

FINAL EXAMINATION
INTELLECTUAL PROPERTY – LAW 651 – SIEGEL
Fall, 2006
Cornell Law School

INSTRUCTIONS

1. This is an open book examination. You may use any written materials that you have brought with you (including typewritten, printed, or published materials). Computer use is permitted.
2. You have THREE HOURS to complete the exam (unless you are granted extra time).
3. The exam consists of this cover page plus 7 exam pages numbered 1 through 7.
4. There are four questions. All students must answer all questions. The recommended time allocations (assuming 3 hours to complete the exam) are:

Question 1: 45 minutes
Question 2: 60 minutes
Question 3: 45 minutes
Question 4: 30 minutes

The weights of the questions are proportional to the time allocations. (The time allocations assume that you have 3 hours to complete the exam. If you have been granted extra time, adjust your time allocations accordingly.)

5. Do not put your name anywhere on your answers. Use your ID number. Do not indicate whether you are taking the class pass/fail. Do not write “Thank you for a great class” or anything similar on your exam.
6. If you are writing your answers by hand, remember to *write legibly*.
7. If, with regard to any question, you think additional facts are needed to answer the question, state clearly what facts you think are missing. Then make a reasonable assumption about the missing facts and answer the question based on your assumption. Do not change the given facts.

For all questions, if no location is stated for one of the given facts, assume that it occurred within the United States.

8. Using good judgment, address all the issues presented and assigned by the questions, even if your answers to some issues would, in real life, eliminate the need to address other issues. Provide reasons for your answers.
9. Good luck.

QUESTION ONE

(45 minutes)

A long-standing problem with video cameras is that their battery life is too short—most video camera batteries run out of power after an hour or two of usage.

On June 1, 2007, Popular Science magazine publishes an article entitled “Product Trends” that discusses the future of technology products. Among other things, the article says: “Battery designers are exploring every possible source of power. In the future, video cameras will be powered by the heat produced by the human body. This will allow indefinite battery life.” The article has an illustration showing a smiling man holding a video camera, with red arrows running from the man’s hands into the camera’s works, to represent the flow of energy from the man to the camera’s battery.

David Hironaka is a self-employed scientist, inventor, and entrepreneur. David is generally recognized as one of the most brilliant minds of his generation. On February 1, 2008, David comes across the Popular Science article mentioned above. Upon reading the article and seeing the illustration, David says, “well, that’s totally obvious!” He starts work on a human-powered battery and by May 1, 2008, he has developed a video camera that absorbs power from the hands of its user and feeds that power to its battery.

Although the camera works fine when David uses it, David is concerned that it might not work with everyone. He recruits a dozen people of different body types, gives them each a working prototype of his camera, and instructs them to use the cameras for a few weeks and report the results. David instructs the testers to use the cameras in realistic ways in all kinds of settings including public places, but not to tell anyone about the cameras’ special batteries. The testers do this. The testing lasts from June 1 to June 21, 2008. It turns out that the camera works with everyone.

On August 1, 2008, David publishes an advertisement in Popular Science that announces that his human-powered camera will soon be available and that people who want to be the first to own one can place orders for it on his website. Thousands of orders pour in immediately, and David is deluged with offers from companies that want to buy the rights to his invention.

On July 1, 2009, David applies for a patent on his human-powered video camera, and he claims the camera and the mechanism that he has devised that permits human body heat to power the camera battery. The patent application contains an adequate enabling disclosure of his invention.

Part A. Should the patent office issue the requested patent? Explain. (In case you missed them, be sure to read instructions 5-8 on the cover page.)

Possibly in accordance with your view and possibly contrary to it, the patent office issues the requested patent on July 1, 2011.

Shortly thereafter, Peter Jenkins, a reclusive but brilliant engineer, reveals (and proves

beyond doubt) that, in 2003, he invented the same human-powered battery that David later invented and has been using it to power his video camera ever since. However, Peter never revealed his invention to anyone.

After this announcement, the Sony Corporation, without David's permission, starts marketing a video camera that embodies David's invention. Sony sells the cameras for \$200 each and makes a profit of \$30 per camera. David has been selling his cameras for \$400 each and making a profit of \$100 per camera. Over the next year, Sony sells 100,000 of its video cameras.

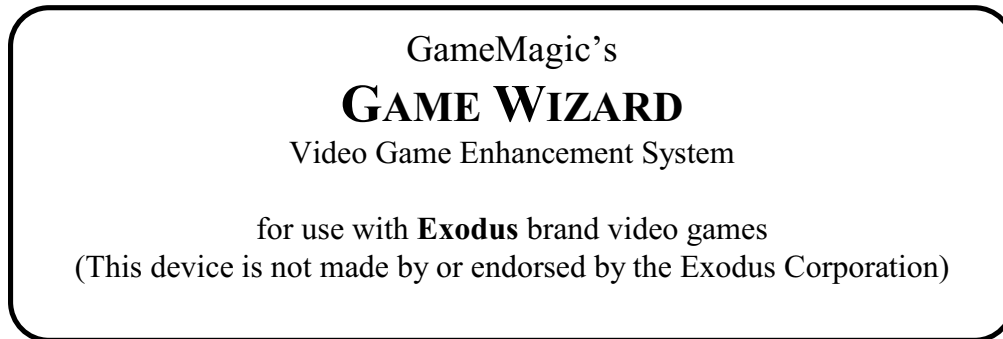
David sues the Sony Corporation for patent infringement. In the suit, David notes that, on his website, he also sells blank videotapes (which are not patented) and he asserts that people who bought a video camera from him on his website, also, on average, purchased 10 videotapes from him, yielding him an additional profit of \$20.

Part B. What should be the result in David's suit against Sony? If David prevails, what remedy should he receive? Explain.

QUESTION TWO
(60 minutes)

The Exodus Corporation manufactures video games and a video game player device called the Ex-Player. The Ex-Player consists of a large screen connected to a game computer. The game computer has a slot for insertion of a game cartridge containing a video game program. Exodus markets a large variety of video game program cartridges. Each cartridge contains a video game program, which consists of a sequence of instructions in a computer language. A cartridge must be inserted in the Ex-Player while the game is played—the game computer does not store games.

Exodus works hard to make each of its video games difficult enough to be challenging but not so difficult as to be frustrating. Still, some users of Exodus games find the games too difficult. Realizing this, the GameMagic Corporation markets a hardware device called the Game Wizard. The device comes in a package with this label:



The user of a Game Wizard can insert an Exodus game cartridge into the Game Wizard. The user can then ask that the Exodus game be made easier in a variety of ways—for example, that the game play at a slower speed, or that the user get more “lives” (that is, more chances to succeed before the game is over). The Game Wizard reprograms the Exodus game cartridge as the user has requested. The user can then take the reprogrammed Exodus game cartridge, insert it into the Exodus Ex-Player, and play the game more easily.

Most purchasers of the Game Wizard use it to reprogram Exodus game cartridges that they play themselves. However, some users resell reprogrammed Exodus game cartridges to people who desire them but who don't own a Game Wizard, and some video game stores keep a Game Wizard in the store and allow purchasers of Exodus video games to use the store's Game Wizard.

The Exodus Corporation is unhappy with what the Game Wizard does, and it doesn't like the device's label either. Exodus Corporation sues the GameMagic Corporation. Exodus Corporation brings all claims that might be expected based on the above facts. GameMagic raises all defenses that might be expected. Each side makes all appropriate arguments. (Note that the

GameMagic Corporation is the only defendant.)

You are the law clerk to the district judge who is considering the case. The judge asks for a memorandum that discusses the issues raised by the case and that makes a recommendation as to how the judge should rule on each issue and on the overall case. The judge says, “don’t worry about remedies—just discuss whether the defendant is liable.”

Write the memorandum.

(Hint: Be sure you understand how the Ex-Player and the Game Wizard operate.)

QUESTION THREE

(45 minutes)

Popular Products is a manufacturing company located in California. In 2007, Popular Products is working on a new product idea—a scented nasal spray. The spray would not have any medical properties; it would just provide users with a brief spray of an agreeable scent. No one has ever previously marketed such a spray, but Popular Products hopes that users would enjoy a brief spray of nasal pleasure the same way people enjoy popping a small candy into their mouths.

Popular Products has no express agreements with its employees regarding confidentiality. The company does, however, tell its employees not to reveal its plans for its new products and it takes care to ensure that information about its product plans is not accessible by outsiders.

Della Downs, an employee of Popular Products, is a creative designer, and she is assigned to create a name for the new product. Applying her creative talents, Downs, on March 1, 2007, comes up with the name “Pleasant Scents” for the new nasal sprays.

In April, 2007, Downs has a big disagreement with the President of Popular Products. “I’m leaving the company,” she tells the President, “and I’m taking my work with me!” Downs quits and moves to New York, where she gets a job at Excellent Equipment. Downs recommends that Excellent Equipment market scented nasal sprays under the name “Pleasant Scents.”

On July 1, 2007, Popular Products files an “Intent-to-Use” registration with the Patent and Trademark Office (PTO) for the term “Pleasant Scents” as a trademark for scented nasal sprays. But it doesn’t actually market anything under that name yet.

On September 1, 2007, Excellent Equipment starts marketing “Pleasant Scents” scented nasal sprays. Excellent Equipment markets the sprays only in New York.

On November 1, 2007, Popular Products starts to market “Pleasant Scents” scented nasal sprays. Popular Products markets the sprays only in California. The company submits a statement to the PTO certifying that it is using the “Pleasant Scents” mark in commerce. The PTO issues Popular Products a registration for the mark on December 1, 2007.

Early in 2008, Popular Products becomes aware of Excellent Equipment’s sales of “Pleasant Scents” nasal sprays. Popular Products brings suit against Downs and Excellent Equipment, asserting such claims as might be expected on the above facts. Downs and Excellent Equipment counterclaim against Popular Products, asserting such claims as might be expected on the above facts. Each side raises all appropriate defenses and arguments. Each side seeks monetary and injunctive relief against the other.

You are the law clerk to the district judge considering the case, and the judge asks you for a memorandum discussing the issues raised by the case, making a recommendation as to how the

judge should rule on each issue and on the overall case.

The judge asks that you be sure to address the issue of what remedy the prevailing party should receive.

Write the memorandum.

QUESTION FOUR

(30 minutes)

You are the chief legislative aide to U.S. Senator Tom Truepenny. Another Senator proposes the “Database Protection Act of 2007.” The proposed legislation provides:

- § 1. *Definition.* For purposes of this Act, a “database” is any collection of information that brings items of information together in one place so that users may access them.
- § 2. Whenever the compilation of information into a database represents a significant investment of time, effort, or expense, copyright shall extend to the information contained in the database.
- § 3. Nothing in this Act prohibits any person from creating a database that is similar or identical to an existing database, provided the second database is created by independent research and independent gathering of information.

Senator Truepenny asks you to write him a memorandum that evaluates this proposal. Your memorandum should explain what the likely effects of this proposed Act would be and evaluate whether the proposal is a good or a bad idea. If you think the proposal could be improved by any relevant amendments that Senator Truepenny could offer to it, you should mention those, or you may recommend that he support it as is or that he just oppose the whole thing. Senator Truepenny is not an expert in intellectual property law and so he would benefit from some explanation of what the proposed bill is all about, but the main focus of your memo should be on your evaluation of the bill and your recommendation as to whether Senator Truepenny should support it.

Write the requested memorandum.

END OF EXAM