

**EXAMPLE ANSWER**  
**COMPILED FROM STUDENT ANSWERS**  
**FOR**  
**INT'L IP FINAL EXAMINATION**  
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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) FOSS-Spark does not violate any TRIPS articles

A country who is a member of WTO/TRIPS may challenge the FOSS-Sparks law via the WTO DSB panel alleging that the proposed law would violate TRIPS. The challenging country may assert that the US violates the following provisions of TRIPS:

Article 10

Article 10 provides that computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention. A challenging country may argue that the US is in violation of this provision if they enact FOSS-Sparks because the law threatens to remove protections from software by allowing the user to copy the FOSS software regardless of copyright. The US may argue that software is still protected; users are just required to disclose code under certain situations. In addition, the code can only be copied and distributed when it interoperates with the proprietary software. This is a very weak argument because allowing distribution copyrighted software regardless of the restrictions violates TRIPS. The US may also argue that even if the copyright owners were not forced to disclose, other users could reverse engineer, but as states in footnote 2, this is a weak argument because most software companies include a provision about prohibiting reverse engineering in their contracts.

Moral Rights

A challenging country may argue that the proposed law violates moral rights. Moral rights include the right of disclosure, the right to correct or withdraw works from the public, the right to attribution, and the right of integrity. Arguably, forcing users to disclose violates the right of disclosure. FOSS-Sparks could also interfere with the right of attribution, the right to have the work attributed to the author. The US will argue that they have never recognized moral rights and that it is essentially a different copyright system that focuses on recognizing the personality of the author and the parentage of the work. However, in the past the US has argued that our copyright system incorporates moral rights so this might be slightly inconsistent.

Article 27

Article 27 provides that patent rights be enjoyable without discrimination as to the place of invention, the field of technology, and whether the products are imported or locally produced. A challenging country may assert that FOSS-Sparks could violate this provision because it discriminates against a particular field of technology (software). The US will argue that software is used in all fields of technology so this is not discrimination. The challenging country may also claim that FOSS-Sparks discriminates against origin of invention because only FOSS licensed software qualifies for use under FOSS. Thus software from another country that is not eligible for FOSS registration is afforded greater protection. The US will argue that the user has a choice to make the software free and open and to seek FOSS registration from IFSOS; therefore there is no real discrimination.

Article 28

Article 28 provides that a patent shall confer exclusive rights to its owner. A challenging country may argue that FOSS-Sparks violates Article 28 because it interferes with the rights software patent owners should have. The challenging country would have a problem with provision (iii) which deems that there is no infringement of any patent that would otherwise be infringed by the combination of the FOSS with proprietary software when such patent would not be infringed by either the FOSS or the proprietary software alone. They may argue that this provision strips the patent owner of their right to exclude. The US may argue that the proprietary software owner still may exclude; they are only limited to sue when their software is combined with FOSS software. Again this is a fairly weak argument because the law essentially limits the patent owner from enforcing their patent in certain circumstances.

## Article 33

Article 33 provides that the term for a patent shall be 20 years from the date of filing. A challenging country may argue that FOSS-Sparks interferes with Article 33 because of provision (iii) which deems that there is no infringement of any patent that would otherwise be infringed by the combination of the FOSS with proprietary software when such patent would not be infringed by either the FOSS or the proprietary software alone. The US will argue that the FOSS-Sparks law does not effect patent term, but a challenging country may claim that by removing the right to sue for infringement, the effect of removing term is there.

(ii) If it does, the violation is justified and within the US rights

## a. Under the Canadian Pharma 3 step test (patents)

The Canadian Pharma case provides a three step test for accessing whether or not there is a violation under TRIPS regarding patent rights. To be a valid exception under Article 30, the exception (1) must be limited (2) must not unreasonably conflict with normal exploitation of the patent (3) must not unreasonably prejudice the legitimate interest of the patent owner.

## (1) Must be limited

In the Canadian Pharma case, Canada argued that limited should be defined by the curtailment of the right to commercially exploit, but Europe argued a more narrow definition centered around the right to exclude. This is essentially a debate about what a patent really gives the owner. The panel chose to accept Europe's more narrow definition. Applying this decision to the FOSSSparks facts, the US would argue that the exception is limited because only FOSS software may qualify under FOSS-Sparks (about 60 licenses), 90% of the software market is proprietary while only 10% is FOSS, and the law does not interfere with the proprietary software owner's right to commercially exploit their software even if they have to disclose some of the code. The challenging country would point out that the percent of FOSS software is likely to increase in the next five years so FOSS-Sparks will be less limited in application. In addition if 90% of software is proprietary there is more software at risk of losing protection; users might combine what little FOSS software there is out there with proprietary software. The challenging country's strongest argument is that the infringement provision interferes with a patent owner's right to exclude and this is a curtailment of fundamental IP rights. Following the logic in Canadian Pharma, the panel will likely agree with the challenging country and hold that this is not a limited exception.

## (2) Must not unreasonably conflict with normal exploitation of the patent

For this prong, the panel looks into the economic impact of the exception. The facts state that source code licenses are often 10-100 times the license price of a object code license. Therefore, the provision could greatly detract from the patent owner's economic returns on the patent. Proprietary vendors even argue that FOSS-Sparks should include a provision so that the vendor's normal commercial expectations are met when disclosing source code protected by IP. This indicates that the provision could greatly interfere with normal exploitation and have a severe economic impact. The US may argue that this problem will only arise when proprietary software is combined with FOSS and that the software alone will not suffer damage in economic returns.

## (3) Must not unreasonably prejudice the legitimate interest of the patent owner

In this prong, the panel looks at the law's effects on the patent owner in combination with the legitimate interests of third parties. These interests are not limited to legal interests. Therefore a challenging country may argue that this law will increase the amount of FOSS software and for each one percent of growth in FOSS market share, proprietary companies must reduce their prices by one percent, reducing their incentive to improve their products. Thus, the interest of society as a whole is to limit the growth of FOSS software. On the other hand, the US may argue that forty percent of all proprietary software companies use FOSS in their operations so encouraging FOSS is good for society and innovation.

b. Under the Homestyle Exception 3 step test (copyright)

The WTO panel case regarding the US Homestyle Exception provides a three step test for accessing whether or not there is a violation under TRIPS regarding copyright. In this case, the panel determined that the minor exceptions doctrine is incorporated into Berne and an exception is valid if (1) it is confined to certain special cases (2) it must not unreasonably conflict with normal exploitation of the copyright (3) it does not unreasonably prejudice the legitimate interest of the copyright owner. The second and third prongs are very similar to the patents test; however, the first prong is slightly different in terms of wording.

(1) Confined to certain special cases

Certain means clearly defined but not necessarily enumerated. Special means limited in the field of application or scope. The US would argue that the exception is limited because only FOSS software may qualify under FOSS-Sparks (about 60 licenses), 90% of the software market is proprietary while only 10% is FOSS. The challenging country would point out that the percent of FOSS software is likely to increase in the next five years so FOSS-Sparks will not just apply to special cases. The panel should look at the scope of potential users in this prong of analysis. Because this has shown change over the last few years and is likely to grow, the US will probably not be able to argue that the exception is a certain special case.

(2) Does not unreasonably conflict with normal exploitation of the copyright

Here the standard is whether the use enters into economic competition with ways that the right holders normally extract economic value from the right to and thereby deprive them of potential or actual significant or tangible commercial gains. The facts state that source code licenses are often 10-100 times the license price of an object code license; therefore the law could greatly impact the commercial gains of the proprietary software companies. The US may argue that the proprietary companies will still be able to license and sell their software or keep it as a trade secret. However, the law requires that in some cases, the proprietary owners are forced to disclose. This would deprive them of gaining commercially from their copyright.

(3) Does not unreasonably prejudice the legitimate interest of the copyright owner.

The key question in this prong is whether the prejudice is not unreasonable because legitimacy of the interests is not in dispute. Here the challenging country will argue that the law gives an incentive to switch to "free" FOSS software to the detriment of the revenue stream of the proprietary companies. Because there is a history of licensing revenues, this is probably a pretty strong argument. The US will argue that the progress of society and the need for free and open software to encourage innovation should also be considered. This is a factor that the panel will likely address; however, there is also evidence that FOSS-Sparks will decrease innovation amongst proprietary companies because it decreases revenue..

*B. Doctrine-Application "IRAC" Section*

i) US registration

G (Mr. Guajordo) seeks to stop F (Fretful) from obtaining a registered TM in the US. In order to accomplish this, G must prove that G either used or have an application intending to use in the TM in the US, GP is a well known mark, or that F acted in bad faith.

G has never filed for a TM in the US, but he may claim he has already used the mark in the US due to spillover advertising based on the spice packets and chef's clothing distributed in Atlanta. However, in *Mother's Restuarant*, the court held that prior use and advertising a mark in connection with goods and services marketed in a foreign country creates no priority rights in that mark in the US against a good faith adopter of a same or similar mark. Furthermore, promotional activities dont count as use under the Lanham act if the promotion is not accompanied by actual rendering of services in the US in connection with the mark. Although the case in *Mother's* involved an inadvertant broadcast over the border, the case of *Buti* is nearly identical to the present case and reaffirmed the *Mother's* holding, partially because Congress is unable to regulate these acts and any interpretation that conveys this power would pose Constitutional problems. Therefore, the advertising of by use of hte packets and clothes is insufficient to create a priority date for G.

According to the holding in *Person's*, mere knowledge of F that G had a foreign mark does not equate to bad faith. The bad intent has to be the intent to trade upon goodwill associated with the mark. Here, F had seen the mark around the town of Atlanta and had no idea to whom or what it belonged. Without preforming any due diligence, F started to use the mark around Atlanta. There is some evidence of goodwill in Atlanta with several chefs wearing the clothing and the packages becoming gifts handed out to people around town. (However, there is no evidence of goodwill outside Atl where F sold his frozen meatballs) This is fairly reckless of F, but there probably would need to be more evidence of intent to trade on the goodwill (possibly evidence of receiving a spice packet) for a court to rule that there was bad faith.

G could also claim that the GP mark is famous or well known. In *Vaudable*, the court prevented the use of a mark even though there had not been any sales within the US by the plaintiff. In that case, the mark was well-known to the segment of the populace that would frequent the establishment. Here you need to look as to whether a substantial portion of the relevent public would attribute goodwill to the mark. In the US as a whole, it is likely that a greater percentage of the population knows the mark of F because his sales cover the entire SE US. In Atlanta, there could be confusion and some debate over which mark is more recognizable, but it seems unlikely that the court would injoin the use of the mark by F in ATL and that the mark of G is not well known

There is an English case that would apply protection when there are some sales to foreign persons who are in a niche market and return with products. However, this is not the law in any US court and to prevail on this the law would need to be expanded. (Definite possibility this succeeds with the change in the way markets work in the internet era)

G could also argue the mark is actually descriptive or generic based upon the translation, however this would invalidate any protection he would seek later as well. Without more evidence of bad faith, it seems unlikely that G could prevent F from registering the mark in the US

ii) France

Here, G has applied for and obtained a CTM application for the GP mark. CTM grants rights to the whole EU, even if there has not been a use in some country of the EU, therefore G has an

issued mark in the EU. However, while he has a broad range of coverage, the mark can be attacked for the life of the CTM. Here, F will claim that the mark is merely descriptive in France because of the translation. G can claim that the term is more suggestive than generic and that the combination of the terms is odd enough to justify protection as was found in the baby-dry case. Otherwise, G may need to show secondary meaning of the mark to overcome this attack. The facts state that the mark is well known in Germany and Poland, however, G has admitted his mark is not well known in southern France to allow for any secondary meaning of the mark for source indicating significance. There is still a possibility that there is secondary meaning for France as a whole, but there are not enough facts to determine this. Given the leeway granted CTM marks in the Baby-Dry case, it would seem that G's mark would be declared valid.

If G's mark is valid, there should be infringement of the mark. There is a high likelihood of confusion (a subset of which is likelihood of association). The CTM uses similarity of the marks and similarity of the goods as threshold factors. Here, the marks are the same and the goods are highly similar. Other factors are strength of the mark (well known in a portion of the EU), evidence of actual confusion (German travelers), marketing channels (spice packets), the type of goods and the degree of care (low degree of care), defendant's intent (at least reckless), and likelihood of expansion of product lines (high). All of these factors favor G in his proceeding against F.

Therefore, F should win in the US and G in the EU.

### *C. Policy Analysis Section*

Melander proposes a new US database right that would prohibit knowingly making a database available to others without authorization if the database has been generated through a substantial expenditure of financial resources and the making (i) occurs in a time-sensitive manner (ii) inflicts an injury (iii) reduces the incentive to produce. This is in response to the EU Database Directive which allows makers of databases to prevent someone from extracting content if there was a substantial investment in the database. The EU Database Directive is dual scheme which aims to harmonize rights via copyright protection and provide sui generis rights for aspects of a database not protectable by copyright.

I would recommend either rejecting Melander's proposal, or accepting it with alterations it to consider the following issues...

#### Definition of terms

The biggest issue with the proposed bill is that the definition of some of the terms are fuzzy. Most importantly, the bill does not appear to define database so it is very unclear about what the law applies to. Is a directory of law professor's names a database or does a database have to be electronic. In addition there is no definition about what qualifies as a substantial expenditure of financial resources. This is clearly an attempt to recognize the so-called Sweat of the Brow Theory (notion that we want to protect labor people apply to organize information), but if the amount of work necessary to make the right apply is not clear, there will be enforcement problems.

There is also no clear definition about how long the protection lasts. Although part (i) requires an evaluation based on the extraction occurring in a time sensitive manner, this is different from the European Directive that sets a fixed term (15 years). Although providing this fuzzy standard assures there is not overprotection, it also blurs the line about when there is violation. Theoretically, some industries may be able to obtain perpetual database protection under this wording.

#### Protecting public interest users

If the database bill were enacted, users who extracted database information for public interest purposes would be prohibited from doing so. This would be bad for society because some uses of a database might be productive and helpful. They might encourage learning and innovation. Arguably violations under patent and TM law are always harmful, but copyright violations can be different. Melander's proposal probably does a better job than the European Directive by requiring that the extraction inflict an injury, but there is still a possibility that public interest users may be hindered.

#### Need for additional legal protection

One question that arises in the database context is whether additional protection is needed for databases. Although something may fit the statutory definition for a database, it might also be something else that is subject to other areas of protection. For example, there may be a property, tort, unfair competition, or misappropriation right associated with doing the sorts of things Melander's bill prohibits. So why create extra protection and hurdles if these rights are already covered by other areas of law?

If so how would you alter it?

If the bill were to be accepted, I would alter it by inserting a definite term of protection and take out part (i). I would also provide a definition for "database" and "substantial expenditure of financial resources" (e.g. amount of R&D money a company spends).

Will it solve, in part or in whole, at a policy level or a legal level the problem(s) that concern Melander?

Melander is worried about a loss of US competitiveness in the international database market in light of the EU's directive on the legal protection of databases; she wants to improve the US position on the worldwide database market.

The European Directive allows for the ability to update the database and reset the clock for another 15 or 25 years if changes are made. Melander's proposal does not seem to incorporate this feature so it is possible that protection in the US could run out because it has no "temporal value of information within the context of the industry sector involved." This arguably discriminates about the field of technology to which a database relates and offers less protection in the US. In Europe, a user may continue to get protection by changing the database even though there is no protection in the US because the extraction of information does not inflict an injury or does not occur in a time sensitive manner.

The EU Directive was also aimed at harmonization and this law differs enough from the EU standard that it does not achieve this objective. Ultimately for the international IP system to work, we need to standardize and this does not appear to be complete harmonization. On the other hand, the US should not just blindly follow whatever Europe does. Theoretically, the international law system resembles federalism in that different sovereign entities should test out different legal theories and the most effective ones should be applied on an international level. Perhaps the EU's approach is wrong and the US needs to experiment in the laboratory a bit longer. This is essentially the same debate that goes on with first to invent and first to file in the patent system.