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# PROPERTY
## Concise Edition

*Third Edition*

Wolters Kluwer

# PROPERTY

## CONCISE EDITION

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# PROPERTY
# CONCISE EDITION

Third Edition

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**To my grandson, Zane**

**—G.S.A.**

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# Preface to the Concise Third Edition

From the time of its first edition in 1981, *Property* was warmly embraced by law professors and students around the country. Compared with casebooks that had preceded it, Jesse Dukeminier and Jim Krier served up to casebook users a refreshing combination of intellectual rigor, wit, humor, history, and an interest in human behavior. Over 30 years later, the latest edition to this legendary casebook remains a favorite of professors across the country.

This Concise Version of *Property* strives to retain all of the same characteristics of its parent volume while responding to changed needs of both instructors of the Property course and their students. Beginning with its first edition, *Property* has been noted for its eclectic combination of economic analysis, history, and philosophy, as well as rigorous doctrinal analysis. The Concise Version retains that eclecticism even while reducing the length of the book. The reduced amount of space devoted to some of the interdisciplinary material has not sacrificed coverage of the core insights of the theories studied. Throughout, the aim is to retain the main book's intellectual integrity while making the material more accessible to students.

## Why a Concise Version?

The Property course has changed greatly over the years. In many, probably most, law schools it now carries only four or even three credits. With this contraction many teachers have come to realize that a concise teaching tool is not a mere luxury but a necessity. This Concise Version is aimed at meeting the need for such a compact course.

Not only has the Property course changed, but law students have changed as well since the book's first appearance. Today's law students have needs that differ from their counterparts of three decades ago. They are accustomed to a wide variety of visual cues and have been exposed to diversified textual formats rather than a single undifferentiated presentation of pedagogical material. I have shaped the Concise Version with this background in mind.

## Features of the Concise Version

Longtime users of the casebook will note that the Concise Version is substantially shorter than its parent. I have achieved this by editing down topical coverage consistently throughout the book. The doctrinal coverage remains basically the same as in the parent book, but I have significantly reduced the number of pages devoted to some topics.

Keeping in mind the needs of contemporary law students, I have also done some significant editing in the casebook's Notes. My goal has been to make the Notes in the Concise Version as brief as possible without sacrificing coverage of core topics. I have deleted all string case citations and omitted many references to law review articles and other legal literature. The citations that remain were selected for specific pedagogic reasons. The overall result is Notes that are quite concise. Many of the cases included in this Concise Version will be familiar to users of past editions of the main book. I have striven for as much continuity as possible. To add freshness to the book, however, I have replaced several cases that have reappeared in multiple past editions of *Property* with new, more recent cases. The reason for these substitutions is not solely to introduce cases of more recent vintage (although that is part of it) but also because the new cases are, in my view, better vehicles for discussion of the doctrinal points covered in those cases. Users of past editions of the main book may disagree with me, of course, and choose to revert to some of the old cases in past editions of the main book.

As for excerpted material, many of the lengthy excerpts from law review articles and other literature that the parent book includes have been omitted in the Concise Version. This material is unquestionably valuable, but, taking into account the goals of the Concise Version, I decided to conserve time and space by summarizing for students the basic points that this material makes. In some instances students more easily grasp the points by reading such summaries rather than reading lengthy excerpts.

In response to changes in student pedagogical needs, I have introduced several new features in this Concise Version. The book has a look and feel that distinguishes it not only from the parent book but from most casebooks as well. Its new layout includes several design features, which include:

- *two-color interior design*
- *boxed side material*, which enriches student understanding without interrupting the flow of the main text
- *graphic designs*, which clarify complex doctrinal topics
- *bulleted items*, to emphasize especially important points
- *highlighted introductory* and *follow-up material*, which lay doctrinal groundwork or follow to completion the human stories involved in cases.

In addition to these design innovations, the book includes many new maps, drawings, and photos to enhance student understanding of and interest in cases.

## Changes in the Third Concise Edition

Users of previous editions of the Concise Version will notice a number of changes throughout the book. There are several recent cases, including U.S. Supreme Court cases on copyright and takings. Where I have substituted cases, I have done so in the interest of providing better teaching vehicles. This new edition also adds some new topics, including the implications of Covid-19 for various aspects of Property, Airbnbs, and the problem of homelessness. My aim is to keep the book as current and relevant as possible. I have rewritten textual material at various points, hoping to add greater clarity. Many of these changes are the result of very helpful comments and suggestions that users of previous editions of the Concise Version were kind enough to offer me. I hope that I have adequately responded to these suggestions. Doubtless there remains plenty of room for further improvement, so I encourage users to send me their thoughts regarding future changes.

Throughout, I have been mindful of the great tradition of the parent book. My hope is that the Concise Version will continue that tradition, extending it for a new generation of teachers and students. I invite your comments and suggestions. Many users of past editions of the parent book have been kind enough to offer suggestions, and these comments have greatly improved that book. I invite all users to share with me your thoughts about ways to make this a better book.

*Gregory S. Alexander*

Healdsburg, CA
July 2020

# Author's Note: The Pandemic

As we go to press, the global Covid-19 pandemic continues. This catastrophic event, unprecedented in modern times, has affected every aspect of society, the law included. Regarding property law in particular, areas especially affected thus far are landlord and tenant, mortgages, and governmental takings. We will discuss these developments in the relevant chapters, but we emphasize that the pandemic's implications for property law are at this point very much uncertain. Consequently, much of what we have to say is tentative and subject to change.

# Acknowledgments

This Third Concise Edition, like all books, is the result of a collaborative effort. In the case of this edition, the most obvious collaboration is that among my co-authors, including the late Jesse Dukeminier, and me. Although I have done the majority of the revisions necessary to prepare this edition alone, I literally co-wrote the Third Concise Edition. Not only was the parent edition the indispensable foundation for the Concise Edition, but my current co-authors, Jim Krier and particularly Lior Strahilevitz, were invaluable and gracious contributors to my efforts. Quite literally, I could not have prepared this book without them.

The team at Wolters Kluwer has been truly indispensable. I am also deeply grateful to them all for their indefatigable efforts and patience during the production of this book.

I am also grateful to the many users, past and present, who very kindly provided enormously helpful feedback regarding the book's strengths and weaknesses. In particular, I wish to thank Mary Sarah Bilder, David Favre, and Jeffrey Gaba. In developing this Concise Edition, I have tried to respond directly to their and other comments. Whatever merits the book has, it is a far stronger product because of their feedback.

Gregory S. Alexander
September 2020

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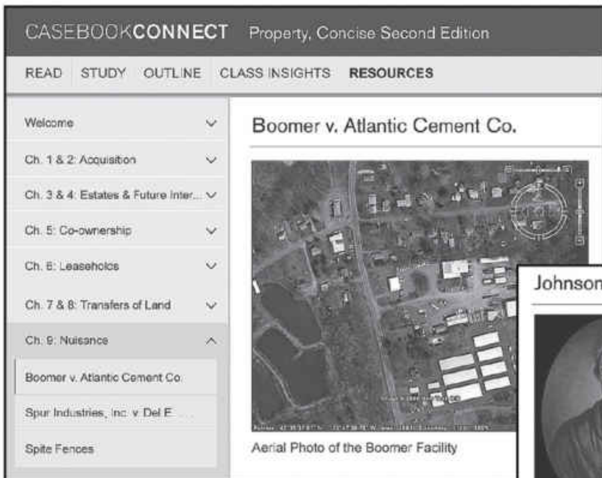


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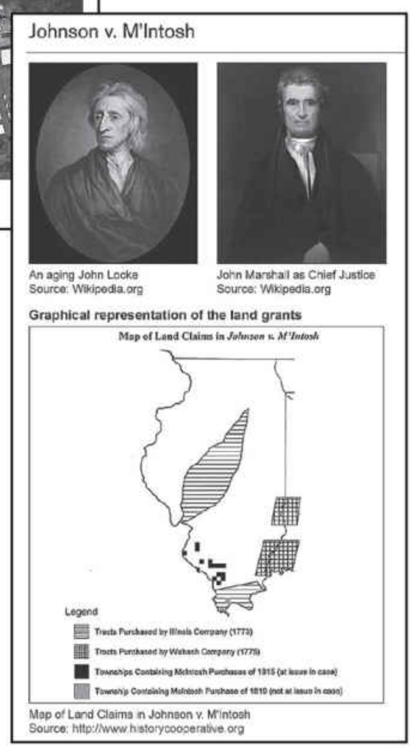


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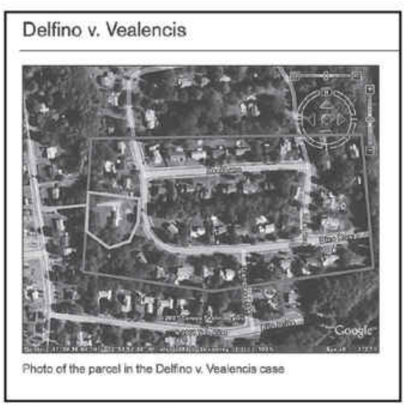


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PART I

# AN INTRODUCTION TO SOME FUNDAMENTALS

The first two chapters of this book pursue a common theme—how someone might acquire property other than by purchase—across a wide range of legal terrain. One purpose of the exercise is to lay down the chief doctrinal foundations of property law. Another is to introduce some basic concepts, issues, and analytic methods of ongoing importance.


# First Possession: Acquisition of Property by Discovery (or Conquest), Capture, and Creation

> Qui prior est tempore potior est jure.
> (The one who is prior in time is stronger in right.)—
>
> *Maxim of Roman Law*

> First come, first served.—
>
> *Henry Brinklow,*
> Complaynt of Roderick Mors,
> Ch. 17 (c. 1545)

How does property come to be, and why, and so what? Most of us most of the time take these questions for granted, which is to say that we take property for granted. But taking something for granted is not exactly the best path to understanding it. So we begin with the origins of property.

## A. ACQUISITION BY DISCOVERY/CONQUEST

> Thus in the beginning all the world was *America*—

*John Locke*
Two Treatises of Government,
Book II, Ch. V ("Of Property") (c. 1690)

---

# JOHNSON v. M'INTOSH

Supreme Court of the United States, 1823
21 U.S. (8 Wheat.) 543

Error to the District Court of Illinois. This was an action of ejectment for lands in the State and District of Illinois, claimed by the plaintiffs under a purchase and conveyance from the Piankeshaw Indians, and by the defendant, under a [later] grant from the United States. It came up on a case stated, upon which there was a judgment below for the defendant. . . .

MARSHALL, C.J. The plaintiffs in this cause claim the land, in their declaration mentioned, under two grants, purporting to be made, the first in 1773, and the last in 1775, by the chiefs of certain Indian tribes, constituting the Illinois and the Piankeshaw nations; and the question is, whether this title can be recognised in the Courts of the United States?

### *Sidebar*

The lawsuit in Johnson v. M'Intosh, one of the most famous (infamous?) cases in all of American property law, was actually collusive. The plaintiffs were a consortium of land speculators (land speculation in the Old Northwest was common in the years just prior to the Revolution), and their nominal opponent was an Illinois resident who allegedly owned a parcel of land within one of the huge tracts that the consortium had purchased. M'Intosh had several motives for colluding with the consortium, including their agreement to give him a share of the companies. The consortium's motive? To test the validity of their title, which was considered insecure. For more background on *Johnson*, see Stuart Banner, How the Indians Lost Their Land: Law and Power on the Frontier (2005); Lindsay G. Robertson, Conquest by Law: How the Discovery of America Dispossessed Indigenous Peoples of Their Lands (2005); Eric Kades, History and Interpretation of the Great Case of *Johnson v. M'Intosh*, 19 Law & Hist. Rev. 67 (2001).

The facts, as stated in the case agreed, show the authority of the chiefs who executed this conveyance, so far as it could be given by their own people; and likewise show, that the particular tribes for whom these chiefs acted were in rightful possession of the land they sold. The inquiry, therefore, is, in a great measure, confined to the power of Indians to give, and of private individuals to receive, a title which can be sustained in the Courts of this country.

As the right of society, to prescribe those rules by which property may be acquired and preserved is not, and cannot be drawn into question; as the title to lands, especially, is and must be admitted to depend entirely on the law of the nation in which they lie; it will be necessary, in pursuing this inquiry, to examine, not singly those principles of abstract justice, which the Creator of all things has impressed on the mind of his creature man, and which are admitted to regulate, in a great degree, the rights of civilized nations, whose perfect independence is acknowledged; but those principles also which our own government has adopted in the particular case, and given us as the rule for our decision.

On the discovery of this immense continent, the great nations of Europe were eager to appropriate to themselves so much of it as they could respectively acquire. Its vast extent offered an ample field to the ambition and enterprise of all; and the character and religion of its inhabitants afforded an apology for considering them as a people over whom the superior genius of Europe might claim an ascendency. The potentates of the old world found no difficulty in convincing themselves that they made ample compensation to the inhabitants of the new, by bestowing on them civilization and Christianity, in exchange for unlimited independence. But, as they were all in pursuit of nearly the same object, it was necessary, in order to avoid conflicting settlements, and consequent war with each other, to establish a principle, which all should acknowledge as the law by which the right of acquisition, which they all asserted, should be regulated as between themselves. This principle was, that discovery gave title to the government by whose subjects, or by whose authority, it was made, against all other European governments, which title might be consummated by possession.

The exclusion of all other Europeans, necessarily gave to the nation making the discovery the sole right of acquiring the soil from the natives, and establishing settlements upon it. It was a right with which no Europeans could interfere. It was a right which all asserted for themselves, and to the assertion of which, by others, all assented.

William McIntosh (1775-April 30, 1825) was a prominent chief of the Creek Nation between the turn of the nineteenth century and his execution in 1825. He was sentenced to execution by the Creek National Council for violating Creek law when he negotiated to cede remaining Creek land to the United States.

Those relations which were to exist between the discoverer and the natives, were to be regulated by themselves. The rights thus acquired being exclusive, no other power could interpose between them.

In the establishment of these relations, the rights of the original inhabitants were, in no instance, entirely disregarded; but were necessarily, to a considerable extent, impaired. They were admitted to be the rightful occupants of the soil, with a legal as well as just claim to retain possession of it, and to use it according to their own discretion, but their rights to complete sovereignty, as independent nations, were necessarily diminished, and their power to dispose of the soil at their own will, to whomsoever they pleased, was denied by the original fundamental principle, that discovery gave exclusive title to those who made it.


Map of North America (c. 1784), attributed to William Faden, London 1793
*Source: Library of Congress*

While the different nations of Europe respected the right of the natives, as occupants, they asserted the ultimate dominion to be in themselves; and claimed and exercised, as a consequence of this ultimate dominion, a power to grant the soil, while yet in possession of the natives. These grants have been understood by all, to convey a title to the *grantees*, subject only to the Indian right of occupancy.

. . .

[O]ur whole country been granted by the [British] crown while in the occupation of the Indians. These grants purport to convey the soil as well as the right of dominion to the grantees. In those governments which were denominated royal, where the right to the soil was not vested in individuals, but remained in the crown, or was vested in the colonial government, the king claimed and exercised the right of granting lands, and of dismembering the government at his will. . . . It has never been objected to this, or to any other similar grant, that the title as well as possession was in the Indians when it was made, and that it passed nothing on that account.

. . .

Thus, all the nations of Europe, who have acquired territory on this continent, have asserted in themselves, and have recognised in others, the exclusive right of the discoverer to appropriate the lands occupied by the Indians. Have the American States rejected or adopted this principle?

By the treaty which concluded the war of our revolution, Great Britain relinquished all claim, not only to the government, but to the "propriety and territorial rights of the United States," whose boundaries were fixed in the second article. By this treaty, the powers of government, and the right to soil, which had previously been in Great Britain, passed definitively to these States. We had before taken possession of them, by declaring independence; but neither the declaration of independence, nor the treaty confirming it, could give us more than that which we before possessed, or to which Great Britain was before entitled. It has never been doubted, that either the United States, or the several States, had a clear title to all the lands within the boundary lines described in the treaty, subject only to the Indian right of occupancy, and that the exclusive power to extinguish that right, was vested in that government which might constitutionally exercise it.

Virginia, particularly, within whose chartered limits the land in controversy lay, passed an act, in the year 1779, declaring her

> exclusive right of pre-emption from the Indians, of all the lands within the limits of her own chartered territory, and that no person or persons whatsoever, have, or ever had, a right to purchase any lands within the same, from any Indian nation, except only persons duly authorized to make such purchase; formerly for the use and benefit of the colony, and lately for the Commonwealth.

The act then proceeds to annul all deeds made by Indians to individuals, for the private use of the purchasers.

. . .

The States, having within their chartered limits different portions of territory covered by Indians, ceded that territory, generally, to the United States, on conditions expressed in their deeds of cession, which demonstrate the opinion, that they ceded the soil as well as jurisdiction, and that in doing so, they granted a productive fund to the government of the Union. The lands in controversy lay within the chartered limits of Virginia, and were ceded with the whole country northwest of the river Ohio. This grant contained reservations and stipulations, which could only be made by the owners of the soil; and concluded with a stipulation, that “all the lands in the ceded territory, not reserved, should be considered as a common fund, for the use and benefit of such of the United States as have become, or shall become, members of the confederation,” &c. “according to their usual respective proportions in the general charge and expenditure, and shall be faithfully and *bona fide* disposed of for that purpose, and for no other use or purpose whatsoever.”

The ceded territory was occupied by numerous and warlike tribes of Indians; but the exclusive right of the United States to extinguish their title, and to grant the soil, has never, we believe, been doubted. . . .

The United States, then, have unequivocally acceded to that great and broad rule by which its civilized inhabitants now hold this country. They hold, and assert in themselves, the title by which it was acquired. They maintain, as all others have maintained, that discovery gave an exclusive right to extinguish the Indian title of occupancy, either by purchase or by conquest; and gave also a right to such a degree of sovereignty, as the circumstances of the people would allow them to exercise.

The power now possessed by the government of the United States to grant lands, resided, while we were colonies, in the crown, or its grantees. The validity of the titles given by either has never been questioned in our Courts. It has been exercised uniformly over territory in possession of the Indians. The existence of this power must negative the existence of any right which may conflict with, and control it. An absolute title to lands cannot exist, at the same time, in different persons, or in different governments. An absolute must be an exclusive title, or at least a title which excludes all others not compatible with it. All our institutions recognise the absolute title of the crown, subject only to the Indian right of occupancy, and recognise the absolute title of the crown to extinguish that right. This is incompatible with an absolute and complete title in the Indians.

We will not enter into the controversy, whether agriculturists, merchants, and manufacturers, have a right, on abstract principles, to expel hunters from the territory they possess, or to contract their limits. Conquest gives a title which the Courts of the conqueror cannot deny, whatever the private and speculative opinions of individuals may be, respecting the original justice of the claim which has been successfully asserted. The British government, which was then our government, and whose rights have passed to the United States, asserted a title to all the lands occupied by Indians, within the chartered limits of the British colonies. It asserted also a limited sovereignty over them, and the exclusive right of extinguishing the title which occupancy gave to them. These claims have been maintained and established as far west as the river Mississippi, by the sword. The title to a vast portion of the lands we now hold, originates in them. It is not for the Courts of this country to question the validity of this title, or to sustain one which is incompatible with it.

Although we do not mean to engage in the defence of those principles which Europeans have applied to Indian title, they may, we think, find some excuse, if not justification, in the character and habits of the people whose rights have been wrested from them.

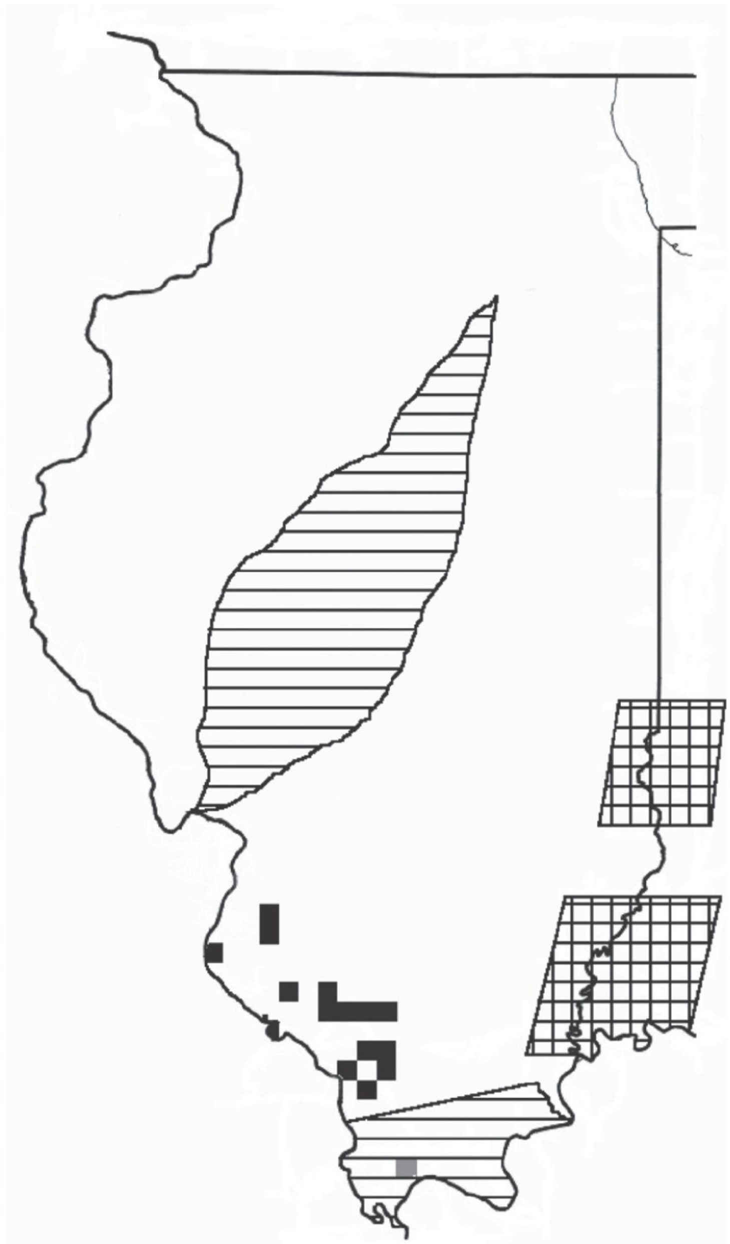
The title by conquest is acquired and maintained by force. The conqueror prescribes its limits. Humanity, however, acting on public opinion, has established, as a general rule, that the conquered shall not be wantonly oppressed, and that their condition shall remain as eligible as is compatible with the objects of the conquest. Most usually, they are incorporated with the victorious nation, and become subjects or citizens of the government with which they are connected. The new and old members of the society mingle with each other; the distinction between them is gradually lost, and they make one people. Where this incorporation is practicable, humanity demands, and a wise policy requires, that the rights of the conquered to property should remain unimpaired; that the new subjects should be governed as equitably as the old, and that confidence in their security should gradually banish the painful sense of being separated from their ancient connexions, and united by force to strangers.

. . .

But the tribes of Indians inhabiting this country were fierce savages, whose occupation was war, and whose subsistence was drawn chiefly from the forest. To leave them in possession of their country, was to leave the country a wilderness; to govern them as a distinct people, was impossible, because they were as brave and as high spirited as they were fierce, and were ready to repel by arms every attempt on their independence.

What was the inevitable consequence of this state of things? The Europeans were under the necessity either of abandoning the country, and relinquishing their pompous claims to it, or of enforcing those claims by the sword, and by the adoption of principles adapted to the condition of a people with whom it was impossible to mix, and who could not be governed as a distinct society, or of remaining in their neighbourhood, and exposing themselves and their families to the perpetual hazard of being massacred.

Frequent and bloody wars, in which the whites were not always the aggressors, unavoidably ensued. European policy, numbers, and skill prevailed. As the white population advanced, that of the Indians necessarily receded. The country in the immediate neighbourhood of agriculturists became unfit for them. The game fled into thicker and more unbroken forests, and the Indians followed. The soil, to which the crown originally claimed title, being no longer occupied by its ancient inhabitants, was parcelled out according to the will of the sovereign power, and taken possession of by persons who claimed immediately from the crown, or mediately, through its grantees or deputies.



Map of land claims in Johnson v. M’Intosh. The areas in horizontal lines are the tracts purchased by the Illinois Company (1773). The areas in the hashed lines are the tracts purchased by the Wabash Company (1775). The areas in black are the townships containing McIntosh purchases of 1815, at issue in the case.

*(Courtesy of Professor Eric Kades.)*

That law which regulates, and ought to regulate in general, the relations between the conqueror and conquered, was incapable of application to a people under such circumstances. The resort to some new and different rule, better adapted to the actual state of things, was unavoidable. Every rule which can be suggested will be found to be attended with great difficulty.

However extravagant the pretension of converting the discovery of an inhabited country into conquest may appear; if the principle has been asserted in the first instance, and afterwards sustained; if a country has been acquired and held under it; if the property of the great mass of the community originates in it, it becomes the law of the land, and cannot be questioned. So, too, with respect to the concomitant principle, that the Indian inhabitants are to be considered merely as occupants, to be protected, indeed, while in peace, in the possession of their lands, but to be deemed incapable of transferring the absolute title to others. However this restriction may be opposed to natural right, and to the usages of civilized nations, yet, if it be indispensable to that system under which the country has been settled, and be adapted to the actual condition of the two people, it may, perhaps, be supported by reason, and certainly cannot be rejected by Courts of justice. . . .

It has never been contended, that the Indian title amounted to nothing. Their right of possession has never been questioned. The claim of government extends to the complete ultimate title, charged with this right of possession, and to the exclusive power of acquiring that right. . . .

After bestowing on this subject a degree of attention which was more required by the magnitude of the interest in litigation, and the able and elaborate arguments of the bar, than by its intrinsic difficulty, the Court is decidedly of opinion, that the plaintiffs do not exhibit a title which can be sustained in the Courts of the United States; and that there is no error in the judgment which was rendered against them in the District Court of Illinois.

Judgment affirmed, with costs.

### *THE REST OF THE STORY . . .*

William McIntosh (1775-1825), also known as *Tustunnugge Hutke* (White Warrior), was a highly prominent chief of the Creek Nation between 1800 and his execution in 1825. He was a commander of a police force and also became a planter who owned slaves. He led the group that negotiated and signed the 1825 treaty ceding much of the remaining Creek lands to the United States in violation of Creek law, and for that, the Creek National Council ordered that he be executed.

See William McIntosh, https://en.wikipedia.org/wiki/William_McIntosh (last visited May 6, 2020).

There is some evidence that Chief Justice John Marshall was sympathetic to the plight of Native Americans. In an 1828 letter to Justice Joseph Story, for example, Marshall mentioned some reasons to be forgiving of the "conduct of our forefathers in expelling the original occupants of the soil," but went on to state his view that "every oppression now exercised on a helpless people depending on our magnanimity and justice for the preservation of their existence impresses a deep stain on the American character." Quoted in The Political and Economic Doctrines of John Marshall 124-125 (John E. Oster ed. 1914).

## Notes and Questions

**1. *Discovery or conquest?*** Chief Justice Marshall's opinion in the *Johnson* case mentions both discovery and conquest. These are terms of art referring to methods of acquiring territory in international law. Acquisition by discovery entails "the sighting or 'finding' of hitherto unknown or uncharted territory; it is frequently accompanied by a landing and the symbolic taking of possession," acts that give rise to an inchoate title that must (on one view) subsequently be perfected, within a reasonable time, by settling in and making an effective occupation. (new) Note 14 Encyclopedia of Public International Law 839-840 (1992). The discovery doctrine is highly controversial these days, although several countries continue to adhere to it. See Robert J. Miller, Lisa LeSage & Sebastián López Escarcena, The International Law of Discovery, Indigenous Peoples, and Chile, 80 Neb. L. Rev. 819 (2011). Conquest is the taking of possession of enemy territory through force, followed by formal annexation of the defeated territory by the conqueror. See Parry & Grant, Encyclopaedic Dictionary of International Law 96 (2000). The doctrine of conquest has long been abandoned by international law. See Oona A. Hathaway & Scott I. Shapiro, The Internationalists: How a Radical Plan to Outlaw War Remade the World 312-315 (2017).

With respect to the “discoverer” and the status of the Native Americans’ land title, what work does the doctrine of discovery do? That is, what is its effect—does it trump the Native Americans’ title? If not, how does it work together with conquest?

***2. The discovery doctrine and the principle of first possession.*** Marshall’s application of the discovery doctrine was based on a Eurocentric assumption—that Europeans were the first finders of an undiscovered land. In this respect, the discovery doctrine is an application of the broader legal principle of first possession. As we shall see, that principle continues to have a great deal of practical importance. As one theorist puts it, “The notion that being there first somehow justifies ownership rights is a venerable and persistent one.” Lawrence C. Becker, Property Rights: Philosophical Foundations 24 (1977). You will see it running throughout the materials in this book, particularly in the next section, “Acquisition by Capture (and the Right to Exclude).” (For an overview of its active role in contemporary property law, see Lawrence Berger, An Analysis of the Doctrine That “First in Time Is First in Right,” 64 Neb. L. Rev. 349 (1985).)

***3. Chain of title.*** To resolve conflicting claims to title to the same parcel of land, courts sometimes construct a chain of title for each claimant to determine which one has the stronger claim. Each link in the chain represents a different owner of the land in question. Each chain is traced back, link by link, until we reach the “root of title.” The traditional rule is that if both claims trace back to the same root of title, i.e., a common grantor (such as the United States government), the party whose predecessor was the prior grantee from the common grantor prevails. The later grantee takes nothing because a grantor cannot convey title that he has already transferred to another. This principle is sometimes called the *nemo dat* principle, short for *nemo dat quod non habet* (“you cannot give that which you do not have”).

In Johnson v. M’Intosh, the plaintiff, Johnson, traced his title back to the Piankeshaw and Illinois Tribes, while the defendant, McIntosh, traced his to the United States government. The government in turn acquired its rights from the Piankeshaw and Illinois Tribes by treaty in 1795, so there is a common grantor—the Tribes. Under the traditional *nemo dat* principle, Johnson, whose predecessor was the prior grantee from a common grantor, should prevail. Why, then, did he lose to McIntosh?

John Marshall
Chief Justice of the United States, 1801-1835
*by Chester Harding (1828)*
*Collection of the Boston Athenaeum*

**4. *Dominion and occupancy.*** Marshall's opinion in *Johnson* frequently mentions the discoverer's right of dominion, which seems to imply sovereign title to the land. The opinion also mentions, more than once, the Indians' right of occupancy. What is the relationship between dominion and occupancy? Is Marshall saying that the Indians have the right of possession but that the United States has title? If so, how can this be? See Oneida Indian Nation of New York v. State of New York, 691 F.2d 1070, 1075 (2d Cir. 1982) ("Thus the concept of fee title in the context of Indian lands does not amount to absolute ownership, but rather is used interchangeably with 'right of preemption' or the preemptive right over all others to purchase the Indian title or right of occupancy from the inhabitants.") See also Michael C. Blumm, Why Aboriginal Title Is a Fee Simple Absolute, 15 Lewis & Clark L. Rev. 975 (2011).

**5. *Back to conquest.*** Chief Justice Marshall's opinion states that one of the ways in which the Indians' right to occupancy may be extinguished is by *conquest*. Is this basically a statement that might makes right? What do you think Marshall means in his curious statement, "Conquest gives a title which the Courts of the conqueror cannot deny"?

Given that the European settlers had superior might, why did they not instead simply conquer the Indians altogether, and grant them nothing? In his article, The Dark Side of Efficiency: *Johnson v. M'Intosh* and the Expropriation of American Indian Lands, 148 U. Pa. L. Rev. 1065 (2000), Professor Eric Kades argues that the settlers' objective was efficient expropriation; they wanted to get land at the least cost to themselves, with "cost" defined broadly to include lives lost in battle, diversion of capital to military production, and so on. In this light, purchase was often the cheapest course. To see why, consider that the decision in *Johnson*, echoing a long line of colonial statutes, royal proclamations, and administrative rulings, decreed that the sovereign (first Britain, then the United States) was the only buyer empowered to purchase Indian lands. The government was a so-called monopsonist—a sole buyer—and this fact helped reduce the price paid for the Indian title of occupancy. Moreover, major portions of early American land law (favorable financing, squatters' rights, and Homestead Acts) had the purpose and effect of weakening Indian resistance by luring settlers to the frontier. They brought with them European diseases against which tribes had no immunity; they cleared land and hunted prodigiously to get hides and fur. A native population decimated by sickness and deprived of sources of food and other necessities had little bargaining power. The title of occupancy went for a pittance. See also Eric Kades, History and Interpretation of the Great Case of *Johnson v. M'Intosh*, 19 Law & Hist. Rev. 67 (2001). For in-depth examinations of *Johnson* and the doctrines of discovery and conquest, see Lindsay G. Robertson, Conquest by Law: How the Discovery of America Dispossessed Indigenous Peoples of Their Lands (2005); Stuart Banner, How the Indians Lost Their Land: Law and Power on the Frontier (2005); Jedediah Purdy, Property and Empire: The Law of Imperialism in *Johnson v. M'Intosh*, 75 Geo. Wash. L. Rev. 329 (2007).

**6. *"Fierce savages" or "agriculturists"?*** One justification that Marshall gives for the decision is the character of Native Americans and their use of land. Toward the end of his opinion, he describes Native Americans as "fierce savages," "whose subsistence was drawn chiefly from the forest." Marshall contrasted this use of the land with that of the European settlers, whom he described as "agriculturists" who parceled out the land in private plots. The Indians' use of land (or what Marshall thought was the Indians' use of land) was not considered to constitute ownership. Marshall's view was widely shared by his contemporaries, but that view has now been discredited. William Cronon, for example, has shown that New England Indians did recognize boundaries, at least between village territories, and in southern New England, they did engage in extensive farming, recognizing something like exclusive control rights for families over fields. See William Cronon, Changes in the Land: Indians, Colonists and the Ecology of New England 58-63 (1983).

**7. *Possession as a "text."*** As Johnson v. M'Intosh illustrates, the practical effect of the first possession principle often depends on just what we mean by *possession*. In one sense of the term (probably the obvious sense), the Indians were in possession of the land first, but as Marshall's opinion indicates, the Indians' use of land (according to Marshall) did not count as possession from the point of view of common law. Carol Rose suggests that *Johnson* illustrates that acts of possession are a kind of "text" that have to be interpreted. "It is not enough," Rose writes, "for the property claimant to say simply, 'It's mine' through some act or gesture; in order for the 'statement' to have any force, some relevant world must understand the claim it makes and take that claim seriously." Carol M. Rose, Possession as the Origin of Property, 52 U. Chi. L. Rev. 73, 84-85 (1985). In *Johnson*, the "relevant world" was the U.S. Supreme Court, and that world did not understand the Native Americans' uses of land as fitting the meaning of property that British and American lawyers had given to the "text" of possession. This is an important point that we will encounter again.

**8. *Johnson v. M'Intosh in retrospect.*** Commentators today generally take a dim view of *Johnson*. For example, Eric Kades argues that Marshall's decision to allow Indians to sell their land to non-Indians only with the permission of the United States government was "one element of a calculated, rational, unemotional effort to obtain Indian lands at the least costs," to the detriment of the Indians. Eric Kades, The Dark Side of Efficiency: *Johnson v. M'Intosh* and the Expropriation of American Indian Lands, 148 U. Pa. L. Rev. 1065, 1109 (2000).

## B. ACQUISITION BY CAPTURE

Most things in the world are already owned by someone. But not always. Fish in navigable waters, for example, are considered unowned. How do people come to acquire property rights in fish and other unowned resources? And what property rights do people acquire in such resources? This part explores these foundational questions.

### 1. The Rule of Capture

## PIERSON v. POST

Supreme Court of New York, 1805
3 Cai. R. 175, 2 Am. Dec. 264

This was an action of trespass on the case commenced in a justice's court, by the present defendant against the now plaintiff.

The declaration stated that Post, being in possession of certain dogs and hounds under his command, did, "upon a certain wild and uninhabited, unpossessed and waste land, called the beach, find and start one of those noxious beasts called a fox," and whilst there hunting, chasing and pursuing the same with his dogs and hounds, and when in view thereof, Pierson, well knowing the fox was so hunted and pursued, did, in the sight of Post, to prevent his catching the same, kill and carry it off. A verdict having been rendered for the plaintiff below, the defendant there sued out a *certiorari*, and now assigned for error, that the declaration and the matters therein contained were not sufficient in law to maintain an action. . . .

TOMPKINS, J. This cause comes before us on a return to a *certiorari* directed to one of the justices of Queens county.

The question submitted by the counsel in this cause for our determination is, whether Lodowick Post, by the pursuit with his hounds in the manner alleged in his declaration, acquired such a right to, or property in, the fox, as will sustain an action against Pierson for killing and taking him away?

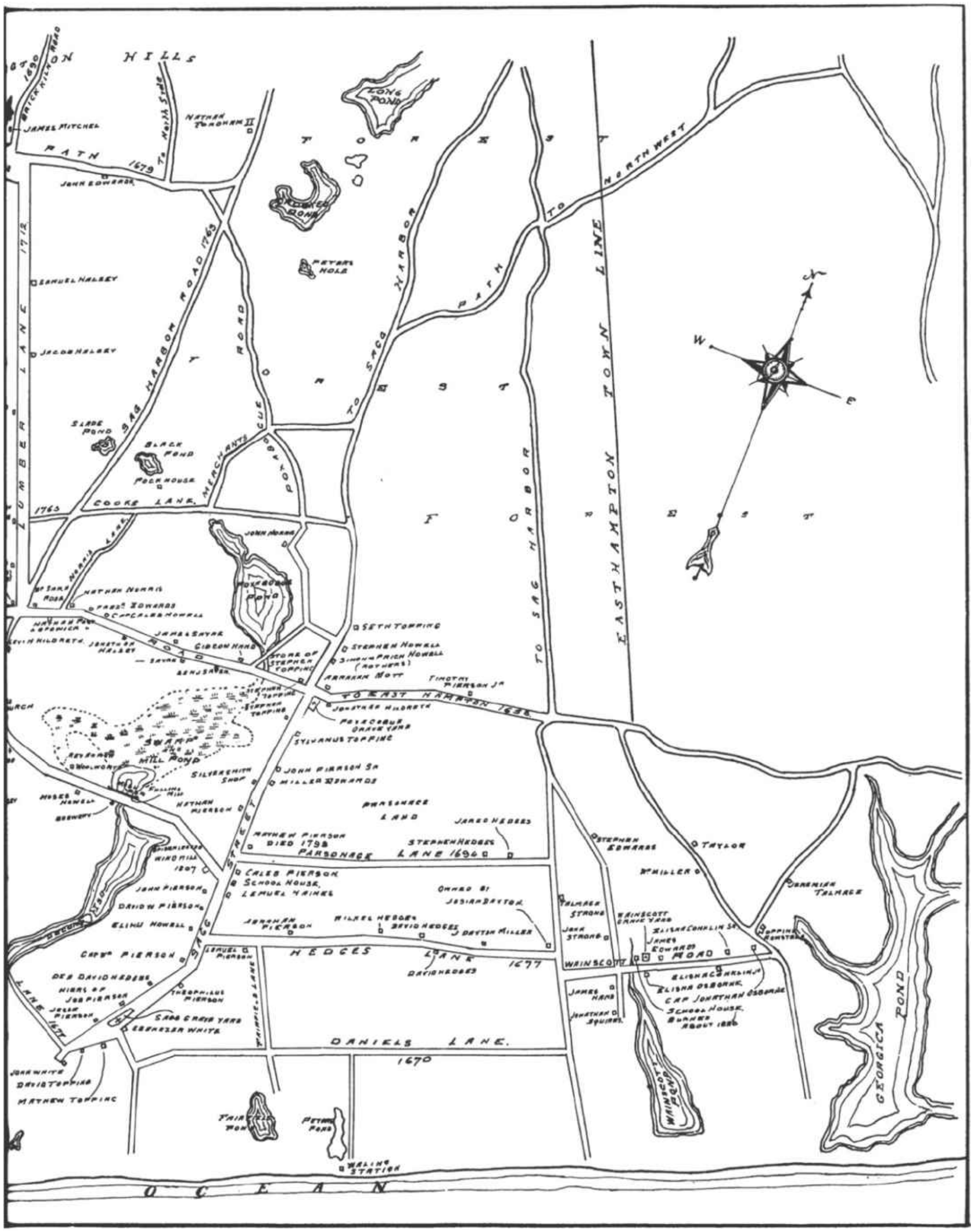
**_Sidebar_**

Daniel Tompkins (1774-1825) was an important figure in the early Republic, especially in New York politics. A self-made man of humble origins, he graduated first in his class from Columbia College. He was an enormously popular figure with the electorate, served twice as Governor of New York State (1807-1817), and was the sixth Vice President of the United States (1817-1825) during James Monroe's administration. Throughout his public service, Tompkins had serious financial problems and was a heavy drinker. During his tenure as Vice President, he occasionally presided over the Senate while inebriated. He died in 1825, disgraced, deeply in debt, and probably alcoholic. See Ray W. Irwin, Daniel D. Tompkins: Governor of New York and Vice President of the United States (1968).

The cause was argued with much ability by the counsel on both sides, and presents for our decision a novel and nice question. It is admitted that a fox is an animal *ferae naturae*, and that property in such animals is acquired by occupancy only. These admissions narrow the discussion to the simple question of what acts amount to occupancy, applied to acquiring right to wild animals? If we have recourse to the ancient writers upon general principles of law, the judgment below is obviously erroneous. Justinian's Institutes, lib. 2, tit. 1, s.13, and Fleta, lib. 3, c.2, p. 175, adopt the principle, that pursuit alone vests no property or right in the huntsman; and that even pursuit, accompanied with wounding, is equally ineffectual for that purpose, unless the animal be actually taken. The same principle is recognised by Bracton, lib. 2, c.1, p. 8.

Puffendorf, lib. 4, c.6, s.2, and 10, defines occupancy of beasts *ferae naturae*, to be the actual corporal possession of them, and Bynkershoek is cited as coinciding in this definition. It is indeed with hesitation that Puffendorf affirms that a wild beast mortally wounded, or greatly maimed, cannot be fairly intercepted by another, whilst the pursuit of the person inflicting the wound continues. The foregoing authorities are decisive to show that mere pursuit gave Post no legal right to the fox, but that he became the property of Pierson, who intercepted and killed him.

It therefore only remains to inquire whether there are any contrary principles, or authorities, to be found in other books, which ought to induce a different decision. Most of the cases which have occurred in England, relating to property in wild animals, have either been discussed and decided upon the principles of their positive statute regulations, or have arisen between the huntsman and the owner of the land upon which beasts *ferae naturae* have been apprehended; the former claiming them by title of occupancy, and the latter *ratione soli*. Little satisfactory aid can, therefore, be derived from the English reporters. Barbeyrac, in his notes on Puffendorf, does not accede to the definition of occupancy by the latter, but, on the contrary, affirms, that actual bodily seizure is not, in all cases, necessary to constitute possession of wild animals. He does not, however, *describe* the acts which, according to his ideas, will amount to an appropriation of such animals to private use, so as to exclude the claims of all other persons, by title of occupancy, to the same animals; and he is far from averring that pursuit alone is sufficient for that purpose. To a certain extent, and as far as Barbeyrac appears to me to go, his objections to Puffendorf's definition of occupancy are reasonable and correct. That is to say, that actual bodily seizure is not indispensable to acquire right to, or possession of, wild beasts; but that, on the contrary, the mortal wounding of such beasts, by one not abandoning his pursuit, may, with the utmost propriety, be deemed possession of him; since, thereby, the pursuer manifests an unequivocal intention of appropriating the animal to his individual use, has deprived him of his natural liberty, and brought him within his certain control. So also, encompassing and securing such animals with nets and toils, or otherwise intercepting them in such a manner as to deprive them of their natural liberty, and render escape impossible, may justly be deemed to give possession of them to those persons who, by their industry and labour, have used such means of apprehending them. Barbeyrac seems to have adopted, and had in view of his notes, the more accurate opinion of Grotius, with respect to occupancy. . . . The case now under consideration is one of mere pursuit, and presents no circumstances or acts which can bring it within the definition of occupancy by Puffendorf, or Grotius, or the ideas of Barbeyrac upon that subject.




1800 map of a portion of Southampton, Long Island. The home of Jesse Pierson, the defendant, is shown on the extreme lower part of Sagg Street (left side of the map). Lodowick Post's home is on the Main Road (middle of the page, far left side). Pierson killed the fox as it hid in an old well near Peter's Pond, near the ocean shore.

*Source: William D. Halsey, Sketches from Local History ("Map Extending from Water Mill to Wainscott") (Southampton, NY, 1966).*

The case cited from 11 Mod. 74-130, I think clearly distinguishable from the present; inasmuch as there the action was for maliciously hindering and disturbing the plaintiff in the exercise and enjoyment of a private franchise; and in the report of the same case, (3 Salk. 9) Holt, Ch. J., states, that the ducks were in the plaintiff's decoy pond, and so in his possession, from which it is obvious the court laid much stress in their opinion upon the plaintiff's possession of the ducks, *ratione soli.*

We are the more readily inclined to confine possession or occupancy of beasts *ferae naturae*, within the limits prescribed by the learned authors above cited, for the sake of certainty, and preserving peace and order in society. If the first seeing, starting, or pursuing such animals, without having so wounded, circumvented or ensnared them, so as to deprive them of their natural liberty, and subject them to the control of their pursuer, should afford the basis of actions against others for intercepting and killing them, it would prove a fertile source of quarrels and litigation.

However uncourteous or unkind the conduct of Pierson towards Post, in this instance, may have been, yet his act was productive of no injury or damage for which a legal remedy can be applied. We are of opinion the judgment below was erroneous, and ought to be reversed.

LIVINGSTON, J. My opinion differs from that of the court. Of six exceptions, taken to the proceedings below, all are abandoned except the third, which reduces the controversy to a single question. Whether a person who, with his own hounds, starts and hunts a fox on waste and uninhabited ground, and is on the point of seizing his prey, acquires such an interest in the animal, as to have a right of action against another, who in view of the huntsman and his dogs in full pursuit, and with knowledge of the chase, shall kill and carry him away?

This is a knotty point, and should have been submitted to the arbitration of sportsmen, without poring over Justinian, Fleta, Bracton, Puffendorf, Locke, Barbeyrac, or Blackstone, all of whom have been cited; they would have had no difficulty in coming to a prompt and correct conclusion. In a court thus constituted, the skin and carcass of poor *reynard* would have been properly disposed of, and a precedent set, interfering with no usage or custom which the experience of ages has sanctioned, and which must be so well known to every votary of Diana. But the parties have referred the question to our judgment, and we must dispose of it as well as we can, from the partial lights we possess, leaving to a higher tribunal, the correction of any mistake which we may be so unfortunate as to make. By the pleadings it is admitted that a fox is a "wild and noxious beast." Both parties have regarded him, as the law of nations does a pirate, "*hostem humani generis*," and although "*de mortuis nil nisi bonum*," be a maxim of our profession, the memory of the deceased has not been spared. His depredations on farmers and on barn yards have not been forgotten; and to put him to death wherever found, is allowed to be meritorious, and of public benefit. Hence it follows, that our decision should have in view the greatest possible encouragement to the destruction of an animal, so cunning and ruthless in his career. But who would keep a pack of hounds; or what gentleman, at the sound of the horn, and at peep of day, would mount his steed, and for hours together, "*sub jove frigido*," or a vertical sun, pursue the windings of this wily quadruped, if, just as night came on, and his stratagems and strength were nearly exhausted, a saucy intruder, who had not shared in the honours or labours of the chase, were permitted to come in at the death, and bear away in triumph the object of pursuit? Whatever Justinian may have thought of the matter, it must be recollected that his code was compiled many hundred years ago, and it would be very hard indeed, at the distance of so many centuries, not to have a right to establish a rule for ourselves. In his day, we read of no order of men who made it a business, in the language of the declaration in this cause, "with hounds and dogs to find, start, pursue, hunt, and chase," these animals, and that, too, without any other motive than the preservation of Roman poultry; if this diversion had been then in fashion, the lawyers who composed his institutes would have taken care not to pass it by, without suitable encouragement. If any thing, therefore, in the digests or pandects shall appear to militate against the defendant in error, who, on this occasion, was the foxhunter, we have only to say *tempora mutantur*; and if men themselves change with the times, why should not laws also undergo an alteration?

It may be expected, however, by the learned counsel, that more particular notice be taken of their authorities. I have examined them all, and feel great difficulty in determining, whether to acquire dominion over a thing, before in common, it be sufficient that we barely see it, or know where it is, or wish for it, or make a declaration of our will respecting it; or whether, in the case of wild beasts, setting a trap, or lying in wait, or starting, or pursuing, be enough; or if an actual wounding, or killing, or bodily tact and occupation be necessary. Writers on general law, who have favoured us with their speculations on these points, differ on them all; but, great as is the diversity of sentiment among them, some conclusion must be adopted on the question immediately before us. After mature deliberation, I embrace that of Barbeyrac, as the most rational, and least liable to objection. If at liberty, we might imitate the courtesy of a certain emperor, who, to avoid giving offence to the advocates of any of these different doctrines, adopted a middle course, and by ingenious distinctions, rendered it difficult to say (as often happens after a fierce and angry contest) to whom the palm of victory belonged. He ordained, that if a beast be followed with *large dogs and hounds,* he shall belong to the hunter, not to the chance occupant; and in like manner, if he be killed or wounded with a lance or sword; but if chased with *beagles only,* then he passed to the captor, not to the first pursuer. If slain with a dart, a sling, or a bow, he fell to the hunter, if still in chase, and not to him who might afterwards find and seize him.

Now, as we are without any municipal regulations of our own, and the pursuit here, for aught that appears on the case, being with dogs and hounds of *imperial stature,* we are at liberty to adopt one of the provisions just cited, which comports also with the learned conclusion of Barbeyrac, that property in animals *ferae naturae* may be acquired without bodily touch or manucaption, provided the pursuer be within reach, or have a *reasonable* prospect (which certainly existed here) of taking, what he has *thus* discovered with an intention of converting to his own use.

When we reflect also that the interest of our husbandmen, the most useful of men in any community, will be advanced by the destruction of a beast so pernicious and incorrigible, we cannot greatly err, in saying, that a pursuit like the present, through waste and unoccupied lands, and which must inevitably and speedily have terminated in corporal possession, or bodily *seisin,* confers such a right to the object of it, as to make any one a wrongdoer, who shall interfere and shoulder the spoil. The justice's judgment ought, therefore, in my opinion, to be affirmed.

Judgment of reversal.

### *THE REST OF THE STORY . . .*

A considerable amount of background on Pierson v. Post, one of the old chestnuts of property law, has emerged from several law review articles. It turns out that the encounter between Pierson and Post occurred on a stretch of public beach on Long Island, near Southampton, today one of the wealthiest resort communities in the country—hardly a "waste land." Neither party actually wanted the fox. Post, whose family was a kind of early version of nouveau riche, simply wanted to run a hunt free of interference from others, whereas Pierson, a farmer, wanted to get rid of these animals, which raided his nearby farm. See Andrea McDowell, Legal Fictions in *Pierson v. Post*, 105 Mich. L. Rev. 735 (2007). Similarly, Professor Bethany R. Berger argues that the real dispute in the case had little to do with rights to a fox; the issue, rather, was whether the use of local common areas should be determined by the tastes of the newly wealthy (Post) or the old agricultural traditionalists (Pierson). See Bethany Berger, It's Not About the Fox: The Untold History of *Pierson v. Post*, 55 Duke L.J. 1089 (2006). Finally, Professor Angela Fernandez argues that the length of time the case took to be heard on appeal, plus the procedural error involved in the original finding for Post, which could easily have led to a quick and simple reversal for Pierson, suggest that something besides just the legal merits was at work in the case; specifically, that the judges and lawyers involved with it at the appellate level saw an opportunity for a learned debate. The chief justice of the court at the time of the appeal, James Kent, demonstrated considerable interest in the case, as evidenced by annotations he made on a later copy of the case and his treatment of it in his famous Commentaries on American Law (four volumes, 1826-1830). Professor Fernandez speculates that Kent was the mastermind behind the case in 1805. See Angela Fernandez, *Pierson v. Post*: A Great Debate, James Kent, and the Project of Building a Learned Law for New York State, 34 Law & Soc. Inquiry 301 (2009).

## Notes and Questions

**1. *Who are these guys?*** The majority and dissenting opinions in Pierson v. Post are peppered with references to a number of obscure legal works and legal scholars. Justinian's Institutes is a Roman law treatise of the sixth century; Bracton was the author of a thirteenth-century tome on English law; Fleta refers to a Latin textbook on English law written in 1290 or thereabouts, supposedly in Fleet prison and possibly by one of the corrupt judges Edward I put there. Barbeyrac, Bynkershoek, Grotius, and Pufendorf (sometimes spelled Puffendorf) were legal scholars who wrote in the seventeenth and eighteenth centuries; the last two of them figured in our discussion of Johnson v. M'Intosh, as did John Locke, the English philosopher (1632-1704), and William Blackstone (1723-1780). Blackstone was the first professor of English law at an English university. His famous and highly influential treatise, Commentaries on the Laws of England (1765-1769), the first accessible general statement of English law, was popular and influential in both England and the United States, despite being scorned by the likes of Jeremy Bentham (about whom see page 242) for uncritical acceptance of previous writers and blind admiration of the past. After resigning a professorship at Oxford, Blackstone was appointed to the bench.

**2. *First possession again.*** The discussion in Note 2 on page 11 briefly discussed the principle of first possession. As the majority opinion tells us, both sides in Pierson v. Post agreed that property in wild animals is acquired by "occupancy," i.e., first possession. On what issue, then, did the two sides disagree? And what views did the majority and dissenting justices take on that issue?

The majority held as it did "for the sake of certainty, and preserving peace and order in society." See page 17. How did its opinion (that mere chase is insufficient to confer the rights of first possession) advance those goals? Consider the dissenting opinion of Justice Livingston, who wanted to promote the destruction of "pernicious beasts." He believed that his approach would do that more effectively than the rule of the majority opinion. Do you think he was right?

**3. *Custom.*** Livingston was also of the view that the question in *Pierson* "should have been submitted to the arbitration of sportsmen." See page 17. In that event, Post probably would have won, because "it appeared from the record that all hunters in the region regarded hot pursuit as giving rights to take an unimpeded first possession." Richard A. Epstein, Possession as the

Root of Title, 13 Ga. L. Rev. 1221, 1231 (1979). The local custom, in short, was contrary to the rule adopted by the majority. Should the majority have abided by the custom?

**4. *John Locke and the labor theory of property.*** Why should first possession confer property rights in unowned resources, rights that everyone else has to respect? One historic answer to this old question is the famous *labor theory of property*, commonly attributed to the English philosopher John Locke (1632-1704). In his influential work, Two Treatises of Government (1690), Locke argued that humans have natural rights to their own bodies and, by derivation, their own labor. So, Locke reasoned, when a person appropriates some resource—say, an apple—from the common stock (a common stock because in the beginning, Locke thought, all the earth and its resources existed as a commons), that person acquires a property right in the apple because he has mixed his labor (which he owns) with the previously unowned apple and thereby made the apple his own.

Sir William Blackstone *Attributed to Sir Joshua Reynolds*
*Source: National Portrait Gallery, London*

Locke's labor theory has been subject to many criticisms. For example, just what sort of property rights—how broad or how narrow—does one acquire by mixing one's labor with some unowned resource? Why is mixing what one owns (one's labor) with what one doesn't own a way of gaining what a person doesn't own, rather than losing what a person does own? More fundamentally, why should we assume, as Locke does, that a person owns his or her own "Person" and, by extension, "the Labour of his Body and the Work of his Hands"? See Gregory S. Alexander & Eduardo M.

Peñalver, An Introduction to Property Theory 46-51 (2012). Still, though, the labor theory has its appeal, and the law of property continues to feel its influence.

In *Pierson*, both Pierson and Post expended labor trying to capture the "wily quadruped." In whose favor, then, does the labor theory seem to run—Pierson's or Post's? Which opinion, the majority or the dissent, appears to place greater weight on the expenditure of labor?

**5. *The labor theory illustrated: the doctrine of accession.*** The labor theory is illustrated by the common law doctrine of *accession*. This doctrine comes into play where *A* in good faith applies labor alone or labor plus materials to some object that *B* owns. If *A* adds labor alone, the final product is generally awarded to *B* unless *A*'s labor (1) transforms the original item into a fundamentally different article or (2) greatly increases the value of *B*'s original item. A typical example of accession in which the final product is usually awarded to *A*, the accessioner, is where *A* innocently uses *B*'s grapes to make wine. If *A* is awarded the final product, *B* is entitled to damages equal to the value of the original material before transformation. If *A* adds both labor and other materials to *B*'s object, the final product is awarded to the owner of the "principal" material. Just what the "principal" material is often proves difficult to determine.

**6. *The doctrine of increase.*** Suppose that a doe belonging to *A* roams onto a neighbor's land, takes up with a buck in the neighbor's herd, is fed by the neighbor, and eventually bears a fawn sired, presumably, by the neighbor's buck. Who owns the fawn, *A* or the neighbor? According to the *doctrine of increase*, *A* does. The doctrine of increase provides that "the offspring or increase of tame or domestic animals belongs to the owner of the dam or mother. . . . Furthermore, the increase of the increase, ad infinitum, of domestic animals comes within the rule and belongs to the owner of the original stock." Carruth v. Easterling, 150 So. 2d 852, 855 (Miss. 1963). The doctrine of increase is one of those rules that is recognized in every legal system in the world that has addressed the issue. See Felix Cohen, Dialogue on Private Property, 9 Rutgers L. Rev. 357, 365-369 (1954). What reasons do you suppose explain the doctrine's universal appeal?

# Problems: More on the Rule of Capture of Wild Animals

**1.** In *Pierson*, we encountered the doctrine of *constructive possession* (or *ratione soli*, as the court called it). This doctrine provides that a landowner is considered as being in possession of a resource that is on or in her land even if she does not have physical possession of it. Under this doctrine, a trespasser who captures a wild animal on the land of another might still have no rights to the animal as against the landowner, even though the landowner never had actual physical possession or control and even though the trespasser does. The court might say that the landowner had constructive possession of the animal. What policy does this obviously fictitious doctrine serve? See Ray A. Brown, The Law of Personal Property 17 (Walter B. Raushenbush ed. 3d ed. 1975).

**2.** Suppose that *T*, a trespasser, captures a wild animal on the land of *O*, a landowner, and carries it off to her own land where she confines it in a cage. Subsequently, *T1* trespasses on *T* ’s land and takes away the animal. In a suit by *T* against *T1* for return of the animal, *T1* defends on the ground that *T* had no rights of ownership in the animal. How would you respond, and why? Would your response be different if *O* had gone onto to the land of *T* and taken the animal back, and *T* is now suing *O* for its return?

**3.** *F* has established a herd of deer that she keeps for pleasure and an occasional roast of venison. The deer roam about on open government grazing land during the day, but are sufficiently tame and domesticated that they return to a large shelter on *F*’s land in the evening. *H*, a hunter, licensed to hunt deer on the land, shoots one of *F*’s deer one day during the hunting season. *F* sues *H* for return of the carcass. Who prevails? See Brown, supra, at 18. What policies might be served by holding for *F*? For *H*?

**4.** *P* imports two silver gray foxes, a male and a female, from Canada for breeding purposes on her Mississippi ranch. The natural habitat of the animals is the north central United States and Canada. The foxes are wild and once having escaped any captivity have no inclination to return. For this reason, *P* keeps her pair securely confined in a floored pen with plank walls five feet high. Despite these measures, the male gnaws his way out. *P* sets traps to recapture him, but to no avail. Sometime later *D* kills the fox in a pine thicket 15 miles from *P*'s ranch. *D* skins the fox and preserves the hide. *P*, learning of this, sues for return of the hide. Who should prevail, and why? See Brown, supra, at 18.

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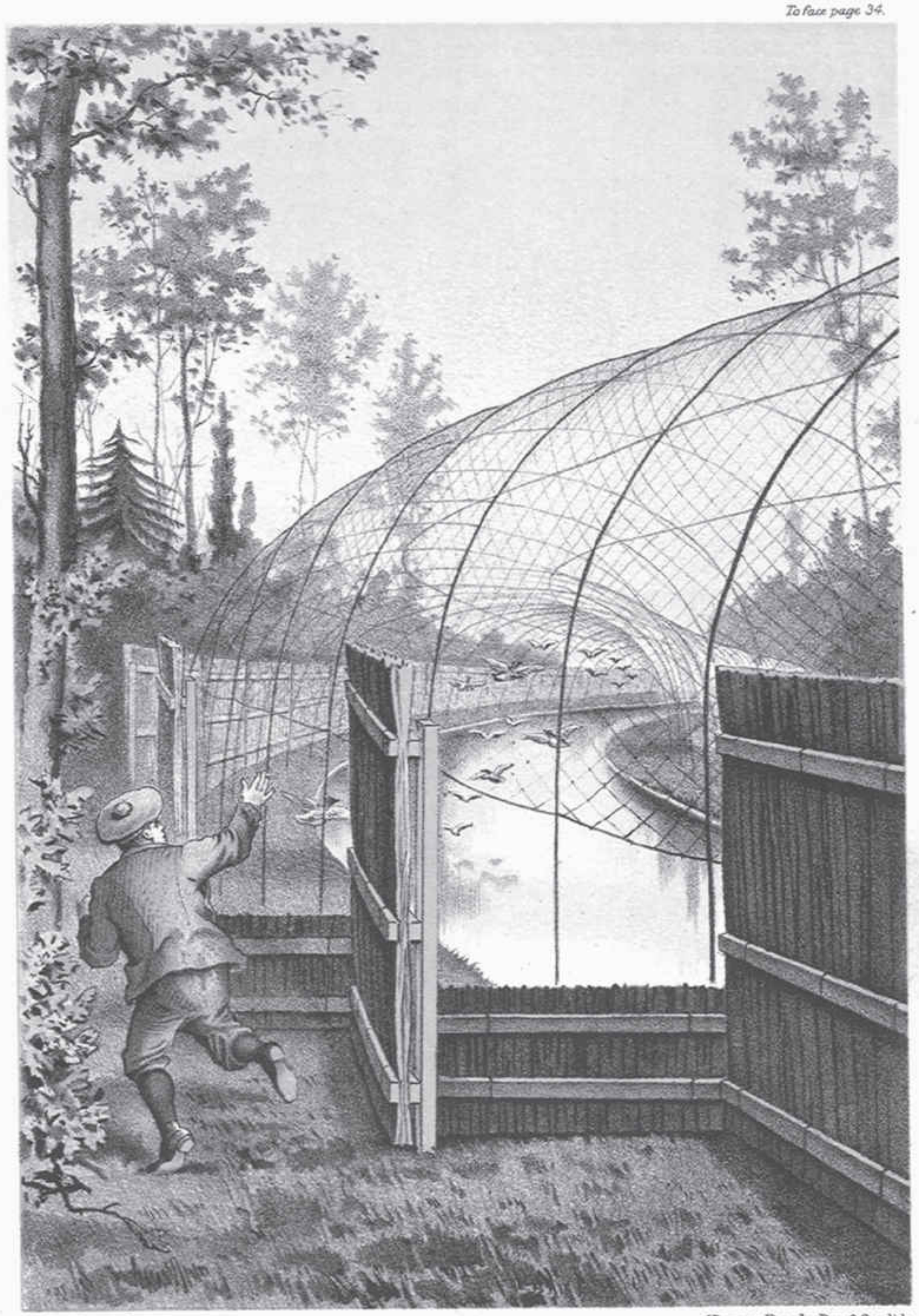
# KEEBLE v. HICKERINGILL

Queen's Bench, 1707
11 East 574, 103 Eng. Rep. 1127
11 Mod. 74, 130 (as Keble v. Hickringill)
3 Salk. 9 (as Keeble v. Hickeringhall)

Action upon the case. Plaintiff declares that he was, 8th November in the second year of the Queen, lawfully possessed of a close of land called Minott's Meadow, [containing] a decoy pond, to which divers wildfowl used to resort and come: and the plaintiff had at his own costs and charges prepared and procured divers decoy ducks, nets, machines and other engines for the decoying and taking of the wildfowl, and enjoyed the benefit in taking them: the defendant, knowing which, and intending to damnify the plaintiff in his vivary, and to fright and drive away the wildfowl used to resort thither, and deprive him of his profit, did, on the 8th of November, resort to the head of the said pond and vivary, and did discharge six guns laden with gunpowder, and with the noise and stink of the gunpowder did drive away the wildfowl then being in the pond: and on the 11th and 12th days of November the defendant, with design to damnify the plaintiff, and fright away the wildfowl, did place himself with a gun near the vivary, and there did discharge the said gun several times that was then charged with the gunpowder against the said decoy pond, whereby the wildfowl were frighted away, and did forsake the said pond. Upon not guilty pleaded, a verdict was found for the plaintiff and 20*l.* damages.

HOLT, C.J. I am of opinion that this action doth lie. It seems to be new in its instance, but is not new in the reason or principle of it. For, 1st, this using or making a decoy is lawful. 2dly, this employment of his ground to that use is profitable to the plaintiff, as is the skill and management of that employment. As to the first, every man that hath a property may employ it for his pleasure and profit, as for alluring and procuring decoy ducks to come to his pond. To learn the trade of seducing other ducks to come there in order to be taken is not prohibited either by the law of the land or the moral law; but it is as lawful to use art to seduce them, to catch them, and destroy them for the use of mankind, as to kill and destroy wildfowl or tame cattle. Then when a man useth his art or his skill to take them, to sell and dispose of for his profit; this is his trade; and he that hinders another in his trade or livelihood is liable to an action for so hindering him. . . .

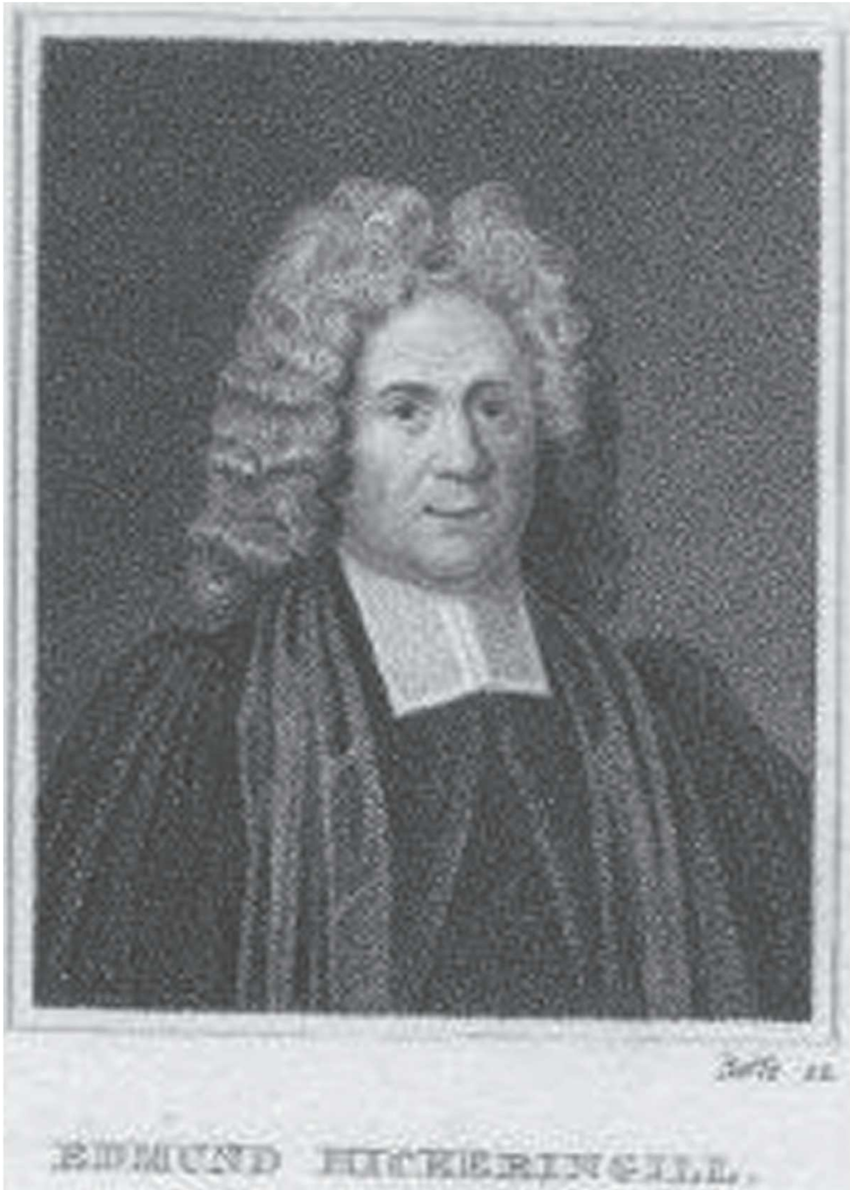
To face page 34.



Drawn by Author. Vincent Brooks Day & Son lith.

DECOYMAN DRIVING WILD DUCK UP THE PIPE.

*Source: Sir Ralph Payne-Gallwey, The book of duck decoys, their construction, management, and history (London, 1886).*





Edmund Hickeringill
Possibly by R.C. Roffe; after J. Jull
*Source: National Portrait Gallery, London.*

[W]here a violent or malicious act is done to a man's occupation, profession, or way of getting a livelihood, there an action lies in all cases. But if a man doth him damage by using the same employment; as if Mr. Hickeringill had set up another decoy on his own ground near the plaintiff's, and that had spoiled the custom of the plaintiff, no action would lie, because he had as much liberty to make and use a decoy as the plaintiff. This is like the case of 11 H. 4, 47.[1] One schoolmaster sets up a new school to the damage of an antient school, and thereby the scholars are allured from the old school to come to his new. (The action was held there not to lie.) But suppose Mr. Hickeringill should lie in the way with his guns, and fright the boys from going to school, and their parents would not let them go thither; sure that schoolmaster might have an action for the loss of his scholars. 29 E. 3, 18. A man hath a market, to which he hath toll for horses sold: a man is bringing his horse to market to sell: a stranger hinders and obstructs him from going thither to the market: an action lies, because it imports damage. . . .

And when we do know that of long time in the kingdom these artificial contrivances of decoy ponds and decoy ducks have been used for enticing into those ponds wildfowl, in order to be taken for the profit of the owner of the pond, who is at the expence of servants, engines, and other management, whereby the markets of the nation may be furnished; there is great reason to give encouragement thereunto; that the people who are so instrumental by their skill and industry so to furnish the markets should reap the benefit and have their action. But, in short, that which is the true reason is that this action is not brought to recover damage for the loss of the fowl, but for the disturbance; as 2 Cro. 604, Dawney v. Dee. So is the usual and common way of declaring.

### *Sidebar*

Chief Justice John Holt was one of the greatest English judges. After the flight of James II to France, abandoning the throne, Holt, as a member of the House of Commons, played a leading role in establishing a constitutional monarchy under William and Mary, a system that survives today. Subsequently, he was appointed Chief Justice, an office he held from 1689 to 1710. He was noted for his integrity and independence and for his common sense, as well as his deep learning in the law. Holt laid down the rule that the status of slavery could not exist in England; as soon as a slave breathed the air of England, he was free. Smith v. Brown & Cooper, 2 Salk. 666, 90 Eng. Rep. 1172 (1703). Chief Justice Holt was the first of a line of enlightened judges who, in the eighteenth century, shaped English law to accommodate the needs of a mercantile society that would dominate world trading. Lord Mansfield, who served as Chief Justice from 1756 to 1788, was perhaps the most notable of these.

## Notes and Questions

**1. *Early English reports.*** There were no official reports of judicial decisions in England prior to the nineteenth century; entrepreneurs gathered up information about cases in one way or another and published them on their own. Students of the matter consider some of these unofficial sources to be more reliable than others. We have not indicated all the reports of *Keeble.* That from East (reprinted in Volume 103 of the English Reports), which we have used, is thought to be particularly trustworthy, the reporter claiming that his account came directly from a copy of Chief Justice Holt's manuscript. Modern (Mod.) is not esteemed, nor is the third volume of Salkeld (Salk.). See generally John W. Wallace, The Reporters (4th ed. 1882).

**2. Keeble *and* Pierson.** Go back to page 17, and you will see that the court in Pierson v. Post reckoned with *Keeble*, though it referred to it not by name but only by citation—the "case cited from 11 Mod. 74-130" and "the report of the same case, (3 Salk. 9)." The report in 3 Salk. 9 suggested to the court that the result in *Keeble* was influenced by the fact that the ducks were in the plaintiff's decoy pond, such that the plaintiff had possession of the ducks "*ratione soli.*" *Ratione soli* refers to the conventional view that an owner of land has possession—*constructive* possession, that is—of wild animals on the owner's land; in other words, landowners are regarded as the prior possessors of any animals *ferae naturae* on their land, until the animals take off.

We shall return to property *ratione soli* shortly. The point for now is that it appears to have had little, if any, bearing on the final decision in *Keeble*, the statement of the court in Pierson v. Post to the contrary notwithstanding. The *Keeble* case was argued several times, and there was indeed a stage at which Chief Justice Holt seemed to be of the view that the plaintiff had (constructive) possession of the ducks in question. The arguments of counsel led him to change his mind, however, and to rest the judgment on the theory spelled out in the opinion from East that you have read—the theory of malicious interference with trade.

But the East report was unavailable at the time of Pierson v. Post; it was not published until 1815, a decade after the decision in *Pierson* was handed down. Hence the court had to rely on the accounts in Modern and Salkeld, which, as we saw, are probably untrustworthy.

## *Sidebar*

### The Parties of Keeble v. Hickeringill

The plaintiff, Samuel Keeble, was a yeoman from Bradfield, England, who owned a number of properties. Not much is known about him, outside of his ongoing battles with the defendant over the decoy ponds. Much more is known about Edmund Hickeringill.

Though a minister, it is not surprising that Hickeringill would come into conflict with his neighbor Keeble. He was "not a man of peaceable and quiet temper," and would come into conflict with those around him throughout his life. If, as some have speculated, Keeble moved his decoy pond close to that of Hickeringill, it would not be out of character for Hickeringill to attempt to remove the competition from Keeble's pond.

After college, Hickeringill became a Baptist preacher. His views would soon run into conflict with those of his parish, and he was eventually excommunicated. He would go on to become a Quaker, and then a Deist, at which point he gave up religious service all together.

Hickeringill performed clandestine marriages, poached tithes, and intercepted funeral processions (so as to be able to perform the service himself). He also unleashed a flurry of pamphlets, criticizing the Bishop and the religious courts of England. His extensive use of pamphlets garnered him the title "the great scribbler of the nation."

Along with this title, the pamphlets also brought Hickeringill legal difficulties. Hickeringill's endless legal problems eventually got the better of him when he was convicted of forgery in 1707. He died a year later in 1708. His tombstone read, "Reverndus admodum Dominus," or "a master greatly to be respected." In a final act of retribution, his bishop, who was one of his main rivals, had this inscription removed from the tombstone. Thus Hickeringill, who found himself entrenched in legal and social rivalries his entire life, was the victim of such a rivalry in the end.

Suppose East had been available. Would the outcome of *Pierson* have been different? Should it have been? Was it essential to the outcome in *Keeble* that the plaintiff was engaged in something like a trade, as opposed to mere sport? Suppose *X* is an avid hunter who tracks down a deer on a piece of open hunting land during the hunting season. The deer is at very close range, and just as *X* is about to shoot it, another hunter, *Y*, appears and does so. Who gets the deer? Was it essential to the outcome in *Keeble* that the ducks were frightened off, rather than captured by a competitor of the plaintiff?

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# POPOV v. HAYASHI

Superior Court of California, County of San Francisco, 2002
2002 WL 31833731

McCarthy, J.

## Facts

In 1927, Babe Ruth hit sixty home runs. That record stood for thirty four years until Roger Maris broke it in 1961 with sixty one home runs. Mark McGwire hit seventy in 1998. On October 7, 2001, at PacBell Park in San Francisco, Barry Bonds hit number seventy three. That accomplishment set a record which, in all probability, will remain unbroken for years into the future.

The event was widely anticipated and received a great deal of attention.

The ball that found itself at the receiving end of Mr. Bonds' bat garnered some of that attention. Baseball fans in general, and especially people at the game, understood the importance of the ball. It was worth a great deal of money and whoever caught it would bask, for a brief period of time, in the reflected fame of Mr. Bonds.

With that in mind, many people who attended the game came prepared for the possibility that a record setting ball would be hit in their direction. Among this group were plaintiff Alex Popov and defendant Patrick Hayashi. They were unacquainted at the time. Both men brought baseball gloves, which they anticipated using if the ball came within their reach.

They, along with a number of others, positioned themselves in the arcade section of the ballpark. This is a standing room only area located near right field. It is in this general area that Barry Bonds hits the greatest number of home runs. The area was crowded with people on October 7, 2001 and access was restricted to those who held tickets for that section.

Barry Bonds came to bat in the first inning. With nobody on base and a full count, Bonds swung at a slow knuckleball. He connected. The ball sailed over the right-field fence and into the arcade. . . .

When the seventy-third home run ball went into the arcade, it landed in the upper portion of the webbing of a softball glove worn by Alex Popov. While the glove stopped the trajectory of the ball, it is not at all clear that the ball was secure. Popov had to reach for the ball and in doing so, may have lost his balance.

Even as the ball was going into his glove, a crowd of people began to engulf Mr. Popov. He was tackled and thrown to the ground while still in the process of attempting to complete the catch. Some people intentionally descended on him for the purpose of taking the ball away, while others were involuntarily forced to the ground by the momentum of the crowd. . . .

Mr. Hayashi was standing near Mr. Popov when the ball came into the stands. He, like Mr. Popov, was involuntarily forced to the ground. He committed no wrongful act. While on the ground he saw the loose ball. He picked it up, rose to his feet and put it in his pocket. . . .

It is important to point out what the evidence did not and could not show. Neither the camera nor the percipient witnesses were able to establish whether Mr. Popov retained control of the ball as he descended into the crowd. Mr. Popov's testimony on this question is inconsistent on several important points, ambiguous on others and, on the whole, unconvincing. We do not know when or how Mr. Popov lost the ball.

Perhaps the most critical factual finding of all is one that cannot be made. We will never know if Mr. Popov would have been able to retain control of the ball had the crowd not interfered with his efforts to do so. Resolution of that question is the work of a psychic, not a judge.

## Legal Analysis

Plaintiff has pled causes of actions for conversion, trespass to chattel, injunctive relief and constructive trust.

Conversion is the wrongful exercise of dominion over the personal property of another. There must be actual interference with the plaintiff's dominion. Wrongful withholding of property can constitute actual interference even where the defendant lawfully acquired the property. If a person entitled to possession of personal property demands its return, the unjustified refusal to give the property back is conversion.

The act constituting conversion must be intentionally done. There is no requirement, however, that the defendant know that the property belongs to another or that the defendant intends to dispossess the true owner of its use and enjoyment. Wrongful purpose is not a component of conversion. . . .

Trespass to chattel, in contrast, exists where personal property has been damaged or where the defendant has interfered with the plaintiff's use of the property. Actual dispossession is not an element of the tort of trespass to chattel.

In the case at bar, Mr. Popov is not claiming that Mr. Hayashi damaged the ball or that he interfered with Mr. Popov's use and enjoyment of the ball. He claims instead that Mr. Hayashi intentionally took it from him and refused to give it back. There is no trespass to chattel. If there was a wrong at all, it is conversion.

Conversion does not exist, however, unless the baseball rightfully belongs to Mr. Popov. One who has neither title nor possession, nor any right to possession, cannot sue for conversion. The deciding question in this case then, is whether Mr. Popov achieved possession or the right to possession as he attempted to catch and hold on to the ball.

The parties have agreed to a starting point for the legal analysis. Prior to the time the ball was hit, it was possessed and owned by Major League Baseball. At the time it was hit it became intentionally abandoned property. The first person who came in possession of the ball became its new owner.

The parties fundamentally disagree about the definition of possession. In order to assist the court in resolving this disagreement, four distinguished law professors participated in a forum to discuss the legal definition of possession.[2] The professors also disagreed. . . .

The focus of the analysis in this case is not on the thoughts or intent of the actor. Mr. Popov has clearly evidenced an intent to possess the baseball and has communicated that intent to the world. The question is whether he did enough to reduce the ball to his exclusive dominion and control. Were his acts sufficient to create a legally cognizable interest in the ball?

Mr. Hayashi argues that possession does not occur until the fan has complete control of the ball. Professor Brian Gray suggests the following definition: "A person who catches a baseball that enters the stands is its owner. A ball is caught if the person has achieved complete control of the ball at the point in time that the momentum of the ball and the momentum of the fan while attempting to catch the ball ceases. A baseball, which is dislodged by incidental contact with an inanimate object or another person, before momentum has ceased, is not possessed. Incidental contact with another person is contact that is not intended by the other person. The first person to pick up a loose ball and secure it becomes its possessor."[3]

Mr. Popov argues that this definition requires that a person seeking to establish possession must show unequivocal dominion and control, a standard rejected by several leading cases.[4] Instead, he offers the perspectives of Professor Bernhardt and Professor Paul Finkelman who suggest that possession occurs when an individual intends to take control of a ball and manifests that intent by stopping the forward momentum of the ball whether or not complete control is achieved.

Professors Finkelman and Bernhardt have correctly pointed out that some cases recognize possession even before absolute dominion and control is achieved. Those cases require the actor to be actively and ably engaged in efforts to establish complete control. Moreover, such efforts must be significant and they must be reasonably calculated to result in unequivocal dominion and control at some point in the near future.

This rule is applied in cases involving the hunting or fishing of wild animals or the salvage of sunken vessels. The hunting and fishing cases recognize that a mortally wounded animal may run for a distance before falling. The hunter acquires possession upon the act of wounding the animal not the eventual capture. Similarly, whalers acquire possession by landing a harpoon, not by subduing the animal.

In the salvage cases, an individual may take possession of a wreck by exerting as much control "as its nature and situation permit." Inadequate efforts, however, will not support a claim of possession. Thus, a "sailor cannot assert a claim merely by boarding a vessel and publishing a notice, unless such acts are coupled with a then present intention of conducting salvage operations, and he immediately thereafter proceeds with activity in the form of constructive steps to aid the distressed party."[5]

These rules are contextual in nature. They are crafted in response to the unique nature of the conduct they seek to regulate. Moreover, they are influenced by the custom and practice of each industry. The reason that absolute dominion and control is not required to establish possession in the cases cited by Mr. Popov is that such a rule would be unworkable and unreasonable. The "nature and situation" of the property at issue does not immediately lend itself to unequivocal dominion and control. It is impossible to wrap one's arms around a whale, a fleeing fox or a sunken ship.

The opposite is true of a baseball hit into the stands of a stadium. Not only is it physically possible for a person to acquire unequivocal dominion and control of an abandoned baseball, but fans generally expect a claimant to have accomplished as much. The custom and practice of the stands creates a reasonable expectation that a person will achieve full control of a ball before claiming possession. There is no reason for the legal rule to be inconsistent with that expectation. Therefore Gray's Rule is adopted as the definition of possession in this case.

The central tenant of Gray's Rule is that the actor must retain control of the ball after incidental contact with people and things. Mr. Popov has not established by a preponderance of the evidence that he would have retained control of the ball after all momentum ceased and after any incidental contact with people or objects. Consequently, he did not achieve full possession.

That finding, however, does not resolve the case. The reason we do not know whether Mr. Popov would have retained control of the ball is not because of incidental contact. It is because he was attacked. His efforts to establish possession were interrupted by the collective assault of a band of wrongdoers. . . .

As a matter of fundamental fairness, Mr. Popov should have had the opportunity to try to complete his catch unimpeded by unlawful activity. To hold otherwise would be to allow the result in this case to be dictated by violence. That will not happen. . . .

Here Mr. Popov seeks, in effect, a declaratory judgment that he has either possession or the right to possession. In addition he seeks the remedies of injunctive relief and a constructive trust. These are all actions in equity. A court sitting in equity has the authority to fashion rules and remedies designed to achieve fundamental fairness.

Consistent with this principle, the court adopts the following rule. Where an actor undertakes significant but incomplete steps to achieve possession of a piece of abandoned personal property and the effort is interrupted by the unlawful acts of others, the actor has a legally cognizable pre-possessory interest in the property. That pre-possessory interest constitutes a qualified right to possession which can support a cause of action for conversion. . . .

Mr. Hayashi was not a wrongdoer. He was a victim of the same bandits that attacked Mr. Popov. The difference is that he was able to extract himself from their assault and move to the side of the road. It was there that he discovered the loose ball. When he picked up and put it in his pocket he attained unequivocal dominion and control.

If Mr. Popov had achieved complete possession before Mr. Hayashi got the ball, those actions would not have divested Mr. Popov of any rights, nor would they have created any rights to which Mr. Hayashi could lay claim. Mr. Popov, however, was able to establish only a qualified pre-possessory interest in the ball. That interest does not establish a full right to possession that is protected from a subsequent legitimate claim.

On the other hand, while Mr. Hayashi appears on the surface to have done everything necessary to claim full possession of the ball, the ball itself is encumbered by the qualified pre-possessory interest of Mr. Popov. At the time Mr. Hayashi came into possession of the ball, it had, in effect, a cloud on its title.

An award of the ball to Mr. Popov would be unfair to Mr. Hayashi. It would be premised on the assumption that Mr. Popov would have caught the ball. That assumption is not supported by the facts. An award of the ball to Mr. Hayashi would unfairly penalize Mr. Popov. It would be based on the assumption that Mr. Popov would have dropped the ball. That conclusion is also unsupported by the facts.

Both men have a superior claim to the ball as against all the world. Each man has a claim of equal dignity as to the other. We are, therefore, left with something of a dilemma.

Thankfully, there is a middle ground. . . .

The concept of equitable division has its roots in ancient Roman law. . . . [I]t is useful in that [the concept of equitable ownership] "provides an equitable way to resolve competing claims which are equally strong." Moreover, "[i]t comports with what one instinctively feels to be fair."[6] . . .

Mr. Hayashi's claim is compromised by Mr. Popov's pre-possessory interest. Mr. Popov cannot demonstrate full control. . . . Their legal claims are of equal quality and they are equally entitled to the ball.

The court therefore declares that both plaintiff and defendant have an equal and undivided interest in the ball. Plaintiff's cause of action for conversion is sustained only as to his equal and undivided interest. In order to effectuate this ruling, the ball must be sold and the proceeds divided equally between the parties.

### *THE REST OF THE STORY . . .*

According to a July 19, 2005 report on CourtTV.com, the judge ordered that the ball be sold and the proceeds divided equally between the two men. The ball was estimated to be worth as much as $1.5 million, but ended up selling at auction for $450,000. The shortfall, according to the CourtTV account, gave rise to another legal battle. Popov's attorney obtained a freeze on his client's half of the money to help pay a legal bill of $473,530.32.

# Notes and Questions

**1.** ***Reasoning by analogy.*** The court in *Popov* analyzed the case in part by analogizing the case to disputes over rights in wild animals. Are cases like Pierson v. Post proper analogies for the dispute between Popov and Hayashi?

**2.** ***Custom again.*** Recall that in *Pierson*, the dissent suggested that the dispute between Pierson and Post should have been decided on the basis of the custom of hunters. Was *Popov* an appropriate case for decision on the basis of custom? If custom should be given weight, whose custom should count? For example, the custom among baseball players is that if the ball is hit to the outfield and one outfielder signals his intention to catch the ball, by calling out or waving his teammates away, the other outfielders must defer to him and give him the first chance to catch the ball. Should that custom apply to and bind the fans in the stands as well? Even assuming that one small community's custom is sensible, how are people outside that community to know what the custom is? See Henry E. Smith, Community and Custom in Property, 10 Theoretical Inq. in L. 5 (2009).

**3.** ***Equitable division—half-measures.*** The court in *Popov* reached the Solomonic solution of dividing the proceeds from the sale of the baseball between Messrs. Popov and Hayashi. Although this "equitable division" remedy might seem to be the sensible approach to take in situations like *Popov*, where both parties have made some (more than trivial) movement toward reducing the object to physical custody (is Pierson v. Post such a case?), it is highly unusual. Courts rarely adopt half-measure remedies in these cases. Should they do so more often, or is it just a way of avoiding a difficult decision?

## The Rule of Capture Applied to Other "Fugitive" Resources

Courts have extended the analogy to wild animals to various "fugitive" resources, using the rule of capture as the means of acquiring property rights for the first time. Two examples are the common law doctrines governing oil and gas and water in common pools.

***Oil and gas.*** Oil and natural gas commonly collect in reservoirs that underlie many acres of land owned by many different people. The resources have a fugitive character, in that they wander from place to place. Oil or gas once under the land of *A* might migrate to space under the land of *B* as the result of natural circumstances or because *B* drops a well and mines a common pool beneath *A*'s and *B*'s land. The oil or gas mined by *B* may even have been placed in the pool by *A* (gas and oil extracted elsewhere are often reinjected for storage or secondary recovery).

When these obviously problematic situations first led to litigation—usually (but not always) a suit by someone like *A* to recover the value of gas or oil drawn away by someone like *B*—the fugitive nature of the resources led courts to analogize them to wild animals. And because ownership of wild animals had long been settled in terms of the rule of capture, the courts reasoned that ownership of oil and gas should be determined in the same manner; i.e., under the rule of capture. According to this common law approach, oil and gas in natural underground reservoirs are not considered owned by anyone until reduced to physical possession. Any surface owner whose land lies above the reservoir is free to pump oil or gas so long as the drilling remains within the imaginary column of space projected down from the boundaries of his land. Slant drilling, which is drilling at an angle so that the well bottoms beneath a neighbor's parcel, is considered trespass.

Scholars and policy analysts have criticized this common law rule of capture on the ground that it tends to create a race to pump. If *A*, *B*, and *C* are all surface owners whose parcels lie above a pool of oil, each one has incentives to continue pumping oil as soon as the first begins to do so for fear that otherwise no oil will remain when she needs it. The result will be a "tragedy of the commons," a phenomenon that we discuss shortly. See page 35 infra. Theoretically, *A*, *B*, and *C* could agree among themselves upon a rate of drilling that optimizes the value of the oil over time, but, as we will soon discuss, there are problems reaching such agreements. Even where the parties do reach an agreement, it will be costly to monitor and enforce. As a result of these and other problems, many states have modified the capture rule in various ways.

***Water.*** The rule of capture has played a formative role in the case of another migratory resource—water. Water law distinguishes between two basic different categories of water: surface water and groundwater.

***Surface water.*** There are two different systems governing water in a defined channel (or body): *riparianism* and *prior appropriation*.

- *Riparianism*. This system assigns water rights on the basis of ownership of riparian land; i.e., land that abuts the watercourse. Under this system, water rights are derivative of rights to the land. Each owner of riparian land has a right to use the water, subject to the rights of other riparians. At first glance, riparian rights have no relation to a rule of capture, or first in time, but on a closer look they do—because the claims of riparians rest on their underlying holdings of riparian land, and the land itself was originally acquired by first possession. See Richard A. Epstein, Possession as the Root of Title, 13 Ga. L. Rev. 1221, 1234 (1979).
- *Prior appropriation*. The riparian system has been adopted mainly in the Eastern states, where water is abundant. Many Western states, where water is scarcer, have adopted the prior appropriation method. The basic principle is that the person who first appropriates (captures) water and puts it to reasonable and beneficial use has a right superior to later appropriators. Prior appropriation is a straightforward application of the idea behind the rule of capture. (Obviously, complications can arise. Suppose that *A* begins efforts to appropriate water from a stream—starts building diversion works—before *B*, but that *B* finishes her works and puts the water to beneficial use before *A*. Who is prior to whom? What would Pierson v. Post say?)

Neither system is perfect. Riparian rights, for example, take little or no account of the relative productivity of the land the water services, encourage the development of uneconomical "bowling-alley" parcels of land perpendicular to the banks of a stream, and ration poorly when stream levels are low. Prior appropriation encourages premature development and excessive diversion. It also rations poorly when supplies dwindle periodically.

***Groundwater (water found in underground aquifers).*** Groundwater was governed early on by the English rule of absolute ownership, which allowed each landowner over an aquifer to withdraw freely without regard to effects on neighbors. "[F]ramed in property language, the rule was in reality a rule of capture, for a landowner's pump could induce water under the land of his neighbor to flow to his well—water that was in theory the neighbor's property while it remained in place." Restatement (Second) of

Torts ch. 41, commentary at 256 (1977). Whoever first captured the water, then, was really its owner. The so-called *English rule* was adopted by a number of states, but virtually all others followed the American rule of reasonable use, itself a rule of capture, but with the slight addition that wasteful uses of water, if they actually harmed neighbors, were considered unreasonable and hence unlawful. As with the English rule, there was no principle of apportionment among overlying users. Today groundwater extraction is commonly governed by legislative and administrative programs.

What might be the consequences of applying the rule of capture to wild animals—and then to oil, gas, water, and other natural resources? What might those consequences have to do with the concept of "common property"? Consider the following discussion.

## The Tragedy of the Commons and the Economic Theory of Property

The rule of capture operates in the context of the relevant resource being unowned, a context frequently termed a "commons." The term "commons" itself is somewhat ambiguous and needs some clarification. An important distinction is between limited-access commons and open-access commons. Limited-access commons limit access to and use of some resource (say, pasture land) to members of a relatively small group, all of whose members have equal privileges to use the pasture land. But the group has the right to exclude outsiders from access to and use of the land. In open-access commons, no single individual and no group has the right to exclude anyone; the land is open for anyone to use.

The open-access commons is thought to create a "tragedy of the commons," a phrase that derives from the eponymous (and influential) article by a biologist, Garrett Hardin, published in 1968. To illustrate his model, he imagines a pasture open to all. Viewing the situation from the perspective of each herder, whom he assumes to be rational (i.e., self-interest maximizing), Hardin observed that each herder benefits directly from his animals and suffers only delayed costs from the deterioration of the commons when his and other herders' cattle overgraze. Hence, Hardin reasoned, each herder, acting rationally, will add more and more animals to the grazing herd because doing so maximizes his own direct gains while bearing only a share of the costs of overgrazing. “Therein is the tragedy,” Hardin concluded. “Each man is locked into a system that compels him to increase his herd without limit—in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons.” Garrett Hardin, The Tragedy of the Commons, 162 Science 1243, 1244 (1968). What is the solution for this dilemma? Hardin’s solution was coercive intervention by the government, which then institutes either a system of central regulation or private property rights.

Some analysts have argued that the tragic consequences do not always occur in a limited-access commons. These scholars, notably the late Elinor Ostrom, who won the Nobel Prize for Economics in 2009, have found that in a limited-access commons people are often able to cooperate with each other in arrangements that avoid tragic consequences for the group. Limited numbers and shared outlooks tend to reduce strategic behavior among the group members, thus facilitating constructive collective action. See generally Elinor Ostrom, Governing the Commons: The Evolution of Institutions for Collective Action (1990).

The tragedy of the commons illustrates an important concept in the economic analysis of property—*externalities*. Externalities exist whenever some person, say *X*, makes a decision about how to use resources without taking full account of the effects of the decision. *X* ignores some of the effects—some of the costs or benefits that would result from a particular activity, for example—because they fall on others. They are “external” to *X*, hence the label “externalities.” As a consequence of externalities, resources tend to be misused or “misallocated,” which is to say used in one way when another would make society as a whole better off.

Externalities can be negative or positive. Externalities are commonly thought of in negative terms. Air and water pollution, overharvesting of fish and other resources in common areas, littering, and cutting in line are all examples of negative externalities (also called “social costs”). But externalities can be positive as well. For example, think of street performers who make music in a public space, hoping for tips from those who sit and watch. They provide a positive externality for anyone who enjoys the performance as they walk by on their way somewhere else.

The concept of externalities is at the heart of the economic theory of property rights, which has gained much attention over the past several decades. According to this theory, the purpose of property rights is to enhance social welfare by maximizing the value of scarce resources. Property rights are thought to perform this value-maximizing function by “internalizing externalities,” to use the economics jargon—i.e., bringing the costs of the resource’s use to bear on the user. See Harold Demsetz, Toward a Theory of Property Rights, 57 Am. Econ. Rev. 347-357 (Pap. & Proc. 1967). They do so in two ways: first, property rights concentrate the costs and benefits of the use on owners, giving them greater incentives to use their own resources more efficiently; second, by reducing the costs of negotiating with others over remaining externalities. In a commons, agreements to reduce external costs require the consent of everyone having a right to use the resource. Such agreements encounter high *transaction costs* by virtue of the sheer number of users involved. Even if the number of users is low, however, there are other types of transaction costs. One is the problem of freeriders, which occurs when efforts are made to extract contributions *from* members of a group in order to carry out transactions that will confer collective or nonexclusive benefits on the group—on contributors and noncontributors alike. Collective or nonexclusive effects are typical of many (but not all) externalities. Another is the problem of holdouts, which arises when payments must be made *to* a group in order to carry out a transaction, and where, unless each member of the group accepts payment, the transaction fails entirely. Suppose *X* wishes to change to a land use that will increase his profits by $1,000 but impose $50 in costly effects on each of 10 neighbors. Suppose, too, that *X* is prohibited by law from engaging in the use unless he first obtains the permission of each person affected. *X* will be inclined to offer payments (between $50 and $100) to each neighbor, but each has an incentive to “hold out” for an exorbitantly higher amount, knowing that without his permission *X* cannot pursue a venture worth far more to *X* than $100. Holding out can frustrate transactions, the completion of which would, as in the example posed, be beneficial to all concerned. The general point is this: when transaction costs become sufficiently high, the external effects of using resources are unlikely to be taken into account through any sort of bargaining process, and the resources are likely to be misused.

The economic theory of property derives from the utilitarian account of property, the theoretical foundations of which trace back to the work of Jeremy Bentham and earlier to David Hume in the eighteenth century. Utilitarian theory marked the break of philosophies of property from their earlier natural rights foundations. Unlike natural law theorists, utilitarians regard the concept of property as a mere artifact—a human invention, a social institution. Utilitarian theory is the dominant view of property today, at least among lawyers and legal scholars who believe that a primary function of property rights is to promote the efficient use of resources.

The utilitarian theory of property certainly has its share of critics. One frequent objection to utilitarian theory generally, one that applies with equal force to utilitarian property theory, is that it does not give adequate weight to the interests of individuals. Utilitarianism has long been criticized for a willingness to trade on individual well-being to enhance aggregate utility. Another criticism is that utilitarians treat goods as always substitutable. This is because in order to aggregate individual utility, the theory requires some unitary measure of value. Other theories, however, view human well-being as multivalent, such that multiple goods cannot be measured against each other and, therefore, cannot be easily substituted for each other. See Gregory S. Alexander & Eduardo M. Peñalver, An Introduction to Property Theory 31-33 (2012).

Finally, critics of economic analysis have challenged its behavioral foundation, the rational actor model of individual motivation. According to a common version of this model, individuals base their decisions on a private cost-benefit calculation in which they invariably opt for the course of action that will yield them the greatest individual net wealth. (This is the behavioral assumption that underlies the Tragedy of the Commons thesis, for example.) Social scientists conducting empirical work have found, however, that human behavior doesn’t always work this way. People do not always act on the basis of self-interest alone; they care, or act as if they care, about others in some circumstances. Moreover, there are systematic gaps between observed actual judgments and the unbiased judgments that utilitarian theory posits. For example, people commonly rely on rules of thumb and similar shortcuts in making judgments, and although these are often useful, they can lead to incorrect conclusions. For example, using the so-called availability heuristic, people tend to conclude that the probability of an event (e.g., a car accident) is greater if they have recently witnessed an occurrence of that event than if they have not. See Amos Tversky & Daniel Kahneman, Judgment Under Uncertainty: Heuristics and Biases, in Judgment Under Uncertainty (Daniel Kahneman, Paul Slovic & Amos Tversky eds. 1982).

### *In Brief*

#### Externalities

An effect of one person's activity on another person that the first person does not take into account. For example, when someone decides to drive her car to work, she contributes to local traffic congestion, slowing down the commutes of everyone else who uses those same roads at roughly the same time. Externalities are important in the economic analysis of property because they tend to encourage inefficient use of resources.

## C. CONSTITUTING OWNERSHIP

If you were to ask an ordinary layperson what property is, perhaps the most common answer you would get is "things." Although there is some element of truth in the ordinary notion that property is about things, from the lawyer's point of view ownership is more complex than that simple equation. In preparing you for the remaining materials in this book, it will help to introduce you to the conventional legal understanding of the concept of ownership. We emphasize, however, that there is no single universally agreed-upon definition or conception of ownership and that legal theorists have struggled, without success, to come up with a definitive model of ownership. What we present here is what we take to be a view of ownership that is most widely accepted among American lawyers today.

### 1. Ownership as a "Bundle of Rights"

## JOSEPH WILLIAM SINGER, PROPERTY AND SOCIAL RELATIONS: FROM TITLE TO ENTITLEMENT

Property and Values: Striking an Equitable Balance of Public and Private Interests 75-76 (Charles Geisler ed. 2000) (footnotes omitted)

According to the legal realists, from [Wesley Newcomb] Hohfeld to (Arthur L.] Corbin to the American Law Institutes' [sic] Restatement of Property to Thomas Grey's famous article on the disintegration of property, property has been exploded as a useful concept. It merely describes a collection of legally protected interests which can be disaggregated into their component parts. Under this conception of legal rights, the crucial steps are: (1) identifying the interests for which individuals seek legal protection and (2) using policy analysis to adjudicate conflicts among those interests and to determine the appropriate extent of legal protection for each interest. Further, it describes legal relations among people with regard to control of valued resources, rather than relations between persons and things. Under this conception, property as a category has no utility except to obfuscate the underlying policy choices which must be done at the level of the detailed individual rules. Specific entitlements and policy concerns should replace the formalist and conceptualist attempt to imbue the concept of "property" with operative force in its own right.

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# HENRY E. SMITH, PROPERTY AS THE LAW OF THINGS

125 Harv. L. Rev. 1691, 1691-1692, 1694, 1696, 1697 (2012)

According to th[e] conventional wisdom, property is a bundle of rights and other legal relations available between persons. Things form the mere backdrop to these social relations, and a largely dispensable one at that. Particularly with the rise of intangible property, so this story goes, the notions of ownership and property have become so fragmented and untethered to things that property is a mere conclusion, a label that we affix to the cluster of entitlements that result from intelligent policymaking. . . .

[T]he bundle of rights by itself is more a description than a theory[,] and . . . the more extreme versions of the bundle of rights fail to be a theory at all. . . .

As an analytical device the bundle picture can be very useful. It provides a highly accurate description of who can do what to whom in a legal (and perhaps nonlegal) sense. . . .

The problem with the bundle of rights is that it is treated as a theory of how our world works rather than as an analytical device or as a theoretical baseline. . . . [I]n the most tendentious versions of the picture, the traditional baselines of law were mocked, and the idea was to dethrone them in order to remove them as barriers to enlightened social engineering. In this version of the bundle picture, Hohfeldian sticks . . . are posited to describe the relations holding between persons; the fact that the relations hold with respect to a thing is relatively unimportant or, in some versions, of no importance. "Property" is simply a conclusory label we might attach to the collection.

## Notes and Questions

**1. *Wesley Newcomb Hohfeld and the origins of the "bundle of rights" picture.*** Both Professors Singer and Smith refer to Wesley Newcomb Hohfeld and "Hohfeldian" analysis. Hohfeld (1879-1918) was a law professor whose legal writings, though limited in number, were highly influential not only among his peers, but subsequent generations of legal scholars. Hohfeld pointed out that rights such as the right to property are not simple at all but have a complex internal structure. If *A* owns land, then *A* generally has the privilege of entering that land along with a right to prevent *B* from using that land without *A*'s permission. *B*, then, not only has no right to enter the land, but even owes a duty to *A* to stay off the land. Hohfeld noted that one could not logically recognize privileges without imposing duties on others. And in deciding whether particular individual privileges ought to be recognized, lawmakers should consider whether imposing duties on others is justified. Since property rights are usually "in rem" (i.e., good against the entire world), duties associated with others' ownership could be particularly burdensome on society.

### *Sidebar*

Hohfeld was not the first to use the term "bundle of rights." In fact, he never used it at all. Apparently the first legal scholar to use the term was John Lewis, who coined it in his treatise on eminent domain (John Lewis, A Treatise on the Law of Eminent domain in the United States (1888)) several years before Hohfeld published his work on jural opposites and correlatives.

Hohfeld's contemporaries at Yale, and later at Columbia and elsewhere, used this approach to critique the then-dominant conception of ownership, which is often loosely called "formalist" or "conceptualist." Hohfeld's followers, the so-called Legal Realists, objected to that conception, among other reasons, because it lumped all of the constituent elements of the right of property into a single unitary interest. The Realists used Hohfeld's approach to break down what it means to own property into a bundle of constituent elements—hence, the "bundle of rights."

**2.** ***Two views of the bundles picture—Singer and Smith.*** The excerpts from Professors Singer and Smith reflect different attitudes toward the bundle of rights conception of property. Is one right and the other wrong, or do both have valuable insights about the bundle conception?

**3.** ***A bundle of rights or things?*** Are you convinced that the bundle of rights is the better way to think about owning property, or do you consider ownership a matter of things over which a person has near-absolute control? In thinking about this question, consider the cases and materials that follow in the next subpart.

## 2. Some Basic Aspects of Ownership

### a. The Right to Exclude

It is often said that the right to exclude is one of the most important incidents of ownership. But no property right is absolute, including the right to exclude. The two cases that follow illustrate both the importance of the right to exclude and its limits.

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# JACQUE v. STEENBERG HOMES, INC.

Supreme Court of Wisconsin, 1997
563 N.W.2d 154

BABLITCH, J. Steenberg Homes had a mobile home to deliver. Unfortunately for Harvey and Lois Jacque (the Jacques), the easiest route of delivery was across their land. Despite adamant protests by the Jacques, Steenberg plowed a path through the Jacques' snow-covered field and via that path, delivered the mobile home. Consequently, the Jacques sued Steenberg Homes for intentional trespass. Although the jury awarded the Jacques $1 in nominal damages and $100,000 in punitive damages, the circuit court set aside the jury's award of $100,000. The court of appeals affirmed, reluctantly concluding that it could not reinstate the punitive damages because . . . an award of nominal damages will not sustain a punitive damage award. We conclude that when nominal damages are awarded for an intentional trespass to land, punitive damages may, in the discretion of the jury, be awarded. . . .

**I.**

Plaintiffs, Lois and Harvey Jacque, are an elderly couple, now retired from farming, who own roughly 170 acres near Wilke's Lake in the town of Schleswig. The defendant, Steenberg Homes, Inc. (Steenberg), is in the business of selling mobile homes. In the fall of 1993, a neighbor of the Jacques purchased a mobile home from Steenberg. Delivery of the mobile home was included in the sales price.

Steenberg determined that the easiest route to deliver the mobile home was across the Jacques' land. Steenberg preferred transporting the home across the Jacques' land because the only alternative was a private road which was covered in up to seven feet of snow and contained a sharp curve which would require sets of "rollers" to be used when maneuvering the home around the curve. Steenberg asked the Jacques on several separate occasions whether it could move the home across the Jacques' farm field. The Jacques refused. The Jacques were sensitive about allowing others on their land because they had lost property valued at over $10,000 to other neighbors in an adverse possession action in the mid-1980's. Despite repeated refusals from the Jacques, Steenberg decided to sell the mobile home, which was to be used as a summer cottage, and delivered it on February 15, 1994.

On the morning of delivery, Mr. Jacque observed the mobile home parked on the corner of the town road adjacent to his property. He decided to find out where the movers planned to take the home. The movers, who were Steenberg employees, showed Mr. Jacque the path they planned to take with the mobile home to reach the neighbor's lot. The path cut across the Jacques' land. Mr. Jacque informed the movers that it was the Jacques' land they were planning to cross and that Steenberg did not have permission to cross their land. He told them that Steenberg had been refused permission to cross the Jacques' land. . . .

At that point, the assistant manager asked Mr. Jacque how much money it would take to get permission. Mr. Jacque responded that it was not a question of money; the Jacques just did not want Steenberg to cross their land. Mr. Jacque testified that he told Steenberg to "[F]ollow the road, that is what the road is for." Steenberg employees left the meeting without permission to cross the land.

At trial, one of Steenberg's employees testified that, upon coming out of the Jacques' home, the assistant manager stated: "I don't give a _____ what [Mr. Jacque] said, just get the home in there any way you can." The other Steenberg employee confirmed this testimony and further testified that the assistant manager told him to park the company truck in such a way that no one could get down the town road to see the route the employees were taking with the home. The assistant manager denied giving these instructions, and Steenberg argued that the road was blocked for safety reasons.

The employees, after beginning down the private road, ultimately used a "bobcat" to cut a path through the Jacques' snow-covered field and hauled the home across the Jacques' land to the neighbor's lot. One employee testified that upon returning to the office and informing the assistant manager that they had gone across the field, the assistant manager reacted by giggling and laughing. The other employee confirmed this testimony. The assistant manager disputed this testimony.

When a neighbor informed the Jacques that Steenberg had, in fact, moved the mobile home across the Jacques' land, Mr. Jacque called the Manitowoc County Sheriff's Department. After interviewing the parties and observing the scene, an officer from the sheriff's department issued a $30 citation to Steenberg's assistant manager. . . .

This case presents [two] issues: (1) whether an award of nominal damages for intentional trespass to land may support a punitive damage award and, if so; (2) . . . whether the $100,000 in punitive damages awarded by the jury is excessive. . . .

## II.

. . . Steenberg argues that, as a matter of law, punitive damages could not be awarded by the jury because punitive damages must be supported by an award of compensatory damages and here the jury awarded only nominal and punitive damages. The Jacques contend that the rationale supporting the compensatory damage award requirement is inapposite when the wrongful act is an intentional trespass to land. We agree with the Jacques.

[After noting that the traditional rule in Wisconsin had been that a plaintiff may not recover punitive damages where only nominal compensatory damages are found, the court continued:]

The Jacques argue that the rationale for not allowing nominal damages to support a punitive damage award is inapposite when the wrongful act involved is an intentional trespass to land. The Jacques argue that both the individual and society have significant interests in deterring intentional trespass to land, regardless of the lack of measurable harm that results. We agree with the Jacques. An examination of the individual interests invaded by an intentional trespass to land, and society's interests in preventing intentional trespass to land, leads us to the conclusion that the Barnard rule should not apply when the tort supporting the award is intentional trespass to land.

We turn first to the individual landowner's interest in protecting his or her land from trespass. The United States Supreme Court has recognized that the private landowner's right to exclude others from his or her land is "one of the most essential sticks in the bundle of rights that are commonly characterized as property." Kaiser Aetna v. United States, 444 U.S. 164, 176 (1979). . . . This court has long recognized "[e]very person[‘s] right to the exclusive enjoyment of his own property for any purpose which does not invade the rights of another person." Diana Shooting Club v. Lamoreux, 114 Wis. 44, 59 (1902). Thus, both this court and the Supreme Court recognize the individual's legal right to exclude others from private property.

Yet a right is hollow if the legal system provides insufficient means to protect it. . . . Harvey and Lois Jacque have the right to tell Steenberg Homes and any other trespasser, "No, you cannot cross our land." But that right has no practical meaning unless protected by the State, [and a nominal dollar] does not constitute state protection. . . .

In sum, the individual has a strong interest in excluding trespassers from his or her land. Although only nominal damages were awarded to the

Jacques, Steenberg's intentional trespass caused actual harm. We turn next to society's interest in protecting private property from the intentional trespasser.

Society has an interest in punishing and deterring intentional trespassers beyond that of protecting the interests of the individual landowner. Society has an interest in preserving the integrity of the legal system. Private landowners should feel confident that wrongdoers who trespass upon their land will be appropriately punished. When landowners have confidence in the legal system, they are less likely to resort to "self-help" remedies. . . .

Moreover, what is to stop Steenberg Homes from concluding, in the future, that delivering its mobile homes via an intentional trespass and paying the resulting Class B forfeiture, is not more profitable than obeying the law? Steenberg Homes plowed a path across the Jacques' land and dragged the mobile home across that path, in the face of the Jacques' adamant refusal. A $30 forfeiture and a $1 nominal damage award are unlikely to restrain Steenberg Homes from similar conduct in the future. An appropriate punitive damage award probably will.

In sum, as the court of appeals noted, the [traditional] rule sends the wrong message to Steenberg Homes and any others who contemplate trespassing on the land of another. It implicitly tells them that they are free to go where they please, regardless of the landowner's wishes. As long as they cause no compensable harm, the only deterrent intentional trespassers face is the nominal damage award of $1 . . . and the possibility of a Class B forfeiture. . . . We conclude that both the private landowner and society have much more than a nominal interest in excluding others from private land. . . .

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# COMMONWEALTH v. MAGADINI

Supreme Judicial Court of Massachusetts, 2016
52 N.E.3d 1041

HINES, J. We recite the facts the jury could have found, reserving certain details for our discussion of the specific issues raised. In 2014, the defendant was charged with trespassing on three properties in Great Barrington—Barrington House, Castle Street, and SoCo Creamery.[7] Barrington House is a mixed-use building with several different restaurants, an enclosed atrium, and apartments above the businesses. Castle Street is a three-story building with retail establishments, offices, and apartments. SoCo Creamery is an ice cream shop. The defendant was barred from each property by no trespass orders. The owner of the Castle Street building had the defendant served with a no trespass order in July, 2008; the manager of Barrington House had the defendant served in June, 2012; and the owner of SoCo Creamery had the defendant served in January, 2014. All of the no trespass orders were in effect at the time the charges were brought against the defendant.

Four charges related to the defendant's presence at Barrington House. On February 21, March 4, and March 6, police found the defendant lying in a hallway by a heater during the evening, nighttime, or early morning hours of days described as "cold" or "very cold." At approximately noon on April 8, a day described as "cool," police responded to a report and observed the defendant walking through a common area in the Barrington House toward the front door. Two charges stemmed from the defendant's presence at Castle Street, where police had found the defendant lying on the floor in the lobby next to a heater during periods of cold weather. The first incident occurred between 8 A.M. and 10 A.M. on February 20, 2014; the defendant was awake. The second incident occurred at approximately 6:30 A.M. on March 28; the defendant was sleeping. The seventh charge was based on conduct that occurred on June 10, 2014, when the defendant entered SoCo Creamery, ignored requests by the clerk to leave the premises, and used the bathroom for ten to fifteen minutes. The defendant did not dispute that he violated all of the trespass orders, focusing his case instead on the necessity defense in cross-examination and his direct testimony.

The defendant, a lifelong resident of Great Barrington, became homeless after he moved out of his parents' home in 2004. His purpose in moving out was to "reorganize." He planned to return to his parents' home, but he was unable to do so because the "landlord," who "wanted [the defendant] out" refused to allow it. After leaving his parents' home, he generally lived outside year-round, but during the winter months, he tried to "find a more sheltered area" from the "ice and a snow storm." During the cold weather, the defendant used blankets, gloves, and scarves to try to stay warm, but when the weather was "so severe . . . that [it was] not possible," he would seek shelter in private buildings.

For a two- to three-month period in the winter of 2007, the defendant stayed at the local homeless shelter, called the Construct. Three days before he began staying there, he had gone to that shelter at approximately 3 A.M. following a blizzard. He was refused entry, and he stayed on the porch for about an hour before being asked to leave. A few days later, he spoke with someone from the shelter, and he was allowed to stay for a few months before he was told to leave because of "certain issues." Therefore, the defendant had no other place to stay in Great Barrington. For a period of "three to four years," he lived outdoors, first at Stanley Park and later at the outdoor gazebo behind the Great Barrington Town Hall, where he had been living at the time of the trespass incidents. He considered the gazebo his home and registered to vote from that address.

At the time of the trial, the defendant was a sixty-seven year old unemployed college graduate. He had worked in the past, but he was not employed at the time he was charged with the trespassing offenses. The defendant had attempted to obtain an apartment almost "every week for about seven years." Although he had money to pay for an apartment depending on the day, he explained that it was very difficult to find an apartment in Great Barrington because of the upfront fees. Accordingly, he was unable to obtain an apartment. He was aware of a homeless shelter in Pittsfield, but he did not consider renting lodging or staying at a homeless shelter outside of Great Barrington. He testified, "I was born here and I intend to stay here." He does not have a driver's license.

## Discussion

### *1. Necessity Defense*

The defendant claims that the judge erroneously denied his request for a jury instruction on the defense of necessity and that he improperly excluded evidence relevant to the defense. The common-law defense of necessity "exonerates one who commits a crime under the 'pressure of circumstances' if the harm that would have resulted from compliance with the law . . . exceeds the harm actually resulting from the defendant's violation of the law." Commonwealth v. Kendall, 883 N.E.2d 269 (Mass. 2008), quoting Commonwealth v. Hood, 452 N.E.2d 188 (Mass. 1983). As such, the necessity defense may excuse unlawful conduct "where the value protected by the law is, as a matter of public policy, eclipsed by a superseding value. . . ." *Kendall*, supra, quoting *Hood*, supra.

For a defendant to be entitled to a necessity defense instruction, he or she must present “some evidence on each of the four underlying conditions of the defense,” *Kendall*, 883 N.E.2d 269: “(1) a clear and imminent danger, not one which is debatable or speculative”; (2) [a reasonable expectation that his or her action] will be effective as the direct cause of abating the danger; (3) there is [no] legal alternative which will be effective in abating the danger; and (4) the Legislature has not acted to preclude the defense by a clear and deliberate choice regarding the values at issue.” *Id*. at 13-14, 883 N.E.2d 269, quoting *Hood*, 452 N.E.2d at 188. If the defendant satisfies these foundational conditions, “the burden is on the Commonwealth to prove beyond a reasonable doubt the absence of necessity.” Commonwealth v. Iglesia, 525 N.E.2d 1332 (1988).

The judge focused only on the third element in his denial of the defendant’s request for a necessity defense instruction at the close of all the evidence. The judge ruled that the defendant had other available legal alternatives, “motels, and hotels, the police station,” and that the evidence was lacking on the defendant’s inability to “rent a hotel room on these isolated evenings.” We conclude that the judge erred in ruling that the defendant failed to meet his burden to provide some evidence that showed the lack of an available legal alternative to the trespasses.

*a. Clear and Imminent Danger*

Before we address the third element, we review the first element, “clear and imminent danger,” because the Commonwealth contends that the defendant failed to meet the foundational requirement for this element as to the seventh offense, which occurred on June 10, 2014.

There appears to be little question that the weather conditions on the dates of the offenses in February and March presented a “clear and imminent danger” to a homeless person. The temperatures on the dates of the offenses were not admitted at trial, but the weather on the February and March dates was described as “cold,” “really cold,” and “very cold.” Moreover, the timing of each of those incidents, in the early morning or late evening hours when the defendant was either sleeping or lying down, suggests the dangerousness of the circumstances where sleeping may place one in the same position for an extended period and, thus, increases the potential harm from the weather. See Jones v. Los Angeles, 444 F.3d 1118, 1138 (9th Cir. 2006) (“involuntary sitting, lying, or sleeping on public sidewalks . . . is an unavoidable consequence of being human and homeless without shelter”). See also In re Eichorn, 81 Cal. Rptr. 2d 535 (Cal. App. 1998) (“Sleep is a physiological need, not an option for humans”). Moreover, the Commonwealth concedes that the defendant met his burden of demonstrating a “clear and imminent danger” for these six incidents.

We agree with the Commonwealth that the defendant did not meet his burden to show a “clear and imminent danger” for the incident on June 10, where the evidence showed only that he had to use the bathroom. Accordingly, we do not include the incident on June 10 in our analysis requirements of the availability of “legal alternatives” to trespass.

*b. Availability of Lawful Alternatives*

We have explained previously that satisfaction of the third element requires a defendant to demonstrate that he “ma[d]e himself aware of any available lawful alternatives, ‘or show[ed] them to be futile in the circumstances.’ ” *Kendall*, 883 N.E.2d 269, quoting Commonwealth v. Pike, 701 N.E.2d 951 (Mass. 1998). On that point, the defendant must present “some evidence,” enough that “supports at least a reasonable doubt” whether the unlawful conduct was justified by necessity. *Kendall*, 883 N.E.2d 269. In other words, the defendant must present enough evidence to demonstrate at least a reasonable doubt that there were no effective legal alternatives available before being entitled to an instruction on the necessity defense. This does not require a showing that the defendant has exhausted or shown to be futile all conceivable alternatives, only that a jury could reasonably find that no alternatives were available. See *Kendall*, 883 N.E.2d 269 (Cowin, J., dissenting), citing *Iglesia*, 525 N.E.2d 1332.

. . .

[T]he defendant’s evidence was sufficient to meet his burden. . . . In determining whether there has been sufficient evidence of the foundational conditions to the necessity defense, “all reasonable inferences should be resolved in favor of the defendant, and, no matter how incredible his testimony, that testimony must be treated as true.” *Pike*, 428 Mass. at 395, 701 N.E.2d 951. Taken in this light, there is at least “some evidence” that the defendant lacked effective legal alternatives to trespass during cold days and nights. The defendant testified that he stayed at an outdoor gazebo “[p]retty much” year round, that in 2007 he was told to leave the only local homeless shelter and had previously been denied entry to the shelter in the middle of the night following a blizzard, that no other places “want [him] in . . . their facility,” that he was unable to rent an apartment despite repeated attempts, and that there was nowhere besides public parks where he could stay. Additionally, the officer who asked the defendant to leave the Barrington House at approximately 9:30 P.M. on February 21 testified that the defendant had to go back outside, and the judge sustained an objection to defense counsel's question about whether the officer offered to transport him to any other shelter or facility. The manager of Castle Street corroborated the defendant's attempt to rent an apartment by his testimony that he called police to have the defendant removed from the building after the defendant "forced his way onto the third floor of the building, flashing money in hand, demanding I rent him an apartment."

The Commonwealth argues that the defendant failed to meet his burden because he presented no evidence that he was unable to rent an apartment outside of Great Barrington, that he was unable to gain entry to the Pittsfield shelter, and that he would still be excluded from the local homeless shelter in 2014. The Commonwealth's argument is unavailing. We do not require an actor facing a "clear and imminent danger" to conceptualize all possible alternatives. So long as the defendant's evidence, taken as true, creates a reasonable doubt as to the availability of such lawful alternatives, the defendant satisfies the third element. The defendant has done so here.

Additionally, we note that the options proposed by the Commonwealth do not appear to be effective alternatives on the record before us. Where the only local homeless shelter had previously denied the defendant entry at 3 A.M. following a blizzard and had later told him he had to leave, the law does not require the defendant to continue to seek shelter there in order to demonstrate that doing so is futile. Moreover, the defendant's conduct is viewed at the time of the danger, and actions that the defendant could have taken to find shelter before the dangerous condition arose do not negate the conclusion that there were no lawful alternatives available at the time of his unlawful conduct.

We do not view the requirement that a defendant consider lawful alternatives as broadly as suggested by the Commonwealth. Our cases do not require a defendant to rebut every alternative that is conceivable; rather, a defendant is required to rebut alternatives that likely would have been considered by a reasonable person in a similar situation.[8] Moreover, we are not prepared to say as a matter of law that a homeless defendant must seek shelter outside of his or her home town in order to demonstrate a lack of lawful alternatives. Our law does not permit punishment of the homeless simply for being homeless. Once the foundational requirements are met, the necessity defense allows a jury to consider the plight of a homeless person against any harms caused by a trespass before determining criminal responsibility.[9]

Accordingly, in the circumstances of this case, we conclude that the judge erred in denying the defendant's request for an instruction on the defense of necessity. As the defendant satisfied the foundational elements entitling him to the defense, the judge's failure to instruct the jury about the defendant's principal defense requires a new trial. We therefore vacate the defendant's convictions of the charges occurring in February, March, and April, 2014.

. . .

**Conclusion**

Because we conclude that the judge erred in denying the defendant's request for a jury instruction on the defense of necessity for the trespassing charges that occurred in February, March, and April, 2014, we vacate those six convictions and remand for a new trial. We affirm the conviction stemming from conduct that occurred on June 10, 2014.

## Notes and Questions

**1. *Trespass.*** Both *Jacque* and *Magadini* involve trespass, which is the cause of action that most obviously involves the right to exclude. *Jacque* is a case of civil trespass, while *Magadini* involves criminal trespass. Civil trespass consists of an unprivileged intentional encroachment upon property owned by another. "Intentional" simply means that the defendant engaged in a voluntary act, such as walking. It does not require that the defendant specifically intended to commit trespass. Hence, a mistaken entry upon another's land can still be trespass. Trespass is unprivileged when the encroachment is (1) without the owner's consent; (2) lacks necessity as a justification; and (3) is not otherwise justified by public policy. Simple examples of privileged intentional encroachments include firefighters entering a building to stop it from burning and police officers entering a private home to prevent a crime.

Trespass is criminal only when the defendant enters another's land knowing that he lacks a privilege to do so, or if the defendant refuses to leave another's land after being asked to do so.

**2. *Despotic owners?*** Did Jacque have an objectively good reason for refusing permission to cross his land? Does this matter?

William Blackstone (see pages 20-21) grandly defined the right of property as "that sole and despotic dominion which one man claims and exercises over the external things of the world, in total exclusion of the right of any other individual in the universe." 2 Commentaries *2. Two centuries later, the U.S. Supreme Court, in *Kaiser Aetna*, cited and quoted in *Jacque* (see page 40), described the right to exclude as an essential feature of property. Why could the owners in *Jacque* be despotic, but the owner of Barrington House in *Magadini* could not? What value or values support the idea that the right to exclude is central to ownership? For an argument that the owner in *Jacque* should not have been allowed to be despotic (i.e., to exclude Steenberg), see John Makdisi, Uncaring Justice: Why *Jacque v. Steenberg Homes* Was Wrongly Decided, 51 J. Cath. L. Stud. 111 (2012).

**3. *Limits on the right to exclude.*** No right is absolute, including the right to exclude. Even in Blackstone's time, there were limitations on the right to exclude. Today there are many more. *Magadini* illustrates one important defense to criminal trespass, i.e., necessity. In a famous case, State v. Shack, 277 A.2d 369 (N.J. 1971), the New Jersey Supreme Court recognized another limit on trespass. In that case, two employees of government-funded organizations entered upon a private farm for the purpose of providing aid, medical and legal, to migrant farm workers who were living on the farm owner's land. When the owner demanded that they leave, they refused, and he summoned state police to eject them. He initiated criminal prosecution for trespass. The New Jersey Supreme Court overturned their convictions, finding that their entry was privileged under state law. The court stated, "Property rights serve human values. They are recognized to that end, and are limited by it. . . . Here we are concerned with a highly disadvantaged segment of our society. . . . [W]e find it unthinkable that the farmer-employer can assert a right to isolate the migrant worker in any respect significant for the worker's well-being. The farmer, of course, is entitled to pursue his farming activities without interference, and these defendants readily concede. But we see no legitimate need for a right in the farmer to deny the worker the opportunity for aid available from federal, State, or local services, or from recognized charitable groups seeking to assist him." Id. at 372, 374.

You will encounter other examples of limits on the right to exclude as you work your way through this book. Here are a few: civil rights legislation forbidding various forms of discrimination; rent controls and other limitations on a landlord's right to evict tenants; the law of adverse possession; bodies of doctrine granting public rights of access to private beaches (which we will encounter in this chapter); and legislation protecting homeowners who have defaulted on mortgage payments.

*Homelessness in America*. The plight of David Magadini has become all too familiar in the United States today. The problem of homelessness is visible from coast to coast and everywhere in between. Numbers can hardly tell the entire story, of course, but they tell us something. The most recent Homeless Assessment Report from the U.S. Department of Housing and Urban Development (2019) stated that on a single night in 2019, roughly 568,000 people were experiencing homelessness in the United States. U.S. Department of Housing and Urban Development Office of Community Planning and Development, The 2019 Annual Homeless Assessment Report (AHAR) to Congress 1 (January 2020). Homelessness in most states declined, by varying percentages, between 2018 and 2019, but increased in California by 16 percent, or 21,306 people. African Americans have remained considerably overrepresented among the homeless population compared to the U.S. population, accounting for 40 percent of all people experiencing homelessness in 2019. Id.

The roots of homelessness are complex and varied, including structural problems in the housing market affecting both the supply and the demand side, mental illness and substance abuse problems, and other factors. To the list of factors contributing to homelessness we might now add the Covid-19, which has led to high numbers of unemployed persons, some of whom are no longer able to afford rent or mortgage payments. As we go through the materials in the remaining chapters, we will come back to the homelessness problem as it bears upon particular topics.

## b. The Right to Transfer

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# ANDRUS v. ALLARD

Supreme Court of the United States, 1979
444 U.S. 51

BRENNAN, J. The Eagle Protection Act and the Migratory Bird Treaty Act are conservation statutes designed to prevent the destruction of certain species of birds.[10] Challenged in this case is the validity of regulations promulgated by appellant Secretary of the Interior that prohibit commercial transactions in parts of birds legally killed before the birds came under the protection of the statutes. The regulations provide in pertinent part:

> 50 CFR § 21.2(a) (1978):
>
> "Migratory birds, their parts, nests, or eggs, lawfully acquired prior to the effective date of Federal protection under the Migratory Bird Treaty Act . . . may be possessed or transported without a Federal permit, but may not be imported, exported, purchased, sold, bartered, or offered for purchase, sale, trade, or barter. . . ."

50 CFR § 22.2(a) (1978):

> "Bald eagles, alive or dead, or their parts, nests, or eggs lawfully acquired prior to June 8, 1940, and golden eagles, alive or dead, or their parts, nests, or eggs lawfully acquired prior to October 24, 1962, may be possessed, or transported without a Federal permit, but may not be imported, exported, purchased, sold, traded, bartered, or offered for purchase, sale, trade or barter. . . ."

Appellees are engaged in the trade of Indian artifacts: several own commercial enterprises, one is employed by such an enterprise, and one is a professional appraiser. A number of the artifacts are partly composed of the feathers of currently protected birds, but these artifacts existed before the statutory protections came into force. After two of the appellees who had sold "pre-existing" artifacts were prosecuted for violations of the Eagle

Protection Act and the Migratory Bird Treaty Act, appellees brought this suit for declaratory and injunctive relief in the District Court for the District of Colorado. The complaint alleged that the statutes do not forbid the sale of appellees' artifacts insofar as the constituent birds' parts were obtained prior to the effective dates of the statutes. It further alleged that if the statutes and regulations do apply to such property, they violate the Fifth Amendment.

A three-judge court, convened pursuant to 28 U.S.C. § 2282 (1970 ed.), held that because of "grave doubts whether these two acts would be constitutional if they were construed to apply to pre-act bird products," the Acts were to be interpreted as "not applicable to preexisting, legally-obtained bird parts or products therefrom. . . ." Accordingly, the court ruled that "the interpretive regulations, 50 C.F.R. §§ 21.2(a) and 22.2(a) [are] void as unauthorized extensions of the Migratory Bird Treaty Act and the Eagle Protection Act and [are] violative of the [appellees'] Fifth Amendment property rights." Judgment was entered declaring "the subject regulations to be invalid and unenforceable as against the [appellees'] property rights in feathers and artifacts owned before the effective date of the subject statute," and enjoining appellants "from any interference with the exercise of such rights, including the rights of sale, barter or exchange." . . . We reverse.

## I

Appellant Secretary of the Interior contends that both the Eagle Protection and Migratory Bird Treaty Acts contemplate regulatory prohibition of commerce in the parts of protected birds, without regard to when those birds were originally taken. Appellees respond that such a prohibition serves no purpose, arguing that statutory protection of wildlife is not furthered by an embargo upon traffic in avian artifacts that existed before the statutory safeguards came into effect.

### *A*

[In this section, the Court interpreted the scope of Eagle Protection Act. It read the statute as providing that "with respect to pre-existing artifacts, Congress specifically declined to except any activities other than possession and transportation from the general statutory ban." It further regarded the prohibition against the sale of bird parts lawfully taken before the effective date of federal protection “[a]s fully consonant with the purposes of the Eagle Protection Act.” The Court stated: “[T]he possibility of commercial gain presents a special threat to the preservation of the eagles because that prospect creates a powerful incentive both to evade statutory prohibitions against taking birds and to take a large volume of birds. The legislative draftsmen might well view evasion as a serious danger because there is no sure means by which to determine the age of bird feathers; feathers recently taken can easily be passed off as having been obtained long ago.”]

### *B*

[The Court next turned to the Migratory Bird Treaty Act, which it interpreted similarly to the Eagle Protection Act.]

## II

We also disagree with the District Court’s holding that, as construed to authorize the prohibition of commercial transactions in pre-existing avian artifacts, the Eagle Protection and Migratory Bird Treaty Acts violate appellees’ Fifth Amendment property rights because the prohibition wholly deprives them of the opportunity to earn a profit from those relics.

Penn Central Transportation Co. v. New York City, 438 U.S. 104 (1978), is our most recent exposition on the Takings Clause. That exposition need not be repeated at length here. Suffice it to say that government regulation—by definition—involves the adjustment of rights for the public good. Often this adjustment curtails some potential for the use or economic exploitation of private property. To require compensation in all such circumstances would effectively compel the government to regulate by purchase. “Government hardly could go on if to some extent values incident to property could not be diminished without paying for every such change in the general law.” Pennsylvania Coal Co. v. Mahon, 260 U.S. 393, 413 (1922).

The Takings Clause, therefore, preserves governmental power to regulate, subject only to the dictates of “ ‘justice and fairness.’ ” Ibid. There is no abstract or fixed point at which judicial intervention under the Takings Clause becomes appropriate. Formulas and factors have been developed in a variety of settings. Resolution of each case, however, ultimately calls as much for the exercise of judgment as for the application of logic.

The regulations challenged here do not compel the surrender of the artifacts, and there is no physical invasion or restraint upon them. Rather, a significant restriction has been imposed on one means of disposing of the artifacts. But the denial of one traditional property right does not always amount to a taking. At least where an owner possesses a full "bundle" of property rights, the destruction of one "strand" of the bundle is not a taking, because the aggregate must be viewed in its entirety. In this case, it is crucial that appellees retain the rights to possess and transport their property, and to donate or devise the protected birds.

It is, to be sure, undeniable that the regulations here prevent the most profitable use of appellees' property. Again, however, that is not dispositive. When we review regulation, a reduction in the value of property is not necessarily equated with a taking. In the instant case, it is not clear that appellees will be unable to derive economic benefit from the artifacts; for example, they might exhibit the artifacts for an admissions charge. At any rate, loss of future profits—unaccompanied by any physical property restriction—provides a slender reed upon which to rest a takings claim. Prediction of profitability is essentially a matter of reasoned speculation that courts are not especially competent to perform. Further, perhaps because of its very uncertainty, the interest in anticipated gains has traditionally been viewed as less compelling than other property-related interests.

. . .

We hold that the simple prohibition of the sale of lawfully acquired property in this case does not effect a taking in violation of the Fifth Amendment.

Reversed.

## Notes and Questions

**1. *The "Takings" Clause.*** We will study the Just Compensation Clause of the Fifth Amendment to the U.S. Constitution, commonly called the "Takings" Clause, in Chapter 12, but for now, a brief bit of background will help you to understand the issue in Andrus v. Allard. The clause simply provides: "nor shall private property be taken for public use, without just compensation." The implication, of course, is that government may "take" "private property" so long as it does so for "public use" and with payment of "just compensation." In Andrus v. Allard, the owners argued that the federal government had de facto "taken" their property (i.e., their artifacts made with eagle parts) by virtue of prohibiting commercial transactions in those artifacts, thereby substantially diminishing their value to the owners. Hence, the focus of the Court's analysis was on the meaning of "property" under the Takings Clause.

**2.** ***The bundle of rights and Andrus v. Allard.*** The Court in Andrus v. Allard relied on the bundle-of-rights conception of ownership in analyzing whether the federal regulations in question had taken the appellees' property. The Court concluded that the regulations had not done so because they had only removed one twig from the bundle: the right to sell. The owners of the artifacts still had many other rights, including possession, use (other than commercially bought or sold), display, give, devise by will, and others.

**3.** ***Ownership and market value.*** The Court in Andrus v. Allard conceded that the challenged regulations deprived the owners of the most profitable use of the artifacts. The effect of that deprivation, of course, would have been to decrease the market value of the artifacts, likely quite substantially. We will study the question of the role of reduction in market value on takings analysis in greater detail in Chapter 12. For now, it is enough to note that the Court's response to this question in *Allard*—"a reduction in the value of property is not necessarily equated with a taking"—is the Court's usual response. Should that be the response? Should ownership be equated with market value?

### c. The Right to Destroy

How far can property rights go? Is there even a right to destroy what you own? May you, for example, tear down your house if you wish? Suppose instead that you leave instructions in your will that the house be torn down after you die. Should your rights in these instances differ, and, if so, how? Consider the following case.

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## EYERMAN v. MERCANTILE TRUST CO.

Missouri Court of Appeals, 1975
524 S.W.2d 210

RENDLEN, J. Plaintiffs appeal from denial of their petition seeking injunction to prevent demolition of a house at #4 Kingsbury Place in the City of St. Louis. The action is brought by individual neighboring property owners and certain trustees for the Kingsbury Place Subdivision. We reverse.

Louise Woodruff Johnston, owner of the property in question, died January 14, 1973, and by her will directed the executor "to cause our home at 4 Kingsbury Place . . . to be razed and to sell the land upon which it is located . . . and to transfer the proceeds of the sale . . . to the residue of my estate." Plaintiffs assert that razing the home will adversely affect their property rights, violate the terms of the subdivision trust indenture for Kingsbury Place, produce an actionable private nuisance and is contrary to public policy.

The area involved is a "private place" established in 1902 by trust indenture which provides that Kingsbury Place and Kingsbury Terrace will be so maintained, improved, protected and managed as to be desirable for private residences. The trustees are empowered to protect and preserve "Kingsbury Place" from encroachment, trespass, nuisance or injury, and it is "the intention of these presents, forming a general scheme of improving and maintaining said property as desirable residence property of the highest class." The covenants run with the land and the indenture empowers lot owners or the trustees to bring suit to enforce them.

Except for one vacant lot, the subdivision is occupied by handsome, spacious two and three-story homes, and all must be used exclusively as private residences. The indenture generally regulates location, costs and similar features for any structures in the subdivision, and limits construction of subsidiary structures except those that may beautify the property, for example, private stables, flower houses, conservatories, play houses or buildings of similar character.

4 Kingsbury Place

On trial the temporary restraining order was dissolved and all issues found against the plaintiffs. . . .

Whether #4 Kingsbury Place should be razed is an issue of public policy involving individual property rights and the community at large. The plaintiffs have pleaded and proved facts sufficient to show a personal, legally protectible interest.

Demolition of the dwelling will result in an unwarranted loss to this estate, the plaintiffs and the public. The uncontradicted testimony was that the current value of the house and land is $40,000.00; yet the estate could expect no more than $5,000.00 for the empty lot, less the cost of demolition at $4,350.00, making a grand loss of $39,350.33 if the unexplained and capricious direction to the executor is effected. Only $650.00 of the $40,000.00 asset would remain.

Kingsbury Place is an area of high architectural significance, representing excellence in urban space utilization. Razing the home will depreciate adjoining property values by an estimated $10,000.00 and effect corresponding losses for other neighborhood homes. The cost of constructing a house of comparable size and architectural exquisiteness would approach $200,000.00.

The importance of this house to its neighborhood and the community is reflected in the action of the St. Louis Commission on Landmarks and Urban Design designating Kingsbury Place as a landmark of the City of St. Louis. This designation, under consideration prior to the institution of this suit, points up the aesthetic and historical qualities of the area and assists in stabilizing Central West End St. Louis. It was testified by the Landmarks Commission chairman that the private place concept, once unique to St. Louis, fosters higher home maintenance standards and is among the most effective methods for stabilizing otherwise deteriorating neighborhoods. The executive director of Heritage St. Louis, an organization operating to preserve the architecture of the city, testified to the importance of preserving Kingsbury Place intact:

> The reasons (sic) for making Kingsbury Place a landmark is that it is a definite piece of urban design and architecture. It starts out with monumental gates on Union. There is a long corridor of space, furnished with a parkway in the center, with houses on either side of the street. . . . The existence of this piece of architecture depends on the continuity of the (sic) both sides. Breaks in this continuity would be as holes in this wall, and would detract from the urban design qualities of the streets. . . . Many of these houses are landmarks in themselves, but they add up to much more. . . . I would say Kingsbury Place, as a whole, with its design, with its important houses . . . is a most significant piece of urban design by any standard.
>
> To remove #4 Kingsbury from the street was described as having the effect of a missing front tooth. The space created would permit direct access to Kingsbury Place from the adjacent alley, increasing the likelihood the lot will be subject to uses detrimental to the health, safety and beauty of the neighborhood. The mere possibility that a future owner might build a new home with the inherent architectural significance of the present dwelling offers little support to sustain the condition for destruction.

[N]o individual, group of individuals nor the community generally benefits from the senseless destruction of the house; instead, all are harmed and only the caprice of the dead testatrix is served. Destruction of the house harms the neighbors, detrimentally affects the community, causes monetary loss in excess of $39,000.00 to the estate and is without benefit to the dead woman. No reason, good or bad, is suggested by the will or record for the eccentric condition. This is not a living person who seeks to exercise a right to reshape or dispose of her property; instead, it is an attempt by will to confer the power to destroy upon an executor who is given no other interest in the property. To allow an executor to exercise such power stemming from apparent whim and caprice of the testatrix contravenes public policy.

The Missouri Supreme Court held in State ex rel. McClintock v. Guinotte, 204 S.W. 806, 808 (Mo. en banc 1918), that the taking of property by inheritance or will is not an absolute or natural right but one created by the laws of the sovereign power. The court points out the state "may foreclose the right absolutely, or it may grant the right upon conditions precedent, which conditions, if not otherwise violative of our Constitution, will have to be complied with before the right of descent and distribution (whether under the law or by will) can exist." Further, this power of the state is one of inherent sovereignty which allows the state to "say what becomes of the property of a person, when death forecloses his right to control it." Id. at 808, 809. While living, a person may manage, use or dispose of his money or property with fewer restraints than a decedent by will. One is generally restrained from wasteful expenditure or destructive inclinations by the natural desire to enjoy his property or to accumulate it during his lifetime. Such considerations however have not tempered the extravagance or eccentricity of the testamentary disposition here on which there is no check except the courts.

In the early English case of Egerton v. Brownlow, 10 Eng. Rep. 359, 417 (Queen's Bench 1853), it is stated: "The owner of an estate may himself do many things which he could not (by a condition) compel his successor to do. One example is sufficient. He may leave his land uncultivated, but he cannot by a condition compel his successor to do so. The law does not interfere with the owner and compel him to cultivate his land, (though it may be for the public good that land should be cultivated) so far the law respects ownership; but when, by a condition, he attempts to compel his successor to do what is against the public good, the law steps in and pronounces the condition void and allows the devisee to enjoy the estate free from the condition." . . .

In the case of In re Scott's Will, Board of Commissioners of Rice County v. Scott et al., 93 N.W. 109 (Minn. 1903), the Supreme Court of Minnesota stated, when considering the provision of a will directing the executor to destroy money belonging to the estate: "We assume, for purpose of this decision, that the direction in the codicil to the executor to destroy all of the residue of the money or cash or evidences of credit belonging to the estate was void." Id. at 109. See also Restatement, Second, Trusts § 124, at 267: "Although a person may deal capriciously with his own property, his self interest ordinarily will restrain him from doing so. Where an attempt is made to confer such a power upon a person who is given no other interest in the property, there is no such restraint and it is against public policy to allow him to exercise the power if the purpose is merely capricious." . . .

The term "public policy" cannot be comprehensively defined in specific terms but the phrase "against public policy" has been characterized as that which conflicts with the morals of the time and contravenes any established interest of society. Acts are said to be against public policy "when the law refuses to enforce or recognize them, on the ground that they have a mischievous tendency, so as to be injurious to the interests of the state, apart from illegality or immorality." . . .

Public policy may be found in the Constitution, statutes and judicial decisions of this state or the nation. In re Rahn's Estate, 291 S.W. 120 (Mo. 1927). But in a case of first impression where there are no guiding statutes, judicial decisions or constitutional provisions, "a judicial determination of the question becomes an expression of public policy provided it is so plainly right as to be supported by the general will." In re Mohler's Estate, 22 A.2d 680, 683 (Pa. 1941). In the absence of guidance from authorities in its own jurisdiction, courts may look to the judicial decisions of sister states for assistance in discovering expressions of public policy. . . .

Although public policy may evade precise, objective definition, it is evident from the authorities cited that this senseless destruction serving no apparent good purpose is to be held in disfavor. A well-ordered society cannot tolerate the waste and destruction of resources when such acts directly affect important interests of other members of that society. It is clear that property owners in the neighborhood of #4 Kingsbury, the St. Louis Community as a whole and the beneficiaries of testatrix's estate will be severely injured should the provisions of the will be followed. No benefits are present to balance against this injury and we hold that to allow the condition in the will would be in violation of the public policy of this state.

Having thus decided, we do not reach the plaintiffs' contentions regarding enforcement of the restrictions in the Kingsbury Place trust indenture and actionable private nuisance, though these contentions may have merit.

The judgment is reversed and the cause remanded to the Circuit Court to enter judgment as prayed.

DOWD, P.J., concurs.

CLEMENS, J., dissenting. . . . The simple issue in this case is whether the trial court erred by refusing to enjoin a trustee from carrying out an explicit testamentary directive. In an emotional opinion, the majority assumes a psychic knowledge of the testatrix' reasons for directing her home be razed; her testamentary disposition is characterized as "capricious," "unwarranted," "senseless," and "eccentric." But the record is utterly silent as to her motives.

The majority's reversal of the trial court here spawns bizarre and legally untenable results. By its decision, the court officiously confers a "benefit" upon testamentary beneficiaries who have never litigated or protested against the razing. The majority opinion further proclaims that public policy demands we enjoin the razing of this private residence in order to prevent land misuse in the City of St. Louis. But the City, like the beneficiaries, is not a party to this lawsuit. The fact is the majority's holding is based upon wispy, self-proclaimed public policy grounds that were only vaguely pleaded, were not in evidence, and were only sketchily briefed by the plaintiffs.

The only plaintiffs in this case are residents of Kingsbury Place and trustees under its indenture. In seeking to enjoin the removal of testatrix' home at #4 Kingsbury Place, these plaintiffs claim they are entitled to an injunction first, by virtue of language in the trust indenture; secondly, because the razing would constitute a nuisance; and thirdly on the ground of public policy. But plaintiffs have not shown the indenture bars razing testatrix' home or that the razing would create a nuisance. And no grounds exist for ruling that the razing is contrary to public policy.

The Trust Indenture. Kingsbury Place is a “private place” established in 1902 by trust indenture. Except for one well-tended vacant lot (whose existence the majority ignores in saying the street minus #4 Kingsbury Place would be like “a missing front tooth”) the trust indenture generally regulates size, constructions and cost of structures to be built on Kingsbury Place. It empowers the trustees to maintain vacant lots and to protect the street from “encroachment, trespass, nuisance and injury.” The indenture’s acknowledgment that vacant lots did and would exist shows that such lots were not to be considered an “injury.” The fact the indenture empowers the trustees to maintain vacant lots is neither an express nor an implied ban against razing residences. The indenture simply recognizes that Kingsbury Place may have vacant lots from time to time—as it now has—and that the trustees may maintain them—as they now do. The indenture itself affords plaintiffs no basis for injunctive relief.

. . . Plaintiffs opined the home’s removal would be detrimental to neighbors’ health and safety, would lower property values in the area and would be undesirable aesthetically, architecturally, socially and historically. These opinions were based upon conjecture rather than upon a reasonable degree of certainty; hence, they were not binding on the trial court. . . . The record reveals the one existing vacant lot on Kingsbury Place is well-maintained by the trustees. . . . There is no reason to presume a second vacant lot would be left untended or that private police would cease patrolling. The facts do not support an inference that plaintiffs’ rights in the use of their own lands would be invaded by removing the Johnston home. They are not entitled to injunctive relief on the basis of imagined possibilities.

Public Policy. The majority opinion bases its reversal on public policy. But plaintiffs themselves did not substantially rely upon this nebulous concept. Plaintiffs’ brief contends merely that an “agency of the City of St. Louis has recently (?) designated Kingsbury Place as a landmark,” citing § 24.070, Revised Code of the City of St. Louis. Plaintiffs argue removal of the Johnston home would be “intentional . . . destruction of a landmark of historical interest.” Neither the ordinance cited in the brief nor any action taken under it were in evidence. Indeed, the Chairman of the Landmarks and Urban Design Commission testified the Commission did not declare the street a landmark until after Mrs. Johnston died. A month after Mrs. Johnston’s death, several residents of the street apparently sensed the impending razing of the Johnston home and applied to have the street declared a landmark. The Commissioner testified it was the Commission's "civic duty to help those people."

The majority opinion . . . suggests the court may declare certain land uses, which are not illegal, to be in violation of the City's public policy. And the majority so finds although the City itself is not a litigant claiming injury to its interests. The majority's public-policy conclusions are based not upon evidence in the lower court, but upon incidents which may have happened thereafter.

The court has resorted to public policy in order to vitiate Mrs. Johnston's valid testamentary direction. But this is not a proper case for court-defined public policy. . . .

The leading Missouri case on public policy as that doctrine applies to a testator's right to dispose of property is In re Rahn's Estate. . . . There, an executor refused to pay a bequest on the ground the beneficiary was an enemy alien, and the bequest was therefore against public policy. The court denied that contention: "We may say, at the outset, that the policy of the law favors freedom in the testamentary disposition of property and that it is the duty of the courts to give effect to the intention of the testator, as expressed in his will, provided such intention does not contravene an established rule of law." And the court wisely added, "it is not the function of the judiciary to create or announce a public policy of its own, but solely to determine and declare what is the public policy of the state or nation as such policy is found to be expressed in the Constitution, statutes, and judicial decisions of the state or nation, . . . not by the varying opinions of laymen, lawyers, or judges as to the demands or the interests of the public." And, in cautioning against judges declaring public policy the court stated: "Judicial tribunals hold themselves bound to the observance of rules of extreme caution when invoked to declare a transaction void on grounds of public policy, and prejudice to the public interest must clearly appear before the court would be warranted in pronouncing a transaction void on this account." In resting its decision on public-policy grounds, the majority opinion has transgressed the limitations declared by our Supreme Court in *Rahn's Estate*.

. . . It requires judicial imagination to hold, as the majority does, that the mere presence of a second vacant lot on Kingsbury Place violates public policy.

As much as our aesthetic sympathies might lie with neighbors near a house to be razed, those sympathies should not so interfere with our considered legal judgment as to create a questionable legal precedent. Mrs. Johnston had the right during her lifetime to have her house razed, and I find nothing which precludes her right to order her executor to raze the house upon her death. . . .

## Notes and Questions

**1. *Aftermath.*** The house at #4 Kingsbury Place still stands. As of 2020, it was listed for sale at $939,900. See https://www.stlouisrealty.net/neighborhood/homes-for-sale-in-central-west-end-mo/.

**2. *Do justifications matter?*** If you were representing a client in Missouri who earnestly wished to live in his home until his death and then to have it destroyed, would there be any way to help him accomplish this goal under *Eyerman*? Would articulating a rationale in the will for the destruction of the house convince the courts to permit enforcement? See National City Bank v. Case Western Reserve University, 369 N.E.2d 814, 818-819 (Ohio Com. Pl. 1976).

**3. *What about pro-destruction social norms?*** How should the law respond if someone wants to be buried wearing her diamond wedding ring and other jewelry, as is commonly the case? See Meksras Estate, 63 Pa. D. & C. 2d 371 (C.P. Phila. County 1974). For that matter, if someone elects *not* to be an organ donor, should *Eyerman*'s rule apply? These questions and related ones are considered in Lior Jacob Strahilevitz, The Right to Destroy, 114 Yale L.J. 781 (2005). The same source considers the right to destroy artistic works of the owner's creation, as does Joseph L. Sax, Playing Darts with a Rembrandt: Public and Private Rights in Cultural Treasures (1999).

### d. The Public Trust and the Public Domain in Land

Cases like *Jacque* indicate that private property rights are very strong, but other cases like *Magadini*, *Andrus*, and *Eyerman* suggest that ownership rights are not absolute when particular uses of property might reduce society's welfare. Some public-spirited limitations on absolute ownership are longstanding, tracing their back to the Roman Empire. One such doctrine is considered in Matthews v. Bay Head Improvement Association. *Matthews* will perform double duty in this chapter by emphasizing ways in which the kinds of limits on absolute ownership that we encountered in cases like State v. Shack (Note 3, page 48) may grant rights to a broader public, and also by serving as a bridge to the ownership of intellectual property and other intangible assets. In those contexts, as on the New Jersey beachfront, the concept of an inalienable public domain looms large. So, as you progress through the chapter, think about the connection between *Matthews* and cases like *I.N.S.*, *White*, *Feist*, *Eldred*, and *Booking.com*.

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# MATTHEWS v. BAY HEAD IMPROVEMENT ASSOCIATION

Supreme Court of New Jersey, 1984
471 A.2d 355

SCHREIBER, J. The public trust doctrine acknowledges that the ownership, dominion and sovereignty over land flowed by tidal waters, which extend to the mean high water mark, is vested in the State in trust for the people. The public's right to use the tidal lands and water encompasses navigation, fishing and recreational uses, including bathing, swimming and other shore activities. Borough of Neptune City v. Borough of Avon-by-the-Sea, 61 N.J. 296, 309, 294 A.2d 47 (1972). In *Avon* we held that the public trust applied to the municipally-owned dry sand beach immediately landward of the high water mark. The major issue in this case is whether, ancillary to the public's right to enjoy the tidal lands, the public has a right to gain access through and to use the dry sand area not owned by a municipality but by a quasi-public body.

The Borough of Point Pleasant instituted this suit against the Borough of Bay Head and the Bay Head Improvement Association (Association), generally asserting that the defendants prevented Point Pleasant inhabitants from gaining access to the Atlantic Ocean and the beachfront in Bay Head. The proceeding was dismissed as to the Borough of Bay Head because it did not own or control the beach. Subsequently, . . . Stanley Van Ness, as Public Advocate, joined as plaintiff-intervenor. When the Borough of Point

Pleasant ceased pursuing the litigation, the Public Advocate became the primary moving party. The Public Advocate asserted that the defendants had denied the general public its right of access during the summer bathing season to public trust lands along the beaches in Bay Head and its right to use private property fronting on the ocean incidental to the public's right under the public trust doctrine. The complaint was amended on several occasions, eliminating the Borough of Point Pleasant as plaintiff and adding more than 100 individuals, who were owners or had interests in properties located on the oceanfront in Bay Head, as defendants. . . .

### I. Facts

The Borough of Bay Head (Bay Head) borders the Atlantic Ocean. Adjacent to it on the north is the Borough of Point Pleasant Beach, on the south the Borough of Mantoloking, and on the west Barnegat Bay. Bay Head consists of a fairly narrow strip of land, 6,667 feet long (about 1 1/4 miles). A beach runs along its entire length adjacent to the Atlantic Ocean. There are 76 separate parcels of land that border the beach. All except six are owned by private individuals. Title to those six is vested in the Association.

The Association was founded in 1910 and incorporated as a nonprofit corporation in 1932. . . . Its constitution delineates the Association's object to promote the best interests of the Borough and "in so doing to own property, operate bathing beaches, hire life guards, beach cleaners and policemen. . . ."

Bay Head's sea wall, constructed in 1882
*Source: David Gard/Newark Star-Ledger*

Nine streets in the Borough, which are perpendicular to the beach, end at the dry sand. The Association owns the land commencing at the end of seven of these streets for the width of each street and extending through the upper dry sand to the mean high water line, the beginning of the wet sand area or foreshore. In addition, the Association owns the fee in six shore front properties, three of which are contiguous and have a frontage aggregating 310 feet. Many owners of beachfront property executed and delivered to the Association leases of the upper dry sand area. These leases are revocable by either party to the lease on thirty days' notice. Some owners have not executed such leases and have not permitted the Association to use their beaches. . . .

The Association controls and supervises its beach property between the third week in June and Labor Day. It engages about 40 employees who serve as lifeguards, beach police and beach cleaners. Lifeguards, stationed at five operating beaches, indicate by use of flags whether the ocean condition is dangerous (red), requires caution (yellow), or is satisfactory (green). In addition to observing and, if need be, assisting those in the water, when called upon lifeguards render first aid. Beach cleaners are engaged to rake and keep the beach clean of debris. Beach police are stationed at the entrances to the beaches where the public streets lead into the beach to ensure that only Association members or their guests enter. Some beach police patrol the beaches to enforce its membership rules.

Membership is generally limited to residents of Bay Head. Class A members are property owners. Class B are non-owners. . . . Upon application residents are routinely accepted. . . .

Except for fishermen, who are permitted to walk through the upper dry sand area to the foreshore, only the membership may use the beach between 10:00 A.M. and 5:30 P.M. during the summer season. The public is permitted to use the Association's beach from 5:30 P.M. to 10:00 A.M. during the summer and, with no hourly restrictions, between Labor Day and mid-June.

No attempt has ever been made to stop anyone from occupying the terrain east of the high water mark. During certain parts of the day, when the tide is low, the foreshore could consist of about 50 feet of sand not being flowed by the water. The public could gain access to the foreshore by coming from the Borough of Point Pleasant Beach on the north or from the Borough of Mantoloking on the south. . . .

## II. The Public Trust

In Borough of Neptune City v. Borough of Avon-by-the-Sea, 61 N.J. 296, 303, 294 A.2d 47 (1972), Justice Hall alluded to the ancient principle "that land covered by tidal waters belonged to the sovereign, but for the common use of all the people." The genesis of this principle is found in Roman jurisprudence, which held that "[b]y the law of nature" "the air, running water, the sea, and consequently the shores of the sea," were "common to mankind." Justinian, Institutes 2.1.1 (T. Sandars trans. 1st Am. ed. 1876). No one was forbidden access to the sea, and everyone could use the seashore "to dry his nets there, and haul them from the sea. . . ." Id., 2.1.5. The seashore was not private property, but "subject to the same law as the sea itself, and the sand or ground beneath it." Id. This underlying concept was applied in New Jersey in Arnold v. Mundy, 6 N.J.L. 1 (Sup. Ct. 1821).

[I]n *Arnold* . . . Chief Justice Kirkpatrick, in an extensive opinion, . . . concluded that all navigable rivers in which the tide ebbs and flows and the coasts of the sea, including the water and land under the water, are "common to all the citizens, and that each [citizen] has a right to use them according to his necessities, subject only to the laws which regulate that use. . . ." Id. at 93. Regulation included erecting docks, harbors and wharves, and improving fishery and oyster beds. This common property . . . [belonged] to the Crown of England, and upon the Revolution these royal rights became vested in the people of New Jersey. Later in Illinois Central R.R. v. Illinois, 146 U.S. 387, 453 (1892), the Supreme Court, in referring to the common property, stated that "[t]he State can no more abdicate its trust over property in which the whole people are interested . . . than it can abdicate its police powers. . . ."

In *Avon*, Justice Hall reaffirmed the public's right to use the waterfront as announced in *Arnold v. Mundy*. He observed that the public has a right to use the land below the mean average high water mark where the tide ebbs and flows. These uses have historically included navigation and fishing. In *Avon* the public's rights were extended "to recreational uses, including bathing, swimming and other shore activities." 61 N.J. at 309, 294 A.2d 47. . . . Extension of the public trust doctrine to include bathing, swimming and other shore activities is consonant with and furthers the general welfare. The public's right to enjoy these privileges must be respected.

In order to exercise these rights guaranteed by the public trust doctrine, the public must have access to municipally-owned dry sand areas as well as the foreshore. The extension of the public trust doctrine to include municipally-owned dry sand areas was necessitated by our conclusion that enjoyment of rights in the foreshore is inseparable from use of dry sand beaches. See Lusardi v. Curtis Point Property Owners Ass'n, 86 N.J. 217, 228, 430 A.2d 881 (1981). In *Avon* we struck down a municipal ordinance that required nonresidents to pay a higher fee than residents for the use of the beach. We held that where a municipal beach is dedicated to public use, the public trust doctrine "dictates that the beach and the ocean waters must be open to all on equal terms and without preference and that any contrary state or municipal action is impermissible." 61 N.J. at 309, 294 A.2d 47. The . . . Court depended on the public trust doctrine, impliedly holding that full enjoyment of the foreshore necessitated some use of the upper sand, so that the latter came under the umbrella of the public trust.

In Van Ness v. Borough of Deal, 78 N.J. 174, 393 A.2d 571 (1978), we stated that the public's right to use municipally-owned beaches was not dependent upon the municipality's dedication of its beaches to use by the general public. The Borough of Deal had dedicated a portion of such beach for use by its residents only. We found such limited dedication "immaterial" given the public trust doctrine's requirement that the public be afforded the right to enjoy all dry sand beaches owned by a municipality. 78 N.J. at 179-80, 393 A.2d 571.

### *Public Rights in Privately-Owned Dry Sand Beaches*

In *Avon* and *Deal* our finding of public rights in dry sand areas was specifically and appropriately limited to those beaches owned by a municipality. We now address the extent of the public's interest in privately-owned dry sand beaches. This interest may take one of two forms. First, the public may have a right to cross privately owned dry sand beaches in order to gain access to the foreshore. Second, this interest may be of the sort enjoyed by the public in municipal beaches under *Avon* and *Deal*, namely, the right to sunbathe and generally enjoy recreational activities. . . .

Exercise of the public's right to swim and bathe below the mean high water mark may depend upon a right to pass across the upland beach.

Without some means of access the public right to use the foreshore would be meaningless. To say that the public trust doctrine entitles the public to swim in the ocean and to use the foreshore in connection therewith without assuring the public of a feasible access route would seriously impinge on, if not effectively eliminate, the rights of the public trust doctrine. This does not mean the public has an unrestricted right to cross at will over any and all property bordering on the common property. The public interest is satisfied so long as there is reasonable access to the sea. . . .

The bather's right in the upland sands is not limited to passage. Reasonable enjoyment of the foreshore and the sea cannot be realized unless some enjoyment of the dry sand area is also allowed.[11] The complete pleasure of swimming must be accompanied by intermittent periods of rest and relaxation beyond the water's edge. See State ex rel. Thornton v. Hay, 254 Or. 584, 599-602, 462 P.2d 671, 678-79 (1969) (Denecke, J., concurring). The unavailability of the physical situs for such rest and relaxation would seriously curtail and in many situations eliminate the right to the recreational use of the ocean. This was a principal reason why in *Avon* and *Deal* we held that municipally-owned dry sand beaches "must be open to all on equal terms. . . ." *Avon*, 61 N.J. at 308, 294 A.2d 47. We see no reason why rights under the public trust doctrine to use of the upland dry sand area should be limited to municipally-owned property. It is true that the private owner's interest in the upland dry sand area is not identical to that of a municipality. Nonetheless, where use of dry sand is essential or reasonably necessary for enjoyment of the ocean, the doctrine warrants the public's use of the upland dry sand area subject to an accommodation of the interests of the owner.

We . . . perceive the public trust doctrine not to be "fixed or static," but one to "be molded and extended to meet changing conditions and needs of the public it was created to benefit." *Avon*, 61 N.J. at 309, 294 A.2d 47.

Precisely what privately-owned upland sand area will be available and required to satisfy the public's rights under the public trust doctrine will depend on the circumstances. Location of the dry sand area in relation to the foreshore, extent and availability of publicly-owned upland sand area, nature and extent of the public demand, and usage of the upland sand land by the owner are all factors to be weighed and considered in fixing the contours of the usage of the upper sand.

Today, recognizing the increasing demand for our State's beaches and the dynamic nature of the public trust doctrine, we find that the public must be given both access to and use of privately-owned dry sand areas as reasonably necessary. While the public's rights in private beaches are not co-extensive with the rights enjoyed in municipal beaches, private landowners may not in all instances prevent the public from exercising its rights under the public trust doctrine. The public must be afforded reasonable access to the foreshore as well as a suitable area for recreation on the dry sand.

. . .

### V. The Beaches of Bay Head

The Bay Head Improvement Association, which services the needs of all residents of the Borough for swimming and bathing in the public trust property, owns the street-wide strip of dry sand area at the foot of seven public streets that extends to the mean high water line. It also owns the fee in six other upland sand properties connected or adjacent to the tracts it owns at the end of two streets. In addition, it holds leases to approximately 42 tracts of upland sand area. The question that we must address is whether the dry sand area that the Association owns or leases should be open to the public to satisfy the public's rights under the public trust doctrine. Our analysis turns upon whether the Association may restrict its membership to Bay Head residents and thereby preclude public use of the dry sand area. . . .

The Association's activities paralleled those of a municipality in its operation of the beachfront. . . . When viewed in its totality—its purposes, relationship with the municipality, communal characteristic, activities, and virtual monopoly over the Bay Head beachfront-the quasi-public nature of the Association is apparent. The Association makes available to the Bay Head public access to the common tidal property for swimming and bathing and to the upland dry sand area for use incidental thereto, preserving the residents' interests in a fashion similar to *Avon*. . . .

Accordingly, membership in the Association must be open to the public at large. In this manner the public will be assured access to the common beach property during the hours of 10:00 A.M. to 5:30 P.M. between mid-June and September, where they may exercise their right to swim and bathe and to use the Association's dry sand area incidental to those activities. . . .

The Public Advocate has urged that all the privately-owned beachfront property likewise must be opened to the public. Nothing has been developed on this record to justify that conclusion. We have decided that the Association's membership and thereby its beach must be open to the public. That area might reasonably satisfy the public need at this time. We are aware that the Association possessed, as of the initiation of this litigation, about 42 upland sand lots under leases revocable on 30 days' notice. If any of these leases have been or are to be terminated, or if the Association were to sell all or part of its property, it may necessitate further adjudication of the public's claims in favor of the public trust on part or all of these or other privately-owned upland dry sand lands depending upon the circumstances. . . .

. . . It is not necessary for us to determine under what circumstances and to what extent there will be a need to use the dry sand of private owners who either now or in the future may have no leases with the Association. Resolution of the competing interests, private ownership and the public trust, may in some cases be simple, but in many it may be most complex. In any event, resolution would depend upon the specific facts in controversy. . . .

The judgment of the Appellate Division is reversed in part and affirmed in part. Judgment is entered for the plaintiff against the Association. Judgment of dismissal against the individual property owners is affirmed without prejudice.

## Notes and Questions

**1. *Post-*Matthews *developments regarding beach access in New Jersey.*** Subsequent to its decision in *Matthews*, the New Jersey Supreme Court expanded the public trust doctrine. In Raleigh Avenue Beach Assn. v. Atlantis Beach Club, 879 A.2d 112 (N.J. 2005), the court held that the public's right to reasonable access to beaches extends to the dry-sand portion of beaches owned by strictly private entities as well as quasi-public entities such as the Bay Head Improvement Association. In *Raleigh Avenue,* the beach owner, Atlantis Beach Club, was strictly private, performing no city-like functions and having no symbiotic relationship with the municipality. The beach on the Atlantis property was the only beach in the township, and it was open to the public free of charge until 1996, when the beach club was established. The court stated that "*Matthews* established the framework for application of the public trust doctrine to private-owned upland sand beaches." Id. at 121. Is this a satisfactory explanation of the extension of *Matthews* to *Raleigh Avenue*? For an argument that such a right is justified on the basis of promoting human flourishing through improved public health and enhanced sociability, see Gregory S. Alexander, The Social-Obligation Norm in American Property Law, 94 Cornell L. Rev. 745, 801-810 (2009).

**2. *Origins of the public trust doctrine.*** Though its roots lie in Roman law, the modern version of the public trust doctrine is conventionally traced to the 1892 U.S. Supreme Court decision in Illinois Central Railroad Co. v. Illinois, 146 U.S. 387 (1892). In that case the Illinois legislature in 1886 granted to the railroad in fee simple submerged lands comprising virtually the entire Chicago lakefront. Four years later, regretting the grant, the legislature revoked it. The Supreme Court upheld the revocation, explaining that the legislature did not have the power to convey the entire city lakefront free of trust, thus barring all future legislatures from protecting the public interest. For a fuller account of *Illinois Central*, see Joseph D. Kearney & Thomas W. Merrill, The Origins of the Public Trust Doctrine: What Really Happened in *Illinois Central*, 71 U. Chi. L. Rev. 799 (2004). The seminal article that revived interest in the public trust doctrine is Joseph L. Sax, The Public Trust Doctrine in Natural Resource Law: Effective Judicial Intervention, 68 Mich. L. Rev. 471 (1970).

**3. *Scope of the public trust.*** The public trust doctrine in *Matthews* creates an *easement* that gives rights to the public generally. An easement provides someone other than the owner(s) of land with rights to use the land or an opportunity to prevent land from being used in a particular manner. We will consider easements in more depth in Chapter 10.

The public trust doctrine extends to all land covered by the ebb and flow of the tide and, in addition, all inland lakes and rivers that are navigable. Phillips Petroleum Co. v. Mississippi, 484 U.S. 469 (1988). In Michigan, the public trust doctrine protects the public right of access to privately owned beaches along the Great Lakes. In Glass v. Goeckel, 703 N.W.2d 58 (Mich. 2005), the court held that public access along the shore is permitted between the current edge of the lake and the "ordinary high water mark." Any prior state grants of private property rights inconsistent with this public easement, the court said, are invalid. See Kenneth K. Kilbert, The Public Trust Doctrine and the Great Lakes Shores, 58 Clev. St. L. Rev. 1 (2010).

**4. *Homelessness and the right to access public space.*** In connection with the public access issues raised in *Matthews*, consider Martin v. City of Boise, 902 F.3d 1031, 1035 (9th Cir. 2018), amended by 920 F.3d 584 (9th Cir. 2019), cert. denied. City of Boise v. Martin, 140 S. Ct. 674 (2019). In that case, the Ninth Circuit held that a city ordinance that allowed for the "imposition of criminal penalties for sitting, sleeping, or lying outside on public property for homeless individuals who cannot obtain shelter" was unconstitutional under the Eighth Amendment's prohibition of cruel and unusual punishment by criminalizing homeless status. The holding was limited to involuntary conduct: the Eighth Amendment bars punishing a person only "for lacking the means to live out the 'universal and unavoidable consequences of being human,' " the court stated. Id. at 1048 n.8 (quoting Jones v. City of Los Angeles, 444 F.3d 1118, 1136 (9th Cir. 2006), vacated, 505 F.3d 1006 (9th Cir. 2007)). The court's decision did not nullify the range of laws that punish homeless people, nor prevent the political process from addressing the problem of homelessness. As Judge Berzon noted, "[O]nly . . . municipal ordinances that criminalize sleeping, sitting, or lying in all public spaces, when no alternative sleeping space is available, violate the Eighth Amendment." *Martin*, 920 F.3d at 589 (Berzon, J., concurring in the denial of rehearing en banc).

Is this decision a hollow victory for homeless people and their advocates, or will it have a practical impact? More broadly, what are its implications for the right of public access to public spaces such as city parks?

## D. ACQUISITION BY CREATION: AN INTRODUCTION TO INTELLECTUAL PROPERTY

Another method of acquiring property rights is by creation. The idea is that if you create something—if in that sense you are first in time—then that something is yours to exploit because of your investment of labor and money. This idea is commonly associated with John Locke, who argued that you own the fruits of your labor by virtue of having “a property in your own person.” See Note 4 on page 21.

The trouble is that the fruits of your labor are *not* always yours alone to exploit. In fact, you do *not* always have full rights of property in your own person. Why? The materials in this section address that question.

The principle of acquisition of property rights by creation is the domain of intellectual property. In this section, we will briefly survey three types of intellectual property: copyrights, patents, and trademarks. These are all governed by federal statutes, but there are common law copyrights in addition to statutory ones. Moreover, trademarks are regulated through a mixed system of state common law rules and optional federal registration. The Federal Constitution authorizes Congress 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.” U.S. Const. art. I, § 8, cl. 8. Pursuant to this authorization, Congress has passed legislation for patents and copyrights. *Patent* legislation protects inventions that are novel, useful, and non-obvious. *Copyright* legislation grants exclusive rights in original literary and artistic works, including books, poetry, music, dance, movies, paintings, and computer programs. *Trademark* law protects words or symbols that identify the source of goods or services. Trademark law began as part of state common law (specifically, unfair competition law), and although federal trademark statutory law now exists, generally it supplements rather than replaces the common law. We begin, however, with three interests that were not conventionally recognized as part of intellectual property but that have gained prominence in recent years.

The law of intellectual property grants limited monopolies over protected material. The point of the monopolies is to promote creative activity; the point of the limits is to advance competition (which in turn facilitates consumption by holding prices down). The design of the systems involves difficult trade-offs.

Intellectual property rights are rights in information. Such rights differ from property rights in tangible resources in several ways. Two characteristics in particular distinguish information assets from real and chattel property. Information assets are:

- *non-excludable*—meaning that once a resource has been created, people cannot be prevented from gaining access to it even though they have not paid for it; and
- *non-rivalrous*—meaning that the resource may be used by one person without preventing simultaneous use by others.

In economic terms, goods that are both non-excludable and non-rivalrous are called “public goods” (national defense is a common example—my being protected by the U.S. Armed Forces doesn’t diminish your protection). Goods that are rivalrous and excludable are “private goods” (my use of my computer diminishes your ability to use it, and I can exclude you from using my computer by locking it away). Most tangible goods are both excludable and rivalrous, but not so information—the stuff of intellectual property.

The distinction between public and private goods is important because, according to conventional economic theory, the market will produce goods that are excludable and rivalrous but will undersupply those that are non-excludable and non-rivalrous. The reason is that the market creates incentives to produce private goods by allowing producers to capture the excess of what buyers are willing to pay for such goods over the production costs. Not so with respect to public goods. If a good is non-excludable, no one will pay for it, and a rational actor will not produce a good unless he can capture some of the benefits associated with its production.

Intellectual property rights are a potential solution to this problem. Their primary purpose is to create incentives for inventors, writers, and others involved in similarly creative enterprises to produce goods that would, at least in theory, otherwise not be produced. Intellectual property law does this by transforming public goods into goods that are excludable but non-rivalrous.

While intellectual property rights solve one problem, they create another. By giving producers of goods in information monopolies over their products, intellectual property rights stifle competition and thus harm consumers. This tension between competing threats to consumer welfare runs throughout intellectual property law. Concerns about monopolization helps explain why the law sometimes relies on other mechanisms to incentivize the creation of information assets, such as government grants, prizes, first-mover advantages, and social production. Alas, each of these alternatives to intellectual property has drawbacks of its own.

## 1. Three Non-Traditional Intellectual Property Interests

### a. Misappropriation

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# INTERNATIONAL NEWS SERVICE v. ASSOCIATED PRESS

Supreme Court of the United States, 1918
248 U.S. 215

PITNEY, J. The parties are competitors in the gathering and distribution of news and its publication for profit in newspapers throughout the United States. The Associated Press [or AP, complainant] . . . gathers in all parts of the world, by means of various instrumentalities of its own, by exchange with its members, and by other appropriate means, news and intelligence of current and recent events of interest to newspaper readers and distributes it daily to its members for publication in their newspapers. . . .

Defendant [INS] is a corporation organized under the laws of the State of New Jersey, whose business is the gathering and selling of news to its customers and clients, consisting of newspapers published throughout the United States, under contracts by which they pay certain amounts at stated times for defendant's service. . . .

The parties are in the keenest competition between themselves in the distribution of news throughout the United States; and so, as a rule, are the newspapers that they serve, in their several districts. . . .

The bill was filed to restrain the pirating of complainant's news by defendant in three ways: First, by bribing employees of newspapers published by complainant's members to furnish AP news to INS before publication, for transmission by telegraph and telephone to defendant's clients for publication by them; Second, by inducing AP members to violate its by-laws and permit defendant to obtain news before publication; and Third, by copying news from bulletin boards and from early editions of complainant's newspapers and selling this, either bodily or after rewriting it, to defendant's customers.

The District Court, upon consideration of the bill and answer, with voluminous affidavits on both sides, granted a preliminary injunction under the first and second heads; but refused at that stage to restrain the systematic practice admittedly pursued by INS, of taking news bodily from the bulletin boards and early editions of AP's newspapers and selling it as its own. The court expressed itself as satisfied that this practice amounted to unfair trade, but as the legal question was one of first impression it considered that the allowance of an injunction should await the outcome of an appeal. . . .

[The Court of Appeals modified and sustained the injunction.]

AP newsroom circa 1920
*Source: Associated Press*

The only matter that has been argued before us is whether INS may lawfully be restrained from appropriating news taken from bulletins issued by AP or any of its members, or from newspapers published by them, for the purpose of selling it to INS clients. AP asserts that INS's admitted course of conduct in this regard both violates AP's property right in the news and constitutes unfair competition in business. And notwithstanding the case has proceeded only to the stage of a preliminary injunction, we have deemed it proper to consider the underlying questions, since they go to the very merits of the action and are presented upon facts that are not in dispute. As presented in argument, these questions are: 1. Whether there is any property in news; 2. Whether, if there be property in news collected for the purpose of being published, it survives the instant of its publication in the first newspaper to which it is communicated by the news-gatherer; and 3. Whether defendant's admitted course of conduct in appropriating for commercial use matter taken from bulletins or early editions of AP publications constituted unfair competition in trade. . . .

AP's news matter is not copyrighted. It is said that it could not, in practice, be copyrighted, because of the large number of dispatches that are sent daily; and . . . news is not within the operation of the copyright act. Defendant, while apparently conceding this, nevertheless invokes the analogies of the law of literary property and copyright, insisting as its principal contention that, assuming AP has a right of property in its news, it can be maintained (unless the copyright act be complied with) only by being kept secret and confidential, and that upon the publication with AP's consent of uncopyrighted news by any of AP's members in a newspaper or upon a bulletin board, the right of property is lost, and the subsequent use of the news by the public or by INS for any purpose whatever becomes lawful. . . .

In considering the general question of property in news matter, it is necessary to recognize its dual character, distinguishing between the substance of the information and the particular form or collocation of words in which the writer has communicated it.

No doubt news articles often possess a literary quality, and are the subject of literary property at the common law; nor do we question that such an article, as a literary production, is the subject of copyright by the terms of the act as it now stands.

But the news element—the information respecting current events contained in the literary production—is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day. It is not to be supposed that the framers of the constitution, when they empowered Congress "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" (Const., Art. I, § 8, par. 8), intended to confer upon one who might happen to be the first to report a historic event the exclusive right for any period to spread the knowledge of it.

We need spend no time, however, upon the general question of property in news matter at common law, or the application of the copyright act, since it seems to us the case must turn upon the question of unfair competition in business. . . . The peculiar value of news is in the spreading of it while it is fresh; and it is evident that a valuable property interest in the news, as news, cannot be maintained by keeping it secret. Besides, except for matter improperly disclosed, or published in breach of trust or confidence, or in violation of law, none of which is involved in this branch of the case, the news of current events may be regarded as common property. What we are concerned with is the business of making it known to the world, in which both parties to the present suit are engaged. . . . The parties are competitors in this field; and, on fundamental principles, applicable here as elsewhere, when rights or privileges of the one are liable to conflict with those of the other, each party is under a duty so to conduct its own business as not unnecessarily or unfairly to injure that of the other.

. . . The question here is not so much the rights of either party as against the public but their rights as between themselves. And although we may and do assume that neither party has any remaining property interest as against the public in uncopyrighted news matter after the moment of its first publication, it by no means follows that there is no remaining property interest in it as between themselves. For, to both of them alike, news matter, however little susceptible of ownership or dominion in the absolute sense, is stock in trade, to be gathered at the cost of enterprise, organization, skill, labor, and money, and to be distributed and sold to those who will pay money for it, as for any other merchandise. Regarding the news, therefore, as but the material out of which both parties are seeking to make profits at the same time and in the same field, we hardly can fail to recognize that for this purpose, and as between them, it must be regarded as *quasi* property, irrespective of the rights of either as against the public. . . .

The peculiar features of the case arise from the fact that, while novelty and freshness form so important an element in the success of the business, the very processes of distribution and publication necessarily occupy a good deal of time. AP's service, as well as defendant's, is a daily service to daily newspapers; most of the foreign news reaches this country at the Atlantic seaboard, principally at the city of New York, and because of this, and of time differentials due to the earth's rotation, the distribution of news matter throughout the country is principally from east to west; and, since in speed the telegraph and telephone easily outstrip the rotation of the earth, it is a simple matter for defendant to take complainant's news from bulletins or early editions of complainant's members in the eastern cities and at the mere cost of telegraphic transmission cause it to be published in western papers issued at least as early as those served by complainant. Besides this, and irrespective of time differentials, irregularities in telegraphic transmission on different lines, and the normal consumption of time in printing and distributing the newspaper, result in permitting pirated news to be placed in the hands of defendant's readers sometimes simultaneously with the service of competing AP papers, occasionally even earlier.

## *A Look Back*

Recall Keeble v. Hickeringill, which we saw earlier in this chapter (see page 23). That case involved the principle of unfair competition. Does *INS* represent anything more than a straightforward application of the principle of that case?

INS insists that when, with the sanction and approval of complainant, and as the result of the use of its news for the very purpose for which it is distributed, a portion of AP's members communicate to the general public by posting it upon bulletin boards so that all may read, or by issuing it to newspapers and distributing it indiscriminately, complainant no longer has the right to control the use to be made of it; that when it thus reaches the light of day it becomes the common possession of all to whom it is accessible; and that any purchaser of a newspaper has the right to communicate the intelligence which it contains to anybody and for any purpose, even for the purpose of selling it for profit to newspapers published for profit in competition with complainant's members.

The fault in the reasoning lies in applying as a test the right of the complainant as against the public, instead of considering the rights of complainant and defendant, competitors in business, as between themselves. The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not unreasonably interfering with complainant's right to make merchandise of it, may be admitted; but to transmit that news for commercial use, in competition with complainant—which is what defendant has done and seeks to justify—is a very different matter. In doing this defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money, and which is salable by complainant for money, and that defendant in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business. . . .

The contention that the news is abandoned to the public for all purposes when published in the first newspaper is untenable. Abandonment is question of intent, and the entire organization of the AP negatives such a purpose. The cost of the service would be prohibitive if the reward were to be so limited. No single newspaper, no small group of newspapers, could sustain the expenditure. Indeed, it is one of the most obvious results to defendant's theory that, by permitting indiscriminate publication by anybody and everybody for purposes of profit in competition with the news-gatherer, it would render publication profitless, or so little profitable as in effect to cut off the service by rendering the cost prohibitive in comparison with the return. . . .

It is said that the elements of unfair competition are lacking because there is no attempt by defendant to palm off its goods as those of the complainant, characteristic of the most familiar, if not the most typical cases of unfair competition. But we cannot concede that the right to equitable relief is confined to that class of cases. In the present case the fraud upon complainant's rights is more direct and obvious. Regarding news matter as the mere material from which these two competing parties are endeavoring to make money, and treating it, therefore, as *quasi* property for the purposes of their business because they are both selling it as such, defendant's conduct differs from the ordinary case of unfair competition in trade principally in this that, instead of selling its own goods as those of complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own. . . .

The decree of the Circuit Court of Appeals will be Affirmed.

[The concurring opinion of Justice Holmes, joined by Justice McKenna, and the dissenting opinion of Justice Brandeis are omitted.]

### *THE REST OF THE STORY . . .*

Contrary to conventional accounts, there was no evidence that INS was copying bulletins on the East Coast and transmitting them to newspapers on the West Coast. INS was just a convenient defendant that AP needed to establish a broad legal precedent that would protect its position as a natural monopoly. In the early twentieth century, the wire service was primary a large network of leased telegraph lines. The cost of creating that network of telegraph lines was a large, fixed cost that dwarfed the cost of gathering the news, an activity that AP spent little time or effort actually doing. Enhancing its market power even further, AP was a member of an international cartel that gave it exclusive rights to bulletins of foreign news services and access to foreign government communiqués. Technological and economic changes (e.g., substituting teletype machines for telegraph operators) threatened AP's monopoly position, opening it up to previously unknown competition. To block its potential competitors, AP sought a broad legal principle that recognized a property right in news. What it needed was a ready defendant whom it could charge with copying "its" news. It found one in INS. The chief of INS's bureau in Cleveland had bribed an AP reporter to provide him with the news there. As for copying, INS had copied some of AP's material, but actually very little copying was done. In truth, that was just a convenient excuse for bringing the lawsuit.

After the decision, AP and INS settled. It was in their self-interest to do so because their relationship was mutually advantageous. INS, which was owned by William Randolph Hearst, wanted to continue to obtain the benefits of AP's service. On the other side, the members of AP, which was a cooperative of subscribing members, did not wish to offend the powerful Hearst. At the end of the day, the case had very little effect on the way INS did business. For a full account of the story, see Douglas G. Baird, The Story of *INS v. AP*: Property, Natural Monopoly, and the Uneasy Legacy of a Concocted Controversy, in Intellectual Property Stories 9 (Jane C. Ginsburg & Rochelle Cooper Dreyfuss eds. 2006).

## Notes and Questions

**1. *Design protection.*** In Cheney Brothers v. Doris Silk Corp., 35 F.2d 279 (2d Cir. 1929), the plaintiff sought protection of designs of silks that it manufactured. Some of the silks succeeded commercially and some of them did not, and even commercially successful patterns did not last more than eight or nine months on the market. The defendant, Doris Silk, made copies of Cheney Brothers's successful prints and sold them at a cheaper price. Cheney Brothers asked for an injunction, although only for the duration of one season. Neither patent nor copyright law then provided protection, for practical and legal reasons, so Cheney Brothers relied on *INS*.

The Second Circuit, in an opinion by Learned Hand, denied relief, stating that the basic rule is: "In the absence of some recognized right at common law, or under the statutes . . . a man's property is limited to the chattels which embody his invention. Others may imitate these at their pleasure." The court distinguished *INS* by limiting it to its facts.

Today, in general, fashion designs are not protected under intellectual property law in the United States. However, legislation is pending in both houses of Congress to provide such protection under the federal Copyright Act.

**2. *The "hot news" doctrine.*** If the general principle today is that of *Cheney Brothers*—in the absence of some recognized right, people are free to imitate or copy the original—then what is the current status of *INS*? The misappropriation doctrine fell into disuse following the decision, but in recent years, it has experienced a revival of sorts. Led by the Second

Circuit, a few courts have developed a "hot news" doctrine, largely on the basis of *INS*. Under the Second Circuit's hot news doctrine, a newsgatherer may recover from a defendant when (1) the newsgathering or collection process involves significant expenditures; (2) the collected news or information is time-sensitive; (3) the defendant free rides on the collected material; (4) the freeriding directly competes with the newsgatherer's market; and (5) the freeriding is likely to diminish incentives to collect news/information in a timely fashion. National Basketball Assn. v. Motorola, Inc., 105 F.3d 841, 852-853 (2d Cir. 1997). See also Barclays Capital, Inc. v. Theflyonthewall.com, Inc., 650 F.3d 876 (2d Cir. 2011) (no misappropriation found when tfotw.com leaked stock tips; claim was preempted by the Copyright Act). See generally Shyamkrishna Balganesh, "Hot News": The Enduring Myth of Property in the News, 111 Colum. L. Rev. 419 (2011).

**3. *Intellectual property and the labor theory.*** Intellectual property is often defended on the basis of John Locke's labor theory of property. Indeed, from one perspective intellectual creation seems more like creation out of nothing than creation of tangible products from resources removed from an original commons. Hence intellectual property does not seem to involve the same complications of trying to separate out the relative contributions of the individual laborer and the materials on which he has labored. See Gregory S. Alexander & Eduardo M. Peñalver, An Introduction to Property Theory 192 (2010).

How strong is this argument? It rests substantially on the assumption that intellectual creations are creations out of nothing. Is that assumption correct? See id. at 193-194. Are there other reasons why a person should not always be able to reap where she has sown? Consider:

> That an individual has the right to reap what he has sown . . . is far from self-evident even as applied to tangible property. . . . We typically can reap only the wheat we sow on our own land, and how land becomes private property in the first place remains a mystery. In any event, wheat and information are fundamentally different from one another. It is the nature of wheat or land or any other tangible property that possession by one person precludes possession by anyone else. . . . Many people, however, can use the same piece of information. . . .
>
> [G]ranting individuals exclusive rights to the information they gather conflicts with other rights in a way that granting exclusive rights to tangible property does not. In a market economy, granting individuals exclusive rights to property is an effective way of allocating scarce resources. Saying that someone should be able to own a particular good or piece of land and should be able to keep others from getting it unless they pay him is unobjectionable once one accepts the desirability of a market economy. Granting exclusive rights to

> information does not, however, necessarily promote a market economy. Competition depends upon imitation. One person invests labor and money to create a product, such as a food processor, that people will buy. Others may imitate him and take advantage of the new market by selling their own food processors. Their machines may incorporate their own ideas about how such machines should be made. As a result, the quality of the machines may rise and their price may fall. The first person is made worse off than he would be if he had had an exclusive right to his idea, because his competitors are enjoying the fruits of his labor and are not paying for it. Nevertheless, the public as a whole may be better off, as long as this freedom to imitate does not destroy the incentive for people to come up with new devices.

Douglas G. Baird, Common Law Intellectual Property and the Legacy of International News Service v. Associated Press, 50 U. Chi. L. Rev. 411, 413-414 (1983).

### b. Property in One's Persona: The Right of Publicity

Most states now recognize the right of publicity as a kind of property interest, assignable during life and descendible at death, either as a matter of common law or statute. The right of publicity prevents the unauthorized commercial use of one's name, likeness, and other aspects of one's "identity" and gives the individual the exclusive right to license the commercial use of these personal features. The right of publicity seems to be rooted in the right of privacy. Judge Richard Posner observes that the courts first recognized an explicit right of privacy in a case where the defendant, without consent, used the plaintiff's name and picture in an advertisement. "Paradoxically, this branch of the right of privacy is most often invoked by celebrities avid for publicity . . . ; they just want to make sure they get the highest possible price for the use of their name and picture." Richard A. Posner, Economic Analysis of Law 411 (9th ed. 2014).

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## WHITE v. SAMSUNG ELECTRONICS AMERICA, INC.

United States Court of Appeals, Ninth Circuit, 1992
971 F.2d 1395

GOODWIN, J. This case involves a promotional "fame and fortune" dispute. . . .

Plaintiff Vanna White is the hostess of “Wheel of Fortune,” one of the most popular game shows in television history. An estimated forty million people watch the program daily. Capitalizing on the fame which her participation in the show has bestowed on her, White markets her identity to various advertisers.

The dispute in this case arose out of a series of advertisements prepared for Samsung by Deutsch. The series ran in at least half a dozen publications with widespread, and in some cases national, circulation. Each of the advertisements in the series followed the same theme. Each depicted a current item from popular culture and a Samsung electronic product. Each was set in the twenty-first century and conveyed the message that the Samsung product would still be in use by that time. By hypothesizing outrageous future outcomes for the cultural items, the ads created humorous effects. For example, one lampooned current popular notions of an unhealthy diet by depicting a raw steak with the caption: “Revealed to be health food. 2010 A.D.”

The advertisement which prompted the current dispute was for Samsung videocassette recorders (VCRs). The ad depicted a robot, dressed in a wig, gown, and jewelry which Deutsch consciously selected to resemble White’s hair and dress. The robot was posed next to a game board which is instantly recognizable as the Wheel of Fortune game show set, in a stance for which White is famous. The caption of the ad read: “Longest-running game show. 2012 A.D.” Defendants referred to the ad as the “Vanna White” ad. Unlike the other celebrities used in the campaign, White neither consented to the ads nor was she paid.

Following the circulation of the robot ad, White sued Samsung and Deutsch in federal district court under: (1) California Civil Code § 3344; (2) the California common law right of publicity; and (3) § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The district court granted summary judgment against White on each of her claims. White now appeals.

## I. Section 3344

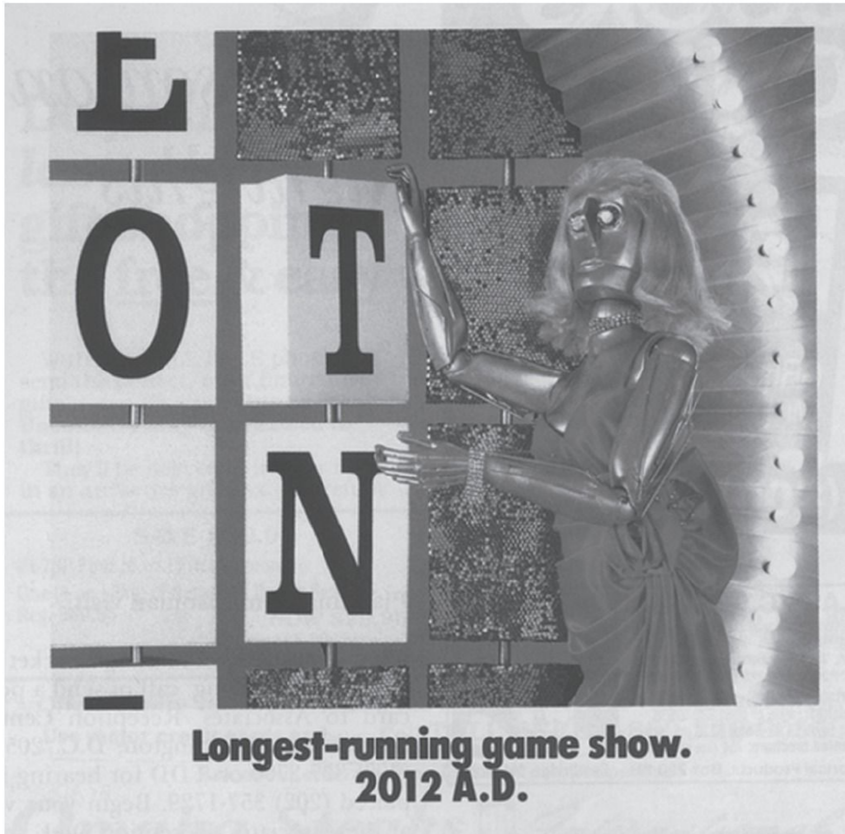
White first argues that the district court erred in rejecting her claim under section 3344. Section 3344(a) provides, in pertinent part, that “any person who knowingly uses another’s name, voice, signature, photograph, or likeness, in any manner, . . . or purposes of advertising or selling, . . .

without such person's prior consent . . . shall be liable for any damages sustained by the person or persons injured as a result thereof."

White argues that the Samsung advertisement used her "likeness" in contravention of section 3344. . . . Samsung and Deutsch used a robot with mechanical features, and not, for example, a manikin molded to White's precise features. Without deciding for all purposes when a caricature or impressionistic resemblance might become a "likeness," we agree with the district court that the robot at issue here was not White's "likeness" within the meaning of section 3344. Accordingly, we affirm the court's dismissal of White's section 3344 claim.

### II. Right of Publicity

White next argues that the district court erred in granting summary judgment to defendants on White's common law right of publicity claim. In Eastwood v. Superior Court, 409, 198 Cal. Rptr. 342 (Cal. App. 1983), the California court of appeal stated that the common law right of publicity cause of action "may be pleaded by alleging (1) the defendant's use of the plaintiff's identity; (2) the appropriation of plaintiff's name or likeness to defendant's advantage, commercially or otherwise; (3) lack of consent; and (4) resulting injury." Id. at 417 (citing Prosser, Law of Torts (4th ed. 1971) § 117, pp. 804-807). The district court dismissed White's claim for failure to satisfy Eastwood's second prong, reasoning that defendants had not appropriated White's "name or likeness" with their robot ad. We agree that the robot ad did not make use of White's name or likeness. However, the common law right of publicity is not so confined. . . .




Portion of the 1988 Samsung ad in *Smithsonian* magazine.

The "name or likeness" formulation referred to in *Eastwood* originated not as an element of the right of publicity cause of action, but as a description of the types of cases in which the cause of action had been recognized. The source of this formulation is Prosser, Privacy, 48 Cal. L. Rev. 383, 401-07 (1960), one of the earliest and most enduring articulations of the common law right of publicity cause of action. In looking at the case law to that point, Prosser recognized that right of publicity cases involved one of two basic factual scenarios: name appropriation, and picture or other likeness appropriation. . . .

Even though Prosser focused on appropriations of name or likeness in discussing the right of publicity, he noted that "it is not impossible that there might be appropriation of the plaintiff's identity, as by impersonation, without the use of either his name or his likeness, and that this would be an invasion of his right of privacy." Id. at 401, n.155. At the time Prosser wrote, he noted however, that "no such case appears to have arisen." Id.

Since Prosser's early formulation, the case law has borne out his insight that the right of publicity is not limited to the appropriation of name or likeness. . . .

In Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831 (6th Cir. 1983), the defendant had marketed portable toilets under the brand name "Here's Johnny"—Johnny Carson's signature "Tonight Show" introduction —without Carson's permission. The district court had dismissed Carson's Michigan common law right of publicity claim because the defendants had not used Carson's "name or likeness." Id. at 835. In reversing the district court, the sixth circuit found "the district court's conception of the right of publicity . . . too narrow" and held that the right was implicated because the defendant had appropriated Carson's identity by using, inter alia, the phrase "Here's Johnny." Id. at 835-37.

The cases teach not only that the common law right of publicity reaches means of appropriation other than name or likeness, but that the specific means of appropriation are relevant only for determining whether the defendant has in fact appropriated the plaintiff's identity. The right of publicity does not require that appropriations of identity be accomplished through particular means to be actionable. . . .

. . . As the *Carson* court explained: "the right of publicity has developed to protect the commercial interest of celebrities in their identities. The theory of the right is that a celebrity's identity can be valuable in the promotion of products, and the celebrity has an interest that may be protected from the unauthorized commercial exploitation of that identity. . . . If the celebrity's identity is commercially exploited, there has been an invasion of his right whether or not his "name or likeness" is used. *Carson*, 698 F.2d at 835.

It is not important how the defendant has appropriated the plaintiff's identity, but whether the defendant has done so. . . . A rule which says that the right of publicity can be infringed only through the use of nine different methods of appropriating identity merely challenges the clever advertising strategist to come up with the tenth.

Indeed, if we treated the means of appropriation as dispositive in our analysis of the right of publicity, we would not only weaken the right but effectively eviscerate it. The right would fail to protect those plaintiffs most in need of its protection. Advertisers use celebrities to promote their products. The more popular the celebrity, the greater the number of people who recognize her, and the greater the visibility for the product. The identities of the most popular celebrities are not only the most attractive for advertisers, but also the easiest to evoke without resorting to obvious means such as name, likeness, or voice. . . .

Viewed separately, the individual aspects of the advertisement in the present case say little. Viewed together, they leave little doubt about the celebrity the ad is meant to depict. The female-shaped robot is wearing a long gown, blond wig, and large jewelry. Vanna White dresses exactly like this at times, but so do many other women. The robot is in the process of turning a block letter on a game-board. Vanna White dresses like this while turning letters on a game-board but perhaps similarly attired Scrabble-playing women do this as well. The robot is standing on what looks to be the Wheel of Fortune game show set. Vanna White dresses like this, turns letters, and does this on the Wheel of Fortune game show. She is the only one. Indeed, defendants themselves referred to their ad as the "Vanna White" ad. We are not surprised.

Television and other media create marketable celebrity identity value. Considerable energy and ingenuity are expended by those who have achieved celebrity value to exploit it for profit. The law protects the celebrity's sole right to exploit this value whether the celebrity has achieved her fame out of rare ability, dumb luck, or a combination thereof. . . . Because White has alleged facts showing that Samsung and Deutsch had appropriated her identity, the district court erred by rejecting, on summary judgment, White's common law right of publicity claim. . . .

[The court then turned to White's claim under the Lanham Act, under which White had to show that the robot ad created a likelihood of confusion. The court concluded that the trial court erred in rejecting White's claim at the summary judgment stage, because there was a genuine issue of fact regarding a likelihood of confusion as to her endorsement; the question was one for the jury.

Judge ALARCON concurred in part and dissented in part.

The defendants in the *White* case subsequently petitioned for a rehearing, which was denied. White v. Samsung Electronics America, Inc., 989 F.2d 1512 (9th Cir. 1992), cert. denied, 508 U.S. 951 (1993). The denial of rehearing prompted the following dissent by Judge Kozinski.]

Something very dangerous is going on here. Private property, including intellectual property, is essential to our way of life. It provides an incentive for investment and innovation; it stimulates the flourishing of our culture; it protects the moral entitlements of people to the fruits of their labors. But reducing too much to private property can be bad medicine. Private land, for instance, is far more useful if separated from other private land by public streets, roads and highways. Public parks, utility rights-of-way and sewers reduce the amount of land in private hands, but vastly enhance the value of the property that remains.

So too it is with intellectual property. Overprotecting intellectual property is as harmful as underprotecting it. Creativity is impossible without a rich public domain. Nothing today, likely nothing since we tamed fire, is genuinely new: Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before. Overprotection stifles the very creative forces it's supposed to nurture.

The panel's opinion is a classic case of overprotection. Concerned about what it sees as a wrong done to Vanna White, the panel majority erects a property right of remarkable and dangerous breadth: Under the majority's opinion, it's now a tort for advertisers to remind the public of a celebrity. Not to use a celebrity's name, voice, signature or likeness; not to imply the celebrity endorses a product; but simply to evoke the celebrity's image in the public's mind. This Orwellian notion withdraws far more from the public domain than prudence and common sense allow. It conflicts with the Copyright Act and the Copyright Clause. It raises serious First Amendment problems. It's bad law, and it deserves a long, hard second look. . . .

The ad that spawned this litigation starred a robot dressed in a wig, gown and jewelry reminiscent of Vanna White's hair and dress; the robot was posed next to a Wheel-of-Fortune-like game board. The caption read "Longest-running game show. 2012 A.D." The gag here, I take it, was that Samsung would still be around when White had been replaced by a robot.

Perhaps failing to see the humor, White sued, alleging Samsung infringed her right of publicity by "appropriating" her "identity." Under California law, White has the exclusive right to use her name, likeness, signature and voice for commercial purposes. But Samsung didn't use her name, voice or signature, and it certainly didn't use her likeness. The ad just wouldn't have been funny had it depicted White or someone who resembled her—the whole joke was that the game show host(ess) was a robot, not a real person. No one seeing the ad could have thought this was supposed to be White in 2012.

The district judge quite reasonably held that, because Samsung didn't use White's name, likeness, voice or signature, it didn't violate her right of publicity. Not so, says the panel majority: The California right of publicity can't possibly be limited to name and likeness. If it were, the majority reasons, a "clever advertising strategist" could avoid using White's name or likeness but nevertheless remind people of her with impunity, "effectively eviscerat[ing]" her rights. To prevent this "evisceration," the panel majority holds that the right of publicity must extend beyond name and likeness, to any "appropriation" of White's "identity"—anything that "evoke[s]" her personality.

But what does "evisceration" mean in intellectual property law? Intellectual property rights aren't like some constitutional rights, absolute guarantees protected against all kinds of interference, subtle as well as blatant. They cast no penumbras, emit no emanations: The very point of intellectual property laws is that they protect only against certain specific kinds of appropriation. I can't publish unauthorized copies of, say, Presumed Innocent; I can't make a movie out of it. But I'm perfectly free to write a book about an idealistic young prosecutor on trial for a crime he didn't commit. . . . All creators draw in part on the work of those who came before, referring to it, building on it, poking fun at it; we call this creativity, not piracy.

The majority isn't, in fact, preventing the "evisceration" of Vanna White's existing rights; it's creating a new and much broader property right, a right unknown in California law. It's replacing the existing balance between the interests of the celebrity and those of the public by a different balance, one substantially more favorable to the celebrity. Instead of having an exclusive right in her name, likeness, signature or voice, every famous person now has an exclusive right to anything that reminds the viewer of her. After all, that's all Samsung did: It used an inanimate object to remind people of White, to "evoke" [her identity].

Consider how sweeping this new right is. What is it about the ad that makes people think of White? It's not the robot's wig, clothes or jewelry; there must be ten million blond women (many of them quasi-famous) who wear dresses and jewelry like White's. It's that the robot is posed near the

“Wheel of Fortune” game board. Remove the game board from the ad, and no one would think of Vanna White. But once you include the game board, anybody standing beside it—a brunette woman, a man wearing women’s clothes, a monkey in a wig and gown—would evoke White’s image, precisely the way the robot did. It’s the “Wheel of Fortune” set, not the robot’s face or dress or jewelry that evokes White’s image. The panel is giving White an exclusive right not in what she looks like or who she is, but in what she does for a living.

This is entirely the wrong place to strike the balance. Intellectual property rights aren’t free: They’re imposed at the expense of future creators and of the public at large. . . . This is why intellectual property law is full of careful balances between what’s set aside for the owner and what’s left in the public domain for the rest of us: The relatively short life of patents; the longer, but finite, life of copyrights; copyright’s idea-expression dichotomy; the fair use doctrine; the prohibition on copyrighting facts; the compulsory license of television broadcasts and musical compositions; federal preemption of overbroad state intellectual property laws; the nominative use doctrine in trademark law; the right to make soundalike recordings. All of these diminish an intellectual property owner’s rights. All let the public use something created by someone else. But all are necessary to maintain a free environment in which creative genius can flourish.

The intellectual property right created by the panel here has none of these essential limitations: No fair use exception; no right to parody; no idea-expression dichotomy. It impoverishes the public domain, to the detriment of future creators and the public at large. Instead of well-defined, limited characteristics such as name, likeness or voice, advertisers will now have to cope with vague claims of “appropriation of identity,” claims often made by people with a wholly exaggerated sense of their own fame and significance. Future Vanna Whites might not get the chance to create their personae, because their employers may fear some celebrity will claim the persona is too similar to her own. The public will be robbed of parodies of celebrities, and our culture will be deprived of the valuable safety valve that parody and mockery create.

Moreover, consider the moral dimension, about which the panel majority seems to have gotten so exercised. Saying Samsung “appropriated” something of White’s begs the question: Should White have the exclusive right to something as broad and amorphous as her “identity”?

Samsung's ad didn't simply copy White's schtick—like all parody, it created something new. True, Samsung did it to make money, but White does whatever she does to make money, too; the majority talks of "the difference between fun and profit," but in the entertainment industry fun is profit. Why is Vanna White's right to exclusive for-profit use of her persona—a persona that might not even be her own creation, but that of a writer, director or producer—superior to Samsung's right to profit by creating its own inventions? Why should she have such absolute rights to control the conduct of others, unlimited by the idea-expression dichotomy or by the fair use doctrine?

Finally, I can't see how giving White the power to keep others from evoking her image in the public's mind can be squared with the First Amendment. Where does White get this right to control our thoughts? The majority's creation goes way beyond the protection given a trademark or a copyrighted work, or a person's name or likeness. All those things control one particular way of expressing an idea, one way of referring to an object or a person. But not allowing any means of reminding people of someone? That's a speech restriction unparalleled in First Amendment law. . . .

For better or worse, we are the Court of Appeals for the Hollywood Circuit. Millions of people toil in the shadow of the law we make, and much of their livelihood is made possible by the existence of intellectual property rights. But much of their livelihood—and much of the vibrancy of our culture—also depends on the existence of other intangible rights: The right to draw ideas from a rich and varied public domain, and the right to mock, for profit as well as fun, the cultural icons of our time.

## Notes and Questions

**1.** ***What are the boundaries of publicity rights?*** One of Judge Kozinski's concerns in *White* is that Vanna White was seeking an intellectual property right in "what she does for a living" rather than "what she looks like or who she is." One concern here might be that White could sue the creators of another game show who have another person performing the "Vanna White" role in a different format. This would grant her a monopoly in a function—the sort of monopoly that ought to be protected by patent law or trade secret law, not the right of publicity. Another concern of

Kozinski's was that White may be monopolizing an identity that was arguably created by Wheel of Fortune's producers, writers, or directors. The argument for someone other than White owning the rights becomes stronger if she is conceptualized as claiming a monopoly over "what she does for a living" as opposed to what she looks and sounds like when appearing on the show. Similar concerns arose in Wendt v. Host International, 125 F.3d 806 (9th Cir. 1997), where the actors who played Norm and Cliff on the popular 1980s situation comedy "Cheers" sued the proprietors of a chain of Cheers-replica airport bars that had robots resembling Norm and Cliff perched on barstools. The bar owners had licensed the rights to Cheers's set and characters from Paramount, the studio that created the television show. The actors conceded that Paramount had the exclusive rights to their characters, but the actors noted that the robots resembled them as they portrayed the fictitious characters, thereby implicating their publicity rights as well as Paramount's copyrights. The lines, as you can see, get blurry rather quickly. Judge Kozinski dissented again from the Ninth Circuit's opinion allowing the right of publicity suit to proceed, beginning his dissent with a colorful opening sentence: "Robots again." Wendt v. Host International, 197 F.3d 1284, 1285 (9th Cir. 1999) (Kozinski, J., dissenting from denial of rehearing en banc).

**2. *The posthumous right of publicity.*** In many jurisdictions, the right of publicity persists after death (for 20 to 100 years, depending on the state), and can descend by will or intestacy. Most states extend the right of publicity to everyone, although usually it has substantial value only to celebrities—even (or especially!) dead ones. For some time, *Forbes* has issued annual reports on the top-earning dead celebrities. In 2015, Michael Jackson's copyrights and publicity rights brought in $115 million for his heirs and assignees. Elvis Presley earned $55 million in 2015, good for second place on the list, despite the passage of 38 years since his death.

**3. *The right of publicity and the First Amendment.*** The First Amendment, including its state counterparts, may limit publicity rights. In 1982, the Georgia Supreme Court had upheld a publicity rights claim brought by the estate of Martin Luther King, allowing the estate to block the sale of plastic busts of Dr. King by a seller whom the estate had not authorized to conduct such sales. Martin Luther King Jr. Center for Social Change v. American Heritage Products, 296 S.E.2d 697 (Ga. 1982). More recently, however, the federal Court of Appeals for the Eleventh Circuit (which includes Georgia) found that the Michigan Constitution's guarantee of free speech rights prevented recognition of publicity rights in the estate of Rosa Parks. In that case, the seller marketed various items showing Rosa Parks's image, including a plaque showing Parks with Dr. Martin Luther King. The court found that Michigan's state constitutional protections for free speech included a "qualified privilege to report on matters in the public interest" and that the items, including the plaque, contained information of a historical nature protected by this constitutional right.

### c. Property in One's Person: Body Parts

Remember the foundation of Locke's labor theory of property, stated on page 20: "every man has a property in his own person." Slavery, obviously, was in opposition to that proposition (and so, it appears, were some of Locke's activities), but slavery has been abolished. So, can we now say, without qualification, that you have property in yourself? Consider the following case.

Strictly speaking, the case does not involve intellectual property. We include it because it relates to aspects of traditional intellectual property, such as patents and genes. More fundamentally, subsection C as a whole deals with acquisition of property rights by creation and with Locke's idea of having property rights in one's own body. *Moore* puts that idea front and center.

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## MOORE v. REGENTS OF THE UNIVERSITY OF CALIFORNIA

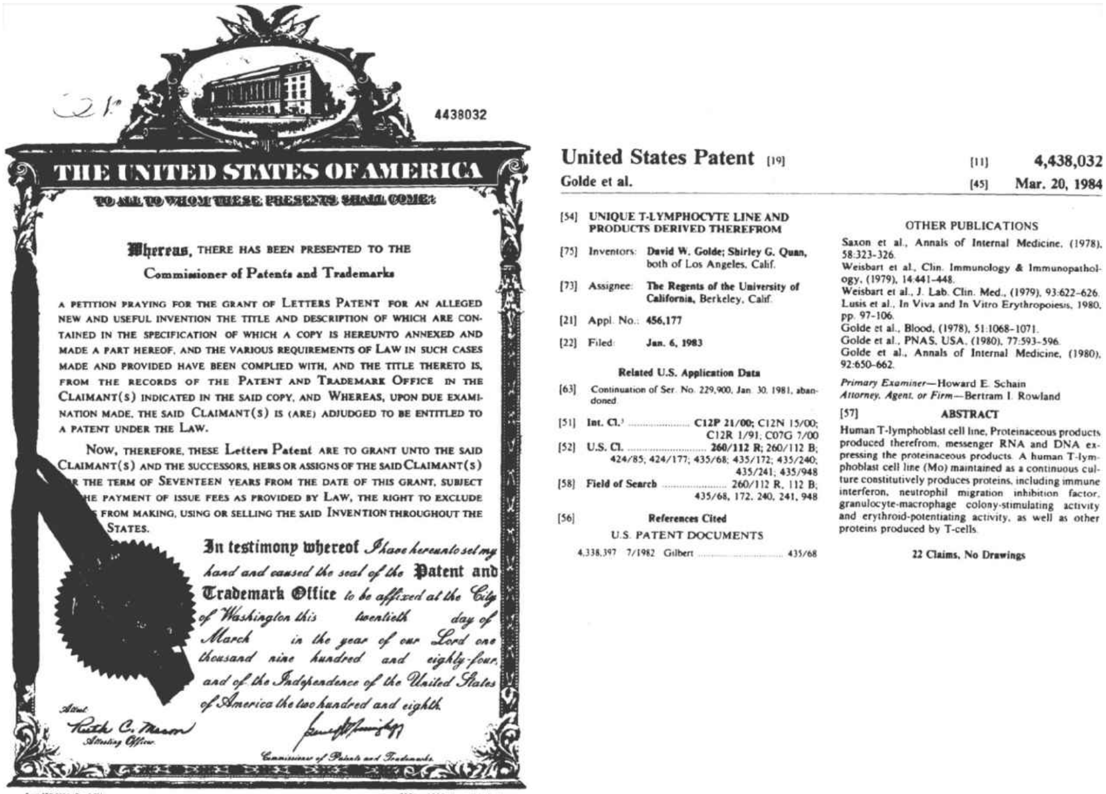
Supreme Court of California, 1990
793 P.2d 479

[*Background*: In 1976, John Moore sought treatment for hairy-cell leukemia at the Medical Center of the University of California, Los Angeles. (We shall at times refer to the doctors at the Center and to the Regents of the University who own the Center collectively as "defendants.") The defendants conducted tests, took blood and tissue samples, confirmed the diagnosis, and told Moore that his condition was life-threatening and that his spleen should be removed. What they did not tell Moore was that his cells were unique and that access to them was of great scientific and commercial value.

Moore consented to the splenectomy and to some seven years of follow-up tests and procedures that he was led to believe were important to his treatment. His spleen was retained for research purposes without his knowledge or consent, and during the post-operative period samples of tissue and blood and other fluids were taken on each of Moore's visits. At some point, Moore was informed that his bodily substances were being used for research, but he was never informed of the commercial value of the research or of the defendants' financial interest in it. The defendants subsequently established a cell line from Moore's cells (named the Mo cell line, after Moore), received a patent for it, and entered into various commercial agreements. Hundreds of thousands of dollars had been paid to the defendants under these agreements by the mid-1980s, and the potential market for products from Moore's cell line is estimated to run into the billions of dollars.

Moore sued for damages in 1984, his complaint stating a number of causes of action, including conversion (wrongful exercise of ownership rights over the personal property of another; Moore alleged that his blood and bodily substances, and the cell line derived from them, were "his tangible personal property"), lack of informed consent, breach of fiduciary duty, fraud and deceit, unjust enrichment, intentional infliction of emotional distress, negligent misrepresentation, and others. The trial court sustained the defendants' demurrers to the conversion cause of action and held that because the conversion cause of action was incorporated into all the other causes of action, those too were defective.

The court of appeal reversed, finding that Moore had adequately stated a cause of action for conversion. Moore v. Regents of the University of California, 249 Cal. Rptr. 494 (Cal. App. 1988). The court could find "no legal authority, public policy, nor universally known facts of biological science . . . which compel a conclusion that this plaintiff cannot have a sufficient legal interest in his own bodily tissues amounting to personal property. Absent plaintiff's consent to defendants' disposition of the tissues, or lawful justification, such as abandonment, the complaint adequately pleads all the elements of a cause of action for conversion."



4438032

THE UNITED STATES OF AMERICA

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Whereas, THERE HAS BEEN PRESENTED TO THE

Commissioner of Patents and Trademarks

A PETITION PRAYING FOR THE GRANT OF LETTERS PATENT FOR AN ALLEGED NEW AND USEFUL INVENTION THE TITLE AND DESCRIPTION OF WHICH ARE CONTAINED IN THE SPECIFICATION OF WHICH A COPY IS HEREUNTO ANNEXED AND MADE A PART HEREOF, AND THE VARIOUS REQUIREMENTS OF LAW IN SUCH CASES MADE AND PROVIDED HAVE BEEN COMPLIED WITH, AND THE TITLE THERETO IS, FROM THE RECORDS OF THE PATENT AND TRADEMARK OFFICE IN THE CLAIMANT(S) INDICATED IN THE SAID COPY, AND WHEREAS, UPON DUE EXAMINATION MADE, THE SAID CLAIMANT(S) IS (ARE) ADJUDGED TO BE ENTITLED TO A PATENT UNDER THE LAW.

NOW, THEREFORE, THESE Letters Patent ARE TO GRANT UNTO THE SAID CLAIMANT(S) AND THE SUCCESSORS, HEIRS OR ASSIGNS OF THE SAID CLAIMANT(S) [illegible]R THE TERM OF SEVENTEEN YEARS FROM THE DATE OF THIS GRANT, SUBJECT [illegible]HE PAYMENT OF ISSUE FEES AS PROVIDED BY LAW, THE RIGHT TO EXCLUDE [illegible] FROM MAKING, USING OR SELLING THE SAID INVENTION THROUGHOUT THE [illegible] STATES.

In testimony whereof I have hereunto set my hand and caused the seal of the Patent and Trademark Office to be affixed at the City of Washington this twentieth day of March in the year of our Lord one thousand nine hundred and eighty-four, and of the Independence of the United States of America the two hundred and eighth.

Attest:
Ruth C. Mason
Attesting Officer

Commissioner of Patents and Trademarks

**United States Patent** [19] | [11] 4,438,032
**Golde et al.** | [45] Mar. 20, 1984

[54] UNIQUE T-LYMPHOCYTE LINE AND PRODUCTS DERIVED THEREFROM

[75] Inventors: David W. Golde; Shirley G. Quan, both of Los Angeles, Calif.

[73] Assignee: The Regents of the University of California, Berkeley, Calif.

[21] Appl. No.: 456,177

[22] Filed: Jan. 6, 1983

Related U.S. Application Data

[63] Continuation of Ser. No. 229,900, Jan. 30, 1981, abandoned.

[51] Int. Cl.³ ........ C12P 21/00; C12N 15/00; C12R 1/91; C07G 7/00

[52] U.S. Cl. ........ 260/112 R; 260/112 B; 424/85; 424/177; 435/68; 435/172; 435/240; 435/241; 435/948

[58] Field of Search ........ 260/112 R, 112 B; 435/68, 172, 240, 241, 948

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*Primary Examiner*—Howard E. Schain
*Attorney, Agent, or Firm*—Bertram I. Rowland

[57] ABSTRACT

Human T-lymphoblast cell line, Proteinaceous products produced therefrom, messenger RNA and DNA expressing the proteinaceous products. A human T-lymphoblast cell line (Mo) maintained as a continuous culture constitutively produces proteins, including immune interferon, neutrophil migration inhibition factor, granulocyte-macrophage colony-stimulating activity and erythroid-potentiating activity, as well as other proteins produced by T-cells.

22 Claims, No Drawings

Pages from the Mo Cell Line Patent

"We have approached this issue with caution," the court said. "The evolution of civilization from slavery to freedom, from regarding people as chattels to recognition of the individual dignity of each person, necessitates prudence in attributing the qualities of property to human tissue. There is, however, a dramatic difference between having property rights in one's own body and being the property of another. . . . We are not called on to determine whether use of human tissue or body parts ought to be 'gift based' or subject to a 'free market.' That question of policy must be determined by the Legislature. In the instant case, the cell line has already been commercialized by defendants. We are presented a *fait accompli*, leaving only the question of who shares in the proceeds. . . ."

The court then considered the meaning of property and concluded that the essential element is dominion, or rights of use, control, and disposition. It went on to discuss the "many cases" (involving search and seizure, consent to medical procedures, rights to dead bodies, and other instances) that recognize "rights of dominion over one's own body, and the interests one has therein. . . . These rights and interests are so akin to property interests that it would be a subterfuge to call them something else."

The court concluded by dealing with a series of contentions by defendants. There were no grounds to infer that Moore had abandoned his tissue or consented to its use in research unrelated to his treatment. And the fact that the defendants' skill and effort had enhanced the value of Moore's tissue went not to the issue of conversion but to the measure of damages for the conversion. "Plaintiff's cells and genes are a part of his person," the court said, citing the right of publicity cases that " 'afford legal protection to an individual's proprietary interest in his own identity.' " To hold that patients do not have the ultimate power to control the destiny of their tissues "would open the door to a massive invasion of human privacy and dignity in the name of medical progress." The court saw no reason to believe that medical research would suffer by requiring the consent of the donor of tissue before it can be appropriated. True, a potential donor, once informed, might refuse consent, but the court "would give the patient that right. As to defendants' concern that a patient might seek the greatest economic gain for his participation, this argument is unpersuasive because it fails to explain why defendants . . . are any more to be trusted with these momentous decisions than the person whose cells are being used." If giving patients a financial interest in their tissues inhibited donations and increased the costs of medical care, that problem could be addressed by the legislature.

Upon petition by the defendants, the court of appeal's judgment was reviewed by the California Supreme Court. Of particular interest here are the views of the various justices regarding the cause of action for conversion.]

PANELLI, J. We granted review in this case to determine whether plaintiff has stated a cause of action against his physician and other defendants for using his cells in potentially lucrative medical research without his permission. . . . We hold that the complaint states a cause of action for breach of the physician's disclosure obligations, but not for conversion. . . .

### A. Breach of Fiduciary Duty and Lack of Informed Consent

Moore repeatedly alleges that Golde [the attending physician] failed to disclose the extent of his research and economic interests in Moore's cells before obtaining consent to the medical procedures by which the cells were extracted. These allegations, in our view, state a cause of action against Golde for invading a legally protected interest of his patient. This cause of action can properly be characterized either as the breach of a fiduciary duty to disclose facts material to the patient's consent or, alternatively, as the performance of medical procedures without first having obtained the patient's informed consent. . . .

### B. Conversion

Moore also attempts to characterize the invasion of his rights as a conversion—a tort that protects against interference with possessory and ownership interests in personal property. He theorizes that he continued to own his cells following their removal from his body, at least for the purpose of directing their use, and that he never consented to their use in potentially lucrative medical research. Thus, to complete Moore's argument, defendants' unauthorized use of his cells constitutes a conversion. As a result of the alleged conversion, Moore claims a proprietary interest in each of the products that any of the defendants might ever create from his cells or the patented cell line.

No court, however, has ever in a reported decision imposed conversion liability for the use of human cells in medical research. While that fact does not end our inquiry, it raises a flag of caution. In effect, what Moore is asking us to do is to impose a tort duty on scientists to investigate the consensual pedigree of each human cell sample used in research. To impose such a duty, which would affect medical research of importance to all of society, implicates policy concerns far removed from the traditional, two-party ownership disputes in which the law of conversion arose. Invoking a tort theory originally used to determine whether the loser or the finder of a horse had the better title, Moore claims ownership of the results of socially important medical research, including the genetic code for chemicals that regulate the functions of every human being's immune system.

We have recognized that, when the proposed application of a very general theory of liability in a new context raises important policy concerns, it is especially important to face those concerns and address them openly. . . .

Accordingly, we first consider whether the tort of conversion clearly gives Moore a cause of action under existing law. We do not believe it does.

Because of the novelty of Moore's claim to own the biological materials at issue, to apply the theory of conversion in this context would frankly have to be recognized as an extension of the theory. Therefore, we consider next whether it is advisable to extend the tort to this context.

*1. Moore's Claim Under Existing Law*

"To establish a conversion, plaintiff must establish an actual interference with his *ownership* or *right of possession*. . . . Where plaintiff neither has title to the property alleged to have been converted, nor possession thereof, he cannot maintain an action for conversion." . . .

Since Moore clearly did not expect to retain possession of his cells following their removal, to sue for their conversion he must have retained an ownership interest in them. But there are several reasons to doubt that he did retain any such interest. First, no reported judicial decision supports Moore's claim, either directly or by close analogy. Second, California statutory law drastically limits any continuing interest of a patient in excised cells. Third, the subject matters of the Regents' patent—the patented cell line and the products derived from it—cannot be Moore's property.

Neither the Court of Appeal's opinion, the parties' briefs, nor our research discloses a case holding that a person retains a sufficient interest in excised cells to support a cause of action for conversion. We do not find this surprising, since the laws governing such things as human tissues, transplantable organs,[12] blood, fetuses, pituitary glands, corneal tissue, and dead bodies deal with human biological materials as objects sui generis, regulating their disposition to achieve policy goals rather than abandoning them to the general law of personal property. It is these specialized statutes, not the law of conversion, to which courts ordinarily should and do look for guidance on the disposition of human biological materials.

Lacking direct authority for importing the law of conversion into this context, Moore relies, as did the Court of Appeal, primarily on decisions addressing privacy rights. One line of cases involves unwanted publicity. (Lugosi v. Universal Pictures (1979) 25 Cal. 3d 813, 160 Cal. Rptr. 323, 603 P.2d 425; Motsehenbacher v. R.J. Reynolds Tobacco Company (9th Cir. 1974) 498 F.2d 821.) These opinions hold that every person has a proprietary interest in his own likeness and that unauthorized, business use of a likeness is redressible as a tort. But in neither opinion did the authoring court expressly base its holding on property law. Each court stated, following Prosser, that it was “pointless” to debate the proper characterization of the proprietary interest in a likeness. For purposes of determining whether the tort of conversion lies, however, the characterization of the right in question is far from pointless. Only property can be converted.

Not only are the wrongful-publicity cases irrelevant to the issue of conversion, but the analogy to them seriously misconceives the nature of the genetic materials and research involved in this case. Moore, adopting the analogy originally advanced by the Court of Appeal, argues that “[i]f the courts have found a sufficient proprietary interest in one’s persona, how could one not have a right in one’s own genetic material, something far more profoundly the essence of one’s human uniqueness than a name or a face?” However, as the defendants’ patent makes clear—and the complaint, too, if read with an understanding of the scientific terms which it has borrowed from the patent—the goal and result of defendants’ efforts has been to manufacture lymphokines. Lymphokines, unlike a name or a face, have the same molecular structure in every human being and the same important functions in every human being’s immune system. Moreover, the particular genetic material which is responsible for the natural production of lymphokines, and which defendants use to manufacture lymphokines in the laboratory, is also the same in every person; it is no more unique to Moore than the number of vertebrae in the spine or the chemical formula of hemoglobin.

. . . [T]he Court of Appeal in this case concluded that “[a] patient must have the ultimate power to control what becomes of his or her tissues. To hold otherwise would open the door to a massive invasion of human privacy and dignity in the name of medical progress.” Yet one may earnestly wish to protect privacy and dignity without accepting the extremely problematic conclusion that interference with those interests amounts to a conversion of personal property. Nor is it necessary to force the round pegs of “privacy” and “dignity” into the square hole of “property” in order to protect the patient, since the fiduciary-duty and informed-consent theories protect these interests directly by requiring full disclosure.

The next consideration that makes Moore’s claim of ownership problematic is California statutory law, which drastically limits a patient’s control over excised cells. Pursuant to Health and Safety Code section

7054.4, "[n]otwithstanding any other provision of law, recognizable anatomical parts, human tissues, anatomical human remains, or infectious waste following conclusion of scientific use shall be disposed of by interment, incineration, or any other method determined by the state department [of health services] to protect the public health and safety." Clearly the Legislature did not specifically intend this statute to resolve the question of whether a patient is entitled to compensation for the nonconsensual use of excised cells. A primary object of the statute is to ensure the safe handling of potentially hazardous biological waste materials. Yet one cannot escape the conclusion that the statute's practical effect is to limit, drastically, a patient's control over excised cells. By restricting how excised cells may be used and requiring their eventual destruction, the statute eliminates so many of the rights ordinarily attached to property that one cannot simply assume that what is left amounts to "property" or "ownership" for purposes of conversion law.

. . . A fully informed patient may always withhold consent to treatment by a physician whose research plans the patient does not approve. That right, however, as already discussed, is protected by the fiduciary-duty and informed-consent theories.

Finally, the subject matter of the Regents' patent—the patented cell line and the products derived from it—cannot be Moore's property. This is because the patented cell line is both factually and legally distinct from the cells taken from Moore's body. Federal law permits the patenting of organisms that represent the product of "human ingenuity," but not naturally occurring organisms. . . . It is this *inventive effort* that patent law rewards, not the discovery of naturally occurring raw materials. Thus, Moore's allegations that he owns the cell line and the products derived from it are inconsistent with the patent, which constitutes an authoritative determination that the cell line is the product of invention. . . .

*2. Should Conversion Liability Be Extended?*

. . . There are three reasons why it is inappropriate to impose liability for conversion based upon the allegations of Moore's complaint. First, a fair balancing of the relevant policy considerations counsels against extending the tort. Second, problems in this area are better suited to legislative resolution. Third, the tort of conversion is not necessary to protect patients' rights. For these reasons, we conclude that the use of excised human cells in medical research does not amount to a conversion.

Of the relevant policy considerations, two are of overriding importance. The first is protection of a competent patient's right to make autonomous medical decisions. That right, as already discussed, is grounded in well-recognized and long-standing principles of fiduciary duty and informed consent. . . . This policy weighs in favor of providing a remedy to patients when physicians act with undisclosed motives that may affect their professional judgment. The second important policy consideration is that we not threaten with disabling civil liability innocent parties who are engaged in socially useful activities, such as researchers who have no reason to believe that their use of a particular cell sample is, or may be, against a donor's wishes.

To reach an appropriate balance of these policy considerations is extremely important. In its report to Congress the Office of Technology Assessment emphasized that

> [u]ncertainty about how courts will resolve disputes between specimen sources and specimen users could be detrimental to both academic researchers and the infant biotechnology industry, particularly when the rights are asserted long after the specimen was obtained. The assertion of rights by sources would affect not only the researcher who obtained the original specimen, but perhaps other researchers as well.
>
> Biological materials are routinely distributed to other researchers for experimental purposes, and scientists who obtain cell lines or other specimen-derived products, such as gene clones, from the original researcher could also be sued under certain legal theories [such as conversion]. Furthermore, the uncertainty could affect product developments as well as research. Since inventions containing human tissues and cells may be patented and licensed for commercial use, companies are unlikely to invest heavily in developing, manufacturing, or marketing a product when uncertainty about clear title exists. . . .

Indeed, so significant is the potential obstacle to research stemming from uncertainty about legal title to biological materials that the Office of Technology Assessment reached this striking conclusion: "[R]egardless of the merit of claims by the different interested parties, resolving the current uncertainty may be more important to the future of biotechnology than resolving it in any particular way." . . .

We need not, however, make an arbitrary choice between liability and nonliability. Instead, an examination of the relevant policy considerations suggests an appropriate balance: Liability based upon existing disclosure obligations, rather than an unprecedented extension of the conversion theory, protects patients' rights of privacy and autonomy without unnecessarily hindering research.

To be sure, the threat of liability for conversion might help to enforce patients' rights indirectly. This is because physicians might be able to avoid liability by obtaining patients' consent, in the broadest possible terms, to any conceivable subsequent research use of excised cells. Unfortunately, to extend the conversion theory would utterly sacrifice the other goal of protecting innocent parties. Since conversion is a strict liability tort, it would impose liability on all those into whose hands the cells come, whether or not the particular defendant participated in, or knew of, the inadequate disclosures that violated the patient's right to make an informed decision. In contrast to the conversion theory, the fiduciary-duty and informed-consent theories protect the patient directly, without punishing innocent parties or creating disincentives to the conduct of socially beneficial research.

Research on human cells plays a critical role in medical research. This is so because researchers are increasingly able to isolate naturally occurring, medically useful biological substances and to produce useful quantities of such substances through genetic engineering. These efforts are beginning to bear fruit. Products developed through biotechnology that have already been approved for marketing in this country include treatments and tests for leukemia, cancer, diabetes, dwarfism, hepatitis-B, kidney transplant rejection, emphysema, osteoporosis, ulcers, anemia, infertility, and gynecological tumors, to name but a few. . . .

The extension of conversion law into this area will hinder research by restricting access to the necessary raw materials. Thousands of human cell lines already exist in tissue repositories. . . . At present, human cell lines are routinely copied and distributed to other researchers for experimental purposes, usually free of charge. This exchange of scientific materials, which still is relatively free and efficient, will surely be compromised if each cell sample becomes the potential subject matter of a lawsuit.

To expand liability by extending conversion law into this area would have a broad impact. The House Committee on Science and Technology of the United States Congress found that "49 percent of the researchers at medical institutions surveyed used human tissues or cells in their research." . . . In addition, "there are nearly 350 commercial biotechnology firms in the United States actively engaged in biotechnology research and commercial product development and approximately 25 to 30 percent appear to be engaged in research to develop a human therapeutic or diagnostic reagent. . . . Most, but not all, of the human therapeutic products are derived from human tissues and cells, or human cell lines or cloned genes." . . .

In deciding whether to create new tort duties we have in the past considered the impact that expanded liability would have on activities that are important to society, such as research. . . .

[T]he theory of liability that Moore urges us to endorse threatens to destroy the economic incentive to conduct important medical research. If the use of cells in research is a conversion, then with every cell sample a researcher purchases a ticket in a litigation lottery. Because liability for conversion is predicated on a continuing ownership interest, "companies are unlikely to invest heavily in developing, manufacturing, or marketing a product when uncertainty about clear title exists." . . .

If the scientific users of human cells are to be held liable for failing to investigate the consensual pedigree of their raw materials, we believe the Legislature should make that decision. . . .

[T]here is no pressing need to impose a judicially created rule of strict liability, since enforcement of physicians' disclosure obligations will protect patients against the very type of harm with which Moore was threatened. So long as a physician discloses research and economic interests that may affect his judgment, the patient is protected from conflicts of interest. Aware of any conflicts, the patient can make an informed decision to consent to treatment, or to withhold consent and look elsewhere for medical assistance. As already discussed, enforcement of physicians' disclosure obligations protects patients directly, without hindering the socially useful activities of innocent researchers.

For these reasons, we hold that the allegations of Moore's third amended complaint state a cause of action for breach of fiduciary duty or lack of informed consent, but not conversion. . . .

LUCAS, C.J., EAGLESON, J., and KENNARD, J., concurred.

ARABIAN, J., concurring. I join in the views cogently expounded by the majority. I write separately to give voice to a concern that I believe informs much of that opinion but finds little or no expression therein. I speak of the moral issue.

Plaintiff has asked us to recognize and enforce a right to sell one's own body tissue *for profit.* He entreats us to regard the human vessel—the single most venerated and protected subject in any civilized society—as equal with the basest commercial commodity. He urges us to commingle the sacred with the profane. He asks much. . . .

It is true, that this court has not often been deterred from deciding difficult legal issues simply because they require a choice between competing social or economic policies. . . . The difference here, however, lies in the nature of the conflicting moral, philosophical and even religious values at stake, and in the profound implications of the position urged. The ramifications of recognizing and enforcing a property interest in body tissues are not known, but are greatly feared—the effect on human dignity of a marketplace in human body parts, the impact on research and development of competitive bidding for such materials, and the exposure of researchers to potentially limitless and uncharted tort liability. . . .

Whether, as plaintiff urges, his cells should be treated as property susceptible to conversion is not, in my view, ours to decide. . . .

Where then shall a complete resolution be found? Clearly the Legislature, as the majority opinion suggests, is the proper deliberative forum. Indeed, a legislative response creating a licensing scheme, which establishes a fixed rate of profit sharing between researcher and subject, has already been suggested. Such an arrangement would not only avoid the moral and philosophical objections to a free market operation in body tissue, but would also address stated concerns by eliminating the inherently coercive effect of a waiver system and by compensating donors regardless of temporal circumstances. . . .

[The concurring and dissenting opinion of Justice Broussard is omitted.]

MOSK, J. I dissent. Contrary to the principal holding of the Court of Appeal, the majority conclude that the complaint does not—in fact cannot—state a cause of action for conversion. I disagree with this conclusion for all the reasons stated by the Court of Appeal, and for additional reasons. . . .

The concepts of property and ownership in our law are extremely broad. . . .

Being broad, the concept of property is also abstract: rather than referring directly to a material object such as a parcel of land or the tractor that cultivates it, the concept of property is often said to refer to a "bundle of rights" that may be exercised with respect to that object—principally the rights to possess the property, to use the property, to exclude others from the property, and to dispose of the property by sale or by gift. . . . But the same bundle of rights does not attach to all forms of property. For a variety of policy reasons, the law limits or even forbids the exercise of certain rights over certain forms of property. For example, both law and contract may limit the right of an owner of real property to use his parcel as he sees fit. Owners of various forms of personal property may likewise be subject to restrictions on the time, place, and manner of their use. Limitations on the disposition of real property, while less common, may also be imposed. Finally, some types of personal property may be sold but not given away,[13] while others may be given away but not sold,[14] and still others may neither be given away nor sold.[15]

In each of the foregoing instances, the limitation or prohibition diminishes the bundle of rights that would otherwise attach to the property, yet what remains is still deemed in law to be a protectible property interest. . . . The same rule applies to Moore's interest in his own body tissue. . . . Above all, at the time of its excision he at least had *the right to do with his own tissue whatever the defendants did with it*: i.e., he could have contracted with researchers and pharmaceutical companies to develop and exploit the vast commercial potential of his tissue and its products. . . .

Having concluded—mistakenly, in my view—that Moore has no cause of action for conversion under existing law, the majority next consider whether to "extend" the conversion cause of action to this context. Again . . . I respectfully disagree with [their reasoning].

. . . [O]ur society acknowledges a profound ethical imperative to respect the human body as the physical and temporal expression of the unique human persona. One manifestation of that respect is our prohibition against direct abuse of the body by torture or other forms of cruel or unusual punishment. Another is our prohibition against indirect abuse of the body by its economic exploitation for the sole benefit of another person. The most abhorrent form of such exploitation, of course, was the institution of slavery. Lesser forms, such as indentured servitude or even debtor's prison, have also disappeared. Yet their specter haunts the laboratories and boardrooms of today's biotechnological research-industrial complex. It arises wherever scientists or industrialists claim, as defendants claim here, the right to appropriate and exploit a patient's tissue for their sole economic benefit—the right, in other words, to freely mine or harvest valuable physical properties of the patient's body. . . .

A second policy consideration adds notions of equity to those of ethics. Our society values fundamental fairness in dealings between its members, and condemns the unjust enrichment of any member at the expense of another. This is particularly true when, as here, the parties are not in equal bargaining positions. . . . Yet defendants deny that Moore is entitled to any share whatever in the proceeds of this cell line. This is both inequitable and immoral. . . .

There will be . . . equitable sharing if the courts recognize that the patient has a legally protected property interest in his own body and its products: "property rights in one's own tissue would provide a morally acceptable result by giving effect to notions of fairness and preventing unjust enrichment. . . ."

I do not doubt that the Legislature is competent to act on this topic. The fact that the Legislature may intervene if and when it chooses, however, does not in the meanwhile relieve the courts of their duty of enforcing—or if need be, fashioning—an effective judicial remedy for the wrong here alleged. . . .

The inference I draw from the current statutory regulation of human biological materials, moreover, is the opposite of that drawn by the majority. By selective quotation of the statutes the majority seem to suggest that human organs and blood cannot legally be sold on the open market—thereby implying that if the Legislature were to act here it would impose a similar ban on monetary compensation for the use of human tissue in biotechnological research and development. But if that is the argument, the premise is unsound: contrary to popular misconception, it is not true that human organs and blood cannot legally be sold.

As to organs, the majority rely on the Uniform Anatomical Gift Act (Health & Saf. Code, § 7150 et seq., hereafter the UAGA) for the proposition that a competent adult may make a post mortem gift of any part of his body but may not receive "valuable consideration" for the transfer. But the prohibition of the UAGA against the sale of a body part is much more limited than the majority recognize: by its terms (Health & Saf. Code, § 7155, subd. (a)) the prohibition applies only to sales for "transplantation" or "therapy." Yet a different section of the UAGA authorizes the transfer and receipt of body parts for such additional purposes as "medical or dental education, research, or advancement of medical or dental science." (Health & Saf. Code, § 7153, subd. (a)(1).) No section of the UAGA prohibits anyone from selling body parts for any of those additional purposes; by clear implication, therefore, such sales are legal.[16] Indeed, the fact that the UAGA prohibits *no* sales of organs other than sales for "transplantation" or "therapy" raises a further implication that it is also legal for anyone to sell human tissue to a biotechnology company for research and development purposes. . . .

It follows that the statutes regulating the transfers of human organs and blood do not support the majority's refusal to recognize a conversion cause of action for commercial exploitation of human blood cells without consent. On the contrary, because such statutes treat both organs and blood as property that can legally be sold in a variety of circumstances, they impliedly support Moore's contention that his blood cells are likewise property for which he can and should receive compensation, and hence are protected by the law of conversion.

The majority's final reason for refusing to recognize a conversion cause of action on these facts is that "there is no pressing need" to do so because the complaint also states another cause of action that is assertedly adequate to the task. . . .

I disagree, however, with the majority's further conclusion that in the present context a nondisclosure cause of action is an adequate—in fact, a superior—substitute for a conversion cause of action. . . .

The majority do not spell out how those obligations will be "enforced"; but because they arise from judicial decision (the majority opinion herein) rather than from legislative or administrative enactment, we may infer that the obligations will primarily be enforced by the traditional judicial remedy of an action for damages for their breach. . . .

The remedy is largely illusory. "[A]n action based on the physician's failure to disclose material information sounds in negligence. As a practical matter, however, it may be difficult to recover on this kind of negligence theory because the patient must prove a *causal connection* between his or her injury and the physician's failure to inform." (Martin & Lagod, Biotechnology and the Commercial Use of Human Cells: Toward an Organic View of Life and Technology (1989), 5 Santa Clara Computer & High Tech L.J. 211, 222, fn. omitted, italics added.) There are two barriers to recovery. First, "the patient must show that if he or she had been informed of all pertinent information, he or she would have declined to consent to the procedure in question." (Ibid.) . . .

The second barrier to recovery is still higher, and is erected on the first: it is not even enough for the plaintiff to prove that he personally would have refused consent to the proposed treatment if he had been fully informed; he must also prove that in the same circumstances *no reasonably prudent person* would have given such consent. . . .

The second reason why the nondisclosure cause of action is inadequate for the task that the majority assign to it is that it fails to solve half the problem before us: it gives the patient only the right to *refuse* consent, i.e., the right to prohibit the commercialization of his tissue; it does not give him the right to *grant* consent to that commercialization on the condition that he share in its proceeds. . . .

Reversing the words of the old song, the nondisclosure cause of action thus accentuates the negative and eliminates the positive: the patient can say no, but he cannot say yes and expect to share in the proceeds of his contribution. . . .

Third, the nondisclosure cause of action fails to reach a major class of potential defendants: all those who are outside the strict physician-patient relationship with the plaintiff. Thus the majority concede that here only defendant Golde, the treating physician, can be directly liable to Moore on a nondisclosure cause of action. . . .

In sum, the nondisclosure cause of action (1) is unlikely to be successful in most cases, (2) fails to protect patients' rights to share in the proceeds of the commercial exploitation of their tissue, and (3) may allow the true exploiters to escape liability. It is thus not an adequate substitute, in my view, for the conversion cause of action. . . .

### *THE REST OF THE STORY . . .*

After losing on his conversion claim, Moore eventually resolved his remaining claims in a confidential settlement. There were reports that he received between $20,000 and $600,000, but doubtless much of the amount went to pay attorneys' fees. He later became an advocate for patients' rights. In 2001, his battle with cancer ended when he died at the age of 56.

## Notes and Questions

**1. *Losing ownership of one's body (and parts).*** The majority holds that Moore has no cause of action for conversion because he did not retain an ownership interest in his cells following their removal. Did Moore have an ownership interest in his spleen and cells when they were still in his body? If so, exactly how did he lose that interest? Did he do so because he abandoned his cells? The elements of *abandonment* are intent to permanently relinquish to no one in particular and a voluntary act effectuating that intent. Were both of these elements met here? If not, on what other basis did Moore lose ownership of his cells?

**2. *The bundle of rights, again.*** In his concurring opinion, Justice Arabian states that recognition of property rights in one's cells would necessarily entail "a right to sell one's own body tissue *for profit*." Is this correct? Consider Justice Mosk's response to this argument in his dissenting opinion (see page 89). Justice Mosk's approach rests on the bundle-of-rights conception of ownership, which we discussed previously (see Note 1 at page 39). Not all of the entitlements that may be included in the bundle are necessary for property. Consider the right to transfer. Although property may usually be transferred by sale or by gift, this is not always the case. As Justice Mosk explained, sometimes gifts alone are permitted, sometimes only sales, and sometimes neither. Notwithstanding, we are still talking about property. When sales are prohibited but gifts allowed, property is sometimes said to be "market-inalienable." What was the effect of the California statute discussed in both the majority and dissenting opinions on the market-alienability of human body parts?

Could not the majority in *Moore* have used these observations to craft a more satisfactory opinion? If the majority had used Justice Mosk's bundle-of-rights approach, it could first have held the cells still to be Moore's property and then gone on to consider the question of alienability. Framing the matter in this way would readily allow the conclusion that because the cells were Moore's, they were not some doctor's to take, but neither were they Moore's *to sell in a market transaction.* In other words, the majority could have limited Moore's property rights but nevertheless acknowledged and protected them through the cause of action for conversion. Concerns about the impact of conversion liability on medical research and development could in turn have been eased by an appropriately tailored measure of damages. The literature mentions any number of alternatives, such as royalties, a percentage of profits, or a lump sum.

**3. *The cell line and the law of accession.*** The majority distinguishes between Moore's cells and the cell line, and states that even if Moore owned his cells after removal, he cannot own the cell line, which, the court says, is the product of "inventive effort." This reasoning suggests that the law of accession, which we saw earlier (see page 22), has a role to play here. Recall that under the doctrine of accession, when a person (*A*) in good faith applies labor alone or labor plus materials to some object that another person (*B*) owns to create a fundamentally different product, *A* acquires ownership of the new product. Did the defendants acquire ownership of the cell line on the basis of this doctrine? If so, they would owe Moore the fair market value of his cells. How would one value that asset?

**4. *Commodification and the limits of the market.*** Justice Arabian's opinion raises an important policy question—should non-replenishable human body parts be subject to market exchange? The question is part of the broader debate regarding the role of markets and commodification. Prohibitions of slavery, child labor, and prostitution are all examples of situations in which resources have been legally removed from the domain of the market, largely for moral reasons, including those to which Justice Arabian alludes. Of course, this issue was mooted by the fact that Moore's cells had already been commodified. But suppose Moore had known that his spleen was worth millions and that its removal was not medically necessary. Should he be allowed to contract with UCLA to sell it and develop research applications, all for a handsome profit? What arguments might be made in favor of allowing him to do so?

**5. *Institutional competence.*** The policy issue regarding commodification raises a further question. Which institution, courts or the legislature, is more competent to make the decision about this policy issue? Consider what Justice Arabian says about this. Do you agree with him?

**6. *Property in fossils.*** What is the status of prehistoric fossils, discovered under-ground, as property? As we will see in the next chapter (see page 148), according to the *ad coelum* doctrine, the owner of the surface also owns minerals and other resources below the surface. The surface owner may convey, lease or license the right to extract subsurface minerals lying beneath his land. Do minerals include fossils? In Murray v. BEJ Minerals LLC, 464 P.3d 80 (Mont. 2020), the Montana Supreme Court said no. The Seversons were farmers and ranchers who sold two-thirds of the mineral rights on their land to the Murrays. When the Murrays discovered rare dinosaur fossils worth millions of dollars on the land, both parties sought declaratory judgment over who owned the fossils. Both parties conceded that they were not contemplating dinosaur fossils when they entered into a transaction over mineral rights. Ultimately, the Montana Supreme Court held that fossils are not considered minerals under the ordinary and natural meaning of the term “mineral.” Because the fossil was not included within the surface owner’s grant of “mineral” rights, the conveyance did not alter who owned them, leaving the Seversons with complete ownership of the valuable fossils.

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*The case of Henrietta Lacks*. The issue of lack of informed consent in *Moore* was raised in another prominent controversy involving the cells of Ms. Henrietta Lacks (1920-1951), an African American woman who was raised by her grandparents in a log cabin that was a former slave dwelling. In 1951, when Ms. Lacks was stricken with an aggressive form of cervical cancer, doctors from Johns Hopkins University Hospital, where she was being treated, took cells from her tumor without her permission or her knowledge (as was common practice at the time). The physician found that the cells, somewhat similarly to Mr. Moore’s, kept replicating at a high rate, making them greatly valuable to researchers. The researcher to whom the cell were given developed a cell line, which he named the “HeLa” line (after the initial letters of Henrietta Lacks’s name), The HeLa line proved to be an enormous boon to medical and biological research. On October 4, 1951, Henrietta Lacks died. By 1954, Dr. Jonas Salk had used it to develop a vaccine for polio. Demand for the HeLa cells quickly grew, and soon they were sent to researchers around the world for research on cancer, AIDS, gene mapping, and other scientific endeavors. Almost 11,000 patents involve HeLa cells.

In the early 1970s, Ms. Lacks's family started getting calls from researchers who wanted blood samples from them to learn about the family's genetics. The family soon learned about the removal and use of Ms. Lacks's cells. Despite the fact that medical science had widely used and distributed the cells and that the cells had launched a multibillion-dollar industry, the Lacks family has been completely shut out of the informational loop and the decisional process.

That changed in August 2013, when the family reached an agreement with the National Institutes of Health (NIH) restricting NIH-funded research on the genome of HeLa cells. Two family members were placed on a committee to approve such research. Lacks family members had stated that their greatest concern was protecting their privacy interest in their genetic information. With the agreement in place, researchers will still be able to publish the results of their work. See Carl Zimmer, A Family Consents to a Medical Gift, 62 Years Later, N.Y. Times, Aug. 7, 2013. For a full discussion of the saga of Henrietta Lacks, see Rebecca Skloot, The Immortal Life of Henrietta Lacks (2010).

## 2. Three Core Intellectual Property Interests

### a. Patents

***The background and basics of patent law.*** The patent system is usually thought to be rooted in utilitarian reasons. The U.S. Constitution supports this view: "[t]o promote the Progress of Science and the useful Arts. . . ." U.S. Const. art. I, § 8. As we indicated earlier (see page 67), patent law involves a trade-off: it grants a limited monopoly to the patentee on the assumption that doing so creates an incentive for the patentee to engage in a creative and socially useful enterprise. The specific protection that the federal patent statute grants to the patent holder is the right to prevent others from making, using, selling, etc., the invention during the term of the patent. (Note, however, that the patentee's *use* of the item or product may be regulated or even prohibited by law.) Currently, the term of patents is 20 years from the date the application is filed with the U.S. Patent and Trademark Office (PTO).

Under the federal patent statute, patent applications must meet five requirements in order for the patent to be granted: (1) patentability; (2) novelty; (3) utility; (4) non-obviousness; and (5) enablement.

- *Patentability* means that the invention fits in one of the general categories of patentable subject matter. Patentable inventions are limited to these four: "process, machine, manufacture, or any composition of matter." 35 U.S.C. § 101.
- *Novelty* means that it has not been preceded in identical form in public prior art.
- *Utility* is a minimal requirement that is easily met so long as the invention offers some actual benefit to humans.
- *Non-obviousness* is the most important requirement; it asks whether the invention is a sufficiently big technical advance over the prior art.
- *Enablement* requires the patent application to describe the invention in sufficient detail so that "one of ordinary skill in the art" would be able to use the invention.

In recent years, one of the major controversies in patent law has concerned the scope of patentable subject matter. Courts have taken an expansive view of the statutory subject matter requirement so that today eligible subject matter includes genetic materials such as DNA sequences, proteins, and business methods. However, the laws of nature and abstract ideas such as $E=mc^2$ are not patentable. Biotechnology-related inventions have been among the most interesting—and controversial—topics in recent decades.

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# DIAMOND v. CHAKRABARTY

Supreme Court of the United States, 1980
447 U.S. 303

BURGER, C.J. We granted certiorari to determine whether a live, human-made microorganism is patentable subject matter under 35 U.S.C. § 101.

## I.

In 1972, respondent Chakrabarty, a microbiologist, filed a patent application, assigned to the General Electric Co. The application asserted 36 claims related to Chakrabarty's invention of "a bacterium from the genus Pseudomonas containing therein at least two stable energy-generating plasmids, each of said plasmids providing a separate hydrocarbon degradative pathway." This human-made, genetically engineered bacterium is capable of breaking down multiple components of crude oil. Because of this property, which is possessed by no naturally occurring bacteria, Chakrabarty's invention is believed to have significant value for the treatment of oil spills.

Chakrabarty's patent claims were of three types: first, process claims for the method of producing the bacteria; second, claims for an inoculum comprised of a carrier material floating on water, such as straw, and the new bacteria; and third, claims to the bacteria themselves. The patent examiner allowed the claims falling into the first two categories, but rejected claims for the bacteria. His decision rested on two grounds: (1) that micro-organisms are "products of nature," and (2) that as living things they are not patentable subject matter under 35 U.S.C. § 101.

Chakrabarty appealed the rejection of these claims to the Patent Office Board of Appeals, and the Board affirmed the examiner on the second ground. . . . [The Court of Customs and Patent Appeals, by a divided vote, reversed this decision, and Diamond, as Commissioner of Patents and Trademarks, petitioned the Supreme Court for certiorari.]

## II.

The Constitution grants Congress broad power to legislate 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." Art. I, §8, cl. 8. The patent laws promote this progress by offering inventors exclusive rights for a limited period as an incentive for their inventiveness and research efforts. Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 480-481 (1974); Universal Oil Co. v. Globe Co., 322 U.S. 471, 484 (1944). The authority of Congress is exercised in the hope that “[the] productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens.” *Kewanee*, supra, at 480.

The question before us in this case is a narrow one of statutory interpretation requiring us to construe 35 U.S.C. § 101, which provides:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Specifically, we must determine whether respondent’s micro-organism constitutes a “manufacture” or “composition of matter” within the meaning of the statute.

**III.**

[T]his Court has read the term “manufacture” in § 101 in accordance with its dictionary definition to mean “the production of articles for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand-labor or by machinery.” American Fruit Growers, Inc. v. Brogdex Co., 283 U.S. 1, 11 (1931). Similarly, “composition of matter” has been construed consistent with its common usage to include “all compositions of two or more substances and . . . all composite articles, whether they be the results of chemical union, or of mechanical mixture, or whether they be gases, fluids, powders or solids.” Shell Development Co. v. Watson, 149 F. Supp. 279, 280 (D.C. 1957). . . . In choosing such expansive terms as “manufacture” and “composition of matter,” modified by the comprehensive “any,” Congress plainly contemplated that the patent laws would be given wide scope.

The relevant legislative history also supports a broad construction. The Patent Act of 1793, authored by Thomas Jefferson, defined statutory subject matter as “any new and useful art, machine, manufacture, or composition of matter, or any new or useful improvement [thereof].” Act of Feb. 21, 1793, § 1, 1 Stat. 319. The Act embodied Jefferson’s philosophy that “ingenuity should receive a liberal encouragement.” 5 Writings of Thomas Jefferson 75-76 (Washington ed. 1871). See Graham v. John Deere Co., 383 U.S. 1, 7-10 (1966). Subsequent patent statutes in 1836, 1870, and 1874 employed this same broad language. In 1952, when the patent laws were recodified, Congress replaced the word "art" with "process," but otherwise left Jefferson's language intact. The Committee Reports accompanying the 1952 Act inform us that Congress intended statutory subject matter to "include anything under the sun that is made by man." S. Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952); H.R. Rep. No. 1923, 82d Cong., 2d Sess., 6 (1952).

This is not to suggest that §101 has no limits or that it embraces every discovery. The laws of nature, physical phenomena, and abstract ideas have been held not patentable. Thus, a new mineral discovered in the earth or a new plant found in the wild is not patentable subject matter. Likewise, Einstein could not patent his celebrated law that $E = mc^2$; nor could Newton have patented the law of gravity. Such discoveries are "manifestations of . . . nature, free to all men and reserved exclusively to none." Funk [Brothers Seed Co. v. Kalo Inoculant Co., 333 U.S. 127 (1948)], at 130.

Judged in this light, respondent's micro-organism plainly qualifies as patentable subject matter. His claim is not to a hitherto unknown natural phenomenon, but to a nonnaturally occurring manufacture or composition of matter—a product of human ingenuity "having a distinctive name, character [and] use." Hartranft v. Wiemann, 121 U.S. 609, 615 (1887). . . .

Here, by contrast, the patentee has produced a new bacterium with markedly different characteristics from any found in nature and one having the potential for significant utility. His discovery is not nature's handiwork, but his own; accordingly it is patentable subject matter under § 101.

## IV.

[Petitioner argues] that micro-organisms cannot qualify as patentable subject matter until Congress expressly authorizes such protection. His position rests on the fact that genetic technology was unforeseen when Congress enacted § 101. From this it is argued that resolution of the patentability of inventions such as respondent's should be left to Congress. The legislative process, the petitioner argues, is best equipped to weigh the competing economic, social, and scientific considerations involved, and to determine whether living organisms produced by genetic engineering should receive patent protection. . . .

It is, of course, correct that Congress, not the courts, must define the limits of patentability; but it is equally true that once Congress has spoken it is "the province and duty of the judicial department to say what the law is." Marbury v. Madison, 1 Cranch 137, 177 (1803). Congress has performed its constitutional role in defining patentable subject matter in § 101; we perform ours in construing the language Congress has employed. In so doing, our obligation is to take statutes as we find them, guided, if ambiguity appears, by the legislative history and statutory purpose. Here, we perceive no ambiguity. The subject-matter provisions of the patent law have been cast in broad terms to fulfill the constitutional and statutory goal of promoting "the Progress of Science and the useful Arts" with all that means for the social and economic benefits envisioned by Jefferson. Broad general language is not necessarily ambiguous when congressional objectives require broad terms. . . .

. . . This Court frequently has observed that a statute is not to be confined to the "particular [applications] . . . contemplated by the legislators." Barr v. United States, 324 U.S. 83, 90 (1945). This is especially true in the field of patent law. A rule that unanticipated inventions are without protection would conflict with the core concept of the patent law that anticipation undermines patentability. Mr. Justice Douglas reminded that the inventions most benefiting mankind are those that "push back the frontiers of chemistry, physics, and the like." Great A. & P. Tea Co. v. Supermarket Corp., 340 U.S. 147, 154 (1950) (concurring opinion). Congress employed broad general language in drafting § 101 precisely because such inventions are often unforeseeable.

To buttress his argument, the petitioner, with the support of amicus, points to grave risks that may be generated by research endeavors such as respondent's. The briefs present a gruesome parade of horribles. Scientists, among them Nobel laureates, are quoted suggesting that genetic research may pose a serious threat to the human race, or, at the very least, that the dangers are far too substantial to permit such research to proceed apace at this time. We are told that genetic research and related technological developments may spread pollution and disease, that it may result in a loss of genetic diversity, and that its practice may tend to depreciate the value of human life. These arguments are forcefully, even passionately, presented; they remind us that, at times, human ingenuity seems unable to control fully the forces it creates—that, with Hamlet, it is sometimes better "to bear those ills we have than fly to others that we know not of."

It is argued that this Court should weigh these potential hazards in considering whether respondent's invention is patentable subject matter under § 101. We disagree. The grant or denial of patents on micro-organisms is not likely to put an end to genetic research or to its attendant risks. The large amount of research that has already occurred when no researcher had sure knowledge that patent protection would be available suggests that legislative or judicial fiat as to patentability will not deter the scientific mind from probing into the unknown any more than Canute could command the tides. Whether respondent's claims are patentable may determine whether research efforts are accelerated by the hope of reward or slowed by want of incentives, but that is all.

What is more important is that we are without competence to entertain these arguments—either to brush them aside as fantasies generated by fear of the unknown, or to act on them. The choice we are urged to make is a matter of high policy for resolution within the legislative process after the kind of investigation, examination, and study that legislative bodies can provide and courts cannot. That process involves the balancing of competing values and interests, which in our democratic system is the business of elected representatives. Whatever their validity, the contentions now pressed on us should be addressed to the political branches of the Government, the Congress and the Executive, and not to the courts.

Accordingly, the judgment of the Court of Customs and Patent Appeals is Affirmed.

BRENNAN, J., dissenting. . . . The only question we need decide is whether Congress, exercising its authority under Art. I, § 8, of the Constitution, intended that he be able to secure a monopoly on the living organism itself, no matter how produced or how used. Because I believe the Court has misread the applicable legislation, I dissent.

The patent laws attempt to reconcile this Nation's deep-seated antipathy to monopolies with the need to encourage progress. Given the complexity and legislative nature of this delicate task, we must be careful to extend patent protection no further than Congress has provided. In particular, were there an absence of legislative direction, the courts should leave to Congress the decisions whether and how far to extend the patent privilege into areas where the common understanding has been that patents are not available. . . .

The Court protests that its holding today is dictated by the broad language of § 101, which cannot "be confined to the 'particular [applications] . . . contemplated by the legislators.' " Ante . . . quoting Barr v. United States, 324 U.S. 83, 90 (1945). But as I have shown, the Court's decision does not follow the unavoidable implications of the statute. Rather, it extends the patent system to cover living material even though Congress plainly has legislated in the belief that § 101 does not encompass living organisms. It is the role of Congress, not this Court, to broaden or narrow the reach of the patent laws. This is especially true where, as here, the composition sought to be patented uniquely implicates matters of public concern.

***THE REST OF THE STORY . . .***

The patent on Dr. Chakrabarty's invention was finally issued in March 1981. In the meantime, General Electric, which owned the patent, had announced that new techniques had made Chakrabarty's invention obsolete and that the company had no plans to develop his method.

## Notes and Questions

**1. Chakrabarty *and the then-nascent biotechnology industry.*** *Chakrabarty* is important, among other reasons, because it provided a significant boost to the biotechnology industry, which was then in its nascent stage. In holding that a living, genetically altered microorganism constituted a patentable subject matter, the Supreme Court opened the door to subsequent waves of patent applications involving rapid advances in biotechnology. Prior to *Chakrabarty*, the patentability of genetically engineered organisms had seemed doubtful because of the long-established exclusion for "products of nature." See Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 U.S. 127 (1948). *Chakrabarty* put those doubts to rest.

**2. *After* Chakrabarty, *what counts as a "product of nature"?*** The Supreme Court addressed that issue in Association for Molecular Pathology

v. Myriad Genetics, Inc., 569 U.S. 576 (2013). Myriad discovered genetic mutations that were associated with substantially elevated risks of breast and ovarian cancers. Myriad then obtained patents on the DNA sequences whose presence indicated a heightened cancer risk. The Court held that isolating a sequence that already existed in human DNA did not satisfy *Chakrabarty*'s requirements. "In *Chakrabarty*, scientists added four plasmids to a bacterium, which enabled it to break down various components of crude oil. . . . In this case, by contrast, Myriad did not create anything. To be sure, it found an important and useful gene, but separating that gene from its surrounding genetic material is not an act of invention." *Id.* at 590-591. The case was not a total defeat for Myriad, though. Coding exons and adjacent non-coding introns combine to form human DNA, and Myriad also had removed the introns from naturally occurring DNA sequences, resulting in cDNA sequences that do not appear naturally in the human body. The Court held that such cDNA could be patented: "[T]he lab technician unquestionably creates something new when cDNA is made. cDNA retains the naturally occurring exons of DNA, but it is distinct from the DNA from which it was derived." *Id.* at 595. In a footnote, the Court mentioned that inventors seeking to patent cDNA would still need to establish other elements of patentability such as novelty, non-obviousness, and specification. *Id.* at 595 n.9. Creators of novel cDNA sequences may encounter particular difficulties satisfying patent law's non-obviousness requirement.

**3. *Legislative superfluousness?*** As the Court states, the 1930 Plant Patent Act extended patent protection to certain asexually reproduced plants, and the 1970 Plant Variety Protection Act authorized protection for certain sexually reproduced plants. The PTO argued that if plants and other living things could already be patented under these acts, then these two pieces of legislation were superfluous. Was the PTO right about this?

**4. *Legislature versus courts:* Moore *and* Chakrabarty *compared.*** In *Moore*, the court says that "if the scientific users of human cells are to be held liable for failing to investigate the consensual pedigree of their raw materials, we believe the legislature should make that decision." In *Chakrabarty*, on the other hand, the Court in effect says, "The legislature has worded the statute broadly, thereby making the decision for us. Unless genetically engineered bacteria are explicitly excluded from patentable subject matter, they can be patented." Do the two courts share an assumption regarding the proper role of the legislature vis-à-vis courts?

Was there any evidence that Congress ever weighed the patentability of genetically engineered bacteria? If not, which approach, the more cautious approach of the *Moore* court or the bolder approach of the Court in *Chakrabarty*, is likely to lead Congress to investigate the pros and cons of patenting genetically engineered bacteria and other living things? A related but separate question: which step is harder to undo—creating property rights (*Chakrabarty*) or refusing to recognize a property right (*Moore*)?

### b. Copyright

***The background and basics of copyright law.*** Copyright law, like patent law, primarily serves utilitarian purposes, although it has also been defended on other grounds, including natural law, as well. The Federal Constitution identifies its utilitarian goal: to "promote the Progress of Science and the Useful Arts. . . ." U.S. Const. art. I, § 8. By and large, copyright law is statutory law, and the federal copyright statute has been amended many times since it was first enacted in 1790. As in patent law, copyright law serves the goal stated in the Constitution by creating incentives for creativity by granting the reward of a limited monopoly.

The copyright holder has the right to prevent others from (1) reproducing the work; (2) creating derivative works; (3) distributing copies of the work to the public; (4) performing the work publicly; (5) displaying the work publicly; and (6) performing the work by digital audio transmission. Of course, copyright holders may and frequently do sell others licenses to use their works in particular ways. A copyright holder may also assign her copyright to another.

Federal law imposes three requirements for copyright protection: (1) originality; (2) work of authorship; and (3) fixation.

- *Originality* means that (a) the work must be an independent creation of the author and (b) must demonstrate at least some minimal degree of creativity.
- *Work of authorship* is a fairly broad term. The federal statute identifies eight types of such works: literary works; musical works; dramatic works; pantomimes and choreographic works; pictorial,

graphic, and sculptural works; motion pictures and other audio-visual works; sound recordings; and architectural works. The term "literary works" is interpreted to include computer programs. What is not covered is important. First, it includes any "idea, procedure, process, system, method of operation, concept, principle, or discovery." 17 U.S.C. § 102(b). Running throughout copyright law is the idea-expression distinction. Copyright law protects expressions, not ideas. It protects the form or mode by which ideas are expressed rather than the ideas themselves. Second, strictly functional works, such as systems or procedures, are protected by patent law, not copyright.

- *Fixation* means that the work must be fixed in some kind of tangible medium.

In recent years, the Supreme Court has expressed concerns about the importance of not unduly restricting public access to information. The following case concerns the question of whether copyright protection is available for collections of basic information; in this case, telephone numbers. Consider the implications of the decision for intellectual property protection of other types of databases.

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# FEIST PUBLICATIONS, INC. v. RURAL TELEPHONE SERVICE CO.

Supreme Court of the United States, 1991
499 U.S. 340

O'Connor, J. This case requires us to clarify the extent of copyright protection available to telephone directory white pages.

## I

Rural Telephone Service Company is a certified public utility that provides telephone service to several communities in northwest Kansas. It is subject to a state regulation that requires all telephone companies operating in Kansas to issue annually an updated telephone directory. Accordingly, as a condition of its monopoly franchise, Rural publishes a typical telephone directory, consisting of white pages and yellow pages. The white pages list in alphabetical order the names of Rural's subscribers, together with their towns and telephone numbers. The yellow pages list Rural's business subscribers alphabetically by category and feature classified advertisement of various sizes. Rural distributes its directory free of charge to its subscribers, but earns revenue by selling yellow pages advertisements.

Feist Publications, Inc., is a publishing company that specializes in areawide telephone directories. Unlike a typical directory, which covers only a particular calling area, Feist's areawide directories cover a much larger geographical range, reducing the need to call directory assistance or consult multiple directories. The Feist directory that is the subject of this litigation covers 11 different telephone service areas in 15 counties and contains 46,878 white pages listings—compared to Rural's approximately 7,700 listings. Like Rural's directory, Feist's is distributed free of charge and includes both white pages and yellow pages. Feist and Rural compete vigorously for yellow pages advertising.

As the sole provider of telephone service in its service area, Rural obtains subscriber information quite easily. Persons desiring telephone service must apply to Rural and provide their names and addresses; Rural then assigns them a telephone number. Feist is not a telephone company, let alone one with monopoly status, and therefore lacks independent access to any subscriber information. To obtain white pages listings for its areawide directory, Feist approached each of the 11 telephone companies operating in northwest Kansas and offered to pay for the right to use its white pages listings.

Of the 11 telephone companies, only Rural refused to license its listings to Feist. Rural's refusal created a problem for Feist, as omitting these listings would have left a gaping hole in its areawide directory, rendering it less attractive to potential yellow pages advertisers. In a decision subsequent to that which we review here, the District Court determined that this was precisely the reason Rural refused to license its listings. The refusal was motivated by an unlawful purpose "to extend its monopoly in telephone service to a monopoly in yellow pages advertising." Rural Telephone Service Co. v. Feist Publications, Inc., 737 F. Supp. 610, 622 (Kan. 1990).

Unable to license Rural's white pages listings, Feist used them without Rural's consent. Feist began by removing several thousand listings that fell outside the geographic range of its areawide directory, then hired personnel to investigate the 4,935 that remained. These employees verified the data reported by Rural and sought to obtain additional information. As a result, a typical Feist listing includes the individual's street address; most of Rural's listings do not. Notwithstanding these additions, however, 1,309 of the 46,878 listings in Feist's 1983 directory were identical to listings in Rural's 1982-1983 white pages. Four of these were fictitious listings that Rural had inserted into its directory to detect copying.

Rural sued for copyright infringement in the District Court for the District of Kansas, taking the position that Feist, in compiling its own directory, could not use the information contained in Rural's white pages. . . . The District Court granted summary judgment to Rural. . . . [T]he Court of Appeals for the Tenth Circuit affirmed "for substantially the reasons given by the district court." We granted certiorari, 498 U.S. 808 (1990), to determine whether the copyright in Rural's directory protects the names, towns, and telephone numbers copied by Feist.

## II.

### *A.*

This case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. Each of these propositions possesses an impeccable pedigree. That there can be no valid copyright in facts is universally understood. The most fundamental axiom of copyright law is that "[n]o author may copyright his ideas or the facts he narrates." Harper & Row, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 556 (1985). Rural wisely concedes this point, noting in its brief that "[f]acts and discoveries, of course, are not themselves subject to copyright protection." Brief for Respondent 24. At the same time, however, it is beyond dispute that compilations of facts are within the subject matter of copyright. Compilations were expressly mentioned in the Copyright Act of 1909, and again in the Copyright Act of 1976.

There is an undeniable tension between these two propositions. Many compilations consist of nothing but raw data—i.e., wholly factual information not accompanied by any original written expression. On what basis may one claim a copyright in such a work? Common sense tells us that 100 uncopyrightable facts do not magically change their status when gathered together in one place. Yet copyright law seems to contemplate that compilations that consist exclusively of facts are potentially within its scope.

The key to resolving the tension lies in understanding why facts are not copyrightable. The *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. . . . To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, “no matter how crude, humble or obvious” it might be. Id. § 1.08[C]. . . . Originality does not signify novelty; a work may be original even though it closely resembles other works, so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable. . . .

It is this bedrock principle of copyright that mandates the law’s seemingly disparate treatment of facts and factual compilations. . . . This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: the first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. . . . Census-takers, for example, do not “create” the population figures that emerge from their efforts; in a sense, they copy these figures from the world around them. . . . Census data therefore do not trigger copyright, because these data are not “original” in the constitutional sense. . . .

Factual compilations, on the other hand, may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws. . . . Thus, even a directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement. . . . This protection is subject to an important limitation. The mere fact that a work is copyrighted does not mean that every element of the work may be protected. Originality remains the *sine qua non* of copyright; accordingly, copyright protection may extend only to those components of a work that are original to the author. . . .

This inevitably means that the copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another's publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement. . . .

It may seem unfair that much of the fruit of the compiler's labor may be used by others without compensation. . . . The primary objective of copyright is not to reward the labor of authors, but "[t]o promote the Progress of Science and useful Arts." Art. I, § 8, cl. 8. To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. This principle, known as the idea/expression or fact/expression dichotomy, applies to all works of authorship. As applied to a factual compilation, assuming the absence of original written expression, only the compiler's selection and arrangement may be protected; the raw facts may be copied at will. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art. . . .

Most courts . . . understood from this Court's decisions that there could be no copyright without originality. . . .

But some courts misunderstood the [copyright] statute. . . . [They inferred] erroneously that directories and the like were copyrightable per se, "without any further or precise showing of original-personal-authorship." . . . [They] developed a new theory to justify the protection of factual compilations. Known alternatively as "sweat of the brow" or "industrious collection," the underlying notion was that copyright was a reward for the hard work that went into compiling facts. . . .

*B.*

[This] "sweat of the brow" doctrine had numerous flaws, the most glaring being that it extended copyright protection in a compilation beyond selection and arrangement—the compiler's original contributions—to the facts themselves. Under the doctrine, the only defense to infringement was independent creation. A subsequent compiler was "not entitled to take one word of information previously published," but rather had to "independently wor[k] out the matter for himself, so as to arrive at the same result from the same common sources of information." [Jeweler's Circular Publishing Co. v. Keystone Publishing Co., 281 F. 83 (2d Cir. 1922)] at 88-89 (internal quotations omitted). "Sweat of the brow" courts thereby eschewed the most fundamental axiom of copyright law—that no one may copyright facts or ideas. . . .

Decisions of this Court applying the 1909 Act make clear that the statute did not permit the "sweat of the brow" approach. The best example is International News Service v. Associated Press, 248 U.S. 215 (1918). In that decision, the Court stated unambiguously that the 1909 Act conferred copyright protection only on those elements of a work that were original to the author. International News Service had conceded taking news reported by Associated Press and publishing it in its own newspapers. Recognizing that § 5 of the Act specifically mentioned "[p]eriodicals, including newspapers," § 5(b), the Court acknowledged that news articles were copyrightable. *Id.*, at 234. It flatly rejected, however, the notion that the copyright in an article extended to the factual information it contained: "[T]he news element—the information respecting current events contained in the literary production—is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day." *Ibid.* . . .

**III.**

There is no doubt that Feist took from the white pages of Rural's directory a substantial amount of factual information. At a minimum, Feist copied the names, towns, and telephone numbers of 1,309 of Rural's subscribers. Not all copying, however, is copyright infringement. To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original. The first element is not at issue here; Feist appears to concede that Rural's directory, considered as a whole, is subject to a valid copyright because it contains some foreword text, as well as original material in its yellow pages advertisements.

The question is whether Rural has proved the second element. In other words, did Feist, by taking 1,309 names, towns, and telephone numbers from Rural's white pages, copy anything that was "original" to Rural? Certainly, the raw data does not satisfy the originality requirement. Rural may have been the first to discover and report the names, towns, and telephone numbers of its subscribers, but this data does not "'ow[e] its origin'" to Rural. . . . Rather, these bits of information are uncopyrightable facts; they existed before Rural reported them, and would have continued to exist if Rural had never published a telephone directory. . . .

The question that remains is whether Rural selected, coordinated, or arranged these uncopyrightable facts in an original way. As mentioned, originality is not a stringent standard; it does not require that facts be presented in an innovative or surprising way. It is equally true, however, that the selection and arrangement of facts cannot be so mechanical or routine as to require no creativity whatsoever. The standard of originality is low, but it does exist. . . .

The selection, coordination, and arrangement of Rural's white pages do not satisfy the minimum constitutional standards for copyright protection. As mentioned at the outset, Rural's white pages are entirely typical. Persons desiring telephone service in Rural's service area fill out an application and Rural issues them a telephone number. In preparing its white pages, Rural simply takes the data provided by its subscribers and lists it alphabetically by surname. The end product is a garden-variety white pages directory, devoid of even the slightest trace of creativity.

Rural's selection of listings could not be more obvious: It publishes the most basic information—name, town, and telephone number—about each person who applies to it for telephone service. This is "selection" of a sort, but it lacks the modicum of creativity necessary to transform mere selection into copyrightable expression. Rural expended sufficient effort to make the white pages directory useful, but insufficient creativity to make it original. . . .

Nor can Rural claim originality in its coordination and arrangement of facts. The white pages do nothing more than list Rural's subscribers in alphabetical order. This arrangement may, technically speaking, owe its origin to Rural; no one disputes that Rural undertook the task of alphabetizing the names itself. But there is nothing remotely creative about arranging names alphabetically in a white pages directory. It is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course. It is not only unoriginal, it is practically inevitable. This time-honored tradition does not possess the minimal creative spark required by the Copyright Act and the Constitution.

We conclude that the names, towns, and telephone numbers copied by Feist were not original to Rural and therefore were not protected by the copyright in Rural's combined white and yellow pages directory. As a constitutional matter, copyright protects only those constituent elements of a work that possess more than a *de minimis* quantum of creativity. Rural's white pages, limited to basic subscriber information and arranged alphabetically, fall short of the mark. As a statutory matter, 17 U.S.C. § 101 does not afford protection from copying to a collection of facts that are selected, coordinated, and arranged in a way that utterly lacks originality. Given that some works must fail, we cannot imagine a more likely candidate. Indeed, were we to hold that Rural's white pages pass muster, it is hard to believe that any collection of facts could fail. . . .

The judgment of the Court of Appeals is *Reversed.*

## Notes and Questions

**1. *The originality requirement, the "sweat-of-the-brow" doctrine, and the labor theory.*** *Feist* is perhaps the most important recent copyright decision dealing with the requirement that the work be original. Until *Feist*, several decisions had applied the "sweat-of-the-brow" doctrine. Under that doctrine, an author gains copyright protection simply on the basis of effort and expense; no originality is required. *Feist* is important, among other reasons, because it rejects that doctrine: "[O]riginality, not 'sweat of the brow,' is the touchstone of copyright protection in directories and other fact-based works. . . ." 449 U.S. at 359-360. *Feist* is also important because of the Court's interpretation of originality. The test for originality, the Court indicates, is creativity. Compilations of preexisting data may be copyrighted if they displayed sufficient creativity.

This is not the first time that we have seen the idea behind the sweat-of-the-brow doctrine. As the Court in *Feist* indicated, it is certainly evident in INS v. AP. But even prior to that, we saw it in Pierson v. Post. Sweat-of-the-brow reasoning is the thrust of Justice Livingston's dissenting opinion in that case. There is some appeal to the idea that a person should be rewarded for her efforts, but recall Douglas Baird's observation, made in connection with INS v. AP (see page 73 supra), that we do not always reap where we sow. Why did the Court in *Feist* reject the sweat-of-the-brow doctrine? And what about creativity—is that a better approach? (If so, better in what respect?)

**2. *Databases.*** *Feist* throws into question the status, vis-à-vis copyright protection, of various sorts of factual compilations. For example, what is the status of automated databases after *Feist*? Are they entitled to protection, or do they lack sufficient creativity? The status of such factual compilations is unclear after *Feist*. The lower federal courts have interpreted *Feist* in quite different ways. Compare, e.g., BellSouth Advertising & Publishing Corp. v. Donnelley Information Publishing, 999 F.2d 1436 (11th Cir. 1993) (yellow pages directory unprotectable because act of separating categories of businesses would "merge with the idea of listing such entities as a class of businesses in a business directory"), with Key Publications, Inc. v. Chinatown Today Publishing Enterprises, 945 F.2d 508 (2d Cir. 1991) (court protected copied directory that differed from BellSouth directory only by solely including businesses thought to be of interest to Chinese Americans).

Owners of databases and other factual compilations sometimes rely on alternative legal means of protecting their "sweat-of-the-brow" investments. Proprietary databases are routinely kept confidential and protected under trade secrets law—another major branch of intellectual property law. Contract law has been especially popular in the wake of *Feist*. See, e.g., ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996). Some cases hold that a person who copies a database may be liable for breach of contract even though the database is composed entirely of unprotectable facts.

**3. *Infringement.*** The copyright holder must satisfy three requirements to prevail in an infringement action: (1) he holds a valid copyright in the work; (2) defendant copied the work; and (3) the copying was an "improper appropriation." The final element—"improper appropriation"—requires that the copyright holder show that the defendant copied so much of the original material that the two works are substantially similar.

**4. *Fair use.*** The most important defense in a copyright infringement action is fair use. As the name implies, fair use authorizes users of copyrighted material to exploit the work for some purposes without needing to obtain the permission of the copyright holder. Classic fair uses include quoting portions of a manuscript in a book review, invoking parts of a well-known song in a musical parody, or creating an abstract painting based on an iconic photograph. When considering a fair use defense, the courts consider (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect on the potential market for or value of the copyrighted work. See Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539 (1985).

**5. *Copyright duration.*** The patent monopoly generally runs for 20 years from the date on which the patent application is filed. The copyright monopoly is much longer-lived. Works created by living authors are now protected for the author's lifetime and the first 70 years after her death. Is that term too long? Consider the following case.

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## ELDRED v. ASHCROFT

Supreme Court of the United States, 2003
537 U.S. 186

GINSBURG, J. This case concerns the authority the Constitution assigns to Congress to prescribe the duration of copyrights. The Copyright and Patent Clause of the Constitution, Art. I, § 8, cl. 8, provides as to copyrights: "Congress shall have Power . . . [t]o promote the Progress of Science . . . by securing [to Authors] for limited Times . . . the exclusive Right to their . . . Writings." In 1998, in the measure here under inspection, Congress enlarged the duration of copyrights by 20 years. Copyright Term Extension Act (CTEA), Pub. L. 105298, § 102(b) and (d), 112 Stat. 2827-2828 (amending 17 U.S.C. §§ 302, 304). As in the case of prior extensions, principally in 1831, 1909, and 1976, Congress provided for application of the enlarged terms to existing and future copyrights alike.

Petitioners are individuals and businesses whose products or services build on copyrighted works that have gone into the public domain. They seek a determination that the CTEA fails constitutional review under . . . the Copyright Clause's "limited Times" prescription. . . . Under the 1976 Copyright Act, copyright protection generally lasted from the work's creation until 50 years after the author's death. Pub. L. 94-553, § 302(a), 90 Stat. 2572 (1976 Act). Under the CTEA, most copyrights now run from creation until 70 years after the author's death. 17 U.S.C. § 302(a). Petitioners do not challenge the "life-plus-70-years" time span itself. "Whether 50 years is enough, or 70 years too much," they acknowledge, "is not a judgment meet for this Court." Brief for Petitioners 14. Congress went awry, petitioners maintain, not with respect to newly created works, but in enlarging the term for published works with existing copyrights. The "limited Tim[e]" in effect when a copyright is secured, petitioners urge, becomes the constitutional boundary, a clear line beyond the power of Congress to extend. . . .

In accord with the District Court and the Court of Appeals, we reject petitioners' challenges to the CTEA. In that 1998 legislation, as in all previous copyright term extensions, Congress placed existing and future copyrights in parity. In prescribing that alignment, we hold, Congress acted within its authority and did not transgress constitutional limitations.

## I.

### *A.*

We evaluate petitioners' challenge to the constitutionality of the CTEA against the backdrop of Congress' previous exercises of its authority under the Copyright Clause. The Nation's first copyright statute, enacted in 1790, provided a federal copyright term of 14 years from the date of publication, renewable for an additional 14 years if the author survived the first term. Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124 (1790 Act). The 1790 Act's renewable 14-year term applied to existing works (i.e., works already published and works created but not yet published) and future works alike. Congress expanded the federal copyright term to 42 years in 1831 (28 years from publication, renewable for an additional 14 years), and to 56 years in 1909 (28 years from publication, renewable for an additional 28 years). Act of Feb. 3, 1831, ch. 16, §§ 1, 16, 4 Stat. 436, 439 (1831 Act); Act of Mar. 4, 1909, ch. 320, §§ 23-24, 35 Stat. 1080-1081 (1909 Act). Both times, Congress applied the new copyright term to existing and future works, 1831 Act §§ 1, 16; 1909 Act §§ 23-24; to qualify for the 1831 extension, an existing work had to be in its initial copyright term at the time the Act became effective, 1831 Act §§ 1, 16.

In 1976, Congress altered the method for computing federal copyright terms. 1976 Act §§ 302-304. For works created by identified natural persons, the 1976 Act provided that federal copyright protection would run from the work's creation, not—as in the 1790, 1831, and 1909 Acts—its publication; protection would last until 50 years after the author's death. § 302(a). . . . For anonymous works, pseudonymous works, and works made for hire, the 1976 Act provided a term of 75 years from publication or 100 years from creation, whichever expired first. § 302(c).

. . .

The measure at issue here, the CTEA, installed the fourth major duration extension of federal copyrights. Retaining the general structure of the 1976 Act, the CTEA enlarges the terms of all existing and future copyrights by 20 years. For works created by identified natural persons, the term now lasts from creation until 70 years after the author's death. 17 U.S.C. § 302(a). . . . For anonymous works, pseudonymous works, and works made for hire, the term is 95 years from publication or 120 years from creation, whichever expires first. 17 U.S.C. § 302(c).

Paralleling the 1976 Act, the CTEA applies these new terms to all works not published by January 1, 1978. §§ 302(a), 303(a). For works published before 1978 with existing copyrights as of the CTEA's effective date, the CTEA extends the term to 95 years from publication. § 304(a) and (b). Thus, in common with the 1831, 1909, and 1976 Acts, the CTEA's new terms apply to both future and existing copyrights.

### *B.*

Petitioners' suit challenges the CTEA's constitutionality under . . . the Copyright Clause. . . . On cross-motions for judgment on the pleadings, the District Court entered judgment for the Attorney General (respondent here). 74 F. Supp. 2d 1 (D.D.C. 1999). The court held that the CTEA does not violate the "limited Times" restriction of the Copyright Clause because the CTEA's terms, though longer than the 1976 Act's terms, are still limited, not perpetual, and therefore fit within Congress' discretion. . . .

The Court of Appeals for the District of Columbia Circuit affirmed. . . . We granted certiorari to address . . . whether the CTEA's extension of existing copyrights exceeds Congress' power under the Copyright Clause. . . . We now . . . affirm.

## II.

### *A.*

We address first the determination of the courts below that Congress has authority under the Copyright Clause to extend the terms of existing copyrights. Text, history, and precedent, we conclude, confirm that the Copyright Clause empowers Congress to prescribe "limited Times" for copyright protection and to secure the same level and duration of protection for all copyright holders, present and future.

The CTEA's baseline term of life plus 70 years, petitioners concede, qualifies as a "limited Tim[e]" as applied to future copyrights. Petitioners contend, however, that existing copyrights extended to endure for that same term are not "limited." Petitioners' argument essentially reads into the text of the Copyright Clause the command that a time prescription, once set, becomes forever "fixed" or "inalterable." The word "limited," however, does not convey a meaning so constricted. At the time of the Framing, that word meant what it means today: "confine[d] within certain bounds," "restrain[ed]," or "circumscribe[d]." S. Johnson, A Dictionary of the English Language (7th ed. 1785); see T. Sheridan, A Complete Dictionary of the English Language (6th ed. 1796) ("confine[d] within certain bounds"); Webster's Third New International Dictionary 1312 (1976) ("confined within limits"; "restricted in extent, number, or duration"). Thus understood, a time span appropriately "limited" as applied to future copyrights does not automatically cease to be "limited" when applied to existing copyrights. . . .

To comprehend the scope of Congress' power under the Copyright Clause, "a page of history is worth a volume of logic." New York Trust Co. v. Eisner, 256 U.S. 345, 349 (1921) (Holmes, J.). History reveals an unbroken congressional practice of granting to authors of works with existing copyrights the benefit of term extensions so that all under copyright protection will be governed evenhandedly under the same regime. As earlier recounted, see supra, at 775, the First Congress accorded the protections of the Nation's first federal copyright statute to existing and future works alike. 1790 Act § 1. Since then, Congress has regularly applied duration extensions to both existing and future copyrights. 1831 Act §§ 1, 16; 1909 Act §§ 23-24; 1976 Act §§ 302-303; 17 U.S.C. §§ 302-304.

. . .

Congress' consistent historical practice of applying newly enacted copyright terms to future and existing copyrights reflects a judgment stated concisely by Representative Huntington at the time of the 1831 Act: "[J]ustice, policy, and equity alike forb[id]" that an "author who had sold his [work] a week ago, be placed in a worse situation than the author who should sell his work the day after the passing of [the] act." 7 Cong. Deb. 424 (1831). . . . The CTEA follows this historical practice by keeping the duration provisions of the 1976 Act largely in place and simply adding 20 years to each of them. Guided by text, history, and precedent, we cannot agree with petitioners' submission that extending the duration of existing copyrights is categorically beyond Congress' authority under the Copyright Clause.

Satisfied that the CTEA complies with the "limited Times" prescription, we turn now to whether it is a rational exercise of the legislative authority conferred by the Copyright Clause. On that point, we defer substantially to Congress. *Sony*, 464 U.S., at 429 ("[I]t is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors . . . in order to give the public appropriate access to their work product").

The CTEA reflects judgments of a kind Congress typically makes, judgments we cannot dismiss as outside the Legislature's domain. As respondent describes, see Brief for Respondent 37-38, a key factor in the CTEA's passage was a 1993 European Union (EU) directive instructing EU members to establish a copyright term of life plus 70 years. EU Council Directive 93/98, p. 4; see 144 Cong. Rec. S12377-S12378 (daily ed. Oct. 12, 1998) (statement of Sen. Hatch). Consistent with the Berne Convention, the EU directed its members to deny this longer term to the works of any non-EU country whose laws did not secure the same extended term. See Berne Conv. Art. 7(8); P. Goldstein, International Copyright § 5.3, p. 239 (2001). By extending the baseline United States copyright term to life plus 70 years, Congress sought to ensure that American authors would receive the same copyright protection in Europe as their European counterparts. The CTEA may also provide greater incentive for American and other authors to create and disseminate their work in the United States. . . .

In addition to international concerns, Congress passed the CTEA in light of demographic, economic, and technological changes, Brief for Respondent 25-26, 33, and nn. 23 and 24,[17] and rationally credited projections that longer terms would encourage copyright holders to invest in the restoration and public distribution of their works, id., at 34-37; see H.R. Rep. No. 105-452, p. 4 (1998) (term extension "provide[s] copyright owners generally with the incentive to restore older works and further disseminate them to the public").[18]

In sum, we find that the CTEA is a rational enactment; we are not at liberty to second-guess congressional determinations and policy judgments of this order, however debatable or arguably unwise they may be. Accordingly, we cannot conclude that the CTEA—which continues the unbroken congressional practice of treating future and existing copyrights in parity for term extension purposes—is an impermissible exercise of Congress' power under the Copyright Clause.

*B.*

Petitioners' Copyright Clause arguments rely on several novel readings of the Clause. We next address these arguments and explain why we find them unpersuasive.

*1*

Petitioners contend that even if the CTEA's 20-year term extension is literally a "limited Tim[e]," permitting Congress to extend existing copyrights allows it to evade the "limited Times" constraint by creating effectively perpetual copyrights through repeated extensions. We disagree.

As the Court of Appeals observed, a regime of perpetual copyrights "clearly is not the situation before us." 239 F.3d, at 379. Nothing before this Court warrants construction of the CTEA's 20-year term extension as a congressional attempt to evade or override the "limited Times" constraint. Critically, we again emphasize, petitioners fail to show how the CTEA crosses a constitutionally significant threshold with respect to "limited Times" that the 1831, 1909, and 1976 Acts did not. . . . Those earlier Acts did not create perpetual copyrights, and neither does the CTEA.

*2*

Petitioners dominantly advance a series of arguments all premised on the proposition that Congress may not extend an existing copyright absent new consideration from the author. . .

[P]etitioners contend that the CTEA's extension of existing copyrights does not "promote the Progress of Science" as contemplated by the preambular language of the Copyright Clause. Art. I, § 8, cl. 8. To sustain this objection, petitioners do not argue that the Clause's preamble is an independently enforceable limit on Congress' power. . . . Rather, they maintain that the preambular language identifies the sole end to which Congress may legislate; accordingly, they conclude, the meaning of "limited Times" must be "determined in light of that specified end." Brief for Petitioners 19. The CTEA's extension of existing copyrights categorically fails to "promote the Progress of Science," petitioners argue, because it does not stimulate the creation of new works but merely adds value to works already created.

As petitioners point out, we have described the Copyright Clause as "both a grant of power and a limitation," Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 5 (1966), and have said that "[t]he primary objective of copyright" is "[t]o promote the Progress of Science," Feist, 499 U.S., at 349. The "constitutional command," we have recognized, is that Congress, to the extent it enacts copyright laws at all, create a "system" that "promote[s] the Progress of Science." *Graham*, 383 U.S., at 6.

We have also stressed, however, that it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives. . . . The justifications we earlier set out for Congress' enactment of the CTEA, provide a rational basis for the conclusion that the CTEA "promote[s] the Progress of Science."

On the issue of copyright duration, Congress, from the start, has routinely applied new definitions or adjustments of the copyright term to both future works and existing works not yet in the public domain. Such consistent congressional practice is entitled to "very great weight, and when it is remembered that the rights thus established have not been disputed during a period of [over two] centur[ies], it is almost conclusive." Burrow-Giles Lithographic Co. v. Sarony, 111 U.S., at 57. . . . Congress' unbroken practice since the founding generation thus overwhelms petitioners' argument that the CTEA's extension of existing copyrights fails per se to "promote the Progress of Science."

Closely related to petitioners' preambular argument, or a variant of it, is their assertion that the Copyright Clause "imbeds a quid pro quo." Brief for Petitioners 23. They contend, in this regard, that Congress may grant to an "Autho[r]" an "exclusive Right" for a "limited Tim[e]," but only in exchange for a "Writin[g]." Congress' power to confer copyright protection, petitioners argue, is thus contingent upon an exchange: The author of an original work receives an "exclusive Right" for a "limited Tim[e]" in exchange for a dedication to the public thereafter. Extending an existing copyright without demanding additional consideration, petitioners maintain, bestows an unpaid-for benefit on copyright holders and their heirs, in violation of the quid pro quo requirement.

We can demur to petitioners' description of the Copyright Clause as a grant of legislative authority empowering Congress "to secure a bargain—

this for that." . . . But the legislative evolution earlier recalled demonstrates what the bargain entails. Given the consistent placement of existing copyright holders in parity with future holders, the author of a work created in the last 170 years would reasonably comprehend, as the "this" offered her, a copyright not only for the time in place when protection is gained, but also for any renewal or extension legislated during that time. Congress could rationally seek to "promote . . . Progress" by including in every copyright statute an express guarantee that authors would receive the benefit of any later legislative extension of the copyright term. Nothing in the Copyright Clause bars Congress from creating the same incentive by adopting the same position as a matter of unbroken practice.

. . .

**IV.**

If petitioners' vision of the Copyright Clause held sway, it would do more than render the CTEA's duration extensions unconstitutional as to existing works. Indeed, petitioners' assertion that the provisions of the CTEA are not severable would make the CTEA's enlarged terms invalid even as to tomorrow's work. The 1976 Act's time extensions, which set the pattern that the CTEA followed, would be vulnerable as well.

As we read the Framers' instruction, the Copyright Clause empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the Clause. . . . Beneath the facade of their inventive constitutional interpretation, petitioners forcefully urge that Congress pursued very bad policy in prescribing the CTEA's long terms. The wisdom of Congress' action, however, is not within our province to second guess. Satisfied that the legislation before us remains inside the domain the Constitution assigns to the First Branch, we affirm the judgment of the Court of Appeals.

It is so ordered.

BREYER, J., dissenting. The Constitution's Copyright Clause grants Congress the power to "*promote* the *Progress* of Science . . . by securing for *limited* Times to *Authors* . . . the exclusive Right to their respective Writings." Art. I, § 8, cl. 8 (emphasis added). The statute before us, the 1998 Sonny Bono Copyright Term Extension Act, extends the term of most existing copyrights to 95 years and that of many new copyrights to 70 years after the author's death. The economic effect of this 20-year extension—the longest blanket extension since the Nation's founding—is to make the copyright term not limited, but virtually perpetual. Its primary legal effect is to grant the extended term not to authors, but to their heirs, estates, or corporate successors. And most importantly, its practical effect is not to promote, but to inhibit, the progress of "Science"—by which word the Framers meant learning or knowledge,

The majority believes these conclusions rest upon practical judgments that at most suggest the statute is unwise, not that it is unconstitutional. Legal distinctions, however, are often matters of degree. . . . And in this case the failings of degree are so serious that they amount to failings of constitutional kind. Although the Copyright Clause grants broad legislative power to Congress, that grant has limits. And in my view this statute falls outside them.

The "monopoly privileges" that the Copyright Clause confers "are neither unlimited nor primarily designed to provide a special private benefit." Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984). . . . This Court has made clear that the Clause's limitations are judicially enforceable. And, in assessing this statute for that purpose, I would take into account the fact that the Constitution is a single document, that it contains both a Copyright Clause and a First Amendment, and that the two are related.

The Copyright Clause and the First Amendment seek related objectives—the creation and dissemination of information. When working in tandem, these provisions mutually reinforce each other, the first serving as an "engine of free expression," Harper & Row, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 558 (1985), the second assuring that government throws up no obstacle to its dissemination. At the same time, a particular statute that exceeds proper Copyright Clause bounds may set Clause and Amendment at cross-purposes, thereby depriving the public of the speech-related benefits that the Founders, through both, have promised.

. . . I would find that the statute lacks the constitutionally necessary rational support (1) if the significant benefits that it bestows are private, not public; (2) if it threatens seriously to undermine the expressive values that the Copyright Clause embodies; and (3) if it cannot find justification in any significant Clause-related objective. Where, after examination of the statute, it becomes difficult, if not impossible, even to dispute these characterizations, Congress' "choice is clearly wrong." Helvering v. Davis, 301 U.S. 619, 640 (1937).

Because we must examine the relevant statutory effects in light of the Copyright Clause's own purposes, we should begin by reviewing the basic objectives of that Clause. The Clause authorizes a "tax on readers for the purpose of giving a bounty to writers." 56 Parl. Deb. (3d Ser.) (1841) 341, 350 (Lord Macaulay). Why? What constitutional purposes does the "bounty" serve?

The Constitution itself describes the basic Clause objective as one of "promot[ing] the Progress of Science," i.e., knowledge and learning. The Clause exists not to "provide a special private benefit," *Sony*, supra, at 429, but "to stimulate artistic creativity for the general public good," Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975). It does so by "motivat[ing] the creative activity of authors" through "the provision of a special reward." *Sony*, supra, at 429. The "reward" is a means, not an end. And that is why the copyright term is limited. It is limited so that its beneficiaries—the public—"will not be permanently deprived of the fruits of an artist's labors." Stewart v. Abend, 495 U.S. 207, 228 (1990).

. . .

This statute, like virtually every copyright statute, imposes upon the public certain expression-related costs in the form of (1) royalties that may be higher than necessary to evoke creation of the relevant work, and (2) a requirement that one seeking to reproduce a copyrighted work must obtain the copyright holder's permission. The first of these costs translates into higher prices that will potentially restrict a work's dissemination. The second means search costs that themselves may prevent reproduction even where the author has no objection. Although these costs are, in a sense, inevitable concomitants of copyright protection, there are special reasons for thinking them especially serious here.

First, the present statute primarily benefits the holders of existing copyrights, i.e., copyrights on works already created. And a Congressional Research Service (CRS) study prepared for Congress indicates that the added royalty-related sum that the law will transfer to existing copyright holders is large. E. Rappaport, CRS Report for Congress, Copyright Term Extension: Estimating the Economic Values (1998) (hereinafter CRS Report). In conjunction with official figures on copyright renewals, the CRS Report indicates that only about 2% of copyrights between 55 and 75 years old retain commercial value—i.e., still generate royalties after that time. But books, songs, and movies of that vintage still earn about $400 million per year in royalties. CRS Report 8, 12, 15. Hence, (despite declining consumer interest in any given work over time) one might conservatively estimate that 20 extra years of copyright protection will mean the transfer of several billion extra royalty dollars to holders of existing copyrights—copyrights that, together, already will have earned many billions of dollars in royalty “reward.” See id., at 16.

The extra royalty payments will not come from thin air. Rather, they ultimately come from those who wish to read or see or hear those classic books or films or recordings that have survived. Even the $500,000 that United Airlines has had to pay for the right to play George Gershwin’s 1924 classic Rhapsody in Blue represents a cost of doing business, potentially reflected in the ticket prices of those who fly. . . .

A second, equally important, cause for concern arises out of the fact that copyright extension imposes a “permissions” requirement—not only upon potential users of “classic” works that still retain commercial value, but also upon potential users of any other work still in copyright. Again using CRS estimates, one can estimate that, by 2018, the number of such works 75 years of age or older will be about 350,000. See Brief for Petitioners 7. Because the Copyright Act of 1976 abolished the requirement that an owner must renew a copyright, such still-in-copyright works (of little or no commercial value) will eventually number in the millions. . . .

The potential users of such works include not only movie buffs and aging jazz fans, but also historians, scholars, teachers, writers, artists, database operators, and researchers of all kinds—those who want to make the past accessible for their own use or for that of others. The permissions requirement can inhibit their ability to accomplish that task. Indeed, in an age where computer-accessible databases promise to facilitate research and learning, the permissions requirement can stand as a significant obstacle to realization of that technological hope.

The reason is that the permissions requirement can inhibit or prevent the use of old works (particularly those without commercial value): (1) because it may prove expensive to track down or to contract with the copyright holder, (2) because the holder may prove impossible to find, or (3) because the holder when found may deny permission either outright or through misinformed efforts to bargain.

. . . The older the work, the less likely it retains commercial value, and the harder it will likely prove to find the current copyright holder. The older the work, the more likely it will prove useful to the historian, artist, or teacher. The older the work, the less likely it is that a sense of authors' rights can justify a copyright holder's decision not to permit reproduction, for the more likely it is that the copyright holder making the decision is not the work's creator, but, say, a corporation or a great-grandchild whom the work's creator never knew. . . . And the qualitative costs to education, learning, and research will multiply as our children become ever more dependent for the content of their knowledge upon computer-accessible databases—thereby condemning that which is not so accessible, say, the cultural content of early 20th-century history, to a kind of intellectual purgatory from which it will not easily emerge.

. . .

What copyright-related benefits might justify the statute's extension of copyright protection? First, no one could reasonably conclude that copyright's traditional economic rationale applies here. The extension will not act as an economic spur encouraging authors to create new works. . . . No potential author can reasonably believe that he has more than a tiny chance of writing a classic that will survive commercially long enough for the copyright extension to matter. After all, if, after 55 to 75 years, only 2% of all copyrights retain commercial value, the percentage surviving after 75 years or more (a typical pre-extension copyright term)—must be far smaller. . . . Using assumptions about the time value of money provided us by a group of economists (including five Nobel prize winners), Brief for George A. Akerlof et al. as Amici Curiae 5-7, it seems fair to say that, for example, a 1% likelihood of earning $100 annually for 20 years, starting 75 years into the future, is worth less than seven cents today.

What potential Shakespeare, Wharton, or Hemingway would be moved by such a sum? What monetarily motivated Melville would not realize that he could do better for his grandchildren by putting a few dollars into an interest-bearing bank account? The Court itself finds no evidence to the contrary. . . .

Regardless, even if . . . somehow, somewhere, some potential author might be moved by the thought of great-grandchildren receiving copyright royalties a century hence, so might some potential author also be moved by the thought of royalties being paid for two centuries, five centuries, 1,000 years, " 'til the End of Time." And from a rational economic perspective the time difference among these periods makes no real difference. The present extension will produce a copyright period of protection that, even under conservative assumptions, is worth more than 99.8% of protection in perpetuity (more than 99.99% for a songwriter like Irving Berlin and a song like Alexander's Ragtime Band). . . . The lack of a practically meaningful distinction from an author's ex ante perspective between (a) the statute's extended terms and (b) an infinite term makes this latest extension difficult to square with the Constitution's insistence on "limited Times." . . .

. . .

In any event, the incentive-related numbers are far too small for Congress to have concluded rationally, even with respect to new works, that the extension's economic-incentive effect could justify the serious expression-related harms earlier described. And, of course, in respect to works already created—the source of many of the harms previously described—the statute creates no economic incentive at all.

. . .

Finally, the Court mentions as possible justifications "demographic, economic, and technological changes"—by which the Court apparently means the facts that today people communicate with the help of modern technology, live longer, and have children at a later age. The first fact seems to argue not for, but instead against, extension. The second fact seems already corrected for by the 1976 Act's life-plus-50 term, which automatically grows with lifespans. . . . And the third fact—that adults are having children later in life—is a makeweight at best, providing no explanation of why the 1976 Act's term of 50 years after an author's death—a longer term than was available to authors themselves for most of our Nation's history—is an insufficient potential bequest. The weakness of these final rationales simply underscores the conclusion that emerges from consideration of earlier attempts at justification: There is no legitimate, serious copyright-related justification for this statute.

. . .

This statute will cause serious expression-related harm. It will likely restrict traditional dissemination of copyrighted works. It will likely inhibit new forms of dissemination through the use of new technology. It threatens to interfere with efforts to preserve our Nation's historical and cultural heritage and efforts to use that heritage, say, to educate our Nation's children. It is easy to understand how the statute might benefit the private financial interests of corporations or heirs who own existing copyrights. But I cannot find any constitutionally legitimate, copyright-related way in which the statute will benefit the public. Indeed, in respect to existing works, the serious public harm and the virtually nonexistent public benefit could not be more clear.

I have set forth the analysis upon which I rest these judgments. This analysis leads inexorably to the conclusion that the statute cannot be understood rationally to advance a constitutionally legitimate interest. The statute falls outside the scope of legislative power that the Copyright Clause, read in light of the First Amendment, grants to Congress. I would hold the statute unconstitutional.

I respectfully dissent.

[A separate dissent by Justice Stevens is omitted.]

"I Got You Babe"
Sonny and Cher

### *THE REST OF THE STORY . . .*

The statute that was challenged in the case, the Copyright Term Extension Act, was popularly known as the "Sonny Bono Act." Congressman Bono had been a co-sponsor of the original bill in the House of Representative prior to his untimely death in 1998 by skiing into a tree in Nevada. His widow, Mary Bono, who succeeded him in the House, carried on his support for the bill through its passage. The act was also sometimes derisively called the "Mickey Mouse Act" because the Disney Company was a major force behind its passage.

## Notes and Questions

**1. *Subsequent legal developments.*** In *Golan v. Holder*, 565 U.S. 302 (2012), by a 6-to-2 vote, the Supreme Court extended *Eldred*, holding that the Constitution didn't prevent Congress from permitting foreign works that had fallen into the public domain to become copyrighted once again, in accordance with the Berne Convention for the Protection of Literary and Artistic Works.

**2. *Purpose of the CTEA.*** Does it matter why Congress enacted the CTEA? Suppose Congress's motivation was to enrich the owners of copyrights of preexisting works about to fall into the public domain. Given the language of Article I, section 8 of the Constitution ("promote the Progress of Science and the Useful Arts . . ."), would this be a legitimate reason? Does that matter?

**3. *Outer temporal limits?*** After *Eldred*, are there any outer limits to how long Congress may extend the duration of copyrights, short of a literally infinite copyright term? Suppose Congress decided to extend the copyright term to 1,000 years; would that be unconstitutional?

### c. Trademarks

***The background and basics of trademark law.*** Volkswagen's VW, MGM's lion, Nike's swoosh, Pepsi-Cola's script-written name—all are examples of trademarks. Trademarks have been around almost as long as trade itself. Marks such as a potter’s mark have been found on artifacts from ancient civilizations in China, India, Greece, Egypt, and elsewhere, dating back as far as 4,000 years ago.

Modern trademark law defines a trademark as any “word, name, symbol, or device” used by a person “to identify his or her goods” from those sold by others, and “to identify the source of the goods.” 15 U.S.C. § 1127. The reasons for protecting trademarks resemble important rationales for the right of publicity but differ from the policies behind patent and copyright. As we have seen, patents and copyrights are intended to encourage creativity, invention, and expression. Trademark law, by contrast, protects the first to use a distinctive mark in commerce (the first-in-time principle, again). As the Supreme Court has said, trademark protection “does not depend upon . . . invention, discovery, or any work of the brain.” *Trade-Mark Cases*, 100 U.S. 82, 94 (1879). Three main policies underlie trademark law. First, exclusive rights to trademarks prevent consumer confusion about the origin of the goods or service. Second, they encourage trademark owners to invest in and maintain a consistent level of quality. Finally, they prevent competitors from freeriding on the trademark owner’s goodwill.

Originally, trademark protection was a matter of the state common law of unfair competition. This common law foundation is now supplemented by the federal Lanham Act, which has been amended several times and is based on the Commerce Clause. The Lanham Act allows a trademark owner to register the mark with the Patent and Trademark Office, but registration is not required for the mark’s validity.

Generally speaking, words, symbols, jingles, and other sounds can be trademarked. The Supreme Court has even held that colors can be trademarked under specific circumstances. See Qualitex v. Jacobson Products Co., Inc., 514 U.S. 159 (1995). As a rule, three requirements must be met for trademark protection: (1) distinctiveness; (2) non-functionality; and (3) first use in trade.

- *Distinctiveness*—This means that the mark must distinguish the good or service of one person from those of another. The Lanham Act categorizes marks according to varying degrees of distinctiveness. It is easiest to demonstrate distinctiveness fanciful marks that coin a new word for a brand (like Exxon gasoline) or arbitrary marks that use an existing word to describe a product that has nothing to do with the product (like Apple computers). Fanciful and arbitrary marks typically get the strongest protection. Suggestive marks are also considered inherently distinctive. They evoke the nature of the good subtly but still require the consumer to use "imagination and perception" to determine the nature of the product being sold. Examples include Citibank or Tide detergent. Descriptive marks describe a purpose or characteristic of the product. Think of Almond Joy candy bars or Bed Bath & Beyond stores. Descriptive marks can still be protected if the product has acquired "secondary meaning" in the relevant marketplace. For example, Coca-Cola started off as a description of the kind of beverage being sold but has come to be synonymous with a particular drink sold by a particular company. So, too, with Sharp television sets.

- *Non-functionality*—Trademark law does not protect on the basis of functionality. That is what patent law does. Hence, if an aspect of a good is exclusively functional, it cannot be protected by trademark law. A product feature is functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." Id. at 165.
- *First use in trade*—An exclusive right to use a mark requires first use, not just first adoption, of the mark in a particular geographic market. Moreover, under the Lanham Act, the use must be in commerce, which has a narrower scope than trade.

Just as the public trust doctrine prevents some types of real property from being privatized (e.g., navigable waterways), patent law prevents patentees from monopolizing some ideas (e.g., laws of nature), and copyright law prohibits people from obtaining a copyright in ideas themselves (as opposed to expressions), there are limits on what words can be trademarked. A generic term is synonymous with a product itself, rather than with a particular maker of that product. In order to promote competition in the marketplace, the Lanham Act treats generic terms as part of the public domain. Policing the boundaries of generic versus non-generic marks is an important task for the Patent and Trademark Office and, ultimately, the courts.

# UNITED STATES PATENT AND TRADEMARK OFFICE v. BOOKING.COM B.V.

Supreme Court of the United States, 2020
2020 WL 3518365 (U.S. 6/30/2020)

GINSBURG, J. This case concerns eligibility for federal trademark registration. Respondent Booking.com, an enterprise that maintains a travel-reservation website by the same name, sought to register the mark "Booking.com." Concluding that "Booking.com" is a generic name for online hotel-reservation services, the U.S. Patent and Trademark Office (PTO) refused registration.

A generic name—the name of a class of products or services—is ineligible for federal trademark registration. The word "booking," the parties do not dispute, is generic for hotel-reservation services. "Booking.com" must also be generic, the PTO maintains, under an encompassing rule the PTO currently urges us to adopt: The combination of a generic word and ".com" is generic.

In accord with the first- and second-instance judgments in this case, we reject the PTO's sweeping rule. A term styled "generic.com" is a generic name for a class of goods or services only if the term has that meaning to consumers. Consumers, according to lower court determinations uncontested here by the PTO, do not perceive the term "Booking.com" to signify online hotel-reservation services as a class. In circumstances like those this case presents, a "generic.com" term is not generic and can be eligible for federal trademark registration.

## I

A trademark distinguishes one producer's goods or services from another's. Guarding a trademark against use by others, this Court has explained, "secure[s] to the owner of the mark the goodwill" of her business and "protect[s] the ability of consumers to distinguish among competing producers." Trademark protection has roots in common law and equity. Today, the Lanham Act, enacted in 1946, provides federal statutory protection for trademarks. 15 U.S.C. § 1051 et seq. We have recognized that federal trademark protection, supplementing state law, "supports the free flow of commerce" and "foster[s] competition."

The Lanham Act not only arms trademark owners with federal claims for relief; importantly, it establishes a system of federal trademark registration. The owner of a mark on the principal register enjoys "valuable benefits," including a presumption that the mark is valid. The supplemental register contains other product and service designations, some of which could one day gain eligibility for the principal register. The supplemental register accords more modest benefits; notably, a listing on that register announces one's use of the designation to others considering a similar mark.

Prime among the conditions for registration, the mark must be one "by which the goods of the applicant may be distinguished from the goods of others." § 1052; see § 1091(a) (supplemental register contains "marks capable of distinguishing . . . goods or services"). Distinctiveness is often expressed on an increasing scale: Word marks "may be (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

The more distinctive the mark, the more readily it qualifies for the principal register. The most distinctive marks—those that are " 'arbitrary' ('Camel' cigarettes), 'fanciful' ('Kodak' film), or 'suggestive' ('Tide' laundry detergent)"—may be placed on the principal register because they are "inherently distinctive." "Descriptive" terms, in contrast, are not eligible for the principal register based on their inherent qualities alone. The Lanham Act, "liberaliz[ing] the common law," "extended protection to descriptive marks." But to be placed on the principal register, descriptive terms must achieve significance "in the minds of the public" as identifying the applicant's goods or services—a quality called "acquired distinctiveness" or "secondary meaning." *Wal-Mart Stores,* [*Inc. v. Samara Brothers, Inc.*, 529 U.S. 205, 211 (2000)]; see § 1052(e), (f). Without secondary meaning, descriptive terms may be eligible only for the supplemental register. § 1091(a).

At the lowest end of the distinctiveness scale is "the generic name for the goods or services." §§ 1127, 1064(3), 1065(4). The name of the good itself (e.g., "wine") is incapable of "distinguish[ing] [one producer's goods] from the goods of others" and is therefore ineligible for registration. § 1052; see § 1091(a). Indeed, generic terms are ordinarily ineligible for protection as trademarks at all. See Restatement (Third) of Unfair Competition § 15, p. 142 (1993).

Booking.com is a digital travel company that provides hotel reservations and other services under the brand "Booking.com," which is also the domain name of its website. Booking.com filed applications to register four marks in connection with travel-related services, each with different visual features but all containing the term "Booking.com."

Both a PTO examining attorney and the PTO's Trademark Trial and Appeal Board concluded that the term "Booking.com" is generic for the services at issue and is therefore unregistrable. "Booking," the Board observed, means making travel reservations, and ".com" signifies a commercial website. The Board then ruled that "customers would understand the term BOOKING.COM primarily to refer to an online reservation service for travel, tours, and lodgings." Alternatively, the Board held that even if "Booking.com" is descriptive, not generic, it is unregistrable because it lacks secondary meaning.

Booking.com sought review in the U.S. District Court for the Eastern District of Virginia, invoking a mode of review that allows Booking.com to introduce evidence not presented to the agency. Relying in significant part on Booking.com's new evidence of consumer perception, the District Court concluded that "Booking.com"—unlike"booking"—is not generic. The "consuming public," the court found, "primarily understands that BOOKING.COM does not refer to a genus, rather it is descriptive of services involving 'booking' available at that domain name." *Booking.com B.V. v. Matal*, 278 F. Supp. 3d 891, 918 (2017). Having determined that "Booking.com" is descriptive, the District Court additionally found that the term has acquired secondary meaning as to hotel-reservation services. For those services, the District Court therefore concluded, Booking.com's marks meet the distinctiveness requirement for registration.

The PTO appealed only the District Court's determination that "Booking.com" is not generic. Finding no error in the District Court's assessment of how consumers perceive the term "Booking.com," the Court of Appeals for the Fourth Circuit affirmed the court of first instance's judgment. In so ruling, the appeals court rejected the PTO's contention that the combination of ".com" with a generic term like "booking" "is necessarily generic." 915 F.3d 171, 184 (2019). Dissenting in relevant part, Judge Wynn concluded that the District Court mistakenly presumed that "generic.com" terms are usually descriptive, not generic.

We granted certiorari . . . and now affirm the Fourth Circuit's decision.

## II

Although the parties here disagree about the circumstances in which terms like "Booking.com" rank as generic, several guiding principles are common ground. First, a "generic" term names a "class" of goods or services, rather than any particular feature or exemplification of the class. Second, for a compound term, the distinctiveness inquiry trains on the term's meaning as a whole, not its parts in isolation. Third, the relevant meaning of a term is its meaning to consumers. Eligibility for registration, all agree, turns on the mark's capacity to "distinguis[h]" goods "in commerce." § 1052. Evidencing the Lanham Act's focus on consumer perception, the section governing cancellation of registration provides that "[t]he primary significance of the registered mark to the relevant public . . . shall be the test for determining whether the registered mark has become the generic name of goods or services." § 1064(3).

Under these principles, whether "Booking.com" is generic turns on whether that term, taken as a whole, signifies to consumers the class of online hotel-reservation services. Thus, if "Booking.com" were generic, we might expect consumers to understand Travelocity—another such service—to be a "Booking.com." We might similarly expect that a consumer, searching for a trusted source of online hotel-reservation services, could ask a frequent traveler to name her favorite "Booking.com" provider.

Consumers do not in fact perceive the term "Booking.com" that way, the courts be-low determined. The PTO no longer disputes that determination. That should resolve this case: Because "Booking.com" is not a generic name to consumers, it is not generic.

## III

Opposing that conclusion, the PTO urges a nearly per se rule that would render "Booking.com" ineligible for registration regardless of specific evidence of consumer perception. In the PTO's view, which the dissent embraces, when a generic term is combined with a generic top-level domain like ".com," the resulting combination is generic. In other words, every "generic.com" term is generic according to the PTO, absent exceptional circumstances.

The PTO's own past practice appears to reflect no such comprehensive rule. Existing registrations inconsistent with the rule the PTO now advances would be at risk of cancellation if the PTO's current view were to prevail. See § 1064(3). We decline to adopt a rule essentially excluding registration of "generic.com" marks. As explained below, we discern no support for the PTO's current view in trademark law or policy.

The PTO urges that the exclusionary rule it advocates follows from a common-law principle, applied in *Goodyear's India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598 (1888), that a generic corporate designation added to a generic term does not confer trademark eligibility. In *Goodyear*, a decision predating the Lanham Act, this Court held that "Goodyear Rubber Company" was not "capable of exclusive appropriation." *Id.*, at 602. Standing alone, the term "Goodyear Rubber" could not serve as a trademark because it referred, in those days, to "well-known classes of goods produced by the process known as Goodyear's invention." *Ibid*. "[A]ddition of the word 'Company' " supplied no protectable meaning, the Court concluded, because adding "Company" "only indicates that parties have formed an association or partnership to deal in such goods." Ibid. Permitting exclusive rights in "Goodyear Rubber Company" (or "Wine Company, Cotton Company, or Grain Company"), the Court explained, would tread on the right of all persons "to deal in such articles, and to publish the fact to the world." *Id.*, at 602–603.

"Generic.com," the PTO maintains, is like "Generic Company" and is therefore ineligible for trademark protection, let alone federal registration. According to the PTO, adding ".com" to a generic term—like adding "Company"—"conveys no additional meaning that would distinguish [one provider's] services from those of other providers." The dissent endorses that proposition: "Generic.com" conveys that the generic good or service is offered online "and nothing more."

That premise is faulty. A "generic.com" term might also convey to consumers a source-identifying characteristic: an association with a particular website. As the PTO and the dissent elsewhere acknowledge, only one entity can occupy a particular Internet domain name at a time, so "[a] consumer who is familiar with that aspect of the domain-name system can infer that BOOKING.COM refers to some specific entity." Thus, consumers could understand a given "generic.com" term to describe the corresponding website or to identify the website's proprietor. We therefore resist the PTO's position that "generic.com" terms are capable of signifying only an entire class of online goods or services and, hence, are categorically incapable of identifying a source.

The PTO's reliance on *Goodyear* is flawed in another respect. The PTO understands *Goodyear* to hold that "Generic Company" terms "are ineligible for trademark protection as a matter of law"—regardless of how "consumers would understand" the term. But, . . . whether a term is generic depends on its meaning to consumers. That bedrock principle of the Lanham Act is incompatible with an unyielding legal rule that entirely disregards consumer perception. Instead, *Goodyear* reflects a more modest principle harmonious with Congress' subsequent enactment: A compound of generic elements is generic if the combination yields no additional meaning to consumers capable of distinguishing the goods or services.

The PTO also invokes the oft-repeated principle that "no matter how much money and effort the user of a generic term has poured into promoting the sale of its merchandise . . . , it cannot deprive competing manufacturers of the product of the right to call an article by its name." *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (CA2 1976). That principle presupposes that a generic term is at issue. But the PTO's only legal basis for deeming "generic.com" terms generic is its mistaken reliance on *Goodyear*.

While we reject the rule proffered by the PTO that "generic.com" terms are generic names, we do not embrace a rule automatically classifying such terms as nongeneric. Whether any given "generic.com" term is generic, we hold, depends on whether consumers in fact perceive that term as the name of a class or, instead, as a term capable of distinguishing among members of the class.

The PTO, echoed by the dissent, objects that protecting "generic.com" terms as trademarks would disserve trademark law's animating policies. We disagree.

The PTO's principal concern is that trademark protection for a term like "Booking.com" would hinder competitors. But the PTO does not assert that others seeking to offer online hotel-reservation services need to call their services "Booking.com." Rather, the PTO fears that trademark protection for "Booking.com" could exclude or inhibit competitors from using the term “booking” or adopting domain names like “ebooking.com” or “hotel-booking.com.” The PTO’s objection, therefore, is not to exclusive use of “Booking.com” as a mark, but to undue control over similar language, i.e., “booking,” that others should remain free to use.

That concern attends any descriptive mark. Responsive to it, trademark law hems in the scope of such marks short of denying trademark protection altogether. Notably, a competitor’s use does not infringe a mark unless it is likely to confuse consumers. See §§ 1114(1), 1125(a)(1)(A). In assessing the likelihood of confusion, courts consider the mark’s distinctiveness: “The weaker a mark, the fewer are the junior uses that will trigger a likelihood of consumer confusion.” [2 J. McCarthy, Trademarks and Unfair Com petition § 11.76 (5th ed. 2019)]. When a mark incorporates generic or highly descriptive components, consumers are less likely to think that other uses of the common element emanate from the mark’s owner. *Ibid.* Similarly, “[i]n a ‘crowded’ field of look-alike marks” (e.g., hotel names including the word “grand”), consumers “may have learned to carefully pick out” one mark from another. *Id.*, § 11:85. And even where some consumer confusion exists, the doctrine known as classic fair use, see *id.*, § 11:45, protects from liability anyone who uses a descriptive term, “fairly and in good faith” and “otherwise than as a mark,” merely to describe her own goods. 15 U.S.C. § 1115(b)(4).

These doctrines guard against the anticompetitive effects the PTO identifies, ensuring that registration of “Booking.com” would not yield its holder a monopoly on the term “booking.” Booking.com concedes that “Booking.com” would be a “weak” mark. The mark is descriptive, Booking.com recognizes, making it “harder . . . to show a likelihood of confusion.” Furthermore, because its mark is one of many “similarly worded marks,” Booking.com accepts that close variations are unlikely to infringe. And Booking.com acknowledges that federal registration of “Booking.com” would not prevent competitors from using the word “booking” to describe their own services.

The PTO also doubts that owners of “generic.com” brands need trademark protection in addition to existing competitive advantages. Booking.com, the PTO argues, has already seized a domain name that no other website can use and is easy for consumers to find. Consumers might enter “the word ‘booking’ in a search engine,” the PTO observes, or “proceed directly to ‘booking.com’ in the expectation that [online hotel-booking] services will be offered at that address.” Those competitive advantages, however, do not inevitably disqualify a mark from federal registration. All descriptive marks are intuitively linked to the product or service and thus might be easy for consumers to find using a search engine or telephone directory. The Lanham Act permits registration nonetheless. See § 1052(e), (f). And the PTO fails to explain how the exclusive connection between a domain name and its owner makes the domain name a generic term all should be free to use. That connection makes trademark protection more appropriate, not less. . . .

The PTO challenges the judgment below on a sole ground: It urges that, as a rule, combining a generic term with “.com” yields a generic composite. For the above-stated reasons, we decline a rule of that order, one that would largely disallow registration of “generic.com” terms and open the door to cancellation of scores of currently registered marks. Accordingly, the judgment of the Court of Appeals for the Fourth Circuit regarding eligibility for trademark registration is

*Affirmed.*

[Justice Sotomayor’s concurring opinion is omitted.]

BREYER, J., dissenting. What is Booking.com? To answer this question, one need only consult the term itself. Respondent provides an online booking service. The company’s name informs the consumer of the basic nature of its business and nothing more. Therein lies the root of my disagreement with the majority.

Trademark law does not protect generic terms, meaning terms that do no more than name the product or service itself. This principle preserves the linguistic commons by preventing one producer from appropriating to its own exclusive use a term needed by others to describe their goods or services. Today, the Court holds that the addition of “.com” to an otherwise generic term, such as “booking,” can yield a protectable trade mark. Because I believe this result is inconsistent with trademark principles and sound trademark policy, I respectfully dissent.

. . .

In *Goodyear*, 128 U.S. 598, we held that appending the word “ ‘Company’ ” to the generic name for a class of goods does not yield a protectable compound term. The addition of a corporate designation, we explained, “only indicates that parties have formed an association or partnership to deal in such goods.” *Id.*, at 602. . . .

I cannot agree with respondent that the 1946 Lanham Act “repudiate[d] *Goodyear* and its ilk.” It is true that the Lanham Act altered the common law in certain important respects. Most significantly, it extended trademark protection to descriptive marks that have acquired secondary meaning. But it did not disturb the basic principle that generic terms are ineligible for trademark protection, and nothing in the Act suggests that Congress intended to overturn *Goodyear*. We normally assume that Congress did not over turn a common-law principle absent some indication to the contrary. I can find no such indication here. . . .

More fundamentally, the *Goodyear* principle is sound as a matter of law and logic. *Goodyear* recognized that designations such as “Company,” “Corp.,” and “Inc.” merely indicate corporate form and therefore do nothing to distinguish one firm’s goods or services from all others’. 128 U.S. at 602. It follows that the addition of such a corporate designation does not “magically transform a generic name for a product or service into a trademark, thereby giving a right to exclude others.” 2 McCarthy § 12:39. In other words, where a compound term consists simply of a generic term plus a corporate designation, the whole is necessarily no greater than the sum of its parts.

This case requires us to apply these principles in the novel context of internet domain names. . . . The question at issue here is whether a term that takes the form “generic.com” is generic in the ordinary course. In my view, appending “.com” to a generic term ordinarily yields no meaning beyond that of its constituent parts. Because the term “Booking.com” is just such an ordinary “generic.com” term, in my view, it is not eligible for trademark registration. . . .

. . . The majority believes that *Goodyear* is inapposite because of the nature of the domain name system. Because only one entity can hold the contractual rights to a particular domain name at a time, it contends, consumers may infer that a “generic.com” domain name refers to some specific entity.

That fact does not distinguish *Goodyear*. A generic term may suggest that it is associated with a specific entity. That does not render it nongeneric. For example, “Wine, Inc.” implies the existence of a specific legal entity incorporated under the laws of some State. Likewise, consumers may perceive "The Wine Company" to refer to some specific company rather than a genus of companies. But the addition of the definite article "the" obviously does not transform the generic nature of that term. True, these terms do not carry the exclusivity of a domain name. But that functional exclusivity does not negate the principle animating *Goodyear*: Terms that merely convey the nature of the producer's business should remain free for all to use.

. . .

In addition to the doctrinal concerns discussed above, granting trademark protection to "generic.com" marks threatens serious anticompetitive consequences in the online marketplace.

The owners of short, generic domain names enjoy all the advantages of doing business under a generic name. These advantages exist irrespective of the trademark laws. Generic names are easy to remember. Because they immediately convey the nature of the business, the owner needs to expend less effort and expense educating consumers. And a generic business name may create the impression that it is the most authoritative and trustworthy source of the particular good or service. These advantages make it harder for distinctively named businesses to compete.

Owners of generic domain names enjoy additional competitive advantages unique to the internet—again, regardless of trademark protection. Most importantly, domain name ownership confers automatic exclusivity. Multiple brick-and-mortar companies could style themselves "The Wine Company," but there can be only one "wine.com." And unlike the trademark system, that exclusivity is worldwide.

Generic domains are also easier for consumers to find. A consumer who wants to buy wine online may perform a keyword search and be directed to "wine.com." Or he may simply type "wine.com" into his browser's address bar, expecting to find a website selling wine. . . .

Granting trademark protection to "generic.com" marks confers additional competitive benefits on their owners by allowing them to exclude others from using similar domain names. Federal registration would allow respondent to threaten trademark lawsuits against competitors using domains such as "Bookings.com," "eBooking.com," "Booker.com," or "Bookit.com." Respondent says that it would not do so. But other firms may prove less restrained.

. . .

Under the majority's reasoning, many businesses could obtain a trademark by adding ".com" to the generic name of their product (e.g., pizza.com, flowers.com, and so forth). As the internet grows larger, as more and more firms use it to sell their products, the risk of anticompetitive consequences grows. Those consequences can nudge the economy in an anticompetitive direction. At the extreme, that direction points towards one firm per product, the opposite of the competitive multifirm marketplace that our basic economic laws seek to achieve.

Not to worry, the Court responds, infringement doctrines such as likelihood of confusion and fair use will restrict the scope of protection afforded to "generic.com" marks. This response will be cold comfort to competitors of "generic.com" brands. Owners of such marks may seek to extend the boundaries of their marks through litigation, and may, at times succeed. Even if ultimately unsuccessful, the threat of costly litigation will no doubt chill others from using variants on the registered mark and privilege established firms over new entrants to the market.

In sum, the term "Booking.com" refers to an internet booking service, which is the generic product that respondent and its competitors sell. No more and no less. The same is true of "generic.com" terms more generally. By making such terms eligible for trademark protection, I fear that today's decision will lead to a proliferation of "generic.com" marks, granting their owners a monopoly over a zone of useful, easy-to-remember domains. This result would tend to inhibit, rather than to promote, free competition in online commerce. I respectfully dissent.