

## Final Examination

### Intellectual Property Law Survey Professors Morrill & Gallagher Spring 2005

1. You have **three (3) hours** to complete this exam. You are not required to spend the entire time working on the exam—the average time for completion is between two and three hours. **It is strongly recommended that you outline your response to each question, before writing the response.** It is recommended that you spend one third of the time on each question creating your outline, and the remainder of your time writing your answer. For example, if you spend one hour per question, devote 20 minutes to the outline, and 40 minutes writing the answer.

2. **THIS IS AN OPEN BOOK, OPEN MATERIALS EXAM.** You may use any written notes, books or other materials to assist you in responding to the questions.

3. This exam consists of two parts, and is worth 100 total points. The point total for each of the three essay questions is indicated. Please allocate your time on the exam accordingly.

**Part I** consists of two (2) essay questions. Please write your response in the blue books provided. Please write clearly. Write on every other line and every other page to permit instructor comments.

**Part II** consists of one (1) patent law essay question. This question will be graded by Professor Morrill. **YOU MUST ANSWER THE THIRD (PATENT) QUESTION IN A SEPARATE BLUE BOOK, LABELED “PATENT QUESTION”.** If you need more than one blue book to answer this third question, each blue book you use must be labeled “Patent Question”. The remainder of the exam will be graded by Professor Gallagher. Students often fail to allocate enough time for the Patent question, so we recommend that you work on that question first. Please write clearly. Write on every other line and every other page to permit instructor comments.

4. Write your exam number on your exam envelope. Put your correct class section and student exam # at the top of this page, each page of questions, and each blue book. **Do not** use your name, student ID number or Social Security Number on any exam materials.

5. At the conclusion of the exam, return all test materials, including blue books, scratch paper, and this exam packet to the envelope and submit it to the proctor. **DO NOT** seal the envelope. Students who do not return all exam materials at the end of the exam may not be graded.

**GOOD LUCK!**

## **Part I: 60 Total Points**

### **QUESTION NO. 1 (40 points):**

Your client, Alex, seeks legal advice about a new company he has developed, called “NOT-PEZ”. NOT-PEZ manufactures pill dispensers for individual use. It is loosely based on the famous “PEZ” brand of candy dispenser that is beloved by children everywhere. PEZ candy dispensers are playful plastic tubes that store individual hard-candy “pillows” that are revealed when a plastic “head” at the top of the dispenser is opened. These heads are sculpted plastic images of either beloved childhood characters as diverse as the Easter Bunny, Minnie Mouse, Miss Piggy or of more generic figures such as a cute sheep or hippo.

Alex first came upon the idea for NOT-PEZ three years ago when he met with a former business partner of his, Barney, who wanted to know whether Alex was interested in starting a new company with him. Over coffee, Barney explained his ideas for what he termed an “adult” pill dispenser that was inspired by the PEZ line of products for children. Barney had done focus group marketing research and found out that aging Baby Boomers loved the idea of having a handy pill dispenser that both contained necessary medications (which they increasingly needed as their joints, etc. gave out) and reminded them of their childhood fondness for PEZ. The marketing research also revealed that Baby Boomers were likely to purchase products that were associated with pop culture figures they had grown up with. Although the coffee meeting between Alex and Barney was pleasant, Alex chose not to pursue any business deal at that time. Barney subsequently shared his marketing data with one potential manufacturer in Taiwan, PlayCo, who he hoped might make his proposed new product. PlayCo had Barney sign a non-disclosure agreement that specified that any information shared between them was confidential and could not be used or disclosed by the receiving party except for purposes of doing business together. Barney decided not to start his planned pill dispenser company and instead chose to go to law school to study intellectual property law.

Just this January, Alex saw a Rolling Stones concert on public television. He hadn’t realized how popular the Stones still were until seeing this program. And he decided to start a new company to take advantage of their continued popularity. He decided to build on the adult pill dispenser idea by adding to the top of his dispenser design the heads of various pop culture figures that Baby Boomers related to. The first figure he used contained an image of Mick Jagger with large, exaggerated lips that took up almost a third of the face. Alex manufactured and sold his Mick Jagger figurine pill dispenser under the label “NOT-PEZ”. Careful not to confuse any potential customers, in all packaging, marketing materials and advertisements for his new product, Alex placed a footnote that stated: “NOT-PEZ has no affiliation with the Pez Company or with Mick Jagger”.

Alex’s dispensers were an immediate nationwide success. With this success, however, have come three “cease-and-desist” letters: the first is from lawyers for Mick Jagger who claim that Alex cannot use the Jagger caricature on the NOT-PEZ product; the second is

from the Pez company demanding that NOT-PEZ cease all product sales immediately; and the third letter is from Barney, who claims that he is owed a “royalty” for all sales made by NOT-PEZ.

Alex has asked you to advise whether any of these three parties has any legitimate claims against his company and, if so, to briefly identify what remedies these three parties may be able to obtain if there is legal liability. What do you tell Alex?

**QUESTION NO. 2 (20 points):**

Daryl loves music and has always wanted to be a recording artist. The only barrier thus far has been that he can’t actually sing or play any musical instruments. Undeterred, Daryl has put out a CD he recently produced. It contains one recorded song that has become very popular, entitled “Ennui”. The song is six minutes long. It consists entirely of a mix of ten-second snippets of music recorded from commercial CDs Daryl has of thirty six of his favorite musicians. Because of his eclectic taste, the musicians included in Daryl’s new recording include Barry Manilow, Tom Jones, and Prince.

Each artist’s music contained in Daryl’s song lasts for the same amount of time—ten seconds total—and Daryl selected the order in which these song snippets appeared in his mixed recording by first assigning each artist a number from 1-36, placing slips of paper numbered 1-36 into a hat, and finally selecting one piece of paper at a time. The order in which Daryl randomly selected each numbered piece of paper (corresponding to the musician assigned to that number) became the order for the musician’s music to appear in Daryl’s recorded song.

Tom Jones filed suit in California against Daryl for copyright infringement for alleged unauthorized use of ten seconds of his copyrighted song “It’s Not Unusual” in Daryl’s song “Ennui”. Daryl has asked you to discuss what the likely outcome of this litigation might be, including a discussion of any possible defenses to infringement he might have. Daryl has also asked you to discuss whether he might separately obtain a copyright registration for his song, “Ennui” if it is determined that this recording does not infringe Tom Jones’ copyright. What is your answer?

**End of Part I**

**Part II: 40 Total Points**

Patent Law Question—write your answer in a separate blue book from Part I.

**QUESTION NO. 3 (40 total points)**

The patent law question consists of three subparts set out below. The fact patterns which precede each subpart are cumulative, that is, all of the facts which precede each subpart

should be considered in answering that subpart. For your convenience, portions of the patent law are attached.

**Fact pattern first part.**

Alice came to her patent attorney on April 1, 1997 with a complete set of plans for a new type of cigar rolling machine. She built a working version of her machine on October 21, 1997. Based on the machine shown in plans and working model, she applied for a patent in the United States on November 10, 1998. Alice makes her attorney aware of the following facts:

A. An identical cigar rolling machine was described in the October, 1997 issue of a technical journal which was mailed to subscribers on November 15, 1997

B. Alice verbally offered to sell one of her machines to a cigar manufacturing company in Raleigh, North Carolina on October 1, 1997. However, the offer was refused without any discussion of price.

C. Alice filed a patent application on her machine in France on November 9, 1997. A French patent was issued to Alice on October 15, 1998.

D. Alice demonstrated her invention to a group of American cigar makers at a convention in Toronto, Canada on November 3, 1997.

**Question 3A. (16 points)**

Consider each of the publications, patents or acts in A through D above separately and state whether or not each would prevent a patent from issuing to Alice for her invention. Give your reasons in each case.

**Fact pattern second part.**

Alice obtains a patent on December 1, 1999 on her cigar rolling machine. Claim 1 begins “A machine for making cigars, comprising . . .”, and goes on to describe in detail the machine invented by Alice. Alice has never sold any machines made according to her invention to anyone, or licensed her invention.

On January 1, 2005, Alice discovers that Mega Cigar Company is selling its “Cosmic” cigar making machine, which not only rolls cigars, but also wraps the rolled cigars in cellophane and puts a cigar band on each cigar. Alice files a patent infringement suit against Mega on January 2, 2005. Mega was not aware of the existence of Alice’s patent prior to the suit being filed.

The cigar rolling portion of Mega’s Cosmic is identical to the machine claimed in Claim 1 of Alice’s patent. The portion of Mega’s Cosmic machine which wraps the cigars in cellophane and puts on the cigar bands, however, has been known for some time and is

not covered by Alice's patent claims. Mega does not sell the components of its Cosmic model (i.e., the cigar rolling portion, the cellophane wrapping portion, and the cigar band labeling portion) separately. Mega's costs to manufacture the Cosmic are evenly split between the cigar rolling part and the cigar wrapping and banding part.

Mega began selling the Cosmic on January 1, 2001 and sold \$8,000,000 up to the time the complaint was filed. Mega sold another \$2,000,000 worth of Cosmics between the filing of the lawsuit and the trial. The Cosmic sells very well, primarily because of the increased efficiency in the cigar rolling part of the machine.

At trial, the jury finds that Alice's patent is valid and infringed by Mega. Please assume that the jury is correct for purposes of answering Question B.

**Question 3B. (16 points)**

What damages can Alice obtain as a result of Mega's infringement? For what period she can obtain damages? Please give reasons for your conclusion.

**Fact pattern third part.**

Alice obtains a judgment against Mega in the trial, but before she can collect it, Mega discovers for the first time that Alice saw a cigar rolling machine identical to the one she patented during a tour of a cigar factory in Cuba in 1996. During her tour, she had a chance to thoroughly inspect the machine, and took photographs and careful notes. Mega obtains a new trial in the patent infringement case and presents this newly discovered evidence.

**Question 3C. (8 points)**

What will the outcome of the new trial be? Will Alice's judgment stand or be overturned? Please give reasons for your conclusion.

**End of Part II**

**END OF EXAM**

**SELECTED PORTIONS OF  
TITLE 35 – UNITED STATES CODE**

**CHAPTER 10 – PATENTABILITY OF INVENTIONS**

## **§ 102. Conditions for patentability; novelty and loss of right to patent.**

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent . . .

(f) he did not himself invent the subject matter sought to be patented, or

(g) . . . before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

## **CHAPTER 29 – REMEDIES FOR INFRINGEMENT OF PATENT, AND OTHER ACTIONS**

### **§ 281. Remedy for infringement of patent.**

A patentee shall have remedy by civil action for infringement of his patent.

### **§ 282. Presumption of validity; defenses.**

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid

even though dependent upon an invalid claim. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

- (1) Noninfringement, absence of liability for infringement or unenforceability,
- (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
- (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,
- (4) Any other fact or act made a defense by this title. . . .

**§ 284. Damages.**

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title.

The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

**§ 285. Attorney fees.**

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

**§ 286. Time limitation on damages.**

Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action. . . .

**§ 287. Limitation on damages and other remedies; marking and notice.**

(a) Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United

States, may give notice to the public that the same is patented. either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.