Final Examination Memorandum
Intellectual Property Fall 2013
Professor Grimmelmann

I graded each question using a checklist, giving a point for each item (e.g., "The '220 patent is novel over the '500 patent because it adds the element of using a 3D printer.") you dealt with appropriately. Ten percent of the credit in each each question was reserved for organization and writing style. I gave bonus points for especially creative thinking, nuanced legal analysis, and good use of facts.

Sample answers to the two questions are below. They are not perfect; no answer in law ever is. Indeed, it was frequently possible to get full credit while reaching different results, as long as you identified relevant issues, structured your analysis well, and supported your conclusions.

If you would like to know your scores on the individual essays, please email me. If you have further questions after comparing your essays to the model answers, or would like to discuss the course or anything else, please email me and we'll set up a time to talk.

It has been my pleasure to share the past semester with you, your enthusiasm, and your insights.

James

	Printers	Questions	Total
Median	17.5	17.0	34.8
Mean	17.1	17.5	34.7
Std. Dev.	3.7	3.4	6.5

(1) The Printers in the Rue Morgue **(1,240 words)**

[*The problem should have used different names for Lenore Lee, the Pendulum Pit member mentioned in the first bulleted paragraph, and Lenore Lee, the famous actress mentioned in the third bulleted paragraph. Answers that treated them as the same person and answers that treated them as different people both received full credit, provided they gave Pym appropriate advice given the assumption.*]

E.A. Pym should cut off Lenore Lee's access to the 3D printer to protect himself from a copyright infringement suit. The '220 patent is likely invalid, but may not be worth fighting in court. And Pym should stop using the picture of the sculpture of Other Lenore Lee's head, unless he can obtain her permission.

The Gold Buggy: Copyright

Midas Touch is a work of authorship, fixed (at the very least) in the videos used to broadcast the program on television. The Gold Buggy's appearance, as described, is sufficiently original to be copyrightable: the "feathered wings," "scorpion's tail," and "toothy grin" make it unlike any real-life cars.

It is true that the Gold Buggy is a car, and cars usually have the intrinsic utilitarian function of being suitable for driving. But the Gold Buggy as depicted in *Midas Touch* is not a "useful article" because *Midas Touch* is a 2D audiovisual work, not a 3D sculptural work—and the Gold Buggy toys produced by Lenore Lee are not "useful articles" because they are not working cars. Moreover, even if the Gold Buggy in *Midas Touch* were a useful article, its design incorporates sculptural features—the aforementioned wings, tail, and grin—that are separable from its utilitarian aspects as a car.

Proving copying will be easy. Not only is the "long-running" *Midas Touch* widely broadcast, establishing access, but the unusual features of the Gold Buggy make the toys strikingly similar to the animated version. It then appears that the toys are identical in appearance to the animated version—Pym himself describes them as "miniature versions" of it—so that substantial similarity is established.

Lenore Lee does not have a strong fair use defense. She is selling the toys, so her use is commercial, and her sales take place in a market (tie-in toys) that it is quite typical for copyright owners in a children's TV show to exploit via licensing. Simply moving the Gold Buggy from one medium (television program) to another (toy) is not sufficient to make her use transformative.

Pym is probably not (yet) contributorily liable for Lee's actions: although he materially contributed by allowing her to use the 3D printer, he lacked knowledge of her infringement. Now that he is aware of what she is doing, he should either instruct Lee to stop or force her to stop by denying her access to the printer. He is also probably not vicariously liable, although the issue is closer. He has the right and ability to control her infringement by cutting off her use of the printer. But he

does not appear to have a "direct" financial interest in the infringement (although I acknowledge the point is debatable), as the $25 membership fee covers all kinds of services besides the printer, and the heavier fee for heavy users goes solely to cover the costs they impose, rather than being profit.

The Gold Buggy: Trademark

It is not clear that the makers of *Midas Touch* use THE GOLD BUGGY as a trademark; I would need to know more about how the show is marketed and how any related merchandise is sold before I could tell whether they had used the name to indicate a source of goods or services. If so, however, THE OLD BUGGY is a confusingly similar trademark, adopted to refer to THE GOLD BUGGY and trade on its goodwill. It is being applied to a closely related product, and a court would be likely to find trademark infringement. Lee could perhaps raise a parody defense, but it would fail.

The Gold Buggy itself is probably not protectable as trade dress. Per *Samara Brothers*, its appearance is product design. There is nothing to indicate that the Gold Buggy's appearance on *Midas Touch* or any related media functions as an indication of source. People would be buying the toys because they look like the Gold Buggy, not because the Gold Buggy's appearance tells them who made it.

The good news is that Pym would be unlikely to be held secondarily liable for Lee's trademark infringement. He is remote from the infringing marketing of the toys using the THE OLD BUGGY mark: he has no way to stop Lee other than cutting off the particular channel she uses to manufacture the mislabeled articles.

The '220 Patent

Pym is at risk of infringing Eldorado Industries's patent. He manufacturers inversion gears using a 3D printer, so he literally infringes. Even though he was the original inventor of inversion gears, his own patent does not provide an affirmative permission to do anything. Nor does the '500 patent by itself invalidate the '220 patent for lack of novelty. As a patent that long predates Eldorado's filing, it is prior art. But the '220 patent's claim includes an additional element—"using a 3D printer"—not found in the '500 patent.

Pym's better argument is that the '220 patent is obvious in light of the '500 patent and the widespread adoption of 3D printers. He could claim that advances in the state of the art mean that a PHOSITA would naturally turn to 3D printers as a manufacturing technique for any kind of 3D object. Even though there is not specific teaching or suggestion in the '500 patent to use a 3D printer, *KSR* suggests that PHOSITAs will naturally adopt commonly used techniques in their fields where the results are highly predictable.

Pym can also argue that the '220 patent does not qualify as proper patentable subject matter, although this argument is less likely to succeed. The quoted claim

easily qualifies under the machine-or-transformation test, as it involves the manufacture of physical items; it is like the use of a chemical equation as part of the process of curing rubber. But under *Prometheus*, Eldorado's contribution (the 3D printer) consists of "routine … activity." A court might hold that this argument goes to obviousness than to subject matter.

In light of the expense of patent litigation Pym might be best off negotiating a license. $25/month from his members won't go very far.

Lenore Lee's Right of Publicity

Other Lenore Lee could sue Pym (directly this time) for violating her right of publicity. The flyers are advertising for the Pendulum Pit; they use Lee's likeness (her face); and she has not granted permission. (This issue would not apply to the sculpture itself, as there is no indication that it is appropriating her likeness to the sculptor's advantage.) Pym could perhaps argue that the use is for the purely informational purpose of showing the capabilities of the 3D printer, but Lee could respond, quite reasonably, that the likeness of someone who had given permission or of some historical figure would work just as well.

Pym should stop distributing the flyers. Going forward, he can either negotiate permission from Lee, or reprint them to use a different photograph, one that does not include the picture with the 3D-printed version of her head.

Ownership Clause

It would be good for Pym to clarify the intellectual property rights of Pendulum Pit members. At the moment, they probably own all rights to the works and inventions they create, as they are not employees of the Pendulum Pit. That should either be made explicit, or, if Pym so desires, changed. The major disadvantage of asserting either ownership rights or a license is that it would almost certainly drive off members who are working on their own projects.

(2) The Purloined Questions **(1,140 words)**

Montresor can use trade secret to protect against cheating teachers, and can use trademark to require Pallas to choose a different name for its test. But it is unlikely to be able to use intellectual property law to force major changes in Pallas's tests or in Fortunato's guidebooks.

Trade Secret

The test questions qualify as trade secrets before they are administered. They are economically valuable to Montresor and that value depends on their secrecy. Were they public, competitors could copy them, and students could cheat on them—both reducing Montresor's ability to sell the tests to school districts. I will assume that Montresor takes reasonable precautions to keep the tests secure, including physical and electronic security of the questions, and strict (and strictly enforced) non-disclosure agreements with those employees who have access to test questions. If not, it should institute those precautions post-haste.

Because the test questions are trade secrets, Montresor can bring suit against anyone caught offering or accepting a bribe for early access to them. It should fire any employees caught leaking questions or accepting bribes, and report the teachers involved to their school districts for disciplinary action.

Trade secret may be less effective against Fortunato Tutoring. While Fortunato is certainly using the secret information, it is not clear that it is acquired through improper means. Indeed, the act of administering the test may well render the questions no longer "secret" for purposes of trade secret law, given that many thousands of students will have access to the questions. Imposing nondisclosure agreements on all of them seems difficult or impossible, in particular since they are minors who may be entitled to disaffirm contracts. Even if the confidentiality requirements imposed by schools to prevent cheating during the administration of a test suffice to keep the questions secret, Fortunato may be engaged in permissible reverse engineering through its clients' access to the tests.

Patent

Montresor is not likely to be able to patent anything here. Previous test questions have been publicly used long outside the one-year statutory bar window. Upcoming test questions would have to be published, destroying the secrecy that is essential to a secure test. Either way, the test questions are unlikely to be patentable subject matter (as in the plot patents problem).

Copyright

The test questions are probably copyrightable, but the copyright is probably too thin to give Montresor enforceable rights against anyone here. The first issue is originality: because the state standards specify the skills to be tested in great detail, there is little room for original expression. In the sample question, for example,

the idea of computing the value of a quadratic equation is fully given by the state standard. Only the wording of the question ("John is solving …"), the choice of specific numbers (2, 2, and 1), and the answers (1, 2, 5, and 9) are original to Montresor. Of these, it appears that Pallas has *not* copied the wording, but only the numbers and answers. The merger doctrine, however, may deny copyright in the choice of numbers and answers. Only certain values are likely to be appropriate for testing students in a Pre-Algebra class (e.g., an equation with coefficients of 546146714578345782345, 13248900000111757843, and 9999999999 would not be suitable). The range of possible variations may be too small for Montresor to claim copyright in the expression of any particular choice of numbers. Similarly, some numeric choices or ways of phrasing a question are likely to be *scènes à faire* for those types of questions. It is also possible that Montresor has a compilation copyright in the selection and arrangement of test questions, but I would need to know more about its questions, Pallas's questions, and Fortunato's guides.

If Montresor does have a copyright, then Fortunato's copying appears to be conceded. Pallas's copying would need to be shown from circumstantial evidence. Access is not hard to show, given the extensive use of the tests. The choice of the exact same numbers in this problem (and apparently others, as well) is a probative similarity tending to show copying.

Pallas has no reasonable fair use defense if infringement is shown. Fortunato, though, might be able to argue that its use is transformative, because the guidebooks serve a different purpose and target a different market than the tests (students, not schools). Montresor could reply that Fortunato's services undermine the accuracy and fairness of the tests, but this concern—while serious—is not one that is easily accommodated within the fair use factors.

Trademark

CARROLTEST is a descriptive mark—a *test* to be used in *Carrol*-ton—or at best suggestive. Montresor's long use, however, probably suffices to demonstrate secondary meaning. (If the mark has been registered since Montresor began administering the CarrolTest, which I will check, then it would be eligible for incontestable status, eliminating any risk that it would be held to be merely descriptive.) Montresor's raven-outline logo is inherently distinctive and does not require proof of secondary meaning.

Montresor has a strong case for trademark infringement against Pallas. Montresor is the senior user, as it has been using the CARROLTEST mark since 1995, while Pallas began using the CARROLTON TESTING mark in 2012. The two marks are highly similar in sight and sound (they differ only in the addition of "TON," "ING," and a space) and have essentially identical meanings. Moreover, they are used on identical competitive goods. Pallas's best counterargument is that the school districts are sophisticated purchasers who are familiar with the different companies and make their test purchases with care. But it seems entirely possible

that an administrator fielding a call about ordering "this year's Carrolton Testing" might mistake Pallas's product for Montresor's. The use of a similar logo—another bird—only increases the likelihood of confusion. Montresor should be able to enjoin Pallas from using the CARROLTON TESTING mark and to collect damages based on its past use.

Montresor's case against Fortunato is weaker. Although Fortunato's guidebooks use the CARROLTEST mark in their titles, it is likely a nominative fair use. The guidebooks are keyed to the CarrolTest, and Fortunato needs to use the CARROLTEST mark to explain which tests the guidebooks are designed for. Montresor could perhaps require Fortunato to include a disclaimer, such as that its guidebooks are "unofficial" and are not "affiliated with or endorsed by" Montresor or the CarrolTest.

False Advertising

Montresor could argue that "How to Ace the CarrolTest" makes false promises about students' success on the CarrolTest. But this argument has several severe problems. First, Fortunato is not really a competitor of Montresor's, so Montresor may lack standing. Second, Fortunato might well be able to show that any claim the title makes is true, in that Fortunato does improve students' scores. And third, even if false, the claim may well be puffery of the sort expected from any test-preparation guide.