

EXAMPLE ANSWER
COMPILED FROM STUDENT ANSWERS
FOR
INT'L IP 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 one section may have been written by a different student than the answer written for another 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.

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. Issue Analysis Section

i) Does the OSBTR violate any trips articles?

The TRIPS Articles have 2 general themes in regulating the power of countries to implement laws consonant with the trips system: 1) national treatment and 2) minimum standards. Here, the facts given clearly state that there is no question as to national treatment because the facts state that the terms of the OSBTR would apply to both U.S. and foreign nationals the same. As to national treatment, TRIPS only requires that countries give foreign nationals of countries that have signed TRIPS the same rights which they grant to their own citizens. Here, because the application of the law to both the citizens of the U.S. and the citizens of foreign countries is the same and there is no discrimination, there is no violation of the anti-discrimination provisions of TRIPS.

Thus, if there is a violation of TRIPS, the OSBTR must violate one of the requirements of minimum standards laid out in the TRIPS agreement. The most obvious violations of TRIPS minimum standard requirement is provided in Article 33 of TRIPS: "The term of protection available shall not end before the expiration of a period of twenty years counted from the filing date." The argument would be that by scaling back the term of protection from 20 years from filing to 10 years upon a finding by a court of a violation of the on-sale bar rather than holding the patent invalid, the OSBTR has violated TRIPS Article 33's guarantee of a 20 year term.

The best textual rejoinder is that the inventions to which OSBTR applies are not even covered by the patentable subject matter of TRIPS in Article 27. Article 27 provides that "... patents shall be available for any inventions... provided they are NEW (emphasis added), involve an inventive step, and are capable of industrial application." The argument by the United States would be that this rule attaches to the novelty requirement under TRIPS, and that any inventions whose term would be reduced under OSBTR would not be covered by TRIPS because they would not meet the novelty requirement, so there is no violation.

Notice that the statutory bar provisions are listed in section 102 of the U.S. Patent Act. The Act defines both things that come from outside the patentee that would be prior art, and also defines acts by the patentee that also injects the invention into the public domain before the filing of the application. The U.S. policy is not harmonized with the rest of the world. In many countries of the world, acts such as a prior publication or a sale or attempted sale by the patentee before the filing of the application acts as an absolute bar. The U.S. is slightly more generous as to these activities of the patentee that potentially put the knowledge of the patent in the public domain, and gives a 1 year grace period. Nonetheless, looking at the laws of nations, there are probably many countries with some version of the on-sale bar.

The rejoinder would be arguments of i) the on-sale bar does not act to put the invention in the public domain and does not make the invention not new, and any exception must be justified under the limited exceptions doctrine addressed below, ii) TRIPS might be implicitly leaving to the nations of the agreement the determination under their law of what is and is not "new," but when patent protection is given to an invention, as is the case under the OSBTR, then there is in effect an admission by the jurisdiction that the invention is considered new under the law of its jurisdiction, and while you might have the choice to give the patentee no years, if you give the patentee any years, the number of years that must be given is 20.

The panel should conclude that the on-sale bar does not violate the TRIPS agreement on its own moment. It seems to me that something as pervasive in systems of patent law as denying patent protection for events occurring before the filing of the application should not be left to resort to Article 33's limited exceptions to justify their existence.

Under the Vienna Convention on the Law of Treaties, we give the terms of treaties the ordinary meaning of terms in light of object and purpose of the treaty. Courts often look to dictionary definitions in determining this ordinary meaning prong, but a dictionary definition is unlikely to be much help here. Second, a court looks to context such as preambles and other agreements in connection with the treaty, but I'm unaware of any of these materials that would shed light on the meaning of new. Finally, a guide to interpretive meaning includes practice in application of the treaty. Because many countries have this on-sale bar requirement, there should be an inference that the on-sale bar is not regarded by most countries as meeting the obvious requirement, especially if other countries put the bar along with other novelty requirements as is the case in the United States. One could argue that all the countries thought that the requirement was covered by 33's limited exception, but there is too much balancing in the Article 33 analysis, and if each individual bar had to be evaluated under that rubric, there would be uncertainty added to the law, and the only outcome of such a decision would be an amendment of TRIPS sanctioning the bars after the next GATT round.

As to the rejoinder that TRIPS is allowing local law to define the term "new," but that once it is given protection it is regarded as new and entitled to a 20 year term, the answer is more problematic since this is the best argument I can think of against the provision. The better argument is that it is more natural to think of TRIPS as having a definition of new rather than incorporating local definitions. If a country could define "new" however it wanted, it could effectively eviscerate the protections of TRIPS by saying "anything made, even if secret, by anyone prior to application is not novel and not entitled to protection." If applied to nationals and non-nationals equally, this would be fine if local definition is incorporated. Too much danger in referring to local law for a definition of new, new should have a TRIPS definition. Thus, for the reasons above, no violation of TRIPS by OSBTR.

(ii) If the OSBTR does violate, is the violation justified and within the U.S.'s rights?

Even if a provision of national law violates TRIPS, it can be justified under TRIPS Article 30 which grants members the ability to "provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interest of the patent owner, taking account of the legitimate interests of third parties." This provision has been broken into three steps for analysis, and these steps have previously been given import by the DSB under the Canadian Patent Protection of Pharmaceuticals Products case (hereinafter CPP).

1. Provide limited exceptions to the exclusive rights conferred by a patent.

This is the first element of the test laid out by the CPP decision. The court requires that the exception be limited. In the CPP case, Canada argued for a definition of limited that meant that there was some boundary to the application of the exception. In contrast, Europe argued that the word "limited" must be given import by the word "exception" and argued for a definition that meant "Narrow, small, minor, insignificant or restricted." The court does not necessarily go as far as Europe in its definition, but the court did indicate that its definition was much closer to the definition given by Europe. The Court there said that you evaluate the first prong based on the curtailment of the exclusive rights to exclude.

Here, the opposer would argue that the curtailment of the right is not limited because in looking to the curtailment of the right, half the total term, and because the 20 year clock begins to run from the date of filing, effectively more than half of the term, is taken away by the OSBTR. Second, while in an analogous case under Berne under the US Homestyle Exception, we wouldn't look to the number of rights taken away in determining limited (there, issue was special cases, but analysis much the same). However, the fact that all the rights are taken away should be noted by a court.

There were a great many rights taken away in CPP by the regulatory provision allowing for use to get generic drugs past the regulatory process before the expiration of the patent. However, there the saving feature that made the exception limited was that it was not unbounded; it was only for the purpose of seeking that approval. Here, by extinguishing the right, the curtailment would be unbounded.

The best argument against this would be that if we are in the arena of special exceptions, we obviously lost above as to no violation. Argue that Vienna requires that there be a statutory bar for these types of activities based on party's conduct in implementing TRIPS. Therefore, if bar doesn't attach to novelty, the international practice must mean that it attaches to limited exceptions, and that the parties to the agreement believed the bars were limited. And, we are giving the patentee more here than most of the other countries are giving him; at least the glass is half full rather than totally empty.

I don't think a court should reach this level of analysis. However, if it did, no, statutory bars in general do not seem limited to me, or narrow, or anything else. I don't think the OSBTR, even in its reduced form is limited empirically, and so holding would be pragmatic in light of the need to keep the exception.

2. Do not unreasonably conflict with a normal exploitation of the patent

The above prong looked to the impairment of the right qualitatively. However, this prong looks at the quantitative impairment of the right. The court in CPP, in defining the word normal, said that it looks to the economic impact in imparting meaning to the word. It is to exclude all forms of competition that could significantly detract from economic returns. Thus, this analysis asks "What is the economic impact of the provision?"

Here, the economic impact is severe. The patentee would lose over half of the patent life. In the CPP case, the court there held that there was a normal expectation of partial exclusivity not from a legal reason but from a practical reason that it will take some time after the end of the patent term for competitors to ramp up operations to compete with the patent owner. The court there found that stockpiling drugs so that competition could occur the day after the expiration of the patent violated this normal expectation.

If one has a normal expectation of exclusivity for some period after the expiration of the patent, the argument is that they surely have an expectation of getting that term.

However, the obvious rejoinder is that when you have put the item on sale, patent owners have no expectation at all as to term. If anything, their expectation is normally that they will get no term. In the spirit of the season, getting some of the term is much like Santa Claus coming to town. Also, much like the argument above, if we don't find the statutory bars to be under "not new" then we have to put them somewhere or throw the international patent system into disarray needing immediate remedy. If taking away all the term doesn't unreasonably conflict with the normal exploitation of the patent, then getting half won't either.

we also have evidence that the assertion of the on-sale bar, from a practical standpoint is not much. The patent office rarely has evidence to reject the patents, and it is only sometimes successful according to the facts in litigation. The argument here would be that the curtailment isn't really all that important because it is so rarely found in practice anyway. However, when it would be found, the curtailment as to that specific right would be great economically.

Empirically, however, doing an economic analysis, because of the time value of money, assuming

level cash flows throughout the life of the patent, potentially more than half the value of the patent is lost. Under the framework given in CPP, it does unreasonably conflict, and it is only the consideration of having to have statutory bars that would cause a court to say otherwise from a very legal realist perspective.

3. do not unreasonably prejudice the legitimate interest of the patent owner, taking account of the legitimate interests of third parties.

This pring uses much of the same evidence given in the above example, but it uses the information in a slightly different way. Above, we just looked at the patent owner, whereas here, we look to the interests of third parties and balance those against the interests of the patent owner. The CPP case notes that not only legal interests are applicable here, but also other interests.

Here, the interest of the patent owner is in having the full term of his patent available. However, balanced against this provision is the interest of the public in having unlimited access to the work at issue, in a sense, as well as competitors. There is an interest in not allowing inventors to wait and see how commercial exploitation is going before going to the patent office. In a sense, this is contrary to the patent owner's interests in that it seeks to have no term, so in a sense it is against the interests of the patent holder, who has an interest in receiving the full term, but in another sense they are both allied against the change in the law. Indeed the facts state that there are people who will oppose the provision because they have an interest in having fewer patents.

I don't think any on-sale bar can really be said to prejudice the interests of patent owners too greatly. The practical significance is that without an on-sale bar, a patent owner could wait until he felt the patent was commercially viable before seeking protection. That just seems too late. Taking away the whole term is extreme, but in balancing it against the equally extreme needs of getting inventors to come to the patent office, it doesn't seem that uneven because they are both critical interests. Therefore, I don't think it does unreasonably prejudice only if you take account of the legitimate interests of third parties.

However, having found that it is not limited, and not normal, this would not save the exception, and it should be found to have met the limited exception, in my view (because it is better attached to novelty in section (i)).

B. Doctrine-Application "IRAC" Section

I. U.S. Registration.

PSI seeks to stop Hacker's registration in the U.S. for Gallus. In order to succeed, PSI must be considered to be well-known or famous in the United States.

The basic rule is that United States trademark law protects confusingly similar uses of a mark. When the same mark is placed on the same goods, this rule is typically conclusive. However, in order to get protection in the United States, there must be either use or an application based on the applicant's intent to use in the United States.

PSI's argument would be that there is use in the United States based on its spillover advertising on the golfing events that are broadcast in the United States. However, in *Mother's Restaurants v. Mother's other Kitchen*, the court concluded that foreign advertising that had some spillover in the United States was not sufficient to bring the activities within the scope of trademark protection, which is a territorial right. PSI might argue that Mother's is distinguishable because the fact that the advertising was received in the U.S. and not held to create a use in commerce is not the same here because there the plaintiff's were seeking to advertise to Canadian customers primarily, and the spillover into the broadcasts in the U.S. was merely incidental. PSI would argue that in its promotions of the golf events, they are seeking to primarily advertise to the whole world.

This argument fails because of the decision in *Buti v. Impress Perosa*. There, the owner of a cafe in Italy gave away promotional materials to U.S. citizens in the U.S. Thus, unlike Mother's, the plaintiff was specifically targeting the U.S. market. The court there followed Mother's, holding that because Congress could not regulate the acts in Italy because they do not form any part of the trade of the U.S. with Italy, there was no coverage of these activities by the Lanham Act to gain a right. Therefore, advertising alone is insufficient to create a right in commerce.

Similarly, the court might argue that this case is distinguishable because Hacker's mark is not an independent creation, but is copied from their mark. Defendant's intent can play a role in the likelihood of confusion analysis. However, this is limited. The *Person's* case said that mere knowledge by the defendant of the plaintiff's foreign mark could not be bad intent. The court said that the bad intent is the intent to trade upon the goodwill associated with the mark. Because the mark has not been used in the United States, there is no bad intent absent some knowledge by the defendant that the plaintiff intended to enter the U.S. market. Because no such knowledge is present here, even in courts accepting the tort-based view of trademark, the argument will still fail because the *Person's* case says that there is no such bad intent. *Person's* also approved of doing a TM search, as is also the case here, but unclear that this fact really makes a difference in the *Person's* opinion. The best argument is that advertising in the United States newspapers should create a constructive expectation on the part of the defendant that the plaintiff intends to soon enter the market; however, not filing a TM application based on intent to use could lead D to believe that there was no such intent.

The fact that PSI is selling under other marks in the United States is unavailing. The test isn't whether there is any operation by the plaintiff in the United States, but rather whether the mark has been used in commerce in the United States. Selling under other marks does not create rights under TM law in another mark.

The situation is different with respect to famous or well-known marks. In the *Vaudable v. Montmartre* case, there was a showing of intent to call to mind the trademark of the senior user, and the court there did protect the mark even though there had not been any sales within the U.S. by the Plaintiff. However, the decision there rested on the fact that the plaintiff's mark, Maxim's,

was well-known to the segment of the New York populous that would frequent it. However, there is no indication that there is such knowledge in the United States, although that might be the case with respect to golfers since they likely watch golf tournaments and may be acquainted with the GALLUS brand. The facts just don't say whether or not it is well known. They do advertise, but that doesn't necessarily mean it is well-known because after all, it could be ineffective advertising.

There is an English case that would apply protection when there are some sales to foreign persons who are in a niche market and bring the products back to their home country. However, there is no indication that there has been any sales to U.S. citizens.

Finally, it is worth noting that PSI has brought this upon itself. If it had filed an application in the United States, even if it were not eligible for the primary register and only the secondary register, there is a case that held that the D's copying of that mark in the United States was actionable.

2. TM infringement in Spain.

The situation in Spain, on the other hand, is very different. Here, Gallus has applied for and has received a CTM application in the GALLUS mark. The CTM is a unique provision that grants rights in the whole EU, even if there has not been a use in some country in the EU. The mark has issued. Under the CTM system, the countries are required to designate a national court for hearing the claims under the CTM. The court will apply the local procedural law and the law under the CTM directive in deciding the cases. Thus, PSI can file suit in Spain against Hacker asserting its CTM registration.

However, the CTM is a very tenuous right at best. While it gives a wide scope of coverage, it is subject to central attack for the entire life of the CTM. Here, Hacker will defend by saying that in some countries covered by the CTM, the mark is merely descriptive. This is one of the absolute grounds for rejection. First, in Scotland, the mark translates to "self-confident, daring, cheeky" or "stylish or impressive." As to the first Scottish definition, the mark would be either arbitrary or suggestive at best as applied to golf clothes, which are perhaps daring, but rarely "cheeky." As to the second definition of "stylish or impressive" the mark could be descriptive because in the context of fashion it describes a character or attribute of the product, that of being stylish (at least in the minds of some). Thus in Scotland, PSI will have to show secondary meaning, and there are no facts given as to whether there is this secondary meaning established in Scotland.

As to Portugal or Spain, there might also need to be established some evidence of secondary meaning. There, the product sold by PSI was a windproof lambswool sweater, and the word translates to "warmth of a loving animal" in Portuguese. Spain is relevant because there are many Portuguese speakers in Spain. The mark in relation to Portuguese is probably merely suggestive (especially if Baby-Dry is somehow suggestive), however, there is room for someone to argue that it merely describes some attribute of the product.

There is some evidence that there is secondary meaning in Spain. The people on the beach at first were confused when they saw the new Gallus items, and they thought they were from PSI, which indicates that they have attached some source indicating association with the word. Descriptive marks are not generally protected, however, they can be protected with secondary meaning.

Although not necessarily true, the above analysis indicates that the only locale where the mark would be descriptive would be Scotland. There is no evidence shown as to whether there is any secondary meaning attached in Scotland. There is a case that says that you can show secondary meaning to overcome a CTM being descriptive; however, you must do it in a substantial portion

of the jurisdictions where the mark is descriptive to overcome this hurdle.

Finally, if the mark is valid, there should be infringement of the mark. The CTM pulls out the similarity of the marks and the similarity of the goods as threshold matters to be considered before evaluating the remainder of the factors through the EU harmonization directive, which requires either identical mark and products or similar mark and similar products along with likelihood of confusion (text has likelihood of association listed, but one court says this is just a subset of likelihood of confusion and the ECJ agreed). Here, there is a same mark. The products, golf wear and high tech beach wear, are not identical. Therefore, there must be a likelihood of confusion. The additional factors include strength of the mark, evidence of actual confusion, marketing channels, the type of goods and the degree of care, defendant's intent, and likelihood of expansion of product lines. Most significant here are defendant's intent and actual confusion. The people in Spain certainly seem to be confused. Second, even though there was no bad intent above in the U.S., in the EU, there probably is bad intent. The defendant from their perspective came into the EU, took the trademark, and is not importing back into the EU. Thus, if the mark is valid, as I think it should be, there is infringement.

Conclusion: Hacker wins in US, PSI wins in Europe.

C. Policy Analysis Section

Jones is partially correct in his assesment of the Berne Convention. Berne does set forth that original productions in the literary, scientific, and artistic domain are protected whatever the mode of its expression is. Berne protect the rights of translation, reproduction, to perform dramatic and musical works, broadcasting, public recitation, making adaptations, cinemagraphic adapadtions. Berne also provides for fair use. However, Berne has no real enforcement, as it is a part of WIPO. There is the international court of Justice, but no Berne violations have ever been brought to it, as Berne is seen more as a diplomatic convention, not an enforcing one. In addition, Berne calls for national treatment, so the level of protection can be low in developing countries under Berne, as long as foreingers are treated no worse than the residents of the developing countries. In fact, the countries can have no copyright for its own citizens but the minimum of Berne requirements for foreigners!

Jones may be thinking of the TRIPS agreement which is a part of the WTO, and as such is more enforced through dispute resolution boards, which can sanction nations if they are found not to comply with TRIPS. These sanctions can be severe, such as putting higher tarrifs of products that the non-compliant nation exports (can even be for non-IP exports!) TRIPS states minimums of protections needed to become members.

In saying that least developing countries need not copyright may be going too far. According to the Association of AMerican Publishers copyright can actually create artistic works in the developing countries. Because if there is no protection how are the authors there going to protect their work? This organization is going around the world trying to enforce copyrighted works infringed such as Jones suggests, where students copy text books instead of bying them legally. THis is seen not only in least developing countries but also in more developed countries such as in east Asia.

However, it can be argued that the US has benefitted from IP piracy during the 19th century, and now the countries in the position the US was in 150 years ago want to benefit the same way the US did back then. However, the world is different today, and it can be adantageous for the developing countries to actually protect their own intellectual property.

However, the TRIPS agreement and Berne are rooted in a Judeo Christian and muslim belief that one should be paid to be creative. THere is no analogue to this philosophy in Hindu, Buddhist, or Confusian societies! So now with these treaties the Western paradigm is becomming universal. Therefore it might be un-natural for many least developed countries to accept the Berne and TRIPS agreements.

But then again, how is it possible in toays global marked to live half with IP rights and the other half without? That is a struggle that will be hard to overcome..