongful death negligence action against Sentner, Baime, and RKO General. *Weirum v. RKO General, Inc.*, 15 Cal.3d 40, 539 P.2d 36, 123 Cal. Rptr. 468, Web 1975 Cal. Lexis 220 (Supreme Court of California)

1. What are the elements to prove negligence?
2. Did RKO General, Inc., act responsibly in this case? Why or why not?
3. Who wins and why?

6.11 Ethics Guy Portee, a 7-year-old, resided with his mother in an apartment building in Newark, New Jersey. Edith and Nathan Jaffee owned and operated the building. One day, Guy became trapped in the building's elevator, between its outer door and the wall of the elevator shaft. When someone activated the elevator, the boy was dragged up to the third floor. Another child who saw the accident ran to seek help. Soon afterward, Renee Portee, the boy's mother, and officers from the Newark Police Department arrived. The officers worked for hours, trying to release the boy, during which time the mother watched as her son moaned, cried out, and flailed his arms. The police

Urban Development (HUD) to be used for housing rehabilitation assistance. The city of Peoria designated United Neighborhoods, Inc. (UNI), a corporation, to administer the funds. Arthur Dixon was UNI's executive director, and James Lee Hinton was its housing rehabilitation coordinator. In these capacities, they were responsible for contracting with suppliers and trades people to provide the necessary goods and services to rehabilitate the houses. Evidence showed that Dixon and Hinton used their positions to extract 10 percent payments back on all contracts they awarded. What crimes have Dixon and Hinton committed? *Dixon and Hinton v. United States*, 465 U.S. 482, 104 S.Ct. 1172, 79 L.Ed.2d 458, Web 1984 U.S. Lexis 35 (Supreme Court of the United States)

7.6 Administrative Search Lee Stuart Paulson owned a liquor license for My House, a bar in San Francisco. The California Department of Alcoholic Beverage Control is the administrative agency that regulates bars in that state. The California Business and Professions Code, which is administered by the department, prohibits "any kind of illegal activity on licensed premises." An anonymous informer tipped the department that narcotics were being sold on the premises of My House, an establishment that sold liquor, and that the narcotics were kept in a safe behind the bar on the premises. A special department investigator entered the bar during its hours of operation, identified himself, and informed Paulson that he was conducting an inspection. The investigator, who did not have a search warrant, opened the safe without seeking Paulson's consent. Twenty-two bundles of cocaine, totaling 5.5 grams, were found in the safe. Paulson was arrested. At his criminal trial, Paulson challenged the lawfulness of the search. Is the warrantless search of the safe a lawful search? *People v. Paulson*, 216 Cal.App.3d 1480, 265 Cal.Rptr. 579, Web 1990 Cal.App. Lexis 10 (Court of Appeal of California)

7.7 Privilege Against Self-Incrimination John Doe was the owner of several sole proprietorship businesses. During the course of an investigation of

corruption in awarding county and municipal contracts, a federal grand jury served several subpoenas on John Doe, demanding the production of certain business records. The subpoenas demanded the production of the following records: (1) general ledgers and journals, (2) invoices, (3) bank statements and canceled checks, (4) financial statements, (5) telephone company records, (6) safe deposit box records, and (7) copies of tax returns. John Doe filed a motion in federal court, seeking to quash the subpoenas, alleging that producing these business records would violate his Fifth Amendment privilege of not testifying against himself. Must John Doe disclose the records? *United States v. John Doe*, 465 U.S. 605, 104 S.Ct. 1237, 79 L.Ed.2d 552, Web 1984 U.S. Lexis 169 (Supreme Court of the United States)

7.8 Search and Seizure Joseph Burger was the owner of a junkyard in Brooklyn, New York. His business consisted, in part, of dismantling automobiles and selling their parts. The state of New York enacted a statute that requires automobile junkyards to keep certain records. The statute authorizes warrantless searches of vehicle dismantlers and automobile junkyards without prior notice. One day, five plain-clothes officers of the Auto Crimes Division of the New York City Police Department entered Burger's junkyard to conduct a surprise inspection. Burger did not have either a license to conduct the business or records of the automobiles and vehicle parts on his premises, as required by state law. After conducting an inspection of the premises, the officers determined that Burger was in possession of stolen vehicles and parts. He was arrested and charged with criminal possession of stolen property. Burger moved to suppress the evidence. Did Burger act ethically in trying to suppress the evidence? Does the warrantless search of an automobile junkyard pursuant to a state statute that authorizes such a search constitute an unreasonable search and seizure in violation of the Fourth Amendment to the U.S. Constitution? *New York v. Burger*, 482 U.S. 691, 107 S.Ct. 2636, 96 L.Ed.2d 601, Web 1987 U.S. Lexis 2725 (Supreme Court of the United States)



Ethics Cases

7.9 Ethics Leo Shaw, an attorney, entered into a partnership agreement with three other persons to build and operate an office building. From the outset, it was agreed that Shaw's role was to manage the operation of the building. Management of the property was Shaw's contribution to the partnership; the other three partners contributed the necessary capital. Ten years later, the other partners

discovered that the loan on the building was in default and that foreclosure proceedings were imminent. Upon investigation, they discovered that Shaw had taken approximately \$80,000 from the partnership's checking account. After heated discussions, Shaw repaid \$13,000. When no further payment was forthcoming, a partner filed a civil suit against Shaw and notified the police. The state filed a criminal complaint against

Law Case with Answer

Retail Services Inc. v. Freebies Publishing

Facts Eugene F. Zannon and Gail Zannon filed an application on behalf of Freebies Publishing with the U.S. Patent and Trademark Office (PTO) to register the word “Freebies” as a trademark. The PTO granted applicant Freebies Publishing the registration of the word “Freebies.” Thereafter, Freebies Publishing registered the Internet domain name freebies.com. Freebies Publishing operated its business from the website freebies.com.

Two years after Freebies Publishing was granted the trademark to “Freebies,” Retail Services Inc. (RSI) registered the Internet domain name freebie.com and began operating a website that promoted free offerings of goods and services for clients. RSI filed an action in federal court, seeking an order that RSI’s use of the domain and website name freebie.com did not infringe Freebies Publishing’s trademark “Freebies” and that this trademark was generic and should be canceled. Is the word *freebies* a generic word that does not qualify as a trademark and whose trademark status should be canceled?

Answer Yes, the word *freebies* is generic and does not qualify to be registered as a federal trademark.

As a slang term, “freebie” means something given or received without charge or an article or service given for free. For a long time, “freebie” has been understood to mean something that is provided free. Freebies Publishing’s site is but one of hundreds of websites that incorporate the word “freebie” of “freebies” into their domain names. These websites are so common that the term “freebie site” is often used to refer to other sites that, like Freebies Publishing’s, offer information about free products or services. In addition, advertisements in newspapers and elsewhere often use the phrase “freebie” to designate something that will be given to a consumer for free.

Thus, in the public’s mind, “freebies” indicates free or almost free products and is not solely identified with the Zannons or their website. The word *freebies* is a generic name, and a generic word cannot function as a trademark. Therefore, the trademark granted to Freebies Publishing for the word “Freebies” must be canceled. RSI is permitted to operate its website www.freebie.com. *Retail Services Inc. v. Freebies Publishing*, 364 F.3d 535, Web 2004 U.S. App. Lexis 7130 (United States Court of Appeals for the Fourth Circuit)

Critical Legal Thinking Cases

8.1 Fair Use James W. Newton, Jr., is an accomplished avant-garde jazz composer and flutist. Newton wrote a composition for the song “Choir,” a piece for flute and voice that incorporated elements of African American gospel music. Newton owns the copyright to the composition “Choir.” The Beastie Boys, a rap and hip-hop group, used six seconds of Newton’s “Choir” composition in their song “Pass the Mic” without obtaining a license from Newton to do so. Newton sued the Beastie Boys for copyright infringement. The Beastie Boys defended, arguing that their use of six seconds of Newton’s song was *de minimis* and therefore fair use. Does the incorporation of a short segment of a copyrighted musical composition into a new musical recording constitute fair use, or is it copyright infringement? *Newton v. Beastie Boys*, 349 F.3d 591, Web 2003 U.S. App. Lexis 22635 (United States Court of Appeals for the Ninth Circuit)

8.2 Patent Pioneer Hi-Bred International, Inc. (Pioneer) holds patents that cover the company’s inbred and hybrid corn and corn seed products. A hybrid plant patent protects the plant, its seeds, variants, mutants, and modifications of the hybrid. Pioneer sells its patented

hybrid seeds under a limited label license that provides: “License is granted solely to produce grain and/or forage.” The license states that it “does not extend to the use of seed from such crop or the progeny thereof for propagation or seed multiplication.”

J.E.M. Ag Supply, Inc., doing business as Farm Advantage, Inc. (Farm Advantage), purchased patented hybrid seeds from Pioneer in bags bearing this license agreement. Farm Advantage created seed from the hybrid corn products it grew from Pioneer’s patented hybrid seed. Pioneer sued Farm Advantage, alleging that Farm Advantage had infringed its patent. Farm Advantage filed a counterclaim of patent invalidity, arguing that Pioneer hybrid plant seed patents are not patentable subject matter. Farm Advantage appealed to the U.S. Supreme Court. Are sexually reproducing hybrid plants patentable subject matter? *J.E.M. Ag Supply, Inc., d.b.a. Farm Advantage, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124, 122 S.Ct. 593, 151 L.Ed. 2d 508, Web 2001 U.S. Lexis 10949 (Supreme Court of the United States)

8.3 Patent Amazon.com has become one of the biggest online retailers. Amazon.com, Inc., enables customers to

spent more than \$22 million on advertising materials, resulting in more than a billion separate audio and visual impressions using the slogans. Roux Laboratories, Inc., a manufacturer of hair-coloring products and a competitor of Clairol's, filed an opposition to Clairol's registration of the slogans as trademarks. Do the slogans qualify for trademark protection? *Roux Laboratories, Inc. v. Clairol Inc.*, 427 F.2d 823, Web 1970 CCPA Lexis 344 (United States Court of Customs and Patent Appeals)

8.7 Generic Name The Miller Brewing Company, a national brewer, produces a reduced-calorie beer called "Miller Lite." Miller began selling beer under this name and spent millions of dollars promoting the Miller Lite brand name on television, in print, and via other forms of advertising. Falstaff Brewing Corporation had brewed and distributed a reduced-calorie beer called "Falstaff Lite." Miller brought suit under the Lanham Act, seeking an injunction to prevent Falstaff from using the term *Lite*. Is the term *Lite* a generic name that does not qualify for trademark protection? *Miller Brewing Co. v. Falstaff Brewing Corp.*, 655 F.2d 5, Web 1981 U.S. App. Lexis 11345 (United States Court of Appeals for the First Circuit)

8.8 Copyright Infringement Elvis Presley, a rock-and-roll singer, became a musical icon during a career that spanned more than twenty years, until he died at the age of 42. Many companies and individuals own

copyrights to Presley's songs, lyrics, photographs, movies, and appearances on TV shows. Millions of dollars of Elvis Presley-related copyrighted materials are sold or licensed annually.

Passport Video produced a video documentary titled *The Definitive Elvis*, comprising sixteen one-hour episodes. The producers interviewed more than two hundred people regarding virtually all aspects of Elvis's life. Passport sold the videos commercially for a profit. Approximately 5 to 10 percent of the videos were composed of copyrighted music and appearances of Presley on television and in movies owned by copyright holders other than Passport. Passport did not obtain permission to use those copyrighted works. Elvis Presley Enterprises, Inc., and other companies and individuals that owned copyrights to the Presley works used by Passport sued Passport for copyright infringement. Passport defended, arguing that its use of the copyrighted materials was fair use. The U.S. District Court held in favor of the plaintiff copyright holders and enjoined Passport from further distribution of its documentary videos. Passport appealed.

Did Passport act ethically in including the Elvis Presley copyrighted material in its video? Why do you think Passport Video did so? Has there been fair use in this case, or has there been copyright infringement? *Elvis Presley Enterprises, Inc. v. Passport Video*, 349 F.3d 622, Web 2003 U.S. App. Lexis 22775 (United States Court of Appeals for the Ninth Circuit)



Ethics Cases

8.9 Ethics Cecilia Gonzalez downloaded 1,370 copyrighted songs on her computer, using the Kazaa file-sharing network over a period of a few weeks, and she kept them on her computer until she was caught. BMG Music, a producer of music CDs, sued Gonzalez for copyright infringement for downloading thirty songs to which BMG owned the copyrights. Gonzalez defended, arguing that her downloading of these copyrighted songs was lawful. Gonzalez's position is that she was just sampling music to determine what she liked enough to buy at retail. Instead of erasing songs that she decided not to buy, she retained them. As she tells the tale, downloading on a try-before-you-buy basis is good advertising for copyright proprietors, expanding the value of their inventory. Gonzalez also proffered the defense that "everyone was doing it" and that there were greater offenders than her. *BMG Music v. Gonzalez*, 430 F.3d 888, Web 2005 U.S. App. Lexis 26903 (United States Court of Appeals for the Seventh Circuit)

1. What is copyright infringement? Did Gonzalez engage in copyright infringement?

2. Do you think that Gonzalez knew that she was stealing someone's copyrighted work when she copied the music onto her computer?
3. Have you ever downloaded music by using a peer-to-peer file-sharing program without paying the musician or the music company? Have you ever violated copyright law in any other way?

8.10 Ethics Integrated Cash Management Services, Inc. (ICM) designs and develops computer software programs and systems for banks and corporate financial departments. ICM's computer programs and systems are not copyrighted, but they are secret. After Alfred Sims Newlin and Behrouz Vafa completed graduate school, they were employed by ICM as computer programmers. They worked at ICM for several years, writing computer programs. They left ICM to work for Digital Transactions, Inc. (DTI). Before leaving ICM, however, they copied certain ICM files onto computer disks. Within two weeks of starting to work at DTI, they created prototype computer programs that operated in substantially the same manner as comparable