Intellectual Property

Professor Grimmelmann

Final Exam - Spring 2012

I graded each essay question using a checklist, giving a point for each item (e.g., "Bodine is not a direct infringer.") you dealt with appropriately. Ten percent of the credit in each each question was reserved for organization and writing style. I gave bonus points for creative thinking, particularly nuanced legal analyses, and good use of facts.

Model answers to the three questions are below. I recommend that you compare your essays with them. The model answers aren't perfect; no answer in law ever is. Indeed, it was frequently possible to get full credit while reaching different results, as long as you identified relevant issues, structured your analysis well, and supported your conclusions.

If you would like to know your scores on the individual essays, please ask the IILP administrator, Naomi Allen, in the IILP offices on the 9th floor of 40 Worth St. If you have further questions after reviewing your exam, or would like to discuss the course or anything else, please email me and we'll set up an appointment.

It has been my pleasure to share the past semester with you, your enthusiasm, and your insights.

James

	Crass Effect	Starchitects	Allosaurus	Total
Median	17.5	14.0	14.3	45.3
Mean	17.3	14.5	14.1	46.0
Std. Dev.	3.7	3.4	3.9	9.2

(1) Crass Effect

Copyrightability

Stormcrasher is a copyrightable work. It is fixed on Degenatron discs. As an audiovisual work, it displays originality in its graphics, music, plot, and dialogue. The player's participation in creating the appearance of Thessia does not remove the originality in the game's other aspects, including the ways that a player's particular design choices are rendered into a finalized version of Thessia. Stormcrasher is also copyrightable as a literary work, based on its computer code. Some aspects of this code are functional and uncopyrightable because they are required by the choice of programming language and the need to make the Degenatron perform particular operations, but this does not render the resulting audiovisual displays functional or unoriginal.

Copyright Ownership

Ownership in Stormcrasher is vested in Mofonic and/or Bunten. Mofonic's programmers contributed its code, graphics, music, and script. Bunten contributed expressive details in her "perfect" line readings. Whether Bunten has any ownership interest in the resulting work depends on how their relationship is classified.

Stormcrasher is probably not a joint work. Bunten did not have significant creative control over the game; like Thomson, she worked purely within a creative vision driven by the work's lead author. Whether Stormcrasher is a work made for hire is a harder question. The working conditions strongly suggest that it was, as Mofonic supplied the facilities and the script, and Bunten worked to a set schedule with fixed hours, all characteristics of an employment relationship. On the other hand, the flat-fee payment structure is more characteristic of an independent contractor relationship.

Infringement

Schaeffer is a direct infringer on Stormcrasher. There is no question of access or substantial similarity, as most of the Supreme Emperor Edition is a literal copy of the game. By creating a revised ending cutscene, Schaeffer infringed the derivative work right. By copying the game to new Degenatron discs, he infringed the reproduction right. By distributing those discs to his customers, he infringed the public distribution right. While first sale provides a defense to the customers who mailed him their game discs, it does not give him a defense for creating his modified discs (first sale does not cover the reproduction right) and distributing them (the discs were not "lawfully made.") It is unlikely that the craft projects Schaeffer made with the used discs are infringing derivative works.

Fair Use

Schaeffer can argue that his revised ending cutscene and the Supreme Emperor Edition are protected by fair use. On the first factor, the cutscene is strongly transformative, because of the way he spliced it together from short scenes throughout Stormcrasher, thereby reworking the authorship in the game. While the revised ending is not a parody of the original game (although the birthday cake is arguably so silly that it could be seen as such), he nonetheless could argue that it comments on the "down" ending of the original. Mofonic could reply, persuasively, that the ending is meant to satisfy fan demand, rather than to promote discussion of the game and its ending. Indeed, any purpose of commentary could have been satisfied purely by posting the

revised ending cutscene. While the revised cutscene may have been noncommercial by itself, the Supreme Emperor Edition is commercial because Schaeffer is selling it, favoring Mofonic.

On the second factor, Stormcrasher is published, favoring neither party, and highly expressive, favoring Mofonic. On the third factor, for the revised cutscene, Schaeffer copied only as much as needed and only in small pieces, favoring him, but for the Supreme Emperor Edition, he copied essentially the entire game, favoring Mofonic.

The fourth factor is the trickiest. On the one hand, Schaeffer sent the Supreme Emperor Edition only to users who had already purchased the game and who surrendered their game discs as part of the trade. Thus, he did not take away any sales of the original game. On the other hand, Mofonic could argue that Schaeffer's actions cut into its ability to market a sequel to the game with a happier ending.

Trademark

Mofonic can also argue that Schaeffer violated its trademark rights in STORMCRASHER by distributing his modified game under the name "Stormcrasher: The Supreme Emperor Edition." It is likely that few purchasers would be confused about the game they were buying, as the need to send in their original discs would make abundantly clear that his version was not the official one. Schaeffer could also argue nominative fair use, as he is truthfully using the STORMCRASHER mark to indicate that his version of the game is indeed a version of Stormcrasher. Mofonic could argue instead that the name of his game creates a possibility of consumer confusion about sponsorship or endorsement.

Right of Publicity

Bunten can argue that Schaeffer violated her right of publicity. She probably has no claim with respect to the use of her voice, because he used it purely within the context of the game, where it would be understood that the voice refers to Thessia rather than to Bunten. But she has a stronger claim with respect to the use of her likeness. Schaeffer could argue that no one would recognize Bunten, as she is known for her voice work, but this seems unlikely to succeed, given his deliberate reconstruction of her image. He could also argue that he used her image transformatively, but it is not clear that his use is transformative of her image, so much as it is transformative of the game.

Remedies

If the suits against Schaeffer are successful, Mofonic and/or Bunten can obtain specific relief, including injunctions against further distribution of the modified game and destruction of all existing copies. They can also obtain damages. Stormcrasher, as a single work, will only support a single award of statutory damages, in a range between $750 and $30,000 (innocent infringement seems unlikely, as does willful infringement, given Schaeffer's plausible but hardly overwhelming fair use case).

In terms of actual damages, Mofonic will be hard pressed to identify any lost sales, given the one-for-one trades Schaeffer makes with his customers. Nor is there a licensing market for game remakes in which the value of a license could be assessed. That leaves the infringer's profits. Schaeffer had $3000 in sales, but paid $1000 for discs and $1200 for postage, yielding a profit of $800. If Schaeffer is not allowed to offset the pro-rated $400 cost of 200 the discs he didn't use, his profits rise to a total of $1200. Mofonic should take the statutory damages.

(2)Dancing with the Starchitects

VitruviX may succeed in using copyright to require Wong to remove his ratings from his blog, and a patent may potentially be useful against Palladion. VitruviX has trademark and trade secret rights, but none that will be useful against the presently identified competitive threats. There is very little that VitruviX can do to prevent Gehry and Gropius from bragging about their own rating, other than to hope that the practice does not become widespread.

Trade Secret

VitruviX has trade secrets in the list of factors it uses, in the survey data it receives from homeowners, and in the mathematical details of its algorithm. While the trade secrets will not stop competitors from producing their own ratings (as Palladion appears to do) or from repeating published VitruviX ratings (as Gehry and Gropius and Wong do), they will provide some protection against wholesale misuse of this confidential, valuable data. VitruviX should be careful to restrict access to this information to employees who need it as part of their job duties, to have employees sign nondisclosure agreements, and to employ good physical and electronic security.

Patent

VitruviX's formula is potentially patentable. A sufficiently broad patent will effectively preempt the field by preventing other companies from entering the automated-architect-rating business. Even a narrower patent will reserve specific valuable techniques to VitruviX. It is unlikely that the patent will help against architects or users of the website, as the invention consists of the process for creating the ratings, not in the ratings themselves. I recommend that VitruviX apply for one with the Patent and Trademark Office.

The specific algorithm appears to be novel (as it changes frequently), and the broader idea of automatically rating architects is, so far as I can tell, also novel. While VitruviX has been using the algorithm to generate its c publiratings for six months, that is less than the one-year statutory bar period, so VitruviX is still eligible to apply for a patent. While I am not in a position to assess nonobviousness without more details, the advanced statistical expertise of VitruviX's staff suggests that this is not a technique that would have been developed by one of ordinary skill.

There is, however, a substantial question of whether ranking architects is an abstract idea that is not patentable subject matter. It resembles the method for hedging risk held unpatentable in *Bilski* in that the core of the method consists purely in the manipulation of information. It may be possible to draft claims that are tied to the computers used to calculate and report the ratings. These restrictions may make it easier for Palladion or other competitors to design around the patent. Another downside to patent protection is that it will require enabling disclosure, thereby undermining much of the value of VitruviX's trade secrets.

Copyright

VitruviX potentially has a copyright in its ratings. The idea of rating architects is an uncopyrightable "method of operation," but the specific ratings it assigns to each architect are not. The range of ratings, from 15 to 75, may just be broad enough that the expression in each rating does not merge with the idea of an architect rating. The underlying data are factual and thus uncopyrightable, but they are transformed by a process that contains significant originality (the choice of factors and weights). Even if this process does not infuse any individual rating with sufficient originality, or if individual ratings are considered uncopyrightable short phrases, the

presentation of them on the website may be a copyrightable compilation. That said, sorting by city and by rating band may be too simple to be original, as in *Feist*.

It does not appear that Palladion copies VitruviX's ratings, so copyright will not be useful against it. While Gehry and Gropius copied their own rating, that copying is *de minimis* on the scale of VitruviX's entire compilation. Copyright is strongest against Wong, whose wholesale copying both establishes substantial similarity and threatens to undermine VitruviX's subscription-based business model. I recommend registering VitruviX's current ratings with the Copyright Office and moving quickly to send a cease-and-desist letter to Wong.

Trademark

VITRUVIX is, at the very weakest, a suggestive trademark, and may well be arbitrary or fanciful, making it inherently distinctive.* None of the other parties appear to be passing off their own goods or services using the trademark. Palladion does not use the mark at all; Gehry and Gropius make a nominative fair use of the mark to describe the VitruviX rating itself as applied to their own services; Wong uses the mark (if at all) only to truthfully describe VitruviX's own ratings.

Gehry and Gropius are describing their services in terms that might be construed as an endorsement by VitruviX. A § 43(a) claim, however, is unlikely to succeed because the endorsement is substantially true: they really do have a VitruviX rating of 70, and in this context, calling that rating a "recommend[ation]" makes reasonably clear that the recommendation consists only of the rating itself. VitruviX could probably request that Gehry and Gropius make this last point clearer, but is unlikely to succeed in having the rating itself removed from the Gehry and Gropius website.

VitruviX might also claim a trademark in the 15-75 range and in its slogan describing the range. This mark is weaker: the slogan and range are descriptive of the ratings themselves. There is also a strong argument that the use of a particular range is a functional aspect of the ratings. Consumers do not use the range solely to identify VitruviX; they also rely on it to tell what ratings are good and what ratings are bad. Even assuming that the range is trademarkable, VitruviX has a weak infringement argument against Palladion for using a similar range (weak because the mark itself is weak). I would need more facts about the marketplace, and possibly an expensive survey, to tell whether significant confusion is taking place.

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* [Ed: The name is a play on the Roman architect Vitruvius.]

(3) Jetpack Allosaurus

I recommend that Barnum go forward with the Allo-SOAR-Us. The Amazing Pterodactyl is also safe, if it is modified to removing the lightning bolts on the wings. Barnum would likely prevail if sued over the Terror Dactyl Stunt Guide, but it may not be worth the litigation risk. The Terror Creatures line is not legally safe to market.

Terror Creatures

The Terror Creatures literally infringe on Claim 1 of the Othniel patent. They are "flying toy[s]," they contain bodies and motors, and their wings have the same design as specified in Claim 1. While they are not "dinosaur[s]" and therefore do not infringe on claims 2 or 3, that is irrelevant given that they infringe on Claim 1.

A challenge to the validity of the Othniel patent is not sufficiently certain to succeed to justify going forward with Terror Creatures. The YouTube video antedates the patent and shows a wingsuit "in public use," but the wingsuit does not anticipate Claim 1 because it does not depict a "toy" or an item with a "motor." The Cope toy was definitely "available to the public" before the filing date of the Othniel patent, but it does not appear to contain a "motor." Barnum could argue that the Othniel patent is obvious in view of the wingsuit and the Cope toy, but as neither of these pieces of prior art contains a motor, the invention is not simply the combination of the two.

Terror Creatures are also problematic because the name likely infringes on the TERROR DACTYL trademark. The mark is weakly suggestive because it is a recognizable variation on "pterodactyl," which describes the product. The variation suggests the awe-inspiring terror of a swooping dinosaur. Some people who hear the name will think that it is simply the word "pterodactyl" spoken aloud, weakening the mark. Despite its relatively weak inherent distinctiveness, however, it appears that TERROR DACTYL is a well-known and perhaps even famous mark because of its breakout success in the market and widespread publicity.

TERROR CREATURES and TERROR DACTYL share the most distinctive part of Othniel's mark: the word "terror." It seems plausible that some consumers will think that TERROR CREATURES are an extension of the TERROR DACTYL brand line sold by the same company. Making matters worse for Barnum, the consumers for the products are impressionable children and their parents, who may not carefully distinguish between Barnum's and Othniel's products. Because the coloring and design of the Terror Creatures are so different from the Terror Dactyl, there is likely no trade dress or copyright problem with them.

Allo-SOAR-Us

The Allo-SOAR-Us does not literally infringe on any of the claims in the Othniel patent because it lacks the pterodactyl wings common to all three claims. Othniel could argue that the Allo-SOAR-Us infringes under the doctrine of equivalents because the quadrotor is equivalent to the wings. This argument would fail, because while the quadrotor performs the same function (flight), it does so in a very different way (spinning rather than flapping).

The ALLO-SOAR-US trademark is so different from the TERROR DACTYL mark that that there is no possibility of consumer confusion, and Othniel has no monopoly on bad puns on dinosaur names. It also appears that the design of the Allo-SOAR-US—particularly given the

quadrotor—is so different from the Terror Dactyl that there is no risk of trade dress or copyright infringement.

The Amazing Pterodactyl

The Amazing Pterodactyl does not literally infringe on any of the claims in the Othniel patent, as it lacks a "motor." It does not infringe via the doctrine of equivalents because there is no element in the Amazing Pterodactyl that could be considered equivalent to the motor; to find it equivalent would read the "motor" limitation out of the claims.

THE AMAZING PTERODACTYL trademark sounds similar to TERROR DACTYL when the two are spoken aloud. The addition of "The Amazing" does not eliminate the similarities, and the products are highly similar toys. Barnum, however, can raise a descriptive fair use defense to any claim of trademark infringement: its toy *is* a pterodactyl and it is using the DACTYL portion of the mark purely in its descriptive sense.

The more serious issue with the Amazing Pterodactyl is its design. Like the Terror Dactyl, it is a pterodactyl with green scaly skin and yellow lightning bolts. Although the Amazing Pterodactyl is "green" and the Terror Dactyl is "dark green," these similarities are sufficient that they raise potential trade dress and copyright claims. I will need to see the two products to determine how significant the similarities are and how substantial the risk of infringement is.

Othniel's trade dress rights in the Terror Dactyl are limited by the fact that this is product design trade dress, and therefore cannot be inherently distinctive. The green scaly skin is highly unlikely to be perceived as trade dress rather than a product feature, because it depicts the (conjectured) appearance of an actual pterodactyl. I am concerned, however, that given its fame in the marketplace, the Terror Dactyl's yellow lightning bolts will be perceived as source indicators with secondary meaning.

As for copyright, the useful article rule means that the Terror Dactyl's shape—in particular the wing design—will be considered uncopyrightable. Any expression in the wings is inseparable from the wings' function in enabling the Terror Dactyl to fly. The coloring, particularly the lightning bolts, will survive as conceptually separable and thus copyrightable features. The solution to both issues is simple: Barnum should remove the lightning bolts from the wings.

The Terror Dactyl Stunt Guide

The use of "Terror Dactyl" in the title of The Terror Dactyl Stunt Guide is nominative fair use. It accurately describes the book's relationship to the Terror Dactyl, and that description would not be feasible without use of the trademark. I recommend that Barnum title the book The *Unofficial* Terror Dactyl Stunt Guide and add a disclaimer to the cover to dispel any risk of confusion.

The Terror Dactyl Stunt Guide is also a derivative work of the Terror Dactyl because of the "lavish full-color illustrations." As in the Beanie Babies case, however, there is a strong argument that this is a fair use. It does not compete in the marketplace with the Terror Dactyl itself, and Othniel is not entitled to a monopoly on public discussion of the Terror Dactyl. In light of the Seinfeld Aptitude Test case, however, the guide might be considered an unfair derivative work, so the outcome is uncertain.