

# Intellectual Property Law Certification Examination Sample Questions



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## CORE PATENT PROSECUTION

A client comes to your office, shows you his website, and shows you a competitor's design patent for a telephone that looks the same as a telephone icon used on the client's website to activate a telephone call-out function. Is there a problem?

- (a) Yes, the design looks the same as the computer icon.
- (b) No, the design patent relates only to a telephone, not a computer icon for telephone service.
- (c) Maybe, if the design patent says that the telephone connects to the Internet.
- (d) No, computer icons can never be protected with a design patent.

**Answer: (b)** 35 USC 171 "ornamental design for an article." The telephone is the "article" subject to the design. The design patent covers a design for a telephone, not any other article.

## CORE MISCELLANEOUS

To be legally effective, an exclusive license transferring copyright ownership must be:

- (a) In writing.
- (b) Signed by the owner.
- (c) Filed with the U.S. Copyright Office.
- (d) All of the above.
- (e) Both (a) and (b).

**Answer: (e)** *Greenberg v. National Geographic Soc.*, 533 F.3d 1244, 1274 (11<sup>th</sup> Cir. 2008); 17 U.S.C. §204(a)

## CORE MISCELLANEOUS

Which of the following would **NOT** make a good subject for a trade secret?

- (a) Sales and Marketing reports.
- (b) Wrench design having improved ratchet component.
- (c) Strategic business plans.
- (d) Internal computer software.
- (e) Customer needs and buying habits.

**Answer: (b)** is the correct answer. A wrench design having improved ratchet component may be reverse engineered. 688.002 (4) "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process that:

- A) Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and
- B) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## SPECIALTY TRADEMARK

On February 12, 1957, Ernest and Emilio Fallo Corp. ("E&E") obtained a federal trademark registration for the trademark LE OLE' below a design depicting three castle-like towers. The trademark was registered for use on wine and beer. On September 7, 1976, E&E filed with the USPTO an application for renewal of the registration for 20 years. In the renewal declaration, E&E alleged that the mark as registered was still in use in interstate commerce for all of the goods specified in the registration. Attached to the declaration was a specimen (a wine label) showing the mark as registered. At the time of filing the renewal declaration, however, E&E was not actually using the mark in the form as registered on that label, but was using only OLE' in conjunction with a modified three towers design. E&E had been using the "new" mark since 1971, and at the time it filed for renewal, it was using the mark only for wine (not beer). Following renewal of the registration, one of E&E's competitors filed a petition seeking cancellation of E&E's registration alleging, *inter alia*, that the registered trademark was not in use when E&E filed its renewal declaration and that E&E knowingly made false statements to the PTO.

Which of the following statements is correct?

- (a) E&E's registration is likely to be cancelled on the grounds of fraud on the Trademark Office.
- (b) Because E&E altered its mark and no longer used the mark for beer (one of the items covered by the registration), it had no basis to seek renewal of its registration, even though E&E reasonably believed that the change to its mark did not constitute a "material alteration."
- (c) Because E&E's original registration was secured prior to the Trademark Law Revision Act of 1988 (when registrations were effective for 20 years), subsequent renewals would have likewise also been for 20 years.
- (d) (a) and (b).
- (e) None of the above.

**Answer: (a)** See 15 U.S.C. § 1058; *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 U.S.P.Q.2d 1483 (Fed. Cir. 1986). (E&E could have tried to argue that the amendment to its mark did not constitute a "material alteration.")

## **SPECIALTY COPYRIGHT**

Laura writes the lyrics to an original musical, "Dancing in the Sun" and has her long-time collaborator, Cara, compose the music. One year later, she meets up-and-coming young composer, Franz, and asks him to compose three additional songs and instrumental music for "Dancing in the Sun." Under the Copyright Act of 1976, which of the following is true?

- (a) Only Laura and Franz are co-authors of a joint work, "Dancing in the Sun."
- (b) Laura, Cara, and Franz jointly own the copyright to "Dancing in the Sun."
- (c) Franz's additional songs and instrumental music are works "made for hire."
- (d) None of the above.

**Answer: (b)** §101 of the Copyright Act of 1976.

## **CORE LONG ESSAY (1 HOUR)**

You have been hired by Wash Co., a 30 year old company that manufactures high quality washing machines, to provide a detailed analytic assessment of two proposed IP licenses that the company wishes to have prepared: (1) a manufacturer-consumer license, and (2) a manufacturer-maintenance and repair service company license. The licenses are expected to involve at least four (4) different areas of intellectual property. The president of Wash Co., Junior Bucks, has asked that you first provide him with an outline for each license addressing the following points:

- (a) The Parties;
- (b) The IP Right(s) implicated by the agreement and the relationship;
- (c) The term (period of time) for the license and collection of license fees;
- (d) Prohibited acts (i.e, Licensee shall not ...);
- (e) A "best efforts" provision for the Licensee;
- (f) Indemnification; and
- (g) General advice to Wash Co. regarding any issues of concern.

Through your meeting with Junior Bucks, you have learned the following:

Wash Co. is a fairly well run company that has:

- VP of Manufacturing (VP-Mfg)
- VP of Research and Development (VP-R&D)
- VP of Sales and Marketing (VP-Sales)
- Chief Financial Officer (CFO)

Wash Co. has used the WASH CO. brand name for over 30 years.

Wash Co. recently completed a secret research and development project involving a computer program installed on new washing machines that sends out a "repair alert" message to Wash Co.'s independent maintenance and service repair companies via the Internet, alerting them that the machine is in need of repair or maintenance. The new machines and system are called "Super Fix Washers." The computer software for the Super Fix Washers reduces energy consumption by 35% and water consumption by 25%. A patent application was filed 18 months ago and the patent was issued last week on the Super Fix Washer technology. The Super Fix Washer patent only has method claims.

There are many independent maintenance and service repair companies which President Bucks refers to as "Repair Reps."

Currently, the Repair Reps do not have contracts with Wash Co. President Bucks wants to make sure that when he launches the new Super Fix Washers, that (a) only authorized Repair Reps work on the machines; and (b) that Wash Co. collects fees for each repair. Bucks also wants to start a fee-based training program for Repair Reps.

Bucks wants to enhance Wash Co.'s revenue by coming up with a way to generate recurring revenue from purchasers rather than simply selling a washing machine once and never collecting any further revenues from the sale other than for replacement parts. He wants Wash Co.'s revenues to model the telecom companies, which charge a monthly fee for their services. He is open to any thoughts you have on shifting away from the old "sell once, collect once" model of typical appliance manufacturers.

Some Wash Co. washing machines last 50 years or more.

Bucks wants to also consider consumer maintenance contracts that will allow Wash Co. to automatically charge customer's credit cards.

Bucks also tells you that Wash Co. will train Repair Reps but, after 5 - 7 years he wants to either start buying the Repair Rep companies or vertically integrate the repair work into Wash Co., further enhancing Wash Co.'s revenue.

Lastly, each Repair Rep currently has its own web site, where the WASH CO. name is used prominently in the web site banners. Bucks wants absolute control over WASH CO. for all on-line markets in order to track repairs. This would prevent Repair Reps from cheating Wash Co. out of revenue on the Super Fix Washers.

## **INSTRUCTIONS**

Please provide your detailed analytic assessment of the proposed licenses using the outline set forth above.

## **Core Long Essay Answer**

*Note to Applicants who review this sample question: Although the answer below is in outline form, Applicants typically respond in an essay. For grading purposes, the outline lists items which the Committee thinks are reasonable for skilled IP practitioners.*

### **A. Licensing Form:**

- a. Parties - Wash co - Consumer
- b. IP Rights - patent, copyright, trade secret; For a top essay score- lease the washing machines - do not sell the machines; a top essay score includes a "return at end of washer life" provision.
- c. Term for collection of fees - patent: 20 years, payment decreases after 20 years but continues for copyright and trade secret; credit card payments to Wash Co.; For a top essay score - the consumer license fee decreases at the end of 20 years, but does not terminate. For a top essay score, a separate fee is charged for maintenance, that is, split the fee in 3 parts.
- d. Prohibited acts (Licensee cannot ...) for patent - end user license only, no make, manufacture or sell right, - Prohibit reverse engineer; remove computer chips or program, cannot copy program, repair or replace the program; limit repair or replace all hardware; a top essay score has "return at end of washer life" provision.
- e. Best efforts by Licensee - use the machine as directed
- f. Indemnity - for all acts contrary to reverse engineer; remove computer chips or program, copy program, repair or replace the program, consumer is liable.
- g. Attorney advice to Wash Co. President: Issues of Concern - antitrust issue if the patent fee extends beyond the 20 years; a top essay score discusses maintenance fees and only permitting authorized Repair Reps to work on machine. This meets the vertical integration objective of client in 5 - 7 years. (a) what does Wash Co. do when consumer re-sells machine; have new customer sign-up; disable the Super Fix program upon failure to pay Credit Card fee. (b) What happens if the new customer does not want the Super Fix maintenance program. Can the new customer opt out of the maintenance program. Should the Wash co machine be disabled. (c) Alert all Wash Co. salespersons of the REQUIREMENT that Wash Co. customers must sign up for the Wash Co. maintenance program; (d) Consumer Adhesion contract problem??. (e) No antitrust issue for Tr. Sec. fee "forever" payments.



**B.**

- a. Parties - Wash Co - Repair Rep
- b. IP Right - patent, copyright, trade secret, training, maintenance, trademark and domain use; FOR A TOP ESSAY SCORE - lease the software for the Repair Alert, lease all training materials, - do not sell; *a top essay score: the patent right (a method patent) is only for use on authorized machines, no make or sell or manufacture of import. "Authorized machines" are those which the consumer pays the maintenance fee on - no others.*
- c. Term for collection of fees - as long as Repair Rep in business, flat fee, no differential for patent because the end user- consumer has "patent use" rights. Training fees paid to Wash co. If no training, then Repair Rep not authorized and rep is ejected from Wash Co network. Consumer pays Repair Rep and Repair Rep pays Wash Co a part of the fee - a service call fee to support the Alert Program. *For a top essay score - the Tr.Sec. fee continues to be payable as long a Repair Rep in Wash Co network.*
- d. Prohibited acts (Licensee cannot ...) - reverse engineer; remove computer chips or program, cannot copy program, repair or replace the program; cannot sell the program or components for the machine; all components must be purchased from Wash Co. *A top essay score forces Repair Reps into continuous training programs. If no training, then Reps ejected form network. Remove the Wash co banner from web site and domain name.*
- e. Best efforts by Licensee - repair all machines, use Alert message only for Wash Co machines, use only genuine parts, report all Alerts to Wash Co. to use the machine as directed
- f. Indemnity - for all acts contrary to reverse engineer; remove computer chips or program, copy program, repair or replace the program; for all acts contrary to training; for all unauthorized repair
- g. Attorney advice to Wash Co. President: Issues of Concern - (a) Reps are Wash Co police: what does Wash Co. do when consumer re-sells machine; have new customer sign-up; disable the Super Fix program upon failure to pay Credit Card fee. (b) Reps are Wash Co police: What happens if the new customer does not want the Super Fix maintenance program. Can the new customer opt out of the maintenance program. Should the Wash co machine be disabled. (c) Reps are Wash Co police: Alert all Wash Co. salespersons of the REQUIREMENT that Wash Co. customers must sign up for the Wash Co. maintenance program; (d) No antitrust issue for patent (see end use license), or copyright or training or Tr. Sec. fee payments. *A top essay score will note that the IP rights complement each other and that the Justice Dept has approved these types of complementary inputs.*