

MODEL ANSWER
COMPILED FROM STUDENT ANSWERS
FOR
IP SURVEY FINAL EXAMINATION
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NOTES:

The answers given below are compiled from several student answers. That is, the answer for the trade secret section may have been written by a different student than the answer written for the copyright section, etc.

The answers below were selected because they were the one of the highest point-obtaining answers for a specific area of law among a few of the student answers that earned an "A" on the examination. The answers are provided directly as written by the student, without any spelling or any other type of correction or editing.

A. *Trade Secret*

Glow may have a claim of trade secret misappropriation against the Defendants. A trade secret is defined under the UTSA as information, including a formula, pattern, compilation, program, device, method, technique or process that derives independent economic value from "not being generally known" and "not being readily ascertainable" by proper means by others who can derive economic value from its disclosure or use. The Restatement has a similar definition. This would probably qualify as a "process" under this definition. Glow will also be able to show that it has economic value because it allows the to manufacture a less expensive handle with a better finish. This gives them an economic benefit because if their competitors do not know their products their products will be higher cost and lower quality. It is not generally known because the facts state that molding experts have not figured out Glow's secret. It is also not reasonably ascertainable because even with acquisition of the residue it would have taken expensive and complex tests to determine what the sandy substance is.

In addition, Glow will also need to show that they took reasonable precautions to keep it a secret. Courts have held that in a trade secret claim, the secrecy does not have to be absolute, only reasonable under the circumstances, as is in *Metallurgical*. Here Glow did take what one could probably call reasonable precautions to keep the information secret. The room had doors with locks, was in an internal room with opaque windows. They try to remove the sandy residue before they release the handles. However, the defendant's may respond by saying they don't use reasonable precautions for several reasons: (1) one might still be able to see through opaque windows if they get up close to it, and they don't remove all the sand and allow it to be tracked to the other parts of the plant. They also can't be faulted for knowing that it was taken because Slick put a poster up and there was not way to know someone had seen in. However, a court most likely will still find this reasonable, because Glow doesn't have to take extravagant and expensive measure and what they have done should be sufficient.

Finally, it is necessary to show that the infringer acquired the secret wrongfully - misappropriated it. One could probably argue that it occurred by improper means. Although what Slick did by observing the factory may not technically fall into the UTSA definition of improper means, Glow could argue it was espionage. It would certainly fall under the Restatement definition of below reasonable conduct and commercial morality. Competitor is also guilty of misappropriation under the UTSA because at the time of use they knew or had reason to know it was derived from or through a person who had utilized improper means to acquire it. When Slick sold them the idea, he told Competitor how he obtained the information. For these reasons Glow will probably be successful on a trade secret misappropriation claim.

B. Patent

Glow can claim patent infringement against Competitor (Model One and Model Two) for infringement of his pre-mold component of his molding machine.

Model One:

Competitor's Model One has an inner cavity, an outer chamber with a round hole on top, a wall between the inner cavity and outer chamber, the wall being made of metal C having a heat transfer index of 65

Glow can claim literal infringement for Model One but probably will not prevail: both have an inner cavity, an outer chamber, and a barrier made of metal C. BUT Glow has a means for allowing passage of a substance into the outer cavity, Competitor has a round hole, Glow has barrier separating the inner cavity and outer chamber, Competitor has a wall, Glow's metal C has a heat transfer index of 40 to 60 while Competitor's is 65.

For literal infringement, Competitor must have every element that Glow has. Glow could argue that his "means for allowing passage" is literally infringed upon under Section 112 equivalents because there is an identical function. We need to look to the claim specification to interpret a means for allowing passage to determine if it serves an identical function to a round hole. If it does, and there is substantially similar way and result, then there will be literal infringement of that element. Glow can also argue that barrier and wall mean the same thing, the court will look to the ordinary meaning of the word barrier and could determine that wall is the same thing, then there would be literal infringement. The main issue is with the heat transfer index of metal C. However, since Glow's claim says "approximately forty to sixty" then Glow will argue for broad claim construction and that it encompasses 65. Therefore, if the court determines that 65 is approximately 40-60, then Glow can prevail on the literal infringement claim.

Glow can also claim infringement by equivalents. This is an element by element analysis, much of the analysis above for literal infringement applies as to each element. However, Competitor has a strong defense in this case: PHE. Glow originally had a broad claim for "heat conductive material" and later amended the claim to "metal A, B, or C with heat transfer index of 40-60" to distinguish prior art. If PHE applies, then Glow cannot claim DOE for the portion that he gave up, i.e. anything above 60 or below 40. However, Glow did not have to have an upper limit of 60 since the prior art claimed a heat transfer index of 67 or greater. Therefore, Glow can argue that that portion of the amendment was not for a reason related to patentability and PHE does not apply. We should determine why Glow made the upper limit 60 because the court can look at the reason to determine if an estoppel will apply.

Model Two:

The claim for literal infringement will probably not work because of Metal D.

However, Glow can claim DOE since metal D has the same thermal properties as metal C and performs the same function as Metal C. Competitor will argue for PHE, claiming that Glow gave up any rights to metal D, however, Glow can argue that metal D was not foreseeable at the time the amendment and a reasonable patentee could not have foreseen the limiting effect of the amendment and DOE is still available for this element. The consequences of the amendment are unforeseeable because Metal D was the result of a "recent surprise discovery" and did not exist at the time the claims were amended. If the foreseeability argument is accepted by the court then Glow can prevail on infringement by equivalents.

Competitor has a defense to infringement, the patent is invalid because it was not novel. Jones built a prototype pre-mold device with a wall of metal C, heat transfer index of 41, and Competitor used this prototype in his manufacturing process. We need to know when this device was used and built. Also, we need to know if it was reduced to practice or was indeed a prototype, being used experimentally. If it was an experiment, then it is not prior art. To determine if it was an experiment, we need to look at the control by Jones, any confidentiality agreements, necessity of public testing, length of test period, etc.

C. Copyright

Assuming Glow can assert Fettle's rights, Glow has a claim against Competitor for copyright infringement

It must be determined if Fettle has valid copyright, the copyright needs to be an expression fixed in a tangible medium, with a modicum of originality. Fettle may have copyrightable subject matter since he added quotes from each operator, placed a border around the names and quotes consisting of photographs and sketches. It is clearly fixated, and there is a modicum of originality.

Reproduction Right: IF it is determined that Fettle has a valid copyright, then he must show copying and improper appropriation. There is sufficient circumstantial evidence of copying, Competitor had access and there is similarity. Since there is clear evidence of access, a lower level of similarity is required, therefore, there is still proof of copying even though there are many differences in the posters. Improper appropriation may not be evident however since the part taken may not be so substantial and may be fair use of the work.

Competitor has posters similar to Fettle's, but without quotes and not including any of Fettle's graphics or sketches, but placing their own photos in the border. Therefore, Competitor will claim that they did not copy any copyrightable elements, all they "copied" was the idea of listing the names of the operators to boost morale. Since the list was an idea, it is not copyrightable subject matter. Additionally, the list was produced by the plant managers and therefore, not original to Fettle. Alternately, if the list is not held to be an idea, then Competitor can argue that the merger doctrine applies, and the idea merges with expression rendering the work uncopyrightable.

Derivative works right: Glow can claim violation of derivative work right, however, there is little transformation, there is no new market created, and probably not a derivative work. The poster is still a poster.

However, Glow can claim violation for the bibs which have Fettle's abstract sketches in a grayscale instead of pastel colors (probably insignificant) and Glow's poem. Glow's poem is clearly a copyrightable element that is infringed upon. Competitor can claim is fair use.

Therefore, we must consider several factors:

Purpose and character of use: Competitor will claim that the purpose is not commercial or not for profit and for charity since he donates the proceeds to a non-profit organization. However, the purpose will probably be found to be commercial since Competitor's sales of his raw plastic have risen dramatically since he began donating to the non-profit organization.

The nature of the copyrighted work published (since the posters were distributed throughout the factory) which weighs towards fair use.

The amount and substantiality of the portion used in relation to the copyrighted work as a whole weighs against the finding of fair use since Competitor copied the poem in its entirety and the sketches, absent the color.

The court may also consider the amount and substantiality of the copied portion in relation to the defendant's work as a whole, since the copied portion makes up the defendant's work entirely, this also weighs against fair use.

Also the bibs have an adverse effect upon the potential market for Competitor's works and any possible derivative works that Competitor will create.

Competitor could also claim functionality: since the operators like the bibs because of the poems, he can claim that it is functional and not copyrightable.

If Fettle does not join the suit, Competitor can claim that the work does not belong to Glow and they cannot assert copyright infringement. Generally, copyright vests in the author (Fettle) unless the work is for hire, then copyright vests with the employer. To be for hire, the work must be done by the employee within the scope of his employment (or specially commissioned...). Clearly, Fettle is an employee, however, there is an issue as to whether the work was done within the scope of his employment.

The work must be the type the employee was hired to perform, creation must occur substantially within the time and space limits of the job, and the employee's purpose must be to serve the interests of his employer.

Competitor will argue that the work was not within the scope of his employment because Fettle did the work on his own initiative and since Fettle was listed on the list of operators, he is an operator and making posters is not within the duties of an operator. Glow can argue that Fettle created the posters with the acquiescence of the factory managers and therefore was within the scope of his employment.

Time and space limits: Competitor will argue that Fettle used his own supplies and worked at home and during the evenings and weekends

Glow can argue that he did some work while physically at work and used some of the company's supplies.

Also, Glow can argue that it was in the interests of the employer, to boost employee morale and as a recognition of good workers. Since the company posts the list anyways, regardless of whether Fettle modifies it, it is presumably for the employer.

It is most likely that Fettle will fit in the "work for hire" exception and that Glow will be able to assert copyright infringement against Competitor.

D. Trademark

Glow's trademark is the registered name "BestLever" and the swan neck shaped handles.

The threshold for any trademark infringement case is "is the word or phrases registrable"? Since the BestLever name is incontestable, Competitor can't claim that secondary meaning is needed for the descriptive term of "Best Lever."

Incontestability is conclusive evidence of validity, registration (notice) ownership and exclusive right to use.

Does BestEver infringe?

Two types of infringement, customer confusion and dilution.

Here, there should be a claim of customer confusion.

Of the 5 types on confusion, confusion as to products and source apply here.

There are 8 factors of confusion. (sleekcraft)

The strength of the mark is not weak, it has acquired incontestability

The proximity of goods is close to zero, for they are the same product, a stapler

The similarity of the marks is only one letter. In fact, misspellings are held to not matter when applying infringement

No evidence of actual confusion or marketing channels used.

The type of goods are staplers, and the degree of care is not a large one. It is a relatively inexpensive product.

Defendant's intent may be seen if they are found guilty of misappropriating the trade secret.

Defendant seems to have bad faith as seen by their attempt to copy the stapler's shape.

Likelihood of expansion doesn't apply.

The swan-neck handle.

Again, the threshold issue is, is it registrable?

Competitor will claim a functionality defense.

A function characteristic is one that 1) is essential to use of purpose, and 2) affects the cost of quality.

The experts note that the shape optimizes the handle because it uses less-dense plastic (seemingly cheaper)

Thus the handle shape should be found to be a function characteristic and not capable of being a trademark (i.e. don't want to whipsaw the patent system).

Even if swan-neck is allowed to succeed, should Competitor have other rights?

Under the common law, the exceptions are that only protects where products sold or advertised.

Lastly, Competitor will also claim that since they sell the shape in Alaska and Florida, that they have rights in those geographic areas

The exceptions are, where reputation established. Thus Florida would be an exception to where the swan shape could still be sold because it established there.

But since Florida is a new market, Competitor will likely not be able to continue selling HighWaterSwans there.

But the earlier user has superior rights when there is overlap.

Since Glow registered their trademark, it freezes Competitor's area of use to where they were when Glow registered.

But, competitor can say "we provide best leverage" and "we glow" with quality—not a trademark because generic words, although not used in the normal sense of the word. So even though it is a "pun" it doesn't seem to infringe or dilute.

About the video, if Competitor airs the video, Glow will succeed in an action for infringement.

The other type of infringement is dilution.

For there to be dilution, the mark has to be famous.

Glow's mark needs to be proved famous. (8 marks of where the mark is "distinctive and famous" see Dilution Sec 43(c))

eg (h) mark is registered helps Glow's case.

The three types of dilution are blurring, tarnishment and free riding.

Here, there would be tarnishment.

(Nabisco factors)

5 elements of claim of dilution are 1) must be famous 2) must be distinctive (3 way sliding scale)

Junior use must be a commercial use in commerce Like the John Deere commercial,

Competitor is comparing Glow's handle to a toilet, or the toilet's dirty connotations.

By doing this, competitor will be diluting the distinctive quality of Glow's mark.

In fact, Glow is famous for glowing in the dark, and they show the toilet in the dark.

Competitor is displacing positive with negative association of the mark (i.e. the bathroom)

Key here is to take the Nabisco factors and apply them

Is the mark famous?

Yes, Glow in the dark staple

Is it distinctive? Yes, enough for competitor to be able to turn out the lights.

I conclude that the airing of the video would cause infringement by dilution and that there are no defenses for Competitor.

It must begin after senior mark has become famous, and must cause dilution of distinctive quality.

Only defenses Competitor can claim are fair use, noncommercial use, and news reporting, none of which are found here.