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Challenging Patent Validity in Brazil – What Difference Does the AIA Make?

By Julio Regoto¹

The recent changes introduced by the Leahy-Smith America Invents Act (“AIA”) in the U.S. patent system modified its standards to be consistent with international norms, which may help American inventors in other jurisdictions, such as Brazil.

1. Brazil at a Glance

Brazil is the largest country in South America. Its population of almost 200 million people – 60% between the ages of 15 and 54 years old and 87% of whom live in urban areas – makes the country one of the largest consumer markets in the world.² Since the mid-1990s, the Brazilian economy has been growing steadily. According to UN figures, Brazil overtook the United Kingdom in 2011 as the seventh largest economy in terms of Gross Domestic Product (GDP).³

The country is characterized by its large oil and gas reserves and well-developed agricultural, mining, manufacturing, and service sectors. The country is one of the fastest growing markets for various consumer goods, such as electronics, beauty and healthcare products,

motor vehicles, and home appliances. Brazil’s economy outweighs that of all other South American countries combined and is expanding its presence in world markets.

Brazil is an original signatory to the Paris Convention for the Protection of Industrial Property⁴ and to the Patent Cooperation Treaty (PCT).⁵ Brazilian legislation is in conformity with most of the standards established by the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).⁶

Under Brazilian Industrial Property Law (“BIPL”) (Law No. 9,276/96),⁷ protection is granted to trademarks, patents, utility models, and industrial designs. False geographical indications and acts of unfair competition are prohibited. Company names are protected by specific rules. The Brazilian Patent and Trademark Office (“INPI” or “BPTO”) was established in 1970 and is the governmental body responsible for issuing and enforcing the rules on industrial property rights. Brazil follows the first-to-file system for intellectual property rights.⁸

Together with the country’s economic improvement, intellectual

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May 2013

The spring season is especially busy for the NYIPLA, and this year has been no exception. In the past two months, we have held two of our premier events. On March 22, the NYIPLA held its 91st Annual Dinner in Honor of the Federal Judiciary at the Waldorf Astoria Hotel. The dinner continues to be the premier event in the intellectual property field, with several thousand guests paying tribute to the federal judiciary. We were fortunate to have so many honored guests attend this year's dinner, including the Chief Judges of many federal district courts and the Honorable Randall Rader, Chief Judge of the Court of Appeals for the Federal Circuit. Judge Barbara Jones, recently retired from the Southern District of New York bench, received the NYIPLA Outstanding Public Service Award. Judge Jones delivered thoughtful remarks on the value and rewards of public service. Our dinner speaker, Michael Strahan, entertained the audience with an engaging narrative of his journey from childhood in a military family in Germany to eventual NFL standout and television star. Planning for the dinner is a significant undertaking, and we were fortunate for all the excellent efforts of the dinner committee led by Tony Lo Cicero.

More recently, we held our Annual Meeting and Awards program at the Princeton Club. This day has grown into an action-packed series of events that are a cornerstone for all of our activities. Dorothy Auth spearheaded the events, which began with a CLE luncheon featuring panels of lawyers in private practice and corporate legal departments addressing issues in an "Attorney Feud" format. Kevin Ecker moderated the panels, and gathered interesting survey results from our membership on various aspects of the relationship between law firms and their corporate clients. Based on the positive feedback, we may see this format again in future programs. Next, we

broke into workshop groups for CLE programs in the areas of patentable subject matter, trademark and copyright issues, internet and data privacy, and comparative law in patent procurement and enforcement. Our committees then held meetings, followed by the Annual Meeting of the Association. Congratulations to Charlie Hoffmann for taking the reins of the Association at the Annual Meeting, and to all the new officers and directors of the NYIPLA. The NYIPLA promises to be in excellent hands with this leadership team in place. After a brief Board of Directors meeting, the Awards Dinner provided a fitting capstone to the day. As is our custom, awards were conferred on the student winners of the Hon. William C. Conner Writing Competition and the Hon. Giles S. Rich Diversity Scholarship, and on the Inventors of the Year. Thanks to the Honorable Roslynn Mauskopf for presenting the Conner Writing Competition awards. We also are grateful to the Honorable Dennis Jacobs, Chief Judge of the Court of Appeals for the Second Circuit, for his insightful and humorous keynote address on the delights of serving on an appellate bench.

The next issue of the bulletin will feature a column by our new President, Charlie Hoffmann. I have enjoyed the privilege of serving you this past year, and look forward to participating in the continued success of the NYIPLA. My final thought is one of gratitude

and appreciation for the tremendous efforts of all our members and of Feikje van Rein, Robin Rolfe, Lisa Lu, Elena Suarez and their colleagues at our executive offices. Feikje, Robin and the team are outstanding professionals who enable the membership to do all the necessary work of this substantial organization and also to enjoy its numerous benefits. We are lucky to have such outstanding colleagues. Enjoy your summer!



Tom Meloro

property protection has gained ground as a major economic driver. Following commonly known examples of developed countries, the Brazilian government decided to implement measures to enhance research and development investments. Innovation became a keyword, increasingly bringing attention to intellectual property and the necessary measures to protect and profit from new technologies.

The Federal Government's "Brasil Maior 2011/2014" plan – whose motto is "*Innovate to compete. Compete to grow.*"⁹ – aims to promote innovation and technological development as means of leveraging Brazil's participation globally. By mastering advanced technologies and having national products with higher added value, Brazil expects to advance from a mere commodities exporter to a supplier of high-value-added products with greater profitability. Many technology and R&D Centers were recently established in the country encouraged by local rules. Brazil has about 75% of all the R&D investments in Latin America.¹⁰

Aligned with these measures, the BPTO is working to reduce its backlog and respond faster to users' filings. In 2012 alone, there were 33,780 new patent applications, of which approximately 25% were filed by U.S. nationals, and 22,639 were PCT applications.¹¹

2. The AIA

In March 2013, some of the most dramatic changes introduced by the Leahy-Smith America Invents Act were implemented, shifting the U.S. "first-to-invent" to a "first-to-file" system. This change reset American patent practice to be in accord with what was already reality in the rest of the world. The new system is an incentive for inventors and companies to quickly apply for patent protection or risk losing their rights. Notwithstanding, inventors are granted a grace period to safeguard patent rights against disclosures made up to one year before the effective filing date.

The AIA also introduced new administrative proceedings at the United States Patent and Trademark Office ("USPTO"), which present new ways for challenging and correcting patents. The AIA created opportunities for members of the public, including those who are being sued for infringement, to challenge a patent's validity in the USPTO.

The initial examination process is now more transparent. The public is allowed to offer relevant

information for patent examiners to use. Any information that has been made available to the public in any way (written or oral), place, state, or form before the filing date of a patent can be used to validate, defend, protect, or invalidate a patent. Prior art from every part of the world, in any language or format can be presented. Any third party interested in barring the granting of a patent may be able to show that the invention has been "anticipated." One might also argue that the prior art only needs minor tweaks or arrangements to obtain the invention, which is "obvious."

This enhances the likelihood that the patent examiner will possess all relevant information to determine the patentability of an invention, improving the quality of the patent being granted and reducing the chances for future challenges to the validity of the patent. The validity of patents granted using these criteria is more assured, and enforcement is easier.

The AIA also provides new proceedings before the USPTO allowing the public to initiate a review of patents already granted. These procedures provide a mechanism that is an alternative to litigation to challenge the validity of a patent. The procedures are generally designed to lead to a less expensive and more timely decision than is available in most courts, and to allow the challenger to make its arguments to a panel of experienced patent judges.

3. Challenging Patent Validity in Brazil

While the AIA modified the American patent system substantially, it also helped harmonize it with what was already in force in the rest of the world. Brazil has had a first-to-file system for a long time, and most of the new USPTO practices and procedures adopted by the AIA are already available in the BPTO.

The BPTO follows three basic patentability requirements: novelty, inventive step, and industrial application. One can apply for a patent covering either products or methods. Under Brazil Intellectual Property Law ("BIPL"), patents are granted for a period of 20 years from the filing date. If the prosecution of the patent lasts for more than 10 years, an additional special term of 10 years from the date of the grant of the patent may be obtained.

Just as was introduced by the AIA, under the BIPL any person with a legitimate interest may

submit documents and evidence to assist the examination of the patent application, from the date of publication of the application up to the end of the examination. There is some question as to when the examination actually ends, especially for pharmaceutical patents; however, if data is presented up to 60 days from the publication of the application, it shall be considered by the examiner.

The applicant is not officially notified of the presentation of data by third parties prior to the issuance of the examiner's report. Data presented by a third party will be examined together with the results of prior art searches conducted by the examiner, except in cases in which the data presented are considered to be sufficient to prove the lack of novelty of all the application claims. Relevance of all documents and data presented to the examiner shall be considered on an equal basis with the documentation found during prior art searches. In all cases, the source of any data provided will be listed in the examiner's opinion.

With regard to the new post-grant review introduced by the AIA, the BIPL has a similar procedure. The BPTO itself or any person having a legitimate interest may begin an administrative nullity proceeding against any issued patent within a period of six months after the granting of the patent. The nullity proceeding will be decided by the Commissioner of the BPTO and after his decision the administrative procedure shall be considered closed.

After the administrative procedure has ended, a granted patent can always be challenged in court. A patent nullity lawsuit can be filed at any time during the life of the patent by the BPTO or by any person having a legitimate interest. The nullity of a patent can also be argued at any time as a matter of defense in an infringement lawsuit pending before a court.

Patent nullity lawsuits are to be filed in the Federal Court, and the BPTO will always participate, either as the plaintiff or *amicus curiae* for either the plaintiff or the defendant. Depending on the evidence gathered prior to the filing of the lawsuit, the judge can order *ex parte* the suspension of the effects of the patent, as a preventive measure.

The deadline for the defendant's answer to the initial complaint in the Brazilian Civil Procedure Code is normally fifteen days. However, in patent nullity lawsuits, due to the usual complexity involved, the BIPL extends the deadline to reply to 60 days from the date of service of the complaint.

A patent will be nullified when granted contrary to the provisions of the BIPL, e.g., for lacking novelty or inventive step. The final decision regarding the nullity may apply only to some of the claims (partial nullity). In this case, the remaining claims need to constitute subject matter that is patentable *per se*. The nullity of a patent will produce retroactive effects from the filing date of the application.

If a patent was not granted to its true inventor, instead of requesting nullity of the patent, the true inventor or his successor may judicially claim the transfer of the rights while maintaining the patent in force (adjudication).

4. How Does the AIA Help U.S. Companies in Brazil?

As demonstrated above, many of the changes introduced by the AIA brought the U.S. patent system closer to the established practice of the rest of the world. While these changes certainly raise questions and challenges that need to be addressed, they also bring opportunities to inventors and companies operating in multiple jurisdictions.

The same information and data collected in the U.S. to challenge patents in the USPTO may be presented to the BPTO to challenge Brazilian patents claiming priority over the U.S. patent. If any invalidating prior art has been found in the U.S., the same documents can be presented before the BPTO or a Federal Court – after its translation – to support the annulment of the corresponding patent. This procedure may help leverage the position of the challenger in multiple jurisdictions, while saving time and cost on legal and technical research. A more harmonized and international intellectual property and patent system has the potential to benefit all parties involved and foster greater innovation worldwide.

(Endnotes)

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² Available at <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>.



³ Available at <http://unstats.un.org/unsd/snaama/dnllist.asp>.

⁴ Available at http://www.wipo.int/wipolex/en/wipo_treaties/parties.jsp?treaty_id=2&group_id=1.

⁵ Available at http://www.wipo.int/wipolex/en/wipo_treaties/parties.jsp?treaty_id=6&group_id=1.

⁶ Available at http://www.wipo.int/wipolex/en/other_treaties/parties.jsp?treaty_id=231&group_id=22. The TRIPS agreement was incorporated into Brazilian regulations by Decree No. 1.355/94.

⁷ Available in English, French, German, Portuguese and Spanish at <http://www.wipo.int/wipolex/en/details.jsp?id=515>.

⁸ Brazil adopted the first-to-file system for both patents and trademarks. Apple Inc. is now facing the risk of losing its iPhone trademark in Brazil because the trademark had been registered by a company in Brazil prior to 2007.

⁹ Free translation from Portuguese: “Inovar para competir. Competir para crescer.”

¹⁰ Available at <http://www2.apexbrasil.com.br/en/purchasing-brazilian-products-and-services/about-brazil>.

¹¹ Statistical data provided by the BPTO and available at <http://www.inpi.gov.br/portal/artigo/estatisticas>.

NYIPLA Calendar

www.nyipla.org

Oh, the Places You'll Go!

Diverse Careers in IP Law and Strategies for Achieving Success

➤ **Tuesday, July 9, 2013** ◀

Kaye Scholer LLP, 425 Park Avenue, New York, NY

Hot Topics in Trademarks, Advertising, Copyrights & Design Patents CLE Seminar

EARN NYS/NJ 3.5 CLE CREDITS INCLUDING ETHICS

➤ **Wednesday, July 17, 2013** ◀

The Princeton Club, 15 West 43rd Street, New York, NY

Intellectual Property Considerations for Software and Mobile Apps

EARN NYS/NJ 1.0 CLE PROFESSIONAL CREDIT

➤ **Thursday, September 26, 2013** ◀

Hodgson Russ LLP, 1540 Broadway, New York, NY

Full-Day Patent CLE Seminar

EARN NYS/NJ 7.0 CLE CREDITS INCLUDING ETHICS

➤ **Thursday, January 16, 2014** ◀

The Princeton Club, 15 West 43rd Street, New York, NY

Save the Date - March 28, 2014

92nd Annual Dinner in Honor of the Federal Judiciary

Bowman v. Monsanto:

The Supreme Court Got It Right on the Law and the Science But Is the Unanimous Decision Belied by the Ultimate Paragraph?

By Thomas J. Kowalski¹ and Scott Howard²

Introduction

On May 13, 2013, the U.S. Supreme Court issued a unanimous decision in *Bowman v. Monsanto*.³ With two dozen amicus briefs⁴ and numerous media mentions, the case is of great interest to the bar and the general public. Indeed, the decision in *Bowman* has been hailed as a victory for the biotechnology industry.⁵ The NYIPLA filed an amicus brief in support of Respondents Monsanto Co. *et al.*⁶ There are many parallels between the Court's unanimous decision in favor of Monsanto and the NYIPLA brief. The NYIPLA argued that each successive generation of a patented self-replicating biological material is a separate actionable "making" under 35 U.S.C. § 271(a).⁷ The Court likewise so held,⁸ but with a caveat:

Our holding today is limited—addressing the situation before us, rather than every one involving a self-replicating product. ... In another case, the article's self-replication might occur outside the purchaser's control. Or it might be a necessary but incidental step in using the item for another purpose. We need not address here whether or how the doctrine of patent exhaustion would apply in such circumstances.⁹

Despite this speculation-eliciting limitation¹⁰ at the very end of a cogent, direct decision, the popular press is reporting *Bowman* as yet another unanimous Supreme Court decision.¹¹ Given the last paragraph and other language in the *Bowman* decision—and that the limitation in the *Bowman* decision's last paragraph may not necessarily be limited to computer software—does the *Bowman* decision signal that the U.S. Supreme Court will be divided when another exhaustion case involving a self-replicating product comes before it? While the answer to that question is necessarily "wait and see," in addition to comparisons and contrasts between the NYIPLA Brief and the *Bowman* decision, language in the *Bowman* decision may assist in interpreting and applying the limitation in its ultimate paragraph.

Some Aspects of How the Court Got it Right: Similarities Between the NYIPLA Brief and the *Bowman* Decision

The convergence of thought between the NYIPLA Brief and the *Bowman* decision—at least as to seeds—on the issue of each successive generation of a patented self-replicating biological material being a separate actionable "making" under 35 U.S.C. § 271(a) is also evident in the Court's now famous dismissal of *Bowman*'s "seeds-are-special" argument:

[W]e think that blame-the-bean defense tough to credit. *Bowman* was not a passive observer of his soybeans' multiplication; or put another way, the seeds he purchased ... did not spontaneously create eight successive soybean crops.¹²

There also are other parallels between the NYIPLA Brief and the *Bowman* decision. For example, the NYIPLA Brief argued that *Bowman* violated valid and enforceable field-of-use restraints, citing, for example, *Cotton-Tie Co. v. Simmons*, 106 U.S. 89 (1882), and *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124 (2001).¹³ The convergence of the NYIPLA Brief and the *Bowman* decision on the applicability of the *Cotton-Tie* and *J.E.M.* cases is evident from the Court's statements on these cases:

Our holding today also follows from *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124 (2001). ... Most notable here, we explained that only a patent holder (not a [Plant Variety Protection Act (PVPA)] certificate holder) could prohibit "[a] farmer who legally purchases and plants" a protected seed from saving harvested seed "for replanting." That statement is inconsistent with applying exhaustion to protect conduct like *Bowman*'s.¹⁴

...

... [I]t is really *Bowman* who is asking for an unprecedented exception—to ... the "well settled" rule that "the exhaustion doctrine does not extend to the

right to ‘make’ a new product.” ... [W]e have always drawn the boundaries of the exhaustion doctrine to exclude that activity, so that the patentee retains an undiminished right to prohibit others from making the thing his patent protects. See, e.g., *Cotton-Tie v. Simmons*, 106 U.S. 89, 93-94 (1882) (holding that a purchaser could not “use” the buckle from a patented cotton-bale tie to “make” a new tie).¹⁵

Indeed, just as the NYIPLA Brief asserted that exhaustion is “with respect to the article sold,” citing *United States v. Unis Lens Co.*, 316 U.S. 241, 249 (1942),¹⁶ the *Bowman* decision, citing *Univis*, holds that the exhaustion “doctrine restricts a patentee’s rights only as to the ‘particular article’ sold.”¹⁷

Accordingly, a reading of the *Bowman* decision and the NYIPLA Brief shows a convergence of thought between the NYIPLA and the U.S. Supreme Court on issues of “making” and “using” under 35 U.S.C. § 271(a), and on the doctrine of patent exhaustion.

Invitations of the NYIPLA Brief Not Touched Upon in the *Bowman* Decision

The NYIPLA Brief argued that *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008), should not be expanded, especially in the fashion sought by Petitioner *Bowman*.¹⁸ In this context, the NYIPLA Brief paid particular attention to the propriety of use limitations, especially single-use limitations.¹⁹

In contrast, the *Bowman* decision states:

Because *Bowman* thus reproduced Monsanto’s patented invention, the exhaustion doctrine does not protect him.³

³ This conclusion applies however *Bowman* acquired Roundup Ready seed: The doctrine of patent exhaustion no more protected *Bowman*’s reproduction of the seed he purchased for his first crop (from a Monsanto-affiliated seed company) than the beans he bought for his second (from a grain elevator). The difference between the two purchases was that the first—but not the second—came with a license from Monsanto to plant the seed and then harvest and market one crop of beans. We

do not here confront a case in which Monsanto (or an affiliated seed company) sold Roundup Ready to a farmer without an express license agreement. For reasons we explain below, we think that case unlikely to arise. See *infra*, at 1768. And in the event it did, the farmer might reasonably claim that the seed sale came with an implied license to plant and harvest one soybean crop.²⁰

...
[I]n the more ordinary case, when a farmer purchases Roundup Ready seed *qua* seed—that is, seed intended to grow a crop—he will be able to plant it. Monsanto, to be sure, conditions the farmer’s ability to reproduce Roundup Ready; but it does not—could not realistically—preclude all planting. No sane farmer, after all, would buy the product without some ability to grow soybeans from it. And so Monsanto, predictably enough, sells Roundup Ready seed to farmers with a license to use it to make a crop. See *supra*, at 1764, 1767, n.3.²¹

Thus, rather than address explicitly limiting the holding of *Quanta* or that field-of-use, including single-field-of-use, restrictions are proper, the Court holds that Monsanto’s field-of-use license upon the purchase of Roundup Ready soybeans is a non-issue. The farmer purchases patented seed for planting with the implied license that the seed is for “plant[ing] and harvest[ing] ***only one*** ... crop.”²²

Accordingly, it will have to wait until another day, when another case comes before the U.S. Supreme Court, before *Quanta* is indeed limited so as to be consistent with other U.S. Supreme Court decisions, as discussed in the NYIPLA Brief.

What to Make of the Last Paragraph Limitation in the *Bowman* Decision

In the last paragraph, Justice Kagan provides a clue as to which products may fall outside of the decision. In the case of a self-replicating product whose “self-replication might occur outside the purchaser’s control” or as “a necessary but incidental step in using the item for another purpose,” she cites 17 U.S.C. § 177(a)(1) and an abridged quote therefrom:

cont. on page 8

[I]t is not [a copyright] infringement for the owner of a copy of a computer program to make ... another copy or adaptation of that computer program provide[d] that such a new copy or adaptation is created as an essential step in the utilization of the computer program.²⁴

Among the multitude of amicus briefs, the Brief of BSA | The Software Alliance As *Amicus Curiae* In Support of Respondents²⁵ stands out as a possible stimulus for the last paragraph limitation in the *Bowman* decision. The Software Alliance Brief argued:

Computer software, whose use often involves the creation of temporary additional copies of the software program, could be characterized as “self-replicating[.]” ...²⁶

Perhaps the *Bowman* Last Paragraph Limitation means that the Court disagrees with the Software Alliance Brief’s argument that “There Is No ‘Self-Replicating Technology’ Exception To The Standards Governing Patent Exhaustion”²⁷ because the Court did not want to broaden patent exhaustion beyond the infringement exception recognized for software under copyright law pursuant to 17 U.S.C. § 117(a)(1). Or perhaps, with respect to the Software Alliance Brief’s argument that “Any Exception To Conventional Exhaustion Standards For Self-Replicating Seeds Should Not Extend To Other Contexts, Such As Computer Software,”²⁸ the Supreme Court did *not* accept the premise that “Conventional Exhaustion Standards For Self-Replicating Seeds ... Extend[ed] To ... Computer Software” in view of 17 U.S.C. § 117(a)(1).

But narrowly analyzing the *Bowman* Last Paragraph Limitation as responsive to the Software Alliance Brief or as limited to software by 17 U.S.C. § 117(a)(1) seems too simple, and ignores other text in the decision that tends to indicate that the Court is applying the law to the specific facts of the case and that the *Bowman* Last Paragraph Limitation is not necessarily so limited. For instance, the *Bowman* Last Paragraph Limitation is provided with the explicit “recogni[tion] that such inventions [involving a self-replicating product] are becoming ever more prevalent, complex, and diverse.”²⁹ Language earlier in the decision buttresses the

holding in *Bowman* on the facts that “a non-replicating use of the commodity beans at issue here was not just available, but standard fare”³⁰ and “Bowman was not a passive observer of his soybeans’ multiplication; ... the seeds ... did not spontaneously create ... successive soybean crops.”³¹ These statements in the *Bowman* decision may shed light on how the *Bowman* Last Paragraph Limitation may be applied beyond software. Accordingly, future application of the *Bowman* Last Paragraph Limitation may *not* turn on the nature of the self-replicating product or whether upholding the patent monopoly will stifle innovation,³² but rather on whether there are non-replicating uses of the product, and whether the alleged infringer was a passive observer of the product’s replication (or an active participant in the product’s replication, as was Bowman), and whether the replication is within the alleged infringer’s control or whether the replication is a necessary but incidental step in using the product for a purpose that may not be patent infringement—*i.e.*, on the nature of replicating versus non-replicating uses of the product and the nature of the alleged infringer’s conduct.

Beyond how the *Bowman* Last Paragraph Limitation may be applied to products other than software, a further question arises from the *Bowman* decision language setting the holding in the context of certain facts and the *Bowman* Last Paragraph Limitation explicitly “recogniz[ing] that such inventions [involving a self-replicating product] are becoming ever more prevalent, complex, and diverse”³³—namely, does the language of the *Bowman* Last Paragraph Limitation evince a Court that will be divided when another exhaustion case involving a self-replicating product comes before it?

For now, the NYIPLA must wait and see what the next exhaustion case involving a self-replicating product to come before the U.S. Supreme Court is, and if it is a case—as was *Bowman*—warranting a truly helpful amicus brief from the NYIPLA.³⁴

(Endnotes)

¹ Shareholder, Vedder Price PC, email: TKowalski@VedderPrice.com

² Partner, Patterson Belknap Webb & Tyler LLP, email: sbhoward@pbwt.com

³ *Bowman v. Monsanto Co.*, 133 S.Ct. 1761 (2013).

⁴ See Amicus curiae briefs filed by the United States; Knowledge Ecology International; Automotive Aftermarket Industry Association, *et al.*; American Antitrust Institute, *et al.*; Public Patent Foundation; Center for Food Safety and Save Our Seeds; BayhDole25, Inc.; Intellectual Property



Thomas J. Kowalski



Scott Howard

Owners Association; The New York Intellectual Property Law Association; CropLife America; BSA | The Software Alliance; American Seed Trade Association; Washington Legal Foundation; Biotechnology Industry Organization; CropLife International; American Intellectual Property Law Association; Economists; law professor Christopher M. Holman; CHS Inc.; Agilent Technologies, Inc., *et al.*; Wisconsin Alumni Research Foundation, *et al.*; American Soybean Association, *et al.*; and Pioneer Hi-Bred International, Inc. (available at <http://www.scotusblog.com/case-files/cases/bowman-v-monsanto-co/>).

⁵ See, e.g., Dutra & Aquino, BNA Bloomberg, Life Sciences Law & Industry Report, “Supreme Court’s Patent Ruling in Bowman Is ‘Big Win’ for Life Sciences, Attorneys Say,” May 17, 2013 (available at <http://www.vedderprice.com/files/Uploads/Documents/PDFArticle.pdf>); Kowalski, “Supreme Court Sides with Monsanto on Issue of Patent Protection for Genetically Modified Seeds; Ruling Is a Major Victory for the Biotechnology Industry,” May 13, 2013 Newsletter/Bulletin (available at <http://www.vedderprice.com/Supreme-Court-Sides-with-Monsanto-on-Issue-of-Patent-Protection-for-Genetically-Modified-Seeds-Ruling-Is-a-Major-Victory-for-the-Biotechnology-Industry-2013-05-13/>).

⁶ Brief For The New York Intellectual Property Law Association

As *Amicus Curiae* In Support of Respondents (the “NYIPLA Brief”) (available at <http://www.scotusblog.com/case-files/cases/bowman-v-monsanto-co/> and <http://www.nyipla.org/nyipla/AmicusBriefsNews.asp?SnID=560354737>).

⁷ See NYIPLA Brief at 29 *et seq.*

⁸ See 133 S.Ct. at 1766-67 (“the exhaustion doctrine does not enable Bowman to make *additional* patented soybeans without Monsanto’s permission. ... And that is precisely what Bowman did. He ... planted [the grain elevator soybeans] in his fields ... and finally harvested more (many more) beans than he started with. That is how ‘to “make” a new product’ ... ‘make’ means ... ‘plant and raise (a crop).’”) (Emphasis in original; certain quotes and citations omitted).

⁹ 133 S.Ct. at 1769 (citation omitted). See also *id.* (“In the case at hand, Bowman planted Monsanto’s patented soybeans solely to make and market replicas of them, thus depriving the company of the reward patent law provides for the sale of each article. Patent exhaustion provides no haven for that conduct.”).

¹⁰ See, e.g., Dutra & Aquino, *supra* note 5 (e.g., “Justice Kagan’s comment simply means that she is uncomfortable with making a blanket statement with respect to self-replicating technology. ... Bowman, not the soybean, was the infringer ... patent exhaustion applies to the original article only and not a copy.”).

¹¹ See, e.g., Wolf, “Supreme Court acting serene with unanimous rulings,” USA TODAY, 13 May 2013, (available at <http://www.usatoday.com/story/news/politics/2013/05/13/supreme-court-unanimous-decisions/2156595/>). Contrast the unanimity of the U.S. Supreme Court in *Bowman* with the appearance of discord at the Federal Circuit in view of the multitude of opinions issued by the Federal Circuit on Friday, May 10,

2013, in *CLS Bank Int’l v. Alice Corp.*, Case No. 2011-1301 (Fed. Cir.) (*en banc*); see, e.g., Moreno, “When Judges Collide: *En Banc* CAFC Fails to Clarify Law Regarding Patent Subject Matter Eligibility” (available at <http://www.vedderprice.com/when-judges-collide-en-banc-cafc-fails-to-clarify-law-regarding-patent-subject-matter-eligibility/>); Crouch, “CLS Bank v. Alice Corp: Court Finds Many Software Patents Ineligible,” *Patently-O*, May 10, 2013 (available at <http://www.patentlyo.com/patent/2013/05/cls-bank-v-alice-corp-court-finds-many-software-patents-ineligible.html>).

¹² 133 S.Ct. at 1769. This dismissal of Bowman’s arguments shows that the Court understood—or “got it right on”—the technology. Compare NYIPLA Brief at 35-36 n.48:

The petitioner’s argument that planting of patented seed to generate new seed does not constitute a “making” of newly infringing seed is also technically incorrect. So too is the petitioner’s assertion that seeds will self-replicate without farmer assistance. At grades 2-4, school children are taught that plants require sunlight, water, nutrients, carbon dioxide and space to grow; and without water or air, e.g., if unplanted, a seed will not grow. See, e.g., Emery, P, “What Do Plants Need To Grow [sic] (July 1993, for the California Foundation for Agriculture in the Classroom) (available online at www.cfaitec.org/lessonplans/pdf/401.pdf, last accessed January 2, 2013).

¹³ NYIPLA Brief at 24 *et seq.*; see also *id.* at 30, 38.

¹⁴ 133 S.Ct. at 1767 (citation omitted).

¹⁵ *Id.* at 1768.

¹⁶ NYIPLA Brief at 30 n.35.

¹⁷ 133 S.Ct. at 1766. Compare 133 S.Ct. at 1766 (“[T]he purchaser of the [patented] machine ... does not acquire any right to construct another machine,” citing *Mitchell v. Hawley*, 16 Wall. 544, 548 (1873), and “‘a second creation’ of the patented item ‘call[s] the monopoly, conferred by the patent grant, into play for a second time,’” citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 346 (1961), with NYIPLA Brief at 30 (“The purchaser of the patented article does not acquire any right to construct another machine, or to make additional generations of the patented product” with citations to *Mitchell* and *Aro* in fn. 36 appended thereto).

¹⁸ See, e.g., NYIPLA Brief at 19.

¹⁹ See, e.g., NYIPLA Brief at 25-28.

²⁰ 133 S.Ct. at 1767.

²¹ *Id.* at 1768.

²² *Id.* at 1767 n.3 (emphasis added). This also follows from, “[n]o sane farmer ... would buy the product without some ability to grow soybeans from it.” *Id.* at 1768.

²³ *Id.* at 1769 (“We need not address here whether or how the doctrine of patent exhaustion would apply in such circumstances”) (herein referred to as “the *Bowman* Last Paragraph Limitation”).

²⁴ 133 S.Ct. at 1769.

²⁵ Herein the “Software Alliance Brief” (available at <http://www.scotusblog.com/case-files/cases/bowman-v-monsanto-co/>).

²⁶ Software Alliance Brief at 2.

²⁷ *Id.* at 10.

²⁸ *Id.* at 13.

²⁹ 133 S.Ct. at 1769.

³⁰ *Id.* at 1768.

³¹ *Id.* at 1769.

³² Compare Dutra, “Unanimous Supreme Court Says No Patent Exhaustion for Monsanto Roundup Seeds,” BNA Bloomberg Patent, Trademark & Copyright Law Daily, May 14, 2013 (“... vaccines, genetically altered cell lines, genetically altered bacteria, DNA plasmids and vectors, genetically modified viruses, and computer software [are] other examples of self-replicating technology. ... [T]he court explicitly limited its decision to the facts of this case. ... [T]he court’s language ... ‘suggested that the court can and might apply an exclusion of the exhaustion doctrine to other self-replicating technologies on a case by case basis depending on whether it believes application of the doctrine would stifle innovation.’”) (available at <http://www.bna.com/unanimous-supreme-court-n17179874022/>).

³³ 133 S.Ct. at 1769.

³⁴ Members of the NYIPLA are encouraged to participate in the NYIPLA Amicus Briefs Committee (information available at <http://www.nyipla.org/nyipla/AmicusBriefs.asp>).

April/May 2013 IP Media Links

Edited by Ted Wills, Member of NYIPLA Publications Committee

“IP Media Links” is a new feature in which The Bulletin takes a look at how non-legal media outlets are covering intellectual property.

In April and May, a combination of World Intellectual Property day, calls for reform, and some Supreme Court cases kept the media spotlight on IP. April 26 marked World Intellectual Property Day. Robert Holleyman, President and CEO of the Business Software Alliance, used the occasion to pen an op-ed, “The Power of Innovative Ideas” in the *Huffington Post’s Tech Blog*, in support of strong IP protections. Holleyman noted a recent report on knowledge-based capital from the Organization for Economic Co-operation and Development. The report found that investment and growth is increasingly created by intangible assets. With the increasingly central importance of IP, governments around the world are revisiting IP policy. Holleyman called on policy makers to adopt policies that sustain IP protections (http://www.huffingtonpost.com/robert-holleyman/the-power-of-innovative-i_b_3157489.html).

The U.S. government is one of those considering reforms. In April, House Judiciary Committee Chairman Bob Goodlatte announced plans for a “comprehensive series of hearings on U.S. copyright law in the months ahead” with the goal of determining “whether the laws are still working in the digital age.” This announcement set off a flurry of journalistic pronouncements on copyright reform. In the online technology publication, *Ars Technica*, writer Timothy Lee suggested “Five ways Congress should improve the copyright system” to promote instead of hinder creativity. First, he recommended bringing proportionality back to copyright penalties. He argued that current statutory penalties are at least an order of magnitude too large when a single mother like Jammie Thomas-Rasset is saddled with a \$222,000 verdict against her for sharing 24 songs with a value of \$24. Second, he recommended reining in asset forfeiture in copyright cases. He cited the Federal Government’s forfeiture of the assets of Internet companies Megaupload and Dajaz1 as examples of unjust applications of the 2008 PRO-IP Act. Lee maintained that these companies should have the opportunity to be heard in court before the government effectively kills their businesses through asset forfeiture. Third, Lee recommended reform of the Digital Millennium Copyright Act (“DMCA”), arguing that the DMCA is responsible for stifling advances in digital media technologies as firms that are trying to develop innovative technologies related to the DVD

face ruinous lawsuits. Fourth, Lee recommended that Congress reduce copyright terms. He made the case that recent decades’ creeping increases in copyright terms have put a forty-year freeze on the public domain. Current copyright terms are far more than what is necessary to accomplish copyright’s function of encouraging creativity. Finally, Lee recommended bringing back the requirement of registration for copyright protection and using registration to create a mandatory database of copyrighted works. This, he suggested, would go a long way in solving the orphan works problem by providing a mechanism through which authors could conclusively determine copyright ownership (<http://arstechnica.com/tech-policy/2013/04/five-ways-congress-should-improve-the-copyright-system/>).

In response to Representative Goodlatte’s announced review of copyright law, freelance reporter Mark Hachman sounded warning bells in “Beware The House ‘Review’ Of U.S. Copyright Law – It’s A Trap” in the tech blog *ReadWrite*. Hachman warned readers not to get their hopes up for reforms that would safeguard an open and innovative Internet. Rather, he contended that Goodlatte is in the pocket of “Hollywood and other Big Copyright interests” and is one of the “bigger copyright maximalists in the U.S. Congress.” Despite a multitude of copyright areas that are ripe for reform, with Goodlatte at the helm, and two parties that are beholden to the interests of Hollywood, Hachman worried that Goodlatte’s efforts will result in reforms that will favor owners over creators and old media industries over the digital world (<http://readwrite.com/2013/04/25/goodlatte-promises-copyright-law-review-is-this-a-trick>).

In *Politico*, Neil Portnow, the president and CEO of The Recording Academy, supported reforms that strengthen copyright protections in his article, “Creators need copyright protection.” He argued that the issue of the livelihoods of performers, songwriters, and studio professionals is too important to devolve into one of Washington’s “big content versus big tech” debates. Portnow warned that, despite efforts of the “technology behemoths and their Washington spokespeople” to protect the innovations in the delivery of content, without the innovation of writers, performers, directors, and filmmakers, the fanciest new media player would have no content to convey. Thus, Portnow recommended three

principles that must be the foundation to any update of the Copyright Act. First, creators should receive fair compensation for their work when it is exploited. Creators should not be forced to subsidize distributors' business through below-market royalty rates. Second, a right is meaningless without reasonable enforcement. Creators must have confidence that their work will be protected in the digital marketplace. And third, freedom of expression depends on copyright. Content creators' ability to decide to freely give their work to the public or to try to earn a living from it is a critical part of the creators' freedom to express themselves as they choose. If these three principles guide any copyright reform, Congress will do the right thing and put creators first (<http://www.politico.com/story/2013/04/the-copyright-and-concerns-of-content-creators-90219.html?hp=16>).

In a *Wired* op-ed, CEO of iFixit Kyle Wiens praised the introduction into Congress of the Unlocking Technology Act of 2013 (the "UTA"). Earlier this year, the Librarian of Congress deemed the practice of unlocking cell phones to be illegal under the DMCA. The UTA would modify the DMCA to allow Americans to circumvent the digital locks on their mobile devices without running afoul of the DMCA. Also, more importantly, the UTA would protect developers who create tools that allow consumers to unlock their cell phones. Wiens believes the bill is worded carefully so as to protect the interests of stakeholders on both sides of the debate. Under the UTA, unlocking would only be permitted "if the purpose of the circumvention is to use a work in a manner that is not an infringement of copyright." Despite the even-handedness of the bill, Wiens was concerned that it will draw opposition from entrenched interests. Thus, he urged his readers to speak up and let Congress know they support the UTA (<http://www.wired.com/opinion/2013/05/dont-let-them/>).

Two Supreme Court cases that explore the patentability of life have driven the media coverage of patents recently. This month, the Supreme Court held that soybean farmer Vernon Bowman infringed a Monsanto patent in *Bowman v. Monsanto Co.* In his article in *The Daily Beast*, "Supreme Court Supports Monsanto in Patent Dispute," Paul Campos, Professor of Law at U.C. Boulder, explained the dispute and commiserated with many people's laissez-faire attitudes toward IP infringement. Monsanto produces the pesticide Roundup and has created a genetically modified soybean called Roundup Ready, which is immune to the herbicide Roundup. Monsanto sells Roundup Ready soybeans to farmers under a license that gives purchasers the right to grow one season of crops from the seeds but forbids them from planting or reselling seeds produced from the

harvest in order to grow more Roundup Ready soybean plants. Bowman, thinking he had found a way around the license, bought soybeans that were intended for consumer consumption. He planted them, sprayed them with Roundup, and then planted the seeds from the surviving plants, thus producing a generation of Roundup Ready plants. Bowman's argument was based on the exhaustion doctrine: a patent holder who sells a patented article cannot enforce the patent against subsequent purchasers of the article. The court rejected Bowman's argument and ruled unanimously in favor of Monsanto, holding that the exhaustion doctrine applies only to individual patented articles and not to copies of those articles, such as seeds that are the offspring of the patented plants. Bowman's attitude reminded Campos of the attitude held by people who download copyrighted music from the Internet without a license while rationalizing that they aren't stealing someone else's property. Campos remarked that Bowman's actions are a strange aspect of human psychology: "people who would never dream of shoplifting a CD or stealing a car feel no compunction at all about stealing intellectual property" (<http://www.thedailybeast.com/articles/2013/05/15/supreme-court-supports-monsanto-in-patent-dispute.html>).

In the *LA Times*, opinion writer Jon Healey noted a rare instance when there is a connection between a Hollywood celebrity and the Supreme Court in his article "Angelina Jolie, the Supreme Court and gene patents." Jolie recently revealed that she possesses a mutated BRCA1 gene, which greatly increases one's odds of developing breast cancer. In response, Jolie underwent a double mastectomy. A patent over isolating and sequencing that same gene is at issue in a case before the Supreme Court in *Assn. for Molecular Pathology v. Myriad Genetics*. Myriad Genetics holds a patent that gives it the sole right to isolate and sequence the BRCA1 and BRCA2 genes. The Association for Molecular Pathology is challenging Myriad's patent, arguing that Myriad merely discovered something that nature created and such things are not patentable. Myriad counters that the isolated gene sequence is a patentable invention because it doesn't exist in that exact form in the human body. Healey believes that the Court's decision could have a profound influence over what research companies decide to invest in. Myriad contends that barring patents over sequences will result in less investment in personalized diagnostic tests. But Myriad's opponents argue that, even without patent protection, companies have plenty of incentives to sequence genes and develop diagnostic tests (<http://www.latimes.com/news/opinion/opinion-la-la-ol-angelina-jolie-gene-patents-20130514,0,962240.story>).

U.S. BAR/EPO Liaison Council Report of 2012 Meeting, Munich, Germany

By Thomas E. Spath

The U.S. Bar/EPO Liaison Council held its 28th annual meeting in Munich on October 10, 2012 at the European Patent Office conference facility. The location of the U.S. Bar/EPO Liaison Council meetings alternates between Munich and the United States; our meetings in recent years have been held in Washington D.C., and were coordinated with the AIPLA meeting.

The President of the European Patent Office, Benoit Battistelli, continued the President's tradition of attending the annual Council meeting. Nine other EPO representatives also participated in the meeting.

The U.S. contingent consisted of 12 delegates from various national and regional bar associations in the United States, as well as in-house corporate intellectual property counsel. As a result of a special initiative begun in 2011, the membership of the U.S. Bar/EPO Liaison Council has continued to show a significant increase in the number of representatives from IP sections and bar associations from around the country who will be encouraged to participate in next year's special meeting events to celebrate the 40th anniversary of the EPO, which will again be held in Munich.

The NYIPLA representative at this council meeting was Thomas Spath from Abelman, Frayne & Schwab. Samson Helfgott, who is among the original members of the Council and has a long history of attendance and expertise in the field of EPO practice, also represents our Association.

EPO Developments

Among the wealth of information reported by President Battistelli was a continuation of the trend of increased filings, up 5% from the prior year with a record 245,000 European application filings. U.S. filers represented the largest number from a single country at 25%, with the next closest being Japan at 19%. China showed a significant increase from prior years to 7%. About 38% of the EPO filings originate from the 38 member states of the European Patent Organization.

The EPO has also entered into agreements to accept validations in the non-member states of Morocco and Tunisia, and, at the time of our meeting, was negotiating with Egypt, Moldova, and Georgia.

It was noted that the percentage of granted patents increased slightly to 45% of filings (a total of 62,100 for 2011), of which only 15% were granted with claims as filed.

The President also expressed satisfaction with EPO pendency times, with searches and preliminary opinions being completed on average within about 5 months for first-filed applications, thereby allowing applicants a significant amount of time to determine appropriate international filing strategies within the priority year and well before the publication of their applications at 18 months. The average time from filing to issuance in 2011 was 44 months, which President Battistelli considered too long. The accelerated examination program referred to as "PACE" was requested by only about 6% of applicants – a surprisingly low rate to most U.S. practitioners since there are no special petitions

or fees payable when PACE is requested; the only requirement imposed upon the applicant is that responses be filed within a somewhat shortened reply period. The opposition rate also remained constant at about 5%. Oppositions are filed after grant.

In order to advance its goal of maintaining the standing of the EPO as one of the leading patent authorities in the world, continuing efforts are being directed to increasing efficiency, while maintaining or even improving patent quality and controlling costs. A five-year plan, or "road map" includes the areas of quality, information technology (IT), human resources, facilities building, and cooperation between the EPO and EPC members.

Quality

It was noted by President Battistelli that Thomson Reuters ranked the EPO first in terms of quality in the world. Examiners are sought with higher education in the relevant field and have a three-year training period without production goals. The importance of motivation is recognized and the result is a very low turn-over rate among examiners. Quality management covers all EPO processes, support activities and training. A seventy-page handbook has been published for users for the purpose of increasing the quality of incoming applications.

Information Technology (IT)

Investment in IT has been placed under the direction of a new VP and is driven by user needs, including 4,100 EPO examiners, as well as applicants and their representatives. Features include web-based filing, search tools and information management. With upwards of 250,000 applications filed per year, the EPO has automated the transfer of information to a case management system.

Machine Translations

Machine translations are the key to handling the increasing volume of Asian prior art. The EPO and Google entered into a long-term agreement to make publicly available free patent translations. Up to 40,000 daily contacts are made. Seven languages are available; additions of Danish, Swedish, Hungarian and Dutch are expected; agreements have been signed with Japan and Russia; and the English/Chinese interface was expected to be completed by the end of 2012. It was noted that USPTO examiners were among the most frequent users, based on a tracking program.

Joint Activities/Cooperation

An IP5 meeting was held in Corsica and, for the first time, included a "user day" with representatives from industry who met with patent office officials.

An update on the Cooperative Patent Classification (CPC) project for patents and patent literature indicated the following progress. The EPO is now working with the

USPTO on a preliminary group of 250,000 entries, based principally on the EPO system with some entries from the USPTO. Discussions have been initiated with Korea and China. The Japanese FI classification system has been recognized as comprehensive, but difficulties remain to be overcome in integrating the various points in order to produce a system that will become accepted by all.

The Patent Information Service used by the IP3 members (EPO, USPTO and JPO) makes the search results for the three offices available on the same screen for biotech arts.

President Battistelli congratulated the U.S. representatives on the entering into effect of the AIA and characterized it as a major step forward for harmonization. He also noted that the EPO was not the body that could change the law of the EPC; it plays a behind-the-scenes role to present information and analyses to diplomats and politicians, while seeking to take positions acceptable to EPO member states.

The EPO is acting to improve its role in the PCT as an ISA (International Searching Authority). However, there are problems in adopting a work-sharing framework with all countries without discrimination when countries are accepted by WIPO as searching authorities that do not possess certain prerequisite capabilities. In fact, the EPO unsuccessfully opposed Chile's acceptance as an ISA because that country had only 20 examiners and no electronic data system.

The desirable effect of EPC Rule 141 on work-sharing with the USPTO was noted, along with the need to have U.S. applicants' consent to the access by the EPO and other patent offices to any unpublished search results and IDS submissions considered by the U.S. examiner. At present, this is an opt-in program, but the EPO has proposed that it be made an opt-out program with a pre-crossed box on the Application Data Sheet (ADS) form which is now required by the USPTO for all applications.

EPO Practice and Procedures

The program to improve quality under the EPO designation "Raising the Bar" continues with no significant new regulations in 2012. The effects of this program will be evaluated in about two years. User consultations for changes are also being received and evaluated.

Time has shown that a significant improvement has resulted from previously enacted Rule 62(a) which requires the applicant to promptly respond to a Pre-search Classification Communication to clarify the subject matter which is intended to be claimed. Before Rule 62(a), about 7% of applications were rejected after examination because the examiner found the specification and claims to be so unclear that an effective search could not be performed. Under the new procedure, the rejection rate was reduced to 2.4%. Typically, the applicant sends amended claims with the reply to the Communication.

An amendment to Rule 164 is being considered that would allow an applicant entering the regional stage of a PCT application in which the EPO was the ISA to pay additional search fees(s) for multiple inventions, rather than having to file one or more divisional applications. This would give applicants the benefit of multiple searches on which to base the decision of which inventions to elect for initial examination and permit delay of divisional filing(s), if any.

The Unitary EU Patent

The background of the unitary patent was discussed in depth. (In the meantime, steps have been taken to advance the unitary patent and the patent court.)

The adoption of the unitary patent will not have any effect on EPO examination, since it will be up to the applicant to decide at the time of grant to proceed under the current national validation procedure on a country-by-country basis, or to choose the new unitary patent.

U.S. Council representatives also submitted questions in advance of the presentation to which answers were provided.

Formal Presentations

In accordance with the generally established custom, following President Battistelli's introductory remarks, the following formal Agenda topics were presented on behalf of the EPO by the speakers indicated:

1. The Unitary patent and the Unified Patent Court
M. Frohlinger
2. PCT Strategy – EPO proposals to strengthen the PCT
M. Frohlinger
3. Recent caselaw from the Enlarged Board of Appeals
W. van der Eijk
4. Raising the Bar Follow-up
A. Spigarelli
5. Practice issues
A. Spigarelli
 - A. Sufficiency of disclosure
 - B. Rejection of late-filed claim amendments
 - C. Inventive step
6. Practice changes, actual and considered
H. Pihlajamaa/E. Stohr
 - A. Amendments of Rule 53 EPC
 - B. Fee changes considered
 - C. Possible amendment of Rule 164 EPC
7. IP5 and Trilateral Cooperation
N. Morey
8. Report on work-sharing
P. Treichel/P. Rigopoulos
9. SPLH - Tegernsee Experts Group Studies
S. Strobel

As in the past, many of the topics on the agenda had been identified as being of particular interest to the U.S. Bar representatives during the planning stage for this year's meeting, and were the result of topics proposed during meetings of the U.S. members during the preceding year.

In accordance with a prior request by the EPO for a description of the principal features of the AIA, a presentation by John Pegram also appeared on the above agenda as:

"10. Implementation of the AIA." A general discussion with questions and comments followed.

Copies of the formal papers corresponding to the EPO presentations for these agenda items are available at the NYIPLA website.



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Kirtsaeng v. Wiley: The First Sale Doctrine Applies to Copyrighted Works Made Abroad

By Elizabeth Winokur, Allison Stillman, and John Mancini*

On March 19, 2013, in *Kirtsaeng v. John Wiley & Sons, Inc.*, the Supreme Court held that the “first sale” doctrine applies to copies of copyrighted works lawfully made abroad. 133 S. Ct. 1351 (2013). *Kirtsaeng* clarifies that “gray market” resellers, charitable organizations, libraries, and museums can continue to import and resell, give away, circulate, or display copies of books, CDs, paintings, and other copyrighted works without risk of infringement. In the wake of the decision, publishers and other copyright owners who have typically sold copies of their works abroad at lower prices will likely need to rethink their global business strategies.

Under section 106 of the Copyright Act, a copyright owner has the “exclusive rights” to, among other things, reproduce, distribute, and display copies of the copyrighted work. 17 U.S.C. § 106. These exclusive rights, however, are expressly limited by several exceptions laid out in sections 107 through 122, including the “first sale” doctrine, which provides that “the owner of a particular copy or phonorecord lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.” 17 U.S.C. § 109(a). Accordingly, although section 106 prohibits the unauthorized distribution of a copy of a copyrighted work, the first sale limitation allows a buyer who lawfully purchases a copy of, for example, a copyrighted book, to resell (or otherwise dispose of) his or her copy without the copyright owner’s permission. Likewise, although section 106 is violated by the unauthorized importation of a copy that “ha[s] been acquired outside the United States . . .,” 17 U.S.C. § 602(a)(1), the Supreme Court held in *Quality King Distributors, Inc. v. L’anza Research Int’l, Inc.* that the first sale doctrine allows copies made in the U.S. that have been exported and then sold abroad with the copyright owner’s authorization to be imported back into the United States and resold without further permission. 523 U.S. 135 (1998). *Quality King*, however, left open the question of whether the first sale doctrine applies to copies of copyrighted works made abroad – a question of importance because the first sale doctrine applies only to copies that were “lawfully made under this title.” 17 U.S.C. § 109(a). This was the question before the Court in *Kirtsaeng*.

In 2008, academic textbook publisher John Wiley & Sons, Inc. sued Thai citizen and former U.S. mathematics student, Supap Kirtsaeng, for copyright infringement based on his unauthorized importation and distribution of foreign edition textbooks, which

his friends and family in Thailand had purchased there at low cost and mailed to him in the United States. Kirtsaeng argued that the first sale doctrine permitted him to import and resell the textbook copies because the copies had been “lawfully made” and legitimately sold to his family and friends abroad before Kirtsaeng imported and resold them. Wiley responded that the “lawfully made under this title” language of section 109’s first sale doctrine geographically limits the doctrine’s application to copies made in the United States, rendering it inapplicable to the foreign-made textbook copies that Kirtsaeng imported and resold. The district court sided with Wiley in holding that the first sale doctrine does not apply to goods manufactured abroad, and the jury found and assessed statutory damages of \$600,000 (\$75,000 per work) for willful copyright infringement. The Second Circuit affirmed.

The Supreme Court reversed and remanded, concluding in a majority opinion authored by Justice Breyer and joined by Justices Roberts, Thomas, Alito, Sotomayor, and Kagan, that “lawfully made under this title” means lawfully made “in accordance with” or “in compliance with” the Copyright Act rather than lawfully made “in the United States,” and therefore, that the first sale doctrine applies to works made abroad, including those imported and resold by Kirtsaeng. *Kirtsaeng*, 133 S. Ct. at 1358. In reaching its decision, the majority determined that the statutory text, the common-law history of the first sale doctrine, and the serious, copyright-related harms that a geographical limitation would impose on “ordinary scholarly, artistic, commercial, and consumer activities” all favor a nongeographical reading of section 109’s first sale doctrine. *Id.* at 1357.

This outcome comes as a huge relief to many, including online businesses, discount retailers, charitable organizations, libraries, used-book dealers, and museums, whose practices depend heavily on the protection of the first sale doctrine. Under the geographical reading of the first sale doctrine proposed by Wiley and rejected by the Supreme Court, U.S. retailers, e-commerce businesses, and buyers of copies of copyrighted books, magazines, CDs, motion pictures, or videogames that were manufactured abroad would need to track down the copyright owner and obtain authorization before reselling or even giving away their copies. A geographical interpretation would also prevent the resale of “automobiles, microwaves, calculators, mobile phones, tablets, and personal

computers” without the permission of the owner of the copyright on every copyrighted piece of software or component of such products, and would subject “everyday packaged goods from floor cleaners and health and beauty products to breakfast cereals . . . to the disruptive impact of the threat of infringement suits.” *Id.* at 1365. Moreover, because libraries, museums, charitable organizations, and other non-profit entities would have to take extensive, costly steps to obtain the necessary licensing rights for goods that they import and distribute, a geographical interpretation would curb, for instance, the circulation and distribution of library books and the display of classic works in museums. As the Supreme Court recognized in *Kirtsaeng*, these and other examples explain why the first sale doctrine has long been upheld as necessary to protect “Trade and Traffi[c], and bargaining and contracting,” *id.* at 1366, and to “promot[e] the Progress of Science and useful Arts,” *id.* at 1364 (citing U.S. Const. Art. I, § 8, cl. 8). They also highlight the necessity of a nongeographical interpretation of the doctrine.

Those unhappy with the *Kirtsaeng* decision include publishers and other copyright holders who will now find it more difficult to divide foreign and domestic markets – a right to which, according to the Supreme Court, they have never been entitled. *Id.* at 1370. Copyright owners may attempt to regain any control lost under *Kirtsaeng* by transitioning from sale to licensing models, as the first sale doctrine

applies to copies sold but not those licensed. This practice became apparent even before *Kirtsaeng* with e-books, which are licensed rather than sold to consumers. Copyright owners will likely also raise the prices of their works sold abroad and/or limit international distribution of their works—moves that could reduce access in developing nations to cheap textbooks and other inexpensive copyrighted goods. In the opinion of the Supreme Court majority, however, the considerations supporting *Kirtsaeng*’s nongeographical interpretation of the first sale doctrine outweigh these potential harms.

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Elizabeth Winokur



Allison Stillman



John Mancini

Moving UP ▲ & Moving ON >>>

- Eric H. Yecies, formerly of Goodwin Procter LLP, has joined the Intellectual Property Team of Holland & Knight LLP as senior counsel.
- Rita Weeks, formerly of McDermott Will & Emery LLP, has joined the Intellectual Property Practice of Fulbright & Jaworski LLP (now Norton Rose Fulbright) as Senior Counsel, concentrating in Trademark, Copyright, Advertising, and Brand Protection.
- Natalie Clayton was promoted to partner at Alston & Bird LLP.
- Hassan Albakri was promoted to partner at Bryan Cave LLP.
- Thomas A. Rayski was promoted to partner at Dechert LLP.
- At Fish and Richardson P.C., Kristen McCallion and Dr. T. Tony Zhang were promoted to principal.
- At Kenyon & Kenyon LLP, K. Patrick Herman and Michael Kelly were promoted to partner.
- Peter J. Fallon was promoted to partner at Locke Lord LLP.
- Charles E. Cantine was promoted to partner at Stroock & Stroock & Lavan LLP.

The Bulletin’s Moving Up and Moving On feature is for the Association’s members. If you have changed your firm or company, made partner, received professional recognition, or have some other significant event to share with the Association, please send it to the Bulletin editors: Mary Richardson (mary.e.w.richardson@gmail.com) or Robert Greenfeld (rgreenfeld@mayerbrown.com).

91st Annual Dinner in Honor of the Federal Judiciary

The New York Intellectual Property Association held its 91st Annual Dinner in Honor of the Federal Judiciary on March 22, 2013 at the Waldorf Astoria New York Hotel.

President Tom Meloro welcomed the honored guests, members of the NYIPLA, and their guests. Joseph Bartning, Amy Buckley and Malena Dayen opened the evening's events with a magnificent rendition of the National Anthem.

The Association's Eleventh Annual Outstanding Public Service Award was presented to the Honorable Barbara S. Jones (ret.), former District Judge of the United States District Court for the Southern District of New York. The Keynote Address was given by Michael Strahan, former NFL player for the New York Giants and the new Co-host on "Live! With Kelly and Michael."





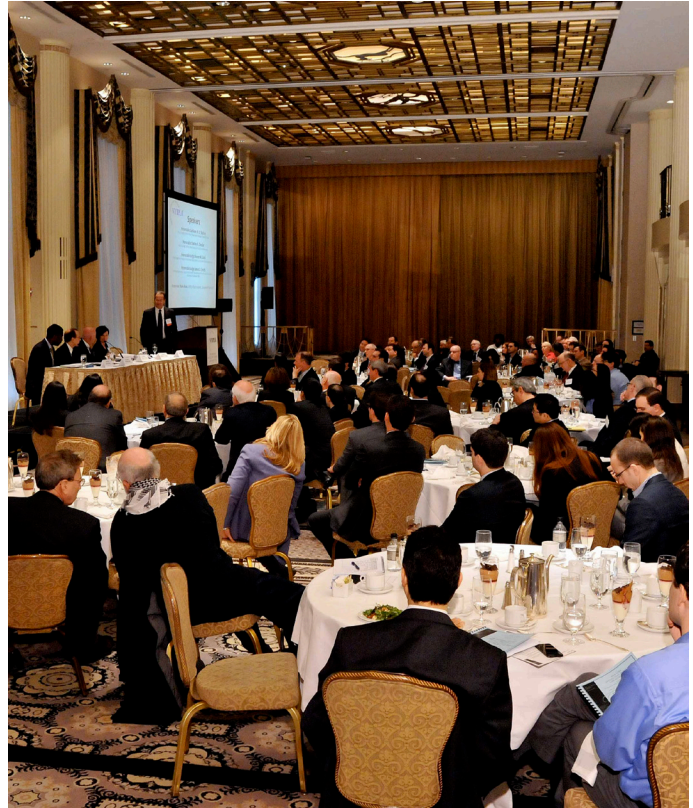
“Day of the Dinner” CLE Luncheon Program

Approximately 100 judges and attorneys attended the 2013 “Day of the Dinner” Luncheon CLE Program: “The Interplay Between Patent Litigation in the District Courts and Proceedings before the Patent and Trademark Office.”

On the distinguished panel were Circuit Judge Kathleen M. O’Malley, United States Court of Appeals for the Federal Circuit; District Judge Stanley R. Chesler, United States District Court for the District of New Jersey; Chief Magistrate Judge Steven M. Gold, United States District Court for the Eastern District of New York; and Chief Administrative Judge James D. Smith, Patent Trial and Appeal Board for the U.S. Patent and Trademark Office.

NYIPLA Past President Mark Abate of Goodwin Procter moderated the panel and contributed the practitioner’s view.

The program was organized by the Association’s CLE Committee (Co-Chairs Mark Bloomberg and Robert Rando).



As Time Goes By – Extending the NYIPLA's Reach

From time to time over the years, the NYIPLA Board of Directors has contemplated various ways to extend the Association's reach beyond the existing membership. Illustratively, during the 1991-92 Association year, then-President Peter Saxon requested comment by committee chairs on a Board proposal to admit, as a new class of affiliate or observer members, registered U.S. patent agents, as well as foreign patent agents who are permitted to represent clients before a foreign patent office.

In an April 1992 letter on the subject, Mr. Saxon noted that both groups of patent agents "should be able to affiliate with our Association, since we share common interests. As a practical matter, many of our members regularly deal with U.S. and foreign agents. Since our stated objects in promoting and maintaining intellectual property laws, in educating persons in such laws and in cooperating with foreign associations in harmonizing international conventions are compatible with the common interests of such agents, we [the 1991-92 NYIPLA Board of Directors] would like to consider permitting them to affiliate with our Association."

Mr. Saxon also observed that "The By-laws in Article III, Sections 3 and 4 now provide that a member of the Association who is a patent agent may be a 'life' member or a 'retired' member. There was a time when patent agents were members of this Association. We [the 1991-92 NYIPLA Board] believe that they should be considered again."

The proposal concerning U.S. and foreign patent agents was discussed at a Board meeting held in conjunction with the 1992 Annual Meeting. After lively discussion, the proposal was tabled for future consideration.



Fast forwarding into that future by twenty-one years, our Association's current Board recently requested approval by the membership of a change to the By-

Dale Carlson, a partner at Wiggin and Dana, is NYIPLA Historian and a Past President.

laws that will allow registered U.S. patent agents in good standing, who are located in our Association's geographic region, to be Associate members of the Association. As Associate members, they will be entitled to all of the privileges of membership except those of voting and holding office.

We can imagine a variety of reasons why this change to the By-laws will benefit U.S. patent agents, the Association, and the IP community at large. Such agents will be able to attend NYIPLA educational programs at the member rate, which will make such programs more affordable and thus encourage them to attend. Since many such agents work for corporations, their presence as members of our Association will likely increase our corporate membership base. To the extent that agents' practice skills become improved by virtue of NYIPLA membership, the IP community stands to gain. In addition, patent lawyers within our Association may benefit if they are retained to enforce patents obtained by agents having practice skills enhanced by their NYIPLA experience.

The prior proposal regarding admitting foreign patent agents as NYIPLA members remains more complicated in view of differences in licensure requirements among foreign countries. A common denominator is that leaders in the intellectual property field in foreign countries are not licensed attorneys in the American sense. Nonetheless, they typically are skilled in technology and patent matters, and are licensed by their federal government. The patent work that they handle is largely analogous to that of non-litigating U.S. patent practitioners.

One benefit of admitting foreign patent agents is that it may increase our Association's cultural diversity. Another benefit is that it might enhance the fabric of our Association's educational programs in this time of rapid business globalization. Enhanced social interaction with our IP colleagues abroad is another likely benefit. Alas, however, this is a topic for another day.

For the time being, I encourage you to offer "welcome" to the registered U.S. patent agents in our Association's geographic region who may wish to join our ranks. It is my hope that they will find a happy home here.

Largely Uncontested Portion of Plurality Opinion in U.S. Court of Appeals for Federal Circuit in *CLS Bank International v. Alice Corp. Pty. Ltd. En Banc* Decision Regarding Section 101 Follows Reasoning in NYIPLA Amicus Brief

By Charles R. Macedo and David P. Goldberg,
Amster, Rothstein & Ebenstein LLP¹

On May 10, 2013, the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) issued a split decision on the patent eligibility of computer-implemented inventions under 35 U.S.C. § 101 in *CLS Bank International v. Alice Corp. Pty. Ltd.*, No. 2011-1301 (Fed. Cir. May 10, 2013) (“*CLS III*”).

In *CLS III*, although the *en banc* Federal Circuit agreed on the patent ineligibility of the claims-at-issue, the court’s rationale was divided. While the decision ultimately provides patent practitioners with no definitive guidance as to how to apply a Section 101 analysis to computer-implemented claims, one largely uncontested portion of the plurality opinion written by Judge Lourie (“Lourie Opinion”) that lays out the basic questions to be asked in a Section 101 analysis follows the reasoning set out in the NYIPLA Amicus Brief filed in this case. *Compare* Brief of Amicus Curiae N.Y. Intellectual Property Law Ass’n in Support of Neither Party, *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, No. 2011-1301 (Fed. Cir. Dec. 7, 2012), available at <http://www.nyipla.org/images/nyipla/Documents/Amicus%20Briefs/CLS-vAliceCorpNo2011-1301.pdf>, with *CLS III*. Anthony F. Lo Cicero, Charles R. Macedo and Michael J. Kasdan of Amster, Rothstein & Ebenstein LLP prepared the NYIPLA Amicus Brief.

Background

This case relates to the method and system claims of four patents owned by Alice Corporation concerning a computerized trading platform. In 2007, CLS Bank International filed suit seeking declaratory judgment of non-infringement, invalidity and unenforceability of Alice’s patents. Alice, in its turn, countersued CLS. Four years later, the U.S. District Court for the District of Columbia granted CLS’s motion for summary judgment, finding the claims-at-issue patent ineligible under Section 101. 768 F. Supp. 2d 221.

Alice appealed to the U.S. Court of Appeals for the Federal Circuit, where a split judicial panel reversed the District Court decision to find the claims patent eligible. 685 F.3d 1341(2012). However, shortly thereafter, the Federal Circuit granted CLS’s petition for rehearing the case *en banc*, and vacated the July 9, 2012 panel decision. 484 F. App’x 559.

The NYIPLA Amicus Brief

The NYIPLA filed an amicus brief not supporting either party to offer its views that guiding principles from existing Supreme Court jurisprudence could cut through the current confusion on the patent eligibility of computer-implemented inventions. The brief argued that the mere presence of a computer in a claim should not alter the fundamental analysis as to whether the claim as a whole preempts an abstract idea, which is patent ineligible, or whether there are other ways to apply the abstract idea outside the claim, which indicates that the claim is directed to one particular patent-eligible application of an abstract idea. However, while the presence of a computer in a claim that preempts an abstract idea should not in and of itself be sufficient to establish patent-eligible matter, it is not insignificant to the analysis. For example, in the context of the “mental steps” doctrine, the use of a machine (*i.e.*, a computer) to meaningfully participate in the claimed actions can overcome these categories of objections to patent eligibility. Finally, the brief set out that whether a computer-implemented invention is claimed as a method, system, or storage medium should not affect the Section 101 analysis.

More specifically, the NYIPLA Amicus Brief argued that:

The [Supreme] Court has consistently framed the [Section 101] inquiry based on two questions:

1. Does the claimed subject matter fall within one of the four statutory categories of patent-eligible subject matter: (i) process, (ii) machine, (iii) manufacture, or (iv) composition of matter (or any improvement thereof)?
2. If so, is the claimed subject matter directed to one of three so-called “fundamental principles,” *i.e.*, laws of nature, natural phenomena or abstract ideas, which are exceptions to patent-eligible subject matter?

* * *

With respect to this second inquiry, however, as discussed in *Diehr*, *Bilski* and *Mayo*, ample, and in some cases ancient, precedent has recognized that an invention may nonetheless be directed to the *practical application* of a fundamental principle and be patent eligible.

NYIPLA Amicus Br. at 4-5.

The brief then laid out the following specific guidelines as to whether an idea invention is directed to a patent-ineligible abstract idea or a patent-eligible application of an abstract idea:

- Merely restricting an abstract idea to a particular field of use, like energy markets in *Bilski*, does not transform an abstract principle into a patent-eligible application of that principle.
- Merely tying a claim to a machine or computer in an extra-solutional manner is also not sufficient to transform an abstract principle into a patent-eligible application of that principle.
- As stated in *Bilski*, the so-called machine-or-transformation test, while useful, is not dispositive, and, as suggested in *Mayo*, satisfying the transformation prong is not necessarily a safe harbor.
- A claim must do something more than merely “apply” a fundamental principle to transform it into a practical application thereof.

Id. at 6.

The brief also pointed to specific objective factors that could be considered in a Section 101 analysis of computer-implemented claims. Patent-eligible claims might include:

- Claims to practical applications of a concept;
- Claims including limitations inextricably tied to the use of computers;
- Claims involving specific applications or improvements to technologies already in the marketplace;
- Claims involving controlled interactions over the internet or other network; and
- Claims where the abstract idea can be performed without infringing the claim.

On the other hand, patent-ineligible claims might include:

- Claims that preempt abstract ideas;
- Claims whose limitations merely define a field-of-use, as opposed to defining a particular way of practicing the idea; and
- Claims that merely “apply” fundamental principles.

Id. at 11-12.

In sum, the proper and consistent application of existing Supreme Court guidelines should suffice in determining when computer-implemented claims are patent eligible under 35 U.S.C. § 101 and when they are not.

The Federal Circuit Decision

In the current *per curiam* opinion, the Federal Circuit agreed that Alice’s claims were not patent eligible under Section 101. However, the reasoning behind that decision is spelled out in five other separate opinions, as well as in additional reflections by Chief Judge Rader.

Although these multiple opinions spotlight the Federal Circuit’s serious divisions on Section 101 analysis, the degree to which the Court’s members agree on the basic framework of Section 101 analysis has been understated in current analysis of the decision, as has the rarity of situations in which these divisions would come into play. The basic framework for Section 101 analysis, set out in the entirety of Sections II.A-II.B and in the first half of Section II.C of the Lourie Opinion, in many respects follows the same commonly accepted structure set out in the NYIPLA Amicus Brief, however with some significant deviations, particularly in its application in the later portions of the Lourie Opinion.

Unfortunately, the Federal Circuit was unable to agree on the manner in which the second inquiry (analyzing whether the claimed subject matter is directed to one of three fundamental principles that are exceptions to patent-eligible subject matter) should proceed. The Lourie Opinion advocates first clarifying the specific nature of the exception at issue and then evaluating the claim “to determine whether it contains additional substantive limitations that narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.” *CLS III*, Lourie Op. at 18-19. However, the Rader and Linn Opinions find this to be too reductive a manner of proceeding, likely to lead courts to “ignor[e] the concrete, palpable, tangible limitations of the invention the patentee actually claims” and to instill an unwarranted “inventiveness” component into the inquiry. *CLS III*, Rader Op. at 13, 22-23. The Association has consistently advocated against carving out portions

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of claims to determine patent eligibility, consistent with the Supreme Court's decision in *Diamond v. Diehr*.

Disappointed at the court's impasse, Judge Newman explained separately that the debate on Section 101 reflects the anxiety that overbroad patents will preclude scientific inquiry and technological innovation. If there were "clarification of the right to experiment with the information disclosed in patents, it would no longer be necessary to resort to the gambit of treating such information as an 'abstraction' in order to liberate the subject matter for experimentation." *CLS III*, Newman Op. at 10. Accordingly, Judge Newman proposes abandoning all judicial exceptions to patent-eligible subject matter.

This decision spotlights the Federal Circuit's serious divisions on Section 101 analysis. In the face of these divisions, decisions by Federal Circuit panels as to patent eligibility of specific claims under 35 U.S.C. § 101 will continue to be inconsistent. That the Federal Circuit is unable to resolve these issues, which are of great importance to our country's business community and computer industry, suggests that the U.S. Supreme Court will need to weigh in on these issues in the near future.

(Endnotes)

¹ Charles R. Macedo is the author of *The Corporate Insider's Guide to U.S. Patent Practice*, published by Oxford University Press in 2009, and is a Partner at Amster, Rothstein & Ebenstein LLP. David P. Goldberg is an Associate at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues, including litigating patent, trademark and other intellectual property disputes. They may be reached at cmacedo@arelaw.com and dgoldberg@arelaw.com.



Charles R. Macedo



David P. Goldberg

HOT TOPICS IN TRADEMARKS, ADVERTISING, COPYRIGHTS & DESIGN PATENTS CLE SEMINAR

EARN NYS/NJ 3.5 CLE CREDITS INCLUDING ETHICS

Wednesday, July 17, 2013 12:00 pm - 5:00 pm

The Princeton Club, 15 West 43rd Street, New York, NY

- What you need to know about the new PTO Ethics rules
- Copyright First Sale in a Digital World (*Capitol Records v. ReDigi*)
- Protecting Design Rights: Comparing Design Patents, Trade Dress, Copyrights – Different Rights, Remedies, Strategies
- Update from the FTC: Recent False Advertising Actions – including “Health” and “Green” Claims
- New gTLDs Rollout – Practical Advice for Cost Effective Management of Trademark Protection

Registration details can be found on our website www.nyipla.org

Notable Trademark Trial and Appeal Board Decisions

By Stephen J. Quigley, Of Counsel, Ostrolenk Faber LLP

Member of the NYIPLA Trademark Law and Practice Committee

(All decisions are precedential.)

WHITE JASMINE is Deceptive

“White jasmine” is a type of tea that is believed to have health benefits. As such, its presence in a tea product is considered a material factor in a consumer’s purchasing decision. Since the applicant’s tea did not contain any white tea, its mark was found to be deceptive and the refusal to register was upheld. There is a three-factor test



for determining whether registration should be denied under Section 2(a) [15 USC § 1052(a)]: 1) Is the term misdescriptive of the character, quality, function, composition or use of the goods? 2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods? 3) If so, is the misdescription likely to significantly affect the buying decision? The Board’s answer to all three questions was “yes.” *In re White Jasmine LLC*, Serial No. 77/115,548 (March 5, 2013).

Color is Functional

The Board upheld the refusal to register the color black when used for floral packaging because it “serves an aesthetic function,” *i.e.*, the exclusive appropriation of the color would put competitors at a significant non-reputation-related disadvantage. The Board found that there is a strong competitive need to use black in order to convey a particular message to the recipient

of the flowers such as elegance or luxury, or in the context of death and Halloween floral bouquets or arrangements. *In*



re Florists’ Transworld Delivery, Inc., Serial No. 77/590,475 (March 28, 2013).

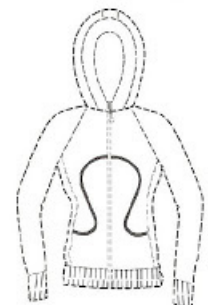
Opposition Dismissed After Applicant Narrowed the Goods and Services

The goods and services in an application to register RSTUDIO were broad, encompassing all types of statistical software and application development software, as well as training, design and development services – which the opposer claimed were related to its database modeling software. The applicant moved under Rule 2.133 to restrict the description in the application to the field of “advanced” statistical software using “R” computer language. This was sufficient to tip this *duPont* factor in the applicant’s favor as the Board found “no significant relationship between the respective software products.” *Embarcadero Technologies, Inc. v. RStudio, Inc.*, 105 USPQ2d 1825 (TTAB 2013).

Clothing Design is Merely Ornamental

The Board confirmed the refusal to register a design for hooded sweatshirts, jackets and coats on the ground that the design is merely ornamental and fails to function as a trademark. An ornamental design may be inherently distinctive if its principal function is to identify a source, with the ornamental aspect being incidental. A design that is a mere refinement of a common or well-known form of ornamentation will not be viewed as a source indicator by the consuming public. The large size of the design was not a bar. While it “may have once been the practice in the clothing industry to limit logos to small sizes in discrete areas rather than have them ‘emblazoned’ across a garment,

that is no longer standard practice.” The Board found, however, that the design “is rather simple and looks like piping” which is “likely to be perceived by the public as merely ornamental.” *In re Lululemon Athletica Canada Inc.*, 105 USPQ2d 1684 (TTAB 2013).




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Specimen Rejected



The Board confirmed the refusal to accept the specimen for “pet products, namely, edible pet treats, pet food and pet beverages” because it did not show use of the mark for any of the goods in the application. The Board agreed with the Examining Attorney that the specimen showed a healthcare product which was not identified in the application. Citing *In re Bose Corp.*, 192 USPQ 213, 216 (CCPA 1976), the Board reiterated the test for an acceptable specimen, *i.e.*, “to enable the PTO to verify the statements

made in the application regarding trademark use. In this regard, the manner in which an applicant has employed the asserted mark, as evidenced by the specimens of record, must be carefully considered in determining whether the asserted mark has been used as a trademark with respect to the goods named in the application.” *In re Gulf Coast Nutritionals, Inc.*, Serial No. 77/980,412 (January 29, 2013).



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NYIPLA E-mails?**

Contact your IT/ISP and
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Patentability and Enforceability of Mobile Apps

by Jessica L. Copeland

On Thursday, April 25, 2013, Jessica L. Copeland, Senior Associate at Hodgson Russ LLP, hosted the New York Intellectual Property Law Association’s first CLE presentation in Western New York (Buffalo). The attendees included outside counsel, in-house counsel, business executives, and law students from the University of Buffalo Law School. The CLE and reception that followed took place at Hodgson Russ’s Buffalo, New York office, in the iconic Guaranty Building

The event featured a lively discussion of the patentability and enforceability of mo-

bile apps featuring Robert J. Fluskey, Jr., a partner and IP litigation attorney at Hodgson Russ; Alfonzo I. Cutaia, a senior associate and IP Litigation and Prosecution attorney at Hodgson Russ; and Christopher E. Copeland, IP counsel at M&T Bank. Notably, Charles Hoffman, incoming NYIPLA president, attended the event and introduced the attendees to this organization. It was a successful night that we hope will lead to increased membership in the Western New York area. Looking forward, Jessica Copeland is planning the next event in Rochester for sometime this summer.

CLE World Intellectual Property Day CLE Program

“Creativity: The Next Generation”

By John T. Moehringer

On April 26, 2013, the NYIPLA helped host a CLE program and networking event at Fordham University School of Law in Manhattan to celebrate World Intellectual Property Day. In 2001, the World Intellectual Property Organization (WIPO) designated World IP Day as April 26 – the anniversary of the WIPO Convention coming into force in 1970.

This year, World IP Day celebrations were held in many different cities around the United States, including Washington D.C., Dallas, Denver, Detroit, San Jose and New York. The theme for this year’s celebrations was “Creativity: The Next Generation,” and our focus in New York was on intellectual property in the fashion industry. The New York event drew over 100 attendees, including attorneys, law students and various members of the fashion community. It was a collaborative outreach program held in cooperation with WIPO, the American Intellectual Property Law Association (AIPLA), and the Fashion Law Institute at Fordham.

Opening remarks were given by AIPLA President Jeffrey I.D. Lewis of Patterson Belknap Webb & Tyler LLP. He welcomed everyone and narrated an entertaining video that explored the various forms of intellectual property protection. This was followed by a video message from WIPO Director General Francis Gurry espousing the importance of encouraging the next generation of innovators to keep creating and inventing. John Moehringer, of Cadwalader, Wickersham & Taft LLP, provided welcoming remarks on behalf of the NYIPLA. He noted the importance of providing strong IP protection to foster creativity and innovation among future generations – particularly in areas such as fashion, where many question the adequacy of the current IP protection afforded designers and other innovators throughout the fashion industry.

The panel discussion began with remarks by Fordham Law Professor Susan Scafidi, who served as moderator. Professor Scafidi founded and directs the nonprofit Fashion Law Institute at Fordham and has been a long-time advocate for stronger IP protection in the fashion industry. In response to those that argue IP protection stifles innovation, she noted that many of the most successful fashion houses in the world are located in Europe where IP protection for fashion is more established and includes fashion design protection, which is not available in the United States.

Heather Thomson, the woman behind the successful Yummie by Heather Thomson brand, discussed her experiences as a fashion designer and the importance of seeking and diligently protecting the design patents she has obtained for her shapewear fashion designs. Rakiat Layo Gbadamosi, in-house counsel for Jovani Fashions, described how she obtained her position at Jovani and the company’s experience protecting against knock-off dresses through copyright protection. Amanda B. Agati, of Fross Zelnick Lehrman & Zissu, P.C., discussed her experiences using trademark law to protect client interests. She highlighted the importance of obtaining foreign trademark registrations in order to protect interests abroad, particularly when selling, manufacturing or even exporting goods in countries like China and Korea, where “First-to-File” trademark systems can provide opportunities for unauthorized third parties to secure registration of the well-known marks of others who have not yet registered their marks.

After the panel discussion, the dozen designers who were exhibiting their creations that evening came up to the front to introduce their works. Many of the designers provided interesting remarks regarding the inspirations for their creations and product lines. The panelists then graciously agreed to answer questions from the audience. Following the Q&A session, there was a networking event during which those in attendance enjoyed refreshments and informal discussions regarding the specific benefits of the intellectual property protections provided to those in the fashion industry.



MINUTES OF MARCH 12, 2013
Meeting of The Board of Directors of
THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was called to order at the offices of Willkie Farr and Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, at 12:30 p.m.

In attendance at the Board meeting were:

| | |
|------------------|-------------------|
| Thomas Meloro | Anthony Lo Cicero |
| Charles Hoffmann | Leora Ben-Ami |
| Theresa Gillis | Walter Hanley |
| Richard Parke | Bruce Haas |

Attending by telephone were Dorothy Auth, Annemarie Hassett, Kevin Ecker, and Wanli Wu. Absent and excused were Denise Loring, Jeffrey Butler, Ira Levy and Alexandra Frisbie. Feikje van Rein attended from the Association's executive office.

Tom Meloro called the meeting to order and the minutes of the February Board meeting were approved.

Feikje van Rein provided a financial report. She reported that the Association continued to be on firm financial footing. Feikje noted that the revenue for the Judges Dinner was on track to be basically the same as last year, noting that more Association members were attending this year but fewer nonmembers were attending. There is additional revenue being generated from the premium fee for tables in the main ballroom.

Tom presented the proposed new member candidates and the Board approved the new members.

Tony Lo Cicero provided the report on behalf of the Amicus Briefs Committee. The Board considered the draft amicus brief on the *Myriad Genetics* case, with Tom Meloro recused. The brief was approved by the Board with a few suggested changes. The Board next considered the *Momenta v. Amphastar* case. After review, the Board determined that it did not wish the Association to file an amicus brief at the petition stage.

Terri Gillis and Walt Hanley then went through the changes to the Bylaws for final approval by the Board. The Board

approved the changes to the Bylaws for presentation to the membership, subject to confirmation of the final auditor report date in Article IV Section 8. Tom Meloro thanked Terri and Walt and the Bylaws committee for the extensive and detailed work done to revise the Bylaws.

Tony Lo Cicero reported on the Judges Dinner next. Tony indicated that there would be a quiet room and that there were still some openings for the Day of the Dinner CLE program.

Dorothy Auth then reported on preparations for the Annual meeting of the Association. Dorothy noted that preparation for the luncheon and workshops was underway and that speakers were being sought. There was some discussion by the Board regarding whether to charge a fee for the workshops, but the Board decided to charge a fee only for the luncheon and the dinner.

Richard Parke reported that the Trademark Law and Practice Committee was working on its summer program.

Annemarie Hassett reported that the presentation by the Young Lawyers Committee at Kaye Scholer had been very well-received. The Young Lawyers Committee is planning on having a roundtable discussion with a few senior attorneys and a dozen or so young attorneys to encourage discussion. The first roundtable should occur in May.

Walt Hanley indicated that the Conner Writing Competition had received 29 submissions. These submissions will be considered by the Conner Writing Competition Committee in April.

There followed a discussion of World IP day. The Association will have a presentation in Buffalo, New York on April 25th and a seminar at Fordham University on April 26th.

Tom Meloro adjourned the meeting at 2 p.m.

MINUTES OF APRIL 18, 2013
Meeting of The Board of Directors of
THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

The Board meeting was called to order at the Princeton Club, 15 West 43rd Street, New York, New York at 7:30 p.m. In attendance at the Board meeting were:

| | |
|-------------------|------------------|
| Thomas Meloro | Leora Ben-Ami |
| Walter Hanley | Charles Hoffmann |
| Annemarie Hassett | Dorothy Auth |
| Bruce Haas | Kevin Ecker |
| | Richard Parke |

Due to the location, attending by telephone was not possible. Absent and excused were Jeffrey Butler, Theresa Gillis, Alexandra Frisbie, Wanli Wu, Ira Levy, Denise Loring and Anthony Lo Cicero. Feikje van Rein and Lisa Lu attended from the Association's executive office.

Tom Meloro called the meeting to order. The Board first discussed the Association's plans for World IP day. John Moehringer and Bill McCabe attended this portion of the meeting as co-chairs of the Membership Committee. The Board discussed the programs planned in Buffalo and New York City. The Board noted the tremendous efforts of John and Bill, as well as Jess Copeland and the executive office in preparing these programs for the Association. With regard to the New York City program, the Board asked the members to reach out to practitioners particularly in the trademark and copyright areas to attend the program.

The Giles S. Rich Diversity Scholarship was then discussed. Tom Meloro noted that Ed Bailey, who had been leading the scholarship effort, was retiring and the Association would seek someone to lead this effort. Last year's winner will attend the Annual meeting and a representative from St. John's University also will attend.

The Conner Writing Competition was then discussed, with Gary Butter and Pejman Sharifi participating as co-chairs of the Conner Writing Competition Committee and Walt Hanley leading the discussion as Board liaison. The Board discussed the 3 finalists at some length, and Gary and Pejman explained the system to rank the papers

as well as the criteria used by the Committee. Following discussion, the Board approved the recommendations of the Committee.

The Financial report was read by Feikje van Rein in Jeffrey Butler's absence. Feikje reported that the Association continues to be on sound financial footing.

Potential new members were then presented to the Board by Tom Meloro and were approved by the Board.

Annemarie Hassett then led a discussion on behalf of the Amicus Briefs Committee. There was some discussion of whether to provide a brief regarding the *Lighting Ballast* case, but the Board agreed with the Committee that given the timing and limitations of resources, the Association would not submit a brief.

There followed a discussion of the Judges Dinner. Feikje noted that the financial information was not complete yet, but it appeared that the Association's profit for the event would be somewhere in line with the past. Board members expressed the view that the logistics of the registration process had been improved. Regarding the Day of Dinner CLE program, Tom indicated that the program was excellent, but reminded the Board that the Association must be mindful to have full attendance at this CLE.

Lastly, the Board discussed the 2013 Annual Meeting preparations. Dorothy Auth reviewed the plans for the Luncheon, the "Attorney Feud" program following the luncheon, where the teams will be the outside counsel versus the in-house counsel. Thereafter there will be workshops, followed by committee meetings and the Annual Meeting. Judge Jacobs will be speaking at the Awards Dinner. Tom and the Board thanked Dorothy for all her work in creating and organizing this program.

With no further matters to discuss, Tom Meloro adjourned the meeting at 8:30 p.m.

NEW MEMBERS

| Last Name | First Name | Firm/School | Tel. No. | E-mail Address |
|------------|--------------|--|--------------|-------------------------------|
| Briscoe | Kurt G. | Norris, McLaughlin & Marcus, P.A. | 212-808-0700 | kgbriscoe@nmmlaw.com |
| Caleca | Alexandra R. | Brooklyn Law School | 917-582-1389 | alexandra.caleca@brooklaw.edu |
| Draper | David N. | Kirkland & Ellis LLP | 212-446-4922 | david.draper@kirkland.com |
| Feghali | Jessica | Fashion Law Institute | 661-340-3118 | jfeghali@law.fordham.edu |
| Gottfried | Philip H. | Amster, Rothstein & Ebenstein LLP | 212-336-8040 | pgottfried@arelaw.com |
| Hardman | Cynthia L. | Kenyon & Kenyon LLP | 212-908-6370 | chardman@kenyon.com |
| Joseph | Salil | Seton Hall University School of Law | | salil.joseph@gmail.com |
| Keenan | Michael | Hinman, Howard & Kattell | | mkeenan@law.villanova.edu |
| Kim | Lidia | Volunteer Lawyers for the Arts | | lidia.kim@gmail.com |
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