



Intellectual Property Answer Outline

Prof. Eric Goldman

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This question was based on *Dataworks LLC v. Commlog LLC*, 100 USPQ2d 1533 (D. Colo. July 13, 2011).

My apologies, but I've run out of time to do a more thorough sample answer. Instead, I'm providing this answer outline as a substitute. If you're in a subsequent IP class and you hope to mine this outline to quote it back to me or make points we didn't discuss in class, do so at your own risk. I didn't polish this enough to make it reliable for those purposes.

Note that the first question asked *how* Foodlogs could use various IPs. Analyzing *if* Foodlogs has any protectable rights was a necessary, but not sufficient, step to answering the question. I wanted you to address what happens if Foodlogs can protect any IP. Exactly what competitive behavior could it displace? Those of you who took that extra step usually earned more points.

Foodlogs' Use of Patents

- What is the subject invention? Most of you raced right past this key question, but how you style the invention has major implications for the rest of your analysis. There are several ways Foodlogs could claim inventions. Some options:
 - Option A (an incredibly broad claim): Using logbooks to collect and manage information in a restaurant environment.
 - Option B (a narrower, but still broad, claim): Foodlogs' specific system for collecting and managing information in a restaurant environment. The physical logbooks are the implementation of that system.
 - Other narrower claims may be possible. For example, perhaps Foodlogs can get a patent on using iconography with the logs; or perhaps for pairing the data collection system with a calendaring scheme. I'm not going to focus on these narrower claims.
- Patentable subject matter. Due to *Bilski*'s ambiguity, I saw a wider range of conclusions about this point than I can remember seeing on any prior exam!
 - Patentability = "anything under the sun made by man"
 - Options A and B are both business methods. *Bilski* reiterates that business methods are patentable
 - Problem: are the claims too abstract? Option A is quite abstract in the same way that *Bilski*'s claim was abstract. It claims the concept of capturing and organizing information, which is about as amorphous as claiming hedging. Option B is less abstract because the logbook codifies the system, but it still might be too abstract.
 - Problem: do the claims satisfy the "machine or transformation" test? *Bilski* said the test wasn't the only way to show patentability, but it's still a useful test. Option A isn't a machine and doesn't transform anything. Option B arguably

transforms data by recording and organizing it. Most of you were justifiably skeptical of that argument.

- Problem for Option B: printed matter exception. We didn't really explore this exception in class, but it could pose a problem as well. Historically, the printed matter doctrine applied to business forms, but that was also at a time when business methods weren't patentable. So it remains unclear what's left of the printed matter exception today. As a separate retort, Foodlogs would argue that it seeks to patent the system; the printed matter just implements the system.
- To the extent the forms can't qualify for a utility patent, their ornamental features might qualify as patentable subject matter for a design patent. (We didn't spend much time on design patents, so I didn't expect you to discuss them).
- Some of you discussed how Foodlogs should migrate to a software program, but I didn't see how that changed any of the patentability analysis (or the novelty/non-obviousness issues). The logbook is like analog code.
- Novelty/Non-Obviousness
 - Due to its breadth, Option A is almost certainly not patentable due to novelty/non-obviousness problems. The rest of this discussion focuses on Option B.
 - Under the current rules, if that Foodlogs has been commercializing its invention for more than a year, it has a statutory bar problem, plus the existing forms will act as prior art against future iterations. Thus, to acquire patent rights, Foodlogs would have to iterate its invention enough to clear both the novelty and non-obviousness requirements (in the latter case, such that the revised form isn't obvious to a PHOSITA who has Foodlogs' existing forms). How much of a change would that be? Probably more than just reordering the data collection fields.
 - In addition, any competitors' logs would be prior art as well. Even if Foodlogs reorganized its forms, they would also have to be different enough from the competition that the changes wouldn't be obvious to a PHOSITA.
 - Assuming its form does a pretty good job for its customers today, revamping the form to make it non-obvious may degrade their utility to customers. Plus, customers won't like the changes; they are used to the current forms, and revised forms might impose costs on them to adapt.
 - The inclusion of "additional helpful tips" sounds like it was an advance on the industry standard, so it might have cleared the non-obviousness bar. However, it may still be too late per the statutory bar.
- All told, it may be tough to get a patent even if Foodlogs is willing to improve its invention.
- Furthermore, even if it gets the patent, it may not restrict much competitive activity. This is the same tension we saw with the Light Bulb patent between broad claims and prior art.
 - Patenting Option A would let Foodlogs control the market, but we don't think that's achievable
 - With Option B, it depends on how broad the claims are. If Foodlogs only obtains a patent for the exact sequence of fields in its form, competitors can easily work around this just by reordering fields. But to avoid non-obviousness problems with any prior art, Foodlogs may have a difficult time getting a broader claim than its

specific solution. So Foodlogs may only be able to get narrow claims, which won't do it much good.

Foodlogs' Use of Copyrights

- Foodlogs has an obvious Baker v. Selden problem here
 - It can't copyright its ideas for collecting and managing information in a restaurant environment, but it can copyright the expression of those ideas.
- So what's copyrightable?
 - The form itself
 - Foodlogs made a series of judgments about what categories of information to capture and how to order those categories.
 - To the extent we think of those as facts, Foodlogs might claim a compilation copyright for the selection, arrangement and coordination of its facts.
 - If so, it would have a thin copyright in its selection, arrangement and coordination.
 - Problem: per Baker v Selden, the forms might be a "system," not an expression of it, thus running into a 102(b) problem.
 - Problem: even if the form expresses the system, it may be subject to the merger doctrine. There are only so many ways to express the system; i.e., there are only so many applicable categories and ways to organize them.
 - Problem: the Copyright Office might refuse to register the copyright under the blank forms doctrine. The forms do contain some very limited explanatory text, but it may not be enough to persuade the Copyright Office.
 - A number of you suggested that the useful articles doctrine might further limit the book's copyrightability. This depends on how the forms are styled. The useful articles doctrine only applies to pictorial/graphical/sculptural works, not literary works. I personally think the forms are principally literary works, not PGS works. Further, Section 101 defines a "useful article" as "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information." The forms convey information, so I don't think they qualify as a useful article.
 - [Warning: I'm about to go into more detail. This substantially exceeds any detail I'd expect on an exam.] Harper House, Inc. v. Thomas Nelson, Inc., 889 F.2d 197 (9th Cir. 1989) is quite relevant. It involved the copyrightability of "day planner" calendars/organizers (printed calendar books before everyone kept their calendars online). The opinion says "Harper House's organizers do contain text—the instructions, headings, and data—more properly considered a literary work than a pictorial, graphic, or sculptural work. The useful article exception therefore cannot apply to textual portions of the organizers." It continues: "The 1976 Copyright Act's useful article rule does not affect the

copyrightability of an integrated work of text and blank forms, but only that of pictorial, graphic, or sculptural works.” The court continued that some of the physical attributes of the calendar/organizer, such as the tabs, would be useful articles. *Accord Fabrica, Inc. v. El Dorado Corp.*, 697 F.2d 890 (9th Cir. 1983) (a “book” of carpet samples is a useful article).

- The iconography
 - The forms contain some simple line drawings (thumbs up/down and the icons alongside each category heading). These are presumptively copyrightable.
 - It’s unclear if Foodlogs is the author of those drawings (they look like clip art).
 - If it is, it should be a prima facie infringement for competitors to replicate the drawings.
- The factoids
 - Facts aren’t copyrightable, but the expression of facts is copyrightable.
 - The historical facts and calendar aren’t protectable because they are facts.
 - The guest services tip might be uncopyrightable either as a fact or under the merger doctrine.
 - The food safety tip is slightly more detailed. If it clears the copyrightability threshold, it’s only barely.
 - The aggregation of factoids (i.e., the entire set of tips across the year) may be protectable as a compilation copyright, so a competitor that reused the entire set verbatim may have problems.
- All told: at best, Foodlogs currently can use copyright law to protect its thin compilation copyright and perhaps its iconography and tips. In practice, this means Foodlogs probably can prevent verbatim copying of its pages. However, it will be difficult or impossible to use copyright law to stop competitors from coming up with their own page layout—even if it substantially resembles Foodlogs’ page—and thereby offering the same basic “system” to restaurants. Thus, Foodlogs’ ability to use copyright to hinder competitors is limited.
- Foodlogs could add new copyrightable elements to its forms—more graphical images, more copyrightable explanations, more complexity to the form’s organization—but even if it does so, it still can’t keep competitors from replicating its system.
- Even if Foodlogs has enforceable copyrights, competitors could also claim fair use. In practice, because the competitors would be doing so for commercial profit, they would have a hard time under fair use (the first and fourth factors are likely to count against them). However, competitors who make transformative uses or take some of the thinly copyrightable items (like take a single guest services tip or a single icon) might succeed under fair use.

Foodlogs’ Use of Trademarks

- The word mark

- Foodlogs doesn't use its word mark on the sample page I gave you, but we can assume it uses the term in connection with advertising and marketing the product. If it doesn't, Foodlogs is an unprotectable trade name.
- Is it fanciful? There is no word "foodlogs" in the dictionary.
- Is it suggestive? "Food" + "logs" suggests the product's attributes (the log suggests a logbook, and food suggests restaurants).
- Is it descriptive? "Food" + "logs" describes the product's attributes (it's a log for restaurants). If it's descriptive, it would need to achieve secondary meaning to be protectable. We know that Foodlogs' products have recognition for offering helpful tips, but that doesn't directly tell us if the word mark has achieved secondary meaning. However, it does suggest Foodlogs has good industry recognition.
- If the mark is descriptive, per descriptive fair use, competitors can still use the term "food log" to describe their products (see the Zatarains case). Thus, if the mark is descriptive, at best Foodlogs could keep competitors from branding their products Foodlogs, but it couldn't completely stop them from using the term.
- Personally, I think the mark is probably more likely to be suggestive than descriptive, but it's a close call. As a result, Foodlogs can protect its word mark from the moment it made a use in commerce. However, controlling the word mark only prevents competitors from copying the word mark or something that would be confusingly similar. Competitors are free to offer competing systems under their own brand.
- Trade dress
 - Product packaging can be immediately protectable if inherently distinctive.
 - Product design can be protectable only if it achieves secondary meaning.
 - In all cases, trade dress isn't protectable if it's functional.
 - Trade dress option #1: the overall page layout.
 - This is product design, so it requires secondary meaning.
 - We don't have any evidence of secondary meaning, but it's possible that logbook users would recognize the example page "on sight" as a Foodlogs page without any reference to the word mark.
 - However, the page layout is probably functional. As specified in the exam facts, it's designed to elicit more information from users.
 - The icons might not be functional (although they are designed to visually depict the category meaning), so the icons could possibly develop secondary meaning but not be functional. However, even if this happens, Foodlogs could only prevent competitors from reusing the icons.
 - Trade dress option #2: the cover colors
 - The logbook covers aren't product packaging in the sense of a box or other container for the product.
 - Nevertheless, I'd argue that the logbook covers are part of the product packaging. If the logbooks were on a retail shelf, the covers may act as advertising to prospective purchasers.
 - As product packaging, it could be inherently distinctive and thus immediately protectable.

- However, per *Qualitex*, colors need to achieve secondary meaning to be protectable. We don't have any evidence of secondary meaning.
- Furthermore, the colors are likely functional. The colors identify each logbook's function, thus improving their efficacy. To see why cover colors are functional, consider if a rival published a fuchsia-colored logbook for the bar (remember Foodlogs uses fuchsia for the kitchen logbook). At that point, a restaurant may not be able to simultaneously use both the rival's bar book and the Foodlogs restaurant book due to the potential color confusion.
- If the colors are protectable, Foodlogs can use that to its advantage to "lock in" restaurants to using its system to the exclusion of competitors who must use alternative cover colors.

Sweet Soybeans and Trade Secrets

- Some of you didn't discuss trade secrets at all. This omission usually did not help your score.
- What types of information could SS claim as trade secrets? Anything visible to restaurant patrons isn't secret any more. Some categories of information that Foodlogs will be exposed to but might still possess the requisite secrecy:
 - Restaurant recipes
 - Any backroom operations (analogous to the furnace in the *Metallurgical Industries* case). Ex: how the restaurant manages inventory.
 - SS's corporate policies that will be baked into the logbook.
 - The SS-specific organization of the logbook.
- Given the number of people who typically come through a restaurant without signing an NDA, consider how much of this information remains a trade secret. But even if it's not a trade secret, SS might want to restrict what Foodlogs does with the information.
- To preserve any remaining trade secret status of these items, SS will want to include confidentiality provisions in its contract:
 - The clauses should restrict Foodlogs' disclosure of the information to third parties or the reuse of the information for competitors.
 - Note that if SS wants to preserve the confidentiality of the customized logbooks, it needs any third party printers used by Foodlogs to be governed by the confidentiality restrictions as well.
- A number of you suggested that SS should get a non-compete from Foodlogs. Putting aside that the non-compete is void per B&P 16600 (those of you arguing otherwise made me wonder how I failed to communicate that point clearly enough), it's also pointless. SS isn't worried that Foodlogs will enter the restaurant business, it's worried that Foodlogs will help SS's competitors in the restaurant business. By using the various IP tools, SS can keep Foodlogs from providing that assistance to competitors.

Sweet Soybeans and Patents

- If SS eventually wants to patent any of the information it currently maintains as a trade secret, disclosure to Foodlogs may start the clock ticking and trigger a statutory bar. Thus, confidentiality restrictions in the agreement are important to delay the statutory bar.
- If Foodlogs has any patents on its standard logbooks, SS will want a license to those to allow it to authorize alternative printers.
- If, while working with SS, Foodlogs develops any patentable inventions, Foodlogs will own the contributions under default patent law. If SS cares about owning these inventions, SS will want Foodlogs to assign the patent rights to those contributions to SS. Under the new patent rules, SS may be a “prior user” if Foodlogs patents any inventions based on their collaboration (and under the existing rules, SS might still be a prior user of a business method). Nevertheless, SS would find it preferable to own those inventions or obtain a license so that it retains freedom to keep using the customized logbooks.

Sweet Soybeans and Copyrights

- If Foodlogs’ standard logs are copyrightable, the SS customized logs will be a derivative work.
- To preserve its ability to retain alternative printer, SS wants a copyright license to the underlying work so it can reprint the customized logs.
- Because Foodlogs is SS’s independent contractor, Foodlogs will automatically own any incremental copyrightable material it creates that gets included in the customized logs. (SS will retain ownership of any copyrightable material, such as expressions of its corporate policies, that it gives Foodlogs to incorporate into the customized logs).
 - Because they are customizations, SS will probably want to preclude Foodlogs’ ability to use that copyrightable material for competitors.
 - In addition, SS will want the ability to evolve the customizations over time without Foodlogs’ interference.
 - Thus, SS will either want ownership or an exclusive license to the incremental changes.
 - If Foodlogs wants to own those copyrightable materials, it needs specify an assignment or work for hire (if it’s eligible for WFH) in the written agreement.
 - It’s possible the customized logs will qualify as a specially commissioned work for hire as a “compilation” or possibly as a “supplementary work.” Some of you argued that it could be an “instructional text.” I don’t think the statutory language supports that analysis. Section 101 defines an instructional text as “a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.” This sounds more like a textbook than a logbook.
 - There isn’t a termination of transfer problem here. As I tried to clarify in an email after our class discussion, the TofT possibility only applies to the “first” transfer. In this case, Foodlogs’ employees do their work for Foodlogs as employees, and thus Foodlogs will automatically own their copyrighted work as an employee work for hire (and not subject to a TofT). Any subsequent transfers by Foodlogs aren’t governed by a TofT.

- A number of you argued that SS should seek joint ownership of the customized logbooks with Foodlogs. First, I thought I made it clear that joint ownership usually is a suboptimal idea. It's like acquiescing to an implied partnership when you really want to make the terms explicit. Second, it doesn't restrict Foodlogs in the way SS wants. It would allow Foodlogs to redistribute the customized logbooks subject only to an accounting duty. Further, SS would have a duty of accounting to Foodlogs for the copies it makes.

Sweet Soybeans and Trademarks

- If Foodlogs has any trademark rights that get incorporated into the customized logbooks (say, the color covers), SS would like Foodlogs to let SS retain a competitor reprinter without violating its trademarks. Otherwise, the logbooks printed by subsequent printers might create post-sale confusion when displaying Foodlogs' trademarks in the field to subsequent users (there wouldn't be standard likelihood of confusion, because the buyer SS will not be confused about the source of the goods).
 - But if Foodlogs grants a trademark license, it would need to exercise quality control (Dawn Donuts) to avoid a subsequent naked licensing argument against its trademarks. Perhaps a covenant not to sue (Zazu) sidesteps this problem.

Some comments on student answers

- The inevitable disclosure doctrine only applies in the employment context, and thus it's irrelevant to the SS/Foodlogs agreement.
- Assuming Foodlogs and SS are corporations, any of the copyrighted works at issue here will be deemed corporate-owned works and therefore have a life of 95 years from first publication (or 120 years from creation). The life + 70 year measurement will be irrelevant.
- Commercial activity is not categorically excluded from fair use. Indeed, Campbell v. Acuff-Rose made that point explicitly.
- Exhaustion applies to specific items of physical chattel that are sold into the marketplace. So exhaustion would apply to each physical copy of Foodlogs' logbooks, meaning that the buyer of that log can resell the physical item without infringing Foodlogs' copyright and can use the physical item without infringing Foodlogs' patents.

General Information

Number of students submitting their exam on specific dates:

Dec. 1: 17
 Dec. 2: 10
 Dec. 6: 7
 Dec. 7: 5
 Dec. 8: 12
 Dec. 9: 26