**When Patents and Copyrights Collide**

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*Do the USPTO and patent attorneys infringe when they reproduce copyrighted non-patent literature for one another?*

On January 19, 2012, Bernard Knight, the General Counsel of the USPTO, issued a memorandum entitled, *USPTO Position on Fair Use of Copies of NPL Made in Patent Examination*. As explained on the cover sheet, it was prepared after the Office "received several inquiries from the patent community concerning copyright infringement and the use of non-patent literature (NPL) in the examination process."

The PTO memo considers three questions: Whether it is fair use (I) for the USPTO to provide copies of copyrighted NPL to patent applicants in the course of examination; (2) for the USPTO to provide certified copies of entire file histories, including copyrighted NPL, to the public for a fee; and (3) for applicants to make copies of copyrighted NPL and submit them to the USPTO. The details vary, but the memo argues that the answer to each question is "yes." *Id*. at 5-6.

First, Knight notes, "Although most of the prior art that the USPTO currently provides to applicants is now licensed by the USPTO, the USPTO occasionally still makes copies of unlicensed NPL…." *Id*. at 2. He also notes that the Office does not provide copies in such a way that they "could be used and copied — even systematically copied — for reasons unrelated to patent matters." *Id*.

Supporting the Office's position on the first two questions, Knight's memo cites several cases finding that use "for a non-commercial, governmental purpose… not for their

expressive content, but as evidence relating to" the patentability of particular inventions is fair. *Id*. at 3. That addresses the first of four factors listed in 17 U.S.C. § 107, "the purpose and character of the use, including whether such use is of a commercial nature."

Knight also cites Campbell v. AcuffRose Music, 510 U.S. 569, 579 (1994), for the proposition that "transformative" uses are favored. Other courts have made much of that, but usually in situations distant from the facts in *Campbell* — where the second work was a parody of the first. That is perhaps the weakest argument made.

The second factor is "the nature of the copyrighted work." Although work published by technical journals is supported by others, and frequently by taxpayers, some seem not to appreciate the consequences were publishers denied income from subscriptions and royalties. Knight does not mention this.

The third fair use factor is "the [relative] amount and substantiality of the portion used." Knight notes, at 4, that the amount used varies but concedes that "copying less than the entire work is often not an option."

The last factor is "the effect of the use upon the potential market." This factor is frequently seen as most important for fair use purposes and seems so here. Stressing a point sometimes neglected, Knight states: "'Although in every fair use case the plaintiff may suffer a loss of a potential market if that potential is defined as the theoretical market for licensing the very use at issue, the potential effects on licensing revenue have been limited to 'traditional, reasonable, or likely to be developed markets.' American Geophysical Union v. Texaco, 60 F.3d 913 (2d Cir. 1994)." He thus concludes, "Given that the only identifiable 'market' for these works that the USPTO's

use might 'impair' appears to be the market for use of these works in patent examination itself, there does not seem to be any cognizable market impairment."

His analyses of USPTO liability may deter suit. They will, however, not come into play until suit is filed against the Office in the U.S. Court of Federal Claims under 28 U.S.C § 1498(b).

Meanwhile, as anticipated by Knight's memo, the third issue he addresses came into play on Feb. 29th, when the American Institute of Physics and John Wiley and Sons filed suits in Illinois and Minnesota. The latter complaint alleges that one firm and ten John Does infringe, for example, by copying articles and filing them with the Office. It also alleges that the copying is commercial (¶ 14) and, referring to the firm's claim to practice copyright law (¶ 13), insinuates that infringement is willful. As I've mentioned before, if custom plays any role, that notion is unsupportable.

Although Knight's analyses might carry little weight in such a context, he opines, at 6, that applicants' government-imposed obligation to submit copies of NPL means that their use is not "commercial" and is otherwise favored under the first factor of § 107.

That argument is not as compelling as one accepted in SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharm., Inc., 211 F.3d 21 (2d Cir. 2000), *cert. denied,* 531 U.S. 872 (2000). There, after a SmithKline patent expired, Watson sought FDA approval for a generic version. Because such approval was conditioned on use of "labeling almost identical to appellant's copyrighted guide and tape," the court found "SmithKline's copyright claim… meritless." *Id.* at 22, 25.

Knight also maintains: "The analysis for the second, third, and fourth factors is virtually

identical to the analysis for USPTO use. Under the fourth factor, it is also worth noting that the copies of NPL that law firms typically submit to the USPTO have been obtained through legitimate, licensed databases, and thus have already been paid for once." If firms and the Office already license NPL, citations, alone, may often be adequate. Yet having hard copies of key references in files is surely more convenient.

Fair use is an affirmative defense; plaintiffs need not prove its absence. Yet, unlike the situation in *American Geophysical Union*, cited above, it is hard to believe that creation of convenience copies has any, much less substantial, potential to erode plaintiff's subscription base. If so, and to the extent that articles in fact have been "already paid for once," plaintiffs will have a tough time sparking the sympathy of courts.