Copyright, Patent, Trademark

Professor McCarty
Spring Semester 1995

Final Examination
May 2, 1995

This is a FOUR HOUR examination, consisting of THREE questions on EIGHT pages. You should allocate 75 MINUTES to each question, and reserve 15 MINUTES for additions and corrections. The examination is OPEN BOOK, but you are to take it IN CLASS.

Please organize your analysis carefully before you begin to write, and strive for conciseness as well as completeness. If you think additional facts are necessary, you should state briefly what facts you would like to know and why you think they would be relevant. Whenever you discover an arguable issue in these cases, you should state carefully the best arguments that can be made on either side, and then continue your analysis in the alternative. Finally, you should be careful to consider all aspects of intellectual property law that might be applicable to the present problems, e.g., Copyright, Patent, Trademark, and Related State Doctrines.

QUESTION I

As part of her PhD dissertation in Management Science at Rutgers University, Madeleine Archer studied alternative methods of conducting auctions, and, in the course of this research, discovered a novel bidding system which seems to have distinct advantages over previous systems. It never occurred to her that her system might be patentable, but the Rutgers Office of Technology Transfer has recently suggested to her that it is.

Archer’s system applies to any situation in which several related items are auctioned at once — for example, contiguous tracts of land, or adjacent frequencies in the electromagnetic spectrum. In the usual auction, the auctioneer decides whether these items are to be sold separately or in groups of
two or more, and then fixes the order in which the items, either singly or in groups, are to be auctioned off. In Archer’s system, each bidder simultaneously enters bids on one, some, or all of the items up for sale, and the combination of winning bids is determined by assembling what Archer calls a “completion” from all of the entries. In most cases, the completion is defined as the particular combination of bids that would “complete” a sale of all of the items being offered at the highest total price. For example, in an auction involving two contiguous tracts of land, the following bids might be received and recorded:

- Bid 1 — $100,000 for Tract 1 by bidder A.
- Bid 2 — $200,000 for Tract 2 by bidder B.
- Bid 3 — $250,000 for both Tract 1 and Tract 2 by bidder C.

The combination of bids that maximizes the revenue to the seller in this case would be bids 1 and 2, and this would be the “completion” in Archer’s system. In some cases, however, the completion is defined as the combination of bids that minimizes the total price. For example, in a competitive bid for a defense contract, where multiple contractors are bidding to provide services at one or more military bases, the completion is formed from those bids that minimize the contract price, and thus minimize the cost to the government.

Archer’s research has shown that this system tends to maximize the seller’s revenue (or minimize the buyer’s cost, in the alternative version), as compared with the more traditional auction methods. This is obvious in the previous example: The seller receives a total of $300,000 from the sale of the two tracts of land, but would only have received $250,000, i.e., Bid 3, if the two tracts had been auctioned off as a unit. In more complicated situations, there are complex effects due to gaming and other strategic play by the bidders, but Archer has shown that these effects systematically benefit the seller (or the buyer, in the alternative version).

Archer did most of her research during the academic year 1993-94. Since she has surveyed the literature on auctions very carefully, she is confident that her bidding system is novel. In January and February of 1994, she conducted experiments with undergraduate business majors to determine empirically how her auction system would work, and to facilitate this study she developed a suite of computer programs to record the bids, compute the “completion” and display the results immediately to an auctioneer. In March
of 1994, at the suggestion of her dissertation advisor, Archer had discussions with an Air Force Procurement Officer about the use of her bidding system by defense contractors, and on April 20, 1994, she submitted a formal proposal to the Wright Patterson Air Force Base to try out her system, and the associated computer software, in their next round of spare parts procurement. The proposal set a contract price of $30,000. The Air Force expressed interest in the idea, but deferred consideration while they studied the legality of the new bidding system under military procurement regulations. Also in March of 1994, Archer sent a paper on her auction system and her preliminary empirical results to a conference on advanced management technology in Göteborg, Sweden. The paper was accepted, and was printed in the proceedings of the conference, which was held from May 16-18, 1994. Archer traveled to Sweden to present her paper, and this event was publicized in a short note in *Rutgers Focus*, a weekly newspaper for university faculty and staff.

It was not until March of 1995 that the Rutgers Office of Technology Transfer happened to notice the story about Madeleine Archer’s research, and asked her to submit an invention disclosure statement. Rutgers typically works with a registered patent agent (who is not a lawyer) for its initial preparation of a patent application, and then has the application reviewed by legal counsel. Assume that you are an associate in the university’s legal department, and assume that the current date is the date of this examination: May 2, 1995. You have been shown a draft of the claims prepared by the university’s patent agent, of which the following (Claim 1) is typical:

A method of competitively bidding on a plurality of items comprising the steps of identifying a plurality of related items in a record, offering said plurality of items to a plurality of potential bidders, receiving bids from said bidders for both individual ones of said items and a plurality of groups of said items, each of said groups including one or more of said items, said items and groups being any number of all of said individual ones and all of the possible combinations of said items, entering said bids in said record, indexing each of said bids to one of said individual ones or said groups of said items, and assembling a completion of all said bids on said items and groups, said completion identifying a bid for all of said items at a prevailing total price, identifying in said record all of said bids corresponding to said prevailing total
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question II

Duraco is a manufacturer of accessories for patios and home gardens, with its main offices in Pennsylvania. In 1988, John Keats, a Duraco sales manager, spotted an urn-shaped planter at a trade show in the Federal Republic of Germany, and realized that such an item would make an excellent addition to Duraco’s line of garden products. Duraco’s designers immediately went to work on the idea, and eventually created the plastic Grecian Urn planter shown in Figure 1. The design of the urn was copied from a classical source that Keats had located in an encyclopedia of Greek and Roman art, but with several modifications. For example, it was necessary to increase the diameter of the pedestal, for stability, and to add depth to the bowl, in order to accommodate the root systems of most common garden plants. As a result, Duraco’s Grecian Urn was somewhat less exquisite than the urn that had inspired the original John Keats. (“Thou, silent form! dost tease us out of thought/ As doth eternity: Cold Pastoral!”) Nevertheless, it was a great marketing success. Introduced in 1990, the Grecian Urn planter achieved sales of 460,000 in its first year, and now accounts for one tenth of Duraco’s total annual revenue.

Figure 1 appears in an advertisement by K-Mart, which is a typical outlet for Duraco’s products. The ad shows two versions of the urn. The larger one is 18 inches in diameter, and is manufactured in two pieces, the bowl and the pedestal, which are assembled by the purchaser. The smaller one is 12 inches in diameter, and has no pedestal. In each version, the plastic is colored to create the illusion of marble, stone, or cement, and Duraco believes that this feature is primarily responsible for its success in the marketplace. The “Garden Scene” logo, just visible in the ad, is Duraco’s registered trademark for all of its garden products. When the Grecian Urn first appeared on the market, the retail price for the large version was generally $12.97 to $14.97,
and the retail price for the small version was generally $6.47, but these prices have been driven down sharply by the recent appearance of a competitor, Joy Plastic Enterprises, Ltd.

Duraco first discovered its competitor by accident, when George Licht, Duraco’s president and chief executive officer, was shopping in a retail store in New Jersey. Licht spotted a defective urn — one side of it was flattened, apparently because it had been removed from the mold and laid on its side in a shipping carton while still hot — and purchased it, thinking it to be a defective Duraco urn. But when he turned it over to his vice president,
demanding to know how a defective urn could have slipped through Duraco’s quality control system, Licht was astonished to find out that it was not a Duraco urn at all. Eventually, the defective urn was traced to Joy Plastic Enterprises.

It appears that Joy Plastic has produced its planter by a “direct molding process” using Duraco’s planter as a model. It also appears that Joy Plastic uses inferior workmanship in its manufacturing operation. One defect of the injection molding process used by both Duraco and Joy is that strips of plastic, called “flashing”, occasionally form on the side of the planter as a result of cracks in the mold or excessive production rates. When this occurs, Duraco’s quality control workers carefully sand down the irregularities, but it appears that Joy’s workers just cut the flashing away, leaving jagged edges and ridges. Joy Plastic also uses a less expensive coloring process, which results in a poorer imitation of the texture of marble and stone. However, by cutting corners in this way, Joy Plastic has been able to undercut Duraco’s wholesale price for the large Grecian Urn by several dollars.

Assume that you are an associate in the law firm representing Duraco. You have been asked to prepare a memo addressing the following questions: (1) Can Duraco secure an injunction against the sale of Joy Plastic urns under copyright law? (2) Could Duraco register the configuration of its Grecian Urn planter under §1 of the Lanham Act (15 U.S.C. §1051) and subsequently obtain a remedy for infringement under §32 (15 U.S.C. §1114)? (3) Finally, without resorting to registration, could Duraco obtain an immediate remedy for infringement under §43(a) of the Lanham Act (15 U.S.C. §1125(a))? Draft the requested memo.

QUESTION III

Late in 1994, Citadel Press published a paperback book entitled The Seinfeld Aptitude Test, which includes, according to its subtitle, Hundreds of Spectacular Questions on Minute Details from TV’s Greatest Show about Absolutely Nothing. The book consists entirely of a list of questions, arranged in five levels of difficulty, with answers printed in the back, and it is intended to be used in trivia games by people addicted to the Seinfeld television show. “If you think you know the answers — and really keep track of Seinfeld minutiae — challenge yourself and your friends with these 550 trivia questions and 10 extra matching quizzes,” the book proclaims on its back cover.
The main premise of the *Seinfeld* television show is that it is, literally, about nothing. The Citadel Press book explains this premise quite well in its introduction:

Each episode is devoted to the trifling, picayune, and petty annoyances encountered by the show’s characters on a daily basis — looking for a parking space, missing rent-a-car reservations, dilemmas in dating, anxiety about switching barbers.

At the center of these misadventures is stand-up comedian Jerry Seinfeld, who plays himself. Jerry is the nucleus of a fabulous foursome consisting of best friend George Costanza, ex-girlfriend Elaine Benes, and eccentric next-door neighbor Kramer. Together they ponder the meaning of the mundane: Jujyfruits, atomic wedgies, fake wood wallpaper, puffy shirts, open-lipped kisses. The more insignificant, the better.

In keeping with this theme, the Citadel Press book has used these “insignificant” details as the basis of its trivia questions. For example, among the questions at the lowest level of difficulty is the following:

Elaine’s relationship with her writer-boyfriend ends because of his failure to use what kind of punctuation?

(a) Periods
(b) Question marks
(c) Exclamation points
(d) Colons

Answer: c

Among the questions at the fourth level of difficulty is the following:

Elaine’s ex-roommate suffers from what malady?

(a) Foot-in-mouth disease
(b) Lyme disease
(c) Epstein-Barr syndrome
(d) Shingles

Answer: b and c (Elaine describes it as “Epstein-Barr with a twist of Lyme.”)
Another type of question asks the reader to match items from two lists, e.g., to match a food with a description, or a locale with an event, or a character with a quirk, where the lists in each case are drawn from various *Seinfeld* episodes.

The author of *The Seinfeld Aptitude Test* is Beth B. Golub, described as “an attorney who lives in a northern suburb of Chicago with her husband. She loves chocolate babkas.” The back cover of the book displays, in small print, the following disclaimer: “This book has not been approved or licensed by any entity involved in creating or producing *Seinfeld*.” However, there are small photographs of the four main characters on the front cover, and a large photograph of one of the main characters at the beginning of each section of questions. The photographs are close-up, and cropped to show just the characters’ faces. They are not identified, either with the names of the characters, or with the names of the actors who play them, but anyone interested enough in the *Seinfeld* show to buy the book would know who they are.

Assume that you are an associate in the law firm representing Castle Rock Entertainment, the company that produces the *Seinfeld* television show. You have been asked to draft a memo addressing the following questions: (1) Can Castle Rock Entertainment secure an injunction against the continued sale of *The Seinfeld Aptitude Test* under federal copyright law? (2) Can Castle Rock Entertainment secure an injunction under state law, specifically, (a) the law of unfair competition, (b) the law of misappropriation, or (c) the right of publicity? (3) Would any of these causes of action under state law be subject to preemption in this case? Draft the requested memo.

END OF EXAMINATION