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# WORLD INTELLECTUAL PROPERTY DAY

**BY KARL F. JORDA**

APRIL 26 is World Intellectual Property Day and April is Copyright Awareness Month in the United States. Many countries around the globe are celebrating this World Intellectual Property Day in recognition of the importance of intellectual property rights (IPRs — Patents, Copyrights, Trademarks, Trade Secrets) for cultural and technological advancement. In the United States, however, there is very little awareness and observance. Even most IP professionals have not heard of the World IP Day, nor of the Copyright Awareness Month. That is very peculiar and inexplicable because the United States is the very bastion of IPRs.

What would life be like without the everyday light bulb, the universal Mickey Mouse, or the hope provided by cancer fighting drugs? It was the protection of IPRs that encouraged Edison, Disney, and medical researchers around the world. The patent on power steering originally financed Franklin Pierce Law Center. Without IPRs, life would be much different and much less comfortable. Inventors, authors, artists, and others need to know that the property produced by their intellect will be protected for a number of years.

In 2001 the World Intellectual Property Organization (WIPO), a specialized agency of the UN, located in Geneva, Switzerland, designated April 26 — the date when (in 1970) the Convention

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# FACULTY PORTRAIT: DR. HANS GOLDRIAN ARCHITECT OF EUROPE'S LARGEST PATENT PROSECUTION GROUP

**BY DOUG PORTNOW (JD '05)**

PIERCE LAW IS FORTUNATE to have Dr. Hans Goldrian on its IP faculty. Teaching since 1994, Dr. Goldrian is one of Pierce Law's longest serving Adjunct Faculty members. The Austrian citizen, born in former Czechoslovakia, has had a global career spanning more than half a century and is well qualified to teach International and Comparative Patent Law during the Intellectual Property Summer Institute (IPSI) and the fall semester.



DR. HANS GOLDRIAN

Dr. Goldrian was raised in Austria, attending public schools and receiving a degree in Electrical Engineering from the Technical University in Vienna and a Doctorate in Technical Sciences in 1959. His first job after college brought him to Siemens in Austria where he started out as a Laboratory Engineer. After a year, Dr. Goldrian transferred to Siemens in Germany as a Patent Engineer. Dr. Goldrian smiled as he reflected on his initial motivation for this career switch; no required patent

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# IP FACULTY ACTIVITIES

In October 2003, **Professor Thomas Field, Jr.** presented a paper entitled "Zurko, Gartside and Lee: How Might They Affect Patent Prosecution?" at the Annual Meeting of the American IP Law Association, in Washington, D.C. It led off a panel discussion of "The Prosecution and Examination of Patent Applications in View of the Statutes and the 'Substantial Evidence Standard' of the Administrative Procedures Act."

In a related vein, in January 2004, **Field's** book, *Introduction to Administrative Process*, was published by Carolina Academic Press. The book, roughly ten years in preparation, gives considerable attention to the PTO and the Copyright Office as administrative agencies.

**Professor Bill Hennessey** delivered a paper October 16 on "Enforcing Laws Against Trademark Counterfeiting and Copyright Piracy in East Asia" at the Annual Meeting of the Pacific IP Association (PIPA) in Dearborn, MI. He and **Professor Karen Hersey** presented papers at the Second International IP Conference on University-Industry Collaboration at Tsinghua University School of Law in Beijing, China on November 15-16. In addition, **Hennessey** represented Pierce Law at U.S. China Ambassador Clark Randt's "Beijing Roundtable on IP Issues in China" on November 18.

On February 23, **Hennessey** delivered two lectures at the International Strategy Center of Hitotsubashi University, Tokyo Japan and on March 26, he delivered a paper at the Conference on Intellectual Property, Sustainable Development and Endangered Species at Michigan State—Detroit College of Law.

On April 16 **Hennessey** moderated and spoke on a panel at the Fordham Law School International IP Conference in New York City, entitled "Two Decades of Patent Protection in China (1984-2004): Implications of China's Administrative and Judicial Systems on Patent Protection." The panel included speakers from the USPTO, the Shanghai People's High Court and the DuPont Company.

**Professor Craig Jepson** made a presentation to the Seattle Patent Law Association in January on recent developments in Patent Law. **Jepson** also presented at the Federal Circuit Bar Association on Knorr-Bemse in January.

**Professor Karl Jorda** participated in the Second Pan-American LES (Licensing Executives Society) Conference in Mexico City on November 22-23 with a talk on "Licensing in Global Markets: Industry/University Interactions." Jorda made a presentation on "Intellectual Property Management Strategies in U.S. Corporations" as part of the IP Management Strategies Symposium at the Tokyo Institute of Technology on December 2.

The January-April 2004 issue of *Marcasur*, whose Editor is Mr. Juan Pittaluga of Montevideo, Uruguay, carried an article about **Jorda**, entitled "Entre Tizas y Maletines: Karl Jorda" (Between Chalks and Briefcases) and Pierce Law as "one of the most prominent institutions in the world of Industrial Property," to which "an increasing number of Latin Americans come…to study for their master's degrees."

**Professors Susan Richey** and **Karl Jorda** participated in a WIPO/UNITAR Workshop for UN Diplomats on International Intellectual Property on April 26, the World Intellectual Property Day, in New York with talks on "Basic Principles of Trademarks" and "Advertising and Intellectual Property" by **Richey** and "Basic Principles of Patents and Trade Secrets" by **Jorda**.


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Our readers are encouraged to send news, photos, comments or letters to:



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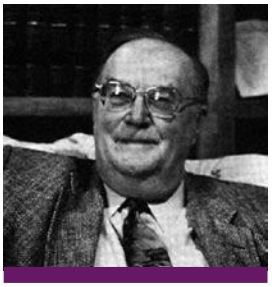
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# IN MEMORIAM

The Honorable Bryan Harris, trustee and long-time friend of Pierce Law, died Friday, February 27, 2004 after a brief illness.

Harris was born on January 15, 1928. He was educated at Jesus College, Oxford and Lincoln's Inn, London. He served as a captain in the British Army from 1949-1952. From 1973-1983, Harris

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THE HON. BRYAN HARRIS

# NOTABLE HAPPENINGS…

## LES STUDENT CHAPTER LECTURE SERIES

The 8th Annual Spring Semester Lecture Series of the Pierce Law Chapter of LES - March 25 featured James G. Cullem (JD '99), In-House Counsel for Cell Signaling Technology, Inc. of Beverly, MA who spoke on "Intellectual Property Management in Small, Technology-Driven Corporations: Challenges, Rewards, and Frustrations."

## SIPLA CHAPTER LUNCH & LEARN SERIES

The esteemed Dr. Robert Rines, Esq., founder of Pierce Law, visited us on March 23, 2004. Dr. Rines was invited to speak by the Student Intellectual Property Law Association (SIPLA) for its Lunch & Learn series. Dr. Rines shared his point of view on the past, present and future of intellectual property law. In his account of the state of patent law when he began practicing, Dr. Rines explained how national contempt for patents during the first half of the last century spurred his conviction to change the national attitude that patents were monopolistic. He also recounted one of his battles in a St. Louis court where the judge informed him that not only did he not understand the technology or the evidence of infringement, he did not care since he had explicit instructions from the appellate court that no patent was to be found valid.

Dr. Rines contrasted the climate of intellectual property litigation during his early litigation years to the present climate where courts have a fairly balanced attitude toward the validity of allegedly infringed patents. Dr. Rines attributed this to the establishment of the Court of Appeals for the Federal Circuit (CAFC) as there is now one standard for appellate review and parties can no longer "forum shop." He believes Pierce Law was instrumental in the establishment of the CAFC. Many Pierce Law students have served as clerks at the CAFC.

In closing, Dr. Rines posited that the future of IP law may be in nanotechnology. He also wondered if it might soon be time for world wide patent protection. For additional information see <http://www.ipnewsblog.com/node/view/2337>.

## IP MALL ADS WEB NEWS JOURNAL

The IP Mall recently introduced a new IP News Blog to meet the interests of the global IP community. A web news journal, the new blog was designed by IP Librarian Jon Cavicchi and implemented by students Carey Lening '05 and Aaron Silverstein '04 and alumni Brian Nichols '03 and Bill Shaw '98. Pierce Law's new blog is located at www.ipnewsblog.com. It can also be accessed from the IP Mall at www.ipmall.info.



**SIPLA:** ELIZABETH WADE-FRONT;PETER MACHI, CARISSA VOGEL, RONALD SIA-MIDDLE;YANDI FASHU-KANU, DR. ROBERT RINES, BRIAN SOMMESE-BACK

## SIXTH BASIC PCT SEMINAR

WIPO and Pierce Law co-sponsored the 6th Basic Patent Cooperation Treaty (PCT) Seminar held in Bedford, NH on 4/16-17, 2004. Vital for patent attorneys, patent agents and patent administrators, the seminar provided participants with in-depth knowledge and understanding of the PCT. The program was directed by Professor Karl Jorda and included speakers Louis Maassel, WIPO Consultant and David Reed, Section, Head, International patent Division, Procter & Gamble Company, Cincinnati, OH. ■

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establishing WIPO entered into force — as World IP Day to be observed by WIPO and its Member States and "to serve as an opportunity to heighten public awareness about the role and contribution of intellectual property in the economic, cultural and social development of all countries."

Since then WIPO Member States have indeed participated in the annual event. WIPO furnished them information kits, including a variety of outreach materials, such as, leaflets, posters and bookmarks, all emblazoned with the Day's themes "Making Intellectual Property Your Business" (in 2003) and "Encouraging Creativity" (in 2004), as well as a message from WIPO Director General Dr. Kamil Idris, in which he makes the following observations, among others:

> Intellectual assets are the principal currency of today's knowledge economy. Economic success, and associated social and cultural benefits, hinge on the generation and management of innovation, information and ideas. Harnessed by the intellectual property system, these drive the incredible forward thrust of technological and cultural development and thereby spawn new growth industries.
>
> WIPO proclaims the universal value of intellectual property, which marks the world's evolution, contributes to the progress of societies and is a key element in securing sustained economic, social and cultural development. Creativity is

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# HEIL HITLER! SUBPOENA ISSUANCE UNDER THE DMCA

**BY JOHN T. KANAZAWA (JD/MIP '05)**

WITH THE RECENT ONSET of litigation by the Recording Industry Association of America (RIAA) against alleged "file swappers" for illegally distributing copyrighted music through peer-to-peer networks, the Digital Millennium Copyright Act of 1998 (DMCA) has come under attack. The debate over whether the DMCA is constitutional has mounted since its drafting, but only among legal scholars. Now, with the onslaught of civil lawsuits against Mr. and Mrs. America, the debate affects the general public. This article contrasts the issuance of subpoenas under the DMCA with the issuance of subpoenas in cases of Internet defamation.

### "HEY . . . WHO IS THIS EMINEM FELLA ANYWAY?"

One of the many people sued by the RIAA is a 71-year-old grandfather from rural Texas. Marcy E. Mullins, *Music Industry's Dubious Suits Invite Public Backlash*, USA Today 14A (Sept. 19, 2003). The RIAA alleges that he had engaged in peer-to-peer file sharing of works by artists such as Eminem and Britney Spears. The unlikelihood of a 71-year old grandfather file sharing Eminem and Britney Spears should be prima facie evidence that he did not download the copyrighted works! By his own admission, he is not a "computer-type" and rarely uses his computer. It was later surmised that his grandchildren were the culprits. Nevertheless, this grandfather had to ask his grown son to explain the subpoena to him and he is now in the midst of a legal nightmare.

The subpoena provision to identify infringers is contained in Section 512(h) of the DMCA. This provision allows copyright owners, with very little effort, to obtain a subpoena from a clerk of any United States district court to reveal the identity of an alleged infringer. The request for a subpoena must contain a copy of a notification specified by Section 512(c)(3)(A) of the DMCA, a proposed subpoena, and a sworn declaration. The notification must be in writing and contain substantially the following: (1) a signature of the copyright holder or his agent; (2) identification of the copyrighted work claimed to be infringed; (3) identification of the material that is claimed to be infringing; (4) information reasonably sufficient to permit the service provider to contact the complaining party; (5) *a statement that the complaining party has a good faith belief that the use of the material is not authorized by the copyright owner, his agent, or the law*; and (6) a statement that the information in the notification is accurate. The proposed subpoena must include an authorization and an order to the service provider to disclose any information that would allow the copyright owner to identify the alleged infringer. The declaration simply must state that the purpose for which the subpoena is sought is to identify an alleged infringer and that the information obtained will only be used to protect the holders of copyrighted works.

Upon submission of these documents, the DMCA mandates that the clerk shall expeditiously issue and sign the subpoena and return it to the requesting party for delivery to the service provider. Nowhere in the text of the DMCA are the clerks given the authority to inspect the subpoenas for their merit in regard to a copyright infringement suit. They are only required to examine the notification for satisfaction of the requirements previously discussed, the proposed subpoena for form, and the declaration for proper execution.

### WWW.I-KNOW-YOU-ARE-BUT-WHAT-AM-I.COM

In cases of Internet defamation, the courts in various jurisdictions developed a body of case law that is quite different from the statutory law of the DMCA. In *Columbia Ins. Co. v. seescandy.com*, the United States District Court for the Northern District of California articulated a four-part test for a complainant to meet in order to obtain a subpoena: (1) the plaintiff must be able to identify the missing person sufficiently for the court to determine that the party is a real person amenable to suit; (2) the plaintiff must describe his/her past attempts to unsuccessfully identify the defendant; (3) *the plaintiff must show that the case would withstand a motion to dismiss*; and (4) the plaintiff must file a discovery request to justify the need for information. (emphasis added) *Columbia Ins. Co. v. seescandy.com*, 185 F.R.D. 573, 579-580 (N.D. Cal. 1999).

Just one year after the *seescandy.com* decision, the Virginia Circuit Court delivered a concise two-part test which requires the party seeking a subpoena in an Internet defamation case to show that: (1) the complaining party had a good faith basis to contend that it had been harmed by actionable conduct, and (2) *the identity information was centrally needed to advance the claim*. (emphasis added) *In re Subpoena Duces Tecum to America Online, Inc.*, 2000 WL 1210372 at *7, (Va. Cir. Ct. Jan. 31, 2000), *rev'd on other grounds*, 542 S.E.2d 377 (2001). The same year, in *Dendrite International, Inc. v. Doe No. 3*, the New Jersey appellate court affirmed a decision of the lower superior court for Internet anonymous speech cases. In this four-part test, the court concluded that: (1) the plaintiff must undertake steps to notify the anonymous poster that he/she is the suspect of a subpoena, such as posting a message of notification to the message board; (2) the plaintiff shall set forth the exact statements alleged to be actionable; (3) *the plaintiff must set forth a prima facie case against the anonymous speaker*; and (4) the court must balance the free speech rights against the strength of the *prima facie* case and the necessity for disclosure to allow the plaintiff to proceed. (emphasis added) *Dendrite Intl., Inc. v. Doe No. 3*, 775 A.2d 756, 770-771 (N.J. App. Div. 2001).

Also in 2000, the U.S. District Court for the Western District of Washington enunciated its own test that requires the party seeking

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the information to demonstrate, *by a clear showing on the record*, that: (1) the subpoena seeking the information was issued in good faith and not for any improper purpose; (2) the information sought relates to a core claim or defense; (3) *the identifying information is directly and materially relevant to that claim or defense*; and (4) information sufficient to establish that claim or defense is unavailable from any other source. (emphasis added) *Doe v. 2themart.com, Inc.*, 140 F.Supp.2d 1088, 1095 (W.D. Wash. 2001). In each of these cases, the party seeking the subpoena must make a showing of proof in a court of law that the identity of the person is necessary and that a prima facie case can be established. Only then can judicial consent be obtained to have the subpoenas issued.

**THE DMCA IS THE GESTAPO OF THE 21ST CENTURY**

Under the DMCA, copyright owners are able to obtain subpoenas to reveal the identity of alleged infringers from a clerk of a district court via a rubber-stamped request, without consideration of the copyright owner's success on the merits of the proposed lawsuit. In cases of Internet defamation, however, the complaining party must present evidence that the identity of the anonymous person is necessary and must show that he/she has a likelihood of success on the merits.

Many problems arise when the DMCA's lax subpoena issuance procedures are invoked. There is a violation of the First Amendment because they do not provide sufficient procedural protection for expressive and associational rights and because they are overbroad and sweep in protected expression. The Supreme Court has recognized a right of anonymity on the Internet within the First Amendment. *Buckley v. Am. Constitutional Law Found.*, 525 U.S. 182, 200 (1999); *2themart.com*, 140 F.Supp.2d at 1092. The question is not whether speech is involved in cases of copyright infringement, but whether

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# *BAYER AG V. HOUSEY PHARMACEUTICALS*: AN IMPORTANT DECISION FOR DRUG DEVELOPMENT

**BY MARK JENKINS (JD '05)**

IN AUGUST 2003, the United States Court of Appeals for the Federal Circuit (CAFC) affirmed the United States District Court of Delaware's decision in *Bayer AG v. Housey Pharmaceuticals, Inc.* 340 F.3d 1367 (Fed. Cir. 2003). This decision has left many patent practitioners scratching their heads in contemplation of how members of the biotechnology and pharmaceutical sectors will react.

On March 6, 2001, Bayer AG and Bayer Corporation filed a complaint in the United States District Court of Delaware seeking a declaratory judgment of invalidity, unenforceability, and non-infringement of U.S. patent numbers 4,980,281, 5,266,464, 5,688,655 and 5,877,007 (the "ICT patents"). Defendant, Housey Pharmaceuticals, Inc., filed a counterclaim of patent infringement. In its decision, the court responded to Bayer's motion to dismiss Housey's infringement claim under 35 U.S.C. § 271(g) and Housey's motion to dismiss Bayer's assertion of patent misuse. The ICT patents relate to research methods used by pharmaceutical companies for drug discovery. The methods described in these patents enable companies to screen for compounds that have potential for pharmaceutical applications.

Bayer's main contention was that Housey was misusing the ICT patents. Bayer based this assertion on allegations of Housey demanding that Bayer agree to a license requiring Bayer to pay substantial royalties based on the development budget and/or sales revenues for commercialized products developed through use of the ICT patents. Bayer also pointed to previous licenses issued by Housey requiring licensees to pay royalties on identified compounds even though no claims within the ICT patents were directed to such compounds. As a rule, per se patent misuse occurs when a patent owner effectively extends the term of its patent by requiring post-expiration royalties. *Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1998). In this decision, the CAFC further stated that "certain practices that do not equal per se patent misuse may constitute misuse if a court determines that such practices do not reasonably relate to the subject matter within the scope of the patent claims." *Id.* at 869. If "the practice has the effect of extending the patentee's statutory rights and does so with an anti-competitive effect,…the finder of fact must decide whether the questioned practice imposes an unreasonable restraint on competition." *Id.* At trial, the United States District Court of Delaware relied on precedent set by the CAFC which noted that patent misuse is related to a patentee's actions that affect competition in unpatented goods or that otherwise extend the economic affect beyond the scope of the patent. *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1998). An example of per se patent misuse that was pointed out included requiring post-expiration royalties. *Id.* Based on the fact that Bayer's allegations, if proven to be true, could persuade a rational person that Housey misused the ICT patents, Bayer's assertion of patent misuse was found to be sufficiently stated and allowed the court to dismiss Housey's motion to dismiss.

Housey's counterclaim alleged that Bayer infringed the ICT patents pursuant to 35 U.S.C. § 271(g) when they sold, within the U.S., a drug that was developed using the ICT patents. Additionally, Housey alleged Bayer used acquired knowledge and information from the ICT patents to identify or characterize a drug. In response, Bayer argued that the court should dismiss the counterclaim of infringement because 35 U.S.C. § 271(g) was not applicable to patents claiming research methods. In the court's analysis of Housey's infringement claim, the court scrutinized the language set forth by Congress in 35 U.S.C. § 271(g) which states: "Whoever without authority imports into the United States or offers to sell, sells or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer…." Based on legislative history, the statute's principal purpose

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> an infinite resource, native to all peoples and relevant to all times and cultures. Let us forge our common future today by embracing intellectual property as a way to use that creativity for the betterment of humankind.

Responding to WIPO's call, many countries featured numerous and diverse activities and events, such as conferences, seminars, talks, workshops, broadcasts of WIPO films, essay-writing contests, poster campaigns, press conferences, press releases, publication of articles, radio coverage, and so forth.

To illustrate, in Canada the Day was promoted on government websites and through emails to business-related organizations by the Canadian IP Office. In Ireland Dr. Idris' message was posted on the websites of the Department of Enterprise, Trade & Employment and the Irish Patents Office and between April 15 and 30 their letters carried the legend "World Intellectual Property Day 26 April." In India there were celebrations at the Council of Scientific and Industrial Research, the Federation of Indian Chambers of Commerce & Industry, the Indian Institute of Technology, the National IP Organization and others with conferences and seminars on topical IP subjects. In Indonesia a series of activities, including a national seminar and an exhibition, took place. Even Mongolia organized a public relations program in celebration. Similar observances marked the Day in Austria, Bulgaria, Germany, Haiti, Italy, Mexico, Pakistan, Philippines, Poland and in many other nations.

In the United States it seems only two events took place in observance of the World IP Day this year. In New York the WIPO Coordination Office in conjunction with UNITAR (UN Institute for Training & Research). held a Workshop to brief UN diplomats on "International Intellectual Property," as well as an Open House exhibition of fabrics and textiles from the four corners of the world. Professor Susan Richey and the Editor of this Newsletter were privileged to have been invited to participate with presentations on Basic Principles of Trademarks and Patents, respectively.

And in Washington on April 28, the US Patent & Trademark Office (USPTO), together with the International IP Institute (IIPI), held a luncheon program for Members of Congress and their staffs to commemorate the World IP Day for the first time.

It is indeed fitting to salute IPRs. We live in a "Golden Age" for IPRs and Bill Gates speaks of a new "Gold Rush." Patent filings and issuances are sky-rocketing, so much so that there is talk of a patent "revolution," "explosion," "frenzy." Other IPRs experience similar booms. Alan Greenspan recently allowed as how IP protection is very important to the economy just as property rights. (IPRs are property rights indeed and due to their novelty the very antithesis of monopolies.)

Hence, greater observance of the World IP Day and the Copyright Awareness Month is clearly in order in the United States and it is to be hoped that they will receive more attention and recognition in future years.

**Karl F. Jorda,** David Rines Professor of Intellectual Property Law & Industrial Innovation, Director, Kenneth J. Germeshausen Center for the Law of Innovation & entrepreneurship, Franklin Pierce law Center, Concord, NH.



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expression via the Internet would be chilled by the threat of revealing the identity of those who wish to remain anonymous. Faced with the fear of being brought into a lawsuit, individuals will become reticent about using their computers. The Supreme Court has held that, "only a judicial determination in an adversary proceeding ensures the necessary sensitivity to freedom of expression." *Blount v. Rizzi*, 400 U.S. 410, 419 (1971).

The DMCA also violates Article III of the Constitution because it authorizes federal courts to issue subpoenas in the absence of a pending case or controversy. This argument was dismissed in *In re Verizon Internet Servs., Inc.*, in which an Internet service provider was seeking to quash a subpoena to reveal the identity of alleged peer-to-peer file sharers, because the Court held that the issuance of subpoenas by a clerk is "quintessentially a ministerial duty." *In re Verizon Internet Servs., Inc.*, 257 F.Supp.2d 244, 248 (D.D.C. 2003). If this duty is, in fact, a ministerial one, then it is still unconstitutional because it violates the "judicial determination in an adversary proceeding" that the Supreme Court has interpreted the First Amendment to include. *Blount*, 400 U.S. at 419.

Finally, the alleged infringer is generally an individual. Because most individuals are not legal experts, they do not have any other option except to hire a lawyer. The financial resources of the individual will, in most instances, be insufficient to litigate against large corporate entities and, as such, the individual will be forced to settle, despite the facts that they may have done nothing wrong or may have legitimate defenses. The economics of this legal miasma makes the DMCA's subpoena issuance provisions decidedly unfair.

As a necessary result of the preceding discussion, the standard imposed in cases of Internet defamation should parallel the

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standard imposed in cases arising under the DMCA to eliminate these problems. The DMCA was enacted as a knee-jerk reaction to the lobbying power of entities, such as the RIAA, because of their unease and unfamiliarity with the Internet. The DMCA's subpoena issuance provisions allow for the unconstitutional persecution of individuals with an Internet account, much as the Gestapo persecuted Jewish individuals during World War II. To date, there has not been a challenge of the DMCA's constitutionality. With the RIAA's recent litigious activity, however, the DMCA has affected enough people that a constitutional challenge to the Supreme Court seems inevitable. When this happens, the Supreme Court should strike down the DMCA as unconstitutional. This action would force the RIAA to actually think of ways to prevent digital copyright infringement, rather than enacting an unconstitutional law.

**John T. Kanazawa (JD/MIP '05)**
specialized in Biophysical Chemistry at Emory University and Georgia State University. John plans to practice IP law upon graduation.



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held several positions with the Commission of the European Communities, Brussels, including head of the Intellectual Property Division and head of the EEC delegation to the Diplomatic Conference on the Revision of the Paris Convention, with rank of ambassador accredited to the United Nations. He was also a member of the EEC teams participating in high-level talks with Canada, Japan and the European Free Trade Association. He initiated the Commission's Green Paper on Copyright.

Harris taught European Union law in Pierce Law's intellectual property program. He also served as a consultant to commercial

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# UNLOCKING THE SECRET: TRADE SECRET LAW AND THE *BUNNER* CASE

**BY CAREY LENING (JD '05)**

DIGITAL VERSATILE DISCS (DVDs) have become a cheap and efficient means for individuals to store content such as full-length motion pictures, music videos, and more in digital form. Unlike analog tapes, DVDs never degrade in quality from copy to copy. *DVD Copy Control Assn. v. Bunner*, 75 P.3d 1, 6 (Cal. 2003). Realizing a lucrative opportunity, but fearing widespread piracy, the motion picture industry petitioned Toshiba and Matsushita Electric Industrial Co. to devise a complex encryption system that would protect DVDs from being copied. *Id.* The system they developed, known as the Content Scramble System (CSS), transforms the information stored on a DVD into "gibberish." *Id.* at 7. This gibberish becomes reconstituted into human-readable content when a DVD is played in a compliant DVD player. *Id.* Pleased with this encryption system, the motion picture, computer and consumer electronics industries formed the DVD Copy Control Association (DVD CCA). Upon formation, the DVD CCA became responsible for granting and administering licenses for the CSS technology. *Id.*

In 1999, Jon Johansen, a Norwegian teenager, acquired CSS after reverse engineering (that is, starting with a finished product and working backwards to determine how it was designed) the information embodied in a software package released by Xing Technologies Corporation, a licensee. *Id.* After gaining access to CSS, Johansen devised his own code, known as DeCSS, and subsequently posted it on the Internet in October 1999. *Id.* Johansen's intent was to allow users of the Linux operating system to watch DVDs on their computers, because at the time, there were no licensed DVD software packages available for Linux. *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp.2d 294, 311 (S.D.N.Y. 2000).

After Mr. Johansen released DeCSS, hundreds of individuals around the world copied his program and displayed its source code on their websites. Br. of Resp. Andrew Bunner, at 4, *DVD Copy Control Assn. v. Bunner*, 75 P.3d 1 (Cal. 2003). DeCSS also appeared in traditional news forums such as the Wall Street Journal (David Hamilton, *Banned Code Lives in Poetry and Song*, Wall Street Jour. B1 (April 12, 2001)) and MIT's Technology Review (Simson Garfinkel, *The Net Effect: The DVD Rebellion*¸ MIT Tech. Rev. (July/August 2001). (< http://www.techreview.com/articles/garfinkel0701.asp>). Andrew Bunner, the defendant in this case, also made a copy of DeCSS available on his website, believing the code would be of interest to others. Br. of Resp. Andrew Bunner, at 2, *DVD CCA*, 75 P.3d 1. Shortly thereafter, Mr. Bunner and other defendants were sued under California's Uniform Trade Secrets Act (UTSA). *Cal. Civ. Code § 3426 et seq* (California adopted the UTSA in 1985 as the California Trade Secrets Act). At the time, he was not aware that CSS was a trade secret, nor was he affiliated with Mr. Johansen or the DVD CCA. Br. of Resp. Andrew Bunner, at 2-3, *DVD CCA*, 75 P.3d 1.

After considering declarations and written statements from both parties, the trial court found that the plaintiffs had proven success on the merits. *DVD CCA*, 75 P.3d at 8. Under the UTSA, a plaintiff must show that they possess a protectable trade secret that "derived independent economic value from its secrecy" (in this case, CSS) and that the plaintiff "made reasonable efforts to maintain its secrecy." *Id.* Finally, the trial court found that Mr. Bunner should have known that CSS was acquired through reverse engineering, which violated a license agreement, and the DVD CCA would suffer irreparable injury if Mr. Bunner was not enjoined. *Id.* The court issued an injunction prohibiting Bunner and other defendants "from [p]osting or otherwise disclosing or distributing,…the DeCSS program, the master keys or algorithms of the Content Scrambling System [sic]…or any other information derived from this proprietary information." *Id.* However, the court refused

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to enjoin the defendants from linking to other websites that offered DeCSS, because "such an order [would be] overbroad and extremely burdensome." *Id.*

Mr. Bunner was the sole appellant. *Id.* The California Court of Appeal reversed, finding that while the plaintiff had succeeded on the merits, a preliminary injunction would violate Mr. Bunner's First Amendment rights. *DVD Copy Control Assn. v. Bunner*, 93 Cal. App. 4th 648, 656 (Cal. App. 2001). The Appeals Court determined that DeCSS was an expressive writing composed of computer source code and "barring Bunner from disclosing DeCSS can fairly be characterized as a prohibition of 'pure' speech." *Id.* at 657. The Appellate Court determined that the trial court's prohibition against future disclosure of DeCSS "was a prior restraint on Bunner's First Amendment right to publish…A prior restraint is… defined as an…order forbidding certain communications when issued in advance of the time that such communications are to occur." *Alexander v. U.S.*, 509 U.S. 544, 550 (1993). *Id.* at 650.

Shortly thereafter, the DVD CCA appealed and the Supreme Court of California reversed, upholding the injunction. The Supreme Court of California determined that under First Amendment analysis, the injunction was a content-neutral regulation of Mr. Bunner's speech, burdening no more speech than was necessary. *DVD CCA*, 75 P.3d at 11, 17, 19-20. The Supreme Court also found that because Bunner had previously disclosed the DVD CCA's trade secret, the preliminary injunction barring publication was not a prior restraint against future speech. *Id.* at 19. Finally, the court followed "the lead of the Court of Appeals and assume[d] as true the trial court['s] findings in support of the preliminary injunction." *Id.* at 9.

By refusing to consider the trade secret status of CSS, the California Supreme Court leaves this case unresolved. The Uniform Trade Secrets Act was designed to protect a party from abuse and disclosure of their proprietary trade secrets. *See Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 475 (1974); *Vacco Indus. v. Van Den Berg*, 5 Cal. App. 4th 34, 50 (1992). That interest is most compelling when the theft or misappropriation takes place within a recognized relationship (e.g. employer/employee). *See Cohen v. Cowles Media Co.*, 501 U.S. 663, 672 (1991) (finding that liability may exist when a newspaper violated a promise to the plaintiff not to disclose them as a source). Absent such a relationship, California courts have stopped short of providing an unrestricted privilege against disclosure, noting that "[a]n absolute privilege for all trade secrets could amount to…[a] sanctioned license for unfair competition or fraud." *Uribe v. Howie*, 19 Cal. App. 3d 194, 206 (1971). In this case, the Supreme Court of California has disregarded this relationship, assuming for purposes of a preliminary injunction, that a misappropriation exists (based on the trial court's holding) with nothing more.

More compelling is the question of whether CSS even remains a trade secret, despite the fact that other individuals, both inside and outside of California's reach, possess and freely display the CSS code. The UTSA requires that a trade secret must "not…be generally known to the public" and that any injunction made against a potential misappropriator shall be terminated when the "trade secret cease[s] to exist." Cal. Civ. Code §§ 3426.1(d)(1), 3426.2. In this case, CSS has arguably become "generally known" to the public, via extensive publication on the Internet. Furthermore, the Superior Court's original order granting Mr. Bunner permission to link to other sites displaying DeCSS removes any possibility that the CSS algorithm will remain a secret. *DVD CCA*, 75 P.3d at 8.

Since no direct relationship exists between Mr. Bunner and either the DVD CCA or Mr. Johansen, he is little more than a subsequent possessor of DeCSS. Absent a direct relationship, the Supreme Court has found that "it would be quite remarkable to hold that speech by a law-abiding possessor of information can be suppressed in order to deter conduct by a non-law-abiding third party." *Bartnicki v. Voppler*, 532 U.S. 514, 529-530 (2001) (where a radio host received and broadcast an illegally recorded telephone conversation obtained from a third party, between union negotiators). Maintaining an injunction against Mr. Bunner, the law-abiding possessor, will do nothing to protect CSS, given its worldwide availability. Instead, the injunction acts as a prior restraint on Mr. Bunner's speech. It restrains Mr. Bunner without providing any tangible benefit to the DVD CCA's proprietary information. The Supreme Court has held that prior restraints of speech are generally unconstitutional if they fail to prevent a serious harm. *See Neb. Press Assn. v. Stuart*, 427 U.S. 539, 562 (1976) (balancing prior restraint against the constitutional right to a fair trial).

Fortunately, Mr. Bunner no longer needs to wait for a resolution to his case. On January 22, 2004, the DVD CCA retreated from its previous position and dropped its case against Mr. Bunner. However, potential problems remain if courts look to the holdings of this case for guidance. While the DVD CCA is unlikely to bring suit on the secrecy of CSS, it is almost assured that others will bring claims under the UTSA that will touch upon the very issues that were not resolved in this case. Those questions remain for another day. ■

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was to prevent a patent owner's competitors from avoiding the patent by producing products outside the United States and then importing them. In this case, the court reasoned that Congress only intended the statute to encompass methods of actually making or creating a product (i.e. manufacturing) and not methods of gathering information about or identifying potential sources of development. Methods of identification and generation of data were not seen by the court as steps in a drug manufacturing process. The court ultimately held § 271(g) only applied to products of patented manufacturing processes and not to research method patents.

In a timely manner, Housey appealed Judge Robinson's dismissal of its counterclaim of infringement. Housey argued that § 271(g) was applicable by contending that the information produced by Bayer using the patented methods claimed in the ICT patents is itself a product made by a patented process. Bayer replied to this contention by arguing that the word "made" means "manufactured" and that information is not a manufactured product. The CAFC turned to the trustworthy Webster's dictionary to define "manufacture" on its way to conclude the production of information is not within the scope of processes of "manufacture." The CAFC next considered whether the statutory term "made" means "manufactured." In its analysis, the court once again considered Webster's definition and pertinent sections of the Omnibus Trade and Competitiveness Act of 1988 to conclude the statute clearly contemplates that "made" means "manufactured." In considering the legislative history, the CAFC concluded that Congress was concerned solely with physical goods that had undergone manufacture.

In light of the facts of the case, the court noted it had to determine whether a drug that was identified as useful through the use of a patented process is a product that was made by that process. The CAFC concluded a process must be used directly in the manufacture of a product and not merely as a predicate process to identify the product

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# ALTERNATIVE FORMS OF IP PROTECTION

**BY ANDREW MATISZIW (JD '05)**

WHAT IS A FILM TITLE without secondary meaning? A string of words completely unprotected? Recently, an independent New Hampshire filmmaker sought to enjoin the use of the title, "The Brotherhood of Poland, New Hampshire," for a CBS television program, alleging the title infringes the title of his film, "Brotherhood." The plaintiff's film however, had only been seen by a handful of people at a few special screenings. Making matters worse for the plaintiff, a simple title search on the internet turned up nearly thirty television and film products containing "Brotherhood" in their titles, illustrating the widespread use of "Brotherhood" in titles. Since the film was virtually unknown and the title was generic, it lacked the secondary meaning necessary for trademark protection and the court denied the filmmaker's request for a preliminary injunction.

Titles, ignored by copyright and held to a high standard under trademark law, are virtually unprotected by the legal system. "A designation that is not inherently distinctive…nevertheless may become, as a result of its use by a specific person, uniquely associated with that person's goods, services, or business. Such acquired distinctiveness is called 'secondary meaning'." *Restatement (Third) of Unfair Competition* § 13 cmt. e. (1995). Under trademark law, secondary meaning is necessary for the protection of titles. Typically, only the titles of television programs or a series of films have sufficient public recognition to create secondary meaning. A single film title ordinarily does not possess secondary meaning. For a one-shot movie to have secondary meaning, it must be an extremely famous film that has built up sufficient good will and name recognition with the consuming public.

Film title disputes rarely make their way to the courts. In one case, the court enjoined the defendants' use of the title, "Return to the River Kwai," holding that the plaintiffs' film, "The Bridge on the River Kwai," and the words "River Kwai" achieved secondary meaning and that the defendants' movie would cause consumer confusion. *Tri-Star Pictures, Inc. v. Unger*, 14 F. Supp. 2d 339, 364 (S.D.N.Y. 1998). While "The Bridge on the River Kwai" had sufficient secondary meaning, most title disputes will not involve films as famous as David Lean's 1957 cinema classic.

Copyright and trademark law offer little shelter for hapless filmmakers who see identical or similar titles adorning other films besides their own. There is protection in alternative forms of intellectual property protection. Trade associations such as the Writers Guild of America and the Motion Picture Association of America created private intellectual property databases registering such things as screenplays and film titles.

The Writers Guild of America (WGA) operates the very popular WGA Intellectual Property Registry for the screenplays of members and nonmembers alike. The WGA Intellectual Property Registry has been operating since 1927, registering more than 40,000 works each year. Online registration is now available at <www.wga.org>. Registration is valid for five years and the scripts may be renewed for an additional five years.

The benefits of WGA Online Registration are in its cost and efficiency. Registration is only $20 for nonmembers or $10 for members in good standing, slightly less expensive than the $30 cost of a federal copyright. While the cost benefit is slight, online registrations with the WGA are effective immediately, invaluable for the eager writers who cannot wait for several months to get their copyright registration back in the mail. Registration with the WGA produces evidence of the writer's claim of ownership for legal or official Guild action. Naturally, the disadvantage of WGA is the lack of federal copyright protections, including statutory damages. However, when dealing with the price of a screenplay, statutory damages are insignificant compared to actual damages.

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bar admission test and salary increase. He soon learned about the exacting nature of German patent prosecution and was attracted by a vocation requiring technical education, knowledge of relevant laws, trustful communications with inventors and management as well as strong writing skills. He stayed in the field ever since. Dr. Goldrian emphasized that "in some respects, you must be a good writer to be successful." If only he could have imagined then that he would spend nearly forty years at Siemens, heading up and uniting the corporate giant's patent prosecution groups into a corporate patent department serving all business fields of Siemens with a focus in electronics, industrial control and semiconductor technology. From the 1980s up until Dr. Goldrian's retirement in 1991, he was Executive Director of one of Europe's largest patent departments with a staff of approximately 60 patent engineers and a total of 200 employees. That department was responsible for prosecuting approximately 2,000 German and a multitude of corresponding foreign patent applications every year. Not only did Dr. Goldrian manage that department, but he also played key roles in establishing patent offices for Siemens in the United States and Sweden, which intensified the cooperation with Siemens patent offices in Austria and Switzerland.

It was through Dr. Goldrian's position with Siemens that he became affiliated with several European industry trade groups and policy making organizations. For nearly ten years he was Chairman of the Intellectual Property Committee of the Federation of German Industries, a trade representative group. He also served on the Committee of the European Union of Industry Federations where he interacted with the World Intellectual Property Organization (WIPO). In fact, it was during a WIPO symposium in Geneva that Dr. Goldrian met Pierce Law's Professor Karl Jorda, which began a relationship with the school lasting nearly a decade. Dr. Goldrian continues to provide valuable practitioner input, having been appointed by the President of the European Patent Office (EPO) as a member of the Standing Advisory Committee of the EPO. He has often provided advice to the German Ministry of Justice and played a role in the industry's efforts to convince the authorities to permit patents on computer program implemented inventions that have a technical effect. This rule pertaining to patentability is now accepted by the German Federal Supreme Court and has been accepted by the European Union.

As an industry representative to many IP related activities, Dr. Goldrian has been in a good position to note significant changes in patent law over the last few years. Dr. Goldrian quickly notes that the European Patent Convention has harmonized the law of many countries. This is a huge victory for patent law. Still missing is an agreement to avoid the expense associated with multiple language translations. The Patent Cooperation Treaty (PCT) also represents significant progress for the international patent community because it allows one single patent application to be used in other countries, instead of having to file each application separately. The PCT also permits an applicant to obtain an international search report on prior art and a preliminary examination before spending large amounts of money on translations, office and attorneys' fees, not to mention saving time. The PCT's final advantage provides further filing time for some patents. Originally, under the Paris Convention, additional applications in member countries could be filed up to one year from the initial application filing. The PCT extended this time limit up to 30 months. This provision has significantly increased the number of PCT applications and will continue to do so.

Although Dr. Goldrian has retired from Siemens, he continues maintaining a busy schedule and desires "to have a nice, good, old life and watch his grandchildren grow up." He continues to prosecute U.S. and European applications for a small patent law firm in Munich, Germany and he jets across the Atlantic at least twice a year to teach at Pierce Law. He also enjoys New Hampshire's many lakes, woods and mountains, which are reminiscent of his Bavarian roots. When he's not dealing with intellectual property, Dr. Goldrian often spends several months a year in Vienna where he maintains a home, tends his garden and enjoys performances by the Vienna Philharmonic Orchestra or an opera. The rest of the year he resides in Munich.

Dr. Hans Goldrian has spent nearly half a century in the field of intellectual property not only as a practitioner and successful business manager, but also as an advisor on influential European policy making organizations. His vast international experience suits him well for his role as one of Pierce Law's longest serving Adjunct Professors. ■

**Doug Portnow (JD '05)** received his BS in engineering from MIT and an MBA in finance from Santa Clara University. Doug plans on practicing IP law in California's Silicon Valley.



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and professional firms on European Union laws and policies, and as chair of the Legal Research Committee of the Academy of Applied Science, Concord, NH.

A noted author and lecturer, Harris recently published *Intellectual Property Law in the European Union*, 4th Edition, Franklin Pierce Law Center, 2002. He lectured frequently at the Law Society (London), the London School of Economics, the Max Planck Institute and the University of Grenoble (France). ■

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to be manufactured. This meant that a drug product studied using a claimed research method is not a product "made" by the claimed method. This conclusion allowed the CAFC to affirm the district court's dismissal of Housey's claims of infringement under 35 U.S.C. § 271(g).

Today, more than ever, the biotechnology and pharmaceutical industries are relying heavily on intellectual property rights. This decision certainly helps clarify an area of law that is becoming increasingly important in these ever-evolving sectors. Patent applications are being feverishly filed in attempts to exclude competitors from the risky, but often-lucrative drug development industry. Additionally, many of the world's leading developers of research methods are notorious for entering into contracts and licensing agreements, such as reach-through license agreements, which include royalty and/or product reach-through terms. This means the patentee may receive, in addition to royalties from the sales of licensed technology, a royalty on future sales of unpatented products developed via use of the patented technology. This decision helps define the boundaries of what constitutes infringement of research methods by explicitly stating that § 271 (g) applies solely to physical goods that had been manufactured. Moreover, as the number of patents in the biotechnology and pharmaceutical sectors rise, there seems to be an increasing number of roadblocks for drug developers. Drug companies hope this decision will remove one of these roadblocks by allowing them to increase their research and development in countries outside the United States without fear of infringement upon the importation of "product" that is derived with the aid of a patented research method.

**Mark Jenkins (JD '05)** received his BS in Chemistry from the University of Tennessee and his MS in Biophysical Chemistry from Vanderbilt University. Mark plans on practicing IP law upon graduation.



# STUDENT PROFILE: RAJANIKANTH KAMALAPURAM MIP '04

**BY BETSEY O'BOYLE GRIMM (JD '05)**

RAJANIKANTH (RAJ) KAMALAPURAM left India for the first time this past August to join the MIP program at Pierce Law. Raj's employer, Dr. Reddy's Laboratories, Ltd., sponsored Raj to attend Pierce Law to obtain his third master's degree; he has already earned an MS in Biochemistry and an MBA from Indian schools. The combined knowledge of law, science and business enables Raj to contribute significantly as part of a highly-skilled team that navigates Dr. Reddy's through the complex waters of International Patent Law.



RAJ KAMALAPURAM

Raj grew up in Hyderabad, India, the capital of Andhra Pradesh on the southeastern side of the Indian peninsula. Hyderabad is a 400-year old metropolis of 4.2 million people, and has been called the second Silicon Valley for its huge, modern industrial parks which house software and other technology-related business. There, Raj grew up in a highly-educated family. Raj's father and brother are both lawyers. His mother is an officer at a bank and his sister is earning an MBA.

Initially, Raj pursued the study of science. He holds a BS from Nizam College and an MS in Biochemistry from Hyderabad Central University. Raj's thesis was to explore an economical alternative to pulse field gel electrophoresis. In India, one of the purposes of the master's thesis is to provide students with an opportunity to perform independent research, which helps the students decide whether they wish to pursue a career in research and to continue on to earn a Ph.D. Raj discovered that he was more interested in business management than in scientific research; his out-going, friendly manner makes it clear that he enjoys interacting with people rather than working alone in a research lab.

In India, where students must study and pass entrance exams before acceptance into an academic program, Raj's transition from science to business was unusual and very challenging. Raj had to pass an entrance exam in which 50,000 students sat and only the top 60 students were admitted to the University College of Business Management in Hyderabad. He studied for the test while working on his masters thesis in Biochemistry. Overall, this is one of Raj's proudest achievements.

Upon completing his MBA, Dr. Reddy's offered Raj a job as a management trainee. Within the year, Raj was the Manager of Business Development where his primary job responsibilities included supporting the out-licensing efforts, helping with research collaborations and presenting the company to prospective business partners. Most recently, Raj was the Manager of Clinical Operations where he negotiated and implemented clinical research contracts.

While working at Dr. Reddy's Raj co-authored two papers on the topic of the Indian pharmaceutical market. In 2002, Raj and Dr. A. Venkateswarlu, his supervisor at the time, wrote a conference background paper entitled "Challenges of Drug Discovery & Development in India" for the International Knowledge Millennium Conference in Hyderabad. Dr. Venkateswarlu is currently on the Board of Directors of Dr. Reddy's. A second paper, "Risk Minimization in Drug Discovery & Development" written with Dr. Nuggehally R. Srinivas, the current V.P. of Drug Development at Dr. Reddy's, was presented at the International Conference on Management of R&D in Delhi in 2003. These papers summarize the state of the pharmaceutical industry in India, and focus on the changes necessary for India to adjust to the patent regulations of the World Trade Organization (WTO). Undoubtedly, the

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issues presented in these papers were part of the impetus for Dr. Reddy's sending Raj to Pierce Law to study patent law.

The Indian pharmaceutical industry is undergoing its second upheaval in 35 years. The first major change occurred in 1970 with the passing of the Indian Patent Act, which eliminated product patents on drugs and recognized only process patents. The legislative goals were to make inexpensive medicines available to India's vast population and to enable Indian companies to gain a strong foothold in the domestic drug market. Indian drug companies were encouraged to reverse-engineer products covered by foreign patents and so were able to manufacture these drugs without having to pay licensing fees to the patent holder. The result is an Indian drug market dominated by profitable Indian companies whose generics cost a fraction of their foreign equivalents.

The second revolution is happening right now. Since India became a member of the WTO in the mid-1990s, it agreed to harmonize its patent laws (as well as other areas of trade and commerce) with other member countries by 2005. (Dr. Reddy actively lobbied the Indian government to adopt and enforce the WTO agreement.) Within the next two years, India will begin issuing product patents for drugs and will honor those patents of foreign companies. Drug companies such as Dr. Reddy's must radically change their ways of doing business in order to profitably survive these changes. One critical component of this change, which Raj addresses in his articles, is the education and training of the Indian workforce in a variety of disciplines. India's science, business, and legal professions are transforming from a focus on reverse-engineering and process development to a focus on basic drug research. This is the only way Indian drug companies can retain their competitive edge domestically and improve their chances of success internationally.

In fact, Dr. Reddy's is a very forward-thinking company. Founded in 1984, by Dr. K. Amji Reddy, the company is the second largest drug company in India. The company has been trading on the New York Stock Exchange for nearly ten years and is poised to become a world player in the drug industry. Presently, more than one-third of its revenues are from sales to the United States. Dr. Reddy's is aggressively adapting to the change with in-house drug discovery programs and employee training and education, including sponsoring Raj to study at Pierce Law.

By adding an MIP to his scientific and business background, Raj is well positioned to be part of the professional team guiding Dr. Reddy's into 2005. Raj is a perfect fit for Dr. Reddy's, not only because of his

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Registration with the WGA does not protect titles. However, the Motion Picture Association of America (MPAA) operates the Title Registration Bureau. Registration allows film companies and independent producers to exclusively reserve a film title. The system serves to notify filmmakers of reserved titles in order to avoid conflicts between names. The registry also seeks to quickly and effectively resolve quarrels over titles to facilitate the prompt production, promotion, and distribution of theatrical motion pictures in an industry where any delay before release could cause irreparable harm.

Protection of the titles is through a contractual agreement where those who participate in the registration process agree not to use each other's titles. There is a yearly subscription fee to the service plus additional costs to register film titles. Each participating MPAA member is limited the number titles he may permanently register. Title registration is published by the MPAA's title registration listing service and it may be protested after publication under the registry's rules. After a search for titles previously used or on reserve, producers might decide to modify their film's title or settle the matter with an exchange of registered titles, money, or other consideration. Permission to use generic titles is usually granted, as illustrated by the six films all exactly entitled "The Patriot." Considering the rampant use of generic terms in titles, how much protection would even registration give "Brotherhood," in light of the near thirty projects using the quite unfanciful moniker?

When agreement cannot be reached, the MPAA's arbitration board settles arguments over exact or similar titles. For example, in 2002, a dispute erupted between James Bond owner, MGM, and Austin Powers proprietor, New Line Cinema, over New Line's use of the title, "Goldmember," for the third Austin Powers film. Unanimously, the MPAA arbitration panel blocked New Line from using the title, despite a strong legal ability to parody MGM's James Bond classic "Goldfinger." MGM and New Line later settled their differences and "Goldmember" was released, title intact.

Considering the high cost of litigation and inadequate governmental protection in some instances, alternative forms of intellectual property protection are important for lawyers to keep in mind for their clients. While registration with a private association should not substitute seeking federal intellectual property protection, some protection is better than none at all. ■

**Andrew Matisziw (JD '05)** received his BA in English from Westminster College in Fulton, Missouri. Andrew plans on practicing entertainment law upon graduation.



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educational background, but also because of his energy, intelligence and people-friendly personality. In his work, he will need to communicate with people of very different disciplines to inspire them to work together to transform Dr. Reddy's business to work with the new patent laws.

Meanwhile, Raj is enjoying the peaceful, friendly setting of Concord. He states that classes here are much more interactive, with students doing much more reading and analyzing on their own. In India, professors tend to lecture and cover the reading material in class. Raj believes that it is good to have a bit of both kinds of learning. Needless to say, he has not had much opportunity for hobbies such as playing the harmonica, gardening or listening to music. But, when he earns his degree and heads back to India, he hopes to have more relaxation time. In spite of its charm, he finds the Concord weather pretty cold compared to Hyderabad. But I think Raj misses his family and some home-cooked Indian food the most.

Raj believes that Pierce Law has been a good fit for his needs. He is very excited to use what he learned about IP management, technology transfer, and licensing when he returns to India. He admires the professors, their depth of knowledge and the way the knowledge is applied to real life situations. These are the qualities that impressed him most when he browsed Pierce Law on the Internet. He expects that many more Indians will follow suit by coming to Pierce Law to learn about International Patent Law. He said, one day, he just might return to Concord to earn his law degree. ■

**Betsey O'Boyle Grimm (JD '05)** received her BA in Economics from Wellesley College and a MBA in Finance from the University of Michigan. Betsey plans on practicing corporate law upon graduation.



## *From the Editor*

# THE BEST MODE REQUIREMENT: WHAT IS FACT AND WHAT IS FICTION

**BY KARL F. JORDA**

THE UNITED STATES PATENT ACT contains the so-called written description, enablement and best mode requirements in Section 112 (35 USC § 112). This section explicitly requires that:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and *shall set forth the best mode contemplated by the inventor of carrying out his invention.* (Emphasis added.)

The policy rationale for the best mode requirement, which is unique to U.S. patent law, is "to restrain inventors from applying for patents while at the same time concealing from the public preferred embodiments of their inventions which they have in fact conceived." (*In re Gay*, CCPA 1962).

Because Section 112 requires written, enabling and, also best mode disclosures, it is commonly believed that patents and trade secrets are mutually exclusive. According to Professor Jay Dratler, Jr.:

> "Trade secret protection cannot coexist with patent protection, because the description of a patented invention in the patent specification is designed to make the invention accessible to the public at the time the patent issues." (*Intellectual Property Law: Commercial, Creative and Industrial Property*, 1991).

Indeed, in the IP profession it is conventional wisdom, if not an article of faith, that patents and trade secrets are incompatible. And when the interface between patents and trade secrets comes up in a conversation and I contend that patents and trade secrets are not mutually exclusive, but are actually highly complementary and mutually reinforcing, the immediate retort is "that's not true because of the best mode requirement."

That is a simplistic view; in fact, it is a serious misconception. The truth is that patents and trade secrets can not only coexist, but dovetail and are in harmony rather than in conflict with each other. "(T)rade secret-patent coexistence is well-established, and the two are in harmony because they serve different economic and ethical functions." (Prof. Donald Chisum).

Tom Arnold, the founder of the former Arnold, White & Dirkey firm in Houston, is in full agreement when he states that it is "flat wrong" to assume, as "many courts and even many patent lawyers seem prone" to do, that "because the patent statute requires a best mode disclosure, patents necessarily disclose or preempt all the trade secrets that are useful in the practice of the invention." (*1988 Licensing Law Handbook*).

Indeed, patents and trade secrets are inextricable intertwined, because the bulk of R&D data and results or associated, collateral know-how for any but the simplest invention, cannot and need not be included in a patent specification, even if in hand before filing, but deserves and requires, protection via trade secrets. And such data and know-how are immensely important because, as a practical matter, patented technology without access to associated or collateral know-how is often not enough for commercial use because patents rarely disclose the ultimate scaled-up commercial embodiments. As per Peter Rosenberg:

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"Some regard a patent as little more than an advertisement for the sale of accompanying know-how." And Melvin Jager opines that "(t)rade secrets are a component of almost every technology license…(and) can increase the value of a license up to 3 to 10 times the value of the deal if no trade secrets are involved." It's also noteworthy that patents are but tips of icebergs in an ocean of trade secrets, with over 90% of all new technology being covered by trade secrets and over 80% of all technology licenses covering proprietary know-how, i.e. trade secrets, or constituting hybrid licenses embracing patents and trade secrets.

Any contention that trade secrets cannot coexist with patents on a given invention overlooks the simple truths that the best mode requirement applies

- *only* at the time of filing,
- *only* to the knowledge of the inventor, and
- *only* to the claimed invention.

Consequently, I submit, that for the following reasons the best mode requirement is actually no impediment to the coexistence of patents and trade secrets for almost any invention.

In order to obtain the earliest possible filing or priority date, patent applications are normally filed very early in the research stage, after a first reduction to practice. The specification of such an early application typically describes in relatively few pages only rudimentary lab or shop experiments done and samples or prototypes obtained and a mode of carrying out the invention. Better modes, including the best mode, for commercial manufacture and use remain to be developed later in the development or pilot stage and after the filing of a first application. (An updated best mode disclosure is not required for a continuation application but is required for a continuation-in-part application.)

Besides, manufacturing process details are, even if available at the time of filing, not a part of the statutorily required enablement and best mode disclosure of a patent.

Decisional law leaves no doubt that disclosure of manufacturing details or production specifications is not required, as is clear from such decisions as *Christianson v. Colt Industries*, Fed. Cir. 1987; *Wahl Instruments v. Acvious*, Fed. Circ. 1991; *Teleflex v. Ficosa North America*, Fed. Cir. 2002 and *Matsushita v. Cinram International*, D. Del. 2004. From these and similar decisions, Professor Chisum concludes that "(a)n inventor is not required to supply 'production specifications'" and "processes or materials…for commercial manufacturing convenience or for accommodating the needs of a particular supplier or customer." ("Best Mode Concealment…", *Com & High Tech. L.J.*, 1997.) And Tom Arnold allows as how "(p)atents do not disclose the engineering detail of any particular embodiment of a product nor the production engineering for its commercial manufacture."

It is also noteworthy that the development of a best mode is often done by others, e.g. specialists in process development and pharmaceutical formulation employed by assignees (as e.g. in *Glaxo v. Novopharm*, Fed. Cir. 1995), without involvement of the inventor, to whom knowledge of such a best mode cannot be imputed. Thus the touchstone in this regard is the "mode" believed to be the best by the inventor, which is a subjective standard.

Interestingly, according to Professor Chisum, another rationale behind the best mode requirement, as enunciated in *Christianson v. Colt Industries*, 7th Cir. 1989, to the effect that "the best mode requirement is intended to allow the public to compete fairly with the patentee following the expiration of the patents," is not tenable as it "ignores the realities of the patent system and the commercial market place" because "(r)arely will that disclosure (of the best mode set forth in an application) be of competitive interest when the patent expires…".

Lastly, patent claims tend to be narrow for distance from the prior art to satisfy the novelty and unobviousness requirements of Sections 102 and 103 of the U.S. Patent Code. And as stated above, the best mode requirement applies only to the claimed invention, as shown by *Christianson v. Colt Industries*, Fed. Cir. 1987; *Northern Telecom v. Samsung Electronics*, Fed. Cir. 2000 ("the contours of the best mode requirement are defined by the "claimed invention"), *Eli Lilly v. Bar Labs*, Fed. Cir. 2001 (unclaimed proprietary (!) method for the synthesis of a starting material), *Applied Medical Resources v. US Surgical*, Fed. Cir. 1998. ("disclosure of the best mode of a non-claimed element (special lubricant) was (not) necessary" because "by 'his invention' is meant the claimed invention").

In a chapter, entitled "Filing for Patent Protection Without Loss of Trade Secret Protection" in his book on *Trade Secret Protection*, 1997, Gale Peterson also emphasizes that "the patent statute only requires a written description of the *claimed* invention and how to make and use the *claimed* invention." He advises therefore that inasmuch as allowed claims on a patentable system cover

> "usually much less than the entire scope of the system, that the disclosure in the application be limited to that disclosure necessary to 'support' the claims in a § 112 sense, and that every effort be taken to maintain the remainder of the system as a trade secret."

And Tom Arnold also affirms that "patents often do not disclose important secrets that nevertheless are within the scope of the patents' effective control."

The recent (11/12/2003) CAFC holding in *CFMT v. Yieldup International* is likewise highly germane: "Enablement does not require an inventor to meet lofty standards for success in the commercial marketplace. Title 35 does not require that a patent disclosure enable one of ordinary skill in the art to make and use a perfected, commercially viable embodiment absent a claim limitation to that effect…. (T)his court gauges enablement at the date of the

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filing, not in light of later developments." Such reasoning applies of course equally well to the best mode requirement.

In Peter Rosenberg's opinion, "(p)atents protect only a very small portion of the total technology involved in the commercial exploitation of an invention.…Considerable expenditure of time, effort, and capital is necessary to transform an (inventive concept) into a marketable product." In this process, he adds, valuable know-how is generated, which even if inventive and protectable by patents, can be maintained as trade secrets, there being "nothing improper in patenting some inventions and keeping others trade secrets." (*Patent Law Fundamentals*, 2nd Edition, 2001).

As can be seen from all the above citations and quotations, my conclusions are not just one man's opinion but are amply supported by case law and authors. And this shows that the best mode requirement is a very narrow defense at best. In fact, according to a recent decision, the CAFC has held claims invalid for failure to satisfy the best mode requirement on only seven occasions. (*Bayer v. Schein Pharmaceuticals*, 2002).

Of course, it goes without saying that technical and commercial information and associated or collateral know-how that can be protected via the trade secret route, cannot include information and know-how which is generally known, readily ascertainable or constitutes personal skill. But this exclusion still leaves masses of data and tons of know-how which are the grist for trade secrets and often also for additional improvement patents.

Thus, complementary patenting and secreting is tantamount to having the best of both worlds, especially with respect to complex technologies consisting of many patentable inventions and volumes of associated or collateral know-how.

In this regard GE's industrial diamond process technology comes to mind as an excellent example of the synergistic integration of patents and trade secrets to secure invulnerable exclusivity. The artificial manufacture of diamonds for industrial application has been very big business for GE and GE also has had the best proprietary technology for making such diamonds. GE patented much of its technology and some of the patents had already expired, so that much of the technology was already in the public domain. But GE also kept certain distinct inventions and developments secret. A few years ago, the Soviet Union and a Far Eastern country were very interested in obtaining licenses to this technology but GE refused to license anyone. Getting nowhere with GE, the Far Eastern country resorted to industrial espionage and a trusted fast track star performer at GE, a national of that country, who was above suspicion, was enticed with million dollar payments to spirit away GE's crown jewels. But after a while the GE employee got caught, tried and jailed.

Witness also the recent decision in *C&F Packing v. IBP and Pizza Hut*, Fed. Cir. 2000, where two C&F patents on a manufacturing process for pizza sausage toppings were held invalid on summary judgment on on-sale bar grounds but their trade secrets on this process were held enforceable after trial and Pizza Hut had to pay $10.9 million for misappropriation.

These cases illustrate so much about the value of trade secrets and, more importantly, the merits of marrying trade secrets with patents for almost any invention and innovation, with trade secrets serving as a fallback position when patents — slender reeds at best due to the existence of three dozens of invalidity and unenforceability grounds — fall by the wayside. It should thus be axiomatic that it is patents and trade secrets and not patents or trade secrets, as appears invariably in titles of articles and talks on this subject.

In conclusion, and by way of summation, let me clearly pinpoint and separate facts and fictions and thereby dispel several common misconceptions about the patent/trade secret interface.

In light of the above exposition, I submit that it is pure fiction that because the patent system requires enabling and best mode disclosures, patents necessarily disclose, or preempt all the trade secrets that are useful in the practice of the patented invention and trade secrets are incompatible and mutually exclusive and cannot coexist with patents on a given invention.

The facts to the contrary are:

- the best mode requirement is no impediment to the coexistence of patents and trade secrets for most inventions because applications are filed very early when only rudimentary experimental data exist
- better modes are usually developed in later R&D stages and often by others
- production specifications and manufacturing details have no place in patent applications and
- the best mode requirement is a very narrow defense at best and rarely leads to invalidation of patents because the best mode requirement applies only at the time of filing, only to the subjective knowledge of the inventor and only to the claimed invention.

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