

NYIPLA[®]

June/July 2010

Bulletin

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Patent False Marking – A Per Se Patent Misuse

James Gould and Joseph Farco¹

[In the December 2009-January 2010 NYIPLA *Bulletin*, Mr. Farco's article "The Fight Against False-Markers, The Real 'Marking Trolls'" discussed the impact of the Federal Circuit's decision in *Forest Group Inc. v. Bon-Tool Company* on patent false-marking litigation. Mr. Farco posited that a direct link exists between the false-marking statute, 35 U.S.C. §292, and United States antitrust laws. The following article posits a link between the equitable doctrine of patent misuse (which can render the patent unenforceable until the misuse is purged) and the patent false-marking statute. Foreseeing a declining use of the false-marking statute due to the recent Federal Circuit decision in *Pequignot v. Solo Cup Company* and the Court's anticipated decision in *Stauffer v. Brooks Bros., Inc.*, this article envisions the statutory offense under Section 292 having an alternative use as the basis for a new equitable defense to patent infringement: false-marking patent misuse.]

I. INTRODUCTION AND SUMMARY

The recent flood of false patent marking lawsuits has raised awareness of 35 U.S.C. §292 as the basis for *qui tam* actions. This article suggests the use of false-marking as a potential infringement defense under the doctrine of patent misuse. The effect of such a defense would be to render the falsely marked patent unenforceable until the false-marking is purged. Following general tort principles, the statutory policies underlying §292 establish patent false-marking as wrongdoing *per se*. It is the authors' position that proof of false-marking alone will suffice as proof of patent misuse.

This new defense may be raised by alleged infringers and requires two specific facts: (i) the patentee suing for infringement has marked its products with the patent-in-suit; and (ii) none of the claims of the patent-in-suit read on the patentee's marked products. Other variations of this new defense under other statutes are also conceivable (*e.g.*, false Orange Book listing) but are not addressed in this paper.

II. THE PATENT MISUSE DEFENSE

Patent misuse acts to "restrain practices that did not in themselves violate any law, but drew anticompetitive strength from the patent right, and ... were deemed to be contrary to public policy."

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The views expressed in the Bulletin are the views of the authors except where Board of Directors approval is expressly indicated.

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July 2010

Dear Fellow Members,

Welcome to the 2010-11 Association year! It is a great honor and privilege for me to serve as President of your Association. I look forward with joy and enthusiasm to the challenges and opportunities that the Association will face during this time.

In light of my practice being in Connecticut, my installation marks a tribute to the geographical reach of our Association - a footprint that, although centered in Manhattan, extends beyond New York to New Jersey and the districts covered by the U.S. Court of Appeals for the Second Circuit.

Last month, the "changing of the guard" for the Association took place at the Annual Meeting and Dinner held at the Union League Club. At the gathering, we marked the end of two decades of service by Michael Isaacs as our Association's Executive Director. I presented Michael with a plaque, on behalf of the Officers and Board, as a token of our appreciation for his many years of dedicated service.

Our new Executive Director is Robin Rolfe of Robin Rolfe Resources. Those members practicing in the trademark field may remember her from INTA events. Hopefully each of you will have an opportunity to meet Robin, and her colleague Feikje Van Rein, in the days ahead.

As we begin the new Association term, it can be a worthwhile exercise to reflect on past leaders of our Association. Past Presidents Giles Rich and William Conner come foremost to mind, as does Past Board Member Pauline Newman.

Judges Newman and Conner have been formally recognized by our Association as recipients of our Association's Outstanding Public Service ("OPS") award presented at the annual Waldorf Dinner in honor of the Federal Judiciary.

What about similar recognition for Judge Rich? As you may recall, he was a primary architect of the 1952 Patent Act during his tenure as NYIPLA President. Later, he sat on the bench of the Federal Circuit, and

its predecessor court, the Court of Customs & Patent Appeals, for many years. Judge Rich's service to our profession is a lasting reminder of the best that we can hope to achieve individually and collectively on behalf of our Association going forward.

As it turns out, Judge Rich was formally recognized by our Association, albeit before the time of the formal establishment of the OPS award. Back in 1998, then-President Ed Filardi presented Judge Rich with a Steuben glasswork sculpture entitled "Partnership". It bore the following inscription:

The Honorable
GILES SUTHERLAND RICH
United States Court of Appeals for the Federal Circuit
In honor of your years of service to the
Partnership of the Bench and Bar
New York Intellectual Property Law Association
76th Annual Dinner
March 27, 1998

It is only fitting that our Association paid him this tribute for public service of the highest order. Thankfully, Judge Rich was able to receive this award during his lifetime.

Before long, we'll be considering who will receive next year's OPS award. I welcome your thoughts and suggestions as to appropriate candidates to consider.

In the meantime, please consider not only joining, but becoming an active participant on, an NYIPLA Committee. Active participation is valuable for each member since it builds professional character, and establishes business relationships among colleagues that can last a lifetime. Such participation is important to the Association for the simple reason that it is the engine that drives our collective contributions to IP law and to our chosen profession. As an added plus, committee work is its own reward since it helps you grow in your knowledge of the law. Lastly, it can serve as a stepping-stone to a higher office in the Association, and perhaps even a future seat on the federal bench.

With kind regards,
Dale Carlson



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Mallinckrodt, Inc. v. Medipart, Inc., 976 F.2d 700, 703-04 (Fed. Cir. 1992). *A fortiori*, the violation of conduct proscribed by statute should make a patent unenforceable for misuse.

Patent misuse requires that the patentee abuse a right granted to him/her under the patent laws: the right to exclude that which is embodied by the patent's claims. *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1373 (Fed. Cir. 1998). ("The key inquiry is whether, by imposing conditions that derive their force from the patent, the patentee has impermissibly broadened the scope of the patent grant with anticompetitive effect."); *Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 868-69 (Fed. Cir. 1998) (misuse found where one broadens the scope of the patent claims).

"[A]n attempt to extend a patent monopoly beyond the patent claims or the limited period of the monopoly grant runs counter to the patent laws under which but a limited monopoly privilege is granted and then only when certain conditions have been met." *W.L. Gore & Assocs., Inc. v. Carlisle Corp.*, 529 F.2d 614, 622 (3d Cir. 1976); *Panther Pumps & Equip. Co. v. Hydrocraft, Inc.*, 468 F.2d 225, 231 (7th Cir. 1972) (misuse defense is "designed to prevent a patentee from projecting the economic effect of his admittedly valid grant beyond the limits of his legal monopoly.")

Patent false-marking qualifies under these tests because it is an activity proscribed by statute and it has the effect of extending the patent monopoly beyond the patent claims.

A. False-Marking As A Misuse

To date, patent false-marking has not been used as the predicate for a finding of patent misuse.

Falsely marking a product as patented when no claims of that patent cover the article marked is an offense under 35 U.S.C. §292(a). *Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352 (Fed. Cir. 2005). Patent false-marking does not by itself violate this provision of law. *Id.* (false-marking under §292 requires proof of deceptive false-marking). However "[a]cts of false marking deter innovation and stifle competition in the marketplace." *Forest Group Inc. v. Bon Tool Co.*, 590 F.3d 1295, 1303 (Fed. Cir. 2009). Each instance of patent false-marking can dissuade potential competitors from entering the same market, deter scientific research, cause unnecessary investment

in design-arounds and accumulate costs to analyze the patent that falsely marks the product. *Id.* Falsely marking products with patents that do not cover those products is undoubtedly anticompetitive, even if sufficient intent to recover the civil penalties of §292(a) has not been shown.² Misuse, an equitable defense, has no civil penalties – the only remedy is declaring the patent unenforceable.

Under either *C.R. Bard* or *Virginia Panel*, patent false-marking should be deemed an abuse of a patent. It is implicit in a finding of patent false-marking of an unexpired patent that the patent's claims have been broadened beyond their proper scope. As discussed *supra*, the Federal Circuit held in *Forest Group* that patent false-marking is anticompetitive and has numerous anticompetitive effects.

Thus, patent false-marking according to §292 falls squarely within the doctrine of patent misuse, which was meant to "prevent a patentee from using the patent to obtain market benefit beyond that which inheres in the statutory patent right." *U.S. Philips Corp. v. Int'l Trade Comm'n*, 424 F.3d 1179, 1184-85 (Fed. Cir. 2005). The defense "bars a patentee from using the patent's leverage to extend the monopoly of his patent to derive a benefit not attributable to the use of the patent's teachings... ." *Id.* at 1184, citing *Zenith Radio Corp. v. Hazeltine Res., Inc.*, 395 U.S. 100, 135-36 (1969).

B. False-Marking as Per Se Patent Misuse

Depending on the conduct, misuse is judged under a *per se* standard or under the rule of reason. According to the rule of reason, "the finder of fact must decide whether the questioned practice imposes an unreasonable restraint on competition ... including specific information about the relevant business, its condition before and after the restraint was imposed, and the restraint's history, nature and effect." *Virginia Panel*, 133 F.3d at 869.

To be a *per se* patent misuse, patent false-marking needs to have a "pernicious effect on competition or lack ... any redeeming virtue." *Continental T.V., Inc. v. GTE Sylvania Inc.*, 433 U.S. 36, 58 (1977). Examples of *per se* misuse include patentee demands for post patent-expiration royalties;³ using the patent to induce price-fixing/price-stabilization,⁴ and conditioning a patent license on an agreement not to deal in competing goods.⁵ Finding patent

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false-marking to be a *per se* misuse would make the act by itself a violation without further inquiry into the market effects and history of the alleged abuse, as with *Brulotte v. Thys*.

Patent false-marking is “pernicious” because it has a deleterious effect on competition, research and innovation.⁶ It would seem difficult to find redeeming value in patent false-marking given the Federal Circuit’s clear statement of the threats it poses to the public. Additionally, 35 U.S.C. §292 penalizes patent false-marking in defense of the public. A statutory proscription against a type of conduct is evidence that such conduct is a form of wrongdoing to those the statute was meant to protect.⁷ Patent false-marking should similarly be deemed a *per se* wrongdoing and *per se* patent misuse.

C. False-Marking as Patent Misuse Under Rule of Reason Analysis

If the patent misuse defense based on false-marking were to be analyzed under the rule of reason rather than *per se*, the claimant may need to provide evidence of the market before false-marking and some form of adverse market effects existing after the false-marking. Under the rule of reason, the extent of the anticompetitive conduct on the market carries weight in finding whether the restraint, in this case false-marking, is unreasonable.

Certain of the factual considerations under the

rule of reason may be easily answered: the nature of the restraint is a public misrepresentation of a patent monopoly, it carries a wealth of anticompetitive effects (*see* the Federal Circuit discussion in *Forest Group, supra*) and the history of abuse due to false-marking is readily determinable.⁸ It would likely be difficult for patentees to argue the merits of any of the above once there has been a finding of patent false-marking.

Ultimately, under the rule of reason, the patent misuse claimant who uses patent false-marking as the basis for the misuse may be forced to show that there was sufficient history of patent abuse and that there are particular effects upon the marketplace due to the false-marking activity (beyond those enumerated by the Federal Circuit in *Bon Tool*). Fortunately, the *per se* standard established by the statutory definition of wrongdoing should avoid the need for such a rule of reason analysis.

D. Misuse Requires Less Proof Than an Antitrust Violation

Under either a *per se* or a rule of reason analysis, the proof of misuse is less than that for an antitrust violation. While patent misuse cases discuss anti-competitive effects, one can prove a patent misuse without also proving the existence of an antitrust violation. *See Zenith Radio*, 395 U.S. at 140-41 (“it does not necessarily follow that the misuse embodies the ingredients of a violation of either § 1

NYIPLA Calendar

2010 HALF-DAY CLE PROGRAM HOT TOPICS IN TRADEMARK LAW

➤ Thursday, July 15, 2010 ◀

The Princeton Club

James Madison Room, 15 West 43rd Street, New York, New York

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Details: [See Page 7](#) and www.nyipla.org

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November 4, 2010 Fall One-Day CLE Program

or § 2 of the Sherman Act, or ... § 16 of the Clayton Act.”); *Windsurfing Int’l, Inc. v. AMF, Inc.*, 782 F.2d 995, 1001 (Fed. Cir. 1986) (“if a patentee’s action does not qualify as an antitrust violation ... it may still be subject to the patent misuse defense.”); *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 667-68 (Fed. Cir. 1986) (summary judgment of misuse and denial of summary judgment of antitrust violation not in conflict as the former requires lesser proof than the latter); *Virginia Panel*, 133 F.3d at 872-3 (“violation of the antitrust laws, in this case section 2 of the Sherman Antitrust Act ... requires more exacting proof than suffices to demonstrate patent misuse [e.g.] intent to monopolize, market power in a defined relevant market (which may be broader than that defined by the patent), and damages attributable to the conduct asserted to be in violation of the antitrust laws.”) Therefore, patent misuse may be raised without particular evidence of intent, market power of the patentee, or the impact of the false marking on particular competitors in a marketplace.

E. Misuse From False Marking Does Not Require Proof of an Intent to Deceive Under §292(a)

As the Federal Circuit held in *Pequignot*, to receive the penalty award under §292(a), a *qui tam* plaintiff must prove intent to deceive the public, such proofs being subject to rebuttal by the accused false-marker.⁹ Founded in equity, patent misuse has no such intent requirement – the conduct is compared *vis-à-vis* the rights under the patent laws.¹⁰ As was found by the Supreme Court in *Brulotte v. Thys*, the receipt of post-expiration royalties by a patentee is *per se* patent misuse regardless of the intent of the patentee. 379 U.S. at 32-34.

The statutory source for the Court’s holding was Article I, §8 of the Constitution and 35 U.S.C. §154. Under Article I, §8, Congress must secure exclusive rights of inventors to their inventions “for limited times.” Under 35 U.S.C. §154, the term of the patent is to a limited number of years. *Id.* at 30. Generally, Article I, §8 and 35 U.S.C. §154 make clear that a patent monopoly right cannot be extended in perpetuity. To abuse that right under the patent laws, as was the case in *Brulotte*, the patentee’s conduct is *per se* patent misuse.

Unlike the benign Federal language found to create *per se* patent misuse in *Brulotte*, 35 U.S.C.

§292 expressly penalizes the act of patent false-marking as an improper use of a patent. Therefore, the statutory penalty mandated for patent false-marking under this statute presents an even more compelling reason to find that the same sort of reprehensible abuse of patent rights is a *per se* misuse.

III. THE RESULTS OF FALSE MARKING PATENT MISUSE

The result of finding patent misuse is equivalent to that of finding patent unenforceability. The Supreme Court in *Morton Salt Company v. G.S. Suppinger Company*, stated:

Where the patent is used as a means of restraining competition with the patentee’s sale of an unpatented product, the successful prosecution of an infringement suit even against one who is not a competitor in such sale is a powerful aid to the maintenance of the attempted monopoly of the unpatented article, and is thus a contributing factor in thwarting the public policy underlying the grant of the patent. Maintenance and enlargement of the attempted monopoly of the unpatented article are dependent to some extent upon persuading the public of the validity of the patent, which the infringement suit is intended to establish. Equity may rightly withhold its assistance from such a use of the patent by declining to entertain a suit for infringement, and should do so at least until it is made to appear that the improper practice has been abandoned and that the consequences of the misuse of the patent have been dissipated.

314 U.S. 488, 493 (1942).

A patentee cannot obtain damages for the period of the misuse or after that period unless that misuse is purged. *United States Gypsum Co. v. National Gypsum Co.*, 352 U.S. 457, 465 (1957) (“courts will not aid a patent owner who has misused his patents to recover any of their emoluments accruing during the period of misuse or thereafter until the effects of such misuse have been dissipated, or purged.”)

Where it is determined that the patent false-marking is a patent misuse, the patentee would have to remove the false markings from its products.

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Whatever other corrective behavior would be necessary to purge the misuse will depend on the facts of each case.¹¹ Once a purge of the false-marking misuse is complete, the court would then allow the patentee to collect damages for any alleged patent infringement from the effective purge date. This result would have the potential of removing all accrued damages and preventing an injunction before the purge date, working to the alleged infringer's advantage.

IV. CONCLUSION

As patent false-marking gains popularity in the public eye, it remains to be seen whether the relatively dormant patent misuse defense may be revived by asserting patent false-marking as a *per se* misuse. As seen in several decisions, the Federal Circuit clearly disfavors patent false-marking. Thus, patent practitioners whose clients face infringement lawsuits involving products which the patentee falsely marked may find it advantageous to assert a patent misuse defense, even if they do not stand to recover under §292 for the false-marking alone. Patentees should in turn be mindful of their marking practices lest their suits for patent infringement, though meritorious, become judgments for which little monetary relief can be afforded.



¹ James Gould is a partner at Locke Lord Bissell & Liddell LLP and practices in all areas of patent litigation, with a focus on patent damages and the interaction of patent and antitrust law. Joseph Farco is an associate at Locke Lord Bissell & Liddell where he practices in patent litigation and prosecution. Mr. Farco spoke on the subject of false marking at the NYIPLA's 26th Annual Joint Patent Practice Seminar.

² The Federal Circuit has outlined that "intent to deceive the public" is very fact specific and even if knowl-

edge of mismarking coupled with falsity of the mark are established by a preponderance of the evidence, accused false-markers can rebut that presumption and avoid penalties under 35 U.S.C. §292. See *Pequignot v. Solo Cup Co.*, Appeal No. 2009-1547, Slip Op. at 12-14 (Fed. Cir. June 10, 2010).

³ *Brulotte v. Thys Co.*, 379 U.S. 29, 33 (1964) (discussed *infra* at II.E).

⁴ *United States v. General Elec. Co.*, 272 U.S. 476, 489-90 (1926); *United States v. Line Material Co.*, 333 U.S. 287 (1948).

⁵ *Nat'l Lockwasher Co. v. George K. Garrett Co.*, 137 F.2d 255, 256 (3rd Cir. 1943) (*per se* misuse to exclude licensee from dealing in products not covered by patent claims); *Berlenbach v. Anderson and Thompson Ski Co.*, 329 F.2d 782, 783 (9th Cir. 1964).

⁶ See *Forest Group, Inc. v. Bon Tool Co.*, Appeal No. 2009-1044 (Fed. Cir. filed Oct. 29, 2008), Oral Argument on Appeal, <http://oralarguments.cafc.uscourts.gov/search-script.asp> (Oct. 7, 2009) (on file with Federal Circuit Court of Appeals).

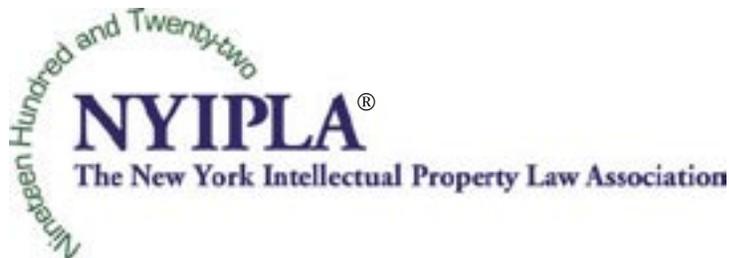
⁷ Resort to statutory proscriptions as a characterization of wrongdoing is a basis for negligence *per se*. See Restatement Second (2d) of Torts, §286, comment c. ("A legislative enactment or an administrative regulation may provide in specific terms or by necessary implication that a violation shall entail civil liability. In such case, if the legislation or regulation is valid and applicable to the facts of the case, the court must apply it.")

⁸ Logically, the misuse should begin on the date of first false marking. Alternatively, the court in equity may decide the date is when the court determines the claims of a patent do not cover the product so marked or the date by which through reasonable examination such a determination could be made. However, reliance on "reasonable examination" as the starting point for the misuse seems to improperly inject an element of intent or scienter into misuse, which as discussed *supra* is not needed. In any case, no damages should accrue until the misuse is purged, especially since the alleged abuse would be ongoing through the case in which the patent misuse defense is raised because products falsely-marked would still be entering the marketplace.

⁹ See *supra* at note 2.

¹⁰ Unlike antitrust laws, the intent to monopolize need not be proven to prevail on a patent misuse claim. See *supra* at Section II.D.

¹¹ A complete "purge" of false-marking might be considered only at that point in time at which no more falsely-marked products flow from the patentee. Again, it remains to be seen what level of purging would be required to clear the taint of patent false-marking.



**Thursday
July 15, 2010
The Princeton Club**

Presents

Hot Topics in Trademark Law

A Half-Day CLE Program and Luncheon

Co-Sponsored by JPPCLE

12:00 pm - 1:10 pm

Networking Lunch

1:10 pm - 2:00 pm

Keynote Presentation

Organizational Changes in the Trademark Office

Lynne Beresford

Commissioner for Trademarks

U.S.P.T.O.

2:00 pm - 2:20 pm

Social Networking Sites and Virtual Worlds

Joel Karni Schmidt

Cowan, Liebowitz & Latman, P.C.

2:40 pm - 3:00 pm

The Levi Case and New Developments in Dilution

David Bernstein

Debevoise & Plimpton LLP

3:00 pm - 3:20 pm

The Davidoff Case and Trademark and Copyright First Sale Doctrines

Dale Cendali

Kirkland & Ellis LLP

3:20 pm - 3:40 pm

The Tiffany Case Impact on Enforcement Against Online Counterfeiters and Self-Policing Obligations of Service Providers

Theodore C. Max

Sheppard, Mullin, Richter & Hampton LLP

3:40 pm - 4:00 pm

“One Person’s Trademark is Another’s Entertainment”

Barbara Kolsun

Stuart Weitzman, LLC

4:00 pm - 4:15pm

Questions & Answers; Closing Remarks

Schedule

Registration
11:30 am - 12:00 pm

Lunch
12:00 pm - 1:10 pm

Program
1:10 pm - 4:15 pm

Registration Fee

NYIPLA Member - \$195
Non-NYIPLA Member - \$225

More Information

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Location

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

CLE Credits

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“As Time Goes By - ‘Tools of the Trade in the 1960s’ “

by John B. Pegram

In this issue, we will look back at the technology used by lawyers at the time I entered the patent profession in 1966. The main tools were telephones, electric typewriters and a photocopier.

The receptionist in our 20 lawyer office answered incoming calls and made connections within the office using a traditional plug-type switchboard. She also maintained our patent and trademark prosecution dockets, entering all dates from the Patent Office in a bound diary along with the initials of the responsible attorneys. The dates docketed were marked on the correspondence for checking by the attorney and his or her secretary. (We had one female attorney.) Then each month, the receptionist would type a list of chronological due dates for each attorney and his or her secretary.

Typing was a messy chore. Copies were made by interleaving carbon paper with tissue paper (to maximize the number of legible copies). Secretaries sometimes wore celluloid protectors at their wrists to safeguard their blouses against carbon smudges. Carbon paper sets, with copy sheets already interleaved, were resisted at first due to cost (the carbon paper was not reusable) and lack of

the proper color for the copies.



John B. Pegasus is a Past President and Interim Historian of NYIPLA, and a Senior Principal of Fish & Richardson, P.C.

Document revisions were a major problem, especially as a deadline approached, because retyping would be required. More than once we were counting words to be sure the changes would not lengthen a brief in order to avoid retyping from the change to the end of the brief. Attorneys who required only a minimum of revisions were respected, especially by the staff. Cy Hapgood, President of our Association in 1962 - 63, could study the disclosure and results of a prior art search, make notes and arrange everything on his desk. He would then call his secretary in and dictate a patent application from beginning to end, including claims. There were few revisions.

The arrival of a Xerox® Model 914 photocopier led to major changes in law offices. Thermofax® copies were never very clear and deteriorated over time. PhotoStat® copying by an outside service at a dollar per sheet was required for permanent copies such as exhibits. In the beginning, the Xerox copies substituted for these types of copying. Later, copies of outgoing letters and briefs were also made on faster Xerox machines. However, it was several years before a photocopy could be filed in court instead of a “ribbon copy” from a typewriter.

The photosensitive drum in the Model 914 machine required regular cleaning and periodic polishing – usually the job of the newest associate. The associate who remembered to polish the drum a few hours before a major brief was due would be favorably remembered.

In future issues, we will discuss the real meaning of “file history,” and various aspects of patent and trademark practice in New York 40 years ago. ■

NYIPLA 2009-2010 Committee Reports

AMICUS COMMITTEE

Charles Weiss and John Hintz, Co-Chairs

The Committee filed eight amicus briefs in seven separate cases:

- *Hyatt v. PTO* (Federal Circuit): introduction of new evidence in Section 145 actions; Chuck Miller, principal drafter.
- *Princo v. ITC* (Federal Circuit): standards for proving patent misuse in patent pool situations (two briefs, one at petition stage and one at merits stage); Dave Ryan, principal drafter.
- *Ariad v. Lilly* (Federal Circuit): existence of, and standards for, written description requirement; Charles Weiss, principal drafter.
- *Shire v. Sandoz* (Federal Circuit): preclusive effect of district court claim construction in case that settles; Charles Weiss, principal drafter.
- *Tafas v. PTO* (Federal Circuit): new PTO rules on continuations and claims; Chuck Miller, principal drafter.
- *City of Ontario v. Quon* (Supreme Court): state employee's expectation of privacy in personal messages on employer-issued smart phone; Jonathan Moskin, principal drafter.
- *John Wiley & Sons v. Kirtsaeng* (Second Circuit): first sale doctrine in copyright law; Charles Weiss, principal drafter.

The Committee was more proactive than in the recent past as many of the briefs were filed on the Association's own initiative without requests for participation by interested parties. Another positive trend was an expansion of the Committee's work outside the traditional area of patent law – briefs were filed in the fields of copyright and privacy law.

The Association participates in the amicus brief notification network with other bar and professional associations, but has not filed any briefs jointly with other organizations.

ANTITRUST, INEQUITABLE CONDUCT AND MISUSE COMMITTEE

Douglas R. Nemec and Donald Rhoads, Co-Chairs

The Committee was presented with numerous interesting developments in the areas of reverse payments settlements, standard setting organizations

and, most recently, inequitable conduct. The *Princo* and *Therasense* cases proved to be of particular interest and importance. Materials of interest were circulated to Committee members to stimulate discussion and an article titled "Delaying Generic Drugs: The Legal Landscape Surrounding Reverse Payment Agreements to Protect Patent Holders" by Committee member Safet Metjahic was published in the *Bulletin*.

The most noteworthy accomplishment of the Committee for this term can be credited to Don Rhoads and his associate Mary Richardson, who invested significant effort to create an extranet site for materials of interest to the Committee. The site, which will be available to Committee members, contains materials organized into four folders: Case Law, Commentary, Briefs, and Legislation. Each folder is subdivided into folders labeled Patent Misuse, SSOs, Pharmaceutical Pay-for-Delay, and Miscellaneous. With the submission of materials by Committee members, this could become a very valuable resource for news and research on issues of antitrust, inequitable conduct and misuse.

CONTINUING LEGAL EDUCATION COMMITTEE

Dorothy R. Auth and Richard Parke, Co-Chairs

The Association's Application for Renewal of Accredited Provider Status was submitted to the New York State Continuing Legal Education Board on January 30, 2008. Approval as an Accredited Provider of CLE programs for the period of August 28, 2008 through August 27, 2011 was renewed on November 5, 2008 for the following formats:

- Live classroom, for group participation;
- DVD, for self-study (individual participation); and
- Videotape, for self-study (individual participation).

The Association continues to provide educational courses that satisfy NYS CLE credits in accordance with NYS Rules, Regulations and Guidelines. The Association has moved aggressively to continue compliance with substantially expanded CLE procedures which include new requirements as to the format and content of the Certificate of Participation, the substantiation of the registration procedure and

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the monitoring of program attendance.

This year the Committee continued the CLE program series in conjunction with the Association’s Annual Dinner in Honor of the Federal Judiciary at the Waldorf=Astoria on March 26, 2010. A distinguished panel, including three federal judges, presented a well-received discussion concerning the calculation of patent damages. The program had a total registration of 144, including 29 federal judges.

The NYIPLA is proud to support the excellent Conner Inn of Court CLE programs, which were conducted throughout the year.

The NYIPLA sponsored 10 CLE programs totaling 29 credit hours of legal education. Our videotape library currently contains 7 credit hours of NYS CLE programs for the Association’s calendar year which are made available to NYIPLA members, members of the bar, law firms, and corporations.

During the program period (June 3, 2009 through May 18, 2010), the NYIPLA awarded approximately 1953.5 NYS CLE credits, comprising approximately 217 ethics credits, and approximately 1736.5 professional practice credits. Approximately 1049 attorneys attended CLE programs during this period. (These figures do not include the 26th Annual JPP seminar, or the May 12, 2010 Conner Inn of Court seminar.)

We continue to price programs as reasonably as possible. There were 22 financial aid requests in 2009-10, comprising 20 full scholarships and two partial scholarships.

The following NYS CLE accredited courses and programs were sponsored by the NYIPLA:

Title: *2009 Spring Half-Day Trademark & Copyright CLE Program*
Date: June 3, 2009
Instructors: Amy J. Benjamin, Esq., Anna Erenburg, Esq., Rita Rodin Johnston, Esq., Nadine H. Jacobson, Esq., Kathleen E. McCarthy, Esq. Howard J. Shire, Esq., Fernando Torres, Esq., Peter J. Toren, Esq.
Credits: 2.5 NYS Professional Practice CLE Credits and .5 NYS Ethics CLE Credit
Cost: \$195/NYIPLA Member
\$225/Non-NYIPLA Member

Video/DVD: Not Available
Number of Registrants: 57
Number of Participants Awarded Credit: 43
Scholarships Awarded: 1

Title: *The Issue of Future Damages/ Ongoing Royalties Post eBay*
Date: June 26, 2009
Instructors: Hon. Ron Clark, Brian Napper, FTI Consulting, and Richard Erwin, Esq.
Credits: 2.0 NYS Professional Practice CLE Credits and .5 NYS Ethics CLE Credit
Cost: \$165/NYIPLA Member
\$200/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 62
Number of Participants Awarded Credit: 37
Scholarships Awarded: 1

Title: *New Board of Appeals Rules and Appellate Practice Before the Board of Patent Appeals and Interferences*
Date: September 16, 2009
Instructor: Hon. Michael R. Fleming
Credits: 1.0 NYS Professional Practice CLE Credit
Cost: \$140/NYIPLA Member;
\$165/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 60
Number of Participants Awarded Credit: 47
Scholarships Awarded: 2

Title: *The Impact of Bankruptcy on Intellectual Property*
Date: October 16, 2009
Instructor: Honorable Arthur J. Gonzalez
Credits: 1.0 NYS Professional Practice CLE Credit
Cost: \$140/NYIPLA Member;
\$165/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 71
Number of Participants Awarded Credit: 56
Scholarships Awarded: 2

Title: *NYIPLA CLE Fall One-Day Program*
Date: November 5, 2009
Instructors: Five panels. Fifteen speakers.
Credits: 5.5 NYS Professional Practice CLE Credits and 1.5 NYS Ethics CLE Credits
Cost: \$420/NYIPLA Member,
\$470/Non-NYIPLA Member
Video/DVD: Available
Number of Registrants: 152
Number of Participants Awarded Credit: 118
Scholarships Awarded: 2

Title: *Preparation of a Patent Damages Case for Trial*
Date: December 3, 2009
Instructors: Anne Hassett, Esq., Benjamin Hershkowitz, Esq., Ira J. Levy, Esq., Brian W. Napper, Esq.,
Credits: 1.5 NYS Professional Practice CLE Credits
Cost: \$125/NYIPLA Member,
\$150/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 47
Number of Participants Awarded Credit 30
Scholarships Awarded: 2

Title: *The District of New Jersey's Local Patent Rules and Their Impact on Pharmaceutical Patent Litigation*
Date: December 11, 2009
Instructors: Hon. Faith Hochberg, Hon. Patty Shwartz, Arnold Calmann, Esq., Philip Johnson, Esq., Stephen Roth, Esq.
Credits: 2.0 NYS Professional Practice CLE Credits
Cost: \$175/NYIPLA Member,
\$200/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 102
Number of Participants Awarded Credit: 75
Scholarships Awarded: 0

Title: *"What's In Store from the USPTO"*
Date: February 5, 2010
Instructor: David Kappos
Credits: 1.0 NYS Professional Practice CLE Credit

Cost: \$150/NYIPLA Member,
\$175/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 105
Number of Participants Awarded Credit: 81
Scholarships Awarded: 1 full scholarship and 1 half scholarship

Title: *Wright Brothers v. Curtis-Herring: Direct and Cross Examinations of Patent Damages Expert, and Calculation of Damages in a Patent Case*
Date: March 26, 2010
Instructor: Hon. Richard Linn
Credits: 2.0 NYS Professional Practice CLE Credits
Cost: \$165/NYIPLA Member;
\$190/Non-NYIPLA Member
Video/DVD: Not Available
Number of Registrants: 170
Number of Participants Awarded Credit: 82
Scholarships Awarded: 0

Title: *The Twenty-Sixth Annual Joint Patent Practice Seminar*
Live Date: April 29, 2010
Instructors: 5 Panels. Over 35 speakers
Credits: 6.5 NYS Professional Practice CLE Credits and 1.5 NYS Ethics CLE Credits
Cost: \$420/NYIPLA Member;
\$450/Non-NYIPLA Member
Video/DVD: TBD
Number of Registrants: 470 +
Number of Participants Awarded Credit: TBD
Scholarships Awarded: 8

THE FOLLOWING PROGRAMS ARE ANTICIPATED FOR THE UPCOMING YEAR:

- ▶ Half-Day Trademark Luncheon and Program on July 15, 2010.
- ▶ Monthly Committee on Meetings and Forums luncheon programs, each satisfying at least 1.0 NYS CLE credit.
- ▶ Fall One-Day Seminar.
- ▶ Judges' Dinner CLE Luncheon Program.
- ▶ International Multi-Jurisdictional litigation (late afternoon conference) - tentatively planned for September 2010

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In addition, it would not have been possible for the Committee to achieve such successful CLE programming without the excellent support of the individual members of the Committee. These members have devoted extensive time and effort in planning programs and arranging for speakers and content: Amy Benjamin, David Bomzer, Anna Erenburg, John Halski, Sonja Keenan, Wan Chieh (Jenny) Lee, Richard Margiano, Tod Melgar, Debra Resnick, Mary Richardson, Irena Royzman, and Board Liaison Anthony Giacco.

COPYRIGHTS COMMITTEE

Ronald A. Clayton, Chair

The main activity of the Committee was assisting the Amicus Committee in reviewing proposed cases involving copyright issues for consideration of filing of an amicus brief and reviewing proposed briefs in those cases where filing was recommended. This included *John Wiley & Sons v. Kirtsaeng* in the U.S. Court of Appeals for the Second Circuit.

CORPORATE PRACTICE COMMITTEE

Susan E. McGahan and Alexandra B. Urban, Co-Chairs

In November 2009, the Committee conducted a benchmarking/roundtable event in which a subcommittee led by James Markarian drafted and circulated 20 questions to the Committee directed to patent prosecution. The responses were anonymously submitted, analyzed and the results were compiled onto a spreadsheet that was shared with only the members who responded to the questionnaire. Based on the success of this first exercise, a second benchmarking/roundtable event is being planned which will focus on patent litigation practice.

At the request of a number of Committee members, monthly lunchtime teleconference meetings were established. During the first two calls, on March 17 and April 21, 2010, the following topics were discussed:

- 1) Section 292, patent marking, *qui tam* actions.
- 2) IP management: software solutions.
- 3) Structure of a corporate IP department and interaction with other corporate functional groups.
- 4) How is law firm performance and quality of work evaluated? How to ensure compliance by law firms with corporate policy.

- 5) Patent software/search tools.
- 6) Inventor compensation and remuneration.
- 7) IP training: how is this managed in-house?
- 8) Patent awards: creative non-monetary incentives for inventors.
- 9) Licensing and NPEs: standard processes for handling solicitations to license.

In the coming year, the Committee will strive to work with the Amicus Committee to consider issues that have an impact on in-house counsel, and with the Membership Committee to increase corporate counsel membership in the Association, including specifically inviting the participation of other local in-house IP counsel in this Committee's activities as a "trial" NYIPLA membership.

DIVERSITY SCHOLARSHIP COMMITTEE

W. Edward Bailey, Chair

This was the inaugural year for the NYIPLA Diversity Scholarship. The Committee, at the direction of the Association's Board of Directors, raised money through contributions from members of the Association. Additional funds were contributed from the Association to provide the first \$10,000 NYIPLA diversity scholarship to a local law school, Fordham University School of Law. Fordham selected Alex Li as the recipient of this scholarship.

The long term goal is the establishment of a 501(c)(3) organization to which tax deductible contributions may be made. We hope to be able to raise significant funds to establish a reservoir of money from which multiple NYIPLA diversity scholarships can be awarded to local law schools every year.

ELECTRONICS/COMPUTER COMMITTEE

Neil P. Sirota, Chair

The Committee discussed a number of possible topics of interest for a Bulletin article and/or a CLE presentation and Committee members are giving further consideration regarding the selection of appropriate topics.

FINANCIAL INDUSTRY COMMITTEE

Robert H. Fischer, Chair

The Committee discussed preparation of an article on the evolution of financial industry patent protection with an emphasis on software-related areas. An outline for the paper was circulated and discussed among the Committee members and

comments were generally positive. The Committee will increase its efforts to convey the impact of technology and the increasing role that intellectual property will have in the financial industry.

INTERNATIONAL IP LAW COMMITTEE

Samson Helfgott, Chair

At the Committee's initial meeting, the current status of international activities were discussed and various handouts were distributed concerning these items.

Specific topics touched upon and analyzed were:

a. Patent Prosecution Highway – members of the Committee noted the advantages of using this procedure which appears to be a very beneficial process in expediting allowance of cases and were encouraged to try it.

b. Deferred Examination – the benefits and problems of a potential deferred examination system that might be introduced into the US were discussed and comparisons were made with existing foreign deferred examination systems.

c. PCT – The current interest by the USPTO for improving the PCT was discussed and various approaches on how patent offices can make better use of the International Search Results to expedite the process during the National Phase were analyzed.

d. As various international materials became available they were distributed to members of the Committee for review and discussion.

INTERNET LAW COMMITTEE

Benjamin Hershkowitz, Chair

The focus of the Committee has been the organization of a CLE program that will focus on IP issues faced by social networking and search engine sites. Proposed topics include:

- How Facebook and other social networking sites handle privacy issues
- The effect of *Bilski* on Internet based patents
- IPR issues associated with the Google books project
- The current state of play of finding jurisdiction based on web pages

Contacts with in-house counsel at appropriate companies have been initiated and when commitments are secured, the Committee will work further with the CLE Committee to arrange an appropriate time and venue.

The Committee also contributed an article to the Bulletin on the expansion of the top level domain names.

LAW SCHOOL WRITING COMPETITION COMMITTEE

Maren C. Perry, Chair

The primary focus of the Committee was to solicit and review law student entries for the William C. Conner Writing Competition. The Committee received 35 submissions which was comparable to the previous year and a significant increase over prior years. Each Committee member reviewed the submitted materials. A teleconference was held by the Committee in an attempt to identify 10 papers that would be considered further by the Committee. Each Committee member re-read the 10 papers and ranked his or her top three. A full Committee meeting was held to discuss the results of the rankings and a consensus was reached with respect to the top four recommendations which were then forwarded to the NYIPLA Board for its consideration.

The 2010 winners were Karen Zhou from the University of Maryland School of Law for her paper *Patenting the Genome – An Economic Analysis of the Gene Patent Debate*, and Robin Brenner from the Cardozo School of Law for her paper *Use It or Lose It! Burdens of Proof in Non-Use Cancellation Actions: A Call for Balance in the Trademark Laws of Thailand, Indonesia, and India*.

LICENSING COMMITTEE

Paul Ragusa, Chair

The Committee conducted a review of several important topics in the field of IP licensing, including:

- Post-SanDisk declarative judgment actions
- IP rights in Section 365 bankruptcy settings
- Interpretation of “irrevocable” and “best efforts” in licensing agreements
- Certain tax issues in international IP transactions
- Avoiding common licensing pitfalls (indemnification, reps and warranties, etc.)

The Committee is currently working on developing these topics, with a goal of preparing a CLE presentation and/or article.

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MEETINGS AND FORUMS COMMITTEE

Richard Martinelli, Chair

The Committee presented a number of successful and well attended CLE Lunch Programs.

In June 2009, Judge Ron Clark of the Eastern District of Texas led a panel discussion on the emerging law of future damages and ongoing royalties in cases where injunctions are not granted. Also on the panel were Brian Napper of FTI Consulting, Inc. and Richard Erwine of Quinn Emanuel Urquhart & Sullivan, LLP. In addition to providing an informative background on the current state of the law, the panel presented an interesting discussion on the similarities and differences in quantifying past versus future damages.

In September 2009, an event was held featuring Chief Administrative Patent Judge of the Board of Patent Appeals and Interferences, Michael R. Fleming. Chief Judge Fleming provided a number of helpful practice tips for counsel appearing before the Board and promoted use of the Board's "Electronic Hearing Room" which allows parties to conduct oral arguments without traveling to Virginia. Chief Judge Fleming also reported that due to an increase of filings arising from reexamination proceedings and a hiring freeze, pendency of cases before the Board is expected to increase in 2010.

In October 2009, Southern District of New York Bankruptcy Judge Arthur J. Gonzalez presented a program entitled "The Impact of Bankruptcy on Intellectual Property." The program was an excellent primer on the disposal of property through bankruptcy. It also specifically addressed the rights of intellectual property licensees granted pursuant to 11 U.S.C. §365 (n) which addresses disposal of the intellectual property of a bankrupt licensor.

In December 2009, Michael Buchanan of Patterson Belknap Webb & Tyler LLP and John Molenda of Jenner & Block LLP co-moderated a panel discussion entitled "The District of New Jersey's Local Patent Rules and Their Impact on Pharmaceutical Patent Litigation." The panel, which included the Honorable Faith Hochberg and the Honorable Patty Shwartz of the District of New Jersey; Philip Johnson, Chief IP Counsel of Johnson and Johnson; Arnold Calmann of Saiber LLC; and Stephen Roth of Lerner David Littenberg Krumholz & Mentlik LLP, provided an in-depth analysis of the rules, how the rules were formulated, and how the rules would affect pharmaceutical patent cases.

In February 2010, Director of the U.S. Patent and Trademark Office, David Kappos, presented a very well attended talk on activities at the USPTO. Direc-

tor Kappos discussed a number of initiatives that the USPTO has recently undertaken in order to improve the quality of patent examination and provide better service to applicants. He also discussed his plans for additional upcoming initiatives to further improve and remake the USPTO to face the challenges it will see in the next decade.

MEMBERSHIP COMMITTEE

Joseph DeGirolamo and Paul Bondor, Co-Chairs

Membership in the Association dipped slightly from the previous year, no doubt due in large part to widespread expense-cutting efforts undertaken by members and their firms in light of the economic downturn. The Committee continued to seek new members from non-member attendees at monthly luncheons and CLE events and by following up with lapsed members to renew their memberships. As we have seen in the past, the Association observed a spike in new members in advance of the Judges' Dinner.

- Total paid and active membership: 1434
- Total new members this dues period: 199
- Total new student members this dues period: ... 41

Breakdown of members currently in Membership Database who are current with 2009-10 dues:

- ~ Paid Active Members
(admitted to practice 5+ years) = 888
- ~ Paid Active Members
(admitted to practice less than 5 years) = 391
- ~ Paid Associate Members
(outside NJ, NY, VT, CT) and
includes Foreign = 82
- ~ Paid Retired Members = 32
- ~ Paid Student Members = 41
- ~ Life Members = 15

The Committee identified 784 members who had left their firms and have not notified the Association with new contact information. Efforts were made to locate these members with a small percentage of success.

MULTINATIONAL IP LITIGATION COMMITTEE

Jeffrey M. Butler, Chair

The Committee has proposed a CLE seminar which would include a panel comprised of practitioners from various jurisdictions who would discuss and share observations, pointers, pros/cons, tips/pitfalls, etc. from their multinational IP litigation experiences. Numerous Committee members have expressed interest in participating on such a panel and the Committee is seeking European practitioners as well.

Some (preliminary) proposed topics for such a seminar include:

- Introducing our global IP strategies capabilities (legal, technical, business and cultural knowledge/skills/experience)
- Anatomy of a “typical” (coordinated) multinational/multi-jurisdictional IP litigation
- Benefits of coordinated multi-jurisdictional IP prosecution/procurement
- Formulating successful global IP strategies (defensive and for IP owners)
- Location and timing issues: deciding when and in which jurisdiction(s) to file the first action
- Strategic issues for plaintiff: what type of proceeding(s) to bring
- Strategic issues for plaintiff: pros and cons of parallel vs. serial proceedings
- Strategic issues for defendant: whether to bring, or petition for, an action in another jurisdiction (such as a declaratory judgment action, or reexamination, or nullity proceeding, or unfair competition investigation, or other action), in addition to mounting a defense in the jurisdiction(s) in which the defendant has been sued
- Strategic (business/legal) issues for defendant: redesign/design around?
- Strategic (business) issues for both parties: Identify pressure points (for settlement purposes, etc.)
- Party issues: deciding whom to sue in each jurisdiction
- Discovery/disclosure issues: information-gathering issues for proceedings within and outside the US; when and how it may be advantageous to utilize US discovery (under 28 U.S.C. §1782) in connection with a “foreign” proceeding
- Contending with differing approaches to legal privilege in different jurisdictions
- Efficiency issues (whether to sue, what kind of proceeding to initiate, etc.)

- Enforcement-of-judgment issues and scope of remedy
- Forum-shopping issues (comparing speed, cost, available relief and remedies, possible alternative or multiple claims/causes of action, etc.)

There is also interest in writing an article on one or more multinational litigation topics for publication.

The Committee has set the following priorities for the coming year:

1. Reaching out to Association members who have experience in multinational IP litigation proceedings.
2. Reaching out to Association members who are employed by or who represent companies that have active IP issues in multiple jurisdictions in order to identify the types of multinational proceedings and to collate and disseminate data.
3. Informing the bar about multinational IP litigation issues by organizing an educational event (e.g., the seminar mentioned above).
4. In order to address the apparently widely held (mis-)perceptions about IP litigation in the US (e.g., involving perceptions about costs and risks, etc.), drafting educational materials about US IP litigation proceedings that may be used by multinational companies (particularly the foreign offices of such companies) so that multinational/foreign IP decision makers will be educated about the US IP litigation system and informed of the various options in the US legal system for addressing and resolving IP disputes.

PATENT LAW AND PRACTICE COMMITTEE

Bruce DeRenzi, Chair

The Committee, at the request of and in coordination with Peter Thurlow, Chair of the USPTO Oversight Committee, participated in a Roundtable on January 20, 2010 at the U.S. Patent and Trademark Office to discuss the new BPAI Ex Parte Appeals Rules. Charles Miller of Dickstein Shapiro attended and took part in the discussion. In particular, Charles commented on the proposed potential rules by emphasizing the importance of creating a record at the Board level reflective of the entire PTO application proceedings, so as to facilitate appellate court review of the agency’s decisions that are subjected to judicial review at the CAFC or in the DC federal district court.

Committee member Charles Miller, along with co-author Dan Archibald, submitted an article

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to the NYIPLA Bulletin titled “The Proposed Patent Reform Act of 2010: The Negative Consequences For Patent Owners In Ex Parte Reexaminations.” The article was published in the April/May edition of the Bulletin.

The Committee has discussed submitting additional articles to the Bulletin covering topics such as Pleading Inequitable Conduct After *Exergen*; Apportionment of Damages After *Lucent*; Specific Intent Requirement for Inducement; and Lower Standard for Patent Misuse -- *US Philips*.

PATENTABLE SUBJECT MATTER COMMITTEE

Peter Ludwig, Chair

The Committee focused its attention on the pending decision in the *Bilski* case. Also considered was the pending *Prometheus v. Mayo* litigation, the presence of the requisite *Bilski* “transformation” and the likely impact of the Supreme Court decision in *Bilski* on the issues in that case. The Committee will reconvene after the Supreme Court decision comes down in *Bilski*. At that time a report to the Association will be prepared.

PRIVACY LAW COMMITTEE

Jonathan Moskin, Chair

The Committee’s primary focus was the preparation of the *amicus* brief submitted to, and cited by, the U.S. Supreme Court in *City of Ontario, California, et al. v. Quon* which focused on the application of privacy policies regarding employees’ use of office computers and email communications in light of the evolving universe of personal and mobile computing, and the swiftly changing and increasingly amorphous workplace in which new mobile computing technologies, new electronic storage media, as well as new communications media, are reshaping where and how Americans work.

PUBLICATIONS COMMITTEE

Stephen J. Quigley, Chair

The Committee continued its dual role of publishing the NYIPLA Bulletin and Greenbook.

The Bulletin is a journal of articles of interest to the intellectual property community written by Association members, as well as reports on Association activities, CLE programs, columns, and a calendar of Association sponsored events.

During the past year, the Bulletin was published on a bi-monthly basis, ranging in size from 12 to 24 pages. Articles in the Bulletin covered a wide range of topics including search engine keywords, construction of Patent Law Section 112, patent false marking, new top level domain names and the proposed Patent Reform Act of 2010. Judge Richard Linn’s comments at the Association’s Annual Meeting and Governor Mario Cuomo’s speech at the Judges’ Dinner were reprinted in the Bulletin and memorial tributes to Judge William Conner and Al Robin were published. In addition to mailing copies of the Bulletin to all Association members, it is posted on the *nyipla.com* web site in color.

The Greenbook serves as both the directory of the Association members and a yearbook for the Association’s activities. The 2008 – 2009 Greenbook published later than in the past in order to align it with the Association’s year. Featured in the Greenbook were committee members and reports, a summary of the Association’s *amicus* brief, the Treasurer’s report and reports on the Association’s major events: Annual Meeting and Dinner; Conner Inn of Court Reception; Day of Dinner Program; and the Judges’ Dinner. Some Greenbook features were removed this year either because the information was available on the Association’s web site or because of a lack of interest. These were the Association’s by-laws and rules on admission, and the Federal Circuit biographies and work load statistics.

RECORDS COMMITTEE

Thomas L. Creel and Peter Saxon, Co-Chairs

After several Committee meetings and a meeting with the Board of Directors, a list of NYIPLA material that will be made electronically available in a format searchable by key words was developed. These materials include:

Greenbooks; Bulletins;

CLE Materials; including

Luncheons,

Summer weekend conferences

Annual Joint Day-long conferences with the Philadelphia and Connecticut associations;

White papers;

Amicus briefs, *Amicus* Committee guidelines and conflict guidelines;

Policy papers, e.g., comments on the Rocket Docket Courts;
Rule changes, proposals and the like;
Congressional testimony;
Connor Writing Competition winning papers;
Links to books written by the Association, e.g., “The Guide to Patent Arbitration”;
Yearly committee reports;
By-laws of the Association; and
Rules of the Association.

Other historical and general interest Association records include:

Judges’ Dinner programs;
Transcript of speeches at the Judges’ Dinners;
Material collected in connection with the 75th Anniversary Dinner, e.g., the early musicals presented at the dinners;
List of speakers at the Judges’ Dinners;
Trophies and awards, i.e., Inventor of the Year; 1952 Patent Act materials;
History and description of the current activities of the Association; and
Correspondence and photographs of particular interest.

Organization of these records has begun. Dale Carlson, the Association Historian, has provided an index of the Association’s historical records with membership records from the 1870s through the 1950s. Past Presidents have been contacted for their personal Association records repositories.

TRADE SECRET LAW AND PRACTICE COMMITTEE

Paul Garrity, Chair

The Committee is actively seeking members and plans to coordinate with the Committee on Meetings and Forums to host a speaker on the intersection of trade secret law and the Computer Fraud and Abuse Act.

TRADEMARK LAW AND PRACTICE COMMITTEE

Steven R. Gustavson, Chair

The Committee is participating in the development of the 2010 half-day Trademark CLE program which will be held on July 15, 2010 at which

Committee member Joel Karni Schmidt will be a speaker. The Committee plans to submit a proposal for a fall CLE program.

TRIAL ADVOCACY AND PREPARATION COMMITTEE

Anne Hassett, Chair

The Committee developed, organized and hosted a CLE program on December 3, 2009 which focused on preparing a patent damages case for trial. The program was an excellent presentation of the issues that counsel now face in patent damages cases in view of the most recent Federal Circuit and district court decisions. The panelists were Ira Levy of Goodwin Procter, Ben Hershkowitz of Gibson Dunn & Crutcher, and Brian Napper of FTI Consulting. The 6 p.m. presentation was followed by a cocktail hour at the offices of Goodwin Procter.

For the 2010-11 year, the Committee is planning to prepare a program on selecting and presenting technical experts in patent cases tried before a jury.

YOUNG LAWYER’S COMMITTEE

Sonja Keenan and Andrew N. Stein, Co-Chairs

The Committee’s premiere event was a cocktail gathering at the Chelsea Brewery in June, 2009. Special thanks are due to Larry Rosenthal, Vinny Lee and John Halski. The event was well received and very well attended. Attendees represented all of the YLC’s target demographics, as we welcomed people from large law firms, small law firms, corporations, government, and law schools.

The Committee held other more informal gatherings throughout the year – all of which garnered excellent attendance.

For the upcoming year, the Committee intends to continue reaching out to our members including hosting a large YLC event. The Committee will also focus on increasing the participation of our young lawyer members from corporations and law schools in the area. Without a committee specific to law students, it falls upon the YLC to bring law students into the fold of the Association. Law students, in particular, are a key constituency, as they represent our future membership at the “Active” level. ■

U.S. Supreme Court Relies on NYIPLA Amicus Brief In Upholding Reasonable Searches of Employee Text Messages

by Jonathan Moskin¹

In its June 17, 2010 decision in *City of Ontario v. Quon*, No. 08-1332, the Supreme Court, while recognizing the “far-reaching significance” of the issues of electronic work-place privacy it confronted, Slip op. at 1, took a cautious approach of declining (for now) to resolve the central question before it of whether police officers enjoy a reasonable expectation of privacy under the Fourth Amendment in their highly personal text messages on department-issued pagers. Instead, assuming (without deciding) that there was such a reasonable expectation, the Court concluded that the search employed by the City of Ontario police department was reasonable under the circumstances, thus reversing the Ninth Circuit, which, the Court said, had mistakenly applied a “least intrusive means” test in finding the search excessive.

In *Quon*, the City of Ontario had issued pagers to members of its SWAT team, including respondent Quon. A formal department policy provided only a minimal right to make personal use of office *computer* equipment (on its face saying nothing about mobile devices such as the pagers at issue). However, a later modification of that policy (announced at a staff meeting by a Lieutenant Duke) purported to extend that policy to the pagers. Yet, the same Lieutenant Duke also advised officers that so long as they paid for any overages, the department would not review their messages. Indeed, it did not review their messages until, without prior warning to the officers, it conducted an audit of the text messages and related monthly costs leading to the discovery of extensive personal use of the pagers by the respondents (including for salacious purposes).

The Ninth Circuit followed *O'Connor v. Ortega*, 480 U.S. 709, 107 S. Ct. 1492 (1987), which held that even in the circumstances of public employ-

ment, a case-by-case analysis should be undertaken to determine if the employee might have a reasonable expectation of privacy. If so, that expectation should be balanced with the government’s need for workplace efficiency, supervision and control. 480 U.S. at 725-726 (“[P]ublic employer intrusions on the constitutionally protected privacy interests of government employees for noninvestigatory, work-related purposes, as well as for investigations of work-related misconduct, should be judged by the standard of reasonableness under all the circumstances.”). The Ninth Circuit concluded that the police officers did enjoy a reasonable expectation of privacy in the messages based on the department’s “informal policy” of not auditing messages provided the officers paid for any charges exceeding the monthly limits. *Quon v. Arch Wireless Operating Co.*, 529 F.3d 892 (9th Cir. 2008).

Noting that the law of workplace privacy is still rapidly evolving, as is the underlying technology of mobile computing, thus also fundamentally transforming the nature of the workplace itself, briefs by certain *amici* (including a brief submitted by the NYIPLA Privacy Law Committee) urged the Supreme Court take a cautious approach in reviewing this broader Constitutional (and common law) issue of when a government (or private) employee enjoys a reasonable expectation of privacy in electronic communications given the rapidly evolving nature of communications technologies used by employees in the course of their jobs and given the evolving nature of the workplace itself.

Agreeing with this cautious approach (including a cautious endorsement of the *O'Connor* test), Justice Kennedy explained:

The Court must proceed with care when considering the whole concept of privacy expectations in com-

munications made on electronic equipment owned by a government employer. The judiciary risks error by elaborating too fully on the Fourth Amendment implications of emerging technology before its role in society has become clear. *See, e.g., Olmstead v. United States*, 277 U. S. 438 (1928), overruled by *Katz v. United States*, 389 U. S. 347, 353 (1967). In *Katz*, the Court relied on its own knowledge and experience to conclude that there is a reasonable expectation of privacy in a telephone booth. *See id.*, at 360-361 (Harlan, J., concurring). It is not so clear that courts at present are on so sure a ground. Prudence counsels caution before the facts in the instant case are used to establish far-reaching premises that define the existence, and extent, of privacy expectations enjoyed by employees when using employer-provided communication devices. Slip op. at 10.

The Court noted that employee privacy policies vary widely, and – citing the NYIPLA amicus brief – observed that at least some state laws now define minimum employee rights to privacy in the workplace. Said the Court: “At present, it is uncertain how workplace norms, and the law’s treatment of them, will evolve.” Slip op. at 11. Certain questions raised at oral argument by Chief Justice Roberts (who doubted whether employees even read employers’ workplace policy statements (Tr. at 23)) and Justice Sotomayor (who questioned whether simply putting a rule in a policy statement would “render all searches okay” (Tr. at 27)) suggest there might be limits beyond which employers cannot fairly go in intruding on private uses of even office-issued equipment. However, Justice Kennedy indicated that workplace policies certainly are relevant in defining reasonable expectations of privacy:

“[E]mployer policies concerning communications will of course shape the reasonable expectations of their employees, especially to the extent that such policies are clearly communicated.” Slip op. at 11. Again striking a note of restraint, Justice Kennedy cautioned: “A broad holding concerning employees’ privacy expectations vis-a-vis employer-provided technological equipment might have implications for future cases that cannot be predicted.”

Given the similarity of the Fourth Amendment standard of a “reasonable expectation of privacy” to the common law standard of “intrusion upon seclusion ...which would be highly offensive to a reasonable person”, which also turns on whether the party has a “reasonable expectation of privacy”, see, e.g., *In re Asia Global Crossing, Ltd.*, 322 B.R. 247 (S.D.N.Y. 2008), it is not surprising that the lower court decisions in *Quon* had been widely cited by other courts outside the scope of Fourth Amendment claims of privacy under state law privacy claims, and in the *private* employment context. *See, e.g., Pure Power Boot Camp Inc. v. Warrior Fitness Boot Camp, LLC*, 587 F. Supp.2d 548 (S.D.N.Y. 2008); *Stengart v. Loving Care Agency*, 973 A.2d 390 (N.J. Super. Ct. App. Div. 2009); *Louis Vuitton Malletier SA v. Akanoc Solutions, Inc.*, No. C 07-03952 JW, 2008 U.S. Dist. LEXIS 63115 (N.D. Cal. Aug. 7, 2008); *Flagg v. City of Detroit*, 252 F.R.D. 346 (E.D. Mich. 2008). Against this background, it may be particularly noteworthy that the Supreme Court declined to render any broad decision on the scope of an employee’s reasonable expectation of privacy. Indeed, the potentially far-reaching influence of any decision might explain both why the Court declined to render any definitive rulings but also why it troubled to say anything at all on the subject. As Justice Scalia noted in his concurring opinion, the majority, having determined *not* to render a decision on the scope of the expectation of privacy, could have and arguably should have declined to address the issue at all. It will come as no surprise that Justice Scalia’s own choice of words to express his disapproval was only slightly more colorful:

cont. on page 20

cont. from page 19

“The Court’s implication, *ante*, at 10, that where electronic privacy is concerned we should decide less than we otherwise would (that is, less than the principle of law necessary to resolve the case and guide private action)—or that we should hedge our bets by concocting case-specific standards or issuing opaque opinions—is in my view indefensible. The-times-they-are-a-changin’ is a feeble excuse for disregard of duty.”

Although it is difficult to draw broad conclusions from the Court’s narrow decision in *Quon*, one unassailable lesson is that employers, public and private, will be well-served to review and update their electronic privacy policies. Less comforting is the fact that the times are indeed “a-changin’”, such that the technologies covered by such policies will need to be identified and expressly incorporated into such guidelines. New mobile computing technologies, new electronic storage media, as well as new communications media, such as Facebook, Twitter and other so-called “Web 2.0” applications,

are reshaping where and how Americans work; and workplace privacy rules must address them. On the other hand, *Quon* provides some comfort that even if there are some grey areas in workplace privacy rules, if searches are conducted of employee emails and other electronic records, public and private employers may be allowed some leeway in setting

search parameters and methods and defining appropriate search terms.



Jonathan Moskin is a partner in the New York office of Foley & Lardner, and is the Chairman of the NYIPLA Privacy Law Committee.

ARTICLES

**The Association welcomes articles
of interest to the IP bar.**



Please direct all submissions by e-mail to:

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Annual Meeting and Dinner

May 18, 2010



Incoming Association President Dale Carlson welcomed members and guests at the NYIPLA'S Annual Dinner at The Union League Club. He noted that the NYIPLA's legacy is attributable to its active participation in all aspects of IP law, as exemplified by Judge Giles Rich's co-authorship of the 1952 Act during the time he was NYIPLA President in 1950-51. Dale expressed hope and confidence that Judge Rich's legacy



will continue, and that the Association's voice will be heard above the fray on important IP issues of the day.



Inventor of the Year



The Inventor of the Year award recognizes an individual or group who, through inventive talents, has made worthwhile contributions to society by promoting "the progress of Science and useful Arts." Tom

Meloro, Chair of the Annual Dinner Committee, presented this year's award to **Dr. Eric R. Fossum** for his extensive portfolio of patents related to CMOS pixel image sensors and the so-called "camera on a chip technology" that is at the heart of technologies ranging from cell phone cameras to swallowable pill cameras.



Conner Writing Competition Winners

This award, named in honor and memory of The Honorable William C. Conner, former judge for the Southern District of New York, past president of the NYIPLA, and namesake of the Conner Inn of Court for Intellectual Property Law, recognizes excellence in writing by law students in the field of intellectual property law.

The Honorable Barbara S. Jones of the Southern District of New York presented the awards to:

Karen Zhou of the University of Maryland School of Law (First Place) for her paper *Patenting the Genome – An Economic Analysis of the Gene Patent Debate*



Robin Brenner of Cardozo Law School (Second Place) for her paper *Use It or Lose It! Burdens of Proof in Non-Use Cancellation Actions: A Call for Balance in the Trademark Laws of Thailand, Indonesia, and India*



NYIPLA Diversity Scholarship Award

The NYIPLA awarded its 2010 diversity scholarship program grant of \$10,000 to Fordham Law School. Ed Bailey presented the award. Accepting on behalf of Fordham was Professor Hugh Hansen.

The Association plans to award at least one scholarship annually to offset tuition costs for a student in a local law school with an interest in intellectual property law who is from a background traditionally underrepresented in the legal profession. A Diversity Scholarship Committee has been created to enlist the support of, and donations from, the local IP community.





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