FINAL EXAMINATION

PATENT LAW

P.N. Davis

Monday, May 14, 2001
8:30 - 11:00 AM

THIS IS A TWO HOUR AND 30 MINUTE EXAMINATION.
THIS EXAMINATION CONSISTS OF SEVEN (7) PAGES (not including this page).
THIS EXAMINATION CONTAINS FOUR (4) QUESTIONS.

I = 50 min.  II = 30 min.  III = 40 min.  IV = 30 min.

FILL IN YOUR EXAMINATION NUMBER ON THE BLUEBOOK STICKER.

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YOU MAY BRING INTO THE EXAM YOUR COPY OF THE STATUTORY SUPPLEMENT, with any notations in the margins and blank pages you care to make, but no page inserts.

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Instructions:

1. These questions will be graded on the basis of the times indicated with each question. The indicated time for the questions total 2½ hours. You will be given 2½ 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.
Missouri Packing Company developed a process for making and freezing precooked sausage for pizza toppings. This product had the appearance, taste and other characteristics of freshly cooked sausage. Missouri’s product surpassed other precooked products in price, appearance and taste. This process and the equipment needed to use it was perfected by April 10, 1986. However, Missouri did not sell any product made by this process because it for some time could not find any purchasers. At no time did Missouri publish any information in the press about its new process. Its employees were cautioned several times not to discuss this new process with anyone outside Missouri’s premises.

On September 13, 1989, Missouri entered into a written agreement with Mother Lupino’s Pizza Parlors, Inc., a franchise chain, to sell precooked sausage to Mother Lupino’s. Shipments began on January 1, 1990. Mother Lupino’s agreed to make these purchases on condition that Missouri divulge its process to several other Mother Lupino’s suppliers, to assure that back-up suppliers would be available in case Missouri could not supply all of Mother Lupino’s needs. In exchange, Mother Lupino’s agreed to buy a large quantity of precooked sausage from Missouri for an indefinite period at a fixed price. Under this agreement, Missouri disclosed its process to several of Mother Lupino’s suppliers, subject to a confidentiality agreement with each of them. (Missouri never disclosed its process to anyone else.) Missouri also leased its specialized equipment to those suppliers and invested $4.5 million in a new plant to meet Mother Lupino’s needs. By early 1992, Mother Lupino’s other suppliers had learned how to duplicate Missouri’s results. At that time, Mother Lupino’s told Missouri that it would not purchase any more sausage without drastic price reductions. Missouri refused to provide product at less than the contract price. Mother Lupino’s then gave notice that it would refuse to accept shipments after July 1, 1992.

One of Mother Lupino’s largest suppliers was Iowa Packing Corporation, up to that time selling nem meat products other than sausage. Mother Lupino’s supplied Iowa with a specification and formulation for sausage toppings. After signing a confidentiality agreement, Mother Lupino’s transferred information to Iowa about the sausage process. Iowa hired a former supervisor in Missouri’s sausage plant
a production superintendent. Five months later after Iowa had established its sausage-making process, he fired that employee. By late 1992, Mother Lupino’s was buying most of its precooked sausage from Iowa.

On August 5, 1991, Missouri filed an application for a patent on its process. In 1994, it received a patent for its specially designed equipment to make its precooked sausage and another patent for the process itself.

On March 17, 1995, Missouri sued Iowa for infringement of its equipment and process patents. It also sued Mother Lupino’s for indirect infringement and other relief. (Missouri did not assert any breach of contract claims.) Iowa and Mother Lupino’s counterclaimed asserting that Missouri’s patents were invalid.

Should the court grant Missouri relief on its patent infringement claims? Should the court grant relief on any other grounds? What other grounds would be available? Discuss all relevant legal issues. State result on both the patent infringement claims and on the other grounds.
Fast Cook, Inc., makes two-sided cooking devices for cooking hamburgers in fast-food restaurants. These devices have a class shell design, with a heated lower half that rests on a work surface and a heated, moveable upper half or lid. Both halves have flat cooking surfaces. Hamburgers are placed on the lower cooking surface and the lid is closed, placing the upper cooking surface on top of the food. This arrangement allows the hamburgers to be cooked from both sides simultaneously, greatly reducing the required cooking time, facilitating an even degree of cooking throughout, and eliminating the need to flip the hamburgers.

Fast Cook manufactures a patented removable upper cooking surface, or platen, for the two-sided cooking devices. It consists of a flat rectangular aluminum plate, The side that comes into contact with the food has rounded edges and a Teflon coating. The back side of the plate, which faces upward during use and is in contact with the heating element in the upper moveable half of the cooker, has a stepped edge and a number of studs welded to it. The studs are used to attach or bolt the platen to the upper half of the cooker. Part of the novelty of the invention is that the studs are welded to the back of the platen rather than bolted to it, giving the cooking side a smooth unpenetrated surface with no seams. This facilities uniform Teflon coating and eliminates accumulation of food deposits and grease in the seams, as occurred on the working surface of prior art platens, because there are no seams.

The Teflon coating eventually wears off the platen from use and the platen must be replaced. Each platen has a useful life of about 6 to 12 months before it must be replaced or refurbished. In removing a worn platen, the studs on the back often are bent or broken off. Before a platen can be reused, the studs must be replaced with new ones. Of course, the Teflon coating also must be replaced.

Fast Cook sells new platens for $90. Customers can receive a discounted price of $75 by returning used platens in exchange for new ones. Fast Cook throws away the use platens, because it finds it cheaper to make new uses than to refurbish old ones.

However, Pan Man, Inc., does find it economic to refurbish used platens. It cleans used platens, removes the worn Teflon coating by grit-blasting, replaces the worn Teflon coatings and repairs or replaces
or $40 in exchange for used platens. While sometimes Pan Man refurbishes and returns the same platens to customers who send in used ones, normally replacement platens are not the same ones sent in by customers; customers need to replace their platens as soon as they are removed from the two-sided cooking devices in order to keep them in service.

Fast Cook sued Pan Man for patent infringement, asserting that refurbishment of used platens constitutes making the patented article. Should the court find that Pan Man has infringed Fast Cook’s patent? Does Pan Man have an effective defense? Discuss all relevant legal issues. State a result.
Davis Paper Cutter Corporation is owner of a patent for a circular-blade paper cutter, depicted in patent Figure 1, below.

In contrast to guillotine-type paper cutters which use a long blade that pivots at one end, the patented cutter has a circular blade 18 enclosed in a carriage assembly 16 that rides along a rail 14. The rail is attached to the cutting board at both ends by pivots 27 which allow the rail to be raised for insertion of the paper. The blade assembly is raised upwardly by springs 48, as depicted in the detailed drawings of the carriage assembly in patent Figures 5 and 6, below:
To cut the paper the carriage assembly enclosing the blade is pressed down and drawn along the rail. When the pressure is released, the biasing springs return the carriage assembly and blade upwardly to an inoperative position, preventing accidental cuts of paper or operator. Claim 1 is representative:

1. A cutting board assembly for cutting or trimming paper sheets, said assembly comprising
   (a) a cutting board,
   (b) a pair of posts mounted on said cutting board,
   (c) a rail assembly pivotally mounted on said posts in a parallel relation to said cutting board,
   (d) a carriage assembly mounted on said rail assembly for movement across the cutting board,
   (e) a circular cutting blade mounted for rotary motion in said carriage assembly,
   (f) means for biasing said carriage assembly to an inoperative position of said rail assembly, said biasing means comprises a pair of leaf springs mounted on said carriage assembly for biasing said carriage assembly to an inoperative position on said rail assembly
   (g) whereby said carriage assembly must be moved from said inoperative position to an operative position on the rail assembly for cutting or trimming the paper sheets.

Holliday Manufacturing Co. makes a rotary-blade paper cutter that differs in two ways from the Davis paper cutter. First, the blade is mounted in a sub-assembly within a carriage assembly. Instead of the whole carriage assembly being held down to cut paper, in the Holliday cutter a large button protruding from the top of the carriage assembly and attached to the blade subassembly is pushed down. Second, the upward biasing of the blade is done with a coil spring rather than a pair of leaf springs.

During the prosecution of the Davis patent, inventor amended the term “cutting blade” to “carriage assembly.” This was not done to overcome any prior art reference cited by the patent examiner or found by inventor, but to remove an unintentional limitation in the claim to a cutting blade, since perforating and scoring blades could also be used without changing the device.

Does the Holliday cutter infringe on the cutter patent owned by Davis? Discuss all relevant legal issues. State a result.
IV. (30 minutes)

Briefly define the following terms:

1. anticipation
2. prosecution history estoppel
3. person with skill in the art
4. reduction to practice
5. diligence
6. composition of matter
7. specification
8. experimental use
9. nonobviousness
10. utility
latent infringement:
- process/equipment is patentable
  - no facts suggest anticipation or obviousness; patent did issue
- § 102(b) bar – sale/offer of sale of product more than 1 year before application
  - sale of product made by secret process creates “on sale” bar for process
    - Metallizing Eng’ring
  - is grounds for defense of invalidity
- is there a § 102(g) suppression/concealment/abandonment bar?
  - no. Inventor merely loses priority to an intervening inventor under § 102(g). No intervening inventor here.
- is there a § 102(c) abandonment of invention bar?
  - no. The period between reduction to practice and application is too short (5 years). No case has applied the bar in less than 6 years.
- is there a “function of a machine” bar?
  - no. In former times, by case decision an inventor could not get separate patents for both a machine and the process the machine performs. However, that restriction was removed by case decision, because the process may be performable by other machines developed later. [Tarczy-Hornoch]

Other grounds – misappropriation of trade secret
- process is a trade secret
  - secret information
    - intent of keep information a secret
      - disclosed to ML under confidentiality agreement
      - not disclosed to anyone else
      - MO’s employees cautioned not to discuss process outside of workplace
    - creates competitive advantage
      - better taste than competitive precooked sausage
  - disclosed in confidence to ML and to ML’s suppliers
- unauthorized disclosure
  - disclosure was made under confidentiality agreement
  - MO’s former employee disclosed details of secret process without authority
  - or, acquisition of secret by improper means
    - induced disclosure by MO by agreeing to confidentiality agreement
    - hired MO’s former employee to gain knowledge about process
    - abrogated agreement as soon as disclosed information was understood
- misappropriation: take novel/original idea which creates competitive advantage without consent
  - ML’s pattern of behavior shows intent to take idea without compensation
nonpatentability is not a defense to violation of trade secret claim
- use of trade secret occurred before patent was applied for
- no defense of reverse engineering or independent discovery because that is not what happened

Note: there was public disclosure of the secret process when MO’s patent was granted, so there can be no misappropriation of the trade secret after that date, only before it.
- DECIDE

II (30 min.)

Issue: repair or reconstruction?
- purchaser of patented device has implied license to use it for its expected lifetime
- this includes a right to repair its parts to keep it in service for that lifetime
- purchaser does not have a right to reconstruct patented device; that is the equivalent of making a new one
- the threshold between permissible repair and impermissible reconstruction is not a bright line
- but mere replacement of unpatented parts is repair
- here, the cooking device is not patented, only the upper cooking surface
- is removal and recoating of Teflon on upper cooking surface and unbending/replacement of studs mere repair? Or reconstruction?
  - the platen itself has a much longer life than the Teflon cooking surface
  - the bending & breaking of the studs is a result of removal, not the result of deterioration in use
- DECIDE

III (40 min.)

Literal infringement:
- the accused device must read on all patent claims literally
- the Holliday cutter differs from the Davis cutter in 2 ways:
  (1) the entire Davis carriage assembly is spring-biased, not just the blade
  (2) the biasing in the Davis cutter is done with a pair of leaf springs, not a coil spring
- there is no literal infringement

Doctrine of equivalents:
- doctrine states there is infringement if the patented and accused devices (1) do the same work (2) in substantially the same way and (3) accomplish substantially the same result, although different in name, form or shape
- here,
  - both cut paper with a rotary blade
  - both mount the rotary blade on a fixed rail; both bias the blade in an upward inoperative position with springs
  - both require the operator to press the blade down and draw the rotary cutter across
the paper to cut it
- there is no functional difference
- the differences relate solely to how the blade is biased and in relation to the fixed rail
- DECIDE whether the doctrine of equivalents should apply here

*Warner-Jenkinson* holds that claim limitations made during prosecution history do not estop patentee from claiming protection under doctrine of equivalents if limitations were not for reasons of patentability, but *Festo* appears to hold otherwise; rule:
- benefit of doctrine of equivalents is lost if applicant makes any amendment to claim
- here, applicant did so *re* the specificity of the “cutting blade”
- the claim amendment did not relate to the biasing means
- the claim amendment was not intended as a limitation to overcome a prior art reference; in fact, it enlarged the scope of the overall devices uses by removing the limitation of its function (originally “cutting”)  
- under *Festo*, applicant loses doctrine of equivalents protection; is limited to literal infringement protection
- but should the *Festo* rule apply to voluntary amendments unrelated to overcoming prior art references?
- should the *Festo* rule apply to amendments that enlarge the original scope of function of the patented device?

DECIDE

**IV (30 min.)**

Definitions:
1) anticipation
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3) person with skill in the art
4) reduction to practice
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6) composition of matter
7) specification
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9) nonobviousness
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