FRANKLIN PIERCE LAW CENTER
GERMESHAUSEN CENTER NEWSLETTER • *Winter/Spring 2008*

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PIERCE LAW AGAIN RANKS AMONG TOP 5 SCHOOLS IN THE NATION FOR THE STUDY OF IP LAW IN *U.S. NEWS & WORLD REPORT*

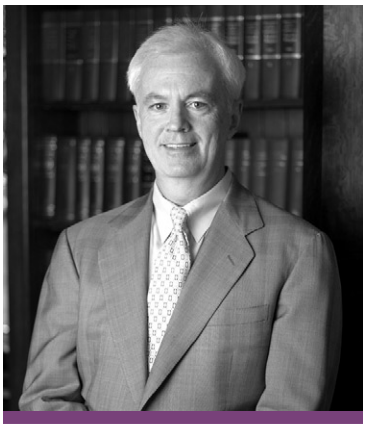
FOR THE NINTH TIME IN THE PAST 10 YEARS, Franklin Pierce Law Center was ranked among the nation's top 5 law schools for the study of IP law by *U.S. News & World Report*. Pierce Law is joined in the 2009 edition of *America's Best Graduate Schools* by the University of California-Berkeley, Stanford University, George Washington University, and Columbia University.

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PORTRAIT: STEVEN McCANN (JD '91)

BY CYRIL K. CHAN (JD '10)

WITH CHILDHOOD MEMORIES of spending time in electric power plants and courthouse hallways, Steven McCann comes from a background built for a great career in intellectual property. Although McCann cannot remember the exact moment intellectual property became the focus of his legal career, his strong interest in it came to him naturally: "From a young age, literally on the order of when I was ten years old, it was in my head to pursue engineering and law. I never wavered from this ultimate objective. Perhaps it stemmed from my father working for a technology company and my mother being in the legal profession—it just seemed like a perfect marriage (in both senses)." Following this objective, McCann has been an engineer in the commercial nuclear industry, a law clerk at the U.S. Court of Appeals for the Federal Circuit (CAFC), an attorney at a major intellectual property law firm, and chief patent counsel at MCI, Inc. (now Verizon Business). At Eindhoven, The Netherlands, McCann is now the Senior Vice President, Intellectual Property & Licensing, at NXP Semiconductors, one of the top semiconductor companies in the world.



STEVEN McCANN

McCann's multidisciplinary education at Rutgers University was one of the factors that guided him towards intellectual property and eventually to Pierce Law. His pursuit of a B.S. in mechanical engineering and a B.A. in economics "truly began the process of synthesizing disparate fields into what has become my career." His ability to study both disciplines at the same time was unique and impressive, particularly when such multidisciplinary education was very uncommon. Specifically, he did not initially plan on pursuing concurrent degrees. Before college, he worked as an

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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

BY CAROL RUH

Professor Bill Hennessey delivered a paper on "Knowledge Holders and Knowledge Owners" at the Second Global Summit on HIV/AIDS, Traditional Medicine, and Indigenous Knowledge, held in Accra, Ghana, March 10-14. He also introduced and delivered copies of the *IP Management Handbook in Health and Agricultural Innovation* that **Stanley Kowalski** helped compile, and which was published with the support of Pierce Law, with contributions from **Professors Karen Hersey** and **Karl Jorda**.

* *

Professor Karl Jorda presented a lecture on "Protection of Software via Patents" at a conference of ASIPI (Asociacion Interameriana de la Propiedad Intelectual) held in Cartagena, Colombia, December 1-5. **Professor Jorda** delivered the 2008 Foulston Siefkin Lecture at Washburn University School of Law, Topeka, KS, on February 29. His lecture, titled "Patent/ Trade Secret Complementariness—An Unsuspected Synergism," will be published in the next issue of the Washburn Law Journal. On March 19, **Professor Jorda** gave a talk also on "Patent/Trade Secret Complementariness: An Unsuspected Synergy" at the meeting of the Pittsburgh Intellectual Property Law Association in Pittsburgh, PA. "Basic Principles of Patents" was the title of the presentation **Professor Jorda** made at the WIPO-UNITAR Workshop on International Intellectual Property in New York City on March 25. **Professor Susan Richey** made a presentation on "Basic Principles of Trademarks."

* *

Professor John Orcutt was recently elected chair of New Hampshire's "EPSCoR" statewide committee. The committee's goal is to maximize science and technology resources through partnerships among universities, industries, state government and federal R&D agencies and operates on the principle that aiding researchers and institutions in securing federal funding will develop a state's research infrasructure and advance economic growth.

* *

Professors Susan Richey and **Mary Wong** attended the 2008 IP Roundtable on February 2-23 at Drake University Law School.

* *

Professor Mary Wong spoke at the 2nd Internet Governance Forum (IFG), held under the auspices of the United Nations, from November 12-15 in Rio de Janeiro, Brazil. Professor Wong's presentation was on best practices regarding implementation of copyright obligations in U.S. free trade agreements. **Professor Wong** spoke at the IP, Media & Telecommunications Roundtable at the University of Hong Kong on January 11. Professor Wong's presentation was on copyright "safe harbors" for Internet service providers, with special reference to Hong Kong SAR's ongoing copyright reform process. **Professor Mary Wong** spoke at the 5th Annual Asian IP Law & Policy Day, held in conjunction with the 16th Annual Fordham International IP Law & Policy Conference at Fordham Law School, New York City, on March 26. Her presentation was on the topic of comparative national implementations of the WIPO Copyright Treaty. She was also a panelist in two sessions of the main Fordham conference on March 27 & 28. **Professor Wong** is participating in the formation of a new Cyberlaw Virtual Clinic and is a member of its international legal faculty. She helped to secure the participation of the National University of Singapore for this project. Formation of the new Clinic is spearheaded by IP Justice, an international IP advocacy group. The Clinic will bring together law schools from Asia, Latin America, Canada and the U.S., whose students will undertake research and representation, for course credit, on Internet governance/domain name issues of concern to the non-commercial user constituency at the Internet corporation for Assigned Names and Numbers (ICANN). ■

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electronic technician in the commercial radiation industry, developing radiation monitor and safety systems. Accordingly, it was no surprise that he began his studies in engineering. However, his interests in business and economics led him to take many elective courses in those respective subjects and he eventually found himself only a few credits away from earning an economics degree as well. The biggest challenge was figuring out where this would all lead. "Family and friends did not understand; they just thought I was a perpetual student," McCann said. "The world in the late 70s and early 80s was not like the world today—combining disciplines and molding one's education was not as common. There was no Federal Circuit, no broad understanding of the importance of intellectual property. Looking back, the choices were clear, but everything is easy in retrospect. I am thankful I followed my gut and never doubted it."

McCann continued working in the commercial nuclear industry and gaining technical experience as a consulting engineer before beginning his studies at Pierce Law. As a result of the Three Mile Island Accident on March 28, 1979, the U.S. Nuclear Regulatory Commission (NRC) promulgated new regulations with the purpose of improving the safety of nuclear power plants. Notably, McCann became one of the few national experts on post-accident systems. He spent several years testing and performing radiological calibrations on nuclear reactors that were in their last months of construction. This work was paramount to the safety of the world because the nuclear reactors were responsible for isolating the outside world from radioactive materials released in the event of an accident. He worked with top scientists from Westinghouse to ensure that the systems met NRC specifications. Despite his success in the commercial nuclear industry, McCann enrolled at Pierce Law in 1988 to further his desired objective of combining engineering with law.

Pierce Law naturally attracted McCann's attention when he was researching law

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EUROPEAN INTEROPERABILITY PATENTS—A POSSIBILITY?

BY PRITI DESHPANDE (LLM '08)

IN JULY 2007, IBM PROPOSED THE CREATION of a European right called the European Interoperability Patent (EIOP). The EIOP is proposed to be a patent right to be granted within the European Union (EU) by the European Patent Office (EPO). The EIOP would allow any person or entity to obtain a license of right to use a patented technology as long as an appropriate licensing fee is paid to the patentee.

LICENSES OF RIGHT

The EIOP is similar to the collective licensing schemes which are well-known in modern copyright regimes. In some European countries, like the United Kingdom (UK), this concept is already prevalent and is called the "licenses of right." Under licenses of right, at any time after the grant of a patent, the registered proprietor can apply to the comptroller of patents to the effect that licenses under the patent are to be made available as of right. Such an application is granted after ensuring that the proprietor is not precluded by contract from granting licenses under the patent (e.g. as in the case of a prior grant of exclusive license). UK Patents Act, § 46(2) (1977). Thereupon, any person seeking a license to the patented invention is entitled, as of right, to a license under the patent for a licensing fee or royalty. § 46(3)(a). Additionally, the renewal fee payable in respect of the patent is reduced to half the normal fees when a license of right is granted. § 46(3)(d).

Similarly, the EIOP concept envisages the grant of license by the patentee to anyone who wants to use the patented invention, provided an appropriate and reasonable licensing fee or royalty is paid. If a fee cannot be agreed upon, then it is proposed to take the matter to court, which will adjudicate on what amount will be reasonable. However, unlike the licenses of right under the UK law, where the licensee has the option to undertake infringement proceedings as per the agreement negotiated between the licensee and the licensor, neither the licensors nor licensees under an EIOP license may receive injunctive relief in cases of infringement of an EIOP right, as a license will always be available to the infringer.

DISTINCTIONS FROM COMMUNITY PATENTS

Community patents, which have been contemplated in the EU for some time, are distinguishable from the EIOP in several ways. The creation of a community patent system in Europe was intended under the Luxembourg Convention, which established the 1975 Community Patent Convention (CPC). The CPC proposed a community patent that allowed individuals and companies to obtain a European patent for the common market of the EU, which was of a unitary and autonomous character and governed by a common system of law. Guy Tritton, Richard Davis, Michael Edenborough, James Graham, Simon Malynicz & Ashley Roughton, *Intellectual Property In Europe* 194 (3rd ed. 2008).

Unlike European patents granted under the European Patent Convention, which are actually a bundle of nationally enforceable rights within the sovereign states of the EU, community patents are envisaged to be enforceable throughout the EU. Often, patentees who have obtained a patent on an invention in more than one country of the EU find it expensive to enforce the patent through national courts in individual countries. The community patent is intended to solve this problem by providing for judicial harmonization of European patent law to bring into conformity the differences in the national patent regimes of the EU members and provide for a patent right that is consistent across the EU. Community patents would provide for adjudication of infringement and validity issues by centralized community tribunals within the framework of the European Court of Justice. *Id.* at 196.

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schools and felt that it was the premier intellectual property school in the nation. The breadth of the IP curriculum at Pierce Law was very attractive. McCann noted the patent practice and procedure courses as particularly valuable and unique because of the practical skills they fostered. McCann enjoyed his time at Pierce Law, describing the environment as "relaxed, congenial, and fun," an environment that is uncommon in law schools and that should be "cherished." In addition to participating in the Giles S. Rich Moot Court Competition, McCann was a teaching assistant for Contracts, Constitutional Law, and Wealth Transmissions.

After graduating from Pierce Law in 1991, McCann worked as an associate in a law firm in New Jersey for a few years before becoming a law clerk to Judge Pauline Newman of the Federal Circuit. His two and a half years as a law clerk at the Federal Circuit was the most rewarding experience of his legal career, particularly because he was there during a historic period in time. McCann started at the court just after the *In re Alappat en banc* decision and was there through significant cases like *Hilton Davis* and *Markman* (Judge Newman assigned him to work on her dissenting opinion in *Markman*). Clerking at the Federal Circuit gave him the opportunity to participate in the Giles S. Rich American Inn of Court and to meet the best legal minds in the field of intellectual property. He also spent weeks in the rare book rooms of the U.S. Supreme Court and the Library of Congress, which he described as "an amazing and historic" experience. He read practically every reported English case, dating back to the Statute of Monopolies adopted in 1623. McCann also took night classes at Georgetown Law School and received an L.L.M. in International and Comparative Law in 1995. His decision to pursue the L.L.M. was especially timely because he was studying intellectual property and international law just as negotiations for NAFTA, WTO and TRIPS were culminating. McCann saw international law as the "fourth leg of the stool," the final piece of his "academic roadmap" that allowed him to weave business and technology not only in a legal framework but also in a global context.

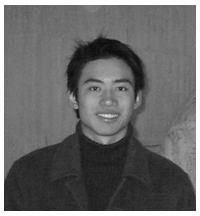
Before becoming an in-house counsel at MCI, McCann focused on patent litigation as an associate at Finnegan Henderson and had the privilege of working on significant cases involving charged coupled devices (CCDs), fluoxetine hydrochoride (Prozac), and magnetic resonance imaging (MRI). McCann was particularly excited to meet the inventors of such pioneering and revolutionary works and to have his hands on their laboratory books and original work. In 1999, McCann decided to go in-house because he wanted to "work in an environment where you get inside the business and strategic head." At MCI, McCann's key responsibilities included: defining and implementing a global intellectual property strategy, IP due diligence and negotiations for corporate mergers and acquisitions and divestiture transactions, and overseeing patent litigation activities. Working as an in-house counsel gave him "a much larger strategic business context and backdrop" to his work and allowed him to make a "real business impact."

When asked about his opinion on the current patent system and recent patent reform, McCann believes that the patent system is in an obvious state of flux with reform efforts focused primarily on procedural issues. He feels skeptical about whether current legislative efforts will translate into meaningful patent reform: "I believe many legislators truly want(ed) significant reform, but their efforts seem hampered by strong lobbies, particularly on the Senate side, that strive for status quo. Indeed, there have been a number of issues that meaningful patent reform could have tackled; but they hit roadblocks, and they have since been resolved by the Supreme Court." Nevertheless, McCann hopes to see future patent reform efforts on more substantive issues, such as damages and inequitable conduct.

Now at NXP Semiconductors, a company with nearly 25,000 patents/pending rights, McCann continues to build on his distinguished career in intellectual property. His global operations, responsible for all aspects of corporate activity involving intellectual property, currently have 65 people, with offices in Eindhoven, Vienna, Redhill, Paris, Hamburg, San Jose, and soon in Shanghai.

In many ways, McCann never wavered and has succeeded in his objective of pursuing a career in engineering and law. Indeed, he has done so much more by focusing on the business and international aspects of intellectual property. When asked what advice or comments he had for Pierce Law students heading into the IP field, McCann had this to offer: "You come from one of the finest IP institutions in the world. Keep this in mind—you have had a world-class education, likely knowing much more about IP than many of your contemporaries in the world, and will leave with significant practical experience. I hope your knowing this will help you go confidently into your new and exciting journey."

Cyril K. Chan (JD '10) received a BS in Materials Science & Engineering and a BA in English with Distinction from the University of Illinois at Urbana-Champaign. Upon graduation, he plans to practice IP law, focusing on patents.



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THE PROPOSED EIOP REGIME

The concept of EIOP dispenses with the fiction that a patent grants a monopoly or absolute exclusivity in most industries. The existing patent systems typically contain exemptions to the patent right for a number of public policy reasons. Furthermore, the patent rights granted under existing systems only give a limited monopoly that can be circumvented by another technical solution. Duncan Bucknell, *Big Blue Proposes New Type of Patent Right*, Aug. 16, 2007, **http://www.ipfrontline.com/depts/article.asp**. (last visited December 24, 2007).

Small and medium-sized enterprises (SMEs), especially in sectors such as telecom and software, are the majority of European patent holders. *Single EU-Wide Patent within Reach*, **http://pharmalicensing.com/public/articles/view** (last visited February 2, 2008). However, these SME´s have found it increasingly difficult to meet the costs of obtaining and enforcing patent rights. As community patents are not yet a reality, proprietors of patents have to defend their patent rights against infringement on a country-by-country basis, and many SMEs fail to enforce their rights because of the substantial costs. However, claims for infringement of the rights under an EIOP may be addressed on an EU wide basis in a common court having jurisdiction in the whole of the EU, as opposed to a piecemeal process in the domestic courts. Further, where claims for infringement of an EIOP are brought against anyone, the alternative to escape litigation is always available to such persons by way of a license of right. This has the potential to reduce litigation to a great extent.

As the concept of the EIOP is still under consideration and not yet implemented, its impact on royalty rates is yet to be determined. As proprietors will lose exclusivity, it would be expected that they will not be able to command higher royalty rates in their licenses. Reduced royalty rates will in turn increase interoperability, especially in the software

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THE TRIPS AGREEMENT: COMPLIANCE AND EFFICACY MORE THAN A DECADE AFTER ITS INITIAL SIGNING

BY GARTH COVIELLO (JD '08)

EMERGING ECONOMIC POWERS, like India and China, and less developed countries, like those in sub-Saharan Africa, recently joined more economically established World Trade Organization (WTO) members in their obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Yet questions remain how adequately these countries have complied with their obligations, and how effectively TRIPS induces enforcement of intellectual property (IP) rights among them. Answered simply, member countries have complied with the TRIPS Agreement and properly legislated national IP laws to meet the minimum standards TRIPS requires. However, does that mean intellectual property infringement has been effectively eliminated? Are those national laws fully protecting their IP rights? The answers likely depend on the perspectives of the countries asked.

To properly understand these questions and their answers, we must look at the development of IP in an international and historical context. The industrial age has witnessed a natural cycle regarding the growth and enforcement of IP law in developing nations. More developed countries have demanded stronger national and international IP protection, while lesser developed countries have desired weaker IP laws. Adebambo Adewopo, *The Global Intellectual Property System and Sub-Saharan Africa: A Prognostic Reflection*, 33 U. Tol. L. Rev. 749, 757 (2002). These more advanced countries have benefited economically from instituting strong IP protection, both to further the technological development within the country, and to protect the technological investment returns reaped by exporting that technology to other countries. *Id.* The less developed nations, primarily importing technology and having little research capability, have seen little benefit in protecting the IP of other countries flowing into their own. *Id.* In fact, allowing legal or illegal "infringement" of other countries' IP has boosted the economy of these less developed countries and has also allowed less expensive access to medicine and other desirable technology. *Id.* In very recent years, the U.S., along with the European Union and Japan, has pushed for stronger international laws, including those set forth in the TRIPS Agreement. Ironically, earlier in its history, the U.S. resisted instituting the type of international patent protection it now seeks. Manesh Jiten Shah, *Problems with Sharing the Pirates' Booty: An Analysis of TRIPS, the Copyright Divide Between the United States and China & Two Potential Solutions*, 5 Rich. J. Global L. & Bus. 69, 75-76 (2005). Before the U.S. emerged as a global technology leader, it instituted patent laws disfavoring protection of foreign technology and allowing domestic enterprisers to free-ride off the technology of countries like France and England. *Id.*

As less developed countries emerge as global players rather than mere importers of goods, their need for stronger patent laws grows. This phenomenon continues today. Just as the U.S. eventually conceded to England and France and extended foreign IP protection equal in strength to domestic IP protection, countries like China and India, which are emerging as dominant economic players, have recognized some need for IP laws as exemplified and advocated by the U.S., the European Union, and Japan. But then consider less developed countries, like those in Sub-Saharan Africa. These countries remain in the earlier stages of economic development where their better interests are still served by piggy-backing on the research of other countries. So therein lays a line of opposition between the dominant technological countries and the weaker ones.

As with all international law, no single sovereign represents the plurality of world nations with the power and authority to legislate and enforce fair laws. Rather, each country uses its own power and influence to further its own interests. In the case of TRIPS, the more

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technologically advanced countries leverage their economic power to promote a uniform standard for treating foreign IP, demanding that each country extend equally favorable IP protection to every country that it extends to itself or any other country. Articles 3 and 4 of TRIPS refer to these treatments as "National Treatment" and "Most Favored Nation Treatment." Less technologically advanced African countries resisted, but signed the TRIPS Agreement, as one theory puts it, to receive lower tariffs on textiles and agriculture and to receive protection via the mandatory dispute settlement process against unilateral sanctions imposed by the U.S. and other developed countries. Peter K. Yu, *The First Ten Years of the TRIPS Agreement: TRIPS and its Discontents*, 10 Marq. Intell. Prop. L. Rev. 369, 371 (2006). The IP protections mandated by TRIPS arguably assist or induce countries with emerging economies like China and India into assuming more dominant technological roles by providing a legal structure tailored for innovation. However, less developed countries without economic means, like those found in Sub-Saharan Africa, find strong motivation to disobey their obligation to TRIPS or to turn their backs on enforcing the laws passed under their obligations to TRIPS. For instance, poor countries have little or no ability to research and develop drugs necessary to provide citizens with standard health care. Granting IP protection to foreign-developed drugs makes cheaper generic copies illegal.

Countries have generally passed laws conforming to their obligations under TRIPS. TRIPS recognizes the various positions, laws, and customs of various countries by comprising only a minimum set of standards. It leaves open constructive ambiguities, public health and national emergency exceptions, and delays in adherence for least developed nations. It also provides a dispute settlement body (DSB) to fairly hear complaints of member countries against other member countries. 10 Marq. Intell. Prop. L. Rev. at 387; 5 Rich. J. Global L. & Bus. at 72-73. Therefore, countries are often able to meet their needs and interests while adhering to TRIPS. *Id.* Meanwhile, the threat of trade sanctions administered by the DSB encourages members to adhere.

Take medicine as an example. In the recent past, India developed a large generic drug manufacturing base. Before TRIPS, The India Patent Act of 1970 did not cover drugs, but only the processes to make them. Martin J. Adelman, *Prospects and Limits of the Patent Provision in the TRIPS Agreement: The Case of India*, 29 Vand. J. Transnat'l L. 507, 507, 518-20 (1996). India allowed domestic drug companies to save incredible sums of money by copying drugs researched and developed in countries like the U.S. These Indian companies could then sell generic versions at substantially lower prices within India, as exports back to the U.S., or to poorer countries whose citizens largely could not afford expensive drugs. After instituting TRIPS, India amended its laws, as required, to provide IP protection to the pharmaceutical products themselves, rather than merely the processes to make them. Shamnad M. Basheer, *India's New Patent Regime: Aiding "Access" or Abetting "Genericide,"* 9 Int. J. Biotech. 122, 126 (2007). The new laws discourage the generic manufacturing base. 29 Vand. J. Transnat'l L. at 531-32. However, they also encourage a new, stronger economy based around innovated drugs. *Id.* In the meantime, until the infrastructure adapts, India can still work with the flexibility inherent in TRIPS to weaken its patent system where it finds it necessary. 9 Int. J. Biotech. at 125. For instance, Article 31 allows compulsory licensing, with a fairly rigid list of criteria. *Id.* Under new Indian patent law consistent with TRIPS, if a generic company fails during good faith negotiations to secure a reasonable license, it may seek a compulsory license. *Id.* at 126. Under Section 84(1)(a) of India's Patents Amendment Act 2005, India grants compulsory licenses three years after a patent grant when "the reasonable requirements of the public with respect to the invention have not been satisfied." *Id.* at 127. Under Section 84(1)(b), it also grants compulsory licenses when "the patented invention is not available to the public at a reasonably affordable price." *Id.* Section 92 allows the government to grant a compulsory license for national emergencies, extreme urgency, or public non-commercial use. *Id.* at 128. These options exemplify only one method by which TRIPS allows countries to tailor their laws in their benefit. *Id.* at 125, 129-30.

For less developed nations, the story unfolds differently. African countries in Sub-Saharan Africa, for instance, with no economic base to support expensive innovation and manufacturing of drugs, look to less expensive generic reproductions. Often, affordable generic drugs reach these countries from India. Not only does TRIPS hurt less developed nations by protecting foreign IP within those countries, but also by protecting foreign IP in other countries like India. Of course, these countries may find to their advantage the same flexibility inherent in TRIPS that India utilizes, as discussed above. Furthermore, except for Articles 3, 4, and 5, Article 65 granted less developed nations four extra years to adhere to the requirements of TRIPS. Similarly, Article 66 granted ten additional years to least developed nations, and the ability to apply for even more time.

Medicine is merely one example, and a somewhat peculiar case because of public health issues, costs of research, and viability of parallel importing. Public health concerns, for instance, create flexibility in compulsory licensing that would not apply to electronics, other technologies, or copyrighted goods. But similar stories can be told regarding these various other items as well. China, for instance, embraced a flourishing copyright piracy market in the 1990's. 5 Rich. J. Global L. & Bus. at 75. But as China embraced TRIPS, it incorporated Western legal views on IP into its culture of communal property. *Id.*

Despite the attempt to tailor TRIPS fairly to be adaptable to each country's varying culture, society, and legal system, when the positive expectations of implementing TRIPS are unrealized, motivation exists to turn a blind eye to infringement. Assafa Endeshaw, *A Critical Assessment of the U.S.-China Conflict on Intellectual Property*, 6 Alb. L.J. Sci. & Tech. 295, 299 (1996). Although China continues to improve its IP protection infrastructure, some

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sector, and also help the cause of open source software to a great extent.

A consensus has to be reached among the EU member countries on the practical issues of implementing the EIOP regime. For example, issues such as whether working of an invention by the licensee in a country outside the EU can be considered to be "working" for purposes of remaining on the register of patents, need to be ascertained.

The complete details of an EIOP right are still being addressed by the EPO in conjunction with the big players like IBM, and until these details are worked out, the exact nature of an EIOP right that may emerge will remain uncertain.

CONCLUSION

It is likely that the initiation of the EIOP will benefit large players like IBM, as they will have a huge patent portfolio of EIOPs. However, IBM does not propose to substitute the current patent regime with an EIOP regime in Europe. Instead, it proposes that the EIOP co-exist with the current patent system. It will be an option available to patentees in Europe and no one will be forced to adopt it. Interview by Joff Wild with David Kappos, VP IP law at IBM, in *Intellectual Asset Management Magazine*, Aug / Sept. 2007, available at **http://www.iam-magazine.com**. The EU's acceptance of the EIOP concept depends to a great extent on the actual development of rights under the EIOP. However, it is yet to be seen how IBM will lobby for the full development of EIOPs in the EU. ■



Priti Deshpande (LLM '08) is an IP law practitioner licensed to practice in India.

HOW I LEARNED TO STOP WORRYING AND LOVE CHINA

BY TIM MCNAMARA (JD '09)

THERE IS A COMMON U.S. MISCONCEPTION that China's growing pains are in fact the result of a callous and malevolent government. This misconception is characterized by an array of criticism: from overlooking human rights, to obviating intellectual property protections and overloading countries with dangerous goods. Such "China-bashing" is often merely the result of irresponsible journalism, but it has recently developed into amplified suggestions of retribution: a formal complaint filed with the World Trade Organization (WTO), an official's boycott in the Beijing Olympics, a ban on certain imports primarily made in China. Though seemingly trivial by themselves, these events do accumulate to an exercise in self-defeat, defaming an indispensable business partner and alienating the people of a growing world power.

Much of the criticism against China seems to ignore the many changes it has undergone and serves no other purpose than to prescribe a lack of good faith. The inevitable insult that follows is not only undesirable to American businesses, but reckless to its security interests. This article, by examining some prominent issues between these countries aims to show that the U.S. should act as an ally rather than an adversary to China, and must do so if global stability and democracy are truly in our interest.

The official state of China's human rights is improving drastically though it remains an easy mark for some developed nations. The new Property Law's explicit protection for its citizens' rights to rural land is but one example. [Property Law] art. 43, (promulgated by the Standing Comm. Nat'l People's Cong., Mar. 16, 2007, effective Oct. 1, 2007), *available at* **http://www.npc.gov.cn/npc/oldarchives/zht/zgrdw/common/zw.jsp@label=wxzlk&id=362678&pdmc=1502.htm** (last visited Jan. 30, 2008) (P.R.C.). Drafters of the Law must have contemplated the increasingly frequent and public rural land conflicts like the infamous Baoding incident of June 2005 between a small village and a local government-owned power company. Philip P. Pan, *Chinese Peasants Attacked in Land Dispute*, Wash. Post, June 15, 2005, at A12. For the central government expressly affords "[S]pecial protection" that "[N]o expropriation of the [agricultural land] in violation of the authority and procedure prescribed by laws shall be allowed". Property Law. With commercial developers now on notice, the poor are secured the highest protection against unjust seizures. Notably, just nine days after the conflict in Baoding made international headlines, the U.S. Supreme Court's controversial decision in *Kelo* graced those same newspapers, affirming government taking for private use. *Kelo v. New London*, 545 U.S. 469 (2005) (holding that local governments may force the sale of private property to allow commercial development if for a public benefit), *construed* in Charles Lane, *Justices Affirm Property Seizures*, Wash. Post, June 24, 2005, at A1. Where Chinese law has defended citizens' rights in the same area that U.S. law has raised some doubts, criticism deserves reflection.

Soon after the Baoding incident, the Chinese government issued a new Labor Law in response to concerns of job security and the overwhelming urban influx of migrant workers. Joseph Kahn and David Barboza, *Chinese Workers Gain New Protections Under Labor Law*, Int'l Herald Trib., June 30, 2007, at 11. The law explicitly restricts the number of consecutive fixed terms employers may use to hire workers, mandating written employment contracts and handbooks to which they must refer in any termination. [Labor Law], arts. 10, 14, (promulgated by the Standing Comm. Nat'l People's Cong. June 29, 2007, effective Jan. 1, 2008), *available at* **http://www.molss.gov.cn/gb/news/2007-06/30/content_184630.htm** (last visited Jan. 30, 2008) (P.R.C.). Significantly, the law also removes administrative enforcement concerns of the prior law, granting to employees for the first time their own right to sue for damages in the People's Court. Labor Law, art. 30. A substantial advance for the rights of Chinese workers, this brand new law has already led major multinational

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companies to relocate operations to Vietnam and other regimes with less stringent labor laws. *Labor Laws Bolstered in China*, Int'l Herald Trib., Jan. 2, 2008, at 9.

Additionally the threat to intellectual property protections in China is not so unique as some believe, and in view of a caseload rising 20-30% yearly, shows significant improvements. He Zhonglin, *Protection of Intellectual Property Rights in China*, at 294, *available at* **http://www.abanet.org/intlaw/calendar/annual06/bizchina.pdf** (last viewed Jan. 30, 2008). Copyright infringement since 2003 has surpassed all other categories of initiated IP cases in China, doubling the number of patent or trademark cases by 2005. *Id.* at 296. China's judiciary is particularly active in China's copyright regime and trends toward increased enforcement, meaning the U.S. movie and software industries stand to benefit a great deal. But a study conducted in 2005 on behalf of the Motion Pictures Association of America (MPAA) studios slammed China, targeting it with the highest global piracy rate according to "estimated lost revenues". L.E.K., *The Cost of Movie Piracy*, at 6, (2005), **http://www.mpaa.org/leksummaryMPA%20revised.pdf** (last visited Jan. 29, 2008). The hard numbers of actual dollars lost tell a different story though, placing China sixth in a list of 21 foreign countries. L.E.K., *supra at 7.* Behind developed nations like the UK, France and Spain these figures when applied per capita depose China to nineteenth place out of those same twenty-one countries. L.E.K., *supra*; *The 2005 World Almanac and Book of Facts*, 763 (2005). While the MPAA study also failed to note any trends from year to year, annual statistics do exist for China's comparatively well established software market. Indeed the software piracy rate has dropped every year since 2003, falling 10% in just four years. B.S.A., *Fourth Annual BSA and IDC Global Software Piracy Study*, at 2, (2007), **http://w3.bsa.org/globalstudy//upload/2007-Global-Piracy-Study-EN.pdf** (last visited Jan. 29, 2008).

But the height of China's notoriety has come most recently from a wave of reports regarding dangerous imported goods. This problem however is mostly a function of China's market share in the U.S. economy. In 2006, toys from Chinese manufacturers accounted for 81% of all U.S. import dollars in that industry, but their percentage of voluntary recalls for product safety issued with the U.S. Consumer Product Safety Commission (CPSC) for Imported Child Products Including Toys was approximately 76%. TradeStats Express – National Trade Data, *Global Patterns of U.S. Merchandise Trade*, **http://tse.export.gov**; U.S. Consumer Product Safety Commission Recalls and Product Safety News, *available at* **http://www.cpsc.gov/cpscpub/prerel.html** (last visited Jan. 30, 2008). Countries like Vietnam and Bangladesh, however, do not even together contribute to 1% of this import market, yet still individually account for small percentages of CPSC issued child product recalls. *Id.*

Asian seafood import violations issued by the U.S. Food and Drug Administration (FDA) regarding contamination, cleanliness etc. reveal even more compelling statistics. During the first nine months of 2007, Chinese seafood contributed to 15.4% in dollars of all U.S. imports in that industry, and in that period was the source for 20.4% of seafood related FDA violations. TradeStats Express, *supra*; FDA-ORA Import Refusals For Oasis, **http://www.fda.gov/ora/oasis/ora_ref_prod.html** (last visited Jan. 30, 2008). It can nevertheless be inferred that other Asian nations might dwarf or possibly double China's contribution to these violations if they too enjoyed China's market share. In particular Vietnam would account for 56.8% of seafood violations if adjusted for a 15.4% market share while Japan would stand at 39.1%, with India still high at 31.7%. *Id.*

Although these examinations shed just a fracture of light on a country previously in the dark, the view is promising. Even if China's progress is lagging for some, its reforms are remarkably expansive for all. Apart from the breadth of these ambitious efforts, they are imposed on a nation with well over one billion citizens. Therefore a critique of China's human rights record for example is unqualified, or at the least premature, if it also ignores the swath of other issues China must address. Moreover, in light of its political and economic interdependence with China, the U.S. should make every effort to reinforce this valuable alliance. The historical philosophies laced in Chinese tradition provide a simple roadmap for this relationship. *The Art of War* advises that China "cannot enter into alliances until [it is] acquainted with the designs of [its] neighbors." Sun-Tzu, *Sun Tzu on the Art of War: The Oldest Military Treatise in the World* 56 (Lionel Giles ed., Plain Label Books 1910). The U.S. should be clear that its designs are to exchange in trade and ideas rather than words of incitement with China. The *Tao Te Qing* adds "Have faith in those who have good faith . . . also of those lacking in good faith. By doing so you gain in good faith." Lao-Tzu, *Tao Te Qing* 14 (Sarah Allan ed., D.C. Lau trans., Everyman's Library 1994) (1989). Circumstances like these, where China is in a continuous state of reform, are precisely the kind that warrants the U.S. to aid in their transition as an act of good faith. ■

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countries still complain about it having noncompliance issues. In April 2007, for instance, the U.S. complained through the DSB that China fails to comply with TRIPS articles 41.1, 61, 46, 59, 9.1, 14, and 3.1 regarding copyright protection and enforcement. World Trade Organization, *China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, **http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds362_e.htm** (accessed Feb. 3, 2008).

As expected, complaints through the DSB more regularly come from the U.S. and other countries previously embracing strong IP systems. Interestingly, though complaints are relatively few, and some are against less developed nations, the bulk of complaints are filed against other developed countries like the U.S. and Great Britain. World Trade Organization, *Index of dispute issues*, **http://www.wto.org/english/tratop_e/dispu_e/dispu_subjects_index_e.htm** (accessed Feb. 3, 2008). One might deduce from this fact that the global IP community is generally satisfied with the TRIPS Agreement's effect on less developed and emerging nations. Or perhaps they also realize full enforcement of legislation in compliance with TRIPS will depend on time. "The Chinese, and by analogy, other developing nation-states simply need time to develop laws, regulations, and local customs which produce the fruits of international cooperation." 5 Rich. J. Global L. & Bus. at 78.

The effectiveness of TRIPS depends on whether a country is developed and seeking strong protection for its IP rights, or developing and seeking to gain the valuable IP necessary to grow economically. The U.S., Japan, and the European Union fully support TRIPS, but feel more effort is needed to protect IP and curtail all infringement. For less developed and economically weaker countries, TRIPS imposes IP protection requirements rather than offering positive protection. The real benefit in complying with TRIPS lies in its encouragement of foreign investment in local economies. Interestingly, emerging

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ART LAW? YES, ART LAW

BY KATHERINE LEWIS (JD/MIP '09)

WHAT IS ART LAW? Art Law really depends on your perspective. So the first step is to identify yourself and your interests and how they relate to art, antiquities, cultural heritage, artifacts, etc. Your legal problems depend on who you are…are you an artist? A collector? A gallery owner? A museum director or curator? Are you on the board of directors of a museum? Are you a nation? A customs official? Perhaps a mixture? This will be a brief exploration into the various kinds of legal issues you can expect to encounter as one of the above parties.

ARTISTS

Artists are self-described people and their legal issues are as varied as their works and personalities. Many of the legal issues that come to mind when thinking of artists are intellectual property concerns. There are many cases of copyright infringement in the art world, mainly because artists are free spirits who often appropriate from other artists' work or from pop-culture icons to create their own works. A picture is worth a thousand words, so why not use an image the public already understands to build your own commentary?

However, cases of copyright infringement are not limited to situations of appropriation. There are often cases where one artist feels that another artist's work is simply too similar to their own, and so the infringing artist must have used their expression of the idea. *See Blanch v. Koons*, 467 F.3d 244, 248 (2nd Cir. 2006). Fortunately for artists like Jeff Koons and Andrea Blanch, their success affords them an opportunity to dispute issues like these in courts and seek a legal remedy. However, for many other artists this is not the case. Many times, artists are not aware of their legal rights or they cannot afford to protect them. In situations such as these, organizations like Volunteer Lawyers for the Arts come in handy. Nearly every state in the country has some variation of this type of legal aid at a discounted or *pro bono* rate to protect the rights of artists who cannot afford to protect themselves.

Trademark issues often arise in situations where the artist has incorporated a logo or slogan into their own work and the owner of said trademark does not appreciate the "infringement," like Tom Forsythe's Food Chain Barbie photograph series in 1999. *Mattel, Inc. v Walker Mountain. Prod.*, 353 F.3d 792 (9th Cir. 2003).

Trademark and copyright law do not address all the potential legal issues artists face today. As society becomes more advanced, so do the media artists employ in their works and the tools they use to bring their projects to fruition. For example, with the development of cameras came the medium of photography and through the advancement of computers, graphic design emerged. There are a growing number of video art works, sound pieces, performance art and conceptual art; there are even museums and galleries emerging devoted to cell phone art which is two-fold: photographs taken with cell phone cameras or art pieces developed for use as wallpaper on cell phone displays. None of these mediums are the traditional paintings, sculptures, charcoal drawings and the like that have been accepted by the art world or protected by the legal system.

One can quickly see that artists' legal issues really do vary as much as their works. Artists are not only in the business of making two-dimensional works that hang on the walls or sit in rooms of galleries and museums; their work surrounds us in our everyday lives through advertising, logo design, designs on clothing, and some would even argue clothing designs themselves. In these situations, the legal issues that arise are ones of employment, contracts, licensing, construction, production and even landlord/tenant problems.

MUSEUMS

The core legal interests of museums are largely similar to those of corporations, but with a few twists. Many museums are non-profit organizations, and as such are subject to

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oversight by their state's attorney general's office. Museums often have a board of directors, officers, etc. One of the major differences between museums and for-profit corporations is that as a non-profit organization they are subject to a non-distribution clause, meaning they cannot distribute to the shareholders of the corporation any profits gained through the operation of the organization. If you follow the news, you might already know that this is where many museums are getting into trouble. *See, e.g., California attorney general finds no Getty fraud*, MSNBC, **http://www.msnbc.msn.com/id/15109721** (last visited Mar. 9, 2008) (The J. Paul Getty Trust was under investigation from 2004-06 for misappropriation of charitable funds and as a result has had a former state attorney general appointed to monitor the trust for two years, "the first time in state history that someone will oversee the dealings of a charitable trust.") Some other common areas of concern for museums are employment, contracts, licensing, real estate, taxes, wills, trusts, estates, etc. Elisabeth Povoledo, *Getty Museum May Return 'Masterpieces' to Italy*, New York Times, **http://www.nytimes.com/2006/06/22/arts/22gett.html? _r=1&oref=slogin** (last visited Mar. 9, 2008), (the Getty Museum is currently in a dispute with the Italian government over their allegedly illegal acquisition of several ancient artifacts); Hugh Eakin, *Italy Offers the Met a Deal on Diputed Art*, New York Times, **http://www.nytimes.com/2006/01/13/nyregion/13met.html** (last visited Mar. 9, 2008), (The Metropolitan Museum has a similar dispute with Italy, however they have negotiated an agreement to return the objects in question in return for a rotating exchange of artifacts of equal history and monetary value); Hugh Eakin, *Inca Show Pits Yale Against Peru*, New York Times, **http://www.nytimes.com/2006/02/01/arts/design/ 01mach.html** (last visited Mar. 9, 2008) (Yale's museum is in a dispute with the Peruvian government over artifacts acquired during an excavation in Peru headed by Yale archeologists in 1912).

What is unique about museums is how they build their collections and the legal ramifications accompanying the growth. Many of their collections are given to them as gifts from living individuals, and in these circumstances the individual making the gift gets a tax break for the value of the gift in return. Additionally, museums acquire pieces as beneficiaries in wills and trusts, as well as through purchases, loans, rotating or traveling collections/exhibitions, or sometimes through more illicit means.

The following example will illustrate some of the more controversial activities of museums and their legal implications. Recently, the FBI and U.S. Customs agents raided four Southern Californian museums in search of allegedly looted items from countries such as Thailand, Myanmar, China, and artifacts from Native American sites. Jason Felch, *Raids suggest a deeper network of looted art*, Los Angeles Times, **http://www.latimes.com/news/local/la-memuseums25jan25,0, 101198.story?page=1** (last visited Mar. 9, 2008).

The IRS initially became involved because the buyers/collectors (who were likely knowing participants in this scheme) were purchasing the artifacts for one price, getting documentation that valued the artifact at as much as 400% higher than the artifact's actual value, donating the piece to unknowing museums with accompanying documentation and getting tax breaks for the inflated value. Clear-cut tax evasion and fraud.

In order to get the artifacts across the border, the perpetrators painted the artifacts over, applying small labels reading "Made in Thailand"/"Made in China" so that the items would appear to be contemporary re-makes of the originals and not raise suspicion. It is due to this deception that U.S. Customs became involved in the case.

The FBI became involved not only as an investigative unit for the above crimes, but also because the act of smuggling these artifacts out of their country of origin and into the U.S. violates federal laws and international treaties. The FBI planted an agent to act as a collector seeking various artifacts from these countries. The agent then learned the processes by which the museums were orchestrating their schemes. This is how the FBI gathered enough evidence to validate 150 pages of warrants, allowing them to search the museums as well as other houses and facilities suspected of holding illegal artifacts.

INTERNATIONAL PROBLEMS IN ART & ANTIQUITIES: GOVERNING TREATIES & DOMESTIC LEGISLATION

Recent problems in international art and antiquities have arisen through the development of the European Union. For example, Italy is having difficulty keeping artifacts in the country because not only do they not have the resources necessary to police all historical and archeological sites in the country, but also because there are no border checks to keep the artifacts contained in Italy. As such, more and more artifacts are winding up in northern European countries who have little incentive to enforce the return of the objects to Italy. In addition, because the European Union only creates a cohesive European currency and not a cohesive cultural or legal system, there are some countries whose export laws are more lax than others, resulting in higher rates of illegal exportation. Not only is this an issue of legal importance but also one of cultural importance: the black market not only deprives the world of the object itself, but also the cultural heritage it embodies.

Other international antiquities concerns stem from ongoing cultural property disputes rooted in historic colonialism and events surrounding WWI and WWII. For example, many holocaust victims as well as citizens of countries occupied by Germany during WWII are attempting to reclaim art works and antiquities they were forced to give up, relinquish or leave behind that are now surfacing in art galleries, museums, and private collections. A lesser-known controversy continues between Russia and Germany, quarreling over the ownership of thousands of artworks and antiquities Russia claimed during their occupancy of

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Germany at the end of World War II. These disputes are ongoing and resolutions are slow to come about because there are several competing theories of ownership where cultural property is concerned and there is little guidance from existing state and international laws.

To give a brief overview of applicable law in this area of practice, governing legislation in the U.S. includes the Copyright Act, the Native American Graves Protection and Repatriation Act, and the Cultural Property Implementations Act. International treaties governing cultural property, art, artifacts and moral rights include the Convention for the Protection of Cultural Property in the Event of Armed Conflict, enacted at The Hague; UNIDROIT's Convention on Stolen or Illegally Exported Cultural Objects; and UNESCO's Convention on the Illicit Movement of Art Treasures and the Berne Convention.

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MAKING THE GRADE: AN ANALYSIS OF COPYRIGHT POLICY AT ELITE MUSIC SCHOOLS

BY KRISTEN MILLER (JD '07) AND SHANNAN DE JESÚS (JD/MIP '07)

IN RECENT YEARS, COLLEGE AND UNIVERSITY STUDENTS have experienced a rather abrupt awakening to American copyright law due, in part, to the highly publicized lawsuits filed against students for illegally downloading music files. Michael Gousgounis, *Students Targeted in File-Sharing Lawsuit*, The Yale Herald, April 11, 2003. However, less attention has been given to protecting the copyrights of students and educating students on copyright issues related to their personal works. For students enrolled at performing arts institutions (particularly music schools), there are heightened copyright concerns. These students come to such institutions with the specific intent to perform, compose, and publish at a professional level. But are these students actually aware of their copyright protections? Do institutions actively educate students about copyright protection? This article is a summary of a paper which attempts to answer these questions by looking at the efforts of some music programs at elite performing arts institutions.

Copyright protection exists in original works of authorship fixed in any tangible medium of expression, including literary works, musical works, dramatic works, choreographic works, audiovisual works, sound recordings and pictorial/graphic/sculptural works. U.S. Copyright Act of 1976, 17 U.S.C. § 102 (2006). Protection exists for compilations and derivative works, and may exist regardless of whether the work is published. 17 U.S.C. §§ 103-04 (2006). It does not matter if the work produced is of publishable quality, or who the author is. Determining copyrightability is an objective test—not a subjective one based on the quality, value, experience, or notoriety of the author. As Justice Holmes emphasized in *Bleinstein v. Donaldson Lithographic Co.*, it is not the role of judges to determine what constitutes art. 188 U.S. 239, 251 (1903).

It is imperative that students realize that they have statutory rights in the works they create. Student works are no less copyrightable or worthy of protection than the works of well-known artists. Awareness of copyright law, and the importance of protecting written pieces, recordings, compositions, or even academic papers as their work, is crucial in the industry and may significantly impact future employment. Six schools were subjectively chosen for this project. Two are associated with larger institutions and four are small, private performing arts schools.

The introductory questions asked of each school were: (1) whether the school has a written policy on copyright as applied to student work and if so, what it says; (2) whether the school has coursework to inform students of copyright issues; and (3) what other methods does the school utilize to protect student works and inform students about copyright law. Each school's website was searched for additional information such as course descriptions, student handbooks, department sites and special web pages relating to legal concerns. The information was compared for similarities among the schools. It was originally hypothesized that there would be some uniformity between the schools. However, this hypothesis proved incorrect as there was considerable variance in what courses are offered, how copyright issues are communicated to students, and even in the faculty knowledge of the policies.

The first weakness associated with students not being aware of copyright protection was that many schools lacked a written copyright policy. Only three out of the six schools reported that there were written copyright policies applicable to students. Two others stated that an official written policy did not exist and one specifically stated that the

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school's community relies upon common law copyright alone. Of the schools that did have written policies, two schools had the policies written in student handbooks. The handbooks, as found on each school's respective website, provided only brief mentions of copyright policies. In fact, one policy focuses more on plagiarism and addressing copyright concerns is treated as an afterthought. By maintaining general, cursory copyright policy and not providing specific information about copyright law, schools come across as dismissive of the issue.

Another seeming problem is how some schools address ownership of student works. One school's handbook required students, under a recording and release agreement, to assign their copyrights to the university. Many students attend specialized music schools hoping to produce unique work. Requiring students to assign the copyrights in their works to the school deprives them of their right to co-authorship. Assigning all student works to universities leaves the student with little to put on their professional resume or uninhibited use later. It begs the question whether students are paying for a service (education) or working for the university. If it is the latter, is there an imbalance—with students paying for an education, and the university receiving both revenue from tuition and the value of the students' intellectual property rights?

It was also found that there was no uniform method or means by which institutions educate students and protect student's copyrights. Of the six schools interviewed for this project, only half had courses relating to issues of licensing or copyrights. Of the schools that provided such courses, copyright or licensing may only be one segment of the course. More importantly, such courses are generally not required for graduation. As a result, students may not receive as thorough a treatment of the law as is needed to become adequately informed about copyright law to protect their works. However, all six schools provided some general mention of attempts to inform students. For example, at orientation, schools have introduced forums to address copyright issues. Other methods of educating students of copyright protection include: private meetings between students and professors, and providing links on the school's websites to resources such as the U.S. Copyright Office, the Harry Fox Agency, and the Stanford Copyright and Fair Use Agency.

Prominently, the largest problem the authors found was a lack of urgency in protecting student works as intellectual property. Unfortunately, the authors found a sense on the part of some faculty that copyright law was not a large concern on campus. At one school, even though students majoring in composition are required to create multiple unique pierces of work, it was noted that because most of the students are undergraduates, they are generally unconcerned about copyright issues. This school relies solely on common law copyrights, mostly because they don't think the students' works would be pirated. While this school has no stated policy regarding student works, it does make efforts to protect the copyrights of visiting composers. This marked difference in the treatment of works between student work and that of guest composers is problematic. First, it imposes a subjective judgment on the worth of student work. It also provides a false sense of security to students; if the university does not think student works will be pirated or infringed, students may think that they need not worry about it either.

Additionally, a number of schools reported the use of student work in musical performances, theatrical performances, class instruction, or for general use on the Internet. Section 107 of the Copyright Act sets out four factors to be considered in determining whether or not such use is fair: (1) the purpose and character of the use (including if for commercial or non-profit educational use), (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and (4) the effect of the use on the potential market for or value of the copyrighted work. 17 U.S.C. §107 (2006). Use of student work by the school, while flattering to the student, does little to help students understand what their legal rights are. In fact, by simply saying that such use is permitted under the Fair Use Doctrine, students may be given the impression that other uses may be encompassed under the doctrine when they would be, in fact, infringing actions.

Students need to be fully informed members of the artistic community and know whether to copyright a work and the rights associated with copyright. Providing information about copyright law is a crucial part of this lesson and schools need to help teach it. Further research into the way that universities deal with copyright is needed to gain a broader understanding of the university perspective. It is advantageous for schools to develop distinct copyright policies. Universities may want to consider entering into time-specific, royalty-free, non-exclusive licenses with their students to allow performance of the works while providing students maximum copyright protection. Courses are needed to communicate copyright law to all students; such courses should be required part of every music school's curriculum. But most importantly, there is need for greater understanding of student copyright issues among faculty, administration, and students. ■



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"We have been very successful in maintaining our enviable position in intellectual property even as this fast-growing field has attracted the attention of many large, well-known law schools," says Pierce Law President and Dean John D. Hutson.

Hutson points to the school's small student-faculty ratios and cohesive atmosphere as foundational to the high ranking. "Our success over the years is due to two irreplaceable elements: great faculty and great students."

Pierce Law offers the most extensive IP law curriculum in the U.S. through its Germeshausen Center for the Law of Innovation and Entrepreneurship. Home to the nation's largest IP faculty and IP law library, the Germeshausen Center provides students and scholars with unsurpassed opportunity for in-depth study of patent, trademark, trade secret, licensing, copyright, computer/internet law, and related fields.

Pierce Law's long-time emphasis on practical legal skills and commitment to public interest law distinguish its IP and other law programs in ways that have a global reach and impact.

"Pierce Law's students and faculty are taking their intellectual property knowledge around the world to improve the economies and lives of others," says Associate Dean Susan Richey. "For example, our students are currently involved in a patent landscape project in Africa to improve the availability of HIV vaccine technologies."

In addition, Pierce Law hosts two IP-focused summer educational institutes overseas, one in E-Law with University College Cork in Cork, Ireland, and the China Intellectual Property Summer Institute in Beijing, through a cooperative program with Tsinghua University.

Pierce Law is an independent, ABA-accredited law school offering JD, LLM, and Master's degrees with concentrations in intellectual property, commerce and technology, international criminal law and justice, business, criminal practice, and social justice.

From the Editor

*This editor's column was authored by Carrie Webb Olson (JD '00) as guest editor. It deals with a very timely and topical issue in the tradition of prior editor's columns. Fraud in trademark cases, although it has less notoriety than "inequitable conduct" in patent cases, can nonetheless have equally serious consequences. Carrie's article not only pinpoints the pitfalls in the prosecution and maintenance of trademark applications and registrations but also offers valuable avoidance tips. The trademark profession is indebted to her for a great contribution to trademark literature. — **Karl F. Jorda, Editor***

THE FRAUD FACTOR: U.S. TRADEMARK OWNERS BEWARE!

BY CARRIE WEBB OLSON, ESQ. (JD '00)

BY NOW, MOST U.S. PRACTITIONERS have come to either love or loathe the current and evolving state of the law concerning "fraud" in the prosecution and maintenance of federal trademark applications and registrations. Below is a summary of the law and some practice tips for avoiding problems down the road.

WHAT IS IT?

Fraud occurs when a trademark applicant or registrant makes a false statement regarding a material issue, resulting in the issuance or continuation of a trademark before the U.S. Patent and Trademark Office ("PTO"). Fraud exists only when the misstatement involves a "material issue" concerning the application or registration. Misstatements concerning ministerial matters are not subject to a fraud analysis and can be remedied. However, if the registration would not have issued or been maintained, *but for* the misstatement, e.g., relating to use, then fraud has occurred and the registration will be irreparably tainted.

WHEN DOES IT OCCUR?

Fraud occurs at the time of submission of a sworn document to the PTO. Once a fraudulent statement has been made, there is no remedy.

The prevailing and most damaging occurrence of a false statement arises when a trademark owner files a Statement of Use, a Section 8 Affidavit of Use and/or a Section 9 Renewal application. These documents and the statements made therein are tied directly to the identification of goods and/or recitation of services listed in the application or registration. When filing any of these three documents, the applicant/registrant is swearing, under oath, that it is "using" the mark in connection with each and "every item" listed in application or registration.

WHAT ARE THE CONSEQUENCES?

Any registration that issues or is maintained due to a misstatement is forever marred and vulnerable to challenge by third party. A successful challenge based on fraud results in the cancellation of the entire registration.

The cases recite a litany of failed defenses to fraud claims, including poor health, English as a second language, failure to understand the statements in the Declaration and PTO form and innocent mistake. None of these arguments have been successful in saving a challenged application or registration.

Unlike general law where the intent of the party plays a critical role in a finding of fraud, the current line of cases decided by the Trademark Trial and Appeal Board ("TTAB") results in a finding of fraud where the applicant or registrant "knew or should have known" that the statements were false. The subjective intent of the party is not a factor—it is the

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objective manifestation of the party's intent that is determinative in a finding of fraud before the TTAB.

WHEN DOES IT ARISE?

The TTAB has created a clear rule with a clear remedy. Therefore, asserting fraud in opposition and cancellation proceedings, either as a defense or as a strategy for removing obstacles to registration of a junior mark, can be a very effective tool.

In most cases, a fraud defense will fall on an unwitting plaintiff, who will then have to scramble to either counter the assertion and/or prepare to assert its common law rights in and to a trademark.

WHY DOES IT HAPPEN?

In most cases, the mistake will be innocent—particularly in the case of the Section 8 Affidavit and the Section 9 Renewal filings. By the time these documents are due to be filed, the registrant has owned the mark for at least five years. During this time, development and commercialization of the brand is well underway. In fact, the mark may have evolved into areas that are different from that which was originally contemplated.

However, unless there are enforcement issues that arise during the first 5 years of the life of a trademark registration, communication between the business professionals and their trademark attorneys may be relatively quiet. When the opportunity to file the Section 8 affidavit comes due, the trademark practitioner is likely to prepare a form from the PTO website, which must be signed and submitted with a specimen.

Complications and/or confusion can arise due to several factors: First, there is a difference between the specimen requirements and the declaration requirements associated with these maintenance documents. The Rules require submission of a single specimen for any one of the items in each Class listed in the registration. However, the signature on the declaration is verifying that the mark is in use in connection with all the items listed in the registration. Second, the PTO electronic forms for signature do not specifically identify each of the items listed in the registration. They simply state that the mark is in use with "all goods and/or services listed in the registration."

If the form is passed along to the client for signature, the client may not immediately recognize the gravity of the statement being made. The business person may simply acknowledge in his or her own mind that the mark is in use and sign the document. Many busy executives will not investigate, but rather, rely on counsel to either advise them of the criticality of the situation and/or present them with accurate documents for signature.

PRACTICE TIPS

The Board appears to be honing in on the "should have known" standard to remind us of the seriousness of the papers that we file with the PTO and to maintain the integrity of the process. However, many practitioners believe that the penalty outweighs the crime in these situations. Nonetheless, the issue presents a good opportunity for trademark practitioners to sharpen their practice and increase the level of communication with their clients concerning "use" as a legal term before the PTO, versus "use" as a business term among executives and marketing professionals.

There is no such thing as a "routine filing" when it comes to U.S. trademark practice. Given that the PTO maintenance forms do not specifically identify the goods and/or services listed in the registration, it is a good idea for the trademark practitioner to list these items and to point out the need for the use on all of the items listed in its correspondence to the client concerning the filing.

When maintenance documents come due, the trademark practitioner and the business client should undertake an investigation into the scope of use of the mark before any documents are signed and

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PIERCE LAW IP BLOGS

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JORDA ON TRADE SECRETS—THE INTERFACE BETWEEN PATENTS AND TRADE SECRETS

Over his career of fifty years in industry and academia Karl Jorda has assembled quite a few credos, insights and truisms about trade secrets, in general, and three salient trade secret issues, in particular, namely: the importance of trade secrets; the complementariness of patents and trade secrets; and the criticality of trade secrets in technology licensing and technology transfer which he will share with you on his blog.

www.tradesecretsblog.info

TRADE SECRETS VAULT

Professor Jon Cavicchi has opened the Vault to the world and shares a wide range of information on trade secrets. The intent of this blog is to raise consciousness as to the range, extent, predominance and role trade secrets play in day to day business and legal environments.

The Vault complements the Pierce blog, ***Jorda on Trade Secrets — The Interface Between Patents and Trade Secrets.***

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filed with the PTO. Trademark attorneys should consider reaching out to their clients to start the conversation well before the deadline to file the documents. The TTAB will consider the steps taken by the signatory to confirm the accuracy of the statements to determine whether the applicant/registrant "should have known" about any misstatements.

An ancillary consideration is whether attorneys should sign official PTO documents on behalf of their clients. While certainly permissible according to the Rules, presenting these documents to the client, with careful instructions for review and signature, could create a higher level of attention to the accuracy of the information contained therein. In view of the current climate, such a practice may be prudent.

The issue of fraud has created a buzz in the trademark community over the past few years. While most practitioners have modified their practice to address the issues going forward, there is still the problem of the irreparably tainted registration, which may have been "fraudulently" maintained or renewed prior to widespread attention to this issue.

Therefore, sound practice would entail conducting an audit of any trademark registrations that are key to the company's business, and likely to be enforced against second-comers to the market. A careful review of recitations of services and identifications of goods alongside marketplace specimens in support of each and every item listed in the registration will identify misstatements and potentially vulnerable registrations. Where problems are identified, the registrant should consider filing replacement applications with the PTO.

Prior to commencing any opposition, cancellation or federal trademark infringement action, a trademark owner should confirm that the registration(s) to be asserted are not vulnerable to attack. If problems are identified, a trademark owner may still bring an action; however, the plaintiff should be prepared to litigate its claims based on common law trademark rights. While a common law trademark owner's burden of proof is higher, and scope of protection can be narrower than that of a federal trademark registrant, there may still be a basis for seeking protection under the law.

In sum, the recent TTAB decisions on fraud serve to remind trademark owners, and their lawyers, that PTO declarations are serious documents, which incorporate a solemn oath attesting to the facts therein. It is clear that there is a duty to investigate the facts prior to signing the documents. Prudent practice and attention to detail will increase the cost of maintaining a trademark portfolio, both inhouse and in private practice. However, alerting trademark owners to the requirements for filing an accurate document and discussing those requirements as they relate to the client's business can prevent the loss of registration due to a misstatement uncovered at a later date.

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powers like India and China, which might still struggle against strong protection today, will likely endorse it as fervently in the near future as the U.S. does today. Their implementation of TRIPS indicates they are already headed in that direction.

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