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Protecting Mickey Mouse and the Mona Lisa in Perpetuity?
How to Prevent Trademark Rights From Impeding Cyclic Cultural Innovation

Abstract

In intellectual property law, overlaps of exclusive rights stemming from different protection regimes raise particular problems. In Dastar/Twentieth Century Fox, the US Supreme Court held that overlaps between trademark rights and copyright or patent protection can have a corrosive effect on the “carefully crafted bargain” under which, once the patent or copyright monopoly has expired, the public may use the invention or work at will and without attribution.\(^1\) The Court of Justice of the European Union expressed similar concerns in Hauck/Stokke where it explained that the functionality doctrine in trademark law served the purpose of preventing the exclusive and permanent right which a trademark confers “from serving to extend indefinitely the life of other rights which the EU legislature has sought to make subject to limited periods.”\(^2\)

Despite the awareness of the potential corrosive effect of protection overlaps on both sides of the Atlantic, however, the intellectual property system fails to draw a clear boundary line between the subject matter of copyright and trademark protection. Instead, character merchandising leads to cumulative copyright and trademark protection of contemporary cultural symbols (Mickey Mouse). In principle, it is also possible to acquire trademark rights to cultural heritage symbols (Mona Lisa).\(^3\) The situation differs markedly from the status quo in the area of patent/trademark overlaps where the doctrine of technical functionality ensures a far-reaching separation of the protection regimes.

Hence, the question arises whether additional efforts and legal instruments are necessary to prevent overlaps between copyright and trademark protection. Is trademark protection likely to interfere with the proper functioning of the copyright system – understood as a cultural inspiration system seeking to ensure the continuous evolution of fresh, cultural productions on the basis of pre-existing creations? To which extent could co-existing trademark protection impair preconditions for a well-functioning copyright system? Is it advisable to recalibrate existing rules and adopt new legal instruments to avoid undesirable protection overlaps?

Addressing these questions, the research project will pave the way for a more nuanced approach to overlapping copyright and trademark protection. It will propose new avenues for the regulation of overlapping copyright and trademark protection on the basis of a comparative analysis of EU and US literature and case law. Moreover, it will include insights from aesthetic theory to shed light on the societal importance of cyclic innovation in the field of art and culture. Based on the socio-economic analysis of processes of literary and artistic production, it will draw attention to the risk of disregarding cultural concerns in intellectual property law. As a result, the research will go beyond legal-doctrinal questions raised by copyright/trademark overlaps. It places these questions in the broader context of a critique of carelessness in respect of cultural concerns in law and society.

\(^1\) US Supreme Court, 2 June 2003, Dastar/Twentieth Century Fox, 539 U.S. 23 (2003), 33-34.
\(^2\) CJEU, 18 September 2014, case C-205/13, Hauck/Stokke, para. 19-20.
\(^3\) In this regard, new insights may follow from EFTA Court, case E-5/16, Municipality of Oslo/NIPO (pending), which concerns an attempt to register works of the Norwegian sculptor Gustav Vigeland as trademarks.
Research Questions

Introduction

Intellectual property law offers protection for creations of the mind, and seeks to reconcile resulting exclusive entitlements with competing social, cultural and economic needs. The three major protection regimes established in intellectual property law – copyright, patent and trademark law – have evolved in different domains of society. Copyright law has its roots in the domain of culture. Patent law concerns the field of technology. Trademark law has been distilled from practices of trade. As a result of this evolution in different domains, copyright, patent and trademark law have distinct features. In particular, the limits set to exclusive rights in these areas of intellectual property are tailored to the specific needs in the corresponding domains, i.e. the domains of culture, technology and trade.

Seeking to promote the creation of literary and artistic works, copyright protection, for instance, does not extend to ideas, methods or concepts as such. This raw material of cultural expression remains free as a universal basis of future creativity in accordance with the idea/expression dichotomy. The act of creation is further supported by the recognition of a right of quotation and exemptions for parody and other forms of ‘transformative’ use. Moreover, copyright law permits the exemption of use that serves the dissemination and preservation of cultural expression. It allows the introduction of limitations for libraries, archives and educational institutions, and for the purpose of private study. After a limited period of protection, copyrighted works enter the public domain and may thus be used freely.

Patent law, similarly, seeks to support the production, exchange and further development of creations of the mind. Its focus, however, is on knowledge in the field of technology. The inventor is obliged to fully disclose the invention when applying for registration. Protection is awarded only to new solutions that enlarge the pre-existing state of the art. The exclusive rights of patent owners can be limited to enable further scientific experimentation already during the term of the patent. Furthermore, a compulsory license may be granted for the exploitation of dependent inventions that involve an important technical advance. As copyrighted material, patented inventions fall into the public domain after a limited term of protection.

Trademark law, finally, contributes to fair competition, consumer protection and the proper functioning of markets by safeguarding market transparency with regard to the signs used by enterprises to distinguish their goods and services from those of competitors. In this context,

4 In Campbell v. Acuff-Rose, 510 US 569 (1994), II A, the US Supreme Court described the notion of transformative use as follows: ‘The central purpose of this investigation is to see […] whether the new work merely supersedes the objects of the original creation […] or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is “transformative”.’ Cf. P.N. Leval, Toward a Fair Use Standard, Harvard Law Review 103 (1990), 1105 (1111); N.W. Netanel, Copyright and a Democratic Civil Society, Yale Law Journal 106 (1996), 283 (381).

functional product features, descriptive signs that designate product characteristics, and signs that have become customary in trade practices, can be kept free for use by all traders.\textsuperscript{6} The exclusive rights of trademark owners only govern use in trade. Moreover, the protection of trademarks against use liable to cause confusion is limited to specific goods and services. For protection going beyond this principle of specialty, a particular reputation is required.\textsuperscript{7} Besides these conceptual limits inherent to trademark rights, the use of a protected trademark may be permitted without the authorization of the right holder, for instance, where this is necessary for the purposes of indicating the intended purpose of goods or services, comparing different offers in the marketplace and criticizing the trademark owner’s behaviour and policies.\textsuperscript{8}

These examples illustrate inherent limits of intellectual property protection in the domains of culture, technology and trade. For intellectual property law to have beneficial effects in these fields, it must exclude certain subject matter from protection, establish appropriate eligibility criteria for the acquisition of protection, delineate the scope of rights and exempt certain forms of unauthorized use that serve important economic, social and cultural interests. As two sides of a coin, rights and limitations complement each other to provide an appropriate level of protection. Hence, there is a delicate balance between rights and freedoms in copyright, patent and trademark law. This balance evolved together with the development of protection standards in the domains of culture, technology and trade. From the bird’s-eye perspective of human rights, the delicate balance between rights and limitations can be perceived as a specific configuration of fundamental rights and freedoms. Acts of excluding and limiting protection can be understood to define the coast line of islands of copyright, patent and trademark protection in a sea of freedom of expression and freedom of competition.\textsuperscript{9}

\textit{Problem of Protection Overlaps}

Against this background, a central problem of the current intellectual property system can be brought to light. In recent decades, the individual protection regimes of intellectual property have grown continuously. Due to the openness of the notions of ‘work’, ‘invention’ and ‘trademark’, it has become possible to include more and more new subject matter of protection in copyright, patent and trademark law. As a result, areas of overlap between these distinct types of intellectual property have been broadened substantially. Nowadays, generous bridges and submarine tunnel systems connect the islands of copyright, patent and trademark protection with each other, and enable lively traffic.

Under the current system, an intellectual creation is not unlikely to enjoy cumulative protection in different regimes. A short melody may be eligible for copyright and trademark protection. A computer program may attract copyright and patent protection. The holder of rights in a specific product design is not unlikely to succeed in invoking copyright, industrial

\textsuperscript{6} Cf. Art. 6quinquies of the Paris Convention.


\textsuperscript{8} Cf. Art. 17 of the TRIPS Agreement.

designs and trademark protection. In modern merchandising and ever-greening strategies, these possibilities of rights accumulation are used extensively.

The overlap of rights, however, blurs the conceptual differences between the individual protection regimes.\textsuperscript{10} Where it becomes possible to invoke co-existing protection under different regimes, the individual balance between rights and freedoms in one protection regime is in danger of being eroded by parallel protection in another regime. As the delicate balance in copyright, patent and trademark law is tailored to specific needs in the domains of culture, technology and trade, the problem of overlapping protection must not be underestimated. It constitutes a serious threat to the inner consistency of the intellectual property system and its efficient functioning in different sectors. It has the potential for undermining the credibility of the intellectual property system as a whole.\textsuperscript{11}

**Research Approach**

In academic literature, external balancing tools are proposed as remedies against intellectual property overprotection. Important research has been undertaken to explore the potential of fundamental rights to serve as a yardstick for the recalibration of the intellectual property system.\textsuperscript{12} By the same token, it has been examined whether competition law could be employed to keep intellectual property protection within reasonable limits.\textsuperscript{13}


Without neglecting or questioning the merits of these approaches, my research proposal rests on the assumption that the answer to the alarming growth of the system is in the system. By identifying the conditions for the proper functioning of intellectual property protection in the respective domains of culture, technology and trade, and strictly aligning the regulation of protection overlaps with these functional core requirements, it will be possible to bring the intellectual property system back into shape. Hence, I am proposing an examination of the internal self-healing forces of the system in the light of the crucial problem of increasing overlaps between protection regimes. I submit that internal preconditions for the proper functioning of copyright, patent and trademark law are central to the elimination of deficiencies of the current, increasingly inconsistent interplay of intellectual property regimes.

**Focus on Copyright/Trademark Overlaps**

To demonstrate the potential of internal self-healing forces of the intellectual property system, my research will focus on overlapping copyright and trademark protection. Copyright law has been particularly vulnerable to the continuous extension of protection overlaps in recent years. The conceptual contours of protected subject matter are flexibly drawn in copyright law. In most national jurisdictions, elastic tests of ‘originality’ are applied to identify the subject matter of copyright protection. There is no general agreement on a preliminary examination whether subject matter for which copyright protection is sought qualifies as a cultural production falling within the province of ‘the literary, scientific and artistic domain’. In consequence, the doors to copyright protection are wide open.

The openness of the system as such, however, is not sufficient to explain why copyright law has become a focal point of protection overlaps in recent decades. With its protection requirements of distinctive character and graphical representation, trademark law also offers a flexible framework. The debate on software patents and biotechnological inventions has shown that the boundaries of patent law can be redefined flexibly in the light of new developments as well.15

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In contrast to patent and trademark law, however, copyright protection is obtained by the very act of creation. Registration is not required.\textsuperscript{16} When protection is sought for new subject matter, copyright law thus offers the additional advantage that no institutional arrangements have to be made for the registration of rights. Protection becomes readily available. Even more importantly, the broadening of other intellectual property domains is likely to have direct repercussions on the copyright system due to the absence of formalities. If newly recognized subject matter of patent or trademark protection is also deemed eligible for copyright protection, rights are accumulated automatically. The filter of registration is missing. Against this background, it is not surprising that copyright law became a melting pot of the continuous growth of intellectual property.

Not surprisingly, the open configuration of the copyright system led to new areas of overlap between copyright and trademark protection. An imaginative word mark may constitute a literary work. A distinctive part of a drawing, painting or sculpture may be used as a trademark. A figurative trademark may attract copyright protection. Some overlap between copyright and trademark law thus seems to lie in the very nature of things. In recent years, however, complementary developments in copyright and trademark law have led to far-reaching extensions of the area of overlap.

In the field of copyright, the originality standard has been lowered continuously in many jurisdictions. As a result, more trademarks are rendered capable of passing the threshold for copyright protection. Rather unimaginative word marks may be held to constitute literary works. The simplicity of figurative trademarks need no longer be an obstacle to the acquisition of copyright. The trend towards broader areas of overlap has been strengthened by the recognition of several non-traditional kinds of marks.\textsuperscript{17} Three-dimensional objects may


serve as shape marks. A short melody may constitute a sound mark.\textsuperscript{18} Computer animations may serve as motion marks. Colours and colour combinations are registrable.\textsuperscript{19} With this broader range of signs qualifying as trademarks, new areas of overlap emerge with regard to traditional categories of works, in particular sculpture and plastic art, musical compositions and audiovisual creations. The relaxation of the copyright originality test encourages this development. As copyright is obtained without registration, the accumulation of rights is inevitable. Together with the application of an elastic originality test in copyright law, the recognition of new subject matter in trademark law substantially broadened the area of overlap between the two protection regimes.\textsuperscript{20}

An inquiry into overlapping copyright and trademark protection is also of particular interest because the two protection regimes fulfil different functions. Trademark law sets forth rules, in particular the rule of indefinite renewal, that differ markedly from the configuration of copyright law. The reason for this fundamental difference lies in a different focus of the protection system: while copyright seeks to support processes of cyclic innovation in the domain of culture (formerly protected works serve as starting points for new cultural creations), it is the central task of trademark law to ensure market transparency (protected signs remain protected as long as they are put to genuine use in the marketplace). Instead of cyclic protection that becomes available whenever a new creation evolves in the ongoing process of cultural innovation, trademark protection must be static. The goal of market transparency can only be attained with a stable distribution of intellectual resources among market participants.

Hence, there is a tension between the core objective of trademark law to ensure market transparency, and the core objective of copyright law to encourage the productive reuse of cultural creations and ensure a continuous enrichment of the public domain of cultural expressions. Instead of striving for the productive reuse of pre-existing intellectual creations and the cultivation of the public domain, trademark law merely contains certain instruments that aim at the fair distribution and economical use of existing intellectual resources.

\textit{Individual Subquestions}

Overlaps between copyright and trademark protection thus offer ample room for discussing the potential corrosive effect of cumulative protection. The copyright/trademark interface also offers a good starting point for demonstrating how self-healing forces inside the respective intellectual property systems could serve as a remedy against undesirable protection overlaps. I will address the following subquestions in this context:

- which features of copyright law constitute the inalienable core of the protection system that must be safeguarded when it comes to overlaps with trademark protection?

This first question brings the preconditions for a well-functioning copyright system into focus – functional preconditions that should remain untouched when overlaps with trademark protection arise. If the copyright system is primarily understood as a cultural inspiration system seeking to ensure the continuous evolution of fresh, cultural productions on the basis of pre-existing

\textsuperscript{18} CJEU, 27 November 2003, case C-283/01, Shield Mark BV/Joost Kist h.o.d.n. Memex.
\textsuperscript{19} CJEU, 6 May 2003, case C-104/01, Libertel Groep/Benelux-Merkenbureau.
creations, it can be hypothesized that the following elements of the copyright system qualify as inalienable core conditions:

- on the one hand, an obligation on authors enjoying copyright protection to allow later authors to use this protected material as a source and basis for their subsequent creations (idea/expression dichotomy, exemption of educational and transformative use, limited term of protection). Later authors should be free to learn of the history of their art and ground their own creative activities in the creations of their predecessors (guarantee of intergenerational equity);

- on the other hand, a recognition that there is a need to preserve the genuine, cultural meaning of works of art in a rich and robust public domain that can serve as a source of inspiration and basis of new acts of creation (recognition of the public domain following from copyright’s overarching objective to ensure the constant enrichment of the public domain of cultural expression by setting forth a limited term of protection).

- to which extent could co-existing trademark protection impair this inalienable core – these functional preconditions – of a well-functioning copyright system?

This second question takes as a starting point that overlapping copyright and trademark protection need not be objectionable per se. As long as the scope of trademark protection remains limited to traditional protection against confusion, the impact on use for cultural purposes is likely to remain rather limited. The protection of well-known marks against dilution and the extension of trademark protection to referential (nominative) use, by contrast, give rise to serious concerns about protection overlaps. In general, it also seems relevant that use in a trade context may blur the genuine meaning of signs with cultural significance. From this perspective, it is problematic that trademark law rewards the acquisition of secondary meaning with the grant of exclusive rights. In the case of cultural signs, positive cultural connotations which the

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sign already has, may provide an incentive for enterprises to invest in advertising campaigns presenting cultural symbols as identifiers of commercial source. Once secondary meaning is acquired in this way, the enterprise can benefit not only from the sign’s recognition as a mark but also from the sign’s favourable cultural connotations.

- Which instruments are already available in trademark law to avoid undesirable protection overlaps?

This third subquestion requires a survey of the arsenal of legal instruments that are available to activate self-healing forces within the intellectual property system – self-healing forces capable of preventing protection overlaps that would interfere with the proper functioning of the copyright system. I assume that relevant trademark rules can be identified at three different levels:

- first, trademark law contains grounds for refusing protection that lead to an outright exclusion of certain signs from protection. The doctrine of aesthetic functionality features prominently in this context. However, other grounds for refusal, such as the exclusion of official signs and emblems, a conflict with public order or morality, and the exclusion of bad faith applications, can also lead to an outright exclusion of signs from trademark protection. It is thus important to clarify in how far these mechanisms can be employed to draw a boundary line between copyright and trademark protection, and prevent protection overlaps from the outset;

- second, trademark protection is not available in respect of non-distinctive and descriptive signs. This ground for refusal will often be applicable when trademark protection is sought for cultural signs and the corresponding list of goods and services also concerns cultural productions and activities. However, a refusal based on a lack of distinctive character need not be the final word. Through advertising and other marketing efforts, the trademark owner can seek to acquire secondary meaning. It is thus necessary to assess whether grounds for refusal that can be overcome through the acquisition of secondary meaning provide a sufficiently solid basis for preventing undesirable overlaps of copyright and trademark protection;

- third, the question arises whether, once it has come to overlapping copyright and trademark protection, the scope of trademark protection can be limited in such a way that the process of new works evolving from pre-existing cultural material remains intact. Inherent limits of the exclusive rights granted in trademark law, such as the requirements of use in the course of trade and use as a trademark, play an important role in this context. Moreover, defences, such as fair use of descriptive signs and nominative fair use, enter the picture. The room for cultural follow-on innovation that can be created in this way, however, must be assessed in the light of the general risk that the existence of a trademark right can have a deterrent effect on acts of creation. It makes a difference whether Mickey Mouse enters the public domain after the expiry of copyright protection and can be used freely for new creations, or whether an author including the Mickey Mouse drawing in her work is exposed to the risk of a cease-and-desist letter based on alleged trademark infringement.
which new legal instruments or recalibrations of existing instruments are necessary to avoid undesirable protection overlaps?

Finally, the research project will raise the question whether new safeguards against undesirable protection overlaps should be introduced in trademark law. The project will thus culminate in a critical assessment of existing checks and balances. Where this is necessary to safeguard the proper functioning of the cultural innovation cycle, a new approach to copyright/trademark overlaps will be proposed.

**Methodology**

*Legal-doctrinal Research*

The project is predominantly based on traditional, legal-doctrinal research. Literature and court decisions addressing the delicate balance between rights and freedoms in copyright and trademark law, the recognition of the public domain and the regulation of protection overlaps in the field of intellectual property serve as a basis for the analysis.

*Interdisciplinary Aspects*

However, the research project will also include interdisciplinary aspects. The teachings of aesthetic theory, such as the aesthetic theories of Friedrich Schiller\(^{24}\) and Theodor W. Adorno\(^ {25}\) will serve as a basis for shedding light on the societal importance of cyclic innovation in the field of art, and underlining the importance of preventing copyright/trademark protection overlaps from impeding aesthetic progress. In addition, it seems important to include insights that can be derived from cultural economics and the sociological analysis of the field of literary and artistic production. Once the socio-economic parameters of the process of creation have been clarified, it becomes possible to assess the potential corrosive effect of trademark protection relating to signs of cultural significance, including the potential deterrent effect of trademark rights resulting from exposure of authors of derivative works to trademark enforcement measures.

The insights derived from other disciplines will offer a broader perspective that may allow the identification of a severe imbalance within the intellectual property system: while the trademark doctrine of technical functionality leads to a far-reaching separation of the domains of patent and trademark law, a comparable boundary line between the domains of copyright and trademark law is missing. It is conceivable that this imbalance is justified because of differences in cyclic innovation processes in the objective domain of technology and the subjective domain of art. However, it is also possible that the imbalance is due to an insufficient understanding of the preconditions for aesthetic follow-on innovation\(^ {26}\) – and thus constitutes a shortcoming that should be remedied.


Expected Results

In a nutshell, the proposed research will make the problems arising from copyright/trademark protection overlaps visible, and it will propose appropriate countermeasures ranging from a more flexible application of outright exclusions of signs from trademark protection to a refined set of limitations of trademark protection, including limitations derived from an application of copyright limitations by analogy.

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