

FINAL EXAMINATION
INTELLECTUAL PROPERTY

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Tuesday, April 25, 1989

8:30 - 11:30 AM

THIS IS A THREE (3) HOUR EXAMINATION.
THIS EXAMINATION CONSISTS OF EIGHT (8) PAGES.
THIS EXAMINATION CONTAINS SIX (6) QUESTIONS.

I = 40 min. II = 25 min. III = 20 min.
IX = 35 min. V = 25 min. VI = 35 min.

FILL IN YOUR EXAMINATION NUMBER ON THE BLUEBOOK STICKER.

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YOU MAY BRING IN YOUR STATUTORY SUPPLEMENT INTO THE EXAMINATION; YOU MAY NOT BRING ANY OTHER MATERIALS. You may write anything you wish on the page margins of the statutory supplement. [If you have a photocopy of the statutory supplement, you may write on the margins, but not on the blank back sides of the photocopy pages.]

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Instructions:

1. These questions will be graded on the basis of the times indicated with each questions. The indicated time for the questions total 3 hours. You will be given 3 hours to write the examination. Budget your time carefully or you may not finish.
2. Be sure to state a result whenever a question asks for one. Merely stating the arguments on both sides of a legal issue will result in only partial credit because you will not have completed the analysis required by that type of question.
3. If you find it necessary to make factual assumptions in order to answer a question, be sure to state the assumption.
4. Do not assume additional facts for the purpose of avoiding a legal issue or making its resolution easier.
5. Comment briefly on each legal issue reasonably raised by the questions and on each reason for your answer, even when you decide that one legal issue or reason controls the result.
6. The difference between triumph and disaster may lie in a careful reading of the questions.

I.

(40 minutes)

The Brown Brush salesman is a part of American folklore. He is the stuff of folk paintings, in his suit and tie carrying samples of mops and bottles of cleaning solutions to the American housewife, who answers the door while wiping her hands on her apron. Today, the Brush Brush salesperson is less folksy perhaps, but no less respectable.

Jerry Pergole was once a salesman of the Brown Brush Company. Its salespersons sold its products exclusively, going door-to-door in a method of operation similar to that used by the Avon Company for women's cosmetics and by the Electrolux Company for vacuum cleaners. After a few months, although his sales figures were satisfactory, Pergole was terminated because of his eccentric behavior.

On October 11, 1982, Pergole legally changed his name to Count Copy-Brown. As "Count Brown", he has performed as a colorful, some suggest bizzare or outrageous, door-to-door salesman of household supplies. He wears wild costumes. One of them is a bright green sportscoat and large dark sunglasses with a red frame in the shape of a butterfly. That costume includes numerous small stuffed animals perched on his shoulders. When he works, he shows potential customers a Brown Brush product catalog with his own label attached. His label reads,

"Count (Red Heart) Brown, the most famous door-to-door salesman in America, is an independent marketer of Brown Brush products and Superb Brush Company. He is not an employee or agent of Brown Brush Company. All Brown Brush products are resold only. -- To order call: [phone number omitted]"

Products he sells are correctly represented as being made either by Brown Brush or by other manufacturers.

Brown Brush Company brought an action against Pergole a.k.a. "Count Brown" to enjoin his activities to the extent that they involve resale of Brown Brush products. Should the court grant the requested injunction? Discuss all relevant legal issues. State a result.

II

(25 minutes)

Concrete Novelty Company manufactures and sells molds to make concrete statutes and ornamental articles, such as deer, donkeys, swans, urns, and birdbaths, used primarily as lawn decorations. Many of these designs are original works for which Concrete has secured registered copyrights; all of the figures in controversy were registered, except the Lady Grecian figure. The molds are sold to many manufacturers throughout the United States.

Famous Lawn Ornaments manufactures and sells concrete lawn statues and ornaments at its store in Lake Ozark, Missouri. In a suit for copyright infringement, Concrete alleges that Famous has infringed on its copyrighted figures. The suit was brought in Missouri state court. Famous asserts that it makes no molds of its own, that it has not used Concrete's figures as a basis for its own figures, and that it has purchased its molds from third-party manufacturers.

Six figures are in controversy:

Life Size Deer. Famous's life size deer mold does not contain a separate mold piece for the tail as does Concrete's; Famous's deer consistently has its tail pointing downward, while Concrete's can be rotated about its axis in many directions according to the desire of the figure caster. Concrete's mold contains the following words in quite small letters on the underside of the belly between the rear legs: "(C) 1981 Concrete Nov. Co.". Famous's figure does not have any words in that location, but does have the following words in small letters around the bottom of a rear hoof: "Copr. 1983 Famous Lawn Ornaments".

Standing Fawn. Famous's standing fawn is 26 inches high, compared to Concrete's 23-inch fawn; Famous's fawn has a base and antlers, whereas Concrete's does not; Famous's fawn faces left while Concrete's faces right. But for those differences, the pose and artistic style of the two fawns appears to be identical. Concrete's mold and Famous figure have the same respective words in the same respective locations as each's life-size deer figure.

Reclining Fawn. Famous's reclining fawn is smaller in dimension than Concrete's. Concrete's mold contains the following words in small letters on the belly where it rests on the ground: "(C) 1982 Concrete Nov. Co.". Famous's figure does not have those words or any others on its figure; it was first marketed in 1983.

Lady Grecian. Famous's grecian has a plain base, while Concrete's has a decorated base. Neither figure has any words on it. Concrete's mold was first marketed in 1978, and Famous's in 1979.

Swan. Famous's swan is somewhat smaller than Concrete's swan. Concrete's mold has the following words in small letters on the base of the figure where it rests on the ground: "(C) Concrete Nov. Co."; it was first marketed in 1981. Famous's figure has no words on it; it was first marketed in 1982.

Donkey. Famous's donkey has a distinctive blanket and harness around its middle, while Concrete's does not. Neither figure has any words on it. Concrete's mold has the following words written in small letters around a rear hoof: "Copyright 1984 Concrete Nov. Co.". Famous's figure has no words on it; it was first marketed in 1986.

There appear to be no other discernible differences between Famous's and Concrete's figures. The latest of Concrete's six figures was designed and molds sold in 1985.

Other mold manufacturers sell molds for similar figures, but they have stylistic differences.

In Concrete's copyright infringement suit, it seeks an injunction against Famous's future sales of the six figures in controversy and damages for profits from past sales. Is it entitled to such relief for any or all of the lawn ornament figures? Discuss all relevant legal issues. State a result.

III.

(20 minutes)

A.

The patent examiner rejected June Wren's application for "Method for Forming Images Using Free Flowing Photosensitive Microcapsules". The invention involved a type of toner used in photocopy machines. The rejection was that the invention was barred in light of Macaulay '308 and Sanders '846. Applicant Wren appeals.

The patent claim in controversy reads:

1. A method for forming images which comprises: depositing a uniform layer of photosensitive microcapsules on the surface of a support, said microcapsules being in the form of a free-flowing powder which is distributed upon said support but not permanently fixed thereto, said microcapsules comprising a discrete capsule wall containing a photosensitive composition and said microcapsules having associated therewith an image-forming agent image-wise exposing said layer of photosensitive microcapsules to actinic radiation, subjecting said layer of microcapsules to a uniform rupturing force such that said microcapsules rupture and image-wise release said internal phase, and removing microcapsules from said support.

What Wren invented was a photocopying process that makes images by the same physical process as "No Carbon Required [NCR]" carbonless recording paper after distributing a photosensitive toner on a cylinder in the same fashion as ink toner in a conventional xerographic photocopying machine. In the xerographic process, toner ink powder is cascade-coated onto an electrostatically charged drum surface and then photosensitized; thereafter, the photosensitized powder is transferred to a sheet of paper and baked on. The unsensitized powder is removed from the drum by discharging the electrostatic charge from the drum and/or by vacuum or mechanical sweeping. Wren's process replaces the toner baking stage of the conventional xerographic photocopying process with the microcapsule rupturing process of NCR paper. Only the photosensitized microcapsules rupture and cause a change on color on the image receiving paper; the unsensitized unruptured microcapsules and the ruptured ones thereafter are swept off the cylinder.

The conventional xerographic photocopying process has been in the public domain for many years.

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Macauley '308 is the basic patent for the NCR (carbonless) recording paper issued in 1962. Titled "Recording Paper Coated with Microscopic Capsules of Coloring Material. Capsules and Method of Making", it discloses a multiple-sheet business form in which a colorless coating containing microcapsules on the back of the front sheet of a form causes writing to appear on an underlying sheet when the one above it is written on with a pencil or ball-point pen. The microcapsules embedded in the coating are ruptured by the writing pressure to release a color-former. It describes how to make the microcapsules and how to coat the paper with the microcapsules with the aid of a variety of binders. Nowhere does Macauley '308 suggest using microcapsules in the form of a free-flowing dry powder. Sanders'846 teaches a method for forming images by exposing a layer of photosensitive microcapsules on the undersurface of a precoated imaging sheet with the microcapsules imbedded therein. After photosensitizing, the sheet is layered against an underlying sheet and run through a rupturing device wherein only the photosensitized microcapsules are ruptured and color the underlying sheet. The overlying imaging sheet thereafter is disposed of. Basically, Sanders '846 teaches use of photosensitizing to render capsules rupturable followed by physical compression of all microcapsules, whereas Macauley '308 teaches selective rupture of only some microcapsules by discrete physical compression, where all microcapsules are rupturable. Nowhere does Sanders '846 suggest using microcapsules in the form of a free-flowing dry powder.

What basis do you think the patent examiner used to reject Wren's claim? On appeal to the Federal Circuit, should the court affirm the examiner's rejection or reverse it? Discuss all relevant legal issues. State a result.

IV.

(35 minutes)

June Wren had applied for her patent, described in Question III, on March 19, 1985. On May 10, 1985, Andrew Richards had applied for a patent for the same process. On January 13, 1986, the Patent Office declared an interference.

Richards, a researcher at the University of Toronto, conceived the process in March 1981 while living in Toronto, Ontario, Canada. He performed the process on a modified xerographic photocopying machine in Toronto in October 1981. Thereafter, in April 1984, he demonstrated the process on the modified machine at an inventor's fair in Dayton, Ohio. The reason why Richards did not apply for a patent sooner was that he could not afford the cost of application and that the University of Toronto had a policy of requiring academic inventors to seek and secure outside funding for development of their inventions before paying for the cost of a patent application. Richards acquired that support after the Dayton, Ohio, demonstration in 1984.

Wren conceived the process in March 1984 in Columbia, Missouri, and performed the process there later that month.

The attorneys for each inventor filed their respective patent applications in a timely manner, that is, they prepared applications in the same order in which their inventor clients consulted them.

Assuming that the invention is patentable, to whom should the Patent Office grant the patent? Discuss all relevant legal issues. State a result.

V.

(25 minutes)

A physics professor and his research assistant together had jointly authored several scholarly articles related to their joint research. The research assistant recently wrote a manuscript of another article in her own name which described her own research derived from their earlier collaborative work. The professor, believing that her manuscript described research inspired by him, made minor editorial changes and sent the manuscript to a professional journal under his own name, giving her credit in a footnote as a joint researcher.

A. The research assistant sued the professor and the professional journal alleging that the article was hers. (Assume that the research assistant registered the article in her name.) Whom should the federal district rule is the author of the article? Discuss all relevant legal issues. State a result.

B. Assume that the federal district court held that they were joint authors and issued an injunction requiring the journal to publish a correction that the article was authored by the two of them. Should the court of appeals affirm or overrule the district court's holding that the article was jointly authored? Discuss all relevant legal issues. State a result.

VI.

(35 minutes)

SUPERCUT is a registered trademark for hair-cutting shears, owned by M*F*G Corp. When it first began to make shears in 1946 its factory was located in the Bowery area of Manhattan in New York City. When it first expanded its sales from Manhattan to Long Island, New York, and to Newark, New Jersey in 1954, it registered its mark under the Lanham Act. It reregistered the mark in 1960. Of its annual business of \$ 12 million today, 4 % comes from products bearing the SUPERCUT mark. M*F*G Corp.'s sales are solely in the New York City metropolitan area (including the New Jersey and Connecticut suburbs) and in New England.

SUPERCUTS is a trade and service mark used by a chain of franchised hair-cutting salons, owned by Hair Corp. Not only is the mark licensed to the franchisees for the haircutting service, it is applied to equipment used in the salons and is also used on a series of ancillary products sold by the salons, such as shampoo. Its logo bears no resemblance to M*F*G's logo. Although recently developed, the chain already does \$ 125 million annually in business. It operates 219 salons in the Washington DC metropolitan area (including the Maryland and Virginia suburbs), Virginia, the Carolinas, Georgia, and Florida. Its principal place of business is in Arlington, Virginia. Its mark is not registered.

In 1986, Hair Corp. began applying its SUPERCUTS logo to shears used in its salons. It does not sell its shears to its customers. Also, in 1987, it opened a franchised salon on Fifth Avenue in New York City.

M*F*G brought suit against Hair Corp. seeking an injunction against Hair Corp.'s used of the SUPERCUTS mark and logo on its salons, on equipment used in salons, and on shears and other products sold in its salons. Also, it sought an injunction against continued operation of the new salon in New York City under the SUPERCUTS mark and logo. Should the court grant the requested relief? Discuss all relevant legal issues. State a result.

I
(40 minutes)

trademark infringement

- test:
- use of Brown Brush mark:
 - misrepresentation of origin of products: none
 - misrepresentation of origin of salesman?
 - doesn't look like a Brown Brush salesman
 - label disclaims such origin
- likelihood of confusion?
 - will customers think D is from Brown
 - discuss costume & behavior
- use of Brown name:
 - is his legal name
 - disclaims association with Brown Brush

unfair competition

- test:
- no misrepresentation (as discussed above)

trademark dilution?

- test under state statutes:

II
(25 minutes)

copyright infringement suit must be brought in federal court: exclusive federal jurisdiction

- suit can be brought only re registered figures
- use in interstate commerce is not a prerequisite

copying copyrighted figures

- copyright valid only if it contains a copyright notice
 - only 4 do
 - correct form used on 3; date omitted on swan

uncopyrighted figures are in public domain; no common law copyright exists

- all have been reproduced in multiple copies

copyright infringement if works are copied, not independently created

- elements of infringement: access + substantial similarity
- access available because Concrete marketed molds & published catalogs
- discuss facts re substantial similarity

III
(20 minutes)

basis for rejection: § 103 obviousness

- xerographic photocopy process + Macauley + Sanders
- toner distribution method + NCR rupture process + photosensitized microcapsules

not § 102(a), because there is not an anticipating single reference

discuss facts re obviousness

- no teaching of microcapsule free-flowing dry powder distribution

IV
(35 minutes)

§ 102(a):

- Richards both conceived & reduced to practice first
 - [that was outside USA: must be within USA to qualify for priority date -- not discussed in class]
 - but Richards showed lack of diligence in applying, since he waited 4 years (as in Bowers v. Valley)
 - Univ. policy requiring outside funding is not a valid excuse
 - loses priority date: date of application is priority date
- Wren conceived before Richards demonstrated invention in USA
 - however, Richards conceived & reduced to practice first
 - but that was done outside USA
 - not "known or used in this country"
 - hence, Wren is the first inventor in USA
 - Wren is not barred by § 102(a)

§ 102(b):

- Richards applied more than one year after first use in USA
 - Richards is barred by § 102(b)
- Wren applied 11 months after first use in USA
 - Wren is not barred by § 102(b)

V
(25 minutes)

A. authorship issue:

- unpublished manuscripts are protected by the Copyright Act
 - in a fixed medium of expression
- copyright notice is not required -- reason:
 - unpublished works do not require a notice
 - Berne Convention Implementation Act abolished notice prerequisite
- only the author is entitled to a copyright
 - not based on who did the underlying research
 - based on who wrote the work
 - that is researcher, not professor

B. joint authorship issue:

- joint authors exist when two or more people together prepare a work with intent to make it a joint work
- here, all but minor editorial work was done by researcher
- researcher did not intend a joint work
- changes by professor cannot change that intention

VI

(35 minutes)

trademark infringement

- test: likelihood of confusion about origin of same or related products
 - discuss facts
 - same work (singular/plural)
 - different logos
 - same products: shears + similar products
 - M*F*G sells only shears
 - Hair Corp. does not sell shears; haircutting is principal business + sale of ancillary products
 - incontestability
 - upon reregistration (in 6th year):
 - secondary meaning presumed
 - later users cannot challenge mark re origin or distinctiveness
 - protection of natural expansion markets
 - similarity of products/services
 - discuss facts

dilution

- test: likelihood of confusion about origin of similar or dissimilar products
 - discuss facts (as above)

concurrent use issue:

- registration gives constructive notice of national preemptive rights
- registrant is entitled to:
 - actual territory occupied
 - preemptive rights in virgin territory
 - preemptive rights in rival's territory first entered after registration
- registrant is not entitled to:
 - rival's territory occupied at date of registration
- M*F*G entitled to:
 - injunction against Hair's new salon in New York City
 - declaration of right to expand into Hair's territory in future