

LONDON LAW CONSORTIUM
FINAL EXAMINATION
INTELLECTUAL PROPERTY

P.N. Davis

Tuesday, April 30, 1996

2:00 - 5:00 PM

THIS IS A THREE (3) HOUR EXAMINATION.
THIS EXAMINATION CONSISTS OF SEVEN (7) PAGES.
THIS EXAMINATION CONTAINS SIX (6) QUESTIONS.

I = 30 min. II = 30 min. III = 30 min.
IV = 30 min. V = 45 min. VI = 15 min.

FILL IN YOUR EXAMINATION NUMBER ON THE BLUEBOOK.

* * * * *

YOU BRING INTO THE EXAM YOUR COPY OF THE STATUTORY
SUPPLEMENT, with any notations in the margins and blank pages you care to make.

* * * * *

Instructions:

1. These questions will be graded on the basis of the times indicated with each questions. The indicated time for the questions total 3 hours. You will be given 3 hours to write the examination. Budget your time carefully or you may not finish.
2. Be sure to state a result whenever a question asks for one. Merely stating the arguments on both sides of a legal issue will result in only partial credit because you will not have completed the analysis required by that type of question.
3. If you find it necessary to make factual assumptions in order to answer a question, be sure to state the assumption.
4. Do not assume additional facts for the purpose of avoiding a legal issue or making its resolution easier.
5. Comment briefly on each legal issue reasonably raised by the questions and on each reason for your answer, even when you decide that one legal issue or reason controls the result.
6. The difference between triumph and disaster may lie in a careful reading of the questions.

I.
(30 minutes)

Diego Menendez was asked to create a sculpture for the lobby of the Savoy West Hotel. He did so and it was erected in the lobby in 1991. The sculpture consisted of 3 large diamond-shaped standing forms and one smaller form on its side. Entitled "The Ides of March", it was recognized by art critics and the news media as a noteworthy work of art. Consideration was paid and title to the sculpture was not conveyed to the hotel.

As a result of a remodeling in 1995, the hotel permitted the nearby Acme Parking Garage Company to take the sculpture to display in its parking garage foyer. Acme partially dismantled the sculpture and stored the undisplayed portion in a warehouse. The displayed portion consisted of 2 of the standing forms.

Menendez learned of this shortly after it occurred and made a written demand on Savoy West and Acme to have the work returned to the hotel and to have it properly displayed in its complete form. Although Savoy West agreed, Acme refused to comply; its customers liked the sculpture.

A.

Menendez brought suit to have the sculpture returned to the hotel lobby and reerected in its complete form. Should the court grant that relief? Discuss all relevant legal issues. State a result.

B.

Savoy West authorized Richard East, a noted photographer, to take a photograph of the complete sculpture in the Savoy West lobby in 1993 and to publish postcards of it. Menendez sued West for an injunction against further sales of the postcards and destruction of unsold postcards. Should the court grant the requested relief? Discuss all relevant legal issues. State a result.

II.
(30 minutes)

The Temple of Scientific Religion has the exclusive license to distribute certain works of its founder, H. Huntley Hearnese. It keeps secret its works reserved for those adherents who have reached a high level of spiritual enlightenment and have made the requisite financial contributions. Access by those adherents is provided by allowing them to read those works at one of seven sites world-wide under the visual supervision of a senior temple member.

A public controversy has arisen about the Temple's status as a tax-exempt religious organization and charges have been made that its practices involve harmful psychological coercion. Felicity Cahill was a former Temple member who now maintains a library of Temple literature and she archives information concerning the public controversy. Much of her information is made available publicly on an Internet web site. She also maintains a private database, not accessible from the Internet. The latter include information provided by former Temple members and their families.

From time to time, Cahill writes journal articles criticising the religious practices and methods of the Temple. Although she uses Temple documents as references in her articles, she rarely quotes from them. Cahill also provides consulting services to attorneys and others about the public controversy.

In July 1995, an attorney representing a party against the Temple in another lawsuit sent Cahill a Temple document which formed a portion of the unsealed public court record of that lawsuit. That document was one of those the Temple had kept secret. By mistake, in early August 1995, one of Cahill's colleagues entered that document into the public portion of Cahill's Internet database, although it bore a copyright notice by the Temple. Three days later, the error was discovered and the document was removed from the public portion of the database and entered into the private portion.

A Temple member discovered the presence of the Temple document in the public portion of Cahill's Internet database during the 3 days it was entered there.

Cahill has not referred to or quoted from this document in any article she has written since receiving the document and placing it in the private portion of her computer database.

In October 1995, the Temple sued Cahill claiming copyright infringement and sought damages and an injunction requiring Cahill to remove the document from the computer database altogether and to deliver the paper text of the document to the Temple.

Should the court grant this relief. Discuss all relevant legal issues. State a result.

III.
(30 minutes)

A TV commercial for the Davis Motors, a major automobile manufacturer, advertises a new model with a detachable sun roof. It depicts a young well-dressed couple in a Davismobile del Sol being chased by a high-tech armed helicopter. A grotesque villain with metal-encased arms jumps out of the helicopter onto the car's roof, threatening great bodily harm. The couple consists of a handsome lean male with dark hair and a British accent and a beautiful auburn-haired slender female who does not speak. With a flirtatious turn to his female companion, with a wink and a witty remark, the male driver deftly releases the Davismobile's detachable roof, sending the villain into space and effecting the couple's speedy get-away.

The ad was first shown on TV in October 1994 during sports programs. After the Ian Fleming estate complained about the ad being shown without its consent, in January 1995 the accent of the male driver was changed to a cultured New York one. The ad then continued to run on TV, particularly during the Super Bowl.

The Ian Fleming estate then sued Davis Motors for copyright infringement of the James Bond character. The James Bond character had been used in 18 motion pictures with the consent of the Estate (as of the time of the showing of the commercial -- another motion picture has been released since); the movies are based largely on Fleming's novels. Several actors have played the role of James Bond, including Sean Connery, Roger Moore, and David Niven.

Davis Motors defended arguing that characters are not copyrightable and that helicopter chase scenes are a common in the action/spy film genre.

Should the court grant an injunction prohibiting further use of the commercial and damages for unauthorized use of the James Bond character? Discuss all relevant legal issues. State a result.

IV.
(30 minutes)

Two Russian language weekly newspapers are printed on the East Coast. One, the Kurier, was first published in New York in 1992. It sells for 50 cents and has achieved a circulation of 20,000. It obtained a federally registered trademark in 1993, after selling some copies in Newark NJ. The other, the Philadelphia Kurier, was first published in Philadelphia in 1994. It sells for 25 cents and has achieved a circulation of 10,000. No copies are sold in New York, but some are sold in Newark NJ.

When the Philadelphia newspaper sought to register its name as a trademark, the New York paper filed an objection. The trademark examiner then denied the registration. Thereafter, the Philadelphia newspaper brought an action in federal district court for an order requiring the registration of the Philadelphia's papers mark.

The New York newspaper prints its name, Kurier, in black Cyrillic letters. [Cyrillic is the alphabet used in the Russian language.] The Philadelphia newspaper prints its name, Philadelphia Kurier, in two colors: "Philadelphia" is printed in a smaller black font and "Kurier" is printed in a larger orange font. Both words are printed in Cyrillic. Its masthead also contains a background logo of a steam-powered passenger/mail train.

The Russian word "kurier" means "messenger" or "courier." The Philadelphia newspaper stated in evidence that it selected its name to suggest the speedy arrival of news, as once was done by mail train. No Russian dictionary mentions a connection between the word "kurier" and a newspaper.

Should the court order registration of the Philadelphia newspaper's mark? Should it be subject to any restrictions? Discuss all relevant legal issues. State a result.

V
(45 minutes)

Leonard Kane developed a new device for activating self-service automatic car washes. Conventional self-service automatic car washes are activated by mechanical insertion devices. They operate by permitting electric current to flow through the system when an appropriate article is inserted into the device, such as a coin, token, credit card or receipt. Those mechanical insertion devices require much maintenance because the mechanical hardware could be affected by weather, corrosion, and wear, or could become congested with too many inserted articles.

Kane obtained a patent in 1990. Kane's '601 patent disclosed a combination comprising an automatic car wash system electronically activated by an electrical numerical keypad device. To activate the car wash, the operator punches his numerical code into the numerical keypad. [The car wash operator (being the car's operator in a self-service car wash) obtains a numerical code from the car wash attendant or from an automatic cash-receiving machine.] After entering the code, the operator presses a designated button which electronically transmits the inputted numerical code for comparison with a predetermined numerical code. If the inputted numerical code matches the predetermined numerical code, the circuit is closed between the electrical power source and the car wash system, thereby activating the latter. Kane assigned his patent rights to Car Wash, Inc. [CWI].

Kane, an employee of CWI, says he thought of the system one night on February 14, 1986, when he visited a friend's apartment which had a keypad security entry door system; his friend entered a secret code number which activated the electric door lock. He says he did not want to mention the idea to his boss until he had a chance to try it out. About a month later, he bought an electronic keypad house lock system at Sears and connected the keypad activation portion of the lock system to an automatic car wash system owned by another friend. The test was witnessed by that friend. It worked as intended.

On March 10, 1986, he mentioned his test to his boss, who immediately asked for a demonstration, which Kane gave him that day. He filed a disclosure with CWI's patent attorney on April 1, 1986 (CWI was one of his clients). The patent attorney filed a patent application for Kane on April 10, 1988, after completing applications from other clients received before April 1, 1986. However, during that period, the patent attorney had married, took a honeymoon vacation, had a heart attack, and took an annual vacation, all of which consumed about 6 months. CWI began manufacturing and marketing its keypad activated automatic car wash system on April 11, 1987. Also, it marketed from that date a keypad activation device retrofit kit for existing automatic car washes.

Nu-Way, Inc., also sells an automatic car wash system which utilizes an electronic keypad activating device. Nu-Way's three employee/inventors were talking one day in January 1987 about the activation device problem and came up with the keypad idea. They had Nu-Way's purchasing department order a keypad activated house lock system from a local electrical wholesaler. After it was received in March 1987, they hooked it up to the electrical circuitry of a car wash system just manufactured and determined that it would work without difficulty. That test was done

on March 20, 1987. They never attached the keypad device to a functioning automatic carwash system. They made a disclosure to Nu-Way's patent attorney the following week (Nu-Way was one of her clients). She determined that the keypad activated automatic car wash system was not patentable and advised Nu-Way that it could proceed to market the system. Nu-Way's first sale occurred on November 27, 1987.

Until the keypad activation device was incorporated into automatic car wash systems, the car wash industry had not solved its automatic activator problem. Both CWI and Nu-Way have enjoyed commercial success with the keypad car wash activation system, and other car wash operators are planning to buy or copy their systems, depending on the outcome of this suit.

Kane has an engineering degree, as do two of the three inventors of Nu-Way's device. The prior art consists of various automatic car wash systems with mechanical insertion activation devices. Kane's invention was the first automatic car wash system to use an electronic keypad activation device. Keypad code devices are common as electronic signal input devices, opening garage doors, limiting access to many products, and supplementing or replacing keys for locks. For example, they are used in bank automatic teller machines, apartment security entry door systems, and automobile door locks. These have become common over the past few years.

CWI sued Nu-Way for patent infringement, seeking an injunction against further sale or use of Nu-Way's device. Should the court grant the requested relief? Discuss all relevant issues. State a result.

VI
(15 minutes)

Briefly define the following terms:

- (1) trade secret
- (2) misappropriation
- (3) unfair competition
- (4) dilution
- (5) first sale doctrine

I (30 min.)

- IA. artists' moral rights -- Visual Artists Rights Act of 1990, 17 USC § 106A.
- (1) right of integrity -- nonalteration
 - part of implementation of signing of Berne Convention
 - which requires legal enforcement of artists' moral rights
- 1B. work for hire determines ownership of copyright
- employer and certain commissioners of artistic works own copyright
 - sculptures not included as type-2 work-for-hire (§ 101)
 - hence, sculptor owns copyright, even though sculpture is owned by hotel
- among exclusive rights of copyright owner are:
- (1) right to reproduce the work
 - (2) right to prepare derivative works
 - photograph is derivative work
 - hence, photographer cannot take & publish photo w/o license from copyright owner, the sculptor
- injunction is proper relief (§ 502)

II (30 min.)

- II. copying into private portion of database:
- copyright owner has exclusive right to control reproduction
 - but fair use doctrine (§ 107) allows unauthorized copying for criticism, comment and research
 - this copying is of that character
- copying into public portion of database:
- document was portion of public record of lawsuit
 - that places it into the public domain
 - reproducing the court record is not infringement
 - copyright law cannot be used to forbid the reproduction of a portion of the public record
 - this is analogous to judicial printing of lyrics of "Pretty Woman" in Campbell, although copyrighted
 - but because it was a copyrighted document, Cahill could not publish it as a separate document (and she didn't)

III (30 minutes)

- III.
- Sam Spade apparently suggests that literary characters (and presumably movie characters) cannot be protected by copyright
 - but there was a suggestion the characters which might be serialized might be protectable
 - Air Pirates held that cartoon characters are protectable outside the works in which they appear
 - what is protected is the details of their appearance and personality
 - the James Bond character has been developed through many novels & movies
 - other such characters include Superman, Tarzan, Rocky, and

Sherlock Holmes

- for copyright infringement there must be
 - (1) substantial similarity, and
 - (2) access
- access is not a problem here
- discuss substantial similarity & distinctiveness of James Bond character
 - physical appearance of actors
 - suave witty cool British demeanor
 - attractiveness to women
 - use of high-tech devices to escape threats to life
- not copyright infringement to:
 - use stock/genre plots & character, and scenes a faire
- defense of fair use:
 - discuss 4 elements (§ 107)
 - here a commercial use, not parody or comment
 - James Bond character is used in fiction, and is intended to be serialized
 - barring copying of such characters is a main purpose of Act
 - arguably, commercial totally appropriates essence of James Bond

character

- usurps Estate's potential market of character for use in up-scale TV commercials

IV (30 min.)

- IV. copyrightability of word "kurier"
- not a generic or descriptive term for a newspaper
 - is suggestive of delivery of information
 - use of imagination is required

likelihood of confusion between marks

- same word
- fonts of Philadelphia newspaper designed to emphasize the common

word

- serve same niche market: Russian language speakers
- if in same city, arguably likelihood of confusion

concurrent use

- under Act, same mark can be used by different users in geographically different markets
 - but registrant can preempt any territory which junior user wasn't using on date of registration
- however, registrant cannot bar use by others in markets it hasn't yet

occupied

- here, Philadelphia newspaper is sole occupant of Philadelphia market
 - but it shares Newark NJ market
 - New York newspaper has preempted that market
- hence, Philadelphia newspaper's mark should be registered, but limited to Philadelphia
- it should be barred from Newark NJ

V (45 minutes)

- V. anticipation - § 102
no anticipation
scope of invention (whole system vs. keypad device only)
relevance of retrofit kit
no § 102(b) sales bar, since CWI's & Nu-Way's sales
both began less than 1 yr. before Kane's application
nonobviousness - § 103
combinations of prior art: analysis
skill in the art: analysis
is obvious
priority dates: conception, reduction to practice, application
corroboration of dates; diligence?
type of testing required, if any (CWI vs. Nu-Way tests; retrofit kit)
2 yr. delay between disclosure to pat. atty. & application: nondiligence?
result: patent invalid (obvious)

VI (15 min.)

- VI. (1) trade secret
(2) misappropriation
(3) unfair competition
(4) dilution
(5) first sale doctrine