FRANKLIN PIERCE LAW CENTER
GERMESHAUSEN CENTER NEWSLETTER • *Summer/Fall 2005*

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PIERCE LAW
FRANKLIN PIERCE LAW CENTER

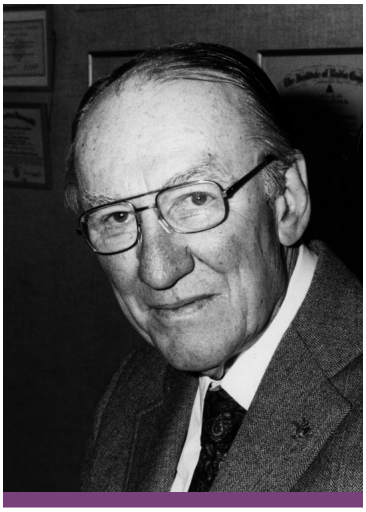
20TH ANNIVERSARY: 1985–2005

THE KENNETH J. GERMESHAUSEN CENTER FOR THE LAW OF INNOVATION & ENTREPRENEURSHIP

BY GEMMA HOFFMAN (JD '06)

Created in 1985 through the generosity of Kenneth J. and Pauline Germeshausen, the Germeshausen Center is the umbrella organization for Pierce Law's specialization and policy studies in the legal protection, management and transfer of intellectual property, especially relating to the commercialization of technology.

IN THE LATE 1920s, Kenneth Germeshausen journeyed east from California to study electrical engineering at the Massachusetts Institute of Technology (MIT). At MIT he met Professor Harold Edgerton, who would become his professor and later his mentor and business partner. After graduation, Germeshausen, jobless and struggling to make ends meet, appealed to Edgerton for a job. He was immediately hired to assist Edgerton in the development of cutting-edge stroboscope inventions.



KENNETH J. GERMESHAUSEN

Realizing the market potential of their inventions, Germeshausen and Edgerton consulted a patent lawyer in Boston named David Rines to find out how to handle the business aspects of their new technology. Not only did Rines understand physics and electrical engineering, but also he understood the importance of helping a "poor professor and his associate" patent their new and innovative technology. Rines gladly accepted the challenge (charging not one billable hour for his work). This sparked a friendship between Germeshausen and the Rines family, which would last a lifetime.

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PIERCE LAW LAUNCHES INTERNATIONAL DEVELOPMENT /IP CLINICAL PROGRAM

BY STANLEY KOWALSKI (JD '05)

PIERCE LAW HAS RECENTLY TAKEN STEPS to establish the International Development, Intellectual Property (ID/IP) Clinical Program. The mission of the ID/IP Clinic will be to collaboratively interface with organizations, institutions and programs which are working to promote the equitable transfer of agricultural technology and pharmaceuticals from industrialized to developing countries. This categorically involves issues related to intellectual property rights (IPRs) management and technology

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Created in 1985 through the generosity of Kenneth J. and Pauline Germeshausen, the Germeshausen Center is the umbrella organization for Pierce Law 's specialization and policy studies in the legal protection, management and transfer of intellectual property, especially relating to the commercialization of technology. The Germeshausen Center Newsletter is published two times a year for alumni/ae, students and friends of Pierce Law.

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IP FACULTY ACTIVITIES

Professor Tom Field gave a CLE presentation at the offices of the NH Public Utility Commission for the utility section of the NH Bar on September 9. Field discussed the extent to which copyright bars the reproduction of third parties's works within the context of agency proceedings. It was geared for the PUC's staff attorney as well as other members of the NH Bar Association, Telecomm, Energy & Utilities Section. Field also had several articles published in The Law Teacher: "Weekly Quizzes," Spring 2005, at 5—it discussed his use of weekly quizzes in most of his courses over the past 9 years and "Colloquia Instead of Quizzes?" Fall 2005 at 9—it discussed the format of seminars he has offered over the past 15 years (or more).

* *

Professors Karl Jorda and **Bill Hennessey** attended the 127th Annual Meeting of the International Trademark Association (INTA) in San Diego, CA on May 14–18.

* *

Professor Hennessey opened the Pierce Law China Intellectual Property Summer Institute (CHIPSI) at Tsinghua University School of Law in Beijing on June 13. Law students from Pierce Law and 15 other law schools participated, along with several attorneys from various countries. After the conclusion of the Beijing Program, he spoke in Bangalore, India, on protection of traditional knowledge at the National Law School of India University and on IP and Economic Development Policy at the National Institute of Advanced Studies. Following India, **Hennessey** joined a team from the USPTO to talk about IP protection in Dhaka, Bangladesh, and Colombo, Sri Lanka, and for the U.S. Dept. of State Visitors Program in Osaka and Tokyo, Japan. He then taught a one-week course entitled "Introduction to American Law" in the new Master of Intellectual Property [MIP] program at Tokyo University of Science. The Tokyo program was organized with the help of Pierce Law graduates, Mitsuyoshi Hiratsuka (MIP '99) and Sanji Miyagi (MIP '94).

* *

Professor Craig Jepson was the Scholar-in-Residence at the Austin, Texas office of Andrews Kurth LLP during July and August. Andrews Kurth LLP is one of the most respected and powerful law firms in the southern United States. Many Andrews Kurth LLP alumni sit on the Texas bench and the Fifth Circuit Court of Appeals including Justice Patricia Owens who was high on the final list of potential nominees for the United States Supreme Court. **Professor Jepson** lectured on current developments, and advised the firm on intellectual property matters, including most importantly patent law.

* *

Professor Karl Jorda gave a talk on the "Role and Value of Trade Secrets in IP Management Strategies" at the Japan Intellectual Property Association (JIPA) Seminar in Washington, DC on October 5. On October 17 he attended the LES Annual Meeting in Phoenix, AZ where he talked about "Royalty-free Licenses" on a panel on "Licensing Techniques for Increasing Market Shares" with Giovanna Fessenden (JD '02) and Joe Maraia of Hamilton, Brook, Smith & Reynolds.

* *

Professors William Murphy and **Susan Richey** taught at Pierce Law's first annual eLaw Summer Institute at University College Cork in Ireland, July 18-August 12. The program is an extension of Pierce Law's Intellectual Property Summer Institute (IPSI) held at Pierce Law. Go to: **www.piercelaw.edu/elsi/**

* *

Professor John Orcutt presented a program at the anti-Counterfeiting Summit in Cairo, Egypt. His topic was "Why Does Counterfeiting Occur? A Holistic Look at Reducing the Problem." The Summit was held under the auspices of the Ministry of Supply and Internal trade in collaboration with the World Intellectual Property Organization (WIPO), the Counterforce Intelligence Bureau of International Chamber of Commerce and the USAID Intellectual Property Assistance Program. The program was sponsored by the law firm of Ibrachy & Dermarkar.

* *

Professor Mary Wong of Singapore joined the Pierce Law faculty in August. She served most recently as an Associate Professor of Law in the School of Business at the Singapore Management University. Professor Wong's areas of specialization are IP, information technology and Internet law.

NOTABLE HAPPENINGS…

PIERCE LAW INTRODUCES NEW ONLINE TRADEMARK COURSE

"Trademark Registration Practice" was added to Pierce Law's current curriculum in July.

"Pierce Law has been a training-ground leading trademark professionals for over thirty years," says Professor Hugh Gibbons who designed the course. "One of many intellectual property courses available at Pierce Law, this new online course, which prepares students to be trademark administrators, will now be offered online to lawyers and non-lawyers worldwide."

"The market for this new online course is entirely global," says Gibbons. "It is as relevant to attorneys in Brazil and Egypt as it is to attorneys and trademark administrators in the U.S." The new trademark course features 31 online lessons, support materials, text of the lesson voiceovers, online support, and a certification exam. Each lesson includes a short exam. CLE credit for lawyers is available.

"The course is designed for four types of students, including new lawyers seeking a career in trademark law whose law schools did not offer a course in trademark registration practice as well as practicing lawyers who want to add trademark law to their practices," says Gibbons. "International lawyers who want to learn U.S. trademark practice and paralegals or non-lawyer trademark administrators in firms and corporations will also find the course beneficial," explains Gibbons.

The online course is now available at **www.pierce law.edu/trusted/funds/onlinestans.htm**.

For information: **mlavache@piercelaw.edu**.

SIPLA

The Pierce Law Student IP Law Association (SIPLA) presented a panel discussion on September 24 at Pierce Law on current events and issues facing the IP law profession. The program "Highlights of Careers in IP: A Focus on Current Events and Issues Facing the Profession," featured representatives of AIPLA. They included Barbara Fiacco of Foley Hoag, LLP; Mary Eliseeva of Huston Eliseeva, LLP; Pierce Law Professor Mary S. Wong; Philip Johnson of Johnson & Johnson and DeAnn Smith of Foley Hoag, LLP. The program was made possible with the generous support of Foley Hoag, LLP and Woodcock Washburn.

On October 20 SIPLA presented Shamnad Basheer from the Oxford IP Research Centre at St. Peter's College. He spoke on the recent Patent Act Amendments in India that introduce product patents for pharmaceuticals for the first time and its impact on the pharmaceutical industry in terms of compulsory licensing. This amendment has generated considerable debate, both domestically and globally.

IP SUMMER INSTITUTE PROGRAMS



CHIPSI

The third annual Pierce Law-Tsinghua Intellectual Property Summer Institute was held on June 13 to July 15, 2005 this past summer. The program was once again at full enrollment with 40 U.S. students and 10 Tsinghua University students. The courses offered were: World Trade and World IP Law & Institutions taught by Professor William Hennessey, Introduction to Chinese IP Law & Institutions taught by Professor Bing Wang, Intellectual Property & Foreign Direct Investment in China taught by Professor John Orcutt and Introduction to the Law & Chinese Legal System taught by Professor Jie Cheng.

This year, Professor Hennessey and Professor Orcutt were joined by Sharon Callahan, Director of Public Relations and Publications, and Debbie Beauregard, Director of the Intellectual Property Summer Institute. While in Beijing, Sharon and Debbie visited several alumni including Hong Shen from Zhong Lun Law Firm and Yiquing Shao from the Law School of the Central University of Finance & Economics which was recently established in 2004.

An alumni dinner was held on July 3rd in the Xi Chun Yuan (Western Spring Court) located on the central campus of Tsinghua University. The dinner was attended by all summer student participants, faculty and numerous Pierce Law alums from Asia.



eLSI

On August 12, 20 Pierce Law students, nine law students from around the country and five Irish law students from University College Cork (UCC), successfully completed the inaugural eLaw Summer Institute (eLSI). A six-credit program run jointly by Pierce Law and the University College Cork Faculty of Law, the eLSI is a short but intense comparative program focused on Information Age law. Team-taught by a select group of Pierce Law (William Murphy and Susan Richey) and UCC (Louise Crowley, Steve Hedley, Declan Walsh, Darius Whelan, and Fidelma White) professors, the program is designed as a critical learning experience for the 21st century lawyer who must have a greater understanding and appreciation of the domestic and international aspects of this constantly growing and evolving body of law. Topics included Cyberlaw, Internet Regulation, Protecting the Information Age Consumer, Comparative e-Commerce Law, Comparative IP for the Information Age and finally, for U.S. students, European Union Legal and Political Framework. A

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Germeshausen grew as an inventor and innovator, developing and improving electronic trigger devices that would revolutionize radar technology for use in the field of sophisticated weaponry. In the mid-1940s during WWII, his strobe and flash lamp inventions were nationally recognized and sought after by the U.S. Government. For use in night surveillance at Normandy, Germeshausen and Edgerton agreed to grant the Government a royalty-free license to use their technology. After the war, Germeshausen was invited to participate in the Atomic Energy Project in Los Alamos. There, he was instrumental in the development of electronic pulsing technology.

In the late 1940s, to handle the business aspects of their partnership, Germeshausen and Edgerton, together with their new partner, Herbert Grier, agreed to incorporate. EG&G would now handle the numerous government contracts and other appointments engaged in by the partners. At this time, it became clear to the partners that their royalty-free licensing agreement with the Government, for use of their radar technology, needed to be recaptured, as many private industrial companies were making millions on similar technology, beating EG&G to the punch.

Rines' son Bob, an eager law graduate, was now in charge of the EG&G portfolio. Rines embraced the challenge, successfully bringing suit against the U.S. Government in the U.S. Court of Claims. He zealously defended Germeshausen's patented technology and revoked the Government's royalty-free license agreement. Rines remembered that settlement talks moved rather quickly as the U.S. Court of Claims was "pretty disgusted with the government." Rines won a settlement that was three times greater than what he had asked for. With this victory, he further solidified his friendship with Germeshausen and gained respect and admiration from the partners at EG&G.



HOMER O. BLAIR

In the early 1970s, Bob Rines began realizing his dream of establishing a law school where students with technical backgrounds could study IP law and later become entrepreneurs. He shared his idea with Germeshausen, who showed an interest in the endeavor, but was dubious of its success at this early stage and therefore hesitant to invest. Rines, convinced that there was a need for a law school specializing in law and technology, worked diligently bringing legal scholars and members of the corporate business community together to discuss his idea.

After receiving acknowledgement and commitments from several corporate donors, Rines called Germeshausen again and said quite frankly, "I need your help" and told Germeshausen that he needed money to construct a new building. Confident now that his dear friend was engaged in a noble enterprise, Germeshausen replied, "How much do you need?"

Plans for the new Franklin Pierce Law Center were finalized with a generous donation in the amount of $1 million from Germeshausen and his wife Pauline. In addition to the new building, the Germeshausens' donation would establish the Kenneth J. Germeshausen Center for the Law of Innovation and Entrepreneurship.

In 1985, Rines appointed Homer O. Blair, a friend and fellow patent expert, as the first Director of the Germeshausen Center and the first David Rines Professor of Intellectual Property Law and Industrial Innovation. With Blair's experience in patents, licensing and impressive network



KARL F. JORDA

of professional contacts, the Germeshausen Center was off to a good start. In addition to hosting conferences at Pierce Law, Blair encouraged students, e.g. Bill Hennessey (JD '86)(Professor of Law and Chair, IP Graduate Programs at Pierce Law), to forge relationships with the Chinese and other foreign institutions. At the time, the Germeshausen Center had a particular interest in Asian countries and dreamed of creating an exchange program with other universities abroad.

The Germeshausen Center was instrumental in developing the advanced Master of IP degree (MIP) as an extension to Pierce Law's JD. degree program. Since the very first class in 1986, which hosted 10 students from China, Korea, Taiwan, South Africa, the Philippines, and Singapore, the MIP program has grown, providing a link between Pierce Law and many other students of law and legal professionals from around the globe. Today, the legacy of the MIP program continues to thrive together with the Master of Laws program (LL.M). This year Pierce Law is pleased to host students from Azerbaijan, Cambodia, Cameroon, Canada, China, Ecuador, India, Kenya, Korea, Japan, Mexico, Nigeria, Panama, Philippines, Singapore and Taiwan.

Under Blair's direction, the Germeshausen Center was also host to the first Patent System Major Problems Conference held at

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Pierce Law on March 31, 1987. The conference attendees included faculty from Pierce Law and 25 invited guests from the judiciary, patent bar and private industry. Among the attendees were Judges Giles Rich and Pauline Newman from the CAFC and U.S. District Judge William Connor. The purpose of the conference was to gather opinions of people experienced in the patent system as to what could be done to solve or alleviate what some saw as major problems in the present U.S. patent system. 28 IDEA 61 (1987) and 28 IDEA 117 (1987).

Homer retired from the IP world in 1989 and is currently residing in Texas with his wife, Jean. Karl Jorda then came on board to become the Director of the Germeshausen Center and David Rines Professor of Intellectual Property Law and Industrial Innovation. He came from 26 years of experience working for the CIBA-GEIGY Corporation (now Novartis) as Chief IP Counsel for Patents and Licensing.

Under Jorda's direction, the Germeshausen Center would host six subsequent Patent System Major Problems Conferences drawing eminent judges, and general and corporate IP practitioners to Pierce Law. Over the years, the Conference has been attended by members of the IP community including, CAFC Judges Helen Nies and Alan Lourie and Francis Gurry of WIPO in Geneva, Switzerland. Topics of debate have included, "patent validity," "the abolition of jury trials in patent cases," "patent costs," "cooperation between the U.S. Patent Office and the European Patent Office" and "digital technology as a threat to copyright owners."

Recognized for his philosophy that IP is inherently "international," Jorda has worked diligently as Pierce Law's unofficial ambassador building friendships between Pierce Law and many foreign associations and institutions. His connection with the World Intellectual Property Organization (WIPO) in Geneva led to the creation of

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THE CREATE ACT OF 2004 — FOSTERING COLLABORATIVE R&D

BY JOSEPH W. ISKRA (JD '06)

ON DECEMBER 10, 2004 President Bush signed the Cooperative Research and Technology Enhancement (CREATE) Act into law. Pub. L. No. 108-453, § 3, 118 Stat. 3596 (Dec. 10, 2004). This new law amends 35 U.S.C. 103(c) of the federal patent law to ensure that patentability will not be precluded because of collaborative research conducted between researchers employed by different organizations. 35 U.S.C. § 103(c) (2004). More specifically, the CREATE Act will enable different parties to obtain and separately own patents with claims that are not patentably distinct, i.e. where the claim in one patent would be "obvious" in view of a claim in the other patent.

Prior to this new law, the U.S. Court of Appeals for the Federal Circuit held in *Oddzon* that confidential information derived from another, i.e. a collaboration partner, could render an invention "obvious" within the meaning of Section 103. *Oddzon Products v. Just Toys, Inc.*, 122 F.3d 1396 1403-1404 (Fed. Cir. 1997). Based upon an obviousness determination, patents for inventions made by collaborating members would be found unpatentable if the researchers did not have an obligation to assign their rights for the invention to a single entity. *Id.* Because of this holding, one can quickly imagine the "chilling effect" experienced amongst researchers regarding communication and open collaboration.

Unlike employees who typically assign their IP rights to an employer through an employment agreement, joint researchers who work for different entities do not usually engage in such arrangements. The House and the Senate passed this amendment out of concern that the *Oddzon* decision would negatively affect joint researchers who work for different entities that do not fall under the current section 103(c) exception which is limited to commonly owned inventions. H.R. Rpt. 108-425, at 1-4 (Feb. 24, 2004). It must be noted that the amendments made in this Act do not alter the law governing inventions under 103(c) in which inventions at issue are commonly owned or subject to an obligation of common assignment.

Enactment of the CREATE Act will provide collaborative researchers affiliated with multiple organizations a statutory "safe harbor" similar to the one available under the patent law for researchers employed by a single entity or who have established particular types of legal relationships. *Id.* Accordingly, the CREATE Act will thereby foster improved communication amongst researchers, provide additional certainty and structure for those who engage in collaborative research, reduce patent litigation incentives, and spur innovation and investment. The need for this new law can be further understood by a recent report that found partnerships among industry, academia, and governments have contributed significantly to recent technological successes in the United States. "Capitalizing on Investments in Science and Technology," National Research Council, National Academy Press, 23–25, 49–51 (1999).

To take advantage of the CREATE Act, the research must be conducted pursuant to a Joint Research Agreement (JRA). The act specifically defines the term "Joint Research Agreement" as "a written contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention." Pub. L. No. 108-453 § 2, 118 Stat. 3596 (Dec. 10, 2004). Within the JRA, there are a number of conditions that must be followed to qualify for the statutory safe harbor of the CREATE Act.

The first condition requires the JRA to be in effect on or prior to the date the claimed invention is made. *Id.* To ensure this condition is met, it is critically important to establish the joint research agreement prior to the commencement of any type of information exchange or commencement of work. Next, the Act requires that the claimed invention be made as a result of activities undertaken within the scope of the JRA. *Id.* Accordingly,

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it is important to draft the JRA broadly enough to include all possible subject matter that may arise out of the collaboration.

In defining the scope broadly, e.g., joint research in the field of "Microelectro–mechanical system design" or "Micro–fabrication technology," the inventions that develop as a result of the collaboration will be less likely considered outside the scope of an agreement because of the broad field designation. However, by employing such a broad definition for the subject matter, the collaborating partner may inadvertently give up more rights then desired. The last condition requires the pertinent patent application to disclose, or be amended to disclose, the names of the parties to the JRA. *Id.*

From the congressional record, Senator Orin Hatch stated that pending patent applications could claim the benefit of the provisions of the Act pursuant to Section 3 of the House Judiciary Committee report. 150 Cong. Rec. S7521 (June 25, 2004). Thus, an existing Joint Research Agreement existing prior to the date of enactment can be used to qualify an application to claim the benefits of the Act. *Id.* However, it must be noted that applications pending on the date of enactment of the Act must comply with all the requirements of the Act.

Section 3 of the CREATE ACT contains a special rule regarding amendments made by the Act that would not invalidate any final decisions of a court or the United States Patent and Trademark Office (USPTO) rendered prior to the date of enactment. 118 Stat. at 3596. Additionally, the special rule further states that amendments to the patent law will not affect the right of any party in an action pending before the USPTO or a court on the date of enactment. *Id.* The rationale for this special rule is to ensure that parties in a proceeding who may have modified their conduct to conform to the pre-amended patent law would not benefit from or be punished by unanticipated changes to the law.

In addition to complying with the requirement for disclosure among all the parties to the agreement, the parties must also adhere to the requirement for an additional disclaimer in addition to the traditional terminal disclaimer necessitated by the potential for a double patenting rejection. At its core, the double patenting doctrine addresses situations where multiple patents issue with claims in different patents that meet one or more of the relationship tests defined by the courts. Typically, if there are two applications with common ownership, a terminal disclaimer would obviate a double patenting rejection by limiting the patent term of all related inventions to a common date. Additionally, the disclaimer must also include a waiver of the right to separately enforce any subsequent patent from the first-issued patent.

This additional enforcement disclaimer requirement is needed to protect the public interest against separate enforcement actions of both the first-issued patent and any indistinct (or subsequent) patents with claims that are not patentably distinct over the first-issued patent. The disclaimer required for the valid issuance of a subsequent patent pursuant to the CREATE Act must apply to the owners of the subsequent patent as well as the owners of any first-issued patents against which the terminal disclaimer is made.

With a traditional terminal disclaimer, the enforceability of the subsequent patent is affected by the disclaimer whereas the first-issued patent is typically unaffected. Although the legislative history of the Act shows that Congress intended for the disclaimer to include a separate enforcement waiver, the Act itself is completely silent as to the requirement and form of such a disclaimer. The Patent and Trademark Office did issue an interim rule on January 11, 2005 that became not only effective immediately, but also retroactive through December 10, 2004 (which is the date of

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WIPO scholarships for developing country officials to study in the MIP program.

Today, Pierce Law has emerged as one of the leading centers for IP education and training, and as a place where domestic and foreign students, visiting scholars and legal practitioners join to engage in course work, seminars and conferences in the areas of business, scientific, legal and governmental interests in patent, trademark, trade secret, technology transfer, computer law and related fields.

Pierce Law is proud to boast the continued success of its summer program in Beijing, China (CHIPSI) and its newly established eLaw Summer Institute (eLSI) in Cork, Ireland. At home, Pierce Law's summer institutes in intellectual property (IPSI) and advanced licensing (ALI) are nationally and internationally recognized and designed to meet the needs of intellectual property and licensing professionals from around the world. U.S. university and corporate technology managers can similarly take advantage of Pierce Law's extensive course offerings in technology transfer and licensing law.

Together with Pierce Law's summer institutes, its annual series of PCT (Patent Cooperation Treaty) seminars and advanced IP Law and Practice symposia continue to foster the exchange of information and perspectives among practicing attorneys, technology managers, entrepreneurs, and students from the U.S. and abroad. Past experience has shown that attendees learn from each other, as well as from their instructors.

With Jorda as Editor and several Student Editors, the Germeshausen Center also publishes a Newsletter twice a year. It carries articles on topical IP issues authored by students as well as a "From the Editor"

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enactment of the CREATE Act) whose comment deadline ended February 10, 2005. However, because of the lack of precedent regarding this interim rule, much uncertainty remains in whether the USPTO adequately captured Congressional intent with the new interim rule. Additionally, it must be noted that many questions remain regarding the ramifications of the CREATE Act.

One such ramification involves the potential race that may ensue amongst collaborators to obtain the first-issued patent thereby inadvertently controlling the enforceability of subsequent patents. Although it is possible that this potential race could dissuade research organizations from taking advantage of the new Act, I think the positives of the CREATE Act far outweigh any potential negatives. Overall, the Act offers universities and other non-profit entities that work collaboratively and do not enter into formal structures for assignment an incentive to work together without fear of losing patent protection. ■



Joseph Iskra (JD '06) received a BS in Electrical Engineering from Wayne State University. He plans on practicing patent law upon graduation.

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highly successful program, planning is already underway for the next eLSI (July 17-August 11, 2006).

VISITORS TO PIERCE LAW

Under the auspices of the U.S. State Department and World Affairs Council of New Hampshire, a Western Hemisphere delegation visited Pierce Law on June 21 to obtain a well-rounded perspective on current issues related to intellectual property rights, with a focus on those issues which are of specific importance to hemispheric trade and security agreements. High officials from Chile, Colombia, Ecuador, Guatemala, Mexico and Venezuela made up the delegation. ■

CAN A SCANDALOUS TRADEMARK BE A SOURCE IDENTIFIER?

BY WEBER HSIAO (JD '06)

CAN A SCANDALOUS TRADEMARK be a source identifier? No, section 2(a) of the Lanham Act precludes a trademark consisting of or comprising scandalous or immoral matter from registration. 15 U.S.C.S § 1052(a) (2005). Is this the correct result?

Consider the following hypothetical. Producer X produces KICKASS trademarked guitar bridges. Customers strongly associate the KICKASSS trademark with the guitar bridges produced by producer X. Producer X, seeking to protect its customers from oversea counterfeits, files for federal registration. The examiner denies registration citing § 2(a). What are producer X's options? Producer X can forgo federal registration and allow the counterfeits to unfairly compete with its product. Alternatively, producer X can rename its guitar bridges to something more innocuous. In doing so however, producer X loses the goodwill associated with the trademark and consumers lose an identifier for high quality guitar bridges.

To deny registration under § 2(a), the examiner must find the KICKASS trademark either scandalous or immoral in the context of guitar bridges, or scandalous or immoral *per se*. Neither the context based analysis or the *per se* inquiry of the trademark considers the consumers of KICKASS guitar bridges. But as the dilemma facing producer X illustrates and for the following reasons, finding a trademark scandalous or immoral without considering the consumers of the associated good or service does not make sense.

A context-based analysis of a trademark recognizes that a word often has multiple denotative meanings, and its connotative meaning depends upon the context in which it appears. *In re Mavety Media Group Ltd.*, 33 F.3d 1367, 1369-1370 (Fed. Cir. 1994). In denying the trademark BLACK TAIL, the Trademark Trial Appeal Board (TTAB) concluded that despite having both non-scandalous and scandalous meanings, only the latter applied to an adult magazine. *Id.* at 1372.

Invariably, under a context-based analysis, the nature of the good or the service affects the susceptibility of a trademark being found scandalous or immoral. *Id* at 1372-1373. This is problematic. Section 2(a) could be evaded by associating a patently offensive mark with an innocuous good or service. For example, CHICKEN SHIT is arguably a suggestive or descriptive trademark for organic fertilizer and warrants registration.

A *per se* inquiry limited to the express text of § 2(a) focuses solely on trademark in isolation from any good or service. Consequently, registerability of a trademark is unaffected by any association with a good or service. In denying registration, the TTAB framed the inquiry as whether the mark BULLSHIT itself offended the "conscious or moral feelings" or was "shocking to the sense of decency or propriety of a substantial composition of the general public." *In re Townsend*, 212 U.S.P.Q (BNA) 863, 865 (T.T.A.B. 1981).

The *per se* inquiry is highly subjective. What one finds objectable, another may not. Disputes over whether a trademark is scandalous or immoral *per se* often center on which dictionary definition to use. *In re Hershey*, 6 U.S.P.Q.2D (BNA) 1470, 1470-72 (T.T.A.B 1988). The examiner, relying on the Dictionary of American Slang, denied PECKER registration when one possible definition was penis. *Id.* Appealing the examiner's finding, the applicant argued PECKER, as defined in the Webster's Third New International Dictionary, referred to a bird's bill. *Id.* Variations in definitions amongst dictionaries exemplifies the problematic nature of the *per se* inquiry.

Any determination under § 2(a) is subjective because whether a trademark is scandalous or immoral is determined "from the perspective of the *substantial composite*" of the general public. *In re Mavety Media Group Ltd.*, 33 F.3d at 1371 (emphasis added). Both the

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transfer capacity. Hence, the ID/IP Clinic, as an IP knowledge center, will function as an educational resource, and also as a coordinator for future programs directed towards establishing IPRs management/technology transfer institutions in developing countries.

Pierce Law, long at the forefront of providing state-of-the-art legal and IP education to professionals from developing countries, established the first international, interdisciplinary program in IPRs education in the United States in 1986, with specific focus on educating IPRs professionals from developing nations on how IPRs systems work. Over the past two decades, government officials, tech-transfer professionals, research institute administrators, and lawyers from over 95 countries have attended these programs, supported by many public and private institutions (including the World Intellectual Property Organization (WIPO), the U.S. Agency for International Development (USAID), and the Fulbright Program).

Consistent with this visionary tradition of international, interdisciplinary education in IPRs, along with the mandate of the Germeshausen Center as Pierce Law's umbrella organization for IPRs management and technological innovation, Pierce Law recognizes that international technology transfer and IPRs capacity building at the human and institutional levels are critical, interwoven components of one endeavor. Only when stable legal infrastructures are established, will long-term technology transfer, utilization and innovation flourish, contributing to improved standards of living, regional stabilization and sustainable economic development throughout the developing world.

Therefore, in order to pragmatically expand this commitment to legal and IPRs capacity building in developing countries, Pierce Law is now engaged in establishing the ID/IP Clinical Program. The ID/IP Clinic will be under the immediate supervision of Dr. Stanley Kowalski (JD '05), and be situated within the broader Clinical Program of Pierce Law, under the overall direction of Professor Peter Wright. Faculty participating in and supporting the activities of the ID/IP Clinic include Dean John Hutson, Professors Joe Dickinson, Hugh Gibbons, Bill Hennessey, Karen Hersey, Karl Jorda and Chuck McManis.

The strategy of the ID/IP Clinical Program will be two pronged: to simultaneously promote the rule of law via legal education and training, thereby facilitating the sustainable transfer of agricultural technology and pharmaceuticals to developing countries. Hence, by promoting innovation via IPRs management and technology transfer capacity building in developing countries, the ID/IP Clinical Program will make a dynamic and tangible contribution to the principled mission of the Germeshausen Center.

As an initial step in launching the ID/IP Clinic, Pierce Law has recently instituted a collaboration with the Public-sector Intellectual Property Resource for Agriculture (PIPRA), **www.pipra.org**. PIPRA is an organization that seeks to facilitate access to IP in order to foster the development and distribution of improved crops, for use in developing countries. Within the context of the nascent Pierce Law/PIPRA relationship, possible activities of the ID/IP Clinic include:

- developing practical educational materials explaining IPRs, e.g., manuals, internet course/modules for distance learning, as well as internet-accessible databases, that will fill the specifically-identified needs of the intended beneficiaries in a manner that will enable them to understand and begin to manage IPRs complexities;
- performing background studies, in the form of research reports and papers, on intellectual property issues pertinent to particular agricultural technology products and industries; and
- conducting preliminary and background freedom-to-operate (FTO) analyses to support the work of pro bono law firms and institutions that are providing direct guidance to developing countries, thereby facilitating the improvement of IPRs management and technology transfer capacity in developing country partnering institutions. FTO analysis includes developing tools and protocols for analyzing existing legal impediments to technology transfer in the form of existing patent, trade secret and tangible property protection which can cause legal obstacles when developing countries reach out to established industries in an effort to share in advancements in agricultural technology and pharmaceuticals.

In addition to its work with PIPRA, the ID/IP Clinic will develop, teach and memorialize methods of FTO analysis, institute coordinated IPRs training programs and provide educational/training resources so as to support the work of similar organizations, such as:

- the Public Interest Intellectual Property Advisors (PIIPA), **www.piipa.org**, which seeks to make IP counsel available, free or pro bono, for developing countries and public interest organizations, in order to promote agriculture, biodiversity, traditional knowledge and health care, and
- the Centre for the Management of Intellectual Property in Health Research and Development (MIHR), **www.mihr.org**, which seeks to promote access to health technologies in order to improve the well-being of poor people across the globe, via improved management of innovation and IP in research and development.

The ID/IP Clinic will also endeavor to forge partnerships with developing countries, so as to cultivate institutional capacity building in IPRs management, technology transfer, domestic innovation, and the judicious assessment of native biodiversity and traditional knowledge resources. Human capacity building can survive and flourish only within a supportive and established institutional framework. A lone IP professional dropped into an unsupportive, uninformed, indifferent environment often becomes lost in a bureaucratic jungle, having little chance of making any lasting impact. Hence, the ID/IP Clinic will promote focused capacity building at the institutional level. By partnering with developing country institutions, the ID/IP Clinic will foster long-term relationships in cooperative IP legal education and training. This will be specifically accomplished by educationally supporting the establishment and survival of technology transfer/IP management offices. This approach represents a practical implementation of WIPO's policy statements, which have stressed the importance of

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establishing IP institutions in developing countries. Successful institutional relationships leading to the establishment of such technology transfer offices will increase the potential for technology transfer, development, innovation and utilization, at the national, and ideally, regional levels. As stated by WIPO, such offices can serve a critical need in national development, creating an economic environment that fosters increased investment and wealth generation. Developing country partnering institutions might be in Asia, Africa or Latin America.

The longer-term humanitarian objective of the ID/IP Clinic will be to facilitate the transfer of needed and wanted agricultural technology and pharmaceuticals to developing countries. By assisting in building and strengthening the legal institutional infrastructures required for IPRs management and technology transfer, Pierce Law wishes to contribute to resolving the impediments that hinder the movement of products critical to the health and nutrition of developing regions. Hence, the efforts of the ID/IP clinic may have global impact, positively affecting the health and nutrition of many of the most needy in developing countries, and thereby contributing to the economic development, societal improvement and eventual stabilization of impoverished and volatile regions. ■



Stanley Kowalski (JD '05) BS in Biology, University of Pittsburgh, Ph.D. in Plant Breeding, Cornell University will be supervisor of the Pierce Law ID/IP Clinic.

A MODERN LOOK AT SOFTWARE LITIGATION

BY TIMOTHY HSIEH (JD '07)

SOFTWARE PATENTS HAVE RECENTLY COME UNDER FIRE for being useless, impractical and potentially exploitive. In Europe, for instance, a movement exists to prevent the legalization of software patents by the European Union. Even though software patents are still legal there, a political organization states that if software patents were legalized, "Europe's software industry [would] fall victim to unscrupulous extortioners," "stifle innovation," and allow a "cartel of large corporations [to] crush smaller competitors." *The Basics*, **http://www.nosoftwarepatents.com** (accessed March 11, 2005). One extremist view is that software patents are weapons, "intelligent bombs" used by patent holders to exact protection money from software companies or coders. *Id.* Without software patents, Europe could foster innovation, aid their economy, and save jobs. *Id.*

Recently, Hewlett-Packard's (HP) Vice President for Linux, Martin Fink, said that "at the end of the day, software patents are a way of life. To ignore them is a bit naïve. It's fine to object to software patents, but it's foolhardy to not to try and acquire them." *HP: 'Get used to Patents, they're not going anywhere'*, **http://uk.builder.com/0,39026540,39237158,00.htm** (accessed March 11, 2005). Today, the most outspoken critics of software patents are the leaders of the open-source and free software movements: Richard Stallman, president of the Free Software Foundation; Linus Torvalds, inventor and founder of Linux; and Brian Behlendorf, founder of the Apache web server project. Stallman recently visited Franklin Pierce Law Center to speak about the virtues of free software, and the vices of software patents; Stallman thinks that patents are essentially "dangerous obstacles to software development." *Software Patents—an obstacle to software development*, **http://www.cl.cam.ac.uk/~mgk25/stallman-patents.html** (accessed March 11, 2005). However, Fink says that pundits like Stallman ignore the fact that software parents invigorate the economy; HP, for instance, has acquired nearly 1,775 U.S. patents in 2004 alone.

No patent attacks on open-source manufacturers such as Linux has materialized so far. Although a study by one company shows that the Linux OS is in violation of around 283 Patents, practically foreshadowing a patent attack from Microsoft, most open-source software is protected by open-source licenses administered by the Open Source Initiative. *Id.* Currently, the landscape of software litigation features an unstable truce between companies and open-source manufacturers; Linux sellers such as Red Hat vow to use their patent portfolios to defend against potential patent attacks, whereas large companies such as IBM and Sun have alleged that they will not sue over open-source patent infringement. In order to understand this current stalemate in software litigation, this article will step through a brief history of software patents, cover some recent cases, and analyze the current relationship between software and copyright protection.

The United States Patent and Trademark Office (USPTO) has been historically reluctant to grant patents for inventions relating to computer software. *See The History of Software Patents*, **http://www.bitlaw.com/software-patent/history.html** (accessed April 28, 2005). In the 1970s, the USPTO viewed software as mere "mathematical algorithms," and not as "processes or machines," and basically at that time, the USPTO wished to grant patents only to tangible, concrete "processes or machines," and not to the "scientific truths or mathematical expressions" behind those tangible processes. *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980). The Supreme Court said: "an idea itself is not patentable; Einstein could not patent his celebrated law that E = mc2, nor could Newton patent the laws of gravity. Such discoveries are 'manifestations of nature' and free to all, reserved exclusively for no one." Id. In the early 1980s however, the Supreme Court forced the USPTO to change its position, ordering it to grant a patent involving a computer software invention. *Diamond v. Diehr*, 450 U.S. 175, 176 (1981). In Diehr, the invention at issue was a method for determining how rubber should be heated in order to be best "cured"; the invention

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context-based analysis and the per se inquiry do not consider the significance of the consumer, the likely audience of the trademark. In determining whether a trademark on its own or in the context of a good or service is scandalous or immoral, the focus is not on the consumer of the good or the service. Rather the focus is on a substantial composite of the general public. For the following reasons, this standard misses the mark.

If trademarks are truly about source identification, then trademarks are inherently consumer-centric. A consumer identifies a trademark with a specific provider of a good or service. A competitor wanting the consumer's business seeks to usurp this identity from the true provider. Consequently, in identifying the source of a good or service, a trademark protects the consumer and prevents unfair competition.

But where does this recognition come from? A trademark acquires recognition by way of the consumer. That is, absent of consumers recognizing a trademark as an indicator for a good or service, a trademark has very little utility. In fact, it is difficult, if not impossible to enforce a trademark not recognized by consumers as a source indicator. *France Milling Co. v. Washburn-Crosby Co.*, 7 F.2d 304, 306 (2d Cir. 1925).

Furthermore, consider the strength of a trademark as source identifier. A merely descriptively trademark is weak compared to a fanciful trademark. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). A fanciful trademark, unlike a descriptive trademark, lacks any inherent association with a good or service. Rather, a fanciful trademark relies on the consumer to form the connection between the trademark and the good or service. Accordingly, it is inconsistent not to consider the consumer in evaluating the registerability of a trademark.

Rather than from a consumer's perspective, the TTAB and the courts view a trademark from the perspective of a substantial composite of the public. *In re Riverbank Canning Co.*, 95 F.2d at 329. By doing so, they fail to acknowledge that social norms are not uniform across a substantial composite of the public, let alone across the general public. Just as the socioeconomics of individuals vary, so do their perception of what is acceptable. Consequently, the marketplace is not a unitary body, but is segmented and reflects these variations in perception. These variations, however, can only be adequately accounted for by considering a trademark within the specific context of a consumer in the marketplace rather than a substantial composite of the public.

The consumer perspective argument has been argued before. In *In re Tinseltown*, the registrant argued consumers of BULLSHIT fashion accessories, being "sophisticated" consumers, did not share the same delicate sensibilities as the general public. 212 U.S.P.Q (BNA) at 865. The TTAB rejected this

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primarily utilized a computer software program to calculate and control the heating times for the rubber. *Id.* at 177. The invention not only included the concrete, mechanical process of heating the rubber, but also featured the computer program that facilitated this process. *Id.* at 176. Justice Rehnquist's majority held that the software used to heat the rubber was not merely a mathematical algorithm, but an actual process for molding plastics, and hence was "patentable subject matter." *Id.* at 184. Rehnquist stated: "When a claim constitutes a mathematical formula and implements or applies that formula in a structure or a process which, when considered as a whole, is performing a function in which the patent laws are designed to protect, then the claim satisfies the requirement of being patentable subject matter. *Id.* at 192.

After the *Diehr* ruling in 1981, the USPTO was left with the difficult decision of determining whether an invention was just a mathematical algorithm, or whether it was a patentable invention that contained a mathematical algorithm. In the early 1990s, The Court of Appeals for the Federal Circuit stated that the invention "as a whole" must be examined; if the invention in itself is a mathematical algorithm, such as a computer program to convert decimal numbers into binary, than it is unpatentable. If, however, the invention utilizes the computer to represent concrete, real-world values, it is patentable. *See Arrhythmia Research Technology, Inc. v. Corazonix Corp.*, 958 F.2d 1053 (Fed. Cir. 1992). (involving a program that interpreted electrocardiograph signals to predict arrhythmia).

Today, the primary problem exists in trying to prevent "obvious" software inventions from getting patented. Recently, two somewhat obvious "business method" patents involving "statistical theory, mathematics and formal logic" owned by Pinpoint, Inc. were allegedly infringed by Amazon.com. *Pinpoint, Inc. v. Amazon.com, Inc.*, 347 F.Supp.2d 579, 580 (N.D. Ill. 2004). Amazon, with those patents, could identify customer preferences, and could use those preferences to make recommendations for customers about future purchases. *Id.* Amazon.com not only denied infringement, but stated that the patents (5,758,257 and 6,088,722) were invalid because of obviousness and anticipation. *Id.* Judge Posner in his majority opinion stated that Amazon.com did not infringe because the patents were obvious, and that they were actually owned at an earlier time by a university under a "sponsored research agreement." *Id.*

Furthermore, there have been many software patent cases where smaller companies have tried to acquire damages from larger ones. The case of *Imagexpo, L.L.C. v. Microsoft Corp*, for instance, featured litigation around network-meeting software. 299 F. Supp. 2d 550 (E.D. Va 2003). Microsoft in that case asserted that since the patented material was relatively common, and that Imagexpo did not put Microsoft on constructive notice, damages should have been limited. *Id.* at 553. However, the

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argument reasoning that by way of granting registrants nationwide benefits, Congress did not intend on a "standard of public policy…limited to a particular stratum of society, defined by its level of sophistication, or, as others might perceive it, its level of vulgarity." *Id.* In other words, the sensibilities of a few cannot be allowed to dictate the sensibilities of the many.

Dictating sensibility however, is actually what occurs when the TTAB or the court finds a trademark scandalous or immoral *per se* or in the context of a good or service. Moreover, the effect of the sensibilities of a particular stratum on a wider audience is merely speculative. If a trademark is truly scandalous as to offend the vast majority of the population, then necessarily only a vast minority are not offended. Faced with a limited market, a provider of a good or service seeking to maximize profits might in fact be discouraged from using such a trademark.

If a trademark identifies source, then pertinent to the scandalous or immoral inquiry are those who identify the trademark as a source. Consequently, without considering consumers, a context based analysis or a *per se* inquiry is inconsistent with this idea of identifying source. Only when the inquiry includes the consumers can a scandalous trademark be a source identifier. ■

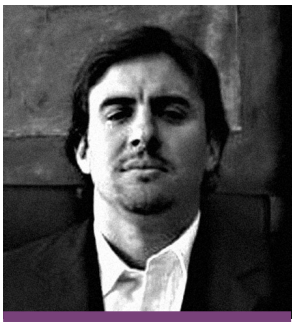
Weber Hsiao (JD '06) received a BS in Biochemistry from the University of Wisconsin, Madison. He plans on practicing patent law upon graduation.

PORTRAIT: ALLAN JARRY (MIP '01), PIERCE LAW'S PRIDE IN CHILE

BY ELIZABETH LAI FEATHERMAN (JD '06)

ALLAN JARRY has a unique perspective in international technology licensing and IP practice. He serves as both the CEO and head of the patent and trademark divisions of Estudio Harnecker, one of Chile's leading IP law firms with 95 years of uninterrupted presence in Chile. He also founded NEOS, the self-sustaining division within Estudio Harnecker that concentrates on technology transfer issues. Aside from his busy daily practice, he also teaches IP laws to engineers at Universidad Católica de Chile, while pursuing an MBA from UCLA. In his spare time, he attends numerous international conferences and symposiums, continually searching for world best practices and tools. Pierce Law is proud to have him as one of our most successful alumni in Chile.

From a very young age, Allan desired to follow his father's footsteps in becoming an international expert in patents and trademarks. As well, he was interested in business and industry practice. After graduating with a bachelors degree in business administration and economics from the Commercial Engineer School of the Universidad Católica de Chile in 1992, he combined his love for business, engineering and law and officially began his career at Harnecker. Through years of extensive study and with the knowledge gained by successful trial and error, Mr. Jarry is now one of three partners for a firm that handles 20% of nationally filed patents. In his daily work, he handles technology transfer, IP licensing and portfolio management for multi-national companies including: Procter & Gamble, Sherwin Williams, Allergan, Nestlé, BASF, Merck, ROCHE, Novartis, and Telefónica. He also created Harnecker's interactive website for client interaction, and introduced an online Marks Registration department to record and protect clients' trademarks portfolios electronically.



Allan Jarry

Allan believes a lawyer should have a global perspective of law and business to better serve his/her clients. With this in mind, he travels extensively to Europe and the United States to meet with clients, while refreshing and gaining new perspectives and expertise to better serve his clientele base. His choice to attend Pierce Law for a Master of Intellectual Property (MIP) degree was for a large part attributable to a recommendation received from client Procter & Gamble on one such journey. The lessons learned and experiences gained while a student at Pierce Law were found extremely beneficial and helpful to his international practice. Mr. Jarry found the patent classes especially challenging because of his lack of a technical background in hard sciences or engineering, but thrived nonetheless. While at Pierce Law, he also participated in an internship at Procter & Gamble (P&G) in Cincinnati, OH under the supervision of Mr. David Reed, Section Head, International Patent Division, P&G.

Aside from being the CEO and director of the patent and trademark division at Harnecker, Allan founded NEOS, Harnecker's technology transfer service. NEOS' goal is to improve Chilean quality of life and economic development through technological advances. It brings European and US technologies into Chile through patent and IP licensing, while locating international parties to license the projects coming out of country. Among many projects slated and those already completed, was the successful undertaking of a national IP Tour. Through collaboration with the Chilean government, NEOS embarked on a two week journey, the nation's intellectual minds of the practices, visiting 20+ universities, private industry, and government officials, traveling over 3000 kms, to inform and create awareness amongst the nation's intellectual minds the practices and examples of properly protected innovations and the benefit they bring.

Allan invited Pierce Law's Professor Karen Hersey to participate in this "IP Tour 2005" with talks on "The Role of Intellectual Property in Technology Transfer" and "Developing an Institutional Intellectual Property Policy." Another successful project was the I and II

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International Seminars on Intellectual Property and Technology Transfer, held in Santiago, Chile in 2003 and 2004. Professor Karl Jorda participated in the latter, lecturing on "Intellectual Property Rights in the Company-University Relationship."

Other projects NEOS is currently concentrating upon include: a patent competition with winners receiving funding for filing national and international patents and/or funding for the creation of new business start-ups; seminars to detail the importance of entrepreneurship and information on forming and securing financing for new SME's; strategic partnering with similar IP firms of South America to implement best practices and initiate communications for the flow of technologies and information freely within the Spanish speaking world; the creation of the first magazine devoted to reporting IP issues occurring worldwide that will be published, printed, and administered within the nation of Chile; and the planning of IP Tour 2006, pairing and strengthening the role of private industry support in university research, among others. In addition to his busy work schedule, Allan is determined to receive another accreditation and degree while still making time to give back by loaning his experiences and expertise. Since 2001, he has been an adjunct professor at his alma mater, the Universidad Catolica de Chile. His course, Commercial and Technical Aspects of Intellectual Property (see following paragraph for description), is highly requested and attended. Aside from teaching, he also attended Japan Institute of Invention and Innovation (JIII) and AOTS in Tokyo in 2002. Currently he is pursuing an MBA at a joint program between UCLA and Universidad Católica de Chile to give his clients comprehensive advice from both a legal and business point of view.

To better prepare those students interested in an IP career, Mr. Jarry is able to draw upon vast experiences in managing IP portfolios for multi-national clients. He notes that the biggest challenge in an attorney's daily dealings is trying to prioritize. A good attorney must understand both sides of a business transaction and must communicate effectively to marketing managers and engineers. To pursue

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PROVING FAME UNDER THE TRADEMARK DILUTION REVISION ACT OF 2005

BY SEAN R. BLIXSETH, (JD/MIPCT '06)

FROM THE CONCEPT'S INCEPTION to the U.S. legal world in 1927, trademark dilution has caused substantial debate over the reach of famous trademarks into unrelated trade channels. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927) *reprinted in* 60 Trademark Rptr. 334, 346 (The International Trademark Association 1970). Until just recently, however, the requisite level of fame needed to prove a trademark dilution claim was split among circuits. The Trademark Dilution Revision Act of 2005 (TDRA) raises the bar for proving famousness. H.R. 683, 109th Cong. Sec. 2 (Feb. 9, 2005) (resolution, introduced by Rep. Lamar Smith of Texas). In the wake of the TDRA, courts should be stringent in applying the test for fame in a dilution cause of action because dilution remedies are an exception rather than the norm in trademark law.

The TDRA amends 15 U.S.C. 1125(c), the Federal Trademark Dilution Act of 1995 (FTDA), to finally answer important questions about the federal trademark dilution cause of action. The Supreme Court interpreted the FTDA in *Moseley v. V Secret Catalogue, Inc.*, holding that the text of the FTDA unambiguously required a showing of actual harm from dilution for a trademark owner to prevail. 537 U.S. 418, 433-34 (2003). The most problematic issue with requiring proof of actual harm is that by the time actual harm is detectable, irreversible and unpreventable dilution has already occurred. Requiring proof of actual harm is therefore contrary to Congress's intent to prevent dilution. The Court also questioned whether dilution by tarnishment was supported by the text of the statute. *Id.* at 432. Several other questions were left unanswered: whether acquired distinctiveness was sufficient for the distinctiveness element and whether niche market fame is enough to satisfy the famousness element for a dilution *prima facie* case. The TDRA amended the 15 U.S.C. 1125(c) cause of action to the following elements: (1) the trademark must be famous *in the general public*; (2) it must be inherently distinctive or have *acquired distinctiveness*; (3) the junior use occurred in commerce; (4) the use must have occurred after the senior user's mark became famous; and (5) the use must be *likely to cause* dilution. The amendments also state that "dilution by tarnishment" is an actionable claim, and give four concise points as guidelines for determining a likelihood of "dilution by blurring." Note that separate elements of distinctiveness and fame are carryovers from the FTDA. "Distinctiveness" is a term of art in trademark law, originating from the "spectrum of distinctiveness" for determining a trademark's validity. *E.g. Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d. Cir. 1976) (creating the spectrum of distinctiveness used by trademark practitioners today). Inclusion of the distinctiveness requirement ensures that the plaintiff has a federally registered trademark.

The TDRA addressed a circuit split over the niche market theory, which allows fame in a particularized market to satisfy the fame element for a 15 U.S.C. 1125(c) cause of action. Six federal circuits had adopted the niche market theory. H.R. Jud. Subcomm. on Cts., The Internet, And Intell. Prop., *Trademark Dilution Revision Act of 2005: Hearings on H.R. 683, Testimony of Anne Gundelfinger*, 109th Cong. 7-17 (Feb. 17, 2005), *available at* **http://judiciary.house.gov/media/pdfs/printers/109th/98924.pdf** (noting that the Third, Fourth, Fifth, Sixth, Seventh, and Ninth circuits had accepted the niche market theory, while the remaining circuits do not). The federal second, eighth and eleventh circuits have denounced the niche market theory. *Id.* The First Circuit in I.P. *Lund Trading ApS v. Kohler, Co.* also rejected the niche market theory. 163 F.3d 27, 46 (1st Cir. 1998). The niche market theory is now insufficient to prove fame for a federal trademark dilution claim. The TDRA addresses the circuit split by including the following language in the definition of "famous": "a mark is famous if it is *widely recognized by the general consuming public* of the United States as a designation of source of the goods or services of the mark's owner." (emphasis added). H.R. 683, 109th Cong. Sec. 2(c)(2)(A). The TDRA then gives the following non-exhaustive points to consider in determining whether a mark is famous:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark,

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district court denied Microsoft's Motion to Limit Damages, stating that Imagexpo effectively "marked" their software code. *Id.* at 554. In addition, the case of *GTE Wireless v. Qualcomm, Inc.* did not allow *GTE Wireless* to acquire damages from *Qualcomm*, because the frequency selection software used in *Qualcomm's* phones were "substantially different" in structure. 188 F. Supp. 2d 1201, 1208 (S.D. Cal 2002).

Also, recent patent litigation sometimes dwells more on the tortious conduct of infringement. *See Visto Corp. v. Sproqit Technologies, Inc.*, 360 F. Supp. 2d 1064, 1067(N.D. Cal 2005) (where the defendants used the California statute for tortious interference with economic advantage in response to a patent infringement claim for telecommunication software).

To properly analyze the relationship between software and copyright, we look to the historical case of *Whelan Associates, Inc. v. Jaslow Dental Laboratory Inc.*, where the Third Circuit extended copyright protection to all aspects of a computer program, including the program's non-literal aspects. 797 F.2d 1222 (3d Cir. 1986). The Court reasoned that written software code is "expression," not a patentable "idea," and the structures, syntax and logic of a computer program make it very similar to a literary work. Mark A. Lemley, *Convergence in the Law of Software Copyright?* 10 High Tech. L. J. 1, 8-9 (1995). The Third Circuit reasoned that because a program "could be written in a number of different ways, with a number of different structures," software code was an expression and should be protected by copyright. *Id.* However, after *Whelan*, copyright protection for the non-literal aspects of software became a lot more complex . *Computer Assocs. Intl., Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992). The *Altai* court essentially broke the non-literal aspects of software code into different levels of abstraction (machine code, modules, and functions), and then proceeded to "filter" out the unprotectable elements at each level of abstraction. *Id.* at 707-710. Once the unprotectable elements were filtered out, what remained was a "core of protectable

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whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark. *Id.*

The first and second factors above reflect traditional trademark law concepts of fame. Proof of sales and ad campaigns have always been acceptable forms of evidence for determining validity of a trademark. The third factor is meant to include consumer surveys, market research, and any other evidence showing actual recognition. *Trademark Dilution Revision Act of 2005: Hearings on H.R. 683*, 109th Cong. at 11. The same types of evidence traditionally used to prove acquired distinctiveness can also be used to prove fame.

The burden of proof for acquired distinctiveness in a trademark validity analysis is much lower than that for the element of fame in a federal dilution claim. The Congressional record and a survey of non-niche market theory circuits reveal that only a trademark that becomes somewhat of a household name across the entire nation is famous enough to grant injunctive relief under the dilution doctrine. *E.g. TCPIP Holding Co. v. Haar Comms., Inc.*, 244 F.3d 88, 99 (2d Cir. 2001) (denouncing the niche market theory and discussing Congress' intent to give the dilution remedies to nation-wide generally famous trademarks); *Caruso & Co., Inc. v. Estefan Enterprises, Inc.*, 994 F. Supp. 1454, 1463 (S.D. Fla.), *aff'd without dec.*, 166 F.3d 353 (11th Cir. 1998) (ruling that marks in particularized geographic markets are insufficiently famous for a dilution claim); *I.P. Lund Trading*, 163 F.3d at 46 (holding an unregistered faucet design that was not inherently distinctive did not achieve famousness for dilution claim because it was not truly prominent or renowned); H.R. Rep. No. 104-374, at 3 (1995) (naming trademarks such as "Buick," "Dupont," and "Kodak" as examples of famous trademarks). In *TCPIP Holding*, the plaintiff had realized $280 million in sales from 228 retail stores in 27 states. 244 F.3d at 99. However, the Second Circuit held that despite the financial success of the company, neither the sales nor evidence of geographic reach showed that the mark rose to the level of a "Buick" or "Kodak." *Id.* The court also expressed that the plaintiff should have provided more specific evidence showing expenditure amounts and geographic reach in their advertising campaign. *Id.* In *Caruso*, the court held that the trademark "Bongo" in the women's apparel industry could not be considered famous because it had only been in use for fifteen years. 994 F. Supp. at 1463. Furthermore, fame in the women's apparel industry alone did not establish the trademark as a household name. *Id.* Similarly, in *I.P. Lund Trading* the First Circuit rejected the idea that famousness in the world of interior design was enough to protect plaintiff's "VOLA" faucet design under the FTDA. 163 F.3d at 27, 46. The Congressional record and federal case law show that dilution is reserved for a select group of ubiquitously famous trademarks.

High brand worth, the age of a mark, and global renown can help prove fame. Courts may take judicial notice of globally famous and high-worth marks such as "Coca-Cola," or "Microsoft" but additional evidence, such as costly surveys and market research, will usually be necessary to prove dilution. *See J. Gilson, Gilson on Trademark Protection and Practice*, vol. 2-5A, Sec. 5A.02 (Matthew Bender & Co., Inc. 2005). Marks that satisfied the fame requirement in non-niche market theory circuits were either high-worth global brands or prominent old marks. *See Nike, Inc. v. Variety Wholesalers, Inc.*, 274 F. Supp. 2d 1352, 1372 (S.D. Ga. 2003), *aff'd*, 107 Fed. Appx. 183 (11th Cir. 2004) (finding Nike's symbol to be famous and allowing dilution claim to prevail against defendant's counterfeit products); *NBA Properties v. Untertainment Records LLC*, 1999 WL 335147, 8 (S.D.N.Y. 1999) (ruling that defendant's alteration of the NBA's silhouetted basketball player constituted dilution by tarnishment); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 209-10 (S.D.N.Y. 1996) (finding plaintiff's mark famous, but not diluted on other grounds by "The Greatest Bar on Earth"). Cases from niche market theory circuits must be read with care because those circuits applied a standard that is different from Congress's intent as expressed in the TDRA. However, many marks that prevailed on dilution claims in niche market theory circuits were also brands that served consumers on a global

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basis. *See e.g. America Online, Inc. v. IMS*, 24 F. Supp. 2d 548, 552 (E.D. Va. 1998) (ruling that plaintiff's mark is "recognized throughout the world" and diluted by defendant's use in spam e-mail); *Anheuser-Busch, Inc. v. Andy's Sportswear, Inc.*, 40 U.S.P.Q.2d 1542 (N.D. Cal. 1996) (holding that the "Budweiser" mark was "unquestionably famous" and diluted by tarnishment). Evidence of advertising and use in the global market will be persuasive in proving fame.

Dilution is reserved for the blue chip marks of the U.S. market; for the top of the *Business Week* "Top 100 Global Brands." Dilution applies only to those mega-marks that we associate with the backbone of economy. Courts ought to be cautious in granting relief for dilution claims because dilution does not require the defendant to be a direct competitor (i.e. a likelihood of confusion). Once a mark is deemed famous under dilution law, the rights holder will have free reign to seek dilution remedies against anyone who uses an identical or similar mark in any market. In other words, once a trademark owner proves that the mark is famous, the causation element for a likelihood of dilution claim will be rather easy to prove. For these reasons, courts should not hand out dilution remedies to even commonly famous marks in the general public. Trademark lawyers likewise should use caution before rushing to district court on a dilution claim. If your mark is deemed to be not famous by a federal court, it will be nearly impossible to ever prevail in a dilution action again (not to mention the bad publicity associated with your trademark's new distinction). ■

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CYBERTORTS: MAKING THE OLD NEW AGAIN

NICHOLAS J. BARNES (JD '07)

IN U.S. LEGAL NEWS LATELY, there is no avoiding tort law. It seems that everyone has a suggestion on how to fix it, and tort reform is a hot-button political issue. Mark A. Hofmann, *Views on Tort Law Divide Candidates; Bush, Kerry Reform Proposals Diverge*, Business Insurance, (Oct. 2004). Proponents of tort reform cite civil lawsuits as a drain on the economy, with aggressive tort lawyers who target certain industries as "profit centers" the leading cause of the problem. American Tort Reform Association, **http://www.atra.org/about/** (accessed October 2005). With the weight of many professional organizations behind the movement, tort reform has gained enough momentum to be heard before Congress. *Id.* In this hostile environment, many lawyers, judges, and pundits have declared the existing tort causes of action insufficient with respect to internet-related harms, or cybertorts, and have expressed the need for specific legislation to deal with these "emergent torts." Michael L. Rustad, *Rebooting Cybertort Law*, 80 Wash. L. Rev. 335, 349 (May 2005). One law professor has suggested making internet service providers (ISP's), the companies that provide end users with the connection to the World Wide Web, responsible for harms that occur via the internet. *Id.* Yet expanding tort law, particularly when so many are trying to reduce its clout, would seem to be an impossibility at this juncture.

Demanding new laws for cybertorts indicate that our existing principles are no longer applicable. This is far from the truth. During the Industrial Age, it was said that tort law would have to "accommodate itself to the changing thought and action of the times." *Id. at 342.* The same could be said of the Information Age. Shifting our paradigm does not necessarily mean new laws, but new applications of current common law. The difficulty for most lawyers and judges comes from the nature of the internet itself. It provides a level of communication, access, and anonymity that is previously unheard of. A person can harm another very quickly, with little expense, over a great distance, in little to no time at all, with virtual impunity. How does a lawyer effectively argue a claim that arises in such a medium? If we look to tort principles, we find the answer is already in place.

At first impression, when someone is injured we look at the harm. Such a perspective applied to cybertorts is untenable. The tort system is based on justice and behavior; if we base it on outcomes, we fail to affect future behavior or capture the problem adequately. Jane C. Ginsburg, Jessica Litman & Mary L. Kevlin, *Trademark and Unfair Competition Law* 422 (3d ed., West 2001). Thus a cybertort must be analyzed for its behavior, and not its harm. This allows judges and torts lawyers to escape from evaluating the technology and the medium involved and focus on the time-tested and familiar principles of tort law.

Moving away from medium-based analysis and towards a behavior-based way of thinking opens up a whole world of existing causes of actions, ones that have case law and precedent to guide us. Behavior-based focus also circumvents dealing with changing technology, one of the largest obstacles in creating new tort law. This is evident when we consider "spam," or unwarranted electronic mail (e-mail). 15 U.S.C.A. § 7701 (West Supp. 2003). Legislatures have passed Anti-Spam acts to criminalize the activity, but what happens when spammers develop an alternative means to send you their advertisements? What recourse does the end user have when their computer is deluged with spam? Using existing causes of action and targeting the offender's deed is far more effective. For example, we could apply nuisance law to deal with any type of spam technology, as it covers interference with the quiet enjoyment of one's property. *Black's Law Dictionary* 1096 (Bryan A. Garner ed., 8th ed., 2004). Such principle-based thinking overcomes the inherent weaknesses in policy; the cause of action is no longer dependant on technology or arbitrary limits, but on the unjust behavior. Similarly, unsanctioned access to one's computer, e-mail, or digital intellectual property can be covered using causes of actions like trespass to chattels, conversion, and invasion of privacy.

There is great strength in using principle over policy when possible. A principle-based rule, like most of the historical tort causes of action, is powerful because of their broad application. It is said that rules and policies "prescribe relatively specific acts; principles prescribe highly unspecific actions." Joseph Raz, *Legal Principles and the Limits of Law*, 81

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Yale L.J. 823, 838 (1972). A principle is not just a less specific rule, but it is a statement about the essence of intended outcomes, specifying the behavior and its outcome rather than the mechanism that achieves it. *Id.* It is for this precise reason that principle is more effective in targeting cybertorts, whatever technological changes we are confronted with.

This theoretical shift does not, however, offer a panacea for wrongs committed over the internet. Jurisdiction will remain a major problem, as the networked world is not organized by nations, states, and provinces, but networks, domains, and hosts. Matthew R. Burnstein, *Conflicts on the Net: Choice of Law in Transnational Cyberspace*, 29 Vand. J. Transnatl. L. 75, 81, (January 1996). This problem will primarily have to be solved through treaties and legislation, in conjunction with state long-arm statutes and the due process clause of the U.S. Constitution. Youseph Farah, *Jurisdictional Aspects of Electronic Torts*, 11 C.T.L.R. 196, 198 (2005). Locating a solvent tort feasor will still be a difficult endeavor, and to this end the European Union has already taken steps to create ISP liability through the Electronic Commerce Directive. Rustad, 80 Wash. L. Rev. at 393. This type of legislation only creates more duties for ISPs, and does not affect the behavior or the wrongdoer. *Id.* A system that promotes jurisdiction based upon the locus of the harm and targets the behavior at issue, rather than the medium, will be far more powerful and just than an ISP-liability regime.

Despite the inherently modern nature of cybercrime, our legal system is far better suited to applying the familiar Torts rationale to these cases, given the proper context. This is a powerful way of thinking that has not been adopted on a large scale by tort lawyers or judges, and could help close the current divide between law and technology without expanding tort law. While our current law cannot be stretched far enough to cover every emergent harm, it is worth taking stock of our existing causes of action and the principles that underlie them before enacting new laws. Oliver Wendell Holmes lectured that "the development of our law has gone on for nearly a thousand years, like the development of a plant, each generation taking the inevitable next step." Oliver Wendell Holmes, *The Path of the Law*, 10 Harvard Law Review 457 (1897). As we move forward and fully embrace the information age in courts of law, we must rely on the principles we have developed if justice and improved behavior are to remain the outcome. ■



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international IP work, one must understand cultural differences among different countries. Even spanning from neighboring Spanish-speaking countries to the next, each has a unique culture and practices. He also notes that taking courses in international comparative trademark, copyright and patent laws are helpful in an international career.

Allan Jarry has spent the last decade in the field of IP not only as a practitioner and educator, but also as the influential leader of NEOS—which helps to facilitate technology transfer among the Chilean government, industries and universities. His tireless efforts and devotion to improving Chilean quality of living through education and IP law merit him our designation of most distinguished alumnus in Chile, and an exemplary role model for students interested in an international IP career. ■



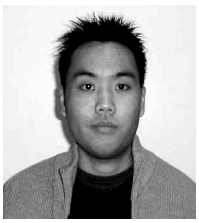
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expression"; the court then applied the traditional copyright infringement test to this core, comparing the "cores" in two works and seeing whether one core substantially copied the other. Lemley, 10 High Tech. L. J. at 12.

Contemporary post-*Altai* cases dealing with software copyright are not as plentiful as modern software patent litigation cases. However, a recent software copyright case affirmed *Whelan* by upholding the plaintiff's copyright infringement claim for software that numbered screws. *Southco, Inc. v. Kanebridge Corp.*, 390 F.3d 276, 285 (3d Cir. 2004). Also, in *General Universal Systems v. Lee*, the Fifth Circuit rejected a claim for literal copyright infringement of freight tracking software because the plaintiff did not provide their source code, and hence the *Altai* "side-by-side" test could not be performed. 379 F.3d 131, 146 (5th Cir. 2004).

The progression of software patent and copyright law to the landscape of modern-day litigation is a long and interesting path. Considering the current controversy over open-source and commercial software, the future of software litigation is uncertain. ■



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column, airing controversial and unsettled IP subjects.

In the spirit of the founders of the Germeshausen Center, Jorda is similarly dedicated and devoted to technology and the law and as its Director continues to spread Pierce Law's reputation in IP law throughout the world, enthusiastically identifying the school with prominence in the U.S. IP community.

On behalf of the students, faculty and staff at Pierce Law, we would like to express our sincerest thanks to the Germeshausens for their commitment to law and technology. Their belief and trust in bringing IP to academia has and continues to provide a channel for students of IP law and entrepreneurship to pursue their dreams at Pierce Law.



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June 12-July 14, 2006	**4TH ANNUAL INTELLECTUAL PROPERTY SUMMER INSTITUTE (CHIPSI)** Tsinghua University School of Law, Beijing, China ***www.piercelaw.edu/chipsi/***
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