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SOFTWARE PATENTABILITY: The Adventure of Patent Practitioners Into The Uncertain

*By William J. Hoofe IV**

The long-debated argument about the scope of patentable subject matter presents difficulties for those trying to draw correlations between the court decisions on the question of “what is patentable,” the patent examination policy at the United States Patent and Trademark Office (USPTO), and the evolving practice of patent practitioners drafting applications and claims for software-implemented inventions. This article traces the evolution of the analysis of statutory subject matter issues concerning software-implemented inventions, from the approach taken by the USPTO in the 1970s, through the U.S. Supreme Court cases in the 1970s and 1980s, up to the recent cases. In the following discussion, the phrase “down the rabbit hole,” from *Alice’s Adventures in Wonderland*, represents embarking on an adventure into the uncertain, which the reader may or may not find to be quite as fanciful as Alice’s.

Patentable Subject Matter Requirement

Under the Patent Act of 1952 (the “Patent Act”),¹ not all inventions are patentable. The patentable subject matter requirement addresses the issue of which types of inventions will be considered for patent protection.

Section 101 of the Patent Act broadly defines patentable subject matter as any process, machine, manufacture, or composition of matter, or improvement thereof.

“In line with the broadly permissive nature of § 101’s subject matter eligibility principles, judicial case law has created only three categories of subject matter outside the eligibility bounds of § 101 – laws of nature, physical phenomena, and abstract ideas.”²

Patentability Determinations for Software-Implemented Inventions

In the 1970s, the USPTO viewed software as mathematical algorithms – not processes. As such, software-related inventions were considered non-statutory subject matter, and not patent-eligible.

The USPTO has tried to develop guidelines for patent examiners to use to determine when a software-related invention is statutory and, therefore, patentable. Unfortunately, Supreme Court and Court of Appeals for the Federal Circuit (CAFC) decisions have not provided sufficient certainty and predictability with respect to the software patentability inquiry.

Part of the problem is that the long-debated argument about the patent-

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March 2013

As we round the corner from winter into spring, the last of the snow hopefully is behind us, and we can finally enjoy springtime weather. Your Association's volunteers continue to provide outstanding contributions to our field, particularly on the education and advocacy fronts. The February 6 CLE program on Long Island was a big hit. Over one hundred people spent the afternoon at the Morrelly Center in Bethpage learning about the latest AIA developments. The program featured a unique blend of legal updates and practical suggestions for entrepreneurs confronting the sweeping changes of AIA. A reception at the conclusion of the program permitted lawyers, entrepreneurs, and incubator organizations a chance to exchange greetings and ideas. Those who live and/or work on Long Island appreciated the locale, and those of us from elsewhere found the location and facilities to be excellent.

Our Young Lawyers Committee organized a lunchtime seminar on February 28, entitled: "Making Your Case: Effectively Using Experts in Patent Litigation." The seminar featured three practitioners discussing retention of experts, expert reports, expert depositions, and trial testimony. This program was driven by the energy of the Young Lawyers Committee, and already has inspired plans for future workshops involving some of the practical aspects of working with experts. Thanks to Michael Bullerman, Jon Auerbach, Lauren Nowierski and the rest of the Young Lawyers Committee for organizing this seminar. We also thank Kaye Scholer LLP for hosting the program.

Our Judges Dinner was held on Friday, March 22 at the Waldorf=Astoria Hotel. The next issue of

the *Bulletin* will contain a fuller report of the day and evening. However, I would like to take this opportunity to thank the CLE Committee for its excellent work on the Day of Dinner Luncheon. We assembled a stellar panel in the Starlight Roof of the Waldorf, addressing the impact of AIA on patent litigation. Mark Abate moderated the panel, and the group discussed issues including *inter partes* review, stays of district court litigation, standards for claim construction, appellate review, and potential impact of AIA proceedings on settlement. We were very fortunate to have such engaged and insightful panelists: Hon. Kathleen O'Malley of the Court of Appeals for the Federal Circuit; Hon. Stanley Chesler of the District of New Jersey; Hon. Steven Gold of the Eastern District of New York; and Hon. James Smith of the United States Patent and Trademark Office Patent Trial and Appeal Board. As has become customary, the audience included many judges in addition to practitioners. This program is a real gem in the crowded world of CLE programs. Special thanks to Rob Rando and Mark Bloomberg for their work on this program.

Our Amicus Briefs Committee continues to work at an impressive pace, organizing two briefs which recently were filed in the Supreme Court, on Section 101 issues in *Association for Molecular Pathology v. Myriad Genetics, Inc.*, No. 12-398 and on antitrust issues related to so-called "reverse payment" settlement of Hatch-Waxman patent litigation in *Federal Trade Commission v. Actavis, Inc.*, No. 12-416. The briefs can be found on our website. Matt McFarlane was instrumental on the *AMP v. Myriad* brief, while Tom Kowalski led the efforts on *FTC v. Actavis*.

Tom Meloro



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ability of software is often about the questions: Should software be patentable? Should business methods be patentable? Do software-related patents foster or suppress innovation? From a software engineering point of view, the question becomes: Do software patents form a “minefield” that discourages and impedes software innovation? From the point of view of many patent practitioners, however, the debate is about whether software, in the form of a computer program, is patentable subject matter.

The courts, including the Supreme Court, have long grappled with the patentability of computer software innovations. Regrettably for inventors, patent practitioners, and the USPTO, certainty and predictability with respect to the software patentability inquiry have been elusive for over forty years. Dennis Crouch summed up the sentiments of many patent practitioners by stating (famously, in the IP blogosphere) that “[it] is simply ridiculous that after 40 years of debate, we still do not have an answer to the simple question of whether (or when) software is patentable.”³

Current confusion about Section 101 doctrine dates back to the Supreme Court’s 1972 decision in *Gottschalk v. Benson*.⁴ The question in that case was whether the method described and claimed was a “process” within the meaning of the Patent Act. “The patent sought [was] on a method of programming a general purpose digital computer to convert signals from binary-coded decimal form into pure binary form.”⁵ The Supreme Court decided that a process claim directed to a numerical algorithm, as such, having “no substantial practical application except in connection with a digital computer,” was not patentable because “the patent would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself.”⁶ The Court noted “that ‘[w]hile a scientific truth, or the mathematical expression of it, is not a patentable invention, a novel and useful structure created with the aid of knowledge of scientific truth may be.’”⁷ The Court stated, “[t]ransformation and reduction of an article ‘to a different state or thing’ is the clue to the patentability of a process claim that does not include particular machines.”⁸

In 1978, in *Parker v. Flook*,⁹ the Supreme Court held that a method for updating alarm limits during catalytic conversion processes, in which the only novel feature was a mathematical formula, was not patentable under Section 101. The question in that case was whether the presence of specific “post-solution” activity, that is to say, the adjustment of the alarm limit to the figure computed according to the formula, distinguished this case from *Benson* and made the respondent’s method eligible for patent protection. The Court held that “[t]he notion that post-solution activity, no matter how conventional or obvious in itself, can transform an unpatentable principle into a patentable

process exalts form over substance.”¹⁰ In that case, the Court concluded that the method was unpatentable “not because it contains a mathematical algorithm as one component, but because once that algorithm is assumed to be within the prior art, the application, considered as a whole, contains no patentable invention.”¹¹

After the Supreme Court’s decisions in *Benson* and *Flook*, it appeared that software and algorithms were to be evaluated like mathematical formulas, *i.e.*, not patentable under Section 101. However, *Benson* explicitly declined to “hold that no process patent could ever qualify if it did not meet [machine-or-transformation] requirements.”¹² *Flook* took a similar approach, “assum[ing] that a valid process patent may issue even if it does not meet [the machine-or-transformation test].”¹³

In 1981, in *Diamond v. Diehr*,¹⁴ the Supreme Court held “we do not view respondents’ claims as an attempt to patent a mathematical formula, but rather to be drawn to an industrial process for the molding of rubber products,” and patent-eligible. The Supreme Court’s decision in *Diehr* opened the door to the patentability of computer programs by ruling that controlling a physical process, by executing a computer program, did not preclude patentability of the invention as a whole. *Oh, “down the rabbit hole” we go.* The Supreme Court made it clear in *Diehr* that inventions incorporating and relying upon even “a well-known mathematical equation” do not lose eligibility because “several steps of the process [use that] mathematical equation and a programmed digital computer.”¹⁵ After *Diehr*, patent practitioners found that software could be patented so long as it was combined with another patentable process or machine, even if the software was the only novel feature.

In 1994, in *In re Alappat*,¹⁶ the CAFC held that “a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software.” The CAFC ruled that the “claimed invention as a whole . . . is not a disembodied mathematical concept which may be characterized as an ‘abstract idea,’ but rather a specific machine to produce a useful, concrete, and tangible result.”¹⁷

In 1994, the USPTO Board of Patent Appeals and Interferences (BPAI) rejected Gary M. Beauregard’s computer program product claims on the basis of the printed matter doctrine (“[t]he mere arrangement of printed matter on a sheet or sheets of paper, in book form or otherwise, does not constitute [patentable subject-matter]”).¹⁸ Beauregard’s claims recited “a computer usable medium” on which was stored “computer readable program code means.”¹⁹ *In re Beauregard*²⁰ was a precedential order that dismissed the appeal, because the Commissioner of Patents and Trademarks (“the Commissioner”) stated

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that he agreed with Beauregard's position on appeal that the printed matter doctrine was not applicable. The Commissioner conceded "that computer programs embodied in a tangible medium, such as floppy diskettes, are patentable subject matter under 35 U.S.C. § 101 and must be examined under 35 U.S.C. §§ 102 and 103."²¹ As a result, the BPAI's decision was vacated and the case remanded for further proceedings in accordance with the Commissioner's concessions. After *In re Beauregard*, computer-readable medium claims also became known as "Beauregard" claims.

In *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*,²² the CAFC held that "the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price . . . produces 'a useful, concrete and tangible result.'" Basically, the court ruled that a patent for managing mutual funds produced a "useful, concrete, and tangible result" and, therefore, described patent-eligible subject matter. "*State Street Bank* found patentability in a software system which essentially applied a mathematical algorithm to the implementation of a business method."²³ The CAFC held "[w]hether the claims are directed to subject matter within § 101 should not turn on whether the claimed subject matter does 'business' instead of something else."²⁴ After the *State Street Bank* decision, many patent practitioners prepared applications directed to business methods.

The CAFC, in *In re Bilski*,²⁵ rejected its prior test articulated in *State Street Bank* (*i.e.*, that a process need only produce a "useful, concrete and tangible" result to be patentable subject matter) for determining whether a claimed invention was a patentable "process" under Section 101. The CAFC held that the "machine-or-transformation" test, articulated in *Benson*, *Flook*, and *Diehr*, but having its origins in nineteenth-century cases,²⁶ "is the governing test for determining patent eligibility of a process under § 101."²⁷ This test holds that a process is patentable if "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing."²⁸

The Supreme Court, in *Bilski v. Kappos*,²⁹ affirmed the judgment of the CAFC, denying protection to the petitioners' patent application. The Court stated that "[t]he question in this case turns on whether a patent can be issued for a claimed invention designed for the business world."³⁰ "The patent application claims a procedure for instructing . . . buyers and sellers of commodities in the energy market [how to] protect, or hedge, against the risk of price changes."³¹ The Court pointed out that to allow "petitioners to patent risk hedging would pre-empt use of this approach in all fields."³² In *Bilski*, the Court refused to use the machine-or-transformation test as the

sole test of patentability for a claimed process: While the "machine-or-transformation test is a useful and important clue," the Court stated, it "is not the sole test for deciding whether an invention is a patent-eligible 'process.'"³³ After *Bilski*, some patent claims that fail the machine-or-transformation test nonetheless will be patentable, and other claims that pass the test will be patent-ineligible. *Once again, "down the rabbit hole" we go.*

The CAFC, in *Research Corp. Technologies, Inc. v. Microsoft Corp.*,³⁴ stated "the Supreme Court in *Bilski* refocused this court's inquiry into processes on the question of whether the subject matter of the invention is abstract." The CAFC decided not to define "abstract" beyond the recognition that the "disqualifying characteristic" of abstractness must exhibit itself "manifestly" "to override the broad statutory categories of eligible subject matter."³⁵ The CAFC noted "that inventions with specific applications or improvements to technologies in the marketplace are not likely to be so abstract that they override the statutory language and framework of the Patent Act."³⁶

In 2011, the CAFC, in *CyberSource Corp. v. Retail Decisions, Inc.*,³⁷ called into question the validity, under 35 U.S.C. § 101 as interpreted by *Bilski*, of claims written in the widely-used "Beauregard" format. The patent at issue related to a method and system for detecting fraud in a credit card transaction between a consumer and a merchant over the Internet. Claims two and three of the patent were at issue in this case. The Court noted that "claim 2 . . . recites a so-called 'Beauregard claim' . . . [*i.e.*], a claim to a computer-readable medium containing program instructions for a computer to perform a particular process."³⁸ The patent owner argued that, by definition, a tangible, man-made article of manufacture such as a "computer readable medium containing program instructions," could not fall within any of the three patent-eligibility exceptions the Supreme Court has recognized for "laws of nature, physical phenomena, [or] abstract ideas" (the *Bilski* "exceptions").³⁹ The CAFC panel disagreed, stating that "[r]egardless of what statutory category ('process, machine, manufacture, or composition of matter,' 35 U.S.C. § 101) a claim's language is crafted to literally invoke, we look to the underlying invention for patent-eligibility purposes."⁴⁰

Last year, the Supreme Court in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*,⁴¹ overturned the CAFC's decision that certain patent claims directed to diagnostic methods recited patent-eligible subject matter under Section 101. As part of its analysis, the Court indirectly addressed the patentability of computer software when it characterized *Benson* as holding that "simply implementing a mathematical principle on a physical machine, namely, a computer, was not a patentable

application of that principle.”⁴² After the decision of the Supreme Court in *Prometheus*, predictions abound as to the implications for the patentability of business methods and computer software.

Last summer, the CAFC had the opportunity to apply the principles of *Bilski* and *Prometheus* to computer-implemented business methods. One panel of the CAFC, in *CLS Bank International v. Alice Corp. Pty. Ltd.*,⁴³ held that claims directed to computer-implemented methods, systems, and products for exchanging a financial obligation are not drawn to mere “abstract ideas,” but are directed to practical applications of invention falling within the categories of patent-eligible subject matter defined by Section 101. A few weeks later, another panel of the CAFC came to the opposite result in *Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*,⁴⁴ holding that method claims directed to administering and tracking the value of life insurance policies were directed to no more than patent-ineligible abstract ideas. In reaching a conclusion opposite to that of *CLS Bank*, the CAFC stated in *Bancorp* that “the use of a computer in an otherwise patent-ineligible process for no more than its most basic function – making calculations or computations – fails to circumvent the prohibition against patenting abstract ideas and mental processes.”⁴⁵

Summary to Date

The CAFC has concluded that “[t]he plain and unambiguous meaning of § 101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35, i.e., those found in §§ 102, 103, and 112, ¶ 2.”⁴⁶ While Section 101 provides that “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof,” is eligible for a patent, the Supreme Court long has held that “laws of nature, physical phenomena, and abstract ideas” may not be patented. The Supreme Court held “when a claim recites a mathematical formula (or scientific principle or phenomenon of nature), an inquiry must be made into whether the claim is seeking patent protection for that formula in the abstract.”⁴⁷

David Kappos admitted that “in fairness, we’ve struggled over the years at the USPTO with patentability determinations for software-implemented patent applications.”⁴⁸

The Supreme Court decisions in *Bilski* and *Prometheus* did not provide any clarity or aid to the evaluation of computer-related inventions for patent eligibility under the Patent Act. In *Bilski*, the Court did not endorse the interpretations of Section 101 that the CAFC had used in the past, but relied upon prior precedent to find the

claimed method unpatentably abstract. One CAFC panel interpreted *Bilski* in “refocus[ing] this court’s inquiry into processes on the question of whether the subject matter of the invention is abstract.”⁴⁹ In *Prometheus*, the Court found the fact that *Prometheus*’ claimed process may have satisfied the “machine-or-transformation” test insignificant, stating that the “‘clue’ to patentability” offered by the machine-or-transformation test could not “trump[] the ‘law of nature exclusion.’”

What to Watch For in the Near Future

Last fall, the CAFC vacated its panel decision in *CLS Bank* and ordered rehearing *en banc*, with the parties requested to brief the following questions:

- a. What test should the court adopt to determine whether a computer-implemented invention is a patent ineligible “abstract idea”; and when, if ever, does the presence of a computer in a claim lend patent eligibility to an otherwise patent-ineligible idea?
- b. In assessing patent eligibility under 35 U.S.C. § 101 of a computer-implemented invention, should it matter whether the invention is claimed as a method, system, or storage medium; and should such claims at times be considered equivalent for § 101 purposes?⁵⁰

The USPTO’s brief stated that “[i]t would be both useful and appropriate . . . for [the CAFC] to identify a non-exhaustive list of relevant factors that may aid district courts and examiners” in resolving eligibility issues under Section 101 on a case-by-case basis.⁵¹ On February 8, 2013, the CAFC heard *en banc* oral arguments. Watch for the *CLS Bank* decision in the near future.

Conclusion

The Supreme Court in *Bilski* and *Prometheus* has shifted the burden of developing guidance for determining patent eligibility of computer-implemented inventions to future court decisions and the USPTO, effectively guaranteeing that the CAFC and the USPTO will continue to struggle to determine whether claims for computer-implemented inventions encompass patent-eligible subject matter.

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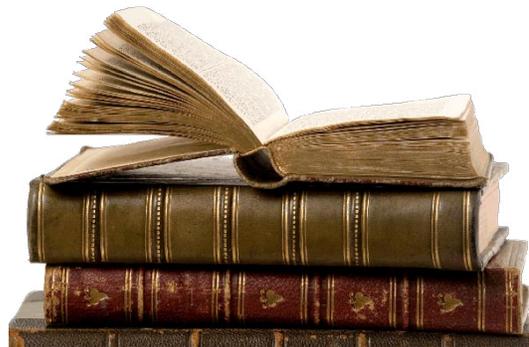
(Endnotes)

- ¹ Patent Act of 1952, 35 U.S.C. §§ 1-293.
- ² *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323, 1326 (Fed. Cir. 2011) (citing *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010)).
- ³ Dennis Crouch, *Ongoing Debate: Is Software Patentable?*, PATENTLY-O (July 27, 2012), <http://www.patentlyo.com/patent/2012/07/ongoing-debate-is-software-patentable.html>.
- ⁴ 409 U.S. 63 (1972).
- ⁵ *Id.* at 65.
- ⁶ *Id.* at 71-72.
- ⁷ *Id.* at 67 (quoting *Mackay Co. v. Radio Corp.*, 306 U.S. 86, 94 (1939)).
- ⁸ *Id.* at 70.
- ⁹ 437 U.S. 584 (1978).
- ¹⁰ *Id.* at 590. In *Flook*, the Court observed that “[t]he line between a patentable ‘process’ and an unpatentable ‘principle’ is not always clear.” Both are “conception[s] of the mind, seen only by [their] effects when being executed or performed.” *Id.* at 589.
- ¹¹ *Id.* at 594.
- ¹² *Benson*, 409 U.S. at 71.
- ¹³ *Flook*, 437 U.S. at 600.
- ¹⁴ 450 U.S. 175, 192-193 (1981).
- ¹⁵ *Id.* at 185.
- ¹⁶ 33 F.3d 1526, 1545 (Fed. Cir. 1994) (*en banc*).
- ¹⁷ *Id.* at 1544.
- ¹⁸ *In re Russell*, 48 F.2d 668, 669 (CCPA 1931).
- ¹⁹ Claim 22 was representative, reciting, “[a]n article of manufacture comprising: a computer usable medium having computer readable program code means embodied therein for causing”
- ²⁰ 53 F.3d 1583 (Fed. Cir. 1995).
- ²¹ *Id.* at 1584.
- ²² 149 F.3d 1368, 1373 (Fed. Cir. 1998).
- ²³ *In re Nuijten*, 500 F.3d 1346, 1367 (Fed. Cir. 2007).
- ²⁴ *State St. Bank*, 149 F.3d at 1377.
- ²⁵ 545 F.3d 943 (Fed. Cir. 2008) (*en banc*).
- ²⁶ *See, e.g., Cochrane v. Deener*, 94 U.S. 780, 788 (1876) (“A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject matter to be transformed and reduced to a different state or thing.”).
- ²⁷ *In re Bilski*, 545 F.3d at 955.
- ²⁸ *Id.* at 954.
- ²⁹ 130 S. Ct. 3218, 3223 (2010).
- ³⁰ *Id.*
- ³¹ *Id.*
- ³² *Id.* at 3231.
- ³³ *Id.* at 3227.
- ³⁴ 627 F.3d 859, 868 (Fed. Cir. 2010).
- ³⁵ *Id.*
- ³⁶ *Id.* at 869.
- ³⁷ 654 F.3d 1366 (Fed. Cir. 2011).
- ³⁸ *Id.* at 1368. Claim 3 recites a process for verifying the validity of credit card transactions over the Internet.
- ³⁹ *Bilski*, 130 S. Ct. at 3225 (“The Court’s precedents provide

three specific exceptions to § 101’s broad patent-eligibility principles: ‘laws of nature, physical phenomena, and abstract ideas.’”).

- ⁴⁰ *CyberSource*, 654 F.3d at 1374.
- ⁴¹ 132 S. Ct. 1289 (2012).
- ⁴² *Id.* at 1301.
- ⁴³ 685 F.3d 1341, *vacated*, 484 Fed. App’x 559 (Fed. Cir. 2012) (*en banc*).
- ⁴⁴ 687 F.3d 1266 (Fed. Cir. 2012).
- ⁴⁵ *Id.* at 1278.
- ⁴⁶ *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1372 (Fed. Cir. 1998) (footnote omitted quoting extensively from *In re Bergy*, 596 F.2d 952, 960 (CCPA 1979)).
- ⁴⁷ *Diamond v. Diehr*, 450 U.S. 175, 191 (1981).
- ⁴⁸ David Kappos, Under Secretary of Commerce for IP & Director of the USPTO, Keynote Address at Center for American Progress, Washington, D.C., *An Examination of Software Patents* (Nov. 20, 2012), http://www.uspto.gov/news/speeches/2012/kappos_CAP.jsp.
- ⁴⁹ *Research Corp. Technologies, Inc. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010).
- ⁵⁰ *CLS Bank Int’l v. Alice Corp.*, 484 Fed. App’x 559, 559-60 (2012) (*en banc*).
- ⁵¹ Brief For The United States as Amicus Curiae On Rehearing En Banc in Support Of Neither Party at 8, *CLS Bank Int’l v. Alice Corp.*, No. 2011-1301 (Fed. Cir. 2013). ■

ATTENTION: NYIPLA Members



If you have any NYIPLA historical records, specifically Bulletins (1967-1981), Greenbooks (prior to 1951), and Judges Dinner booklets (1973 & prior to 1971), please contact Bill Dippert at wdippert@eckertseamans.com or 1.914.286.2813.

Recent News Regarding Counterfeit Articles

By James L. Bikoff, David Heasley, and Amer Raja of Silverberg, Goldman & Bikoff, LLP

Counterfeit Avastin® Slips into U.S. Market Again

The year has already started off with some very interesting developments in issues relating to dangerous counterfeits. While these incidents illustrate just a few of the dangers posed by counterfeit products to American consumers, they also illustrate the ongoing efforts of U.S. law enforcement and executive agencies in thwarting counterfeiters' attempts to profit at the expense of consumer health and safety.

In early February, the Food and Drug Administration (FDA) announced that another batch of counterfeit Avastin® had reached the United States and entered the medical supply chain.¹ The alert mentioned that two batches of Altuzan, the Turkish brand name of Avastin, had been shipped to American customers, and that at least one batch did not contain the active ingredient, *bevacizumab*. The New York-based Altuzan importer, Pharmedical, contested the accuracy of the FDA's warning. The FDA also noted in its warning that it was not aware of any patients who had received the fake drug, and that the agency had learned of the fakes during an ongoing investigation targeting drug counterfeiting.

The notice follows a string of warnings issued by the FDA last year that alerted doctors that counterfeit Avastin had entered the United States through at least two drug-distribution networks that passed through Europe. None of the counterfeit drugs traced back to the two distribution networks contained the active ingredient. Even when the drugs contain the proper active ingredients, the FDA considers medicines to be "unapproved" unless imported by the manufacturer.² In 2012, the public outrage sparked by counterfeit Avastin encouraged Congress to pass section 717 of the FDA Safety and Innovation Act,³ which substantially increased drug-counterfeiting penalties.

In response to recent discussions about the rampant drug-counterfeiting problem the Institute of Medicine (IOM) issued a report on February 13, 2013 stating that "falsified and substandard medicines – whether sold in street markets or on unregu-

lated websites – are a grave public health problem, as they are ineffective, promote drug resistance, and even cause severe illness and death. . . . Stakeholders around the world share a common interest in combating inferior-quality drugs."⁴ While the IOM recommends in its report excluding the use of the term "counterfeit," many of its suggestions would go to the heart of the counterfeit drug problem – namely, substandard, falsified, and unregistered drugs. The IOM specifically recommends dropping the use of the term "counterfeit" because it perceives that the term does not encapsulate the overall global public health concerns that illegitimate or substandard drugs pose to consumers.

The IOM report calls for legislative solutions to tighten the U.S. drug supply and distribution chain. First, the IOM proposes that Congress create a nationwide drug tracking system (called "track-and-trace"), which would allow the FDA to monitor the manufacture, shipment, and sale of drugs and ingredients. In addition, the IOM recommends that the U.S. wholesale market be restricted to only firms vetted by the National Association of Boards of Pharmacy. These proposals would rely heavily on a step-by-step restructuring of the global pharmaceutical industry. Put simply, changes in the U.S. pharmaceutical regime would potentially prevent counterfeit drugs and ingredients like the ones found in the most recent incident involving Avastin/Altuzan, from entering the U.S. supply and distribution chain.

Counterfeit Toys from China Seized, Arrests Made

On February 7, 2013, U.S. Immigration and Customs Enforcement (ICE) announced that five individuals and their closely held corporations have been charged with importing hazardous and counterfeit toys from China into the United States. The indictment charges that from July 2005 through January 2013, the defendants imported toys from China that infringed intellectual property rights and violated U.S. safety laws. Specifically, the counterfeit toys allegedly contained excessive lead content and

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phthalate levels, small parts that presented choking or ingestion hazards, and battery compartments that would be too easily accessible to small children. According to the indictment, U.S. Customs and Border Protection (CBP) officers seized the toys in shipping containers entering the United States from China on 33 separate occasions. Sixteen shipments contained toys bearing copyright-infringing images and counterfeit trademarks, including Winnie the Pooh, Dora the Explorer, Power Rangers, and Mickey Mouse.

The arrests and seizures were the result of a coordinated effort between ICE, CBP, the Consumer Product Safety Commission (CPSC), and the New York City Police Department (NYPD). All five defendants are residents of Queens, New York: three are Chinese nationals, and two are Chinese-born naturalized U.S. citizens. Assistant Attorney General Lanny Breuer of the U.S. Department of Justice, Criminal Division, stated that the defendants “allegedly retooled their operations many times in order to avoid detection,” and that the arrests reflected a

focus on “ensuring that consumers receive safe and legitimate goods.”⁵

(Endnotes)

- ¹ See Christopher Weaver, FDA Warns of More Fake Cancer Drug, Wall St. J., at B3 (Feb. 6, 2012).
- ² *Id.*
- ³ Pub. L. 112–144 (July 9, 2012), 126 Stat. 993, amending 18 U.S.C. § 2320.
- ⁴ Report Brief on “Countering the Problem of Falsified and Substandard Drugs, Institute of Medicine of the National Academies,” Institute of Medicine Committee on Understanding the Global Public Health Implications of Substandard, Falsified, and Counterfeit Medical Products (2013) (available at http://fab.com/sale/19646/product/326640//www.iom.edu/~/media/Files/Report%20Files/2013/Substandard-and-Falsified-Drugs/CounteringtheProblemofFalsifiedandSubstandardDrugs_RB.pdf).
- ⁵ U.S. Dept. of Justice Press Release, “Five Individuals and Five Corporations Charged in New York for Importing and Selling Hazardous and Counterfeit Toys,” Feb. 6, 2013 (available at <http://www.justice.gov/opa/pr/2013/February/13-crm-162.html>).

Moving UP ▲ & Moving ON ►►►

- Marylee Jenkins, a past president of the New York Intellectual Property Law Association, a past chairperson of the American Bar Association Section of Intellectual Property Law, and the current head of Arent Fox LLP’s Intellectual Property group in New York, was appointed to serve on the U.S. Patent and Trademark Office’s Patent Public Advisory Committee (“PPAC”). PPAC is a nine-member committee whose members have backgrounds and achievements in finance, management, labor relations, science, technology, and office automation. PPAC advises the Director of the USPTO on matters relating to the policies, goals, performance, budget, and user fees of the USPTO relating to patents.
- Joshua L. Raskin, formerly of Bernstein Litowitz Berger & Grossmann LLP, has joined the Intellectual Property & Technology Practice of Greenberg Traurig, LLP as a shareholder.
- George Freeman, formerly of the New York Times Co., has joined the Content, Media & Entertainment Practice of Jenner & Block as Of Counsel.
- Paul Gupta, formerly of Orrick, Herrington & Sutcliffe LLP, has joined the Litigation and Intellectual Property and Technology practices of DLA Piper as a partner.

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).

U.S. CBP and ICE Release Fiscal Year 2012 Intellectual Property Rights Seizure Statistics

By James L. Bikoff and Griffin Barnett of
Silverberg, Goldman & Bikoff, LLP

On Thursday, January 17, 2013, United States Customs & Border Protection (“CBP”) and U.S. Immigration and Customs Enforcement (“ICE”) Homeland Security Investigations (“HSI”) announced the fiscal year (“FY”) 2012 results of their ongoing efforts to protect American consumers from counterfeit and pirated products in its annual Intellectual Property Rights (“IPR”) Seizure Statistics Report. Although the number of individual seizures dropped from 24,792 in FY 2011 to 22,848 in FY 2012 (a decrease of 7.8 percent), the total estimated value of the seized goods rose from \$1.11 billion in FY 2011 to an estimated \$1.26 billion in FY 2012 (an increase of about 13.7 percent).

The top commodities by value seized in FY 2012 were handbags and wallets (40% of all seizures by value); watches and jewelry (15%); clothing apparel and accessories (11%); consumer electronics (8%); footwear (8%); pharmaceuticals and personal care items (7%); digital media (3%); and computers and computer accessories (3%). Increased enforcement efforts in consumer safety-related products led to 79 arrests, the seizure of 3.7 million doses of counterfeit medicines worth \$10.5 million, and the takedown of approximately 18,000 counterfeit drug websites through Operation Pangea V. Additionally, counterfeit airbag seizures increased from 13 in FY 2011 to 65 in FY 2012, and counterfeit contact lens seizures increased from 11 shipments in FY 2011 to 99 in FY 2012.

China remained the overwhelming source for the products seized in FY 2012, accounting for 72% of all goods seized by value – no percentage change from FY 2011. Hong Kong accounted for 12% of goods seized, Singapore and India each

for 1%, and all other countries accounted for 14% of goods seized in FY 2012. Peru debuted on the top ten source economies list due to the seizure of nearly \$2 million in counterfeit apparel, predominantly sportswear and team jerseys.

Consistent with recent trends, IPR seizures in international mail and express carriers continued to vastly outnumber IPR seizures in cargo and other modes of transit, although the value of goods seized in cargo greatly exceeded mail and express seizures. More specifically, 9,852 mail shipments, 8,490 express shipments, and merely 1,526 cargo shipments were seized, though by value, mail shipments accounted for about \$80 million in goods, express shipments accounted for around \$140 million in goods, and cargo shipments accounted for nearly \$700 million in goods.

CBP and HSI have stated that “the internet has fueled explosive growth in the numbers of small packages of counterfeit and pirated goods shipped through express carriers and mail.” CBP.gov, Newsroom, *IPR Seizure Statistics*, http://cbp.gov/xp/cgov/trade/priority_trade/ipr/ipr_communications/seizure/. As part of the inter-agency effort to combat internet-based counterfeiting and piracy, ICE and CBP took down 697 websites trafficking in such goods during FY 2012.

In addition to seizures, federal efforts to crack down on IPR theft led to 691 arrests, 423 indictments and 334 prosecutions in FY 2012. CBP, HSI, and all 21 federal agencies involved with the National IPR Center, through its seizures and other law enforcement efforts, continue to protect American consumers and businesses by combating intellectual property infringement and theft.

February/March 2013 IP Media Links

Edited by Ted Wills, Member of NYIPLA Publications Committee

In “IP Media Links” The Bulletin takes a look at how non-legal media outlets are covering intellectual property.

In February and March media publications, there have been quite a few media voices who opine about reforms in the world’s IP systems. Several of those voices comment on IP theft. In *Foreign Affairs*, Pamela Passman, the CEO of the Center for Responsible Enterprise & Trade, argues that the private sector should take more responsibility for fighting the problem of counterfeiting and IP theft. Even though governmental organizations such as the World Bank, the WTO, and others have made IP theft a top priority in recent years, there are limits to what these organizations can do. A more effective IP theft protection regime would include a private sector-led program to promote responsible business practices in the global supply chain. The author’s suggestions for private sector action include intellectual property policies and principles adopted by a high-level resolution of the company’s board; developing a code of conduct that details expectations for employees, contractors, and others; developing a management system that includes mechanisms that monitor and help ensure that the company’s IP policies are understood and implemented; and establishment of controls and checks to ensure employees and third parties are following the procedures and that all policies and procedures are regularly reviewed (<http://www.foreignaffairs.com/articles/139028/pamela-passman/how-to-protect-intellectual-property>).

The *Wall Street Journal*’s CIO Journal blog also covers IP theft this month by examining why software engineers in R & D labs seem to be susceptible to the cyber attacks that are intended to steal IP. This is thought to be because of the open culture of engineers. The attacks often come in the form of unsolicited e-mails. Because of their open culture, engineers tend to be less suspicious of unsolicited e-mails. They click on a link in the unsolicited e-mail and the link exposes the user’s computer and then the entire organizational network to cyber espionage (<http://blogs.wsj.com/cio/2013/02/22/why-engineers-fall-for-phishing-attacks/>).

In a February piece in the *LA Times*, opinion writer Jon Healey endorses the new entertainment industry-sponsored system that turns internet service providers (“ISPs”) into anti-piracy enforcers. The system was developed by the Center for Copyright Information, a joint effort of five major ISPs and four trade associations representing music and film companies. Under the new system, the copyright owners will monitor for illegal file-sharing and report infringing users to the ISPs. An infringing user is subject to a graduated series of warnings and limitations on that user’s Internet connection: the first violation results in a warning, and after the fifth violation, the ISPs may reduce the user’s bandwidth and automatically redirect that user to an anti-piracy information page. Although Healey has some concerns about the burden that the new system puts on the consumer to appeal an improper notice and/or sanctions from the ISPs, Healey thinks that this new system is a step in the right direction. Healey thinks it will work because a similar program in France resulted in deterring most of the infringing users after just one notice and because the system focuses responsibility on users as opposed to the technologies that can be used to infringe (<http://www.latimes.com/news/opinion/opinion-la/la-ol-online-piracy-notice-start-soon-20130225.0.7274229.story>).

In a recent episode, the Freakonomics Podcast tackles reform of the British copyright system by considering the estate of Winston Churchill. Churchill died without much material wealth. The only things of value that he left to his descendants are his words. The estate owns any word that Churchill ever wrote or uttered in public and is notoriously aggressive in protecting its copyrights. And because the British system does not have a fair use exemption, British authors must pay the hefty fee of 500 pounds for every 1000 words in order to quote Churchill. Rohan Silva, senior policy advisor to British Prime Minister David Cameron, advocates for the reform of the British system. Putting aside the relatively minor problem of academics who wish

to write books about Churchill, Silva is concerned that its system is putting Britain at an economic disadvantage in the digital age. In a conversation Silva had with the founders of Google, Larry Page and Sergey Brin, Page and Brin opined that they could not have founded Google in Britain. Without a fair use exemption, they never could have developed their search algorithm without running afoul of British copyright laws. At Silva's urging, the Cameron administration commissioned a report to determine how to update the U.K.'s copyright regime. The recommendations include: the creation of a digital copyright exchange that would make it easy for a user to find out who owns a piece of content and pay him for it; the government should facilitate the use of orphaned works by allowing a fair-use exemption if the owner of such works can't be found; and the liberalization of copyright restrictions to make it easier for researchers of various kinds to sort through massive piles of data (<http://www.freakonomics.com/2013/01/17/who-owns-the-words-that-come-out-of-your-mouth-a-new-freakonomics-radio-podcast/>).

The ongoing debate about how to address the issue of patent trolls has continued in February and March. An editorial in the *San Francisco Chronicle* endorses the Saving High-Tech Innovators from Egregious Legal Disputes Act of 2013 (the "SHIELD Act") as an ingenious way to stop patent trolls. The basic innovation of the SHIELD Act is that it forces trolls to pay a defendant's legal costs upon entry of a final judgment against a troll. The Act exempts inventors and entities that have spent money and effort to bring patented products to the market. Nonexempt parties must post a bond at the beginning of litigation that would cover the costs to the defendant should final judgment be in favor of the defendant. The author believes that the SHIELD Act would go a long way in ameliorating the problem of patent trolls because trolls bring in much of their revenue by preying on small companies that do not have the resources to defend a patent infringement suit. These companies most often decide that the best course of action is to settle. But trolls win at trial only 24% of the time. The author believes that if the SHIELD Act becomes law, startups will be able to find attorneys who will work on contingency more easily and will have a stronger incentive to bring infringement cases to trial. And

if these small companies are not willing to settle, trolls will have a strong disincentive from bringing frivolous patent infringement claims (<http://www.sfgate.com/opinion/editorials/article/Shield-Act-can-rein-in-patent-trolls-4340366.php>).

Giving the other side of the argument in an op-ed in the *San Francisco Chronicle*, Robert A. Berman, the president and CEO of CopyTele Inc., a company specializing in patent monetization, argues that too much negative attention is paid to nonpracticing entities ("NPEs") (a less derogatory term for patent trolls). NPEs, argues the author, represent the interests of the small inventor when large companies use their market dominance and vast financial resources to steamroll the inventor and steal innovations. Instead of picking on NPEs, the author makes five recommendations for strengthening our patent system: 1) let the U.S. Patent and Trademark Office keep more of the money it generates; 2) eliminate anonymous re-exam requests; 3) make companies that flood the patent office with applications pay extra issuance fees; 4) pass laws that encourage parties to work out their patent issues without suing; and 5) make companies more responsible for stealing inventions (<http://www.sfgate.com/opinion/article/Patent-trolls-often-help-the-little-guy-4340373.php>).

Finally, in the *Washington Post*, columnist Robert McCartney is frustrated by the lack of reform of the legal standard used to determine whether the Washington Redskins can continue to hold the trademark in the name "Redskins." On March 7, lawyers for the Redskins faced off against lawyers for Native American groups before the TTAB in another chapter in the ongoing battle between the two sides. The Native Americans want the trademark canceled because it is offensive to their people. McCartney admits that a trademark hearing is a lousy way to try to advance a moral principal. But he is nevertheless frustrated that the standard to determine whether the mark should be canceled for offensiveness, whether a "substantial composite" of Native Americans found the mark offensive at the time it was granted, ignores the fact that certainly a substantial composite of Native Americans find the mark offensive today (http://www.washingtonpost.com/local/how-many-indians-must-feel-disparaged-to-strip-redskins-trademark-protection/2013/03/09/35cd90f0-8846-11e2-999e-5f8e0410cb9d_story.html).

29th Annual JPPCLE

EARN 8.0 NYS/NJS CLE PROFESSIONAL CREDITS

➤ Tuesday, April 16, 2013 ◀

New York Marriott Marquis, 1535 Broadway, New York, NY

Buffalo CLE Reception

Patentability and Enforceability of Mobile Apps

EARN NYS/NJS 1.0 CLE PROFESSIONAL CREDIT

➤ Thursday, April 25, 2013 ◀

Hodgson Russ LLP, The Guaranty Building, 140 Pearl Street, Suite 100, Buffalo, NY

World IP Day: IP in Fashion

EARN NYS/NJS 1.0 CLE PROFESSIONAL CREDIT

➤ Friday, April 26, 2013 ◀

Fordham Law School, 140 West 62nd Street, New York, NY

Roundtable: Using Expert Witnesses For Deposition

Young Associates - NYIPLA Members Only

➤ Tuesday, May 14, 2013 ◀

Goodwin Procter, 620 8th Avenue, New York, NY

NYIPLA Annual Meeting

➤ Tuesday, May 21, 2013 ◀

Keynote Speaker Honorable Dennis Jacobs

Chief Judge of the United States Court of Appeals for the Second Circuit

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

Hot Topics in Trademark CLE Seminar

EARN NYS/NJS 3.5 CLE PROFESSIONAL CREDITS

➤ Wednesday, July 17, 2013 ◀

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

As Time Goes By – Closer Than They Appear in the Mirror

With the honoring of Judge Barbara Jones at the 2013 Judges Dinner fresh in our minds, it may be useful to reflect on another judicial honoree of an earlier era in order to reinforce our awareness of our Association's long-standing tradition of honoring judges.

The honoree at the 1933 Judges Dinner was Hon. Arthur Carter Denison. Judge Denison sat on the U.S. Court of Appeals for the Sixth Circuit for two decades running from 1911 until 1931.

In 1933, the Waldorf hotel complex was essentially brand new. It was widely considered to be the leading hotel in the world. It must have been quite a sight to behold at the time, particularly as a counter-point to the gloom and doom of the Great Depression that had settled in across the nation then. The "old" Waldorf, which had been located on Fifth Avenue, was torn down to make way for the construction of the Empire State Building.

We may wonder why our Association, which then was exclusively focused on patent law issues, would have been honoring a former judge from a federal appellate court of general jurisdiction located in a region outside of our Association's traditional geographic footprint. The reasons appear to be two-fold: (1) since the Federal Circuit had not yet been created, the existing federal appellate courts, including the Sixth Circuit, heard patent as well as other appeals and (2) Judge Denison was a well-regarded judicial figure in the field of patent law.

In spite of reason (1), the idea of creating a single court of patent appeals was being actively considered at the time. In fact, a proposal for such a court was prepared and circulated in 1931 by Edwin J. Prindle (NYPLA* President 1927-28). The proposal was carefully considered by our Association's Patent Law and Practice Committee chaired by Richard Eyre (NYPLA President 1930-31), and was rejected by the Committee and by the Association's Board of Governors. Nonetheless, bills in favor of a single patent appeals court were



introduced in Congress during 1936. Those bills were not adopted, and it took another half century until the Federal Circuit finally materialized.

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

As to reason (2), the job of singing Judge Denison's praises at the Waldorf podium was assigned to Hon. John Clark Knox of the Southern District of New York. Judge Knox spoke with flair and wit coupled with a tone of self-deprecation.

By way of introduction, Judge Denison observed that he had once been the youngest judge sitting on the federal bench. He then noted: "Now, I am within the shadow of my middle years. My hair is gray, and what is worse, it has become exceedingly thin. As I approach the ranks of the patriarchs, I am entitled to recall the past."

In recalling the past, Judge Knox contrasted his own contributions to patent law with those of Judge Denison using the Mississippi River as a basis for a simile. He put it thusly: "To me, the law of patents is a muddy, whirling and unlovely stream, quite reminiscent of the Mississippi when it is in flood . . . Now and again it struck a soft headland with irresistible force and a chunk of earth, unable longer to withstand the mighty stream, would break away from its fastenings. For an instant, as the earth dissolved, the tawiness of the stream would be deepened, and then, oblivious of what had transpired, the river would sweep on towards the sea."

He gave short-shrift to his own contributions to patent law in observing: "My [patent] decrees serve only to muddy the water for a moment, and then the stream of patent jurisprudence keeps on 'rollin' along' as though I hadn't done a thing to impede or change it."

Judge Knox then extended the simile in words of high praise for Judge Denison, noting that he "had made the law of patents understandable to minds less brilliant than his own. As the possessor of one of those lesser minds, I pay him homage tonight. You should do so, too, because he has contributed largely to the clarification and purity of the juridical stream upon which you men sail your boats of marque and reprisal."

Today we continue to sail our boats upon the juridical stream of patent law thanks to modern-day successors to the likes of Judges Knox and Denison. Thankfully our Association maintains a tradition of taking the opportunity provided by the Judges Dinner to honor judges, and to specially recognize those for making significant contributions to the development of patent law, as well as other areas of intellectual property law. May this fine tradition long continue!

With kind regards,

Dale Carlson

*The NYIPLA used to be known as the New York Patent Law Association.

February 6, 2013 CLE Program

“First-To-File:

Is Your Company Ready for the Upcoming Changes to the Patent Laws?”

By Raymond Farrell

CLE PROGRAMS

On February 6, 2013, NYIPLA hosted a CLE program and networking event at the Morrelly Homeland Security center in Bethpage, Long Island. The program, which drew over 125 attendees, was a collaborative effort in cooperation with the Long Island Forum for Technology (LIFT), the Long Island Software and Technology Network (LISTnet), and Accelerate Long Island, which is an organization formed to foster the economic potential of Long Island’s world-class research institutions by connecting their work product with entrepreneurs and inventors to commercialize technology, foster the growth of a high-tech innovative economy, and create new jobs and businesses on Long Island. This was a major effort by the NYIPLA to reach out to Long Island and foster a growing relationship with the businesses and law firms located there.

After introductory remarks by NYIPLA President, Tom Meloro, the program included two panels and a presentation on the small business research development efforts on Long Island. The first panel addressed the about-to-be enacted changes under the AIA. It was moderated by Colman Ragan of Actavis, Inc. Peter DeLuca of Carter, DeLuca, Farrell & Schmidt, LLP presented the prosecution perspective,

while Mike Johnson of Willkie Farr & Gallagher, LLP presented the litigation perspective. Additionally, Sue Purvis, the USPTO’s recently assigned Innovation and Outreach Coordinator for Greater New York, spoke on her role and the USPTO perspective.

Frank Otto, the president of the Long Island Forum for Technology, then presented his organization’s role in providing support to Long Island companies through technical and business advisory assistance as well as state funding through the Small Business Innovative Research program.

The second panel was directed to the practical application of the AIA law changes and was moderated by Mark Lesko, Executive Director of Accelerate Long Island, and a former federal prosecutor both in Washington DC and the Eastern District of New York. Tom O’Rourke of Bodner & O’Rourke presented a legal review of the various tools available under the AIA. Walter Copan, the Managing Director for the Office of Technology and Commercialization and Partnerships at Brookhaven National Lab, gave his perspective on the AIA changes as they relate to Brookhaven Lab. Donna Tumminello, the Assistant Director, Technology Transfer and Industry Relations Research Foundation of



State University of New York, gave her perspective of how the AIA changes would affect the commercialization efforts at SUNY Stony Brook. Also on the panel giving his perspective based on his extensive experience in commercializing patents was Michael McEntee, formerly of InterDigital Communications, LLC, and now an Entrepreneur in Residence as part of Accelerate Long Island's Accelerate Assist program.

After the panels and presentations, there was a networking event during which the panelists and the attendees were able to share their thoughts on the changing landscape of intellectual property law and its impact on Long Island businesses,

while sharing refreshments. The discussions during the reception were lively and informative. The NYIPLA hopes to return to Long Island in the near future for additional CLE and networking events.



February 28, 2013 CLE Luncheon "Making Your Case: Effectively Using Experts in Patent Litigation"

By Michael Bullerman



On February 28, 2013, the Young Lawyers Committee hosted a panel discussion entitled, "Making Your Case: Effectively Using Experts in Patent Litigation." The panelists were Tom Meloro, NYIPLA president and partner at Willkie Farr & Gallagher, Bindu Donovan, a partner at Sidley Austin, and Lisa Ferri, a partner at Mayer Brown. Ms. Donovan discussed the issues concerning finding, selecting, and working with expert witnesses. Ms. Ferri presented the issues concerning preparing expert witnesses for their depositions, and how to best defend your expert at his or her deposition. She also discussed the different strategies and issues involved in preparing for and taking expert depositions. Mr. Meloro closed out the panel with a discussion of the issues arising when using expert witnesses at trial. The panel was well attended, with nearly thirty attorneys of different levels of experience hearing the panelists discuss various issues surrounding the use of expert witnesses in patent litigation.

NYIPLA Annual Meeting

May 21, 2013

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

CLE Luncheon

11:30 AM – 12:00 PM
Registration

12:00 PM – 12:40 PM
Lunch

12:40 PM – 2:00 PM
Presentation

Attorney Feud: Name One Thing Corporate And Private Practice Attorneys Wish The Other Knew
presented by the Corporate Committee with your host Mr. Kevin (Dawson) Ecker

2:15 PM – 3:15 PM
Workshops

Morse v. O'Reilly: Mock Oral Argument Reconsidering The Patent-Eligibility Of Morse's Invention Under Today's Standards
hosted by the Amicus and Patent Litigation Committees

Ethics, Data Security & Risk Mitigation In Cyberspace
hosted by the Internet & Privacy Law Committee

Comparing Patent Prosecution & Enforcement Across Multiple Foreign Jurisdictions
hosted by the Patent Law & Practice Committee

Trademark & Copyright Supreme Court and Appellate Court Round-Up: Get The Rundown On Recent Decisions And Discuss Practice Pointers
hosted by the Trademark Law & Practice and Copyrights Committees

Awards Dinner

3:30 PM – 4:30 PM
Committee Meetings

4:30 PM – 5:30 PM
Annual Meeting of Members

5:30 PM – 6:00 PM
Board Meeting

5:30 PM – 6:30 PM
Cocktail Reception

6:30 PM – 9:00 PM
Awards Dinner

Program

Welcome

NYIPLA Incoming President
Charles R. Hoffmann

Keynote Speaker

Honorable Dennis Jacobs

Chief Judge of the United States Court of Appeals for the Second Circuit

Hon. William Conner
Writing Competition Awards
presented by

Honorable Roslynn Mauskopf

District Judge of the United States District Court for the Eastern District of New York

followed by
Hon. Giles S. Rich Diversity Scholarship
Inventor of the Year Award

Registration can be found on www.nyipla.org

MINUTES OF JANUARY 15, 2013
Meeting of The Board of Directors of
THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

BOARD MINUTES

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:

Tom Meloro	Denise Loring
Anthony Lo Cicero	Richard Parke
Walter Hanley	Leora Ben-Ami
Charles Hoffmann	Dorothy Auth
Bruce Haas	Kevin Ecker
Annemarie Hassett	

Attending by telephone was Jeffrey Butler, Wanli Wu, Alexandra Frisbie and Ira Levy. Absent and excused was Theresa Gillis. Feikje van Rein, Robin Rolfe and Lisa Lu attended from the Association's executive office. Also attending were William McCabe and John Moehringer as co-chairs of the membership committee.

Tom Meloro called the meeting to order. The December Board minutes were approved, subject to correcting a typographical error.

A brief financial report was provided by Jeffrey Butler and Feikje van Rein. Feikje noted that there was an error in the report showing that certain funds were lower than their actual amounts. Jeffrey added that the Association continued to be on sound financial footing.

New members were approved by the Board.

The Board then discussed the status of amending certain Bylaws. Walt Hanley reported that he and Terri Gillis had made some suggestions to the bylaws committee, including those relating to the nominating committee and gender; the committee was considering these changes. Jeffrey Butler indicated that there should be certain changes regarding the function of Treasurer to conform to the way the Association is actually running. Tom Meloro indicated that at the next meeting of the Board, the proposed changes needed to be addressed so that any changes could go to the membership for approval. Mailing

to the membership would need to occur at least 40 days before the Annual Meeting. Several suggested changes were discussed. In particular, Wanli Wu sought clarification on the amendment that excludes honorary members from the Annual Meeting. Tom Meloro explained that this allowed the Association to avoid mailing the materials to the Judiciary, who had no reason to receive the materials. Honorary members are not excluded from attending the Annual Meeting should they so desire.

Tom Meloro mentioned that the Association had received a letter from the International Association of Judges thanking the Association for its support of its meeting and dinner, which was dedicated to intellectual property around the world.

Denise Loring then led a discussion on behalf of the Amicus Briefs Committee. The Board discussed the *Myriad* case, with Tom Meloro recused. The Board members provided detailed feedback on a draft presented by the committee for filing with the United States Supreme Court, which had granted *certiorari* on this case. The Board agreed to have the committee continue drafting with the input of the Board. This brief must be filed by March 14, 2013.

Bowman v. Monsanto was discussed next, with Leora Ben-Ami and Richard Parke recused. Board members provided detailed feedback regarding the current draft, which must be filed by January 23, 2013. The Board discussed whether it should circulate the Association's draft to other amici, as there had been a request to do so. The Board declined to circulate a draft at this time. The Board asked the committee to consider its feedback and circulate a new draft. A conference call would be held to make a final decision.

Next addressed was the *United States v. Windsor* case, relating to the constitutionality of the Defense of Marriage Act (DOMA). The committee raised the issue of whether the Association might wish to join on a

cont. on page 18

combined brief with several other bar associations or with Citizens for Responsibility and Ethics in Washington, which was drafting a brief arguing that the Act is contrary to a number of federal good-government and ethics laws. The Association could raise intellectual property issues implicated by DOMA. The Board discussed the issue in some detail and determined that this case was too distant from the core function of the Association for the Association to participate on this matter.

FTC v. Watson then was considered with Leora Ben-Ami, Walter Hanley, Bruce Haas, Tom Meloro, Annemarie Hassett and Ira Levy recused. Denise noted that the Association had filed a brief in the *Merck* case related to reverse payments, but the Supreme Court has not decided whether to take that case. The Court did take the *Watson* case, which raises many of the same issues. The Board members who were not recused unanimously agreed that the Association would file an amicus brief consistent with its brief in the *Merck* case.

The Board next discussed consideration of membership with a look toward the future. Tom Meloro began the discussion by noting that the Association is quite strong, having membership dues higher than five years ago, a great deal of activity, and strong revenue. Nonetheless, Tom explained that, given the changes in law firms and their policies toward payment of dues to associations, the Board should consider the future and how the Association might plan to address the changes that exist and may come.

Feikje and Lisa then reported on behalf of the Executive Office, noting that 2010 had the highest membership and that membership has decreased slightly since then. Feikje mentioned that other associations also were seeing a decrease in membership, with many seeing significant declines, unlike the NYIPLA. Lisa continued by discussing marketing initiatives. The concept Lisa discussed was marketing to targeted groups, such as attorneys working at corporations and those outside of Manhattan. Lisa also suggested marketing the committee experience for both educational and networking benefits. The use of social media also was discussed, as was publicity to increase name recognition and value. The Executive Office also has attempted to contact former members who have not renewed their memberships. While many nonrenewals were because members were no longer practicing or had

moved, some had suggested that more value needed to be provided by the Association.

The Board members spent significant time discussing their experiences as young lawyers and considering how the practice has changed for new attorneys today. John Moehringer noted that the Association's non-renewals tended to be from in-house attorneys, students, and those practicing for 3 years and less. Alexandra noted that the Corporate Committee previously had monthly calls where counsel could learn best practices and discuss issues unique to practicing in-house. It was agreed that restarting those monthly calls might be productive. Learning-by-doing programs were discussed for students and newly admitted attorneys. Ensuring that committees were active and increasing membership also were considered critical. Several Board members also felt that while CLE is central to the Association, networking experience may be considered more valuable to young attorneys, as many firms have their own CLE programs which come with no additional cost. Networking events should not only include new attorneys at other firms, but senior attorneys and, if possible, judges. Robin noted that the Association did engage in many of the activities discussed, but that it was important to publicize these events to drive participation from those who do not regularly attend Association programs.

The Board agreed to continue discussing these issues and to review whether the ideas expressed had been undertaken and to assess their value.

The meeting was adjourned at 2:20 p.m. ■



Not Receiving NYIPLA E-mails?

Contact your IT/ISP and
request them to place

admin@nyipla.org on your Safe List!

MINUTES OF FEBRUARY 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 pm.

In attendance at the Board meeting were:

Charles Hoffmann	Bruce Haas
Denise Loring	Theresa Gillis
Annemarie Hassett	Richard Parke
Dorothy Auth	Leora Ben-Ami

Attending by telephone were Kevin Ecker, Jeffrey Butler, Ira Levy, and Alexandra Frisbie. Absent and excused were Thomas Meloro, Walter Hanley, Anthony Lo Cicero and Wanli Wu. Feikje van Rein attended from the Association's executive office.

In Tom Meloro's absence, Charles Hoffmann called the meeting to order. The Board then approved the minutes of the last meeting.

Jeffrey Butler provided a financial report that indicated that the Association continued to be in sound financial condition.

Jeffrey then presented the proposed new members for consideration. The Board noted that programs outside of Manhattan seemed to be drawing interest, resulting in new members. The Board approved the proposed new members.

The Board next heard from Denise Loring on behalf of the Amicus Briefs Committee. With regard to the *Myriad* case, Denise noted that the committee would have a draft brief ready for consideration on about March 7, 2013. With regard to the *Watson* case, Denise noted that a draft brief was circulating. The brief in the *Bowman v. Monsanto* case had been filed early. Charles noted that Mr. Bowman had written to the NYIPLA following the Association's filing of its brief.

Terri Gillis then led a discussion regarding the proposed changes to the Bylaws of the Association. There was a discussion regarding the scope of government officials and judges to be considered honorary members. While there were several suggestions, the Board determined that expanding the group of honorary members should be considered at a later date.

The Board also considered whether patent agents registered before the United States Patent and Trademark Office and residing in the correct geographic area should be eligible to become Associate Members. The Board agreed that such an addition to the membership should be considered and proposed to the membership of the Association. The changes to the Nominating Committee section of the Bylaws were discussed as well. Terri noted that the purpose of the changes was to promote diversity within the Association through the committee. Several other changes were suggested to conform the Bylaws to other changes already agreed upon, to align the Bylaws with the actual practice within the Association, to clarify language and to effectuate gender neutrality within the Bylaws.

Kevin Ecker then led a discussion regarding the nominations for the Inventor of the Year award. The Board reviewed and discussed the nominations and agreed that the award should go to Dr. Schuchman. There was discussion concerning whether Dr. Desnick also should be included because, based on the written materials, it appeared that both scientists were involved in the work to be acknowledged. The Board agreed that the IOTY committee could determine whether Dr. Desnick should also be included.

Dorothy Auth next reported on the Annual Meeting preparations. Dorothy noted that the committee was considering events during the day of the Annual Meeting, perhaps including workshops. The committee also suggested that the Corporate Committee be showcased at the luncheon. Thereafter there might be workshops, followed by committee meetings, and then the Annual Meeting. The Board appreciated the thought and hard work that had gone into this year's Annual Meeting.

The Board approved the formation of the NYIPLA 501(c)(3) Foundation.

There were some brief updates regarding other committees, and the Board meeting was adjourned at 2:20 p.m.

NEW MEMBERS

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