

# Intellectual Property

The newsletter of the Illinois State Bar Association's Section on Intellectual Property Law

## ***Code Revision Commission v. Public.Resource.Org: Copyright of laws and public works***

BY PETER J. ORLOWICZ

When legislators write laws and judges issue decisions, it is not usually a controversial principle that the text of these laws and decisions are not protected by copyright.<sup>1</sup> In fact, section 105 of the Copyright Act specifically states, in part, that “[c]opyright protection under this title is not available for any work of the

United States Government....”<sup>2</sup> The law has not been so clear, however, when state legislatures or governmental bodies have incorporated copyrightable third-party standards or editorial material into the official laws and regulations. Recently, the U.S. Court of Appeals for the Eleventh

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## **Taming the trolls**

BY PHIL SWAIN

**[Q]:** Have there been any developments on the measure aimed at banning patent trolling in Massachusetts?

“The measure was designed to create a cause of action against people who were the target of bad faith patent troll demands or letters.

In the U.S., patent trolls often start by sending their targets a letter, accusing them of infringement, including some details about their assertions, which are very vague, and threatening a lawsuit unless the victim pays them a sum of

money. The amount the troll demands has nothing to do with the merits of the claim.

For example, I had a recent case with a pretty well known patent troll called Shipping & Transit. They sent a letter to my client then sued them over patents they claimed covered the concept of sending a confirmation notice for something online, such as a retail transaction.

The vague concept of just sending a confirmation message, like when you order something from Amazon and they send back an email or a confirmation number—Shipping & Transit claimed to have a patent on that. In reality, the patents

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that they had were nothing like that. The patents involved keeping track of fleets of trucks and buses, which has nothing to do with order confirmation.

This new statute would allow someone who is the target of a letter like that to make a civil claim for bad faith assertion against these patents. If they succeed, they would be entitled to damages.

Massachusetts is late to the party—34 out of the 50 states have already enacted this kind of anti-patent troll legislation. The Massachusetts bill was passed by the state legislature this past summer, but the

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## Code Revision Commission v. Public.Resource.Org: Copyright of laws and public works

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Circuit considered a version of this question in *Code Revision Commission, State of Georgia v. Public.Resource.Org, Inc.*, No. 17-11589 (11<sup>th</sup> Cir. Oct. 19, 2018) and identified three factors to consider in determining “whether a written work is attributable to the constructive authorship of the People” and not copyrightable as a result.<sup>3</sup> The factors which the eleventh circuit identified as characteristics of a document that represent the law as constructively authored by the public are:

1. The law is written by particular public officials who are entrusted with the exercise of legislative power;
2. The law is, by its nature, authoritative; and
3. The law is created through certain, prescribed processes and deviating from these processes deprive it of legal effect.<sup>4</sup>

### Factual Background

Georgia’s official state code (the “official code” or “O.C.G.A.”) includes not only statutory text enacted by the legislature, but also annotations that include commentaries, advisory opinions from the state bar and attorney general, and other reference notes. Although the annotations are considered part of the official code, the annotations do not generally carry the force of law.<sup>5</sup> The annotations were initially prepared by Matthew Bender & Co., Inc., an operating division of LexisNexis, in exchange for, in part, the exclusive right of publication. However, final editorial control of the annotations rests with the Code Revision Commission, a governmental body established by the Georgia General Assembly, and the state of Georgia claimed copyright in the annotations (but not the statutory text) in its own name. In 2013, Public.Resource.Org (“Public Resource”), a non-profit organization headed by Carl Malamud, purchased a full set of the printed O.C.G.A. for the purpose of republishing the official code to the public, free of charge.

The Code Revision Commission (acting on behalf of the state and its legislature) argued that this republication infringed on the state’s copyright and eventually sued for injunctive relief in the U.S. District Court for the Northern District of Georgia. Public Resource counterclaimed, seeking a declaratory judgment that the State of Georgia could not hold a valid copyright in any part of the O.C.G.A. The district court found in favor of Georgia, concluding that the annotations lacked the force of law and, therefore, were not in the public domain. The district court also rejected Public Resource’s defense of fair use. Public Resource then appealed to the eleventh circuit.

### The People as “Author”

The eleventh circuit reversed, finding “that the People are the ultimate authors of the annotations. As a work of the People the annotations are inherently public domain material and therefore uncopyrightable.”<sup>6</sup> In reaching this conclusion, the court acknowledged that the foundations of this rule were “generally implicit and unstated,”<sup>7</sup> but emphasized the lengthy history and line of authority resulting from the U.S. Supreme Court’s cases that establish, with respect to certain governmental works, the “author” of the work should be treated as the general public when the work represents an exercise of the people’s sovereignty. In particular, the court relied on *Banks v. Manchester*, a Supreme Court decision that held state court judges could not be considered the “author” of a judicial decision for copyright purposes because judges receive a fixed public salary and can have no pecuniary interest in the fruits of their judicial labors, even as the Supreme Court acknowledged that the issue was fundamentally a public policy question.<sup>8</sup> The Eleventh Circuit pointed out that other courts of appeals have extended the principle to apply to state statutes<sup>9</sup> and municipal building codes enacted into binding regulations,<sup>10</sup> but not to private listings of motor vehicle values<sup>11</sup>

## Intellectual Property

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or coding systems<sup>12</sup> incorporated into or required by regulation, tax maps created by a county assessor's office,<sup>13</sup> or terms of a restrictive covenant entered into by a municipality.<sup>14</sup>

The eleventh circuit's opinion strongly asserted the role of popular sovereignty in the principle that laws cannot be copyrightable because lawmakers and judges are acting as the People's agents in drafting laws and decisions. As a result, the people must be considered the constructive author of such documents for purposes of copyright law, and any document that falls into this classification must be inherently in the public domain and not subject to copyright. With this principle established, the eleventh circuit identified three essential characteristics that "make the law what it is,"<sup>15</sup> and thereby would make a particular writing or work noncopyrightable:

The law is written by particular public officials who are entrusted with the exercise of legislative power; the law is, by nature, authoritative; and the law is created through certain, prescribed processes, the deviation from which would deprive it of legal effect. Each of these attributes is a hallmark of law. These characteristics distinguish written works that carry the force of law from all other works. Since we are concerned here with whether a work is attributable to the constructive authorship of the People, these factors guide our inquiry into whether a work is law or sufficiently law-like so as to be subject to the rule in *Banks*<sup>16</sup>.

In comparing these characteristics to the annotations in the O.G.C.A., the eleventh circuit concluded that the annotations possessed all three. Specifically, the court identified the fact that the Code Revision Commission held final editorial control of the annotations, provided highly detailed instructions to LexisNexis for what materials must be included and how they are prepared, and exercised direct supervision of LexisNexis during the process. The court also noted how the

Georgia General Assembly must formally vote annually to adopt the O.C.G.A. as the official state code, including the annotations. Although the annotations do not purport to carry the force of law in the way that the statutory text does, the court placed weight on the annotations being made an inextricable part of the code and given the state's approval and authority. The court also noted that Georgia state courts favorably cite to annotations as authoritative sources on statutory meaning and legislative intent, and that the act of the legislature to adopt the code with its annotations transforms them into official comments authored by the same body that wrote the statutes, conferring special significance and meaning on them in comparison to an unofficial annotated code or interpretive document. Finally, the court noted the process by which the Georgia legislature reviews and approves the work of the Code Revision Commission and adopts the code (with annotations) as official is very similar (though not identical) to the legislative process for enacting statutes, insofar as both houses of the Georgia General Assembly must vote on a legislative act which is signed into law by the Governor. This process of bicameralism and presentment, the court found, was an essential element of lawmaking and the exercise of sovereign power, which was present in the adoption of the official code.

Because the annotations in the official code are authored by the right state officials, in the right manner to exercise sovereign power, and have authoritative legal significance, the court held that no part of the O.C.G.A. was copyrightable, and therefore reversed and remanded to the district court with instructions to enter judgment for public resource.

## Significant Lessons

The eleventh circuit's decision should not be interpreted to mean that all works of a state or local government employee are inherently non-copyrightable; in fact, the court took pains to distinguish its three essential characteristics from the bright-line rule enacted by Congress against copyright for any work of the United

States government in 17 U.S.C. § 105. Rather, the rule in *Banks* as applied in *Code Revision Commission* "is concerned with works created by a select group of government employees, because only certain public officials are empowered with the direct exercise of the sovereign power."<sup>17</sup> Only those works which meet the three factors identified by the Eleventh Circuit would be uncopyrightable. Although the eleventh circuit's decision is not binding on Illinois federal courts, the analysis is based in federal copyright law, not in any substantive state law (other than the factual circumstances surrounding the drafting and adopting of the annotations at issue in the case). Finally, municipalities that incorporate third-party standards for building codes, fire protection, or other areas into local ordinances may wish to consider the three factors in deciding how best to adopt the standards in a way that will be most easily accessible to the public. ■

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*General Attorney, United States Railroad Retirement Board, Office of General Counsel. The statements and views expressed in this article are entirely Mr. Orlowicz's own, and do not represent the views of the Railroad Retirement Board or the United States Government.*

1. See *Wheaton v. Peters*, 33 U.S. 591 (1834) (holding that the Reporter of the Supreme Court could not hold copyright in the written opinions of the Court) and *Banks v. Manchester*, 128 U.S. 244 (1888) (holding that neither a state court judge nor the reporter who compiled the opinions were an "author" of the work under the Copyright Act).
2. 17 U.S.C. § 105.
3. *Code Revision Commission, State of Georgia v. Public.Resource.Org, Inc.*, No. 17-11589 (11<sup>th</sup> Cir. Oct. 19, 2018), slip op. at \*28.
4. *Id.* at \*28.
5. O.C.G.A. § 1-1-7.
6. *Code Revision Commission* at \*5.
7. *Id.* at \*20.
8. *Banks v. Manchester*, 128 U.S. 244, 253 (1888).
9. *Howell v. Miller*, 91 F. 129 (6<sup>th</sup> Cir. 1898).
10. *Veck v. S. Building Code Cong. International, Inc.*, 293 F.3d 791 (5<sup>th</sup> Cir. 2002) (*en banc*).
11. *CCC Information Services, Inc. v. Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2<sup>nd</sup> Cir. 1994).
12. *Practice Management Information Corp. v. Am. Med. Ass'n*, 121 F.3d 516 (9<sup>th</sup> Cir. 1997), amended, 133 F.3d 1140 (9<sup>th</sup> Cir. 1998).
13. *City of Suffolk v. First American Real Estate Solutions*, 261 F.3d 179, 193 (2<sup>nd</sup> Cir. 2001).
14. *John G. Danielson, Inc. v. Winchester-Conant Properties, Inc.*, 322 F.3d 26 (1<sup>st</sup> Cir. 2003).
15. *Code Revision Commission* at \*28.
16. *Id.*
17. *Id.* at \*38.

## Taming the trolls

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governor vetoed it.

### [Q]: What was the reason behind that veto?

The governor wrote a letter to the legislature on 10 August—it was pretty brief. He said that the legislation is “not narrowly tailored and is likely to have unintended consequences for Massachusetts residents, companies and educational institutions.”

He went on to say that the legislature will go on to discuss this topic in a future session and will draft a more focused solution. Beyond that, there was not really an explanation as to why the governor was vetoing it. I would say this—I think that there were different groups who were pushing for this, like a technology company that was an especially frequent target of trolls. But, there was another group that lobbied the governor, including universities and others, and they convinced the governor that this was not narrow enough. I think one of the groups is called AIM—Associated Industries of Massachusetts—they were against this and convinced the governor to veto it.

### [Q]: Why is this problem being dealt with now, and has it increased over the past few years?

I would say the problem has increased over the past few years. Patent trolls have become a bigger problem as technology, computer, and software industries have grown. There are many patents out there that can be asserted against these very complex systems, but a lot of the patents are either not valid or don't cover what these patent trolls say they cover.

The patent troll business became successful, I'd say, starting in the late 90's, and it has been continuing to increase up until recently. Around that time a lot of questionable and vague patents were granted because the prior art history searches being done by the U.S. Patent and Trademark Office (USPTO) are not that effective in the high technology industry. There just isn't that much of a way for the Patent Office to

examine those and compare them to prior art. The USPTO was issuing a lot of patents that were questionable in terms of their validity.

As it increased between the late 90's and the early 2010's, more and more bad patents were being issued. Then, there was one troll that became very well known, called MPHJ Technology Investments—it was an entity based in Texas - and they claimed to have a patent on the basic fundamental technique for scanning documents and inputting them into a computer as an email or loading them on the Internet. The patent didn't cover anything like that broad basic concept, and it was obviously invalid, and MPHJ was sending letters to thousands of targets, often small companies, demanding relatively small amounts, but enough to cause alarm.

MPHJ was probably the worst offender of this bad faith patent assertion. It was just targeting any sort of business it could find, as practically anyone would be involved in scanning of documents onto a computer. A couple of states, Vermont being one of them, got involved and went after this troll and argued that those who received these vague letters should be protected.

The Vermont attorney general sued MPHJ and the state began working on legislature to combat patent trolling. Vermont was the first one to actually pass it.

The battle between the Vermont attorney general and MPHJ eventually settled and resulted in MPHJ ceasing its actions. Other states began to follow what Vermont did, but each individual state changed their statute somewhat. Currently, eight states have pending diverse legislation on this.

The basic point in all of this legislation is that if you can show that the demand was made in bad faith, and it doesn't specifically explain how the patent covers the targeted company or its activities, if it just has a vague explanation of what the infringement is, along with the threat to sue, then the victim is covered, [and can bring a claim for bad faith enforcement].

In Massachusetts there other statutes that could be used to push back against

these vague letters too. I've had a client successfully use other state statutes, such as the Massachusetts consumer protection statute, to fight back against these sort of bad faith assertions.

### [Q]: Is this something that should be dealt with at a national level?

There have been many attempts to reform the patent system to address patent trolls, and some of those have already been enacted by the federal government, but nothing yet on a national level on these types of letters.

The introduction of the America Invents Act [in 2011] has made it easier to combat patent trolls, as it introduced a procedure for challenging patents at the USPTO. That has done more to slow the trolls down than these state statutes.

We saw the peak of troll litigation three or four years ago, and it has begun to tail off over the last few years. Partly because some of the patents have been invalidated, part of it is because trolls are seeing that these types of tactics are not as successful, and people are finding ways to use the existing tools they have to fend them off.” ■

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1. The 34 states that have enacted some sort of anti-bad faith patent statutes are: Alabama; Arizona; Colorado; Florida; Georgia; Idaho; Illinois; Indiana; Kansas; Kentucky; Louisiana; Maine; Maryland; Michigan; Minnesota; Mississippi; Missouri; Montana; New Hampshire; North Carolina; North Dakota; Oklahoma; Oregon; Rhode Island; South Carolina; South Dakota; Tennessee; Texas; Utah; Vermont; Virginia; Washington; Wisconsin; and Wyoming. In addition to Massachusetts, there are seven other states where legislation was introduced, but not signed into law: California; Connecticut; Iowa; Massachusetts; Nebraska; New Jersey; Ohio; Pennsylvania. There are also eight states where no legislation has been introduced: Alaska; Arkansas; California; Delaware; Hawaii; Nevada; New Mexico; New York; and West Virginia.

2. The Massachusetts anti bad faith patent assertion legislation (proposed Chapter 93M) was opposed by the Associated Industries of Massachusetts, an association of over 4,000 Massachusetts businesses (employers), originally a manufacturing association, which lobbies the Massachusetts legislature on behalf of the interests of its members, the business community at large, and for economic growth and job. It appears to have a broad membership, and has lobbied frequently against statu-

tory changes that would affect businesses in Massachusetts. The anti bad faith patent assertion legislation was also opposed by the Massachusetts Business Roundtable, and the Massachusetts Biotechnology Council. Along with AIM, it is likely that the majority of members of these groups were concerned that, as owners of patents,

anything that might constrain their ability to prosecute patent infringers could be a problem. Other Massachusetts business lobby groups which represent more of the start-up type companies who are often the target of patent trolls, including the Massachusetts National Federation of Independent Business chapter (a small busi-

ness group), and the Massachusetts High Technology Council, apparently did not get involved in lobbying for or against the anti-bad faith patent assertion legislation.

# Podcaster sued for copyright infringement for using music without permission

BY DAVID OXENFORD

It was news earlier this week that when a company that promotes poker was sued by one of the major record labels and publishing companies for the use of music in podcasts without permission. As we have written before, the use of music in podcasts requires a license from the copyright holder of both the musical composition and the recorded performance of the music (usually, for popular music, a publishing company and a record label). In this case, one of the first we've seen against a podcaster for infringement of a copyright holder's music rights (though we have heard of other situations where cease and desist letters were sent to podcasters, or where demand letters from copyright holders resulted in negotiated settlements), Universal Music alleges that the podcast company used its music and refused to negotiate a license despite repeated attempts by the music company to get the podcaster to do so. Thus, the lawsuit was filed.

As we have pointed out before, a broadcaster or other media company that has performance licenses from ASCAP, BMI, SESAC and even GMR does not get the right to podcast music – nor do the SoundExchange royalty payments cover podcasts. These organizations all collect for the public performance of music. While podcasts may require a performance license (see our article here about how Alexa and other smart speakers are making the need for such licenses more apparent as more and more podcast listening is occurring through streaming rather than downloads),

they also require rights to reproduction and distribution of the copyrighted songs and the right to make derivative works—all rights given to copyright owners under the Copyright Act. These rights are not covered by the public performance licenses, which only give the rights to make performances to the public. What is the difference between these rights?

The public performance right is simply that—the right to perform a copyrighted work to the public (those beyond your circle of family and friends). Making a copy of a copyrighted work is a different right, as is the distribution of that recording. Both are triggered when the podcast is downloaded onto a phone or other digital device—the manner in which podcasts were initially made available to the public. As we have written before (see, for instance, here and here), by convention (and now by the provisions of the Music Modernization Act), making available music for on-demand streaming (where a listener can choose a particular song, or a set of songs that will play in the same order all the time) has come to be considered to involve the rights of reproduction and distribution (the “mechanical royalties” covered by the MMA—see our articles here and here on the MMA).

The right to make a derivative work is another right of the copyright holder. A copyright owner must give his or her permission before their work is modified in some way. While that can involve the changing of lyrics to a song, it can also

involve associating that song in some permanent way with other content. In the video world, that is referred to as a synch right—where the audio is “synched” to the video creating a single audiovisual work. Synch rights are not specifically defined by the Copyright Act. They have traditionally referred to audiovisual productions, but the same concept is at play in the creation of a podcast, where the music is synched to other audio content to create the podcast. In the Universal Music complaint against the podcaster, Universal complains that the podcaster violated not just the public performance rights of the copyright holders, but also their rights to authorize the reproduction, distribution, and the derivative works made from their copyrighted material.

This is all a long way of saying that podcasters need to get permission for the use of music in their productions. Many podcasters have commissioned original works where they license from local artists the recordings of music written and performed by those artists. Some online services have recently begun to develop, licensing music for podcasts for set fees. But, thus far, most of that music is not major label releases, but instead independent music. Right now, for major label releases, you need to get permission directly from the copyright holders to use their music. The bottom line—don't use music in podcasts without getting permission. ■

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# New federal government ruling approves companies' employment policies

BY ALAN M. KAPLAN

To protect a company's intellectual property, companies need to be mindful of federal and state statutes and regulations as well as decisions by different government agencies. To protect intellectual property, companies distribute written policies to their employees in employee handbooks. Employment policies are subject to scrutiny by the National Labor Relations Board ("Labor Board"), a federal agency which enforces the National Labor Relations Act ("Labor Act"), a giving employees the right to discuss their working conditions as well as the right to support and organize themselves as a union.

Recently, Lyft, Inc. issued two policies analyzed by the Labor Board. Section 11 was entitled "Intellectual Property" and stated:

You agree that you will not: Create any materials that incorporate the Lyft Marks or any derivatives of the Lyft Marks other than as expressly approved by Lyft in writing.

Section 18 addressed confidentiality, as follows:

You agree not to use any technical, financial, strategic or other proprietary and confidential information relating to Lyft's business, operations and properties, including User information disclosed to you by Lyft for your own use or for any purpose other than herein. You shall not disclose or permit disclosure of any Confidential Information to third parties.

The issue was whether both rules violated Section 8(a)(1) of the Labor Act. As noted above, the Labor Act protects employees' rights in discuss their working conditions. The employees may be in unionized as well as non-unionized companies. Employees have the right to engage in mutual aid and protection by discussing their wages, hours

and working conditions. Discussions may or may not lead to a campaign by a union to represent the employees. Therefore, could a prohibition on the use of a trademark interfere with an employee's right to identify and complain that Lyft has dangerous driving and customer service rules? Could the prohibition on the disclosure of "other proprietary and confidential information" be so overly broad as to prevent an employee from disclosing his wages, hours and working conditions to other employees and even to his spouse and tax accountant?

Under the George W. Bush administration, the Labor Board issued its ruling in *Lutheran Heritage Village-Livonia*, 343 NLRB 646 (2004). The Labor Board found that policies were unlawful, if employees could "reasonably construe" them to interfere, coerce or restrain their rights to discuss their wages, hours and working conditions. The Labor Board under the Obama Administration followed the precedent in *Lutheran Heritage* and found that many policies were unlawfully vague and overly broad and, therefore, could be interpreted by employees to prohibit their exercise of protected rights.

However, the Trump Administration's Labor Board overruled *Lutheran Heritage*. In *Boeing Co.*, 365 NLRB No. 154 (2017), the Labor Board ruled that it will now evaluate the nature and extent of the potential impact on employees' rights and, most importantly, evaluate the legitimate business justifications associated with a policy. The Labor Board will determine whether policies fall within one of three categories:

Category 1 – rules that are lawful, because the rules do not prohibit employees' rights and no balancing is required or the potential impact on protected rights is outweighed by an employer's justifications;

Category 2 – rules that require an individualized scrutiny requiring a balancing

of the adverse impact on protected rights and the employer's business justifications; or

Category 3 – rules that are unlawful because they prohibit or limit protected rights and the adverse impact on protected rights is not outweighed by the employer's business justifications.

When an employee or union complains about an employment policy, a charge is filed with a regional director of the Labor Board. A regional director may dismiss the charge, issue a complaint or submit the charge to the General Counsel's Division of Advice. After review and analysis by the Division of Advice, the general counsel will direct the regional director to either dismiss the charge or issue a complaint against the company alleging an unfair labor practice.

In *Lyft, Inc.*, Case No. 20-CA-171751, Advice Memorandum (June 14, 2018), a regional director reviewed the charge filed against Lyft and submitted the charge to the General Counsel's Division of Advice. Regarding the Intellectual Property policy issued by Lyft, the General Counsel found the policy lawful under Category 1. The Division of Advice noted that employers "have a significant interest in protecting their intellectual property, including logos, trademarks and service marks" and that such property may be worth millions of dollars. Failure to police the use of marks may be a "crippling blow to a company," and an employer wants to ensure that its logo or mark is used in official publications and not an employee's social media site. An employee's use of the logo could be for the employee's personal gain and give the impression that the employee's activities are "condoned by the employer." The Division of Advice noted that employees may still engage in protected activities even if they may not use Lyft's logo or mark and that Lyft's legitimate interests outweigh the employees' rights.

Regarding the confidentiality policy, the Division of Advice stated that a category 1 rule includes prohibitions against disclosing customer information and trade secrets. They can be reasonably interpreted not to prohibit or interfere with employees' rights to disclose their terms and conditions of employment. Category 2 rules are those with general prohibitions, such as the use of the words "other confidential information" in Lyft's policy. If a category 2 rule could "reasonably be read to include information about terms and conditions of employment, ... such a rule should be found unlawfully overbroad where the impact on employees' rights outweighs the employer's legitimate business justification for the rule."

In *Lyft*, the Division of Advice found the policy lawful. It noted that: "employees would not reasonably interpret the rule to prohibit the sharing of information about working

conditions." Examining the rule, the Division of Advice stated that the words "other proprietary and confidential information" refer to other types of "technical, financial [and] strategic" information and not to "employee information," which is not included in the policy's list of information protected from disclosure. In addition, according to the Division of Advice, Lyft's drivers use on-line forums created by Lyft to discuss their working conditions. Therefore, Lyft is not prohibiting the drivers' exercise of their protected rights. As a result, no finding was made against Lyft and the charge was dismissed.

Whether in employee handbooks or separately distributed policy statements, employment policies may—or may not—violate employees' rights and lead to suit against the employer by the Labor Board. If found unlawful, the Labor Board will

order the employer to rescind the policy. If an employer terminates an employee for violating an unlawful policy, the termination, itself, may be unlawful and the Labor Board will order the employee reinstated and made whole with a monetary award. In addition, if a union loses an election when the employer has an unlawful policy, the question is whether the Labor Board will order the employer and union to have a second election. Therefore, all employers should periodically review their employment policies to ensure that they comply with the rulings of the Labor Board. ■

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# Noncompetes: Consideration, peppered with confusion

BY HON. JOHN C. ANDERSON

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A postemployment restrictive covenant must be supported by adequate consideration—generally characterized as "employment for a substantial period of time." But what is a "substantial period of time"? May other forms of consideration be substituted? Does it matter if an employee quits or is terminated—with or without cause? Appellate courts have been unable to clearly answer these questions.

Suppose your client walks into your office and explains that he has been sued by his former employer for violation of a noncompete clause in his employment contract. Your client signed the noncompete a week after starting his employment and then worked for the employer for 23 months. Is the noncompete supported by adequate consideration? The answer could depend on the judge and court hearing the case.

A noncompete, like any agreement, must be supported by consideration. Traditionally, once an Illinois court determines that consideration exists, the court does not question whether the consideration is adequate. Indeed, it is said that "even a peppercorn is good consideration."<sup>1</sup> However, in the context of restrictive covenants, Illinois courts depart from the traditional focus on the existence, rather than the adequacy, of consideration.<sup>2</sup> This departure results from the courts' recognition that a promise of continued employment may be an illusory benefit where the employment is at will.<sup>3</sup> Courts take this approach because the moment after an employee signs a noncompete, the employee could be fired while having received nothing in exchange for the execution of the restrictive covenant.<sup>4</sup> Unless adequate

consideration has been given, the restrictive covenant will not be enforced.<sup>5</sup>

## What Is a Substantial Period of Time?

The chronology of caselaw illustrates the problem's evolution. One of the first cases to squarely address this issue was *McRand, Inc. v. van Beelen*, where the first district held that "continued employment for a substantial period beyond the threat of discharge is sufficient consideration for a restrictive covenant."<sup>6</sup> Subsequently, courts struggled to define a "substantial" period.

From 1985 through the 1990s, courts held that periods of seven or eight months of employment did not constitute a "substantial period."<sup>7</sup> During that same era, a few cases appeared where employment lasted closer to two years; courts concluded that those restrictive covenants were backed by

sufficient consideration.<sup>8</sup> The fifth district, in *Total Health Physicians, S.C. v. Barrientos*, declared a noncompete was “no doubt” supported by “valuable consideration”<sup>9</sup> for less than two years of employment. While the opinion does not specifically state the precise length of employment, it appears that the agreement was formed in 1984 and, in July 1985, a lawsuit was filed. Thus, the relationship in *Barrientos* must have lasted less than 19 months. The rule began to emerge that a “substantial period” of employment had to be longer than eight months, but not necessarily longer than 19 to 24 months.

While lawyers in the 1990s struggled to define a “substantial period” of time, the first district expressly rejected the existence of a calendar-based, bright-line rule in *Woodfield Group, Inc. v. DeLisle*, stating:

We do not believe [caselaw] limits the courts’ review to a numerical formula for determining what constitutes substantial continued employment. Factors other than the time period of the continued employment, such as whether the employee or the employer terminated employment, may need to be considered to properly review the issue of consideration.<sup>10</sup>

By the 2000s, the waters began to muddy. In *Brown & Brown Inc. v. Mudron*, the third district correctly observed that “Illinois courts have generally held that two years or more of continued employment constitutes adequate consideration.”<sup>11</sup> *Brown* may be the first Illinois case to expressly acknowledge that two years is typically sufficient. However, it does not appear that the *Brown* court created a bright-line rule of two years. Even in his dissenting opinion, Justice Schmidt appeared to have a similar take on the historical requirement, stating, “as a general rule, two years or more of continued employment will suffice.”<sup>12</sup> However, nothing in *Brown* suggests that less than two years would be necessarily insufficient.

Next, in *Diederich Insurance Agency, LLC v. Smith*, the fifth district offered a more-narrow interpretation of the two-year issue. In *dicta*, the court stated “in general, there must be at least two years or more

of continued employment to constitute adequate consideration.”<sup>13</sup> Neither *Diederich* nor any other Illinois case since explained why less than two years is necessarily inadequate.

### From Generally Sufficient to Required

Then, in *Fifield v. Premier Dealer Services, Inc.*, the first district, without any analysis and while relying partially on *Brown*, declared that “Illinois courts have repeatedly held that there must be at least two years or more of continued employment to constitute adequate consideration in support of a restrictive covenant.”<sup>14</sup> Unfortunately, neither *Brown* nor the other cited cases ever established or identified such a bright-line rule. If anything, caselaw has established that no bright-line rule exists. The Illinois Supreme Court denied a petition for leave to appeal in *Fifield*, leaving a split among the appellate districts—and even a split among different panels of the first district.

Thus, within five years, caselaw went from saying two years is “generally sufficient,” to saying two years is “generally required,” to finally holding that a minimum of two years is absolutely “required.”

In *Prairie Rheumatology Associates, S.C. v. Francis*, the trial court conducted an evidentiary hearing on a motion for preliminary injunction.<sup>15</sup> Even though the employed physician worked only 19 months, the trial court found that other forms of consideration existed in addition to continuous employment. The trial court’s order reflects that alternative forms of consideration included the defendant’s unique opportunities for expedited advancement and partnership per her employment agreement, the plaintiff’s assistance to the defendant in the hospital credentialing process, and the defendant’s opportunities to make business and referral contacts. On these bases, and after weighing the credibility of witnesses and other factors, the trial court determined that the noncompete was enforceable as to seeing certain categories of patients.

The third district did not expressly adopt *Fifield*’s bright-line requirement of two years.<sup>16</sup> However, the court approvingly

cited *Fifield*’s proposition that two years of employment is “adequate” and referred to *Fifield*’s “general [two]-year rule of thumb.”<sup>17</sup> After noting that the defendant’s employment was less than two years, the third district then rejected the trial court’s factual findings as to the adequacy of alternative forms of consideration and reached a contrary conclusion based on the hearing transcripts. The appellate court also did not explicitly hold that alternative forms of consideration besides two years of employment could be acceptable, but its reevaluation of the trial court’s findings suggests this possibility under the right circumstances. Perhaps *Prairie Rheumatology*’s implicit takeaway is that two years is a bright-line rule—unless other adequate consideration exists.

While adequate consideration remained unclear after *Prairie Rheumatology*, federal district courts located in Illinois have almost uniformly rejected *Fifield* and, to a lesser extent, *Prairie Rheumatology*. They construe *Fifield* as having incorrectly identified a bright-line rule of two years and have concluded that the Illinois Supreme Court would reach a contrary result.<sup>18</sup> One federal judge even found that only 15 months of employment constitutes adequate consideration.<sup>19</sup>

The most recent Illinois Appellate Court ruling on this issue, *McInnis v. OAG Motorcycle Ventures, Inc.*,<sup>20</sup> unsuccessfully attempted to reconcile the cases mentioned above. In *McInnis*, the plaintiff worked for approximately 19 months. The trial court, relying on *Fifield*, found that the employee did not work past the two-year requirement and, thus, consideration was inadequate. The appellate court affirmed in a 2-to-1 ruling. However, the *McInnis* court endeavored to walk the *Fifield* ruling back, stating that *Fifield* leaves open the question of whether there may be alternative bases of consideration other than two years of employment. Indeed, the *McInnis* court declared that *Fifield* “did not abolish a fact-specific approach to determining adequacy of consideration.”<sup>21</sup> The *McInnis* court also stated, consistent with *Woodfield Group*, that “courts are not limited to a numerical formulation.” But, in virtually the same breath, the court seemingly rejected



the precedential value of *Woodfield Group* on the basis that it “predated [the] holding in *Fifield*.”<sup>22</sup> Justice Ellis dissented, rejecting the majority’s narrowing interpretation of *Fifield* and further contending that *Fifield* was wrongly decided.

Consequently, although the *McInnis* court attempted to reel in *Fifield*, it exacerbated, rather than cleared, confusion among lawyers and trial court judges. Indeed, most recently, in *Avison Young-Chicago LLC v. Puritz*, a federal judge expressly rejected the defendant’s argument that *McInnis* settled the issue, stating *McInnis* “neither reconciles Illinois law nor offers a persuasive reason to apply the bright-line rule.”<sup>23</sup>

The Illinois Supreme Court has yet to consider the issue. It is worth noting, however, that in *Reliable Fire Equipment Co. v. Arredondo*,<sup>24</sup> the court rejected a strict formulaic approach for determining whether an employer has a legitimate business interest in enforcing a restrictive covenant. Indeed, the court observed that “[e]ach case must be determined on its own particular facts” and that a trade restraint “may be reasonable and valid under one set of circumstances, and unreasonable and invalid under another set of circumstances.”<sup>25</sup> Although the basis for the *Reliable Fire* ruling appears in a context not involving adequacy of consideration, much of the analysis in that case could, arguably, be equally applicable.

The telephone game

Perhaps the most intriguing aspect of this issue is the appellate panels’ habit of citing prior rulings for statements those prior rulings simply do not make.

To recap:

The first district in *Woodfield Group* held there is no magic numerical formula for determining adequacy of employment.

The third district in *Brown* observed that two years is *generally sufficient*.

In *Fifield*, the first district cited *Brown* for the proposition that two years is *required*, although *Brown* did not say that.

In *Prairie Rheumatology*, the third district cited *Fifield* for the proposition that two years of employment is *adequate*, and referred to *Fifield*’s “general [two]-year rule of thumb,” although *Fifield* did not say that.

In *McInnis*, the first district cited *Fifield*

and agreed that “courts are not limited to a numerical formulation”—although *Fifield* did not say that.

Much of the discussion in *McInnis* amounts to an effort to bend the *Fifield* ruling beyond its breaking point. Justice Ellis certainly did not appear convinced of these efforts. He argued that *Fifield* cannot be distinguished and must be rejected. Likewise, federal courts almost uniformly have rejected *Fifield*.

## Escape to Federal Court?

Returning to the hypothetical employee who worked 23 months, suppose the employee received no arguable consideration other than continuous employment. Pursuant to *Fifield*, the employee automatically wins by working less than two years. Pursuant to *Woodfield Group*, the employer has a reasonable possibility of success. So, what are lawyers, employers, and employees to do? If they are looking for a better chance of certainty, they might consider litigating in federal court.

What are state trial court judges to do? On the issue of whether there is a bright-line minimum of two years to establish adequate consideration, the answer is hopelessly unclear. Equally unclear is whether the court can consider alternative measures—beyond employment—to find consideration. *Prairie Rheumatology* and *McInnis* both suggest that other factors besides two years of employment *could* be enough. But neither court found that other factors *were* enough.

While the first and third districts have sent mixed messages, the second district has largely avoided the question. An unpublished case, *Automated Industrial Machinery, Inc. v. Christofilis*,<sup>26</sup> rejected the plaintiffs’ request that the court consider other factors beyond length of employment. However, the court did not state either way whether this was a viable legal argument. Instead, the court found that it was bound by the agreement’s express recitation of what constituted consideration. Another unpublished case from the second district, *Paul Joseph Salon & Spa, Inc. v. Yeske*,<sup>27</sup> involves an employee who resigned two days before the two-year mark. The appellate court, with little substantive discussion in its Rule 23 order, stated that the

employee’s attack on the trial court’s finding of a “fair question” regarding consideration was frivolous.

Floundering toward the Illinois Supreme Court

Until the Illinois Supreme Court addresses this issue definitively, trial judges must determine whether these cases can be read together, or whether they conflict. If the former, the court is bound to follow an approach that harmonizes them.<sup>28</sup> Justice Ellis and a number of federal judges appear to believe that the cases are hopelessly conflicted. Indeed, in *Montel Aetnastak, Inc. v. Miessen*, Judge Castillo determined that Illinois law “does not . . . provide a clear rule to apply” and that the cases mentioned above are “contradictory holdings.”<sup>29</sup> When conflicts arise among the districts, the circuit court is bound by the decisions of the appellate court of the district in which it sits.<sup>30</sup> In the absence of controlling authority from its home district, a trial judge is “free to choose between the decisions of the other appellate districts.”<sup>31</sup>

Thus, judges in the second, fourth, and fifth districts who legitimately perceive a conflict need not follow *Fifield*. Judges in the third district are in a slightly awkward situation because *Fifield* arguably conflicts with *Brown* and because the *Prairie Rheumatology* court cited *Fifield* with approval—but for propositions on which *Fifield* does not stand. Trial judges in Cook County are in an extremely awkward position because they are faced with at least three arguably conflicting cases in *Woodfield Group*, *Fifield*, and *McInnis*—and all three cases are equally binding on a Cook County trial judge. *McInnis* suggests that the most recent decision should be controlling, which happens to be *McInnis*.<sup>32</sup> However, *McInnis* cites no authority for that proposition, and the author is able to find none, save a dissent.<sup>33</sup> This “recent case controls” notion is contrary to the principle that a decision by the appellate court can only be overturned by the Illinois Supreme Court, and not by another appellate panel.<sup>34</sup> Petitions for leave to appeal to the Illinois Supreme Court were filed and denied in both *Fifield* and *McInnis*.

Ultimately, only the Illinois Supreme Court can determine whether Illinois

law requires consideration in the form of “continued employment for a substantial period of time” and what that period of time must be (or if there is a set period at all). Perhaps the court’s statements in *Reliable Fire* signal a preference for the *Woodfield Group* approach. Two other controversial, conflicting aspects of *Fifield* also might be addressed—those being whether it makes a difference that the noncompetitor was signed preemployment or postemployment<sup>35</sup> and whether the employee quit or was terminated.<sup>36</sup>

Another potential distinguishing factor could be the nature of the work (e.g., seasonal work, such as preparing tax returns). Yet another factor that could be considered is the length of employment relative to the length of the noncompetitor. Would two years of continuous employment be sufficient consideration to support a five-year noncompetitor employee is terminated without cause? Or with cause?

In the interim, it is likely that conflicting decisions will continue to emanate from federal trial courts, state trial courts, and the various appellate districts and divisions. ■

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1. See *Mid-Town Petroleum, Inc. v. Gowen*, 243 Ill. App. 3d 63, 71 (5th Dist. 1993); *Wadsworth v. Thompson*, 8 Ill. 423, 429 (1846).
2. *Brown & Brown v. Mudron*, 379 Ill. App. 3d 724, 728-29 (3d Dist. 2008).
3. *Id.* at 728.
4. *Diederich Insurance Agency, LLC v. Smith*, 2011 IL App (5th) 100048, ¶ 13.
5. See, e.g., *id.* at 729.
6. *McRand, Inc., v. van Beelen*, 138 Ill. App. 3d 1045, 1055 (1st Dist. 1985).
7. See *Mid-Town Petroleum, Inc. v. Gowen*, 243 Ill. App. 3d 63, 71 (5th Dist. 1993); see also *Creative Entertainment, Inc. v. Lorenz*, 265 Ill. App. 3d 343, 350 (1st Dist. 1994).
8. See, e.g., *Lawrence & Allen, Inc. v. Cambridge Human Resource Group, Inc.*, 292 Ill. App. 3d 131, 138 (2d Dist. 1997); *Agrimerica, Inc. v. Mathes*, 199 Ill. App. 3d 435, 442 (1st Dist. 1990).
9. *Total Health Physicians, S.C. v. Barrientos*, 151 Ill. App. 3d 726 (5th Dist. 1986).
10. *Woodfield Group, Inc. v. DeLisle*, 295 Ill. App. 3d 935, 943 (1st Dist. 1998).
11. *Brown & Brown v. Mudron*, 379 Ill. App. 3d 724, 728-29 (3d Dist. 2008).
12. *Id.* at 730 (Schmidt, J., dissenting). Within weeks of the *Brown* decision, a different third district panel reached a somewhat contrary result in an unpublished case. See *Staniszewski v. Baxter*, 3-07-211 (2008). In that case, Justice Lytton (who also authored *Prairie Rheumatology*) opined that sufficient consideration existed immediately upon the mere acceptance of employment that began simultaneously with the execution of the noncompetitor, as opposed to other cases that involved noncompetitors signed after employment had begun.
13. *Diederich Insurance Agency, LLC v. Smith*, 2011 IL App (5th) 100048, ¶ 15.
14. *Fifield v. Premier Dealer Services, Inc.*, 2013 IL App (1st) 120327, ¶ 19.
15. *Prairie Rheumatology Associates, S.C. v. Francis*, 2014 IL App (3d) 140338.
16. *Id.*
17. *Id.* at ¶ 16.
18. See, e.g., *Industrial Packing Supplies, Inc. v. Channell*, 2018 WL 2560993 (N.D. Ill. 2018); *Avison Young-Chicago, LLC v. Puritz*, 2017 WL 5896887, at \*5 (N.D. Ill. 2017); *Stericycle, Inc. v. Simota*, 2017 WL 4742197, at \*4 (N.D. Ill. 2017); *Apex Physical Therapy, LLC v. Ball*, 2017 WL 3130241, at \*2 (S.D. Ill. 2017); *Airgas USA, LLC*, 2016 WL 3536788, \*3 (N.D. Ill. 2017); *Allied Waste Services of North America, LLC v. Tibble*, 2016 WL 1441449 (N.D. Ill. 2016); *Montel Aetnastak, Inc. v. Miessen*, 998 F. Supp. 2d 694, 715-18 (N.D. Ill. 2014); *Bankers Life & Casualty Co. v. Miller*, 2015 WL 515965, \*4 (N.D. Ill. 2015); *Cumulus Radio Corp., v. Olson*, 80

- F. Supp. 3d 900, 905-909 (C.D. Ill. 2015); *R.J. O'Brien & Associates v. Williamson*, 2016 WL 930628, \*3 (N.D. Ill. 2016); *Traffic Tech, Inc. v. Kreiter*, 2015 WL 9259544, \*5 (N.D. Ill. 2015); but see *Instant Technology, LLC v. DeFazio*, 40 F. Supp. 3d 989 (N.D. Ill. 2014).
19. See *Montel Aetnastak, Inc. v. Miessen*, 998 F. Supp. 2d 694 (N.D. Ill. 2014).
20. *McInnis v. OAG Motorcycle Ventures, Inc.*, 2015 IL App (1st) 142644, ¶ 32.
21. *Id.* at ¶ 35.
22. *Id.*
23. *Avison Young-Chicago*, 2017 WL 5896887 at \*5-6.
24. *Reliable Fire Equipment Co. v. Arredondo*, 2011 IL 111871, ¶ 42.
25. *Id.*
26. *Automated Industrial Machinery, Inc. v. Christofilis*, 2017 IL App (2d) 160301-U. The court in *Christofilis* expressly “acknowledge[d] that there is a possibility that our supreme court will reject a two-year bright-line rule in favor of a more fact specific approach.” *Id.* at ¶ 59.
27. *Paul Joseph Salon & Spa, Inc. v. Yeske*, 2017 IL App (2d) 170462-U.
28. *In re Dominique F.*, 145 Ill. 2d 311, 324 (1991).
29. *Montel Aetnastak, Inc. v. Miessen*, 998 F. Supp. 2d 694, 716 (N.D. Ill. 2014).
30. *State Farm Fire & Casualty Co. v. Yapejian*, 152 Ill. 2d 533, 539-40 (1992).
31. See *People v. Morgan*, 307 Ill. App. 3d 707, 733 (4th Dist. 1999).
32. *McInnis v. OAG Motorcycle Ventures, Inc.*, 2015 IL App (1st) 142644, ¶ 35.
33. See *Aleckson v. Round Lake Park*, 176 Ill.2 d 82, 94-95 (Harrison, J., specially concurring, joined by Heiple, C.J.) (“Given the unitary nature of the Illinois appellate court and the reach of its decisions, what circuit courts should be doing is following the most recent appellate court decision on point. That is so even if the decision conflicts with a prior decision of an appellate court division located within the circuit court’s particular district. The geography is simply irrelevant.”).
34. *In re Marriage of Gutman*, 232 Ill. 2d 145, 150 (2008).
35. *Fifield v. Premier Dealer Services, Inc.*, 2013 IL App (1st) 120327, ¶ 17 (holding that it makes no difference whether the noncompetitor is signed pre-employment or postemployment).
36. See *id.* at ¶ 19 (holding that it does not matter whether the “substantial period of employment” ends by resignation or termination); see also *Brown & Brown Inc. v. Mudron*, 379 Ill. App. 3d 724, 728-29 (3d Dist. 2008);

## Intellectual Improbabilities™

BY DANIEL KEGAN

**Rapunzel Released.** Suffolk Law School professor Rebecca Curtin prevailed against applicant United Trademark Holdings, Inc.’s motion to dismiss the opposition. Applicant argues Opposer Curtin did not allege she was a competitor in the doll and toy figure industry or that she had any other “direct stake in using Applicant’s RAPUNZEL mark in a descriptive or generic manner. The Board found standing and denied Applicant’s motion.

**Neither Rain Nor Snow.** The US Trademark Office has started sending trademark abandonment notices by email, instead of postcards or paper notices. If you’ve changed email over the past ten years (and a grace half year), another good reason to consider updating your email contact with the USPO.

**Uncle Sam’s Motorcycle Club.** Mongol Nation Motorcycle Club has lost its logo, \*4,730,806. Convicted of racketeering and

criminal conspiracy related to drug dealing and violent crimes by individual members, federal prosecutors obtained a jury verdict for forfeiture. Defense attorney Joseph Yanny questioned, “If you were a law enforcement officer and you knew there was a gang out there and they had emblems on that identifies who they are, why in God’s name would you want to take them off of them so you couldn’t know who they were?” Former MN Gov Jesse Ventura testified, Nov2018,

for the defense that he neither committed crimes nor was told to do so when he was a Mongol member in the 1970s. [Earthlink 11Jan2019].

**Famous Logos Fade.** Over 150 Americans were asked to draw ten famous logos from memory as accurately as they could. Results: remembered logo morph. <[www.signs.com/branded-in-memory](http://www.signs.com/branded-in-memory)>.

**Distinctive Taste, Name.** Conservative Phyllis Schlafly's surviving kin objected to Saint Louis Brewery, cofounded in 1989 by Thomas Schlafly, craft brewery's trademark application for SCHLAFly beer. The TTAB found applicant's mark had acquired distinctiveness, so it need not consider whether the applied-for mark was primarily merely a surname. [affirmed, Fed Cir, 2017-1468, 26Nov2018].

**New TMEP.** A new Trademark Manual of Examining Procedures, TMEP, was issued October 2018. <<https://tmept.uspto.gov/RDMS/TMEP/current>>.

**Unbearable Fandom.** Russell Beckman, Green Bay football fan, failed to obtain a federal temporary restraining order and injunction against the Chicago Bears football team. The Chicago Bears did not want Beckman to wear his Packers jersey and accessories at a pregame event on the Bears sidelines.

**What Me Worry?** Disney has registered HAKUNA MATATA (no worries, in English) for T-shirts, US \* 2,700,605, and other goods. Some of the total Swahili speakers, estimated at 60 to 150 million, are concerned about cultural appropriation. (Healthy Pride has a registration for multi-vitamins, \* 4,583,525. Cf \* 5,468,286 for wedding planning services). African social media is concerned. Eg "A common phrase we use every other day. No company can own it." [Chicago Tribune, 13Jan2019].

**Canadian Cannabis.** Cannabis was legalized in Canada 17Oct2018.

**Hemp Heaps.** The 20Dec2018 new Agricultural Act (Farm Bill) amended the Controlled Substances Act (CSA, 21 USC 801). Both the definition of marijuana and tetrahydrocannabinol now explicitly exclude hemp, as defined in the Agricultural Act. Some PTO trademark examiners are nevertheless raising questions, and objections, to help-

related trademark applications.

**Hi Appeal.** The federal government considers marijuana and cannabis illegal; several states don't, taxing it and collecting substantial revenues. State authorized (medical and recreational) marijuana retail stores can't use the federal banking system. Can a landlord who collects rent from its several tenants, find bankruptcy protection if one of the paying tenants is a state-legal marijuana store? The Ninth Circuit will ponder, *Garvin v Cook Investment*.

**Hoi Polloi.** The Court of Justice of the European Union (CJEU), 30May2018, denied an opposition to a trademark registration of Mr Kenzo Tsujimoto for wine, western liquors: "the sophisticated and iconic image" of the famous Kenzo fashion house does not extend to goods that are not "part of the luxury sector."

**Foundation Replaced by Legal Aid.** The Land of Lincoln Legal Assistance Foundation, Inc, a legal aid provider in central and southern Illinois, officially launched a new name, tagline, and corporate identity: Land of Lincoln Legal Aid, "Breaking Barriers to Justice."

**Are We There Yet?** More than a million infringing website domain names selling counterfeit goods were criminally and civilly seized in last year. Operation In Our Sites, was facilitated by the National Intellectual Property Rights Coordination Center (IPR Center), a joint-task force agency led by the US Immigration and Customs Enforcement (ICE).

**Fame Without Fortune?** Three performers sued Epic Games, maker of the Fortnite video game, for using the performers' dance moves by Fortnite avatars. Fortnite sells the dance individually for specific prices, about \$5 to \$8. The Supreme Court held copying the whole of a performance, albeit a brief 15 second cannon shot, was a publicity infringement. *Zacchini v Scripps Howard (US, 1977)*. DAace rapper 2 Milly complained, "People book me, they pay me to come perform the song and do the dance." [NYTimes 11Jan2019]. How long need movement be to be copyrightable, how many notes for a musical infringement? Only 17 syllables for a haiku.

**Maybe Mondrian.** Finally, the Copyright

Office, after rejections by the initial examiner, two requests for reconsideration, and an Administrative Procedures Act (APA) filed-but-unserved lawsuit, *Am Airlines, Inc v Temple*, 4:18cv843 (ND TX, 12Oct2018), the Copyright Office has accepted for registration the American Airlines "flight symbol" logo. The Review Board reported a supplemental deposit copy at higher resolution helped it see there was "sufficient original and creative artistic or graphic authorship," not just "a small number of elements (one blue and red element conforming to the contours of an aircraft tail and one white and gray triangular element evoking the head of an eagle), with multiple variations in shading."

**Sane Quilts.** Art collector William Arnett began collecting Gee's Bend (Wilcox County, Alabama) handmade quilts, paying ten to twenty times the going rate. Quilt images appeared on coffee mugs, designer scarves, VISA gift cards, rugs, and more, some selling for \$298 per item at Anthropologie. Most of the 275 Gee's Bend residents are descendants of slaves from once-thriving cotton plantations. The hamlet is impoverished. In 2007 a few women sued Arnett, challenging the reported handshake agreements—work exchanged for cash with no paperwork. Escrowed proceeds from licensing intended to benefit the community at large, went to settling the lawsuits, benefiting only the plaintiffs and dividing the community. Some are satisfied that Arnett bought their quilts. Arnett is now retired, his art collection managed by the Souls Grown Deep Foundation. Artists Rights Society is now representing 62 of the quilters. <<https://www.thenation.com/article/gees-bend-quilt-alabama/>>.

**Short Relief.** The Copyright Office proposes to create a Group Registration Option for Short Online Literary Works. A boon for prolific, frequent Internet Web bloggers. The Office also published its final rule on Group Registration Options for Newsletters and Serials, 83 FedReg 61546 (30Nov2018).

**Incorporated by Reference.** It's often easier to understand a document when all relevant information is within its "four corners." Sometimes seeking

information, by FOIA or otherwise, is a scavenger hunt. <<https://www.pogo.org/investigation/2018/12/when-all-hell-breaks-loose-years-after-deepwater-horizon-offshore-drilling-hazards-persist/>>.

**Medium or Well Done.** The Cook County has launched its e-file portal, <[sheriff.file.ccsheriff.org](http://sheriff.file.ccsheriff.org)>. Users' early report it can be helpful, but not yet as user friendly as desired. For example, payment wasn't recognized until the Sheriff's office reviews and accepts the filing. The PTO accepts payment even if the filing is incorrect and will be rejected.

**Bangui.** The African Intellectual Property Organization (OAPI) unveiled 22Oct2018 major changes of the Barnako, Mali 14Dec2015 revised Bangui Agreement. All trademark applications will be subject to substantive examination, alternative dispute

resolution is available and optional, audible signs are protectable, certification marks can be protected, and other changes.

**Eswatini.** The Kingdom of Swaziland is now the Kingdom of Eswatini. It's WIPO ST.3 Country Code remains SZ.

**Rare As a Day In June.** Saudi Arabia will be implementing the Gregorian calendar (January-December, 356 + Leaps) in addition to its traditional (lunar) Hijri calendar, <[https://en.wikipedia.org/wiki/Islamic\\_calendar](https://en.wikipedia.org/wiki/Islamic_calendar)>. The integration is to facilitate correct calculation of IP due dates and to reduce error rates.

**Militant Milan.** Milan Italy has already bid to host London's central division of the EU Patent Court, after, and if, the United Kingdom withdraws from the European Union. [sib.it 17Dec2018].

**Merger Empathy and Resistance.**

The Nielsen Norman Group suggests "Building an intranet for a newly expanded organization calls for empathy, balance, and often some resistance toward upper management." [www.nngroup.com, 5Nov2018].

**About Face.** Facebook has revised its advertising rules, prompted at least in part by the disclosure that Cambridge Analytica (UK) used data gained from over 50 million Facebook users, seeking to influence multiple USA 2016 elections. Words in Facebook ads that might be associated, by an algorithmic formula, with issues-based or political concerns, may get increased scrutiny. ■

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