2020 UPDATE MEMO

TRANSNATIONAL INTELLECTUAL PROPERTY LAW

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CHAPTER 2

TRANSNATIONAL PATENT LAW UNIT

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HELSINN HEALTHCARE S.A. v. TEVA PHARMA USA INC.

139 S.Ct. 628 (2019)

Justice THOMAS delivered the opinion of the Court.

The Leahy–Smith America Invents Act (AIA) bars a person from receiving a patent on an invention that was "in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention." 35 U.S.C. § 102(a)(1). This case requires us to decide whether the sale of an invention to a third party who is contractually obligated to keep the invention confidential places the invention "on sale" within the meaning of § 102(a).

More than 20 years ago, this Court determined that an invention was "on sale" within the meaning of an earlier version of § 102(a) when it was "the subject of a commercial offer for sale" and "ready for patenting." Pfaff v. Wells Electronics, Inc., 525 U.S. 55, 67 (1998). We did not further require that the sale make the details of the invention available to the public. In light of this earlier construction, we determine that the reenactment of the phrase "on sale" in the AIA did not alter this meaning. Accordingly, a commercial sale to a third party who is required to keep the invention confidential may place the invention "on sale" under the AIA.

I

Petitioner Helsinn Healthcare S.A. (Helsinn) is a Swiss pharmaceutical company that makes Aloxi, a drug that treats chemotherapy-induced nausea and vomiting. Helsinn acquired the right to develop palonosetron, the active ingredient in Aloxi, in 1998. In early 2000, it submitted protocols for Phase III clinical trials to the Food and Drug Administration (FDA), proposing to study a 0.25 mg and a 0.75 mg dose of palonosetron. In September 2000, Helsinn announced that it was beginning Phase III clinical trials and was seeking marketing partners for its palonosetron product.

Helsinn found its marketing partner in MGI Pharma, Inc. (MGI), a Minnesota pharmaceutical company that markets and distributes drugs in the United States. Helsinn and MGI entered into two agreements: a license agreement and a supply and purchase agreement. The license agreement granted MGI the right to distribute, promote, market, and sell the 0.25 mg and 0.75 mg doses of palonosetron in the United States. In return, MGI agreed to make upfront payments to Helsinn and to pay future royalties on distribution of those doses. Under the supply and purchase agreement, MGI agreed to purchase exclusively from Helsinn any palonosetron product approved by the FDA. Helsinn in turn agreed to supply MGI however much of the approved doses it required. Both agreements included dosage information and required MGI to keep confidential any proprietary information received under the agreements.

Helsinn and MGI announced the agreements in a joint press release, and MGI also reported the agreements in its Form 8–K filing with the Securities and Exchange Commission. Although the 8–K filing included redacted copies of the agreements, neither the 8–K filing nor the press releases disclosed the specific dosage formulations covered by the agreements.

On January 30, 2003, nearly two years after Helsinn and MGI entered into the agreements, Helsinn filed a provisional patent application covering the 0.25 mg and 0.75 mg doses of palonosetron. Over the next 10 years, Helsinn filed four patent applications that claimed priority to the January 30, 2003, date of the provisional application. Helsinn filed its fourth patent application—the one relevant here—in May 2013, and it issued as U.S. Patent No. 8,598,219 ('219 patent). The '219 patent covers a fixed dose of 0.25 mg of palonosetron in a 5 ml solution. By virtue of its effective date, the '219 patent is governed by the AIA. See § 101(i).

Respondents Teva Pharmaceutical Industries, Ltd., and Teva Pharmaceuticals USA, Inc. (Teva), are, respectively, an Israeli company that manufactures generic drugs and its American affiliate. In 2011, Teva sought approval from the FDA to market a generic 0.25 mg palonosetron product. Helsinn then sued Teva for infringing its patents, including the '219 patent. In defense, Teva asserted that the '219 patent was invalid because the 0.25 mg dose was "on sale" more than one year before Helsinn filed the provisional patent application covering that dose in January 2003.

The AIA precludes a person from obtaining a patent on an invention that was "on sale" before the effective filing date of the patent application:

"A person shall be entitled to a patent unless ... the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention." 35 U.S.C. § 102(a)(1)

See also § 102(b)(1) (exception for certain disclosures made within a year before the effective filing date). Disclosures described in § 102(a)(1) are often referred to as "prior art."

The patent statute in effect before the passage of the AIA included a similar proscription, known as the "on-sale bar":

"A person shall be entitled to a patent unless—

"(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

"(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." 35 U.S.C. §§ 102(a)-(b) (2006 ed.).

The District Court determined that the "on sale" provision did not apply. It concluded that, under the AIA, an invention is not "on sale" unless the sale or offer in question made the claimed invention available to the public. Because the companies' public disclosure of the agreements between Helsinn and MGI did not disclose the 0.25 mg dose, the court determined that the invention was not “on sale” before the critical date.

The Federal Circuit reversed. It concluded that “if the existence of the sale is public, the details of the invention need not be publicly disclosed in the terms of sale” to fall within the AIA's on-sale bar. Because the sale between Helsinn and MGI was publicly disclosed, it held that the on-sale bar applied.

We granted certiorari to determine whether, under the AIA, an inventor's sale of an invention to a third party who is obligated to keep the invention confidential qualifies as prior art for purposes of determining the patentability of the invention. We conclude that such a sale can qualify as prior art.

II

A

The United States Constitution authorizes Congress “[t]o 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. 1, § 8, cl. 8. Under this grant of authority, Congress has crafted a federal patent system that encourages “the creation and disclosure of new, useful, and nonobvious advances in technology and design” by granting inventors “the exclusive right to practice the invention for a period of years.” Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 151 (1989).

To further the goal of “motivating innovation and enlightenment” while also “avoiding monopolies that unnecessarily stifle competition,” Pfaff, 525 U.S., at 63, Congress has imposed several conditions on the “limited opportunity to obtain a property right in an idea.” One such condition is the on-sale bar, which reflects Congress' “reluctance to allow an inventor to remove existing knowledge from public use” by obtaining a patent covering that knowledge. Pfaff, supra, at 64,; see also Pennock v. Dialogue, 2 Pet. 1, 19 (1829) (explaining that “it would materially retard the progress of science and the useful arts” to allow an inventor to “sell his invention publicly” and later “take out a patent” and “exclude the public from any farther use than what should be derived under it”).

Every patent statute since 1836 has included an on-sale bar. The patent statute in force immediately before the AIA prevented a person from receiving a patent if, “more than one year prior to the date of the application for patent in the United States,” “the invention was ... on sale” in the United States. 35 U.S.C. § 102(b). The AIA, as relevant here, retained the on-sale bar and added the catchall phrase “or otherwise available to the public.” § 102(a)(1) (2012 ed.) (“A person shall be entitled to a patent unless” the “claimed invention was ... in public use, on sale, or otherwise available to the public ...”). We must decide whether these changes altered the meaning of the “on sale” bar. We hold that they did not.

B

Congress enacted the AIA in 2011 against the backdrop of a substantial body of law interpreting § 102's on-sale bar. In 1998, we determined that the pre-AIA on-sale bar applies "when two conditions are satisfied" more than a year before an inventor files a patent application. Pfaff, 525 U.S., at 67. "First, the product must be the subject of a commercial offer for sale." Ibid. "Second, the invention must be ready for patenting," which we explained could be shown by proof of "reduction to practice" or "drawings or other descriptions of the invention that were sufficiently specific to enable a person skilled in the art to practice the invention." Id., at 67–68.

Although this Court has never addressed the precise question presented in this case, our precedents suggest that a sale or offer of sale need not make an invention available to the public. For instance, we held in Pfaff that an offer for sale could cause an inventor to lose the right to patent, without regard to whether the offer discloses each detail of the invention. Other cases focus on whether the invention had been sold, not whether the details of the invention had been made available to the public or whether the sale itself had been publicly disclosed.

The Federal Circuit—which has "exclusive jurisdiction" over patent appeals, 28 U.S.C. § 1295(a)—has made explicit what was implicit in our precedents. It has long held that "secret sales" can invalidate a patent. Special Devices, Inc. v. OEA, Inc., 270 F.3d 1353, 1357 (2001) (invalidating patent claims based on "sales for the purpose of the commercial stockpiling of an invention" that "took place in secret"); Woodland Trust v. Flowertree Nursery, Inc., 148 F.3d 1368, 1370 (1998) ("Thus an inventor's own prior commercial use, albeit kept secret, may constitute a public use or sale under § 102(b), barring him from obtaining a patent").

In light of this settled pre-AIA precedent on the meaning of "on sale," we presume that when Congress reenacted the same language in the AIA, it adopted the earlier judicial construction of that phrase. The new § 102 retained the exact language used in its predecessor statute ("on sale") and, as relevant here, added only a new catchall clause ("or otherwise available to the public"). As amicus United States noted at oral argument, if "on sale" had a settled meaning before the AIA was adopted, then adding the phrase "or otherwise available to the public" to the statute "would be a fairly oblique way of attempting to overturn" that "settled body of law." Tr. of Oral Arg. 28. The addition of "or otherwise available to the public" is simply not enough of a change for us to conclude that Congress intended to alter the meaning of the reenacted term "on sale."

Helsinn disagrees, arguing that our construction reads "otherwise" out of the statute. Helsinn contends that the associated-words canon requires us to read "otherwise available to the public" to limit the preceding terms in § 102 to disclosures that make the claimed invention available to the public.

As an initial matter, neither of the cited decisions addresses the reenactment of terms that had acquired a well-settled judicial interpretation. And Helsinn's argument places too much weight on § 102's catchall phrase. Like other such phrases, "otherwise available to the public" captures material that does not fit neatly into the statute's enumerated categories but is nevertheless meant to be covered. Given that the phrase "on sale" had acquired a well-settled meaning when the AIA was enacted, we decline to read the addition of a broad catchall phrase to upset that body of precedent.

III

Helsinn does not ask us to revisit our pre-AIA interpretation of the on-sale bar. Nor does it dispute the Federal Circuit's determination that the invention claimed in the '219 patent was "on sale" within the meaning of the pre-AIA statute. Because we determine that Congress did not alter the meaning of "on sale" when it enacted the AIA, we hold that an inventor's sale of an invention to a third party who is obligated to keep the invention confidential can qualify as prior art under § 102(a). We therefore affirm the judgment of the Federal Circuit.

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Remove *Spectralytics, Inc. v. Cordis Corp., 649 F.3d 1336* (Fed. Cir. 2011) and replaced with *Halo Electronics, Inc. v. Pulse Electronics, Inc., 136 S.Ct. 1923* (2016) for a new standard on willful infringement.

HALO ELECTRONICS, INC. V. PULSE ELECTRONICS, INC.

136 S.Ct. 1923 (2016)

Chief Justice ROBERTS delivered the opinion of the Court.

Section 284 of the Patent Act provides that, in a case of infringement, courts "may increase the damages up to three times the amount found or assessed." 35 U.S.C. § 284. In *In re* Seagate Technology, LLC, 497 F.3d 1360 (2007) (en banc), the United States Court of Appeals for the Federal Circuit adopted a two-part test for determining when a district court may increase damages pursuant to § 284. Under Seagate, a patent owner must first "show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent." Id., at 1371. Second, the patentee must demonstrate, again by clear and convincing evidence, that the risk of infringement "was either known or so obvious that it should have been known to the accused infringer." The question before us is whether this test is consistent with § 284. We hold that it is not.

I

A

Enhanced damages are as old as U.S. patent law. The Patent Act of 1793 mandated treble damages in any successful infringement suit. See Patent Act of 1793, § 5, 1 Stat. 322. In the Patent Act of 1836, however, Congress changed course and made enhanced damages discretionary, specifying that "it shall be in the power of the court to render judgment for any sum above the amount found by [the] verdict ... not exceeding three times the amount thereof, according to the circumstances of the case." Patent Act of 1836, § 14, 5 Stat. 123. In construing that new provision, this Court explained that the change was prompted by the "injustice" of subjecting a "defendant who acted in ignorance or good faith" to the same treatment as the "wanton and malicious pirate." Seymour v. McCormick, 16 How. 480, 488 (1854). There "is no good reason," we observed, "why taking a man's property in an invention should be trebly punished, while the measure of damages as to other property is single and actual damages." Id., at 488–489. But "where the injury is wanton or malicious, a jury may inflict vindictive or exemplary damages, not to recompense the plaintiff, but to punish the defendant." Id., at 489.

The Court followed the same approach in other decisions applying the 1836 Act, finding enhanced damages appropriate, for instance, "where the wrong [had] been done, under aggravated circumstances," Dean v. Mason, 20 How. 198, 203 (1858), but not where the defendant "appeared in truth to be ignorant of the existence of the patent right, and did not intend any infringement," Hogg v. Emerson, 11 How. 587, 607 (1850).

In 1870, Congress amended the Patent Act, but preserved district court discretion to award up to treble damages "according to the circumstances of the case." Patent Act of 1870, § 59, 16 Stat. 207. We continued to describe enhanced damages as "vindictive or punitive," which the court may "inflict" when "the circumstances of the case appear to require it." Tilghman v. Proctor, 125 U.S. 136, 143–144 (1888); Topliff v. Topliff, 145 U.S. 156, 174 (1892). At the same time, we reiterated that there was no basis for increased damages where "[t]here is no pretence of any wanton and wilful breach" and "nothing that suggests punitive damages, or that shows wherein the defendant was damnified other than by the loss of the profits which the plaintiff received." Cincinnati Siemens–Lungren Gas Illuminating Co. v. Western Siemens–Lungren Co., 152 U.S. 200, 204 (1894).

It is against this backdrop that Congress, in the 1952 codification of the Patent Act, enacted § 284. "The stated purpose" of the 1952 revision "was merely reorganization in language to clarify the statement of the statutes." Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 505, n. 20 (1964). This Court accordingly described § 284—consistent with the history of enhanced damages under the Patent Act—as providing that "punitive or 'increased' damages" could be recovered "in a case of willful or bad-faith infringement." Id. at 508.

C

1

Petitioner Halo Electronics, Inc., and respondents Pulse Electronics, Inc., and Pulse Electronics Corporation (collectively, Pulse) supply electronic components. Halo alleges that Pulse infringed its patents for electronic packages containing transformers designed to be mounted to the surface of circuit boards. In 2002, Halo sent Pulse two letters offering to license Halo's patents. After one of its engineers concluded that Halo's patents were invalid, Pulse continued to sell the allegedly infringing products.

In 2007, Halo sued Pulse. The jury found that Pulse had infringed Halo's patents, and that there was a high probability it had done so willfully. The District Court, however, declined to award enhanced damages under § 284, after determining that Pulse had at trial presented a defense that "was not objectively baseless, or a sham". Thus, the court concluded, Halo had failed to show objective recklessness under the first step of Seagate. The Federal Circuit affirmed.

2

Petitioners Stryker Corporation, Stryker Puerto Rico, Ltd., and Stryker Sales Corporation (collectively, Stryker) and respondents Zimmer, Inc., and Zimmer Surgical, Inc. (collectively, Zimmer), compete in the market for orthopedic pulsed lavage devices. A pulsed lavage device is a combination spray gun and suction tube, used to clean tissue during surgery. In 2010, Stryker sued Zimmer for patent infringement. The jury found that Zimmer had willfully infringed Stryker's patents and awarded Stryker $70 million in lost profits. Ibid. The District Court added $6.1 million in supplemental damages and then trebled the total sum under § 284, resulting in an award of over $228 million.

Specifically, the District Court noted, the jury had heard testimony that Zimmer had "all-but instructed its design team to copy Stryker's products," and had chosen a "high-risk/high-reward strategy of competing immediately and aggressively in the pulsed lavage market," while "opting to worry about the potential legal consequences later". "Treble damages were appropriate," the District Court concluded, "given the one-sidedness of the case and the flagrancy and scope of Zimmer's infringement."

The Federal Circuit affirmed the judgment of infringement but vacated the award of treble damages. Applying de novo review, the court concluded that enhanced damages were unavailable because Zimmer had asserted "reasonable defenses" at trial.

We granted certiorari in both cases, and now vacate and remand.

II

A

The pertinent text of § 284 provides simply that "the court may increase the damages up to three times the amount found or assessed." 35 U.S.C. § 284. That language contains no explicit limit or condition, and we have emphasized that the "word 'may' clearly connotes discretion." Martin v. Franklin Capital Corp., 546 U.S. 132, 136 (2005).

At the same time, "discretion is not whim." Martin, 546 U.S. at 139. "In a system of laws discretion is rarely without limits," even when the statute "does not specify any limits upon the district courts' discretion." Flight Attendants v. Zipes, 491 U.S. 754, 758. "A motion to a court's discretion is a motion, not to its inclination, but to its judgment; and its judgment is to be guided by sound legal principles." Martin, 546 U.S., at 139. Thus, although there is "no precise rule or formula" for awarding damages under § 284, a district court's "discretion should be exercised in light of the considerations" underlying the grant of that discretion. Octane Fitness, 134 S.Ct. at 1756.

Awards of enhanced damages under the Patent Act over the past 180 years establish that they are not to be meted out in a typical infringement case, but are instead designed as a "punitive" or "vindictive" sanction for egregious infringement behavior. The sort of conduct warranting enhanced damages has been variously described in our cases as willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate. District courts enjoy discretion in deciding whether to award enhanced damages, and in what amount. But through nearly two centuries of discretionary awards and review by appellate tribunals, "the channel of discretion ha[s] narrowed," Friendly, Indiscretion About Discretion, 31 Emory L.J. 747, 772 (1982), so that such damages are generally reserved for egregious cases of culpable behavior.

B

The Seagate test reflects, in many respects, a sound recognition that enhanced damages are generally appropriate under § 284 only in egregious cases. That test, however, "is unduly rigid, and it impermissibly encumbers the statutory grant of discretion to district courts." Octane Fitness, 134 S.Ct. at 175). In particular, it can have the effect of insulating some of the worst patent infringers from any liability for enhanced damages.

1

The principal problem with Seagate 's two-part test is that it requires a finding of objective recklessness in every case before district courts may award enhanced damages. Such a threshold requirement excludes from discretionary punishment many of the most culpable offenders, such as the "wanton and malicious pirate" who intentionally infringes another's patent—with no doubts about its validity or any notion of a defense—for no purpose other than to steal the patentee's business. Under Seagate, a district court may not even consider enhanced damages for such a pirate, unless the court first determines that his infringement was "objectively" reckless. In the context of such deliberate wrongdoing, however, it is not clear why an independent showing of objective recklessness—by clear and convincing evidence, no less—should be a prerequisite to enhanced damages.

Our recent decision in Octane Fitness arose in a different context but points in the same direction. In that case we considered § 285 of the Patent Act, which allows district courts to award attorney's fees to prevailing parties in "exceptional" cases. 35 U.S.C. § 285. The Federal Circuit had adopted a two-part test for determining when a case qualified as exceptional, requiring that the claim asserted be both objectively baseless and brought in subjective bad faith. We rejected that test on the ground that a case presenting "subjective bad faith" alone could "sufficiently set itself apart from mine-run cases to warrant a fee award." 134 S.Ct. at 1757. So too here. The subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages, without regard to whether his infringement was objectively reckless.

The Seagate test aggravates the problem by making dispositive the ability of the infringer to muster a reasonable (even though unsuccessful) defense at the infringement trial. The existence of such a defense insulates the infringer from enhanced damages, even if he did not act on the basis of the defense or was even aware of it. Under that standard, someone who plunders a patent—infringing it without any reason to suppose his conduct is arguably defensible—can nevertheless escape any comeuppance under § 284 solely on the strength of his attorney's ingenuity.

But culpability is generally measured against the knowledge of the actor at the time of the challenged conduct. See generally Restatement (Second) of Torts § 8A (1965) ("intent" denotes state of mind in which "the actor desires to cause consequences of his act" or "believes" them to be “substantially certain to result from it”); W. Keeton, D. Dobbs, R. Keeton, & D. Owen, Prosser and Keeton on Law of Torts § 34, p. 212 (5th ed. 1984) (describing willful, wanton, and reckless as “look[ing] to the actor's real or supposed state of mind”). In Safeco Ins. Co. of America v. Burr, 551 U.S. 47 (2007), we stated that a person is reckless if he acts “knowing or having reason to know of facts which would lead a reasonable man to realize” his actions are unreasonably risky. …. Nothing in Safeco suggests that we should look to facts that the defendant neither knew nor had reason to know at the time he acted.

Section 284 allows district courts to punish the full range of culpable behavior. Yet none of this is to say that enhanced damages must follow a finding of egregious misconduct. As with any exercise of discretion, courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount. Section 284 permits district courts to exercise their discretion in a manner free from the inelastic constraints of the Seagate test. Consistent with nearly two centuries of enhanced damages under patent law, however, such punishment should generally be reserved for egregious cases typified by willful misconduct.

2

The Seagate test is also inconsistent with § 284 because it requires clear and convincing evidence to prove recklessness. On this point Octane Fitness is again instructive. There too the Federal Circuit had adopted a clear and convincing standard of proof, for awards of attorney's fees under § 285 of the Patent Act. Because that provision supplied no basis for imposing such a heightened standard of proof, we rejected it. See Octane Fitness, 134 S.Ct., at 1758. We do so here as well. Like § 285, § 284 “imposes no specific evidentiary burden, much less such a high one.” Ibid. And the fact that Congress expressly erected a higher standard of proof elsewhere in the Patent Act, see 35 U.S.C. § 273(b), but not in § 284, is telling. Furthermore, nothing in historical practice supports a heightened standard. As we explained in Octane Fitness, “patent-infringement litigation has always been governed by a preponderance of the evidence standard.” 134 S.Ct., at 1758. Enhanced damages are no exception.

3

Finally, because we eschew any rigid formula for awarding enhanced damages under § 284, we likewise reject the Federal Circuit's tripartite framework for appellate review. In Highmark Inc. v. Allcare Health Management System, Inc., 134 S.Ct. 1744 (2014), we built on our Octane Fitness holding to reject a similar multipart standard of review. Because Octane Fitness confirmed district court discretion to award attorney fees, we concluded that such decisions should be reviewed for abuse of discretion. Highmark, 134 S.Ct. at 1747.

The same conclusion follows naturally from our holding here. Section 284 gives district courts discretion in meting out enhanced damages. It “commits the determination” whether enhanced damages are appropriate “to the discretion of the district court” and “that decision is to be reviewed on appeal for abuse of discretion.” 134 S.Ct. at 1748.

That standard allows for review of district court decisions informed by “the considerations we have identified.” Octane Fitness, 134 S.Ct. at 1756. The appellate review framework adopted by the Federal Circuit reflects a concern that district courts may award enhanced damages too readily, and distort the balance between the protection of patent rights and the interest in technological innovation. Nearly two centuries of exercising discretion in awarding enhanced damages in patent cases, however, has given substance to the notion that there are limits to that discretion. The Federal Circuit should review such exercises of discretion in light of the longstanding considerations we have identified as having guided both Congress and the courts.

…

Section 284 gives district courts the discretion to award enhanced damages against those guilty of patent infringement. In applying this discretion, district courts are to be guided by the sound legal principles developed over nearly two centuries of application and interpretation of the Patent Act. Those principles channel the exercise of discretion, limiting the award of enhanced damages to egregious cases of misconduct beyond typical infringement. The Seagate test, in contrast, unduly confines the ability of district courts to exercise the discretion conferred on them. Because both cases before us were decided under the Seagate framework, we vacate the judgments of the Federal Circuit and remand the cases for proceedings consistent with this opinion.

It is so ordered.

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WESTERNGECO v. GEOPHYSICAL CORP.

138 S.Ct. 2129 (2018)

Justice THOMAS delivered the opinion of the Court.

Under the Patent Act, a company can be liable for patent infringement if it ships components of a patented invention overseas to be assembled there. See 35 U.S.C. § 271(f)(2). A patent owner who proves infringement under this provision is entitled to recover damages. § 284. The question in this case is whether these statutes allow the patent owner to recover for lost foreign profits. We hold that they do.

I

1 The Patent Act gives patent owners a “civil action for infringement.” § 281. Section 271 outlines several types of infringement. The general infringement provision, § 271(a), covers most infringements that occur “within the United States.” The subsection at issue in this case, § 271(f), “expands the definition of infringement to include supplying from the United States a patented invention's components.” Microsoft Corp. v. AT & T Corp., 550 U.S. 437, 444–445 (2007). It contains two provisions that “work in tandem” by addressing “different scenarios.” Section 271(f)(1) addresses the act of exporting a substantial portion of an invention's components:

“Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.”

Section 271(f)(2), the provision at issue here, addresses the act of exporting components that are specially adapted for an invention:

“Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.”

Patent owners who prove infringement under § 271 are entitled to relief under § 284, which authorizes “damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer.”

II

Petitioner WesternGeco LLC owns four patents relating to a system that it developed for surveying the ocean floor. The system uses lateral-steering technology to produce higher quality data than previous survey systems. WesternGeco does not sell its technology or license it to competitors. Instead, it uses the technology itself, performing surveys for oil and gas companies. For several years, WesternGeco was the only surveyor that used such lateral-steering technology.

In late 2007, respondent ION Geophysical Corporation began selling a competing system. It manufactured the components for its competing system in the United States and then shipped them to companies abroad. Those companies combined the components to create a surveying system indistinguishable from WesternGeco's and used the system to compete with WesternGeco.

WesternGeco sued for patent infringement under §§ 271(f)(1) and (f)(2) . At trial, WesternGeco proved that it had lost 10 specific survey contracts due to ION's infringement. The jury found ION liable and awarded WesternGeco damages of $12.5 million in royalties and $93.4 million in lost profits. ION filed a post-trial motion to set aside the verdict, arguing that WesternGeco could not recover damages for lost profits because § 271(f) does not apply extraterritorially. The District Court denied the motion.

On appeal, the Court of Appeals for the Federal Circuit reversed the award of lost-profits damages. The Federal Circuit had previously held that § 271(a), the general infringement provision, does not allow patent owners to recover for lost foreign sales. Section 271(f) should be interpreted the same way, the Federal Circuit reasoned, because it was "designed" to put patent infringers "in a similar position." We granted the petition, vacated the Federal Circuit's judgment, and remanded further consideration in light of our decision in Halo Electronics, Inc. v. Pulse Electronics, Inc., 136 S.Ct. 1923 (2016).

On remand, the panel majority reinstated the portion of its decision regarding the extraterritoriality of § 271(f), and we granted certiorari again. We now reverse.

III

Courts presume that federal statutes "apply only within the territorial jurisdiction of the United States." Foley Bros., Inc. v. Filardo, 336 U.S. 281, 285 (1949). This principle, commonly called the presumption against extraterritoriality, has deep roots. The presumption rests on "the commonsense notion that Congress generally legislates with domestic concerns in mind." Smith v. United States, 507 U.S. 197, 204, n. 5 (1993). And it prevents "unintended clashes between our laws and those of other nations which could result in international discord." EEOC v. Arabian American Oil Co., 499 U.S. 244, 248 (1991).

This Court has established a two-step framework for deciding questions of extraterritoriality. The first step asks "whether the presumption against extraterritoriality has been rebutted." RJR Nabisco, Inc. v. European Community, 136 S.Ct. 2090, 2101 (2016). It can be rebutted only if the text provides a "clear indication of an extraterritorial application." Morrison v. National Australia Bank Ltd., 561 U.S. 247, 255 (2010). If the presumption against extraterritoriality has not been rebutted, the second step of our framework asks "whether the case involves a domestic application of the statute." RJR Nabisco, 136 S.Ct., at 2101. Courts make this determination by identifying "the statute's 'focus' " and asking whether the conduct relevant to that focus occurred in United States territory. If it did, then the case involves a permissible domestic application of the statute. See ibid.

We resolve this case at step two. While “it will usually be preferable” to begin with step one, courts have the discretion to begin at step two “in appropriate cases.” One reason to exercise that discretion is if addressing step one would require resolving “difficult questions” that do not change “the outcome of the case,” but could have far-reaching effects in future cases. That is true here. WesternGeco argues that the presumption against extraterritoriality should never apply to statutes, such as § 284, that merely provide a general damages remedy for conduct that Congress has declared unlawful. Resolving that question could implicate many other statutes besides the Patent Act. We therefore exercise our discretion to forgo the first step of our extraterritoriality framework.

A

Under the second step of our framework, we must identify “the statute's ‘focus.’” The focus of a statute is “the objec[t] of [its] solicitude,” which can include the conduct it “seeks to ‘regulate,’ ” as well as the parties and interests it “seeks to ‘protec[t]’ ” or vindicate. “If the conduct relevant to the statute's focus occurred in the United States, then the case involves a permissible domestic application” of the statute, “even if other conduct occurred abroad.” RJR Nabisco, 136 S.Ct., at 2101. But if the relevant conduct occurred in another country, “then the case involves an impermissible extraterritorial application regardless of any other conduct that occurred in U.S. territory.”

When determining the focus of a statute, we do not analyze the provision at issue in a vacuum. If the statutory provision at issue works in tandem with other provisions, it must be assessed in concert with those other provisions. Otherwise, it would be impossible to accurately determine whether the application of the statute in the case is a “domestic application.” RJR Nabisco, 136 S.Ct., at 2101. And determining how the statute has actually been applied is the whole point of the focus test. See ibid.

Applying these principles here, we conclude that the conduct relevant to the statutory focus in this case is domestic. We begin with § 284. It provides a general damages remedy for the various types of patent infringement identified in the Patent Act. The portion of § 284 at issue here states that “the court shall award the claimant damages adequate to compensate for the infringement.” We conclude that “the infringement” is the focus of this statute. As this Court has explained, the “overriding purpose” of § 284 is to “affor[d] patent owners complete compensation” for infringements. General Motors Corp. v. Devex Corp., 461 U.S. 648, 655 (1983). “The question” posed by the statute is “‘how much ha[s] the Patent Holder ... suffered by the infringement.’ ” Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476, 507 (1964). Accordingly, the infringement is plainly the focus of § 284.

But that observation does not fully resolve this case, as the Patent Act identifies several ways that a patent can be infringed. See § 271. To determine the focus of § 284 in a given case, we must look to the type of infringement that occurred. We thus turn to § 271(f)(2), which was the basis for WesternGeco's infringement claim and the lost-profits damages that it received.

Section 271(f)(2) focuses on domestic conduct. It provides that a company “shall be liable as an infringer” if it “supplies” certain components of a patented invention “in or from the United States” with the intent that they “will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States.” The conduct that § 271(f)(2) regulates—i.e., its focus—is the domestic act of “suppl[ying] in or from the United States.” As this Court has acknowledged, § 271(f) vindicates domestic interests: It “was a direct response to a gap in our patent law,” Microsoft Corp., 550 U.S., at 457 and “reach[es] components that are manufactured in the United States but assembled overseas,” Life Technologies, 137 S.Ct., at 743. As the Federal Circuit explained, § 271(f)(2) protects against “domestic entities who export components ... from the United States.”.

In sum, the focus of § 284, in a case involving infringement under § 271(f)(2), is on the act of exporting components from the United States. In other words, the domestic infringement is “the objec[t] of the statute's solicitude” in this context. Morrison, 561 U.S., at 267. The conduct in this case that is relevant to that focus clearly occurred in the United States, as it was ION's domestic act of supplying the components that infringed WesternGeco's patents. Thus, the lost-profits damages that were awarded to WesternGeco were a domestic application of § 284.

B

ION's arguments to the contrary are not persuasive. ION contends that the statutory focus here is “self-evidently on the award of damages.” Brief for Respondent 22. While § 284 does authorize damages, what a statute authorizes is not necessarily its focus. Rather, the focus is “the objec[t] of the statute's solicitude”—which can turn on the “conduct,” “parties,” or interests that it regulates or protects. Morrison, 130 S.Ct. 2869. Here, the damages themselves are merely the means by which the statute achieves its end of remedying infringements. Similarly, ION is mistaken to assert that this case involves an extraterritorial application of § 284 simply because “lost-profits damages occurred extraterritorially, and foreign conduct subsequent to [ION's] infringement was necessary to give rise to the injury.” Brief for Respondent 22. Those overseas events were merely incidental to the infringement. In other words, they do not have “primacy” for purposes of the extraterritoriality analysis. Morrison, 130 S.Ct. 2869.

ION also draws on the conclusion in RJR Nabisco that “RICO damages claims” based “entirely on injury suffered abroad” involve an extraterritorial application of 18 U.S.C. § 1964(c). From this principle, ION extrapolates a general rule that damages awards for foreign injuries are always an extraterritorial application of a damages provision. This argument misreads RJR Nabisco. That portion of RJR Nabisco interpreted a substantive element of a cause of action, not a remedial damages provision. See 136 S.Ct., at 2105. It explained that a plaintiff could not bring a damages claim under § 1964(c) unless he could prove that he was “ ‘injured in his business or property,’ ” which required proof of “a domestic injury.” Thus, RJR Nabisco was applying the presumption against extraterritoriality to interpret the scope of § 1964(c)' s injury requirement; it did not make any statements about damages—a separate legal concept.

Two of our colleagues contend that the Patent Act does not permit damages awards for lost foreign profits. Post, at 2139 (GORSUCH, J., joined by BREYER, J., dissenting). Their position wrongly conflates legal injury with the damages arising from that injury. And it is not the better reading of “the plain text of the Patent Act.” Taken together, § 271(f)(2) and § 284 allow the patent owner to recover for lost foreign profits. Under § 284, damages are “adequate” to compensate for infringement when they “plac[e] [the patent owner] in as good a position as he would have been in” if the patent had not been infringed. Specifically, a patent owner is entitled to recover “ ‘the difference between [its] pecuniary condition after the infringement, and what [its] condition would have been if the infringement had not occurred.’ ” Aro Mfg. Co., 84 S.Ct. 1526. This recovery can include lost profits. See Yale Lock Mfg. Co. v. Sargent, 117 U.S. 536, 552–553 (1886). And, as we hold today, it can include lost foreign profits when the patent owner proves infringement under § 271(f)(2).

We hold that WesternGeco's damages award for lost profits was a permissible domestic application of § 284. The judgment of the Federal Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

[*Insert this case on page 103*]

How to calculate damages in a design patent infringement case? In a multicomponent product, should the damages be calculated based on the profits for the entire product? Answering this question would turn on the relevant "article of manufacture". Read the next case.

SAMSUNG ELECTRONICS CO., LTD V. APPLE INC.

137 S.Ct. 429 (2016)

JUSTICE SOTOMAYOR delivered the opinion of the Court.

Section 289 of the Patent Act provides a damages remedy specific to design patent infringement. A person who manufactures or sells "any article of manufacture to which [a patented] design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit." 35 U.S.C. § 289. In the case of a design for a single-component product, such as a dinner plate, the product is the "article of manufacture" to which the design has been applied. In the case of a design for a multicomponent product, such as a kitchen oven, identifying the "article of manufacture" to which the design has been applied is a more difficult task.

This case involves the infringement of designs for smartphones. The United States Court of Appeals for the Federal Circuit identified the entire smartphone as the only permissible "article of manufacture" for the purpose of calculating § 289 damages because consumers could not separately purchase components of the smartphones. The question before us is whether that reading is consistent with § 289.

I

A

The federal patent laws have long permitted those who invent designs for manufactured articles to patent their designs. See Patent Act of 1842, § 3, 5 Stat. 543–544. Patent protection is available for a "new, original and ornamental design for an article of manufacture." 35 U.S.C. § 171(a). A patentable design "gives a peculiar or distinctive appearance to the manufacture, or article to which it may be applied, or to which it gives form." Gorham Co. v. White, 20 L.Ed. 731 (1872). This Court has explained that a design patent is infringed "if, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same." Id. at 528.

In 1885, this Court limited the damages available for design patent infringement. The statute in effect at the time allowed a holder of a design patent to recover "the actual damages sustained" from infringement. Rev. Stat. § 4919. In Dobson v. Hartford Carpet Co., 114 U.S. 439 (1885), the lower courts had awarded the holders of design patents on carpets damages in the amount of "the entire profit to the [patent holders], per yard, in the manufacture and sale of carpets of the patented designs, and not merely the value which the designs contributed to the carpets." Id. at 443. This Court reversed the damages award and construed the statute to require proof that the profits were "due to" the design rather than other aspects of the carpets. Id. at 444.

In 1887, in response to the Dobson cases, Congress enacted a specific damages remedy for design patent infringement. The new provision made it unlawful to manufacture or sell an article of manufacture to which a patented design or a colorable imitation thereof had been applied. An act to amend the law relating to patents, trademarks, and copyright, § 1, 24 Stat. 387. It went on to make a design patent infringer "liable in the amount of" $250 or "the total profit made by him from the manufacture or sale ... of the article or articles to which the design, or colorable imitation thereof, has been applied."

The Patent Act of 1952 codified this provision in § 289. 66 Stat. 813. That codified language now reads, in relevant part:

> "Whoever during the term of a patent for a design, without license of the owner, (1) applies the patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale, or (2) sells or exposes for sale any article of manufacture to which such design or colorable imitation has been applied shall be liable to the owner to the extent of his total profit, but not less than $250...." 35 U.S.C. § 289.

B

Apple Inc. released its first-generation iPhone in 2007. The iPhone is a smartphone, a "cell phone with a broad range of other functions based on advanced computing capability, large storage capacity, and Internet connectivity." Riley v. California, 134 S.Ct. 2473, 2480 (2014). Apple secured many design patents in connection with the release. Among those patents were the D618,677 patent, covering a black rectangular front face with rounded corners, the D593,087 patent, covering a rectangular front face with rounded corners and a raised rim, and the D604,305 patent, covering a grid of 16 colorful icons on a black screen.

Samsung Electronics Co., Samsung Electronics America, Inc., and Samsung Telecommunications America, LLC (Samsung), also manufacture smartphones. After Apple released its iPhone, Samsung released a series of smartphones that resembled the iPhone.

Apple sued Samsung in 2011, alleging, as relevant here, that various Samsung smartphones infringed Apple's D593,087, D618,677, and D604,305 design patents. A jury found that several Samsung smartphones did infringe those patents. All told, Apple was awarded $399 million in damages for Samsung's design patent infringement, the entire profit Samsung made from its sales of the infringing smartphones.

The Federal Circuit affirmed the design patent infringement damages award.1 In doing so, it rejected Samsung's argument "that the profits awarded should have been limited to the infringing 'article of manufacture' "—for example, the screen or case of the smartphone—"not the entire infringing product"—the smartphone. 786 F.3d 983, 1002 (2015). It reasoned that "limit[ing] the damages" award was not required because the "innards of Samsung's smartphones were not sold separately from their shells as distinct articles of manufacture to ordinary purchasers."

We granted certiorari, 577 U.S. —— (2016).

II

Section 289 allows a patent holder to recover the total profit an infringer makes from the infringement. It does so by first prohibiting the unlicensed "appli[cation]" of a "patented design, or any colorable imitation thereof, to any article of manufacture for the purpose of sale" or the unlicensed sale or exposure to sale of "any article of manufacture to which [a patented] design or colorable imitation has been applied." 35 U.S.C. § 289. It then makes a person who violates that prohibition "liable to the owner to the extent of his total profit, but not less than $250." Ibid. "Total," of course, means all. See American Heritage Dictionary 1836 (5th ed. 2011) ("[t]he whole amount of something; the entirety"). The "total profit" for which § 289 makes an infringer liable is thus all of the profit made from the prohibited conduct, that is, from the manufacture or sale of the "article of manufacture to which [the patented] design or colorable imitation has been applied."

Arriving at a damages award under § 289 thus involves two steps. First, identify the "article of manufacture" to which the infringed design has been applied. Second, calculate the infringer's total profit made on that article of manufacture.

This case requires us to address a threshold matter: the scope of the term "article of manufacture." The only question we resolve today is whether, in the case of a multicomponent product, the relevant "article of manufacture" must always be the end product sold to the consumer or whether it can also be a component of that product. Under the former interpretation, a patent holder will always be entitled to the infringer's total profit from the end product. Under the latter interpretation, a patent holder will sometimes be entitled to the infringer's total profit from a component of the end product.

A

The text resolves this case. The term "article of manufacture," as used in § 289, encompasses both a product sold to a consumer and a component of that product.

"Article of manufacture" has a broad meaning. An "article" is just "a particular thing." J. Stormonth, A Dictionary of the English Language 53 (1885) (Stormonth); see also American Heritage Dictionary, at 101 ("[a]n individual thing or element of a class; a particular object or item"). And "manufacture" means "the conversion of raw materials by the hand, or by machinery, into articles suitable for the use of man" and "the articles so made." Stormonth 589; see also American Heritage Dictionary, at 1070 ("[t]he act, craft, or process of manufacturing products, especially on a large scale" or "[a] product that is manufactured"). An article of manufacture, then, is simply a thing made by hand or machine.

So understood, the term "article of manufacture" is broad enough to encompass both a product sold to a consumer as well as a component of that product. A component of a product, no less than the product itself, is a thing made by hand or machine. That a component may be integrated into a larger product, in other words, does not put it outside the category of articles of manufacture.

This reading of article of manufacture in § 289 is consistent with 35 U.S.C. § 171(a), which makes "new, original and ornamental design[s] for an article of manufacture" eligible for design patent protection. The Patent Office and the courts have understood § 171 to permit a design patent for a design extending to only a component of a multicomponent product. See, e.g., Ex parte Adams, 84 Off. Gaz. Pat. Office 311 (1898) ("The several articles of manufacture of peculiar shape which when combined produce a machine or structure having movable parts may each separately be patented as a design ..."); Application of Zahn, 617 F.2d 261, 268 (C.C.P.A.1980) ("Section 171 authorizes patents on ornamental designs for articles of manufacture. While the design must be embodied in some articles, the statute is not limited to designs for complete articles, or 'discrete' articles, and certainly not to articles separately sold").

This reading is also consistent with 35 U.S.C. § 101, which makes "any new and useful ... manufacture ... or any new and useful improvement thereof" eligible for utility patent protection. This Court has read the term 'manufacture' in § 101 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. Diamond v. Chakrabarty, 447 U.S. 303, 308 (1980). The broad term includes "the parts of a machine considered separately from the machine itself." 1 W. Robinson, The Law of Patents for Useful Inventions § 183, p. 270 (1890).

B

The Federal Circuit's narrower reading of "article of manufacture" cannot be squared with the text of § 289. The Federal Circuit found that components of the infringing smartphones could not be the relevant article of manufacture because consumers could not purchase those components separately from the smartphones. But, for the reasons given above, the term "article of manufacture" is broad enough to embrace both a product sold to a consumer and a component of that product, whether sold separately or not. Thus, reading "article of manufacture" in § 289 to cover only an end product sold to a consumer gives too narrow a meaning to the phrase.

The parties ask us to go further and resolve whether, for each of the design patents at issue here, the relevant article of manufacture is the smartphone, or a particular smartphone component. Doing so would require us to set out a test for identifying the relevant article of manufacture at the first step of the § 289 damages inquiry and to parse the record to apply that test in this case. We decline to lay out a test for the first step of the § 289 damages inquiry in the absence of adequate briefing by the parties. Doing so is not necessary to resolve the question presented in this case, and the Federal Circuit may address any remaining issues on remand.

The judgment of the United States Court of Appeals for the Federal Circuit is therefore reversed, and the case is remanded for further proceedings consistent with this opinion.

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[*Insert on page 116*]

Patent exhaustion is a long established doctrine that terminates patent holder's rights once the patented products are sold. Can the patent holder rely on contract law to impose restrictions in post-sale of patented products both at home and abroad? The Supreme Court addressed this question in the case below.

IMPRESSION PRODUCTS, INC. V. LEXMARK INTERN. INC.

137 S. Ct. 1523 (2017)

CHIEF JUSTICE ROBERTS delivered the opinion of the Court.

The underlying dispute in this case is about laser printers—or, more specifically, the cartridges that contain the powdery substance, known as toner, that laser printers use to make an image appear on paper. Respondent Lexmark International, Inc. designs, manufactures, and sells toner cartridges to consumers in the United States and around the globe. It owns a number of patents that cover components of those cartridges and the manner in which they are used.

When toner cartridges run out of toner they can be refilled and used again. This creates an opportunity for other companies—known as remanufacturers—to acquire empty Lexmark cartridges from purchasers in the United States and abroad, refill them with toner, and then resell them at a lower price than the new ones Lexmark puts on the shelves.

Not blind to this business problem, Lexmark structures its sales in a way that encourages customers to return spent cartridges. It gives purchasers two options: One is to buy a toner cartridge at full price, with no strings attached. The other is to buy a cartridge at roughly 20–percent off through Lexmark's "Return Program." A customer who buys through the Return Program still owns the cartridge but, in exchange for the lower price, signs a contract agreeing to use it only once and to refrain from transferring the empty cartridge to anyone but Lexmark. To enforce this single-use/no-resale restriction, Lexmark installs a microchip on each Return Program cartridge that prevents reuse once the toner in the cartridge runs out.

Lexmark's strategy just spurred remanufacturers to get more creative. Many kept acquiring empty Return Program cartridges and developed methods to counteract the effect of the microchips. With that technological obstacle out of the way, there was little to prevent the remanufacturers from using the Return Program cartridges in their resale business. After all, Lexmark's contractual single-use/no-resale agreements were with the initial customers, not with downstream purchasers like the remanufacturers.

Lexmark, however, was not so ready to concede that its plan had been foiled. In 2010, it sued a number of remanufacturers, including petitioner Impression Products, Inc., for patent infringement with respect to two groups of cartridges. One group consists of Return Program cartridges that Lexmark sold within the United States. Lexmark argued that, because it expressly prohibited reuse and resale of these cartridges, the remanufacturers infringed the Lexmark patents when they refurbished and resold them. The other group consists of all toner cartridges that Lexmark sold abroad and that remanufacturers imported into the country. Lexmark claimed that it never gave anyone authority to import these cartridges, so the remanufacturers ran afoul of its patent rights by doing just that.

Eventually, the lawsuit was whittled down to one defendant, Impression Products, and one defense: that Lexmark's sales, both in the United States and abroad, exhausted its patent rights in the cartridges, so Impression Products was free to refurbish and resell them, and to import them if acquired abroad. Impression Products filed separate motions to dismiss with respect to both groups of cartridges. The District Court granted the motion as to the domestic Return Program cartridges, but denied the motion as to the cartridges Lexmark sold abroad. Both parties appealed.

The Federal Circuit considered the appeals en banc and ruled for Lexmark with respect to both groups of cartridges.

We granted certiorari to consider the Federal Circuit's decisions with respect to both domestic and international exhaustion.

II

A

First up are the Return Program cartridges that Lexmark sold in the United States. We conclude that Lexmark exhausted its patent rights in these cartridges the moment it sold them. The single-use/no-resale restrictions in Lexmark's contracts with customers may have been clear and enforceable under contract law, but they do not entitle Lexmark to retain patent rights in an item that it has elected to sell.

The Patent Act grants patentees the "right to exclude others from making, using, offering for sale, or selling [their] invention[s]." 35 U.S.C. § 154(a). For over 160 years, the doctrine of patent exhaustion has imposed a limit on that right to exclude. See Bloomer v. McQuewan, 14 L.Ed. 532 (1853). The limit functions automatically: When a patentee chooses to sell an item, that product "is no longer within the limits of the monopoly" and instead becomes the "private, individual property" of the purchaser, with the rights and benefits that come along with ownership. Id. at 549–550. A patentee is free to set the price and negotiate contracts with purchasers, but may not, "by virtue of his patent, control the use or disposition" of the product after ownership passes to the purchaser. United States v. Univis Lens Co., 316 U.S. 241, 250 (1942). The sale "terminates all patent rights to that item." Quanta Computer, Inc. v. LG Electronics, Inc., 553 U.S. 617, 625 (2008).

This well-established exhaustion rule marks the point where patent rights yield to the common law principle against restraints on alienation. The Patent Act "promote[s] the progress of science and the useful arts by granting to [inventors] a limited monopoly" that allows them to "secure the financial rewards" for their inventions. Univis, 316 U.S., at 250. But once a patentee sells an item, it has "enjoyed all the rights secured" by that limited monopoly. Keeler v. Standard Folding Bed Co., 157 U.S. 659, 661 (1895). Because "the purpose of the patent law is fulfilled ... when the patentee has received his reward for the use of his invention," that law furnishes "no basis for restraining the use and enjoyment of the thing sold." Univis, 316 U.S. at 251.

We have explained in the context of copyright law that exhaustion has "an impeccable historic pedigree," tracing its lineage back to the "common law's refusal to permit restraints on the alienation of chattels." Kirtsaeng v. John Wiley & Sons, Inc., 568 U.S. 519, 538 (2013). As Lord Coke put it in the 17th century, if an owner restricts the resale or use of an item after selling it, that restriction "is voide, because ... it is against Trade and Traffique, and bargaining and contracting betweene man and man." 1 E. Coke, Institutes of the Laws of England § 360, p. 223

(1628); see J. Gray, Restraints on the Alienation of Property § 27, p. 18 (2d ed. 1895) ("A condition or conditional limitation on alienation attached to a transfer of the entire interest in personalty is as void as if attached to a fee simple in land").

This venerable principle is not, as the Federal Circuit dismissively viewed it, merely "one common-law jurisdiction's general judicial policy at one time toward anti-alienation restrictions." 816 F.3d, at 750. Congress enacted and has repeatedly revised the Patent Act against the backdrop of the hostility toward restraints on alienation. That enmity is reflected in the exhaustion doctrine. The patent laws do not include the right to "restrain further alienation" after an initial sale; such conditions have been "hateful to the law from Lord Coke's day to ours" and are "obnoxious to the public interest." Straus v. Victor Talking Machine Co., 243 U.S. 490, 501 (1917). "The inconvenience and annoyance to the public that an opposite conclusion would occasion are too obvious to require illustration." Keeler, 157 U.S. at 667.

But an illustration never hurts. Take a shop that restores and sells used cars. The business works because the shop can rest assured that, so long as those bringing in the cars own them, the shop is free to repair and resell those vehicles. That smooth flow of commerce would sputter if companies that make the thousands of parts that go into a vehicle could keep their patent rights after the first sale. Those companies might, for instance, restrict resale rights and sue the shop owner for patent infringement. And even if they refrained from imposing such restrictions, the very threat of patent liability would force the shop to invest in efforts to protect itself from hidden lawsuits. Either way, extending the patent rights beyond the first sale would clog the channels of commerce, with little benefit from the extra control that the patentees retain. And advances in technology, along with increasingly complex supply chains, magnify the problem.

This Court accordingly has long held that, even when a patentee sells an item under an express restriction, the patentee does not retain patent rights in that product. In Boston Store of Chicago v. American Graphophone Co., for example, a manufacturer sold graphophones—one of the earliest devices for recording and reproducing sounds—to retailers under contracts requiring those stores to resell at a specific price. 246 U.S. 8, 17–18 (1918). When the manufacturer brought a patent infringement suit against a retailer who sold for less, we concluded that there was "no room for controversy" about the result: By selling the item, the manufacturer placed it "beyond the confines of the patent law, and could not, by qualifying restrictions as to use, keep it under the patent monopoly." Id. at 20, 25.

Two decades later, we confronted a similar arrangement in United States v. Univis Lens Co. There, a company that made eyeglass lenses authorized an agent to sell its products to wholesalers and retailers only if they promised to market the lenses at fixed prices. The Government filed an antitrust lawsuit, and the company defended its arrangement on the ground that it was exercising authority under the Patent Act. We held that the initial sales "relinquish [ed] ... the patent monopoly with respect to the article[s] sold," so the "stipulation ... fixing resale prices derive[d] no support from the patent and must stand on the same footing" as restrictions on unpatented goods. 316 U.S. at 249–251.

It is true that Boston Store and Univis involved resale price restrictions that, at the time of those decisions, violated the antitrust laws. But in both cases it was the sale of the items, rather than the illegality of the restrictions, that prevented the patentees from enforcing those resale price agreements through patent infringement suits. And if there were any lingering doubt that patent exhaustion applies even when a sale is subject to an express, otherwise lawful restriction, our recent decision in Quanta Computer, Inc. v. LG Electronics, Inc. settled the matter. In that case, a technology company—with authorization from the patentee—sold microprocessors under contracts requiring purchasers to use those processors with other parts that the company manufactured. One buyer disregarded the restriction, and the patentee sued for infringement. Without so much as mentioning the lawfulness of the contract, we held that the patentee could not bring an infringement suit because the “authorized sale ... took its products outside the scope of the patent monopoly.” 553 U.S., at 638.

Turning to the case at hand, we conclude that this well-settled line of precedent allows for only one answer: Lexmark cannot bring a patent infringement suit against Impression Products to enforce the single-use/no-resale provision accompanying its Return Program cartridges. Once sold, the Return Program cartridges passed outside of the patent monopoly, and whatever rights Lexmark retained are a matter of the contracts with its purchasers, not the patent law.

B

The Federal Circuit reached a different result largely because it got off on the wrong foot. The “exhaustion doctrine,” the court believed, “must be understood as an interpretation of” the infringement statute, which prohibits anyone from using or selling a patented article “without authority” from the patentee. 816 F.3d, at 734. Exhaustion reflects a default rule that a patentee's decision to sell an item “presumptively grants authority to the purchaser to use it and resell it.” 816 F.3d, at 742. But, the Federal Circuit explained, the patentee does not have to hand over the full “bundle of rights” every time. Id., at 741. If the patentee expressly withholds a stick from the bundle—perhaps by restricting the purchaser's resale rights—the buyer never acquires that withheld authority, and the patentee may continue to enforce its right to exclude that practice under the patent laws.

The misstep in this logic is that the exhaustion doctrine is not a presumption about the authority that comes along with a sale; it is instead a limit on “the scope of the patentee's rights.” United States v. General Elec. Co., 272 U.S. 476, 489 (1926). The right to use, sell, or import an item exists independently of the Patent Act. What a patent adds—and grants exclusively to the patentee—is a limited right to prevent others from engaging in those practices. Exhaustion extinguishes that exclusionary power. As a result, the sale transfers the right to use, sell, or import because those are the rights that come along with ownership, and the buyer is free and clear of an infringement lawsuit because there is no exclusionary right left to enforce.

The Federal Circuit also expressed concern that preventing patentees from reserving patent rights when they sell goods would create an artificial distinction between such sales and sales by licensees. Patentees, the court explained, often license others to make and sell their products, and may place restrictions on those licenses. A computer developer could, for instance, license a manufacturer to make its patented devices and sell them only for non-commercial use by individuals. If a licensee breaches the license by selling a computer for commercial use, the patentee can sue the licensee for infringement. And, in the Federal Circuit's view, our decision in General Talking Pictures Corp. v. Western Elec. Co., 304 U.S. 175 (1938), established that—when a patentee grants a license "under clearly stated restrictions on post-sale activities" of those who purchase products from the licensee—the patentee can also sue for infringement those purchasers who knowingly violate the restrictions. If patentees can employ licenses to impose post-sale restrictions on purchasers that are enforceable through infringement suits, the court concluded, it would make little sense to prevent patentees from doing so when they sell directly to consumers.

The Federal Circuit's concern is misplaced. A patentee can impose restrictions on licensees because a license does not implicate the same concerns about restraints on alienation as a sale. Patent exhaustion reflects the principle that, when an item passes into commerce, it should not be shaded by a legal cloud on title as it moves through the marketplace. But a license is not about passing title to a product, it is about changing the contours of the patentee's monopoly: The patentee agrees not to exclude a licensee from making or selling the patented invention, expanding the club of authorized producers and sellers. See General Elec. Co., 272 U.S., at 489–490. Because the patentee is exchanging rights, not goods, it is free to relinquish only a portion of its bundle of patent protections.

A patentee's authority to limit licensees does not, as the Federal Circuit thought, mean that patentees can use licenses to impose post-sale restrictions on purchasers that are enforceable through the patent laws. So long as a licensee complies with the license when selling an item, the patentee has, in effect, authorized the sale. That licensee's sale is treated, for purposes of patent exhaustion, as if the patentee made the sale itself. The result: The sale exhausts the patentee's rights in that item. See Hobbie v. Jennison, 149 U.S. 355, 362–363 (1893). A license may require the licensee to impose a restriction on purchasers, like the license limiting the computer manufacturer to selling for non-commercial use by individuals. But if the licensee does so—by, perhaps, having each customer sign a contract promising not to use the computers in business—the sale nonetheless exhausts all patent rights in the item sold. See Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U.S. 502, 506–507, 516 (1917). The purchasers might not comply with the restriction, but the only recourse for the licensee is through contract law, just as if the patentee itself sold the item with a restriction.

General Talking Pictures involved a fundamentally different situation: There, a licensee "knowingly made ... sales ... outside the scope of its license." 304 U.S., at 181–182. We treated the sale "as if no license whatsoever had been granted" by the patentee, which meant that the patentee could sue both the licensee and the purchaser—who knew about the breach—for infringement. General Talking Pictures Corp. v. Western Elec. Co., 305 U.S. 124, 127 (1938). This does not mean that patentees can use licenses to impose post-sale restraints on purchasers. Quite the contrary: The licensee infringed the patentee's rights because it did not comply with the terms of its license, and the patentee could bring a patent suit against the purchaser only because the purchaser participated in the licensee's infringement. General Talking Pictures, then, stands for the modest principle that, if a patentee has not given authority for a licensee to make a sale, that sale cannot exhaust the patentee's rights.

In sum, patent exhaustion is uniform and automatic. Once a patentee decides to sell—whether on its own or through a licensee—that sale exhausts its patent rights, regardless of any post-sale restrictions the patentee purports to impose, either directly or through a license.

III

Our conclusion that Lexmark exhausted its patent rights when it sold the domestic Return Program cartridges goes only halfway to resolving this case. Lexmark also sold toner cartridges abroad and sued Impression Products for patent infringement for "importing [Lexmark's] invention into the United States." 35 U.S.C. § 154(a). Lexmark contends that it may sue for infringement with respect to all of the imported cartridges—not just those in the Return Program—because a foreign sale does not trigger patent exhaustion unless the patentee "expressly or implicitly transfer[s] or license[s]" its rights. Brief for Respondent 36–37. The Federal Circuit agreed, but we do not. An authorized sale outside the United States, just as one within the United States, exhausts all rights under the Patent Act.

This question about international exhaustion of intellectual property rights has also arisen in the context of copyright law. Under the "first sale doctrine," which is codified at 17 U.S.C. § 109(a), when a copyright owner sells a lawfully made copy of its work, it loses the power to restrict the purchaser's freedom "to sell or otherwise dispose of ... that copy." In Kirtsaeng v. John Wiley & Sons, Inc., we held that this "first sale rule applies to copies of a copyrighted work lawfully made and sold abroad." 568 U.S. at 525. We began with the text of § 109(a), but it was not decisive: The language neither "restricts the scope of the first sale doctrine geographically," nor clearly embraces international exhaustion. Id. at 528–533. What helped tip the scales for global exhaustion was the fact that the first sale doctrine originated in "the common law's refusal to permit restraints on the alienation of chattels." That "common-law doctrine makes no geographical distinctions.. The lack of any textual basis for distinguishing between domestic and international sales meant that "a straightforward application" of the first sale doctrine required the conclusion that it applies overseas. Id. at 540.

Applying patent exhaustion to foreign sales is just as straightforward. Patent exhaustion, too, has its roots in the antipathy toward restraints on alienation, and nothing in the text or history of the Patent Act shows that Congress intended to confine that borderless common law principle to domestic sales. In fact, Congress has not altered patent exhaustion at all; it remains an unwritten limit on the scope of the patentee's monopoly. And differentiating the patent exhaustion and copyright first sale doctrines would make little theoretical or practical sense: The two share a "strong similarity ... and identity of purpose," Bauer & Cie v. O'Donnell, 229 U.S. 1, 13 (1913), and many everyday products—"automobiles, microwaves, calculators, mobile phones, tablets, and personal computers"—are subject to both patent and copyright protections, see Kirtsaeng, 568 U.S. at 545. There is a "historic kinship between patent law and copyright law," Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984), and the bond between the two leaves no room for a rift on the question of international exhaustion.

Lexmark sees the matter differently. The Patent Act, it points out, limits the patentee's "right to exclude others" from making, using, selling, or importing its products to acts that occur in the United States. 35 U.S.C. § 154(a). A domestic sale, it argues, triggers exhaustion because the sale compensates the patentee for "surrendering [those] U.S. rights." A foreign sale is different: The Patent Act does not give patentees exclusionary powers abroad. Without those powers, a patentee selling in a foreign market may not be able to sell its product for the same price that it could in the United States, and therefore is not sure to receive "the reward guaranteed by U.S. patent law." Absent that reward, says Lexmark, there should be no exhaustion. In short, there is no patent exhaustion from sales abroad because there are no patent rights abroad to exhaust.

The territorial limit on patent rights is, however, no basis for distinguishing copyright protections; those protections "do not have any extraterritorial operation" either. 5 M. Nimmer & D. Nimmer, Copyright § 17.02, p. 17–26 (2017). Nor does the territorial limit support the premise of Lexmark's argument. Exhaustion is a separate limit on the patent grant, and does not depend on the patentee receiving some undefined premium for selling the right to access the American market. A purchaser buys an item, not patent rights. And exhaustion is triggered by the patentee's decision to give that item up and receive whatever fee it decides is appropriate "for the article and the invention which it embodies." Univis, 316 U.S. at 251. The patentee may not be able to command the same amount for its products abroad as it does in the United States. But the Patent Act does not guarantee a particular price, much less the price from selling to American consumers. Instead, the right to exclude just ensures that the patentee receives one reward—of whatever amount the patentee deems to be "satisfactory compensation," Keeler, 157 U.S. at 661—for every item that passes outside the scope of the patent monopoly.

This Court has addressed international patent exhaustion in only one case, Boesch v. Graff, decided over 125 years ago. All that case illustrates is that a sale abroad does not exhaust a patentee's rights when the patentee had nothing to do with the transaction. Boesch—from the days before the widespread adoption of electrical lighting—involved a retailer who purchased lamp burners from a manufacturer in Germany, with plans to sell them in the United States. The manufacturer had authority to make the burners under German law, but there was a hitch: Two individuals with no ties to the German manufacturer held the American patent to that invention. These patentees sued the retailer for infringement when the retailer imported the lamp burners into the United States, and we rejected the argument that the German manufacturer's sale had exhausted the American patentees' rights. The German manufacturer had no permission to sell in the United States from the American patentees, and the American patentees had not exhausted their patent rights in the products because they had not sold them to anyone, so "purchasers from [the German manufacturer] could not be thereby authorized to sell the articles in the United States." 133 U.S. 697, 703 (1890).

Our decision did not, as Lexmark contends, exempt all foreign sales from patent exhaustion. Rather, it reaffirmed the basic premise that only the patentee can decide whether to make a sale that exhausts its patent rights in an item. The American patentees did not do so with respect to the German products, so the German sales did not exhaust their rights.

Finally, the United States, as an amicus, advocates what it views as a middle-ground position: that "a foreign sale authorized by the U.S. patentee exhausts U.S. patent rights unless those rights are expressly reserved." Its position is largely based on policy rather than principle. The Government thinks that an overseas "buyer's legitimate expectation" is that a "sale conveys all of the seller's interest in the patented article," so the presumption should be that a foreign sale triggers exhaustion. But, at the same time, "lower courts long ago coalesced around" the rule that "a patentee's express reservation of U.S. patent rights at the time of a foreign sale will be given effect," so that option should remain open to the patentee.

The Government has little more than "long ago" on its side. In the 1890s, two circuit courts—in cases involving the same company—did hold that patentees may use express restrictions to reserve their patent rights in connection with foreign sales. See Dickerson v. Tinling, 84 F. 192, 194–195 (C.A.8 1897); Dickerson v. Matheson, 57 F. 524, 527 (C.A.2 1893). But no "coalesc[ing]" ever took place: Over the following hundred-plus years, only a smattering of lower court decisions mentioned this express-reservation rule for foreign sales. See, e.g., Sanofi, S.A. v. Med–Tech Veterinarian Prods., Inc., 565 F.Supp. 931, 938 (D.N.J.1983). And in 2001, the Federal Circuit adopted its blanket rule that foreign sales do not trigger exhaustion, even if the patentee fails to expressly reserve its rights. Jazz Photo, 264 F.3d, at 1105. These sparse and inconsistent decisions provide no basis for any expectation, let alone a settled one, that patentees can reserve patent rights when they sell abroad.

The theory behind the Government's express-reservation rule also wrongly focuses on the likely expectations of the patentee and purchaser during a sale. Exhaustion does not arise because of the parties' expectations about how sales transfer patent rights. More is at stake when it comes to patents than simply the dealings between the parties, which can be addressed through contract law. Instead, exhaustion occurs because, in a sale, the patentee elects to give up title to an item in exchange for payment. Allowing patent rights to stick remora-like to that item as it flows through the market would violate the principle against restraints on alienation. Exhaustion does not depend on whether the patentee receives a premium for selling in the United States, or the type of rights that buyers expect to receive. As a result, restrictions and location are irrelevant; what matters is the patentee's decision to make a sale.

The judgment of the United States Court of Appeals for the Federal Circuit is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.

JUSTICE GINSBURG, *concurring in part and dissenting in part.*

I concur in the Court's holding regarding domestic exhaustion—a patentee who sells a product with an express restriction on reuse or resale may not enforce that restriction through an infringement lawsuit, because the U.S. sale exhausts the U.S. patent rights in the product sold. I dissent, however, from the Court's holding on international exhaustion. A foreign sale, I would hold, does not exhaust a U.S. inventor's U.S. patent rights.

Patent law is territorial. When an inventor receives a U.S. patent, that patent provides no protection abroad. See Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518, 531 (1972) ("Our patent system makes no claim to extraterritorial effect."). See also 35 U.S.C. § 271(a) (establishing liability for acts of patent infringement "within the United States" and for "importation into the United States of any patented invention"). A U.S. patentee must apply to each country in which she seeks the exclusive right to sell her invention. Microsoft Corp. v. AT & T Corp., 550 U.S. 437, 456 (2007) ("Foreign law alone, not United States law, currently governs the manufacture and sale of components of patented inventions in foreign countries."). See also Convention at Brussels, An Additional Act Modifying the Paris Convention for the Protection of Industrial Property of Mar. 20, 1883, Dec. 14, 1900, Art. I, 32 Stat. 1940 ("Patents applied for in the different contracting States ... shall be independent of the patents obtained for the same invention in the other States."). And patent laws vary by country; each country's laws "may embody different policy judgments about the relative rights of inventors, competitors, and the public in patented inventions." Microsoft, 550 U.S. at 455.

Because a sale abroad operates independently of the U.S. patent system, it makes little sense to say that such a sale exhausts an inventor's U.S. patent rights. U.S. patent protection accompanies none of a U.S. patentee's sales abroad—a competitor could sell the same patented product abroad with no U.S.-patent-law consequence. Accordingly, the foreign sale should not diminish the protections of U.S. law in the United States.

The majority disagrees, in part because this Court decided, in Kirtsaeng v. John Wiley & Sons, Inc., 568 U.S. 519, 525 (2013), that a foreign sale exhausts U.S. copyright protections. Copyright and patent exhaustion, the majority states, "share a strong similarity." I dissented from our decision in Kirtsaeng and adhere to the view that a foreign sale should not exhaust U.S. copyright protections. See 568 U.S. at 557.

But even if I subscribed to Kirtsaeng 's reasoning with respect to copyright, that decision should bear little weight in the patent context. Although there may be a "historical kinship" between patent law and copyright law, Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984), the two "are not identical twins," id. at 439, n. 19. The Patent Act contains no analogue to 17 U.S.C. § 109(a), the Copyright Act first-sale provision analyzed in Kirtsaeng. More importantly, copyright protections, unlike patent protections, are harmonized across countries. Under the Berne Convention, which 174 countries have joined, members "agree to treat authors from other member countries as well as they treat their own." Golan v. Holder, 565 U.S. 302, 308 (2012). The copyright protections one receives abroad are thus likely to be similar to those received at home, even if provided under each country's separate copyright regime.

For these reasons, I would affirm the Federal Circuit's judgment with respect to foreign exhaustion.

CHAPTER 3

TRANSNATIONAL COPYRIGHT LAW UNIT

[*Insert on page 307*]

The next case focuses on the government edicts doctrine. The Supreme Court ruled on whether published version of Georgia state law code along with annotations are copyrights.

GEORGIA v. PUBLIC.RESOURCE.ORG, INC.

140 S. Ct. 1498 (2020)

Chief Justice ROBERTS delivered the opinion of the Court.

The Copyright Act grants potent, decades-long monopoly protection for "original works of authorship." 17 U.S.C. § 102(a). The question in this case is whether that protection extends to the annotations contained in Georgia's official annotated code.

Over a century ago, we recognized a limitation on copyright protection for certain government work product, rooted in the Copyright Act's "authorship" requirement. Under what has been dubbed the government edicts doctrine, officials empowered to speak with the force of law cannot be the authors of—and therefore cannot copyright—the works they create in the course of their official duties.

We have previously applied that doctrine to hold that non-binding, explanatory legal materials are not copyrightable when created by judges who possess the authority to make and interpret the law. See Banks v. Manchester, 128 U.S. 244 (1888). We now recognize that the same logic applies to non-binding, explanatory legal materials created by a legislative body vested with the authority to make law. Because Georgia's annotations are authored by an arm of the legislature in the course of its legislative duties, the government edicts doctrine puts them outside the reach of copyright protection.

I

A

The State of Georgia has one official code—the "Official Code of Georgia Annotated," or OCGA. The first page of each volume of the OCGA boasts the State's official seal and announces to readers that it is "Published Under Authority of the State."

The OCGA includes the text of every Georgia statute currently in force, as well as various non-binding supplementary materials. At issue in this case is a set of annotations that appear beneath each statutory provision. The annotations generally include summaries of judicial decisions applying a given provision, summaries of any pertinent opinions of the state attorney general, and a list of related law review articles and similar reference materials. In addition, the annotations often include editor's notes that provide information about the origins of the statutory text, such as whether it derives from a particular judicial decision or resembles an older provision that has been construed by Georgia courts.

The OCGA is assembled by a state entity called the Code Revision Commission. In 1977, the Georgia Legislature established the Commission to recodify Georgia law for the first time in decades. The Commission was (and remains) tasked with consolidating disparate bills into a single Code for reenactment by the legislature and contracting with a third party to produce the annotations. A majority of the Commission's 15 members must be members of the Georgia Senate or House of Representatives. The Commission receives funding through appropriations "provided for the legislative branch of state government." OCGA § 28–9–2(c) (2018). And it is staffed by the Office of Legislative Counsel, which is obligated by statute to provide services "for the legislative branch of government." §§ 28–4–3(c)(4), 28–9–4. Under the Georgia Constitution, the Commission's role in compiling the statutory text and accompanying annotations falls "within the sphere of legislative authority." Harrison Co. v. Code Revision Comm'n, 260 S.E.2d 30, 34 (1979).

Each year, the Commission submits its proposed statutory text and accompanying annotations to the legislature for approval. The legislature then votes to do three things: (1) "enact[ ]" the "statutory portion of the codification of Georgia laws"; (2) "merge[ ]" the statutory portion "with [the] annotations"; and (3) "publish[ ]" the final merged product "by authority of the state" as "the 'Official Code of Georgia Annotated.' " OCGA § 1–1–1 (2019).

The annotations in the current OCGA were prepared in the first instance by Matthew Bender & Co., Inc., a division of the LexisNexis Group, pursuant to a work-for-hire agreement with the Commission. The agreement between Lexis and the Commission states that any copyright in the OCGA vests exclusively in "the State of Georgia, acting through the Commission." App. 567. Lexis and its army of researchers perform the lion's share of the work in drafting the annotations, but the Commission supervises that work and specifies what the annotations must include in exacting detail. Under the agreement, Lexis enjoys the exclusive right to publish, distribute, and sell the OCGA. In exchange, Lexis has agreed to limit the price it may charge for the OCGA and to make an unannotated version of the statutory text available to the public online for free. A hard copy of the complete OCGA currently retails for $412.00.

B

Public.Resource.Org (PRO) is a nonprofit organization that aims to facilitate public access to government records and legal materials. Without permission, PRO posted a digital version of the OCGA on various websites, where it could be downloaded by the public without charge. PRO also distributed copies of the OCGA to various organizations and Georgia officials.

In response, the Commission sent PRO several cease-and-desist letters asserting that PRO's actions constituted unlawful copyright infringement. When PRO refused to halt its distribution activities, the Commission sued PRO on behalf of the Georgia Legislature and the State of Georgia for copyright infringement. The Commission limited its assertion of copyright to the annotations described above; it did not claim copyright in the statutory text or numbering. PRO counterclaimed, seeking a declaratory judgment that the entire OCGA, including the annotations, fell in the public domain.

The District Court sided with the Commission. The Court acknowledged that the annotations in the OCGA presented "an unusual case because most official codes are not annotated and most annotated codes are not official." But, ultimately, the Court concluded that the annotations were eligible for copyright protection because they were "not enacted into law" and lacked "the force of law." Ibid. In light of that conclusion, the Court granted partial summary judgment to the Commission and entered a permanent injunction requiring PRO to cease its distribution activities and to remove the digital copies of the OCGA from the internet.

The Eleventh Circuit reversed. We granted certiorari.

II

We hold that the annotations in Georgia's Official Code are ineligible for copyright protection, though for reasons distinct from those relied on by the Court of Appeals. A careful examination of our government edicts precedents reveals a straightforward rule based on the identity of the author. Under the government edicts doctrine, judges—and, we now confirm, legislators—may not be considered the "authors" of the works they produce in the course of their official duties as judges and legislators. That rule applies regardless of whether a given material carries the force of law. And it applies to the annotations here because they are authored by an arm of the legislature in the course of its official duties.

A

We begin with precedent. The government edicts doctrine traces back to a trio of cases decided in the 19th century. In this Court's first copyright case, Wheaton v. Peters, 8 L.Ed. 1055 (1834), the Court's third Reporter of Decisions, Wheaton, sued the fourth, Peters, unsuccessfully asserting a copyright interest in the Justices' opinions. In Wheaton's view, the opinions "must have belonged to some one" because "they were new, original," and much more "elaborate" than law or custom required. Wheaton argued that the Justices were the authors and had assigned their ownership interests to him through a tacit "gift." The Court unanimously rejected that argument, concluding that "no reporter has or can have any copyright in the written opinions delivered by this court" and that "the judges thereof cannot confer on any reporter any such right." Id., at 668 (opinion).

That conclusion apparently seemed too obvious to adorn with further explanation, but the Court provided one a half century later in Banks v. Manchester, 128 U.S. 244 (1888). That case concerned whether Wheaton's state-court counterpart, the official reporter of the Ohio Supreme Court, held a copyright in the judges' opinions and several non-binding explanatory materials prepared by the judges. Id., at 249–251. The Court concluded that he did not, explaining that "the judge who, in his judicial capacity, prepares the opinion or decision, the statement of the case and the syllabus or head note" cannot "be regarded as their author or their proprietor, in the sense of [the Copyright Act]." Id., at 253. Pursuant to "a judicial consensus" dating back to Wheaton, judges could not assert copyright in "whatever work they perform in their capacity as judges." Banks, 128 U.S at 253. Rather, "[t]he whole work done by the judges constitutes the authentic exposition and interpretation of the law, which, binding every citizen, is free for publication to all." Ibid.

In a companion case decided later that Term, Callaghan v. Myers, 128 U.S. 617 (1888), the Court identified an important limiting principle. As in Wheaton and Banks, the Court rejected the claim that an official reporter held a copyright interest in the judges' opinions. But, resolving an issue not addressed in Wheaton and Banks, the Court upheld the reporter's copyright interest in several explanatory materials that the reporter had created himself: headnotes, syllabi, tables of contents, and the like. Callaghan, 128 U.S. at 645, 647. Although these works mirrored the judge-made materials rejected in Banks, they came from an author who had no authority to speak with the force of law. Because the reporter was not a judge, he was free to "obtain[ ] a copyright" for the materials that were "the result of his [own] intellectual labor." 128 U.S. at 647.

These cases establish a straightforward rule: Because judges are vested with the authority to make and interpret the law, they cannot be the "author" of the works they prepare "in the discharge of their judicial duties." Banks, 128 U.S. at 253. This rule applies both to binding works (such as opinions) and to non-binding works (such as headnotes and syllabi). Ibid. It does not apply, however, to works created by government officials (or private parties) who lack the authority to make or interpret the law, such as court reporters.

The animating principle behind this rule is that no one can own the law. "Every citizen is presumed to know the law," and "it needs no argument to show ... that all should have free access" to its contents. Nash, 6 N.E. at 560 (cited by Banks, 128 U.S. at 253–254). Our cases give effect to that principle in the copyright context through construction of the statutory term "author." Id., at 253. Rather than attempting to catalog the materials that constitute "the law," the doctrine bars the officials responsible for creating the law from being considered the "author[s]" of "whatever work they perform in their capacity" as lawmakers. Ibid. Because these officials are generally empowered to make and interpret law, their "whole work" is deemed part of the "authentic exposition and interpretation of the law" and must be "free for publication to all." Ibid.

If judges, acting as judges, cannot be "authors" because of their authority to make and interpret the law, it follows that legislators, acting as legislators, cannot be either. Courts have thus long understood the government edicts doctrine to apply to legislative materials. See, e.g., Nash, 6 N.E. at 560 (judicial opinions and statutes stand "on substantially the same footing" for purposes of the government edicts doctrine); Howell v. Miller, 91 F. 129, 130–131, 137–138 (CA6 1898) (Harlan, J., Circuit Justice, joined by then-Circuit Judge Taft) (analyzing statutes and supplementary materials under Banks and Callaghan and concluding that the materials were copyrightable because they were prepared by a private compiler).

Moreover, just as the doctrine applies to "whatever work [judges] perform in their capacity as judges," Banks, 128 U.S., at 253, it applies to whatever work legislators perform in their capacity as legislators. That of course includes final legislation, but it also includes explanatory and procedural materials legislators create in the discharge of their legislative duties. In the same way that judges cannot be the authors of their headnotes and syllabi, legislators cannot be the authors of (for example) their floor statements, committee reports, and proposed bills. These materials are part of the "whole work done by [legislators]," so they must be "free for publication to all." Ibid.

Under our precedents, therefore, copyright does not vest in works that are (1) created by judges and legislators (2) in the course of their judicial and legislative duties.

B

1

Applying that framework, Georgia's annotations are not copyrightable. The first step is to examine whether their purported author qualifies as a legislator.

As we have explained, the annotations were prepared in the first instance by a private company (Lexis) pursuant to a work-for-hire agreement with Georgia's Code Revision Commission. The Copyright Act therefore deems the Commission the sole "author" of the work. 17 U.S.C. § 201(b). Although Lexis expends considerable effort preparing the annotations, for purposes of copyright that labor redounds to the Commission as the statutory author. Georgia agrees that the author is the Commission.

The Commission is not identical to the Georgia Legislature, but functions as an arm of it for the purpose of producing the annotations. The Commission is created by the legislature, for the legislature, and consists largely of legislators. The Commission receives funding and staff designated by law for the legislative branch. Significantly, the annotations the Commission creates are approved by the legislature before being "merged" with the statutory text and published in the official code alongside that text at the legislature's direction. OCGA § 1–1–1.

If there were any doubt about the link between the Commission and the legislature, the Georgia Supreme Court has dispelled it by holding that, under the Georgia Constitution, "the work of the Commission; i.e., selecting a publisher and contracting for and supervising the codification of the laws enacted by the General Assembly, including court interpretations thereof, is within the sphere of legislative authority." Harrison Co., 260 S.E.2d at 34. That holding is not limited to the Commission's role in codifying the statutory text. The Commission's "legislative authority" specifically includes its "codification of ... court interpretations" of the State's laws. Ibid. Thus, as a matter of state law, the Commission wields the legislature's authority when it works with Lexis to produce the annotations. All of this shows that the Commission serves as an extension of the Georgia Legislature in preparing and publishing the annotations. And it helps explain why the Commission brought this suit asserting copyright in the annotations "on behalf of and for the benefit of "the Georgia Legislature and the State of Georgia.

2

The second step is to determine whether the Commission creates the annotations in the "discharge" of its legislative "duties." Banks, 128 U.S. at 253. It does. Although the annotations are not enacted into law through bicameralism and presentment, the Commission's preparation of the annotations is under Georgia law an act of "legislative authority," Harrison Co., 260 S.E.2d at 34, and the annotations provide commentary and resources that the legislature has deemed relevant to understanding its laws. Georgia and Justice GINSBURG emphasize that the annotations do not purport to provide authoritative explanations of the law and largely summarize other materials, such as judicial decisions and law review articles. See post, at 1523 – 1524 (dissenting opinion). But that does not take them outside the exercise of legislative duty by the Commission and legislature. Just as we have held that the "statement of the case and the syllabus or head note" prepared by judges fall within the "work they perform in their capacity as judges," Banks, 128 U.S. at 253, so too annotations published by legislators alongside the statutory text fall within the work legislators perform in their capacity as legislators.

In light of the Commission's role as an adjunct to the legislature and the fact that the Commission authors the annotations in the course of its legislative responsibilities, the annotations in Georgia's Official Code fall within the government edicts doctrine and are not copyrightable.

FOURTH ESTATE PUBLIC BENEFIT CORP. v. WALL-STREET.COM, LLC

139 S. Ct. 881 (2019)

Justice GINSBURG delivered the opinion of the Court.

Impelling prompt registration of copyright claims, 17 U.S.C. § 411(a) states that "no civil action for infringement of the copyright in any United States work shall be instituted until ... registration of the copyright claim has been made in accordance with this title." The question this case presents: Has "registration ... been made in accordance with [Title 17]" as soon as the claimant delivers the required application, copies of the work, and fee to the Copyright Office; or has "registration ... been made" only after the Copyright Office reviews and registers the copyright? We hold, in accord with the United States Court of Appeals for the Eleventh Circuit, that registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright. Upon registration of the copyright, however, a copyright owner can recover for infringement that occurred both before and after registration.

Petitioner Fourth Estate Public Benefit Corporation (Fourth Estate) is a news organization producing online journalism. Fourth Estate licensed journalism works to respondent Wall-Street.com, LLC (Wall-Street), a news website. The license agreement required Wall-Street to remove from its website all content produced by Fourth Estate before canceling the agreement. Wall-Street canceled, but continued to display articles produced by Fourth Estate. Fourth Estate sued Wall-Street and its owner, Jerrold Burden, for copyright infringement. The complaint alleged that Fourth Estate had filed "applications to register [the] articles [licensed to Wall-Street] with the Register of Copyrights..1 Because the Register had not yet acted on Fourth Estate's applications, the District Court, on Wall-Street and Burden's motion, dismissed the complaint, and the Eleventh Circuit affirmed. Thereafter, the Register of Copyrights refused registration of the articles Wall-Street had allegedly infringed.

We granted Fourth Estate's petition for certiorari to resolve a division among U.S. Courts of Appeals on when registration occurs in accordance with § 411(a).

I

Under the Copyright Act of 1976, as amended, copyright protection attaches to "original works of authorship"—prominent among them, literary, musical, and dramatic works—"fixed in any tangible medium of expression." 17 U.S.C. § 102(a). An author gains "exclusive rights" in her work immediately upon the work's creation, including rights of reproduction, distribution, and display. Eldred v. Ashcroft, 537 U.S. 186, 195 (2003) ("[F]ederal copyright protection ... run[s] from the work's creation."). The Copyright Act entitles a copyright owner to institute a civil action for infringement of those exclusive rights. § 501(b).

Before pursuing an infringement claim in court, however, a copyright claimant generally must comply with § 411(a)'s requirement that "registration of the copyright claim has been made." § 411(a). Therefore, although an owner's rights exist apart from registration, see § 408(a), registration is akin to an administrative exhaustion requirement that the owner must satisfy before suing to enforce ownership rights.

In limited circumstances, copyright owners may file an infringement suit before undertaking registration. If a copyright owner is preparing to distribute a work of a type vulnerable to predistribution infringement—notably, a movie or musical composition—the owner may apply for preregistration. § 408(f)(2); 37 CFR § 202.16(b)(1) (2018). The Copyright Office will "conduct a limited review" of the application and notify the claimant "[u]pon completion of the preregistration." § 202.16(c)(7), (c)(10). Once "preregistration ... has been made," the copyright claimant may institute a suit for infringement. 17 U.S.C. § 411(a). Preregistration, however, serves only as "a preliminary step prior to a full registration." Preregistration of Certain Unpublished Copyright Claims, 70 Fed. Reg. 42286 (2005). An infringement suit brought in reliance on preregistration risks dismissal unless the copyright owner applies for registration promptly after the preregistered work's publication or infringement. § 408(f)(3)–(4). A copyright owner may also sue for infringement of a live broadcast before "registration ... has been made," but faces dismissal of her suit if she fails to "make registration for the work" within three months of its first transmission. § 411(c). Even in these exceptional scenarios, then, the copyright owner must eventually pursue registration in order to maintain a suit for infringement.

II

All parties agree that, outside of statutory exceptions not applicable here, § 411(a) bars a copyright owner from suing for infringement until "registration ... has been made." Fourth Estate and Wall-Street dispute, however, whether "registration ... has been made" under § 411(a) when a copyright owner submits the application, materials, and fee required for registration, or only when the Copyright Office grants registration. Fourth Estate advances the former view—the "application approach"—while Wall-Street urges the latter reading—the "registration approach." The registration approach, we conclude, reflects the only satisfactory reading of § 411(a)'s text. We therefore reject Fourth Estate's application approach.

A

Under § 411(a), "registration ... has been made," and a copyright owner may sue for infringement, when the Copyright Office registers a copyright.4 Section 411(a)'s first sentence provides that no civil infringement action "shall be instituted until preregistration or registration of the copyright claim has been made." The section's next sentence sets out an exception to this rule: When the required "deposit, application, and fee ... have been delivered to the Copyright Office in proper form and registration has been refused," the claimant "[may] institute a civil action, if notice thereof ... is served on the Register." Read together, § 411(a)'s opening sentences focus not on the claimant's act of applying for registration, but on action by the Copyright Office—namely, its registration or refusal to register a copyright claim.

If application alone sufficed to "ma[ke]" registration, § 411(a)'s second sentence—allowing suit upon refusal of registration—would be superfluous. What utility would that allowance have if a copyright claimant could sue for infringement immediately after applying for registration without awaiting the Register's decision on her application? Proponents of the application approach urge that § 411(a)'s second sentence serves merely to require a copyright claimant to serve "notice [of an infringement suit] ... on the Register." This reading, however, requires the implausible assumption that Congress gave “registration” different meanings in consecutive, related sentences within a single statutory provision. In § 411(a)'s first sentence, “registration” would mean the claimant's act of filing an application, while in the section's second sentence, “registration” would entail the Register's review of an application. We resist this improbable construction.

The third and final sentence of § 411(a) further persuades us that the provision requires action by the Register before a copyright claimant may sue for infringement. The sentence allows the Register to “become a party to the action with respect to the issue of registrability of the copyright claim.” This allowance would be negated, and the court conducting an infringement suit would lack the benefit of the Register's assessment, if an infringement suit could be filed and resolved before the Register acted on an application.

Other provisions of the Copyright Act support our reading of “registration,” as used in § 411(a), to mean action by the Register. Section 410 states that, “after examination,” if the Register determines that “the material deposited constitutes copyrightable subject matter” and “other legal and formal requirements ... [are] met, the Register shall register the claim and issue to the applicant a certificate of registration.” § 410(a). But if the Register determines that the deposited material “does not constitute copyrightable subject matter or that the claim is invalid for any other reason, the Register shall refuse registration.” § 410(b). Section 410 thus confirms that application is discrete from, and precedes, registration. Section 410(d), furthermore, provides that if the Copyright Office registers a claim, or if a court later determines that a refused claim was registrable, the “effective date of [the work's] copyright registration is the day on which” the copyright owner made a proper submission to the Copyright Office. There would be no need thus to specify the “effective date of a copyright registration” if submission of the required materials qualified as “registration.”

Section 408(f)'s preregistration option, too, would have little utility if a completed application constituted registration. Preregistration, as noted supra, at 887 – 888, allows the author of a work vulnerable to predistribution infringement to enforce her exclusive rights in court before obtaining registration or refusal thereof. A copyright owner who fears prepublication infringement would have no reason to apply for preregistration, however, if she could instead simply complete an application for registration and immediately commence an infringement suit.

B

Challenging the Eleventh Circuit's judgment, Fourth Estate primarily contends that the Copyright Act uses “the phrase ‘make registration’ and its passive-voice counterpart ‘registration has been made’ ” to describe submissions by the copyright owner, rather than Copyright Office responses to those submissions. Section 411(a)'s requirement that “registration ... has been made in accordance with this title,” Fourth Estate insists, most likely refers to a copyright owner's compliance with the statutory specifications for registration applications. In support, Fourth Estate points to Copyright Act provisions that appear to use the phrase “make registration” or one of its variants to describe what a copyright claimant does. See id., at 22–26 (citing 17 U.S.C.

§§ 110, 205(c), 408(c)(3), 411(c), 412(2)). Furthermore, Fourth Estate urges that its reading reflects the reality that, eventually, the vast majority of applications are granted.

Fourth Estate acknowledges, however, that the Copyright Act sometimes uses "registration" to refer to activity by the Copyright Office, not activity undertaken by a copyright claimant. Fourth Estate thus agrees that, to determine how the statute uses the word "registration" in a particular prescription, one must "look to the specific context" in which the term is used. Brief for Petitioner 29. As explained supra, at 888 – 890, the "specific context" of § 411(a) permits only one sensible reading: The phrase "registration ... has been made" refers to the Copyright Office's act granting registration, not to the copyright claimant's request for registration.

Fourth Estate's contrary reading of § 411(a) stems in part from its misapprehension of the significance of certain 1976 revisions to the Copyright Act. Before that year, § 411(a)'s precursor provided that "[n]o action or proceeding shall be maintained for infringement of copyright in any work until the provisions of this title with respect to the deposit of copies and registration of such work shall have been complied with." 17 U.S.C. § 13 (1970 ed.). Fourth Estate urges that this provision posed the very question we resolve today—namely, whether a claimant's application alone effects registration. The Second Circuit addressed that question, Fourth Estate observes, in Vacheron & Constantin-Le Coultre Watches, Inc. v. Benrus Watch Co., 260 F.2d 637 (1958). In that case, in an opinion by Judge Learned Hand, the court held that a copyright owner who completed an application could not sue for infringement immediately upon the Copyright Office's refusal to register. Vacheron, 260 F.2d at 640–641. Instead, the owner first had to obtain a registration certificate by bringing a mandamus action against the Register. The Second Circuit dissenter would have treated the owner's application as sufficient to permit commencement of an action for infringement.

Fourth Estate sees Congress' 1976 revision of the registration requirement as an endorsement of the Vacheron dissenter's position. Brief for Petitioner 34–36. We disagree. The changes made in 1976 instead indicate Congress' agreement with Judge Hand that it is the Register's action that triggers a copyright owner's entitlement to sue. In enacting 17 U.S.C. § 411(a), Congress both reaffirmed the general rule that registration must precede an infringement suit, and added an exception in that provision's second sentence to cover instances in which registration is refused. See H. R. Rep. No. 94-1476, p. 157 (1976). That exception would have no work to do if, as Fourth Estate urges, Congress intended the 1976 revisions to clarify that a copyright claimant may sue immediately upon applying for registration. A copyright claimant would need no statutory authorization to sue after refusal of her application if she could institute suit as soon as she has filed the application.

Noteworthy, too, in years following the 1976 revisions, Congress resisted efforts to eliminate § 411(a) and the registration requirement embedded in it. In 1988, Congress removed foreign works from § 411(a)'s dominion in order to comply with the Berne Convention for the Protection of Literary and Artistic Works' bar on copyright formalities for such works. See § 9(b)(1), 102 Stat. 2859. Despite proposals to repeal § 411(a)'s registration requirement entirely, however, see S. Rep. No. 100-352, p. 36 (1988), Congress maintained the requirement for domestic works, see § 411(a). Subsequently, in 1993, Congress considered, but declined to adopt, a proposal to allow suit immediately upon submission of a registration application. See H. R. Rep. No. 103–338, p. 4 (1993). And in 2005, Congress made a preregistration option available for works vulnerable to predistribution infringement. See Artists' Rights and Theft Prevention Act of 2005, § 104. Congress chose that course in face of calls to eliminate registration in cases of predistribution infringement. 70 Fed. Reg. 42286. Time and again, then, Congress has maintained registration as prerequisite to suit, and rejected proposals that would have eliminated registration or tied it to the copyright claimant's application instead of the Register's action.

Fourth Estate additionally argues that, as “registration is not a condition of copyright protection,” 17 U.S.C. § 408(a), § 411(a) should not be read to bar a copyright claimant from enforcing that protection in court once she has submitted a proper application for registration. Brief for Petitioner 37. But as explained supra, at 887 – 888, the Copyright Act safeguards copyright owners, irrespective of registration, by vesting them with exclusive rights upon creation of their works and prohibiting infringement from that point forward. If infringement occurs before a copyright owner applies for registration, that owner may eventually recover damages for the past infringement, as well as the infringer's profits. § 504. She must simply apply for registration and receive the Copyright Office's decision on her application before instituting suit. Once the Register grants or refuses registration, the copyright owner may also seek an injunction barring the infringer from continued violation of her exclusive rights and an order requiring the infringer to destroy infringing materials. §§ 502, 503(b).

Fourth Estate maintains, however, that if infringement occurs while the Copyright Office is reviewing a registration application, the registration approach will deprive the owner of her rights during the waiting period. The Copyright Act's explicit carveouts from § 411(a)'s general registration rule, however, show that Congress adverted to this concern. In the preregistration option, § 408(f), Congress provided that owners of works especially susceptible to prepublication infringement should be allowed to institute suit before the Register has granted or refused registration. See § 411(a). Congress made the same determination as to live broadcasts. § 411(c); see supra, at 888.6 As to all other works, however, § 411(a)'s general rule requires owners to await action by the Register before filing suit for infringement.

Fourth Estate raises the specter that a copyright owner may lose the ability to enforce her rights if the Copyright Act's three-year statute of limitations runs out before the Copyright Office acts on her application for registration. Brief for Petitioner 41. Fourth Estate's fear is overstated, as the average processing time for registration applications is currently seven months, leaving ample time to sue after the Register's decision, even for infringement that began before submission of an application.

True, the statutory scheme has not worked as Congress likely envisioned. Registration processing times have increased from one or two weeks in 1956 to many months today. See GAO, Improving Productivity in Copyright Registration 3 (GAO–AFMD–83–13 1982); Registration Processing Times. Delays in Copyright Office processing of applications, it appears, are attributable, in large measure, to staffing and budgetary shortages that Congress can alleviate, but courts cannot cure. Unfortunate as the current administrative lag may be, that factor does not allow us to revise § 411(a)'s congressionally composed text.

For the reasons stated, we conclude that “registration ... has been made” within the meaning of 17 U.S.C. § 411(a) not when an application for registration is filed, but when the Register has registered a copyright after examining a properly filed application. The judgment of the Court of Appeals for the Eleventh Circuit is accordingly Affirmed.

[*Insert on page 322*]

You will recall that copyright extends only to expressive and aesthetic endeavor and does not extend to utilitarian or functional innovation. Clothing typically has both utilitarian/functional and expressive/aesthetic features. When a useful article such as clothing contains both utilitarian/functional and expressive/aesthetic elements, it can be difficult to determine whether and/or to what extent copyright protection extends to the article. In the next case, the Supreme Court interprets the text of the Copyright Act to draw this distinction.

STAR ATHELETICA, LLC V. VARSITY BRANDS, INC.

137 S.Ct. 1002 (2017)

JUSTICE THOMAS delivered the opinion of the Court.

Congress has provided copyright protection for original works of art, but not for industrial designs. The line between art and industrial design, however, is often difficult to draw. This is particularly true when an industrial design incorporates artistic elements. Congress has afforded limited protection for these artistic elements by providing that "pictorial, graphic, or sculptural features" of the "design of a useful article" are eligible for copyright protection as artistic works if those features "can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article." 17 U.S.C. § 101.

We granted certiorari to resolve widespread disagreement over the proper test for implementing § 101's separate-identification and independent-existence requirements. 578 U.S. ——, 136 S.Ct. 1823, 194 L.Ed.2d 829 (2016). We hold that a feature incorporated into the design of a useful article is eligible for copyright protection only if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work—either on its own or fixed in some other tangible medium of expression—if it were imagined separately from the useful article into which it is incorporated. Because that test is satisfied in this case, we affirm.

I

Respondents Varsity Brands, Inc., Varsity Spirit Corporation, and Varsity Spirit Fashions & Supplies, Inc., design, make, and sell cheerleading uniforms. Respondents have obtained or acquired more than 200 U.S. copyright registrations for two-dimensional designs appearing on the surface of their uniforms and other garments. These designs are primarily "combinations, positionings, and arrangements of elements" that include "chevrons ..., lines, curves, stripes, angles, diagonals, inverted [chevrons], coloring, and shapes." At issue in this case are Designs 299A, 299B, 074, 078, and 0815. See Appendix, infra.

Petitioner Star Athletica, L.L.C., also markets and sells cheerleading uniforms. Respondents sued petitioner for infringing their copyrights in the five designs. The District Court entered summary judgment for petitioner on respondents' copyright claims on the ground that the designs did not qualify as protectable pictorial, graphic, or sculptural works. It reasoned that the designs served the useful, or "utilitarian," function of identifying the garments as "cheerleading uniforms" and therefore could not be "physically or conceptually" separated under § 101 "from the utilitarian function" of the uniform.

The Court of Appeals for the Sixth Circuit reversed. In its view, the "graphic designs" were "separately identifiable" because the designs "and a blank cheerleading uniform can appear 'side by side'—one as a graphic design, and one as a cheerleading uniform." And it determined that the designs were " 'capable of existing independently' " because they could be incorporated onto the surface of different types of garments, or hung on the wall and framed as art.

Judge McKeague dissented. He would have held that, because "identifying the wearer as a cheerleader" is a utilitarian function of a cheerleading uniform and the surface designs were "integral to" achieving that function, the designs were inseparable from the uniforms.

II

The first element of a copyright-infringement claim is "ownership of a valid copyright." Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340, 361 (1991). A valid copyright extends only to copyrightable subject matter. The Copyright Act of 1976 defines copyrightable subject matter as "original works of authorship fixed in any tangible medium of expression." 17 U.S.C. § 102(a).

"Works of authorship" include "pictorial, graphic, and sculptural works," § 102(a)(5), which the statute defines to include "two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans," § 101. And a work of authorship is fixed in a tangible medium of expression when it is embodied in a material object from which the work can be perceived, reproduced, or otherwise communicated.

The Copyright Act also establishes a special rule for copyrighting a pictorial, graphic, or sculptural work incorporated into a "useful article," which is defined as "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information." Ibid. The statute does not protect useful articles as such. Rather, "the design of a useful article" is "considered a pictorial, graphical, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article."

Courts, the Copyright Office, and commentators have described the analysis undertaken to determine whether a feature can be separately identified from, and exist independently of, a useful article as "separability." In this case, our task is to determine whether the arrangements of lines, chevrons, and colorful shapes appearing on the surface of respondents' cheerleading uniforms are eligible for copyright protection as separable features of the design of those cheerleading uniforms.

A

As an initial matter, we must address whether separability analysis is necessary in this case.

1

Respondents argue that "[s]eparability is only implicated when a [pictorial, graphic, or sculptural] work is the 'design of a useful article.' " They contend that the surface decorations in this case are "two-dimensional graphic designs that appear on useful articles," but are not themselves designs of useful articles. Id., at 52. Consequently, the surface decorations are protected two-dimensional works of graphic art without regard to any separability analysis under § 101. Under this theory, two-dimensional artistic features on the surface of useful articles are "inherently separable."

This argument is inconsistent with the text of § 101. The statute requires separability analysis for any "pictorial, graphic, or sculptural features" incorporated into the "design of a useful article." "Design" refers here to "the combination" of "details" or "features" that "go to make up" the useful article. Oxford English Dictionary 244 (def. 7, first listing) (1933) (OED). Furthermore, the words "pictorial" and "graphic" include, in this context, two-dimensional features such as pictures, paintings, or drawings. See 4 id., at 359 (defining "[g]raphic" to mean "[o]f or pertaining to drawing or painting"); 7 id., at 830 (defining "[p]ictorial" to mean "of or pertaining to painting or drawing"). And the statute expressly defines "[p]ictorial, graphical, and sculptural works" to include "two-dimensional ... works of ... art." § 101. The statute thus provides that the "design of a useful article" can include two-dimensional "pictorial" and "graphic" features, and separability analysis applies to those features just as it does to three-dimensional "sculptural" features.

B

We must now decide when a feature incorporated into a useful article "can be identified separately from" and is "capable of existing independently of" "the utilitarian aspects" of the article. This is not a free-ranging search for the best copyright policy, but rather "depends solely on statutory interpretation." Mazer v. Stein, 347 U.S. 201, 214 (1954). "The controlling principle in this case is the basic and unexceptional rule that courts must give effect to the clear meaning of statutes as written." Estate of Cowart v. Nicklos Drilling Co., 505 U.S. 469, 476 (1992). We thus begin and end our inquiry with the text, giving each word its "ordinary, contemporary, common meaning." Walters v. Metropolitan Ed. Enterprises, Inc., 519 U.S. 202, 207 (1997) We do not, however, limit this inquiry to the text of § 101 in isolation. "[I]nterpretation of a phrase of uncertain reach is not confined to a single sentence when the text of the whole statute gives instruction as to its meaning." Maracich v. Spears, 133 S.Ct. 2191, 2203 (2013). We thus "look to the provisions of the whole law" to determine § 101's meaning. United States v. Heirs of Boisdore, 12 L.Ed. 1009 (1849).

1

The statute provides that a "pictorial, graphic, or sculptural featur [e]" incorporated into the "design of a useful article" is eligible for copyright protection if it (1) "can be identified separately from," and (2) is "capable of existing independently of, the utilitarian aspects of the article." § 101. The first requirement—separate identification—is not onerous. The decisionmaker need only be able to look at the useful article and spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities. See 2 Patry § 3:146, at 3–474 to 3–475.

The independent-existence requirement is ordinarily more difficult to satisfy. The decisionmaker must determine that the separately identified feature has the capacity to exist apart from the utilitarian aspects of the article. See 2 OED 88 (def. 5) (defining "[c]apable" of as "[h]aving the needful capacity, power, or fitness for"). In other words, the feature must be able to exist as its own pictorial, graphic, or sculptural work as defined in § 101 once it is imagined apart from the useful article. If the feature is not capable of existing as a pictorial, graphic, or sculptural work once separated from the useful article, then it was not a pictorial, graphic, or sculptural feature of that article, but rather one of its utilitarian aspects.

Of course, to qualify as a pictorial, graphic, or sculptural work on its own, the feature cannot itself be a useful article or "[a]n article that is normally a part of a useful article" (which is itself considered a useful article). § 101. Nor could someone claim a copyright in a useful article merely by creating a replica of that article in some other medium—for example, a cardboard model of a car. Although the replica could itself be copyrightable, it would not give rise to any rights in the useful article that inspired it.

2

The statute as a whole confirms our interpretation. The Copyright Act provides "the owner of [a] copyright" with the "exclusive righ[t] ... to reproduce the copyrighted work in copies." § 106(1). The statute clarifies that this right "includes the right to reproduce the [copyrighted] work in or on any kind of article, whether useful or otherwise." § 113(a). Section 101 is, in essence, the mirror image of § 113(a). Whereas § 113(a) protects a work of authorship first fixed in some tangible medium other than a useful article and subsequently applied to a useful article, § 101 protects art first fixed in the medium of a useful article. The two provisions make clear that copyright protection extends to pictorial, graphic, and sculptural works regardless of whether they were created as freestanding art or as features of useful articles. The ultimate separability question, then, is whether the feature for which copyright protection is claimed would have been eligible for copyright protection as a pictorial, graphic, or sculptural work had it originally been fixed in some tangible medium other than a useful article before being applied to a useful article.

3

This interpretation is also consistent with the history of the Copyright Act. In Mazer, a case decided under the 1909 Copyright Act, the respondents copyrighted a statuette depicting a dancer. The statuette was intended for use as a lamp base, "with electric wiring, sockets and lamp shades attached." 347 U.S. at 202. Copies of the statuette were sold both as lamp bases and separately as statuettes. The petitioners copied the statuette and sold lamps with the statuette as the base. They defended against the respondents' infringement suit by arguing that the respondents did not have a copyright in a statuette intended for use as a lamp base.

Two of Mazer 's holdings are relevant here. First, the Court held that the respondents owned a copyright in the statuette even though it was intended for use as a lamp base. See id. at 214. In doing so, the Court approved the Copyright Office's regulation extending copyright protection to works of art that might also serve a useful purpose.

Second, the Court held that it was irrelevant to the copyright inquiry whether the statuette was initially created as a freestanding sculpture or as a lamp base. 347 U.S. at 218–219 ("Nor do we think the subsequent registration of a work of art published as an element in a manufactured article, is a misuse of copyright. This is not different from the registration of a statuette and its later embodiment in an industrial article"). Mazer thus interpreted the 1909 Act consistently with the rule discussed above: If a design would have been copyrightable as a standalone pictorial, graphic, or sculptural work, it is copyrightable if created first as part of a useful article.

Shortly thereafter, the Copyright Office enacted a regulation implementing the holdings of Mazer. See 1 Nimmer § 2A.08[B][1][b] (2016). As amended, the regulation introduced the modern separability test to copyright law:

“If the sole intrinsic function of an article is its utility, the fact that the article is unique and attractively shaped will not qualify it as a work of art. However, if the shape of a utilitarian article incorporates features, such as artistic sculpture, carving, or pictorial representation, which can be identified separately and are capable of existing independently as a work of art, such features will be eligible for registration.” 37 C.F.R. § 202.10(c) (1960).

Congress essentially lifted the language governing protection for the design of a useful article directly from the post-Mazer regulations and placed it into § 101 of the *1012 1976 Act. Consistent with Mazer, the approach we outline today interprets §§ 101 and 113 in a way that would afford copyright protection to the statuette in Mazer regardless of whether it was first created as a standalone sculptural work or as the base of the lamp. See 347 U.S. at 218–219.

C

In sum, a feature of the design of a useful article is eligible for copyright if, when identified and imagined apart from the useful article, it would qualify as a pictorial, graphic, or sculptural work either on its own or when fixed in some other tangible medium.

Applying this test to the surface decorations on the cheerleading uniforms is straightforward. First, one can identify the decorations as features having pictorial, graphic, or sculptural qualities. Second, if the arrangement of colors, shapes, stripes, and chevrons on the surface of the cheerleading uniforms were separated from the uniform and applied in another medium—for example, on a painter's canvas—they would qualify as “two-dimensional ... works of ... art,” § 101. And imaginatively removing the surface decorations from the uniforms and applying them in another medium would not replicate the uniform itself. Indeed, respondents have applied the designs in this case to other media of expression—different types of clothing—without replicating the uniform. The decorations are therefore separable from the uniforms and eligible for copyright protection.

The dissent argues that the designs are not separable because imaginatively removing them from the uniforms and placing them in some other medium of expression—a canvas, for example—would create “pictures of cheerleader uniforms.” Post, at 1035 – 1036 (opinion of BREYER, J.). Petitioner similarly argues that the decorations cannot be copyrighted because, even when extracted from the useful article, they retain the outline of a cheerleading uniform.

This is not a bar to copyright. Just as two-dimensional fine art corresponds to the shape of the canvas on which it is painted, two-dimensional applied art correlates to the contours of the article on which it is applied. A fresco painted on a wall, ceiling panel, or dome would not lose copyright protection, for example, simply because it was designed to track the dimensions of the surface on which it was painted. Or consider, for example, a design etched or painted on the surface of a guitar. If that entire design is imaginatively removed from the guitar's surface and placed on an album cover, it would still resemble the shape of a guitar. But the image on the cover does not "replicate" the guitar as a useful article. Rather, the design is a two-dimensional work of art that corresponds to the shape of the useful article to which it was applied. The statute protects that work of art whether it is first drawn on the album cover and then applied to the guitar's surface, or vice versa. Failing to protect that art would create an anomaly: It would extend protection to two-dimensional designs that cover a part of a useful article but would not protect the same design if it covered the entire article. The statute does not support that distinction, nor can it be reconciled with the dissent's recognition that "artwork printed on a t-shirt" could be protected.

To be clear, the only feature of the cheerleading uniform eligible for a copyright in this case is the two-dimensional work of art fixed in the tangible medium of the uniform fabric. Even if respondents ultimately succeed in establishing a valid copyright in the surface decorations at issue here, respondents have no right to prohibit any person from manufacturing a cheerleading uniform of identical shape, cut, and dimensions to the ones on which the decorations in this case appear. They may prohibit only the reproduction of the surface designs in any tangible medium of expression—a uniform or otherwise.

D

Petitioner and the Government raise several objections to the approach we announce today. None is meritorious.

1

Petitioner first argues that our reading of the statute is missing an important step. It contends that a feature may exist independently only if it can stand alone as a copyrightable work and if the useful article from which it was extracted would remain equally useful. In other words, copyright extends only to "solely artistic" features of useful articles. According to petitioner, if a feature of a useful article "advance[s] the utility of the article," then it is categorically beyond the scope of copyright… The Government raises a similar argument, although it reaches a different result. It suggests that the appropriate test is whether the useful article with the artistic feature removed would "remai[n] similarly useful." In the view of the United States, however, a plain white cheerleading uniform is "similarly useful" to uniforms with respondents' designs.

The debate over the relative utility of a plain white cheerleading uniform is unnecessary. The focus of the separability inquiry is on the extracted feature and not on any aspects of the useful article that remain after the imaginary extraction. The statute does not require the decisionmaker to imagine a fully functioning useful article without the artistic feature. Instead, it requires that the separated feature qualify as a nonuseful pictorial, graphic, or sculptural work on its own…

[As for] Petitioner's argument [it] follows from its flawed view that the statute protects only "solely artistic" features that have no effect whatsoever on a useful article's utilitarian function. This view is inconsistent with the statutory text. The statute expressly protects two- and three-dimensional "applied art." § 101. "Applied art" is art "employed in the decoration, design, or execution of useful objects," Webster's Third New International Dictionary 105 (1976) or "those arts or crafts that have a primarily utilitarian function, or ... the designs and decorations used in these arts," Random House Dictionary 73 (1966); see also 1 OED 576 (2d ed. 1989) (defining "applied" as "[p]ut to practical use"). An artistic feature that would be eligible for copyright protection on its own cannot lose that protection simply because it was first created as a feature of the design of a useful article, even if it makes that article more useful.

Indeed, this has been the rule since Mazer. In holding that the statuette was protected, the Court emphasized that the 1909 Act abandoned any “distinctions between purely aesthetic articles and useful works of art.” 347 U.S. at 211. Congress did not enact such a distinction in the 1976 Act. Were we to accept petitioner's argument that the only protectable features are those that play absolutely no role in an article's function, we would effectively abrogate the rule of Mazer and read “applied art” out of the statute…

III

We hold that an artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article. Because the designs on the surface of respondents' cheerleading uniforms in this case satisfy these requirements, the judgment of the Court of Appeals is affirmed.

APPENDIX TO OPINION OF THE COURT
Image 1 within Star Athletica, L.L.C. v. Varsity Brands, Inc.

Design 299A   Design 299B   Design 074   Design 078   Design 0815

CHAPTER 5

TRANSNATIONAL TRADEMARK LAW UNIT

[*Insert on page 712*]

The US Patent and Trademark Office is in charge of federal trademark registrations. An applicant can appeal the PTO's refusal to register a particular trademark application.

USPTO v. BOOKING.COM B.V.

140 S.Ct. 2298 (2020)

JUSTICE GINSBURG delivered the opinion of the Court.

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. See § 1071(b). 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." 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.

We granted certiorari, 589 U. S. ——, 140 S.Ct. 489, 205 L.Ed.2d 290 (2019).

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. Park ’N Fly, 469 U.S. at 194 (“A generic term is one that refers to the genus of which the particular product is a species.”). Second, for a compound term, the distinctiveness inquiry trains on the term’s meaning as a whole, not its parts in isolation. Estate of P. D. Beckwith, Inc. v. Commissioner of Patents, 252 U.S. 538, 545–546 (1920). Third, the relevant meaning of a term is its meaning to consumers. Bayer Co. v. United Drug Co., 272 F. 505, 509 (SDNY 1921) (Hand, J.) (“What do the buyers understand by the word for whose use the parties are contending?”). 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 below 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. See, e.g., Trademark Registration No. 3,601,346 (“ART.COM” on principal register for, inter alia, “[o]nline retail store services” offering “art prints, original art, [and] art reproductions”); Trademark Registration No. 2,580,467 (“DATING.COM” on supplemental register for “dating services”). 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.

A

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." Brief for Petitioners 40. See also Tr. of Oral Arg. 5 ("Because domain names are one of a kind, a significant portion of the public will always understand a generic '.com' term to refer to a specific business ...."); post, at —— (the "exclusivity" of "generic.com" terms sets them apart from terms like "Wine, Inc." and "The Wine Company"). 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. Brief for Petitioners 38. But, as noted, whether a term is generic depends on its meaning to consumers. Supra, at ——. 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.

B

The PTO, echoed by the dissent, post, at —— – ——, 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." Brief for Petitioners 27–28. 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); 4 McCarthy § 23:1.50 (collecting state law). 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 id., § 11:76. 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. Tr. of Oral Arg. 66. The mark is descriptive, Booking.com recognizes, making it "harder ... to show a likelihood of confusion." Id., at 43. Furthermore, because its mark is one of many "similarly worded marks," Booking.com accepts that close variations are unlikely to infringe. Id., at 66. And Booking.com acknowledges that federal registration of "Booking.com" would not prevent competitors from using the word "booking" to describe their own services. Id., at 55.

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." Brief for Petitioners 32. 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.

Finally, even if "Booking.com" is generic, the PTO urges, unfair-competition law could prevent others from passing off their services as Booking.com's. But federal trademark registration would offer Booking.com greater protection. See, e.g., Genesee Brewing, 124 F.3d at 151 (unfair-competition law would oblige competitor at most to "make more of an effort" to reduce confusion, not to cease marketing its product using the disputed term); Matal, 137 S.Ct., at 1753 (federal registration confers valuable benefits); Brief for Respondent 26 (expressing intention to seek protections available to trademark owners under the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d)); Brief for Coalition of.Com Brand Owners as Amici Curiae 14–19 (trademark rights allow mark owners to stop domain-name abuse through private dispute resolution without resorting to litigation). We have no cause to deny Booking.com the same benefits Congress accorded other marks qualifying as nongeneric.

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 Sotomayfor filed a concurring opinion; Justice Breyer filed a dissenting opinion.

The case below addressed the constitutionality of 15 U.S.C. § 1052(a) which prohibits the registration of trademarks that may disparage or bring into contempt or disrepute any persons, living or dead. The Supreme Court decided whether the provision violates the Free Speech Clause of the First Amendment.

MATAL v. TAM

137 S.Ct. 1744 (2017)

JUSTICE ALITO delivered the opinion of the Court with respect to Parts I, II, and III–A, and an opinion with respect to Parts III–B, III–C, and IV, in which THE CHIEF JUSTICE, Justice THOMAS, and Justice BREYER join.

This case concerns a dance-rock band's application for federal trademark registration of the band's name, "The Slants." "Slants" is a derogatory term for persons of Asian descent, and members of the band are Asian–Americans. But the band members believe that by taking that slur as the name of their group, they will help to "reclaim" the term and drain its denigrating force.

I

A

The principle underlying trademark protection is that distinctive marks—words, names, symbols, and the like—can help distinguish a particular artisan's goods from those of others. A trademark designates the goods as the product of a particular trader and protects his good will against the sale of another's product as his. It helps consumers identify goods and services that they wish to purchase, as well as those they want to avoid.

Federal law does not create trademarks. Trademarks and their precursors have ancient origins, and trademarks were protected at common law and in equity at the time of the founding of our country. 3 J. McCarthy, Trademarks and Unfair Competition § 19:8 (4th ed. 2017) (hereinafter McCarthy). For most of the 19th century, trademark protection was the province of the States. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 780–782. Eventually, Congress stepped in to provide a degree of national uniformity, passing the first federal legislation protecting trademarks in 1870. See Act of July 8, 1870, §§ 77–84, 16 Stat. 210–212. The foundation of current federal trademark law is the Lanham Act, enacted in 1946. By that time, trademark had expanded far beyond phrases that do no more than identify a good or service. Then, as now, trademarks often consisted of catchy phrases that convey a message.

Under the Lanham Act, trademarks that are "used in commerce" may be placed on the "principal register," that is, they may be federally registered. 15 U.S.C. § 1051(a)(1). And some marks "capable of distinguishing [an] applicant's goods or services and not registrable on the principal register ... which are in lawful use in commerce by the owner thereof" may instead be placed on a different federal register: the supplemental register. § 1091(a). There are now more than two million marks that have active federal certificates of registration. This system of federal registration helps to ensure that trademarks are fully protected and supports the free flow of commerce. “[N]ational protection of trademarks is desirable,” we have explained, “because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.” San Francisco Arts & Athletics, Inc. v. United States Olympic Comm., 483 U.S. 522, 531 (1987).

B

Without federal registration, a valid trademark may still be used in commerce. And an unregistered trademark can be enforced against would-be infringers in several ways. Most important, even if a trademark is not federally registered, it may still be enforceable under § 43(a) of the Lanham Act, which creates a federal cause of action for trademark infringement. See Two Pesos, 112 S.Ct. 2753 (“Section 43(a) prohibits a broader range of practices than does § 32, which applies to registered marks, but it is common ground that § 43(a) protects qualifying unregistered trademarks”).1 Unregistered trademarks may also be entitled to protection under other federal statutes, such as the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d). And an unregistered trademark can be enforced under state common law, or if it has been registered in a State, under that State's registration system.

Federal registration, however, confers important legal rights and benefits on trademark owners who register their marks. Registration on the principal register (1) “serves as ‘constructive notice of the registrant's claim of ownership’ of the mark”; (2) “is ‘prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate; and (3) can make a mark “ ‘incontestable’ ” once a mark has been registered for five years.” §§ 1065, 1115(b)). Registration also enables the trademark holder “to stop the importation into the United States of articles bearing an infringing mark.” 3 McCarthy § 19:9; 15 U.S.C. § 1124.

C

The Lanham Act contains provisions that bar certain trademarks from the principal register. For example, a trademark cannot be registered if it is “merely descriptive or deceptively misdescriptive” of goods, § 1052(e)(1), or if it is so similar to an already registered trademark or trade name that it is “likely ... to cause confusion, or to cause mistake, or to deceive,” § 1052(d).

At issue in this case is one such provision, which we will call “the disparagement clause.” This provision prohibits the registration of a trademark “which may disparage ... persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.” § 1052(a).2 This clause appeared in the original Lanham Act and has remained the same to this day. See § 2(a), 60 Stat. 428.

When deciding whether a trademark is disparaging, an examiner at the PTO generally applies a “two-part test.” The examiner first considers “the likely meaning of the matter in question, taking into account not only dictionary definitions, but also the relationship of the matter to the other elements in the mark, the nature of the goods or services, and the manner in which the mark is used in the marketplace in connection with the goods or services.” Trademark Manual of

Examining Procedure § 1203.03(b)(i) (Apr. 2017), p. 1200–150. “If that meaning is found to refer to identifiable persons, institutions, beliefs or national symbols,” the examiner moves to the second step, asking “whether that meaning may be disparaging to a substantial composite of the referenced group.” Ibid. If the examiner finds that a “substantial composite, although not necessarily a majority, of the referenced group would find the proposed mark ... to be disparaging in the context of contemporary attitudes,” a prima facie case of disparagement is made out, and the burden shifts to the applicant to prove that the trademark is not disparaging. Ibid. What is more, the PTO has specified that “[t]he fact that an applicant may be a member of that group or has good intentions underlying its use of a term does not obviate the fact that a substantial composite of the referenced group would find the term objectionable.”

D

Simon Tam is the lead singer of “The Slants.” In re Tam, 808 F.3d 1321, 1331 (C.A.Fed.2015) (en banc). He chose this moniker in order to “reclaim” and “take ownership” of stereotypes about people of Asian ethnicity. Ibid. (internal quotation marks omitted). The group “draws inspiration for its lyrics from childhood slurs and mocking nursery rhymes” and has given its albums names such as “The Yellow Album” and “Slanted Eyes, Slanted Hearts.” Ibid.

Tam sought federal registration of “THE SLANTS,” on the principal register, App. 17, but an examining attorney at the PTO rejected the request, applying the PTO's two-part framework and finding that “there is ... a substantial composite of persons who find the term in the applied-for mark offensive.” The examining attorney relied in part on the fact that “numerous dictionaries define ‘slants' or ‘slant-eyes' as a derogatory or offensive term.” The examining attorney also relied on a finding that “the band's name has been found offensive numerous times”—citing a performance that was canceled because of the band's moniker and the fact that “several bloggers and commenters to articles on the band have indicated that they find the term and the applied-for mark offensive.”

Tam contested the denial of registration before the examining attorney and before the PTO's Trademark Trial and Appeal Board (TTAB) but to no avail. Eventually, he took the case to federal court, where the en banc Federal Circuit ultimately found the disparagement clause facially unconstitutional under the First Amendment's Free Speech Clause. The majority found that the clause engages in viewpoint-based discrimination, that the clause regulates the expressive component of trademarks and consequently cannot be treated as commercial speech, and that the clause is subject to and cannot satisfy strict scrutiny. The majority also rejected the Government's argument that registered trademarks constitute government speech, as well as the Government's contention that federal registration is a form of government subsidy. And the majority opined that even if the disparagement clause were analyzed under this Court's commercial speech cases, the clause would fail the “intermediate scrutiny” that those cases prescribe.

Several judges wrote separately, advancing an assortment of theories. Concurring, Judge O'Malley agreed with the majority's reasoning but added that the disparagement clause is unconstitutionally vague. Judge Dyk concurred in part and dissented in part. He argued that trademark registration is a government subsidy and that the disparagement clause is facially constitutional, but he found the clause unconstitutional as applied to THE SLANTS because that mark constitutes "core expression" and was not adopted for the purpose of disparaging Asian–Americans. In dissent, Judge Lourie agreed with Judge Dyk that the clause is facially constitutional but concluded for a variety of reasons that it is also constitutional as applied in this case. Judge Reyna also dissented, maintaining that trademarks are commercial speech and that the disparagement clause survives intermediate scrutiny because it "directly advances the government's substantial interest in the orderly flow of commerce." See id., at 1376–1382.

The Government filed a petition for certiorari, which we granted in order to decide whether the disparagement clause "is facially invalid under the Free Speech Clause of the First Amendment."

II

Before reaching the question whether the disparagement clause violates the First Amendment, we consider Tam's argument that the clause does not reach marks that disparage racial or ethnic groups. The clause prohibits the registration of marks that disparage "persons," and Tam claims that the term "persons" "includes only natural and juristic persons," not "non-juristic entities such as racial and ethnic groups."

Tam never raised this argument before the PTO or the Federal Circuit, and we declined to grant certiorari on this question when Tam asked us to do so. Normally, that would be the end of the matter in this Court.

But as the Government pointed out in connection with its petition for certiorari, accepting Tam's statutory interpretation would resolve this case and leave the First Amendment question for another day. We have often stressed that it is important to avoid the premature adjudication of constitutional questions, and that "we ought not to pass on questions of constitutionality unless such adjudication is unavoidable," Spector Motor Service, Inc. v. McLaughlin, 323 U.S. 101, 105 (1944). We thus begin by explaining why Tam's argument about the definition of "persons" in the Lanham Act is meritless.

As noted, the disparagement clause prohibits the registration of trademarks "which may disparage ... persons, living or dead." 15 U.S.C. § 1052(a). Tam points to a definition of "person" in the Lanham Act, which provides that "in the construction of this chapter, unless the contrary is plainly apparent from the context ... the term 'person' and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this chapter includes a juristic person as well as a natural person." § 1127. Because racial and ethnic groups are neither natural nor "juristic" persons, Tam asserts, these groups fall outside this definition.

Tam's argument is refuted by the plain terms of the disparagement clause. The clause applies to marks that disparage "persons." A mark that disparages a "substantial" percentage of the members of a racial or ethnic group, Trademark Manual § 1203.03(b)(i), at 1200–150, necessarily disparages many "persons," namely, members of that group. Tam's argument would fail even if the clause used the singular term "person," but Congress' use of the plural "persons" makes the point doubly clear.

Tam's narrow reading of the term "persons" also clashes with the breadth of the disparagement clause. By its terms, the clause applies to marks that disparage, not just "persons," but also "institutions" and "beliefs." 15 U.S.C. § 1052(a). It thus applies to the members of any group whose members share particular "beliefs," such as political, ideological, and religious groups. It applies to marks that denigrate "institutions," and on Tam's reading, it also reaches "juristic" persons such as corporations, unions, and other unincorporated associations. See § 1127. Thus, the clause is not limited to marks that disparage a particular natural person. If Congress had wanted to confine the reach of the disparagement clause in the way that Tam suggests, it would have been easy to do so. A neighboring provision of the Lanham Act denies registration to any trademark that "[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent." § 1052(c).

Tam contends that his interpretation of the disparagement clause is supported by its legislative history and by the PTO's willingness for many years to register marks that plainly denigrated African–Americans and Native Americans. These arguments are unpersuasive. As always, our inquiry into the meaning of the statute's text ceases when "the statutory language is unambiguous and the statutory scheme is coherent and consistent." Barnhart v. Sigmon Coal Co., 534 U.S. 438, 450 (2002). Here, it is clear that the prohibition against registering trademarks "which may disparage ... persons," § 1052(a), prohibits registration of terms that disparage persons who share a common race or ethnicity.

Even if resort to legislative history and early enforcement practice were appropriate, we would find Tam's arguments unconvincing. Tam has not brought to our attention any evidence in the legislative history showing that Congress meant to adopt his interpretation. And the practice of the PTO in the years following the enactment of the disparagement clause is unenlightening. The admitted vagueness of the disparagement test and the huge volume of applications have produced a haphazard record of enforcement. (Even today, the principal register is replete with marks that many would regard as disparaging to racial and ethnic groups.) Registration of the offensive marks that Tam cites is likely attributable not to the acceptance of his interpretation of the clause but to other factors—most likely the regrettable attitudes and sensibilities of the time in question.

III

Because the disparagement clause applies to marks that disparage the members of a racial or ethnic group, we must decide whether the clause violates the Free Speech Clause of the First Amendment. And at the outset, we must consider three arguments that would either eliminate any First Amendment protection or result in highly permissive rational-basis review. Specifically, the Government contends (1) that trademarks are government speech, not private speech, (2) that trademarks are a form of government subsidy, and (3) that the constitutionality of the disparagement clause should be tested under a new "government-program" doctrine. We address each of these arguments below.

A

The First Amendment prohibits Congress and other government entities and actors from “abridging the freedom of speech”; the First Amendment does not say that Congress and other government entities must abridge their own ability to speak freely. And our cases recognize that “the Free Speech Clause ... does not regulate government speech.” Pleasant Grove City v. Summum, 555 U.S. 460, 467 (2009); see Johanns v. Livestock Marketing Assn., 544 U.S. 550, 553 (2005) (“The Government's own speech ... is exempt from First Amendment scrutiny”).

As we have said, “it is not easy to imagine how government could function” if it were subject to the restrictions that the First Amendment imposes on private speech. Summum, supra, at 468, The First Amendment forbids the government to regulate speech in ways that favor some viewpoints or ideas at the expense of others, Lamb's Chapel v. Center Moriches Union Free School Dist., 508 U.S. 384, 394 (1993), but imposing a requirement of viewpoint-neutrality on government speech would be paralyzing. When a government entity embarks on a course of action, it necessarily takes a particular viewpoint and rejects others. The Free Speech Clause does not require government to maintain viewpoint neutrality when its officers and employees speak about that venture.

Here is a simple example. During the Second World War, the Federal Government produced and distributed millions of posters to promote the war effort. There were posters urging enlistment, the purchase of war bonds, and the conservation of scarce resources. These posters expressed a viewpoint, but the First Amendment did not demand that the Government balance the message of these posters by producing and distributing posters encouraging Americans to refrain from engaging in these activities.

But while the government-speech doctrine is important—indeed, essential—it is a doctrine that is susceptible to dangerous misuse. If private speech could be passed off as government speech by simply affixing a government seal of approval, government could silence or muffle the expression of disfavored viewpoints. For this reason, we must exercise great caution before extending our government-speech precedents.

At issue here is the content of trademarks that are registered by the PTO, an arm of the Federal Government. The Federal Government does not dream up these marks, and it does not edit marks submitted for registration. Except as required by the statute involved here, 15 U.S.C. § 1052(a), an examiner may not reject a mark based on the viewpoint that it appears to express. Thus, unless that section is thought to apply, an examiner does not inquire whether any viewpoint conveyed by a mark is consistent with Government policy or whether any such viewpoint is consistent with that expressed by other marks already on the principal register. Instead, if the mark meets the Lanham Act's viewpoint-neutral requirements, registration is mandatory. Ibid. (requiring that “[n]o trademark ... shall be refused registration on the principal register on account of its nature unless” it falls within an enumerated statutory exception). And if an examiner finds that a mark is eligible for placement on the principal register, that decision is not reviewed by any higher official unless the registration is challenged. See §§ 1062(a), 1071. Moreover, once a mark is registered, the PTO is not authorized to remove it from the register unless a party moves for cancellation, the registration expires, or the Federal Trade Commission initiates proceedings based on certain grounds. See 15 U.S.C. §§ 1058(a), 1059, 1064.

In light of all this, it is far-fetched to suggest that the content of a registered mark is government speech. If the federal registration of a trademark makes the mark government speech, the Federal Government is babbling prodigiously and incoherently. It is saying many unseemly things. It is expressing contradictory views. It is unashamedly endorsing a vast array of commercial products and services. And it is providing Delphic advice to the consuming public.

For example, if trademarks represent government speech, what does the Government have in mind when it advises Americans to “make.believe” (Sony), “Think different” (Apple), “Just do it” (Nike), or “Have it your way” (Burger King)? Was the Government warning about a coming disaster when it registered the mark “EndTime Ministries”?

The PTO has made it clear that registration does not constitute approval of a mark. See In re Old Glory Condom Corp., 26 USPQ 2d 1216, 1220, n. 3 (T.T.A.B.1993) (“[I]ssuance of a trademark registration ... is not a government imprimatur”). And it is unlikely that more than a tiny fraction of the public has any idea what federal registration of a trademark means. See Application of National Distillers & Chemical Corp., 297 F.2d 941, 949 (1962) (Rich, J., concurring) (“The purchasing public knows no more about trademark registrations than a man walking down the street in a strange city knows about legal title to the land and buildings he passes”).

None of our government speech cases even remotely supports the idea that registered trademarks are government speech. In Johanns, we considered advertisements promoting the sale of beef products. A federal statute called for the creation of a program of paid advertising “ ‘to advance the image and desirability of beef and beef products.’ ” 544 U.S. at 561. Congress and the Secretary of Agriculture provided guidelines for the content of the ads, Department of Agriculture officials attended the meetings at which the content of specific ads was discussed, and the Secretary could edit or reject any proposed ad. 544 U.S. at 561. Noting that “[t]he message set out in the beef promotions [was] from beginning to end the message established by the Federal Government,” we held that the ads were government speech. Id. at 560. The Government's involvement in the creation of these beef ads bears no resemblance to anything that occurs when a trademark is registered.

Our decision in Summum is similarly far afield. A small city park contained monuments. Eleven had been donated by private groups, and one of these displayed the Ten Commandments. A religious group claimed that the city, by accepting donated monuments, had created a limited public forum for private speech and was therefore obligated to place in the park a monument expressing the group's religious beliefs.

Holding that the monuments in the park represented government speech, we cited many factors. Governments have used monuments to speak to the public since ancient times; parks have traditionally been selective in accepting and displaying donated monuments; parks would be overrun if they were obligated to accept all monuments offered by private groups; “public parks are often closely identified in the public mind with the government unit that owns the land”; and “[t]he monuments that are accepted ... are meant to convey and have the effect of conveying a government message.” 129 S.Ct. 1125.

Trademarks share none of these characteristics. Trademarks have not traditionally been used to convey a Government message. With the exception of the enforcement of 15 U.S.C. § 1052(a), the viewpoint expressed by a mark has not played a role in the decision whether to place it on the principal register. And there is no evidence that the public associates the contents of trademarks with the Federal Government.

This brings us to the case on which the Government relies most heavily, Walker, which likely marks the outer bounds of the government-speech doctrine. Holding that the messages on Texas specialty license plates are government speech, the Walker Court cited three factors distilled from Summum. 135 S.Ct. at 2246–2247. First, license plates have long been used by the States to convey state messages. Second, license plates “are often closely identified in the public mind” with the State, since they are manufactured and owned by the State, generally designed by the State, and serve as a form of “government ID.” Third, Texas “maintain[ed] direct control over the messages conveyed on its specialty plates.” 135 S.Ct. at 2249. As explained above, none of these factors are present in this case.

In sum, the federal registration of trademarks is vastly different from the beef ads in Johanns, the monuments in Summum, and even the specialty license plates in Walker. Holding that the registration of a trademark converts the mark into government speech would constitute a huge and dangerous extension of the government-speech doctrine. For if the registration of trademarks constituted government speech, other systems of government registration could easily be characterized in the same way.

Perhaps the most worrisome implication of the Government's argument concerns the system of copyright registration. If federal registration makes a trademark government speech and thus eliminates all First Amendment protection, would the registration of the copyright for a book produce a similar transformation? See 808 F.3d, at 1346 (explaining that if trademark registration amounts to government speech, “then copyright registration” which “has identical accoutrements” would “likewise amount to government speech”).

The Government attempts to distinguish copyright on the ground that it is “the engine of free expression,” but as this case illustrates, trademarks often have an expressive content. Companies spend huge amounts to create and publicize trademarks that convey a message. It is true that the necessary brevity of trademarks limits what they can say. But powerful messages can sometimes be conveyed in just a few words.

Trademarks are private, not government, speech.

B

We next address the Government's argument that this case is governed by cases in which this Court has upheld the constitutionality of government programs that subsidized speech expressing a particular viewpoint. These cases implicate a notoriously tricky question of constitutional law. We have held that the Government may not deny a benefit to a person on a basis that infringes his constitutionally protected freedom of speech even if he has no entitlement to that benefit. Agency for Int'l Development v. Alliance for Open Society Int'l, Inc., 133 S.Ct. 2321, 2328 (2013). But at the same time, government is not required to subsidize activities that it does not wish to promote. Determining which of these principles applies in a particular case "is not always self-evident," but no difficult question is presented here.

Unlike the present case, the decisions on which the Government relies all involved cash subsidies or their equivalent. In Rust v. Sullivan, 500 U.S. 173 (1991), a federal law provided funds to private parties for family planning services. In National Endowment for Arts v. Finley, 524 U.S. 569 (1998), cash grants were awarded to artists. And federal funding for public libraries was at issue in United States v. American Library Assn., Inc., 539 U.S. 194 (2003). In other cases, we have regarded tax benefits as comparable to cash subsidies. See Regan v. Taxation With Representation of Wash., 461 U.S. 540 (1983).

The federal registration of a trademark is nothing like the programs at issue in these cases. The PTO does not pay money to parties seeking registration of a mark. Quite the contrary is true: An applicant for registration must pay the PTO a filing fee of $225–$600. 37 C.F.R. § 2.6(a)(1). (Tam submitted a fee of $275 as part of his application to register THE SLANTS. App. 18.) And to maintain federal registration, the holder of a mark must pay a fee of $300–$500 every 10 years. § 2.6(a)(5); see also 15 U.S.C. § 1059(a). The Federal Circuit concluded that these fees have fully supported the registration system for the past 27 years. 808 F.3d, at 1353.

The Government responds that registration provides valuable non-monetary benefits that "are directly traceable to the resources devoted by the federal government to examining, publishing, and issuing certificates of registration for those marks." But just about every government service requires the expenditure of government funds. This is true of services that benefit everyone, like police and fire protection, as well as services that are utilized by only some, e.g., the adjudication of private lawsuits and the use of public parks and highways.

Trademark registration is not the only government registration scheme. For example, the Federal Government registers copyrights and patents. State governments and their subdivisions register the title to real property and security interests; they issue driver's licenses, motor vehicle registrations, and hunting, fishing, and boating licenses or permits.

Cases like Rust and Finley are not instructive in analyzing the constitutionality of restrictions on speech imposed in connection with such services.

C

Finally, the Government urges us to sustain the disparagement clause under a new doctrine that would apply to "government-program" cases. For the most part, this argument simply merges our government-speech cases and the previously discussed subsidy cases in an attempt to construct a broader doctrine that can be applied to the registration of trademarks. The only new element in this construct consists of two cases involving a public employer's collection of union dues from its employees. But those cases occupy a special area of First Amendment case law, and they are far removed from the registration of trademarks.

In Davenport v. Washington Ed. Assn., 551 U.S. 177, 181–182 (2007), a Washington law permitted a public employer automatically to deduct from the wages of employees who chose not to join the union the portion of union dues used for activities related to collective bargaining. But unless these employees affirmatively consented, the law did not allow the employer to collect the portion of union dues that would be used in election activities. A public employee union argued that this law unconstitutionally restricted its speech based on its content; that is, the law permitted the employer to assist union speech on matters relating to collective bargaining but made it harder for the union to collect money to support its election activities. Upholding this law, we characterized it as imposing a "modest limitation" on an "extraordinary benefit," namely, taking money from the wages of non-union members and turning it over to the union free of charge. Refusing to confer an even greater benefit, we held, did not upset the marketplace of ideas and did not abridge the union's free speech rights. Id. at 189–190.

Ysursa v. Pocatello Ed. Assn., 555 U.S. 353 (2009), is similar. There, we considered an Idaho law that allowed public employees to elect to have union dues deducted from their wages but did not allow such a deduction for money remitted to the union's political action committee. We reasoned that the "the government ... [was] not required to assist others in funding the expression of particular ideas." Id. at 358 ("The First Amendment ... does not confer an affirmative right to use government payroll mechanisms for the purpose of obtaining funds for expression").

Davenport and Ysursa are akin to our subsidy cases. Although the laws at issue in Davenport and Ysursa did not provide cash subsidies to the unions, they conferred a very valuable benefit—the right to negotiate a collective-bargaining agreement under which non-members would be obligated to pay an agency fee that the public employer would collect and turn over to the union free of charge. As in the cash subsidy cases, the laws conferred this benefit because it was thought that this arrangement served important government interests. See Abood v. Detroit Bd. of Ed., 431 U.S. 209 (1977). But the challenged laws did not go further and provide convenient collection mechanisms for money to be used in political activities. In essence, the Washington and Idaho lawmakers chose to confer a substantial non-cash benefit for the purpose of furthering activities that they particularly desired to promote but not to provide a similar benefit for the purpose of furthering other activities. Thus, Davenport and Ysursa are no more relevant for present purposes than the subsidy cases previously discussed.

Potentially more analogous are cases in which a unit of government creates a limited public forum for private speech. Rosenberger v. Rector and Visitors of Univ. of Va., 515 U.S. 819, 831 (1995). When government creates such a forum, in either a literal or "metaphysical" sense, some content- and speaker-based restrictions may be allowed. However, even in such cases, what we have termed "viewpoint discrimination" is forbidden. Id. at 831.

Our cases use the term "viewpoint" discrimination in a broad sense, see ibid., and in that sense, the disparagement clause discriminates on the bases of "viewpoint." To be sure, the clause evenhandedly prohibits disparagement of all groups. It applies equally to marks that damn Democrats and Republicans, capitalists and socialists, and those arrayed on both sides of every possible issue. It denies registration to any mark that is offensive to a substantial percentage of the members of any group. But in the sense relevant here, that is viewpoint discrimination: Giving offense is a viewpoint.

We have said time and again that “the public expression of ideas may not be prohibited merely because the ideas are themselves offensive to some of their hearers.” Street v. New York, 394 U.S. 576, 592 (1969). See also Texas v. Johnson, 491 U.S. 397, 414 (1989) (“If there is a bedrock principle underlying the First Amendment, it is that the government may not prohibit the expression of an idea simply because society finds the idea itself offensive or disagreeable).

For this reason, the disparagement clause cannot be saved by analyzing it as a type of government program in which some content- and speaker-based restrictions are permitted.

IV

Having concluded that the disparagement clause cannot be sustained under our government-speech or subsidy cases or under the Government's proposed “government-program” doctrine, we must confront a dispute between the parties on the question whether trademarks are commercial speech and are thus subject to the relaxed scrutiny outlined in Central Hudson Gas & Elec. Corp. v. Public Serv. Comm'n of N. Y., 447 U.S. 557 (1980). The Government and amici supporting its position argue that all trademarks are commercial speech. They note that the central purposes of trademarks are commercial and that federal law regulates trademarks to promote fair and orderly interstate commerce. Tam and his amici, on the other hand, contend that many, if not all, trademarks have an expressive component. In other words, these trademarks do not simply identify the source of a product or service but go on to say something more, either about the product or service or some broader issue. The trademark in this case illustrates this point. The name “The Slants” not only identifies the band but expresses a view about social issues.

We need not resolve this debate between the parties because the disparagement clause cannot withstand even Central Hudson review. Under Central Hudson, a restriction of speech must serve “a substantial interest,” and it must be “narrowly drawn.” Id. at 564–565. This means, among other things, that “[t]he regulatory technique may extend only as far as the interest it serves.” Id. at 565. The disparagement clause fails this requirement.

It is claimed that the disparagement clause serves two interests. The first is phrased in a variety of ways in the briefs. Echoing language in one of the opinions below, the Government asserts an interest in preventing underrepresented groups from being ‘bombarded with demeaning messages in commercial advertising.’. An amicus supporting the Government refers to “encouraging racial tolerance and protecting the privacy and welfare of individuals.” Brief for Native American Organizations as Amici Curiae. But no matter how the point is phrased, its unmistakable thrust is this: The Government has an interest in preventing speech expressing ideas that offend. And, as we have explained, that idea strikes at the heart of the First Amendment. Speech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express “the thought that we hate.” United States v. Schwimmer, 279 U.S. 644, 655 (1929) (Holmes, J., dissenting).

The second interest asserted is protecting the orderly flow of commerce. See 808 F.3d, at 1379–1381 (Reyna, J., dissenting). Commerce, we are told, is disrupted by trademarks that "involv[e] disparagement of race, gender, ethnicity, national origin, religion, sexual orientation, and similar demographic classification." 808 F.3d, at 1380–1381. Such trademarks are analogized to discriminatory conduct, which has been recognized to have an adverse effect on commerce. See ibid.; Brief for Petitioner 49; Brief for Native American Organizations as Amici Curiae 18–20.

A simple answer to this argument is that the disparagement clause is not "narrowly drawn" to drive out trademarks that support invidious discrimination. The clause reaches any trademark that disparages any person, group, or institution. It applies to trademarks like the following: "Down with racists," "Down with sexists," "Down with homophobes." It is not an anti-discrimination clause; it is a happy-talk clause. In this way, it goes much further than is necessary to serve the interest asserted.

The clause is far too broad in other ways as well. The clause protects every person living or dead as well as every institution. Is it conceivable that commerce would be disrupted by a trademark saying: "James Buchanan was a disastrous president" or "Slavery is an evil institution"?

There is also a deeper problem with the argument that commercial speech may be cleansed of any expression likely to cause offense. The commercial market is well stocked with merchandise that disparages prominent figures and groups, and the line between commercial and non-commercial speech is not always clear, as this case illustrates. If affixing the commercial label permits the suppression of any speech that may lead to political or social "volatility," free speech would be endangered.

For these reasons, we hold that the disparagement clause violates the Free Speech Clause of the First Amendment. The judgment of the Federal Circuit is affirmed.

It is so ordered.

[*Insert on page 766*]

Can trademark owners obtain lost profits damages even if they have not proved willful infringement? Romag Fasteners, Inc. v. Fossil, Inc. provides the answer.

ROMAG FASTENERS, INC. v. FOSSIL, INC.

140 S.Ct. 1492 (2020)

JUSTICE GORSUCH delivered the opinion of the Court.

When it comes to remedies for trademark infringement, the Lanham Act authorizes many. A district court may award a winning plaintiff injunctive relief, damages, or the defendant's ill-gotten profits. Without question, a defendant's state of mind may have a bearing on what relief a plaintiff should receive. An innocent trademark violator often stands in very different shoes than an intentional one. But some circuits have gone further. These courts hold a plaintiff can win a profits remedy, in particular, only after showing the defendant willfully infringed its trademark. The question before us is whether that categorical rule can be reconciled with the statute's plain language.

The question comes to us in a case involving handbag fasteners. Romag sells magnetic snap fasteners for use in leather goods. Fossil designs, markets, and distributes a wide range of fashion accessories. Years ago, the pair signed an agreement allowing Fossil to use Romag's fasteners in Fossil's handbags and other products. Initially, both sides seemed content with the arrangement. But in time Romag discovered that the factories Fossil hired in China to make its products were using counterfeit Romag fasteners—and that Fossil was doing little to guard against the practice. Unable to resolve its concerns amicably, Romag sued. The company alleged that Fossil had infringed its trademark and falsely represented that its fasteners came from Romag. After trial, a jury agreed with Romag, and found that Fossil had acted "in callous disregard" of Romag's rights. At the same time, however, the jury rejected Romag's accusation that Fossil had acted willfully, as that term was defined by the district court.

For our purposes, the last finding is the important one. By way of relief for Fossil's trademark violation, Romag sought (among other things) an order requiring Fossil to hand over the profits it had earned thanks to its trademark violation. But the district court refused this request. The court pointed out that controlling Second Circuit precedent requires a plaintiff seeking a profits award to prove that the defendant's violation was willful. Not all circuits, however, agree with the Second Circuit's rule. We took this case to resolve that dispute over the law's demands.

Where does Fossil's proposed willfulness rule come from? The relevant section of the Lanham Act governing remedies for trademark violations, § 35, 15 U.S.C. § 1117(a), says this:

"When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established ..., the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action."

Immediately, this language spells trouble for Fossil and the circuit precedent on which it relies. The statute does make a showing of willfulness a precondition to a profits award when the plaintiff proceeds under § 1125(c). That section, added to the Lanham Act some years after its initial adoption, creates a cause of action for trademark dilution—conduct that lessens the association consumers have with a trademark. But Romag alleged and proved a violation of § 1125(a), a provision establishing a cause of action for the false or misleading use of trademarks. And in cases like that, the statutory language has never required a showing of willfulness to win a defendant's profits. Yes, the law tells us that a profits award is subject to limitations found in §§ 1111 and 1114. But no one suggests those cross-referenced sections contain the rule Fossil seeks. Nor does this Court usually read into statutes words that aren't there. It's a temptation we are doubly careful to avoid when Congress has (as here) included the term in question elsewhere in the very same statutory provision.

A wider look at the statute's structure gives us even more reason for pause. The Lanham Act speaks often and expressly about mental states. Section 1117(b) requires courts to treble profits or damages and award attorney's fees when a defendant engages in certain acts intentionally and with specified knowledge. Section 1117(c) increases the cap on statutory damages from $200,000 to $2,000,000 for certain willful violations. Section 1118 permits courts to order the infringing items be destroyed if a plaintiff proves any violation of § 1125(a) or a willful violation of § 1125(c). Section 1114 makes certain innocent infringers subject only to injunctions. Elsewhere, the statute specifies certain mens rea standards needed to establish liability, before even getting to the question of remedies. See, e.g., §§ 1125(d)(1)(A)(i), (B)(i) (prohibiting certain conduct only if undertaken with "bad faith intent" and listing nine factors relevant to ascertaining bad faith intent). Without doubt, the Lanham Act exhibits considerable care with mens rea standards. The absence of any such standard in the provision before us, thus, seems all the more telling.

So how exactly does Fossil seek to conjure a willfulness requirement out of § 1117(a)? Lacking any more obvious statutory hook, the company points to the language indicating that a violation under § 1125(a) can trigger an award of the defendant's profits "subject to the principles of equity." In Fossil's telling, equity courts historically required a showing of willfulness before authorizing a profits remedy in trademark disputes. Admittedly, equity courts didn't require so much in patent infringement cases and other arguably analogous suits. See, e.g., Dowagiac Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641, 644, 650–651 (1915). But, Fossil says, trademark is different. There alone, a willfulness requirement was so long and universally recognized that today it rises to the level of a "principle of equity" the Lanham Act carries forward.

It's a curious suggestion. Fossil's contention that the term "principles of equity" includes a willfulness requirement would not directly contradict the statute's other, express mens rea provisions or render them wholly superfluous. But it would require us to assume that Congress intended to incorporate a willfulness requirement here obliquely while it prescribed mens rea conditions expressly elsewhere throughout the Lanham Act. That might be possible, but on first blush it isn't exactly an obvious construction of the statute.

Nor do matters improve with a second look. The phrase "principles of equity" doesn't readily bring to mind a substantive rule about mens rea from a discrete domain like trademark law. In the context of this statute, it more naturally suggests fundamental rules that apply more systematically across claims and practice areas. A principle is a "fundamental truth or doctrine, as of law; a comprehensive rule or doctrine which furnishes a basis or origin for others." Black's Law Dictionary 1417 (3d ed. 1933); Black's Law Dictionary 1357 (4th ed. 1951). And treatises and handbooks on the "principles of equity" generally contain transsubstantive guidance on broad and fundamental questions about matters like parties, modes of proof, defenses, and remedies. Our precedent, too, has used the term "principles of equity" to refer to just such transsubstantive topics. See, e.g., eBay Inc. v. MercExchange, L. L. C., 547 U.S. 388, 391, 393, (2006); Holmberg v. Armbrecht, 327 U.S. 392, 395 (1946). Congress itself has elsewhere used "equitable principles" in just this way: An amendment to a different section of the Lanham Act lists "laches, estoppel, and acquiescence" as examples of "equitable principles." 15 U.S.C. § 1069. Given all this, it seems a little unlikely Congress meant "principles of equity" to direct us to a narrow rule about a profits remedy within trademark law.

But even if we were to spot Fossil that first essential premise of its argument, the next has problems too. From the record the parties have put before us, it's far from clear whether trademark law historically required a showing of willfulness before allowing a profits remedy. The Trademark Act of 1905—the Lanham Act's statutory predecessor which many earlier cases interpreted and applied—did not mention such a requirement. It's true, as Fossil notes, that some courts proceeding before the 1905 Act, and even some later cases following that Act, did treat willfulness or something like it as a prerequisite for a profits award and rarely authorized profits for purely good-faith infringement. But Romag cites other cases that expressly rejected any such rule.

The confusion doesn't end there. Other authorities advanced still different understandings about the relationship between mens rea and profits awards in trademark cases. See, e.g., H. Nims, Law of Unfair Competition and Trade-Marks § 424 (2d ed. 1917) ("An accounting will not be ordered where the infringing party acted innocently and in ignorance of the plaintiff's rights"); N. Hesseltine, Digest of the Law of Trade-Marks and Unfair Trade 305 (1906) (contrasting a case holding "[n]o account as to profits allowed except as to user after knowledge of plaintiff's right to trademark" and one permitting profits "although defendant did not know of infringement" (emphasis added)). And the vast majority of the cases both Romag and Fossil cite simply failed to speak clearly to the issue one way or another.

At the end of it all, the most we can say with certainty is this. Mens rea figured as an important consideration in awarding profits in pre-Lanham Act cases. This reflects the ordinary, transsubstantive principle that a defendant's mental state is relevant to assigning an appropriate remedy. That principle arises not only in equity, but across many legal contexts. See, e.g., Smith v. Wade, 461 U.S. 30, 38–51 (1983) (42 U.S.C. § 1983); Morissette v. United States, 342 U.S. 246, 250–263 (1952) (criminal law); Wooden-Ware Co. v. United States, 106 U.S. 432, 434–

435 (1882) (common law trespass). It's a principle reflected in the Lanham Act's text, too, which permits greater statutory damages for certain willful violations than for other violations. 15 U.S.C. § 1117(c). And it is a principle long reflected in equity practice where district courts have often considered a defendant's mental state, among other factors, when exercising their discretion in choosing a fitting remedy. Given these traditional principles, we do not doubt that a trademark defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate. But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery Fossil advances.

With little to work with in the statute's language, structure, and history, Fossil ultimately rests on an appeal to policy. The company tells us that stouter restraints on profits awards are needed to deter "baseless" trademark suits. Meanwhile, Romag insists that its reading of the statute will promote greater respect for trademarks in the "modern global economy." As these things go, amici amplify both sides' policy arguments. Maybe, too, each side has a point. But the place for reconciling competing and incommensurable policy goals like these is before policymakers. This Court's limited role is to read and apply the law those policymakers have ordained, and here our task is clear. The judgment of the court of appeals is vacated, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.