

Intellectual Property

Professor Grimmelmann

Final Exam - Fall 2010

This exam was of mixed difficulty. The first and second questions had hidden issues; the third question was more straightforward. All three required you to make careful factual distinctions to do well: talking about “the Hershey” or “the Cabbage Claim’s trade dress” rather than about particular features was a good way to muddle your analysis. Your answers ran the gamut from great to terrible. The frequency of some common misunderstandings about patents made me sad; I have a lot of work cut out for me to figure out a better way of explaining these issues next time.

I graded the three problems by creating a thirty-three item checklist for each. You got a point for each item (e.g. “Gagatron is not a direct copyright infringer.”) you dealt with appropriately. I gave out bonus points for creative thinking, particularly nuanced legal analyses, and good use of facts. Organization and writing style counted for about 10% of each question. I was dismayed every time I read an answer that didn’t use paragraphs. If your answers exceeded the page limits, I crossed out the portion that was over. I also deducted points if you single-spaced, omitted your exam number, or otherwise failed to follow the formatting instructions.

Model answers to all three questions are below. They’re not perfect; nothing in law ever is. In many places, I would have given just as much credit for reaching exactly the opposite conclusion. The key, as always, is to back up each legal claim with good factual analysis.

If you’d like to discuss your exam, the course, or anything else, please email me and we’ll set up an appointment. If you have exam questions, please read through this memo before getting in touch. It’s been a pleasure and a privilege to teach you and learn from you.

James

9:15

	Running on MP3	Gastronomy	Teen Mystery	Total
Median	13.5	16.0	17.5	46.5
Mean	13.9	16.0	17.6	47.6
Std. Dev.	3.9	4.4	4.2	11.0

11:30

	Running on MP3	Gastronomy	Teen Mystery	Total
Median	13.75	15.5	16.5	45.0
Mean	13.7	15.4	16.6	45.7
Std. Dev.	3.4	3.7	3.7	9.1

(1) **Running on MP3s**

Patent:

Although the Sarnoff '951 patent is still in force, the Hershey does not infringe on it. '951 claims "a treadmill." Since the Hershey does not contain a treadmill, it is missing an element of the claim and therefore does not literally infringe. It therefore does not present an obstacle to bringing the Hershey to market.¹

I recommend that Nyquist seek a patent on the Hershey. Although the Fourier Transform is an unpatentable mathematical algorithm, we will be able to draft our claims in a way that ties the algorithm to a particular device, as in *Diehr*, a result affirmed in *Bilski*. We should be able to draft claims both to the device itself and to the process of detecting the user's heart rate and tailoring workout music to it. The latter will be especially important in limiting competition, because it will prevent other companies from avoiding the patent simply by changing how they measure heart rate or which music player or smartphone they work with.

The most substantial barriers to patentability will be novelty and nonobviousness.² For novelty, the prior art includes heart monitors (such as Nyquist's own), iPhones, the Fourier Transform, and Sarnoff's '951 patent. None of these items of prior art include both heart rate detection and modifying the tempo of music. As long as we include both of these items in the claims we draft, none of these items of prior art would anticipate our claims.

Nonobviousness is harder. The '951 patent discloses adjusting exercise speed in response to heart rate. The relevant question is whether it is currently obvious (or will be before we file) to combine this reference with a music player and adjust the tempo of music instead. Under the TSM test, none of the prior art references suggests this combination: they are confined to their own fields: exercise equipment, music players, and signal processing. Nor is the combination predictable. An exerciser using the device described in the '951 patent while using a music player is simply listening to music while she exercises, whereas the music player in the Hershey will be also be adjusting to her heart rate. Thus, under *KSR*, the Hershey should be nonobvious.

Copyright

The Hershey poses a copyright risk for us, but not a serious one. The songs on a user's iPhone are copyrighted. Loading them into memory to carry out the Fourier Transform creates a "copy" and thus infringes the reproduction right of the copyright owners. *MAI*. The public

¹ Many of you raised definiteness and enablement objections to the Sarnoff patent. These were redundant, since the Hershey is unambiguously noninfringing. They were also wrong. A patent using a so-called means-plus-function claim, i.e. "means for X," may be broad: it claims anything that accomplishes that function. But it is not indefinite, as long as X is clearly specified. (There was an example of a means-plus function claim in the casebook's discussion of the pizza box patent.) As for enablement, it is impossible to say anything useful without seeing the specification of the Sarnoff patent.

² Many of you went through utility, enablement, and definiteness analyses. These weren't wrong, but they were a waste of space; these hurdles are either trivially satisfied (utility), or not worth discussing in the abstract (enablement and definiteness).

performance right is not at issue because only the user hears the music. The users would be direct infringers; we could arguably be held liable as contributory infringers for supplying a device that enables the user to make the infringing copies, with the knowledge that some of them will. Despite this, however, I do not expect Nyquist to be held liable. The users have a strong fair-use defense for personal use (as in *Sony*). We can also raise a transformative fair-use defense for the copies of the songs, since the purpose of loading them is to analyze them for tempo, a very different purpose than listening to the music for enjoyment. Finally, we have a defense under the other holding of *Sony*, since we would be supplying a device with substantial non-infringing uses (listening to authorized music, exercise).

Copyright law will provide Nyquist with some, but not much, help in preventing competition. The idea of a music player that responds to the user's heart rate is uncopyrightable—but that idea is all that a competitor would need to copy in order to make a device of its own. We cannot copyright the Fourier Transform, which is both a process, *Baker*, and not original to us. We can copyright the software in the Hershey, *Williams*, but a competitor could create its own software without copying from ours. The physical design of the Hershey will be subject to the useful article rule, *Brandir*. We could potentially copyright aspects of the user interface and the compilation of motivational slogans (individual ones are uncopyrightable short phrases), but again, a determined competitor (i.e. a Nike, not a Magnetbox) could create its own.

Trademark

HERSHEY is a terrible choice for a trademark. It is a famous trademark belonging to the chocolate maker.³ If Nyquist used the HERSHEY mark as the official name, Hershey would sue for dilution by blurring (direct confusion is less likely given the very different markets, but not completely impossible), and would win. The fact that HERSHEY was picked because this is a “sweet” device shows that even Nyquist itself picked the name to take advantage of its existing trademark meanings, and would be considered a sign of bad faith. (Nyquist does not face liability over its internal use of the codename, since it has not used the trademark with consumers.)

Of the other trademarks, RUNBEAT is suggestive, since it combines the themes of running and music, but does not directly describe features of the product. ALDEN is probably arbitrary, but it is recognizably a name. Alden Nyquist is unlikely to object on trademark or right of publicity grounds. Consumers are unlikely to think that the mark ALDEN on a heart-rate monitor refers “primarily” to Alden Nyquist or any other specific Alden, so it is probably okay. SQUIDLINE is arbitrary; squids have nothing to do with the Hershey.

All three are acceptable trademarks. SQUIDLINE would be the easiest to build into a strong mark, but may have unpleasant associations with sea creatures. Perhaps a logo of a cartoonish squid with running shoes on all six tentacles and wearing headphones would work. If not, I suggest RUNBEAT, which is catchy and suggests important features of the product while still being immediately protectable and registrable. Whichever we choose, we should file for a federal intent-to-use registration as soon as we have concrete plans to proceed.

³ Some of you asserted that HERSHEY might be generic for chocolate. It isn't. Would you ask for some “Hershey” if you wanted chocolate and didn't care what kind you got?

Trade Secret

Nyquist should exercise the usual precautions with respect to its trade secrets: confidentiality agreements, physical security, etc. We should recognize, however, that as soon as the device is made public, competitors will be able to reverse engineer it. Even announcing the product publicly will make the (very simple) idea available to competitors. This is why patent protection for the Hershey is essential and why we should pursue it vigorously and soon.

Comments:

The single biggest mistake on this problem was to miss one or both of the copyright issues. The second-biggest was to be vague in your patent analysis. Many answers were able to recite large amounts of patent doctrine but shied away from trying to actually read Sarnoff's patent claim. I was also disappointed at how many of you talked yourself in circles when it came to analyzing the various proposed trademarks for distinctiveness. If you had trouble with this aspect of the problem, I strongly suggest you go back to the restaurant examples in the slides and Problem 2-2 in the casebook.

(2) **Gastronomy in Motion**

Trademark

There is no serious issue of trademark infringement here. Since CABBAGE CLAIM and TREADMILL are completely dissimilar as marks, there is no possibility of consumer confusion from the use of them as trademarks for restaurants.

Dufresne might object to the use of “treadmill” in Adria’s banner; Adria might object to the use of “Cabbage” in Dufresne’s. Of these, “Cabbage” is slightly more recognizable as a trademark; otherwise, there is no reason to capitalize the “C.” Still, neither is likely to be actionable. Consumers seeing the banners are unlikely to mistake which restaurant is which as a result. There is also no possibility of a claim for dilution (by tarnishment), as neither mark is famous with the consumer population of the entire United States. Moreover, the phrase “stuck on a treadmill” might be descriptive fair use given the restaurants’ design, and even the reference to “Cabbage” could be considered a kind of comparative advertising, albeit a rather mean-spirited one.

False Advertising

The banners do raise false advertising issues, although all of the claims probably involve falsity by implication, rather than literal falsity. “Tired of fried” might falsely suggest that the Treadmill serves only fried food and Cabbage Claim doesn’t. “Don’t spend so much Cabbage” could be a claim about the prices at the two restaurants, but it would possibly be true in light of the Treadmill’s lower-priced shop. “Don’t lose . . . your lunch” might be the most serious claim, suggesting that the food at the Cabbage Claim is sickening. It might, however, be subject to a puffery defense: it may not be specific enough to be actionable.

Trade Dress

Adria has priority on the use of linoleum and hard plastic for restaurant design, as he began using them in 2006, before the Treadmill opened in 2008. (This assumes that Queens and the Upper East Side are the same territory; they’re only separated by the East River. It might depend, however, on where in Queens Cabbage Claim opened, and how much goodwill it built up.) Dufresne might argue that Adria abandoned his rights by closing in June 2010. Abandonment requires, however, an “intent not to resume” use, and it is likely from context that Adria planned to reopen when he could find a new location.

Based on this priority, Adria might assert a claim for trade dress infringement against Dufresne. Certainly, an airport-themed restaurant is highly distinctive, so, per *Two Pesos*, it is probably protectable immediately. The Treadmill, however, doesn’t infringe. Its school cafeteria theme does have linoleum and the chairs in common, but is otherwise so different from the appearance of Cabbage Claim that consumers would never mistake which restaurant they are in. The highly distinctive elements of the Cabbage Claim trade dress are not the ones Treadmill also uses, and vice versa.

Dufresne might counter-claim for trade dress infringement based on her use of a conveyor belt to seat patrons. She has priority on this feature, as she was the first to use it anywhere. It is, however, a functional aspect of her restaurant design. Customers would choose to eat in the restaurant for the conveyor-belt experience rather than using it as a signpost to tell them about the food, and it strongly affects the quality of the restaurant services themselves. It is therefore unprotectable. *Jay Franco*.

Patent

The Queens Cabbage Claim was a “restaurant” which had a “conveyor belt” (the imitation baggage carousel). It also opened (in 2006) more than a year before Dufresne filed for her patent (in 2008). It was therefore § 102(b) prior art and anticipates Claim 1 of her patent under the statutory bar. Claim 1 is invalid, but Claim 2, as a narrower dependent claim, potentially survives it.⁴ Because the Queens Cabbage Claim did not have seats on the conveyor belt, it does not anticipate Claim 2. The Upper East Side Cabbage Claim, however, does have seats on the conveyor belt (it is reasonable to assume that customers do not eat standing up, and the restaurant does contain hard-plastic chairs). Thus, it contains every element of Claim 2, and so it infringes on Dufresne’s patent.⁵

Copyright

The idea of a conveyor-belt restaurant is uncopyrightable. No one looking at the two restaurants would think that either was substantially similar to the other, as their similarities do not extend to any expressive elements of their designs. The only things they have in common—such as the use of linoleum—fall within the useful article rule. *Brandir*. The prices in the two stores are probably facts from the copyright perspective. While it could be argued that the choice of which items to carry is a “compilation” protected by *Feist*, the choice of selection and arrangement is probably driven by non-expressive considerations: which items are likely to sell.

Right of Publicity

The caricature of Adria as a rat may infringe on his right of publicity, as it is clearly recognizable as him and is being used in advertising for commercial purposes. Dufresne, however, may be able to raise a transformative use defense, as in *Comedy III v. Saderup*, given that it is a “caricature” with an expressive message. The caricature is probably actionable, if at all, as a personal tort against reputation, rather than as a violation of the right of publicity.

Miscellaneous

⁴ Many of you got this exactly backwards, even though we discussed it on multiple occasions.

⁵ Many of you asserted enablement and definiteness objections to the patent, based solely on the language of the claims. It is not the job of the *claims* to be enabling; that’s what the *specification* is for. Since you weren’t given the specification, it was pure speculation to say that it might not be enabling. As for definiteness, there is no serious indefiniteness in “plurality” or “seating element.” Even if you don’t know what these terms mean, there is no doubt that they *can be given* a precise meaning, which is all that definiteness requires.

There is no indication that either restaurateur has tried to keep any of their design choices secret, or that either used improper means to learn about the other, so there is no trade secret violation here. Similarly, while the Treadmill shop may be a direct imitation of the Cabbage Claim shop, there is no law against competing by selling the same things or against competing on price.⁶ Both Adria and Dufresne may be motivated by ill will towards each other, but the only grounds for actual liability is Dufresne's patent.

Comments

It was easy to get into trouble here by not differentiating between (a) the trade marks (CABBAGE CLAIM and TREADMILL), (b) the use of a conveyor belt as trade dress, and (c) the non-conveyor trade dress (linoleum, etc.). Many of you, for example, stated that Adria held a prior registration on CABBAGE CLAIM and then proceeded to do a consumer confusion analysis as though that necessarily gave him priority over the restaurant designs! It doesn't. Trade dress isn't even registrable at all. Those of you who sorted through the facts more carefully realized that Dufresne really was first to put seats on the conveyor belt, so that she had trademark priority on that feature if anyone did. I was also saddened by exams that were unwilling to parse the language of Dufresne's patent claims. The actual analysis was straightforward, as demonstrated above.

⁶ Some of you tried to cram these facts into a trade dress infringement claim. There is nothing, however, to suggest that consumers rely on the selection of items in the Cabbage Claim shop as an indication of source. Others of you tried to argue, on the basis of no evidence whatsoever, that perhaps the Treadmill shop sells items in which Adria has a copyright. The shops were a red herring.

(3) Teen Paranormal Mystery

Bergenline

There should be no problem with granting Bergenline a nonexclusive license. I wonder, however, whether they realize that this will leave you free to license others to make Spacetime Investigators movies. They might be willing to pay more for an exclusive license, which would provide more protection for them from competition; I can explore this possibility with them if you wish. A license for “film and video media” is not obviously problematic, but should be made more specific to spell out the scope of rights. I strongly urge you to reduce this contract to writing, even though a nonexclusive license can be made orally.

Bergenline’s requested trademark assignment is more problematic. If you assign your trademark rights to Bergenline, you will be unable to sell more books using the name SPACETIME INVESTIGATORS. Unless you really do plan to quit with the series completely, you should negotiate a trademark license, rather than an assignment.⁷

Patent Thingies

You do not need to apply for a patent; you have not invented anything “new and useful” to which a patent would apply. You do, however, have valuable copyrights and trademarks. I recommend that you register them both. Copyright registration, in particular, will be necessary before you can sue any potential infringers (see below).

Ghostwriters

Please give me a copy of your standard contract with the writers you have worked with on the *Spacetime Investigators* series. I need to examine it to see what copyrights you do and do not have. If you have made some or all of your arrangements orally, then the statute of frauds provision in the Copyright Act will make any transfers of copyright ineffective. (I am especially concerned about Paulus Hook, but I will want to examine the files of your arrangements with all of the writers.) This could be a big problem for you. Even if a court would hold, per *Effects Associates*, that you received a nonexclusive license to use these authors’ works, the scope of that license would be highly uncertain. It might not extend to film adaptations, which would mean you wouldn’t have sufficient rights to sign your contract with Bergenline!

It appears that for books 3-12, most of the original expression has been contributed by the individual writers. It is possible, however, that these books might be considered either joint works or works made for hire, which would provide you with some rights. First, joint works. You and the writers intended that your contributions merge into an inseparable whole: each book. That would make you co-owners. As such, you would be allowed to issue a license to Bergenline, but you

⁷ Many of you went straight to the assignment-in-gross issue. This shouldn’t be too much of an issue, given that Bergenline plans to use the mark to make movies based on the books—that is, to carry on the business and use the accumulated goodwill to sell products with the same essential characteristics (i.e. Piramus and Thizbe’s fight against crime). It’s probably worth worrying about, but the bad business logic of the trademark assignment is a more urgent problem with this term.

would need to give half of the revenues to the writer. You could argue, as in *Aalmuhammed*, that you had “superintendance” of the books and so should be treated as the sole author. You were listed as the only author (so far as I know), and you had final control over the book’s contents. Unfortunately, your contributions to each book were much smaller than the writer’s, so this argument may not work.

As for works made for hire, Hook and the other writers appear to be independent contractors, rather than employees.⁸ Although you had somewhat more control over the work than CCNV did, otherwise, your case is a good factual fit with *CCNV*, in which the Supreme Court held that the sculptor was working for hire as an independent contractor. In particular, the flat-fee payment, relationship for the production of particular, specified works, and lack of benefits are typical of a contractor, not an employee. As a result, you will not be able to claim ownership of the work from its creation. If you cannot locate your original paperwork or its contents are unfavorable, I recommend that you attempt to have Hook sign a document confirming the transfer of copyright ownership.⁹

Hamilton Newport

By posting to YouTube videos of himself reading aloud from *The Galactic Gross-Out*, Hamilton Newport is infringing on your exclusive rights of reproduction and public performance.¹⁰ “Numerous” videos easily satisfy the threshold of copying sufficient expression from *The Galactic Gross-Out* to infringe. YouTube is also probably liable as a direct infringer, since it streams the video to any user who requests it.¹¹ It may not be worth suing Newport. As a minor, he is unlikely to have many assets, and the publicity would probably be terrible. It would be better to send him a polite letter asking him to stop—if you conclude that his videos are hurting your sales, rather than helping them.¹²

Newport’s only possible defense would be fair use. (First sale does not apply to the reproduction right.) Although his use is noncommercial, it is also completely nontransformative.

⁸ Many of you concluded that Hook was an employee, because Pavonia paid for the books and had overall control. The relevant question, however, is not who paid for the work or has possession of the first copy, it is whether the creator was an employee or an independent contractor. If payment and control sufficed to establish work-made-for-hire status, then *CCNV* would have come out the other way.

⁹ Several of you intelligently pointed out that it might be a good idea to offer Hook a moderate payment in exchange for clearing up the rights situation. The best suggestion I saw in your exams was to condition an offer to hire Hook to write another *Spacetime Investigators* novel on his willingness to sign the paperwork for the ownership of the previous two. That was a great, win-win suggestion.

¹⁰ It is not necessary to discuss access or probative similarity. They are only relevant for nonliteral infringement, where there is a possibility of independent creation. Newport could not plausibly argue that he independently created a work whose text is the same as that of *The Galactic Gross-Out*.

¹¹ This is a relatively subtle point, one that it was possible to glean from the course materials but which I didn’t emphasize in class. I gave full credit to everyone who gave a plausible theory of liability for YouTube, whether direct or secondary. We did not cover DMCA Section 512 in this class, and I did not expect you to know anything about it.

¹² A number of you made this very good point, which I had not originally anticipated. I gave bonus credit for it, of course.

He is not meaningfully commenting on your work or adding anything to it. Since he is copying large portions of an expressive work, I believe a court would hold that his use is not fair use.

The Timeslicers

I will need to examine the *Timeslicers* novels more closely to determine whether they infringe on the copyrights in your *Spacetime Investigators* novels. If so, this would be a case of nonliteral infringement. It will be easy to show access, given the wide distribution of your novels. But I simply do not have enough information to determine whether the similarities involve protected expression or unprotectable ideas. These similarities could fall at a number of points on the layers of abstraction test from *Nichols v. Universal Pictures*. Crimefighting duos are an uncopyrightable *scène à faire* (see <http://www.theyfightcrime.org/>), and many of Piramus and Thizbe's characteristics (e.g. time travel and psychic powers) are uncopyrightable ideas. Pairing a time traveler with a psychic in a young-adult series, however, is a little unusual, and while this is not enough by itself to infringe, it makes me want to investigate further. If I do find an infringement, and you wish to take action, we should sue both St. Peters and Journal Square Press, who are both direct infringers (St. Peters for creating her manuscript and Journal Square for printing and selling many copies of it).

Tonnelle Toy

A robot named something like Piramus and a ghost named something Thizbe are not sufficiently similar to your characters to infringe your copyrights. Given that there are substantial differences in appearance, Tonnelle has not taken from you what made your novels appealing. (Names by themselves are too short to be copyrightable; robot and ghost are both ideas at a high level of generality.)

You may, however, have a trademark claim against Tonnelle if the names PIRAMUS and THIZBE serve as trademarks for your books. PIRAMUS and PIRANHA look and sound similar, as do THIZBE and THISTLE. As used on action figures targeted at children, they are in a closely related market to your young-adult novels. The children who are the relevant target market (or perhaps their unhip and baffled parents who are actually buying the books and action figures) are not sophisticated consumers. The robot-ghost combination, together with the names, is highly unlikely to be a coincidence, meaning that we could make a plausible argument of bad faith—Tonnelle deliberately chose these names in order to trade on the goodwill associated with your novels. I suggest either threatening to sue, or seeking to enter into a licensing agreement with Tonnelle in which they pay you for the right to make official Piramus and Thizbe figures.¹³

Harsimus van Vorst

Van Vorst's review is probably fair use. While 600 words of quotation are substantial, criticism is a highly favored use. It sounds as though he is using that quotation specifically to comment on your prose, so that he needed to quote in order to make his point. While you may not approve of his message, you probably cannot stop it.

¹³ Thanks to those of you who suggested this last, very clever, idea.

Shakespeare

You do not need to worry about the source of the names Piramus and Thizbe. Names are not copyrightable. Moreover, any copyrights in Shakespeare's works have long since expired.¹⁴

Comments

Organizing your answers by the bullet points in the problem helped here, particularly since the issues were mostly independent of each other. I saw more good advice here than on other questions, perhaps because the literary context was more familiar. The biggest trip-ups were either omitting some of the issues or having trouble deciding whether copyright or trademark was more appropriate.

¹⁴ In fact, Shakespeare lived well before the first copyright statute—but we didn't discuss much copyright history in this course.