

# Intellectual Property

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Final Exam - Spring 2009

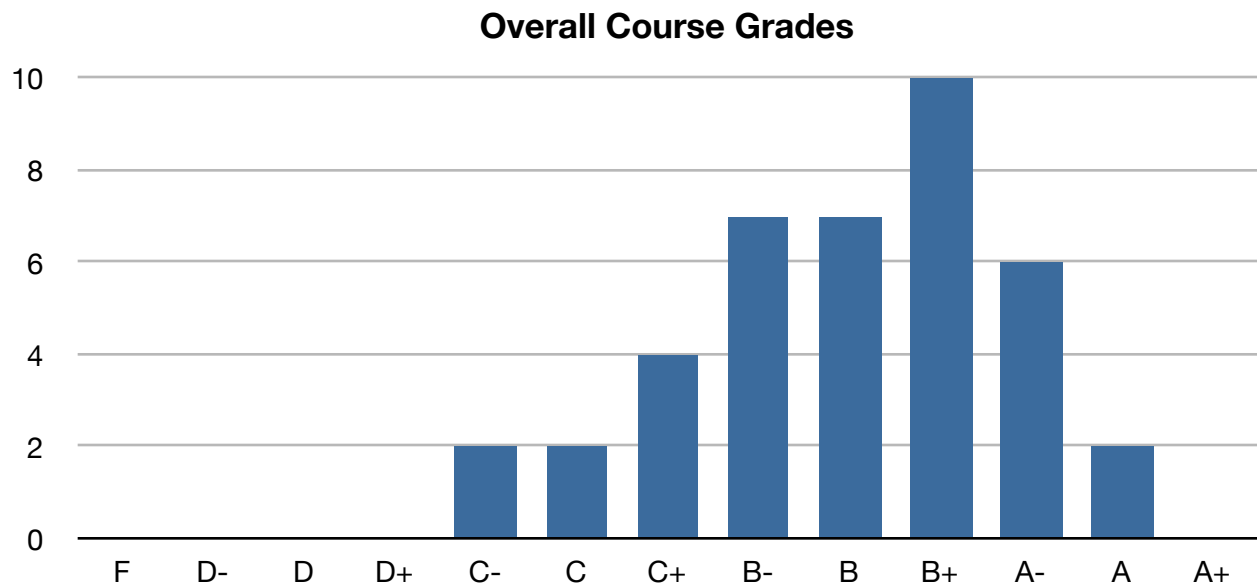
This exam was of moderate difficulty. Compared with last year’s exam, the individual questions were less cleanly divided into “patent,” “copyright,” and “trademark” issues. Instead, the exam put a premium on your ability to recognize which areas of intellectual property fit well with the facts given. On the whole, your exams were good; they showed consistent competence in applying the central doctrines of intellectual property.

I graded the three problems by creating a thirty-three-item checklist for each. You got a point for each item (e.g. “Mad Flats is the senior user in the New York City area.”) you dealt with appropriately. I gave out frequent bonus points for creative thinking, particularly nuanced legal analyses, and good use of facts.

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. May you enjoy the best of luck in your future endeavors!

James

	Shamble	Shoes	Tractors	Total
Median	16.8	18.5	20.3	58.3
Average	16.4	18.3	20.5	56.2
Std. Dev.	6.3	3.7	4.5	12.3



## (1) **The Shambling Horror**

I meant this question to be primarily a patent question, with a dual minor in copyright and trademark. Unfortunately, about half of you missed the patent issues entirely. It was still possible to do well on the question by discussing only the copyright, trademark, and trade secret angles, but you had to really nail all of them. (Some of you did.)

### *Patent*

Shamble is potentially patentable. Since Wright hasn't yet applied for a patent, there's no point in going into any of the enablement or claim interpretation issues. If she has a competent patent attorney, the disclosure and the claims of the patent will be fine. That's not your job to worry about; you need to figure out whether it's worthwhile for her to hire the patent attorney in the first place.

One distinction that it was useful to make is between the zombie-skin features of Shamble (complete as of December 2007) and the shamble-mode features (complete as of July 2008). Various doctrines might apply differently to them—particularly the statutory bar questions. (They might even, though I didn't expect you to get into this, need to be claimed in two different patents.) If you made this distinction, it helped make your discussion clear and organized.

In terms of § 101 subject matter categories, Wright has invented a “process” for editing video. We didn't discuss the controversy over computer software patents in class. Based on the subject matter case we did do—*Chakrabarty*—there's no obstacle to patentability. And trust me that even under the recent software cases, Wright can claim statutory subject matter if she describes the invention in the right way.

Shamble is also “useful.” Its entertainment value suffices. Who doesn't love a good homemade zombie movie? As for operable utility, there's no question that the program works; Wright has thousands of apparently satisfied customers.

There's no trouble with novelty, either; the problem gives you no reason to think that anyone has done anything like this before. Perhaps Romero Media has been sitting on this kind of technology for years, but that's an awfully large supposition, and even if it has, under *Rosaire*, there's no evidence that Romero's use, if any, was anything but secret.

Nonobviousness requires a little discussion. The idea of showing zombies on film isn't new. The idea of a computer program to zombify human actors is also not that hard to come up with. But actually writing a program to do it is much harder. The problem indicates that it took Wright six months to add the shamble mode feature, which suggests that it may have difficult details that wouldn't just be obvious to a computer programmer. The key—regardless of how you resolved the issue—was to focus on the program, rather than just the idea of a “program to do X.”

The biggest pitfall that Wright faces is section 102's statutory bars. First off, did she engage in public use when she invited her friends over to play with the program? If so, it's too late for her to apply for a patent on the zombie-skin features she showed them. (It's not too late for the shamble-

mode features; they weren't "ready for patenting" as of the January demonstration because they didn't exist yet.) She could, however, raise an experimental use argument, claiming that she was closely supervising her friends and using the results to improve the invention. Good factors for her are that she kept control of the program on her computer and that she did indeed plow her friends' feedback into improving Shamble. As for the on-sale bar, it was triggered, at the earliest, in July 2008, when she started selling Shamble online. Since it's currently May 2009, she still has a few months before the one-year bar cuts off her rights.

The bottom line here is that Wright's chances of being able to acquire a patent seem good. It would enable her to prevent Romero from moving in and offering similar features in its own video-editing software. She may also be able to license the patent, and possibly the program itself, to Romero.

#### *Trade Secret*

The details of how Shamble work might constitute a trade secret. Wright may or may not have taken proper precautions to keep the details secret. (With her online sales, it's a little difficult to tell.) The fundamental problem with claiming trade secret is that Wright has zero evidence, *zero*, that Romero has done anything to misappropriate those details.

#### *Trademark*

I didn't conveniently capitalize SHAMBLE for you, but I wanted you to realize that could potentially be a trademark. Since zombies shamble ("Walk or move along with an awkward or shuffling gait"—OED) the mark would be descriptive as applied to zombies. It would be arbitrary as applied to some unrelated computer program—a word processor, for example. As applied to a computer program that makes people appear to shamble, however, it starts to sound suggestive, or possibly even descriptive again. The fact that Wright herself calls the relevant feature "shamble mode" cuts in favor of it being descriptive. Even if it is, her reasonably extensive sales would seem to provide sufficient indication of secondary meaning that SHAMBLE has at least some trademark value. Thus, since she's been selling the program by that name for almost a year, Wright has common-law ownership of the mark and priority (probably nationwide, or at least anywhere she can prove she's made online sales). That gives her the ability to register the mark federally.

The real problem Wright faces is that Romero can raise a fair use defense. It's not trying to call its entire program "Shamble"; it already has its own valuable trademark in CUT-AND-RUN. Instead, Romero wants to describe Cut-and-Run as having a "shambling mode" feature. Just as Wright calls her own feature "shamble mode," Romero's proposed "shambling mode" appears to be an honest description of what the feature does: make people appear to shamble. Really, what else would you call it? The bottom line here is that Wright has trademark rights that might be worth securing, but they're not likely to help her against Romero.

I gave you a point for raising the possibility of trade dress protection only if you rejected it. What Shamble actually does is not trade dress, any more than wood chips are the trade dress of a wood-chipper.

### *Copyrightability*

Shamble, the computer program, is copyrightable. There are details in how it's implemented that are functional, and thus uncopyrightable idea, but there are also details that are expressive and protectable. This is irrelevant to Wright, since she has no evidence that Romero has copied any of those details. Many of your answers engaged in elaborate speculations about what Wright should look for when Cut-and-Run is released, and what similarities it would take to show copying-in-fact. The hypothetical nature of that discussion should have clued you in that you were heading down a blind alley. As for the idea of a computer program that makes people look like zombies, ideas are uncopyrightable. Patent could cover the idea of such a program, but copyright only covers the specific program itself.

There's also a joint authorship issue here, but not much of one. Her friends suggested that the lack of shambling was the problem. That brief critique session, compared with the months of creative programming work Wright engaged in, doesn't make them joint authors. For what it's worth, Wright and her friends probably are joint authors of the zombie flick they made together.

### *Copyright Risks*

Most of you spotted the *Sony* issue. The danger for Wright is that her some unknown Shamble users are infringing on the copyrights of the music companies by posting Shamble edits of music videos online. Or are they? You should at least mention the possibility that these Shamble edits are transformative fair uses, quite possibly parodies.

Assuming that the Shamble edits are in fact infringing, Wright is not a direct infringer. That means she can be liable only as a vicarious, contributory, or inducing infringer. She can't be a vicarious infringer because she lacks the right and ability to control the uses these third parties put Shamble to (once she sells the software, it's out of her hands). The direct financial interest prong is tricky; it could well be that the infringing edits are a "draw" in the way that the infringing music was a "draw" to the *Cherry Auction* flea market.

Wright could well be a contributory infringer, were it not for *Sony*. She materially contributed to the infringements by supplying the tool that made them possible. And she knows about the zombie Jonas Brothers; that's why she came to you for advice. The effect of *Sony*, though, is to insulate her from liability if Shamble has significant non-infringing uses. Indeed it does: making zombie movies (just like Wright and her friends did). Wright is not an inducing infringer; there are no bad facts showing an intent on her part to cause infringements, as there were in *Grokster*. Bottom line: her copyright risks are low.

### *Advice*

Wright wants your advice, so give her some! A letter to Romero telling them of her rights might be a good idea. A disclaimer on Shamble, telling users not to use it for infringing purposes, costs her almost nothing.

## (2) **He's on Fire!**

The answers on this question were the most closely grouped; most of you saw the same general issues. The differences turned on the quality and precision of your analysis. It's primarily a trademark question, with some patent claims thrown in so you could practice reading them.

### *Trademark*

Velocity's FIREWORKS mark would ordinarily be arbitrary as applied to sneakers. These aren't just any sneakers, though; they have lights that make them look like there are fireworks on them. For shoes that look like fireworks, FIREWORKS would be descriptive. On the other hand, the shoes aren't actually fireworks, nor is the representation of them all that precise. Suggestive is probably the best answer. Even if the mark is descriptive, Velocity may have secondary meaning in it. At 20,000 sales, use in commerce is obviously no problem.

On Mad Flats' side, its FIREWORK KICKS mark includes the same FIREWORK phrase, which is less descriptive since the video display doesn't actually look like fireworks at all. It also includes KICKS, which is descriptive as applied to sneakers. Overall, you have a suggestive trademark.

In performing a likelihood of confusion analysis, you don't have that much in the problem to go on. The biggest factors to note are the similar-but-not-identical trademarks and the similar-but-also-different sneakers. Would consumers really mistake a small row of lights for the quite honestly insane video panel in Mad Flats' shoes? "Independent shoe stores" versus "retail stores" might be a difference in retail channels and target audience, or it might not. As for dilution, 20,000 sales does not a famous mark make, so federal dilution isn't a risk.

The other angle that Velocity is threatening your client with is trade dress infringement. Here, the only trade dress in the problem is the design of Velocity's sneakers themselves. Product design trade dress requires proof of secondary meaning to be protectable as a trademark. No such proof is mentioned in the problem, so you're perfectly within your rights shooting back a letter to Velocity claiming that its shoes have no protectable trade dress. And think about whether "all black," "has lights in it," and "is a sneaker"—the three points of similarity between Velocity's and Mad Flats's products—could really serve a source-identifying role. Lots of shoes on the market fit one or more of these bills. In addition, Velocity's patent is an indication that the shoe design is functional, which would bar its use as a source identifier. (This point gets into "aesthetic functionality," which is a real doctrinal thicket, and about which I didn't expect you to know much.)

The real heart of the trademark analysis is the interaction of geography and priority. Mad Flats actually started using its mark *first*. That makes it the senior user in the area it serves: New York City. Should Velocity try to enter the New York market, Mad Flats could sue *it*, a fact I hoped you'd propose using to turn the tables on Velocity in your reply. Outside of New York, Velocity's federal registration gives it nationwide priority, so Mad Flats's retail area is frozen to New York City. The geography also gives a nice answer to the threat of a state anti-dilution suit; since

Velocity doesn't sell except in New York, where it's the senior user, it's not vulnerable to any state's dilution statute, regardless of whether that statute requires fame.

### *Patent*

Here, being precise about claim 1 versus claim 2 helped a lot. They have different problems.

Claim 2 has a potential definiteness problem; it's not clear that "appearance of a moving object" is capable of precise definition. How good must the illusion be? This seems to be just a variation on "aesthetically pleasing" from *Datamize*. Most of the other phrases in the two claims are not problematic. Just because you don't have the full definition in front of you doesn't mean that "predefined" doesn't have one.

Claim 1, on the other hand, could have an enablement issue. Is this really a claim drawn to every shoe containing lights? There are a lot of ways to put lights on a shoe (the problem itself mentions two). Does the specification really teach how to make all of them? Perhaps not, and you can't say more without seeing the specification, but it seems worth raising.

The deeper problem with claim 1 is that it's not novel. The problem tells you that "shoes with lights in them" are an "old idea." (Several of you specifically mentioned L.A. Gears from the 1990s.) Claim 1 would read on any shoe with a "plurality" of lights in it. In claim interpretation, "plurality" means "two or more," which means that claim 1 is not novel, since there have been shoes with lights in them. Even if it's novel (which I allowed, since I didn't expect you to know the term-of-art meaning of "plurality"), an "old idea" is obvious. Claim 2 is trickier; I accepted arguments that it was and was not obvious.

Now for the real stunner. Look closely at the dates. Mad Flats started selling its line of video-enabled shoes in September 2006. Velocity's patent application was dated July 2007. That's only 10 months, so the on-sale bar doesn't apply. But there *is* a possibility that Velocity's date of invention was after September 2006. (There aren't enough facts to say for certain, but it's a possibility very much worth investigating.) If so, then Velocity has a serious novelty problem. Here's the easiest way to see it.

- If Velocity's claims read on Mad Flats's shoes, then Mad Flats's shoes were "known or used by others . . . before the invention thereof by the applicant for patent" and are thus not novel.
- On the other hand, if Velocity's claims don't read on Mad Flats's shoes, then Velocity has no patent infringement case at all.

Note that this is a discussion of whether Velocity's patent is enforceable. It is not a discussion of relative priority, diligence, etc. Mad Flats has not applied for a patent itself, so there is no priority issue. I promised you that priority wouldn't be on the exam, and it wasn't. Mad Flats, by the way, could not now apply for a patent, since its own sales triggered the on-sale bar, and it missed its deadline in 2007.

Now, it is possible that Velocity did indeed invent before Mad Flats put its shoes on sale. If so, and the claims stand up, you need to be prepared to analyze infringement. I wanted you to say that claim 1 would definitely be infringed if Mad Flats "makes" or "sells" any of its Firework Kicks shoes. Claim 2 is trickier, and could require interpretation; in particular, does the screen

“give[] the appearance of a moving object?” Some of you asked about “plurality,” arguing that the LCD panel is in fact a single lighting element. I gave credit for any argument about the interpretation of the claim language that actually paid attention to the specific words used. I did not give full credit to answers that made statements about the inventions being different or that compared Mad Flats’s sneakers to Velocity’s *sneakers*, rather than its *patent*. A patentee is allowed to claim more broadly than her specific invention, provided that she actually enables what she claims (and complies with the other requirements). The name of the game is the claims.

### *Copyright*

The problem tells you that Velocity is asserting a copyright argument, so you can’t just ignore it. There’s an originality issue; is an all-black sneaker with lights really original? Perhaps; it depends on specifics of the design. There’s a serious useful-article problem, as in *Brandir*, it’s unclear that the aesthetic features of the sneaker design are conceptually separable from the utilitarian aspects. And, most importantly, Mad Flats has copied nothing from Velocity. There can be no copying-in-fact, since Mad Flats’s shoes were on the market first!

### *Advice*

I saw three very good ideas floated here. First, you should assess the relative risks of the different areas of IP; trademark is the most dangerous to your client. Second, you should weigh the advantages and risks of asserting counter-threats against Velocity. And third, you could counsel your client on whether it might be worthwhile to rebrand its sneakers for eventual sale outside of the New York area.

### (3) **Tractors of Williamsburg**

This question raised the issue of how the different areas of IP treat old rights—ones that have lain dormant for decades. As almost all of you realized, copyright terms are long enough that the delay doesn't matter, whereas patent terms are short enough that the delay destroys all rights. Trademark is in between, leading to a factually specific question of abandonment. In fact, everyone in the class spotted the abandonment issue. Everyone. I'm so proud.

#### *Copyright*

The design of the tractors themselves might include copyrightable elements, but it's unlikely that any of them are separable from the utilitarian aspects of a working tractor. A better case for copyrightability is the repair manual. Yes, it contains a lot of factual information about the tractor, but it's also likely to contain original organization, original artwork in the drawings, and original choices of wording. Many of these specific choices are not dictated by the idea of a repair manual. The copyright probably covers only literal copying of the manual (rather than the process of repairing a tractor or another version of a repair manual), but that's exactly what the defendant did.

As for copyright term, the manual was almost certainly written no earlier than 1965 (when the first PullMaster 1 went on sale). That means it's still safely under copyright, since the term of life +70 (or 95 years if this was a work made for hire, which it probably was) hasn't yet expired. I didn't ask you to say anything about 1909 Act formalities; I told you they wouldn't be on the test.

Underground can assert a fair use defense. Here are the facts I considered significant. On the first factor, the purpose of the use is commercial. Yes, the manual teaches people how to repair tractors, and yes, Underground gives them away with each tractor it sells. But Underground's overall scheme is commercial; the manuals are part of the package that it sells. On the second factor, the work is heavily informational. On the third, Underground copied the entire work. On the fourth, there's very little market harm, since there's no indication that Grantwood ever sold the manuals by themselves, nor do manual sales hurt Grantwood's tractor sales (even if it's in the business). On the whole, this is probably not a fair use, though the issue is arguable.

#### *Trademark*

PULLMASTER is a suggestive trademark. It suggests that the tractor is a "master" at "pulling" things, a good quality for a tractor to have. It doesn't directly describe any aspects of the tractor. Grantwood used the mark in commerce for years and there is nothing to suggest its registration was invalid.

Grantwood may, however, have abandoned the mark. The key fact here was that Grantwood hasn't used the mark on tractors since 1983, leading after three years to a presumption that it intended to abandon the mark. The keychains probably count only as "token" use and don't rebut that presumption; you could also say that they're not using the trademark as a mark (as in the *Rock and Roll Hall of Fame* case).



I wasn't expecting a trade dress issue here; if you did raise the issue, the smartest trick was to link the design of the PullMasters to the design of the ThreshMasters that Grantwood still sells. In that way, Grantwood might be able to say that it's never abandoned any of the source-indicating features of the design of its farm equipment, since those indicia are still in use on its other products.

If the mark isn't abandoned, then one can also ask whether there's a likelihood of confusion. The marks and goods are all but identical, which favors a finding of confusion. The most interesting thing to play with here is the sophistication of the consuming audience. Are hipsters in Williamsburg going to shop carefully for tractors? Would they understand the difference between an original and a replica? These are good questions to ask, whatever your answer.

A dilution by blurring analysis doesn't add much to the point-of-sale confusion analysis, although I gave a point if you went into the complexities of saying whether the PULLMASTER mark is famous. (I think it may be, if hipsters are getting that excited about it. Or perhaps they only find niche brands cool.) Tarnishment is an interesting thought I wasn't expecting; I'm not sure whether a court would find that hipster popularity really tarnishes the public image of a tractor trademark. There's no reverse confusion issue, since there's no indication at all that people are going to Grantwood looking for Underground's tractors.

#### *Underground's Description of the Tractors*

Grantwood might argue that Underground is engaging in false advertising by describing its tractors as "Vintage Underground Motors Replica PullMaster 302"s. Underground would reply that its claims are entirely truthful. Underground might also defend itself against the trademark infringement claim by arguing nominative fair use; it needs to use "PullMaster" to accurately describe its tractors.

I hoped you'd dig into Underground's phrase, and some of you did. One can say something interesting about every word in it. "Vintage" suggests that the products are old, rather than newly made. That could be a hook for literal falsity. Contrast "Replica," which claims that the products are remade, designed to look like the old ones. But are they really replicas, if they have iPod docks and hooks for messenger bags? "Underground Motors" is also slippery; could Underground be seen to be claiming that it's its own design of the tractors, rather than Grantwood's? Even "PullMaster 302" is ambiguous; perhaps Underground would need to be clearer about how it has modified the tractors. Perhaps you've noticed that these arguments go in all different directions; Underground could be in trouble for modifying the tractors or for *not* modifying them. Welcome to the complexities of § 43(a) litigation.

#### *Patent*

Grantwood may have had valid patents, but they've all long since expired. End of story. Four points right there.

#### *Trade Secret*

Perhaps there are some trade secrets in the engine of the PullMaster. But Grantwood gave up the secrecy of any features covered by the patents it acquired. (Note that this is not necessarily all of the secrets in the engine.) More to the point, Underground engaged in lawful reverse engineering.

*Summary*

I didn't ask for much, but I did want you to conclude, either on each issue or globally for the answer, whether Grantwood actually has a likelihood of success on its claims. For preliminary injunction purposes, the best answer is that it may well have one on its copyright claim in the manual, but probably not under patent, trademark, or trade secret. Some of you mixed up preliminary injunctions and summary judgment. I didn't take off any points, but you probably ought to get clear on the difference between them.