

EXAMPLE ANSWER
COMPILED FROM STUDENT ANSWERS
FOR
IP SURVEY FINAL EXAMINATION
PROF. GREG R. VETTER
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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 a high grade on the examination. The answers are provided directly as written by the student, without any spelling or any other type of correction or editing.

These answers do not necessarily touch upon all point-obtaining issues, nor do they necessarily state all points of law and fact correctly. Moreover, they may discuss issues that are not point-obtaining. They are provided as a point of comparison, not as a suggestion that they are a perfect answer.

A. *Trade Secret*Validity

Perry (P) spent a lot of time and effort to combine the three elements of brushes, abrasive, and customary polishing solutions. The United States is based on a utilitarian view that without protection in order to enforce a trade secret action the elements that Perry must meet the UTSA elements. The matter must be the type of information that is protected, it must have independent economic value, and it must be secret with reasonable efforts made to maintain the secret.

Information

UTSA lists examples of proper subject matter including formulas, patterns, compilations, programs, devices, techniques or processes. Here the polishing technique is a process so it squarely falls within the plain meaning of the statute as protectable subject matter. Moreover the solutions in part are customary so that would fall under a formula (even though it's unlikely that Damien (D) stole this; just the process)

Independent Economic Value

This polishing technique must have value by being kept secret. The cost to develop this including trial and error was likely great. Here the lenses are recognized as the best in the low-end consumer market. While sales figures aren't given there are likely brisk sales due to this recognition. The process that leaves no trace is surely desirable. For this reason there is independent economic value. She went through the trouble of registering the lenses using this process giving the inference that he thought it was worth it and important. Finally D's desire to steal it and market success with LightAlive is another indication of its worth.

Secret & effort to keep secret

P's process was likely secret. He was in a cloistered position. He used access-control to make sure only trusted people were let in. He used a windowless room so that people wouldn't be able to observe the process. All that is required is that the measures be reasonable (see *Rockwell*). Ease of independent acquisition might be a counter, as 2 of the 3 parts of the process are traditional (brushes) and common (abrasives) - however the method of employing the is "unique" and that makes it hard to reverse engineer as there is no trace to look for clues.

Infringement

To have D infringe he must have gotten the trade secret through improper means or through a breach of duty (express or implied). Here there was no duty (legally - b/c rats can be used to surveil) not to surveil there was a legal duty not to trespass. But that is not the same thing as a duty not to find out about the secret. At most there might be an implied duty under unfair competition, but this is a trade secret action. So, to have misappropriated the process he must have used improper means. Now for improper means that is a term that is broader than illegal (see *Dupont v. Christopher*). That includes theft, bribery, misrepresentation, or espionage as examples. Here the camera on a rat falls under espionage. The law will not allow one company to use its resources

to spy rather than do the independent work. For that reason P is likely to win on the Trade Secret charge.

Defense

D's claim that this is just an improvement will fail. Improvements are covered under Trade Secret. (see Metalurgical Indust. - improving zinc recovery process).

*B. Patent*Validity

Is P's patent on the lens valid on the 5 elements: Subject matter, usefulness, novelty, statutory bar, nonobviousness, and disclosure. Subject matter, utility, novelty, statutory bars, and disclosure have been disclaimed. That leaves obviousness under 35 USC 103.

Obviousness

Under obviousness the courts will look to see if the matter as a whole would have been obvious to at the time of the invention to a POSITA using the graham factors. Looking at these should not use the impermissible use of hind site (in re Dembiczak).

Scope of the Prior Art

Here there are two patents. Allen (A) is 2 sided, round, with a quartz lenze just has P's is however Allen's patent has the SFSS in a triangle pattern. Baker's (B) patent doesnt use glass (plastic instead) but discloses that glass would work as well. B's lens is square while P's is round. B's SFSS groves are not triangluar in a pattern but have a pattern spaced apart at 10% of the diameter.

Difference

Clearly the between the two of them there are most of the elements, but there are still differences. B does not demand that the lines have to be sustantiall parallel althought this is probably implied. The key then is the sppacing of the lines.

Level of POSITA

The question becomes if a POSITA would have known with these two references to put them together to make the resulting product. It is given that POSITAs are known to know that SFSS grooves are known to enhance the optical properties of the lens but that is not the same as having all the properties of P's patent. The question here is of configuration, lense shape, and material.

2ndary Indicia

The commercial success that P has shown with her lenses is one thing in the fact pattern that show the patent is usefull, but this would be stronger with doubts as to it's sucess, testamony by witnesses etc. D's copying quickly is another imlict acknoldegement that it wasn't obvious.

Here there are two prior art references that could be combined to form P's patent. However under in re Vaeck there must be a explicit suggestion of combination. The burden is on the PTO to show a prima facia case and can't just use "common sense" (in re Lee). Here B's patent explicitly taught away from the patent sayin that spacing under 25% would cause distortion. Under this standard there is likely to be no 103 violation. On suggested that more SFSS grouves are better, and to use glass, but there is nothing that would suggest roundness or cobining with A's patent.

Infringement

Literal infringement

To have literal infringement D must operate within the claims (Larami Super Soaker). There will be a markman hearing for the court to determine as a matter of law what the claims mean. Here claim 1 is disclaimed by P. This leaves the claim b & c. Under b, D must have used glass or quartz. He did use quartz, so this leaves c. Here the claim is for two or more nonintersecting substantially-parallel spaced apart SFSS grooves penetrating into the 1st side of the lens. Here there are 3 on D's which is 2 or more. The lines as shown are non-intersecting & substantially-parallel. The fact that they are only 15% apart is of no consequence. The embodiments are not the metes & bounds which claims are measured. Under 35 USC 112 the best mode is required to be disclosed, but it is not what the infringement is going to be based on. If D had used intersecting SFSS or SFSS that were not substantially parallel then he wouldn't have infringed on this ground. The key here is "spaced apart." because this is not defined there will be a battle over what this term means using plain meaning, dictionaries, & experts. P's expert indicates that "spaced apart is 'any space'. while D says it must be 30-50% of the diameter. While expert testimony is nice for D there is counteracting testimony for P. While the embodiments do show 30-50 this might lean towards giving weight to D's expert (the patent might have taught away from using lines so close to borrow from obvious standard).

If so, this might take the battle to the DOE:

Non-literal infringement

Here to win P must show SSF-SSW-SSR test or insubstantial changes on an element by element basis. D admitted to the SSF-SSW-SSR so the DOE would be a winner for P if there are no defenses.

One defense is the PHE. The spaced apart was necessary for the patent to go through during prosecution. If there was a black & white rule as to the effect of PHE as the appellate court desired in Festo then this would preclude him from using the DOE. However there is only a rebuttable presumption that the ground given during prosecution was absolutely necessary to overcome prior art. P waived his assertion of the Festo rebuttal criteria for tangentialness and reasonable expectations, but that leaves unforeseeable. Was it foreseeable that spaced apart would be used at 15%? Surely it was, as 30, 40, & 50% were contemplated. For this reason P should have put language more specific in to stop this embodiment and claim it if it wanted to. So finally on DOE P will likely lose.

C. Copyright

There is a C created by both P & D's renditions because they were 1) independently created (authorship) because neither saw the other's drawing 2) had a modicum of creativity (handsketched, even though based on an indoor mock Eiffel Tower) 3) were fixed in a tangible medium (paper). There are no limits (such as merger or useful article doctrines for this art), since a drawing is at the heart of copyright.

Exact copy sold

Although it is not clear if P is suing for this claim, it should be brought to the court's attention that P has a claim against D for stealing her original rendition, infringing her reproduction rights by making a literal, exact copy, and selling it to Max. D would be encouraging a third party to infringe P's rights, and would therefore be liable under the Copyright Act. P also has a claim against Max for infringing her right of first distribution by selling her rendition. Max would try to argue First Sale doctrine of being able to sell/dispose of a particular copy without the consent of the author. However, this copy was obtained through illegal means.

Brochure

D is using his own rendition in his brochure, so it is difficult to say that there was copying in this matter. There's no direct evidence (such as a note to file or admission) by D, so we would have to find circumstantial evidence of copying. The *Arnstein* test looks at access and substantial similarity to decide if copying has taken place. There was clear access to P's rendition, as D stole the original out of the case. There is also evidence of substantial similarity, especially since both renditions were based on the same indoor mock Eiffel Tower. Looking at the two drawings, there are similar elements: sun, wavy banners, the same way of drawing the Eiffel Tower, same background, same color scheme, etc. There are some differences, such as the style of the sun and banners, D's adding in the middle of the Eiffel Tower so it appears as a rocket ship. However, a factfinder would probably say that the drawings are substantially similar. The *Arnstein* test says that if both access and similarity are present, there must only be similarity sufficient to prove copying. Despite the evidence against D of copying, there is the defense of independent creation for D in posting his own rendition in the brochure. Therefore, P will probably lose this claim.

Web site

There is better evidence of copying in this claim. There was access and substantial similarity between the two renditions (see analysis above). Now, there is probably improper appropriation of P's right to display and to distribute her image. To even get this rendition in the first place, there was a violation of P's right to reproduce her image.

P will argue that the bundle of rights associated with a copyright allow her to exclude others from displaying a copy, especially online. D will argue that transmitting an image online isn't technically "displaying" the image, since it is being broadcast; however, P has a stronger position that this is now public display because it is reaching more than the viewers present where the original copy is located and the image is now "open to the public."

P also has a claim against D for violating her right to the distribution of her copy by "sale." However, D will say he is not charging for others to view his site and P's image, so P will probably not stand on this distribution right.

P will also try to claim violation of her reproduction right in the scanning of her rendition to make an exact copy. Because there is evidence of copying, P will probably win on her reproduction right claim.

Fair Use

D has asserted the defense of fair use of the rendition, but P has a strong case against a fair use.

Factors:

1) purpose/character of use: While D will say that this is not a commercial use because anyone can visit his web site for free and view the rendition. D will say that the work is merely for the public's benefit. However, the web site probably generates customers for his company, so indirectly he would be profiting from having the rendition on his site.

2) nature of work: A drawing would be at the heart of copyright (unlike facts that only receive thin protection). Additionally, P's work is currently unpublished, so D has taken away her right to first dissemination, which violates the copyright policy of protecting the author.

3) amount/substantiality of the portion taken: D posted P's entire image on his site, so 100% of the work has been appropriated.

4) effect of use upon potential market/value of the copyrighted work: while it is not clear if there is a market for P's rendition as it is. There is evidence of a market for a derivative of her work (seen in the licensing of her image for a commercial).

Videoclip- performance, derivative

P will say that D has violated her right to performance of her work and to a derivative of her rendition. While D has made a video clip from P's work, P's work was not of the substance to be protected by the public performance right, so only the derivative right should be discussed. Derivative works are protected from material being used unlawfully. (Sec 101). Additionally, D will argue that there is severability between the original work and D's use of P's rendition in a video clip because it dances around a field and transforms into a French Fry. However, P will probably win on the basis that the Eiffel Tower is being used as the main image. Additionally, P's derivative work in the commercial also is animated and could be considered substantially similar to D's use of her image in animation. Even though P's work stays rooted in place, it takes on human characteristics and moves while singing. D's image dances around and has a face when it transforms into a french fry. Therefore, the court may still find that the animation of the Eiffel Tower is still similar enough to be considered a derivative work of P's original rendition. Therefore, this is a derivative of P's work.

Fair Use

Factors:

1) purpose/character of use: D will argue that his use of the image was for parody and was a transformative use (because he added something new for a different character or purpose). D will say that his image is being used for parody (see *Acuff-Rose*), because he is adding something to the original to criticize the French. However, P will say that the image is merely satire because D used the original Eiffel Tower merely to poke fun without being too critical (having a french fry act smug is not critical to the point of parody, but this may be for the court to determine).

Commerciality of the images. D is charging \$.25 per download of his image, and P has already lost \$45K on destruction of her commercial license deal. Therefore, both users were trying to use this image for commercial profit, so the original author should be protected.

2) nature of work: the animation of the image is at the heart of copyright

3) amount of work taken: this may be up to the court, but P will probably win on the "in substantial part" of the rendition

4) effect on the market value of the derivative: as stated above, P has already lost out on \$45K for use of her image as a derivative because of D's use of the image, and D's animation is a direct substitute for the animation P tried. Therefore, this is probably not a fair use of her image.

D. Trademark

Product Shape/Design Mark

The Wal Mart case teaches that secondary meaning is required for product design to be protectable by a TM. Product design cannot be inherently distinctive. Secondary meaning is acquired when, in the minds of the public, the primary significance of a product feature is to identify the source of the product rather than the product itself. To show secondary meaning exists, consider (1) amount of advertising and promotion of the mark and its connection to the product, (2) volume and types of sales, (3) length and manner of use of mark and (4) market research, of which surveys are most direct and persuasive.

D could attack P's design mark by arguing that it does not have secondary meaning, but he would be wiser to assert that the mark is invalid because of functionality. *Traffix* teaches that a product feature can't be a TM if it is essential to the use or purpose of the article or affects the cost or quality of the article. Here, because the groove pattern has been patented, D can easily argue that P's lens configuration is functional, or else it never would have been able to be patented. D will argue this the lens spacing is a utilitarian feature and exclude use of it would put competitors at a significant non-reputation related disadvantage. D can probably show that the spacing is functional, which means that there is no need to inquire into whether the product has acquired secondary meaning. Thus, D can probably prevent the lens pattern from being recognized as a TM because of the functionality defense.

P will argue that *LiteAlive* infringes her mark, *LightAbide*. The LOC test is based on whether a substantial number of ordinary prudent buyers will be misled or confused about the source of a product when its TM allegedly infringes on that of an earlier product. There are 8 factors in an LOC analysis, per *Sleekcraft*: (to save time, the factors will be listed and discussed at the same time)

1 - strength of mark - Stronger marks are entitled to more protection. P will argue that her mark is either suggestive or arbitrary. A suggestive mark requires a consumer to exercise imagination to draw a conclusion as to the nature of the good and services. Suggestive marks are inherently distinctive and there is no need to demonstrate that secondary meaning exists. Arbitrary marks bear no relationship to the products or services to which they are applied. These marks are also considered inherently distinctive and don't need secondary meaning to be shown. P will say that *LightAbide* as a mark, requires consumers to use imagination to determine what the good the mark is attached to does. Probably it is arbitrary because *LightAbide* does not suggest any product features. D might try to argue that the mark is descriptive - that the mark identifies a characteristic or quality of the article or service. D will probably fail because *LightAbide* does not describe the lenses at all - it is not even clear how "light abides" - this is not a verb that is usually used in conjunction with the word light. Thus, P's mark is probably arbitrary and thus is a strong mark entitled to protection.

2 - proximity of the goods - the closer the goods are, the greater the danger the public will mistakenly assume an association b/w the producers of the related goods, even though no such association exists. Here, these goods are proximate because both are lenses that are made in a similar fashion. This favors P.

3 - similarity of the marks - Consider sight, sound and meaning as each is encountered in the marketplace. These marks appear similar - they have a similar number of letters and both have two capital letters. Though the word light is spelled differently in each mark, both spellings are still pronounced the same. Both marks have the same number of syllables. The marks appear to have slightly different meanings - though it's unclear what *light alive* means or *light abide* means. But, *alive* and *abide* do mean different things, so this is helpful to D. Still, this probably favors P.

4 - evidence of actual confusion - P has a survey that suggests confusion possibly exists, but P does not have any evidence of actual confusion. However, the likelihood of possible confusion is high P will argue because 40% of her customers do things that *LiveAlive* is P's mark.

5 - marketing channels used - Presumably, since these products are both similar lenses, both these products are involved in convergent marketing channels, which increases the likelihood of confusion.

6 - types of goods and degree of care likely to be exercised by the purchaser - These products are both sold in the low end consumer market. Low end consumers are unlikely to have expertise in the field, and so are more likely to be confused. D might argue that his goods are of similar quality to P's goods, but this is not defense because present quality is no guarantee of continued quality.

7 - intent of defendant - No bad intent is given in the fact pattern

8 - likelihood of expansion of product lines - These goods are closely related, so any expansion by either P or D is likely to result in confusion.

Overall, the LOC analysis favors P and she would probably win on this count.

P will assert LOC against D for D's use of P's mark in the advertising literature. The same LOC factors above would be at issue here. P has a strong mark and the goods are proximate because the goods are related to each other. The marks are similar, as noted above. No evidence of actual confusion is presented. Because the goods are so similar, it is likely that they use similar marketing channels. The market is low end consumer equipment, so consumers aren't likely to be sophisticated and thus are likely to be more easily confused. The D may have bad intent here by intentionally using the words light and abide juxtaposed like that. Likelihood of product line expansion is large, so P will probably win.

D may try to assert the fair use defense for his advertising literature, saying that he is using P's mark in a descriptive sense and not in a TM sense. However, D will probably lose because the fair use defense, as taught in Zatarains, is only applicable when the underlying mark is descriptive. As noted above, P's mark is at least suggestive and probably arbitrary, so the fair use defense won't work here for D.

P will assert dilution by tarnishment because of D's use of LightAside. Tarnishment occurs when a junior mark is used in a way that creates negative associations with the senior mark or uses the senior mark in a negative way or setting. First, the elements of a dilution claim are:

- 1 - senior mark must be famous - it is, as stated in problem
- 2 - senior mark must be distinctive - it is
- 3 - junior use must be commercial in commerce - it is, given in problem
- 4 - must begin after senior mark has become famous - it did, given in problem
- 5 - must cause dilution of distinctive quality of senior mark

To analyze #5, under tarnishment, the most important factors to consider are distinctiveness and similarity of the marks. Actual confusion is NOT a factor when deciding dilution by tarnishment. Other factors that are less important for a tarnishment analysis include proximity of products and likelihood of bridging the gap, interrelationship amongst senior mark distinctiveness, similarity of junior mark and product proximity, shared consumers and geographic limitations, sophistication of consumers, and affective or referential quality of junior user.

As noted above, LiteAbide is a distinct mark. D's mark LightAside is a similar mark because it is similar in sight, sound and meaning. Both marks have the two capital letters and 4 syllables and aside and abide differ in only one letter. These marks are both very similar. Actual dilution appears to have occurred here, b/c P has customers come and tell her that they can't take her mark seriously anymore. Thus, D's use of LightAside is creating negative connotations of P's mark in the minds of possible consumers. These negative associations are

exactly what tarnishment seeks to prevent, so P should be able to show dilution by tarnishment here.

The other factors are less important, but it should be noted that D's use is not adjectival or descriptive and the consumerse are not likely to be sophisticated.