

# Bulletin Chair's

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## Section Works Toward Patent Improvement and Reform



**From the Chair**  
*William L. LaFuze*  
*Section Chair, 2004-2005*

The Section of Intellectual Property Law has been busy working on significant patent law reform and improvement.

At its Council meeting on March 4, the Section approved two reports to serve as the Section's responses to reports of the Federal Trade Commission and the National Academy of Sciences on patent improvement and reform. The proposals for changes to our patent law by these two organizations are fundamental and sweeping in many respects. This Chair's letter is based on the two reports mentioned above, which were prepared principally by Don Martens and Bob Armitage. Many thanks to Don, Bob, and many others who contributed to the monumental effort to prepare these Section reports. The reports were submitted for blanket authority to other Sections of the ABA and no objections were received.

Because of space requirements, this article will necessarily and intentionally focus on only a few of the many important issues addressed in the FTC and NAS reports. The complete text of the voluminous reports, together with Section resolutions which support the Section's position, can be found on the Section's website at [www.abanet.org/intelprop/executive.html](http://www.abanet.org/intelprop/executive.html).

Most of the changes suggested by the NAS and the FTC are rooted in achieving two goals: lowering the cost of patent disputes and increasing patent quality. There is considerable overlap of issues in the two reports and the responses of the Section.

### Post-Grant Review of Patents

The Section endorses a new administrative procedure to allow post-grant review of patents. A low-cost procedure for challenging patents is a very attractive concept. However, the devil is in the details as to how such a system should be structured. Currently, the Section proposes a post-grant opposition procedure with the following attributes: an entity potentially adversely affected by the erroneous issuance of a patent could raise any issue in the PTO it might raise in defense of a claim of patent infringement in court, but it could do so with the expectation that a highly qualified patent examiner, rather than a jury, would consider the issue promptly, in accordance with more limited discovery than in litigation, and presumably at substantially less cost as compared with litigation. The Section favors a preponderance of the evidence standard of review by the PTO on validity issues.

### Restrictions on Certain Issues in Patent Litigation

One way to reduce the costs of patent litigation is to address, postpone, or eliminate certain issues that frequently arise in patent litigation. Thus, the Section believes that the issues of "best mode," inequitable conduct, and willful infringement, all of which require substantial resources to litigate, be eliminated or limited. More specifically, the Section believes that the requirement of "best mode" should be eliminated. The Section also believes that inequitable conduct should be permitted as a defense under more limited circumstances than exist under present law. For example, the Section favors a defense of inequitable conduct to render a patent invalid only if the claims in issue would not have issued "but for" the inequitable conduct. As for willful infringement, the Section favors limiting the timing and the scope of waiver when an opinion of counsel is relied upon as a defense to an accusation of willful infringement.

### First Inventor to File

The Section supports the "first inventor to file" system, in contrast to the "first to invent" system under current patent law, both because it believes a "first inventor to file" system is a best practice for the United States, and also because it is critical to patent law harmonization. The ABA House of Delegates recently adopted the "first inventor to file" system as an ABA position. The first inventor to file concept is coupled in a harmonization context with retaining a one-year grace period in which pre-filing disclosures made directly or indirectly by the inventor cannot bar the inventor from obtaining a valid patent. The Section opposes several features of European law, such as "absolute" novelty; in contrast, the Section has endorsed retaining the require-

ment of U.S. patent law that disclosures must be publicly accessible in order to qualify as prior art. The Section also opposes "self-collision," a doctrine in which an inventor's own prior-filed, copending patent application can be cited as prior art against the same inventor.

### PTO Funding

The Section, as well as the ABA, believe the PTO needs additional resources and should be adequately funded. The funding of the PTO through the appropriations process has been a nightmare for more than a decade, with as much as \$600 million or more diverted to other agencies of the Department of Commerce. In order for our patent system to operate properly, the PTO needs more funding to hire the examiners necessary to carry out the examination process in a quality manner. Essential programs have been curtailed, and planning for the future operations of the PTO has been consistently frustrated by the lack of funding for many years. The Section believes this is a process that must change if the patent system is to work properly.

### Other Issues

Space does not permit a comprehensive treatment of all issues. But, two other issues are noteworthy. The Section opposes the FTC's proposal to reduce the burden of proof for challenging patent invalidity in court litigation from a "clear and convincing" standard to a preponderance of the evidence standard. Also, the Section favors, in principle, the limited expansion of the "second pair of eyes" review process to enhance patent quality.

Reference should be made to the complete responses to the NAS and FTC reports (available at [www.abanet.org/intelprop/reports/NAS\\_Report.pdf](http://www.abanet.org/intelprop/reports/NAS_Report.pdf) and [www.abanet.org/intelprop/reports/FTC\\_Report.pdf](http://www.abanet.org/intelprop/reports/FTC_Report.pdf) respectively) for additional information and positions of the Section.

Stay tuned, as legislation is expected to be introduced soon to address the patent reform issues noted above, as well as others.

## Nominating Committee Announces Candidates

Charles P. Baker, Chair of the Section's Nominating Committee, reports that the following candidates have been nominated for the 2005-2006 year.

- Chair-Elect: Susan Barbieri Montgomery, Boston, MA. Ms. Montgomery currently serves as the Vice-Chair and is a former Council Member.
- Vice-Chair: Pamela Banner Krupka, Los Angeles, CA. Ms. Krupka has served as the Section's Liaison to the ABA Commission on Women in the Profession and currently serves as a Section Council Member.
- Section Delegate to the ABA House of Delegates: Jack C. Goldstein (three-year term ending in 2008)
- Gordon T. Arnold, Houston, TX (Secretary) and Susan McHale McGahan (Financial Officer) were both re-nominated to their respective positions.
- Members of the Section Council for a four-year term ending in 2009: June M. Besek, New York, NY, formerly a Division and Committee Chair; John J. Gresens, Minneapolis, MN, currently on Council completing a one-year term left open when Susan Barbieri Montgomery was named as Vice Chair and a former Division and Committee Chair; Benjamin C. Hsing, New York, NY, currently Co-Chair of Committee 1004 (Chemical Practice); and Marylee Jenkins, New York, NY, currently Chair of

Division VII (Information Technology) and a member of the ABA Standing Committee on Technology and Information Systems.

- According to Section bylaws, E. Anthony Figg, current Chair-Elect, automatically assumes the office of Chair for the 2005-2006 Association year.

In addition to Chair Charles P. Baker, New York, NY, the Nominating Committee is comprised of Cecilia Gonzalez, Washington, DC, Dolores K. Hanna, Chicago, IL, Craig S. Summers, Newport Beach, CA, Philip C. Swain, Boston, MA, and Robert W. Sacoff, Chicago, IL.

Elections for open positions will be held at the ABA Annual Meeting in Chicago, IL, on Saturday morning, August 6, 2005, at the Four Seasons Hotel during the Section's Annual Business Meeting.

Additional nominations for any position may be made by petition signed by not less than 100 members of the Section, listed by their ABA ID number. The 100 names must be representative of at least three states and must indicate that the individual has agreed to the nomination. The petition must be sent to the Chair and the Secretary of the Section and must be received by these individuals not less than four months before the Opening Assembly of the Annual Meeting. The Opening Assembly will be held on Saturday, August 6, 2005.

## Legislative Update

### Copyright and Trademark Bills Advance in Congress

On March 9, the House Judiciary Committee took up four intellectual property-related bills, which were quickly approved and sent to the House. Two of the bills – H.R. 683, the "Trademark Dilution Revision Act of 2005," and §167, the "Family Entertainment and Copyright Act of 2005" – contain significant changes to trademark and copyright law. The other two are technical amendments to correct drafting errors in bills enacted last Congress.

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## Amendments to the 1995 Trademark Dilution Act

The Trademark Dilution Revision Act is designed in part as a response to the decision of the U.S. Supreme Court in *Moseley v. V Secret Catalogue*, 537 U.S. 418 (2003), where the Court held that actual dilution, rather than a likelihood of dilution, is the proper standard for adjudicating cases under the Federal Trademark Dilution Act of 1995 (FTDA). In dicta, the *Moseley* decision also raised questions about the availability of an action for dilution by tarnishment under the FTDA. H.R. 683 addresses these issues by amendments to the FTDA to establish a “likelihood of dilution” standard and to expressly provide for a cause of action based on dilution of a famous mark by tarnishment.

Other changes in H.R. 683 include a new definition of a famous mark, revision of the factors for determining fame, and clarification that the FTDA extends protection to famous marks with acquired distinctiveness, as well as those that are inherently distinctive. Under the new definition of a famous mark (“widely recognized by the general consuming public of the United States”) marks that are famous in a niche product or service market or that are recognized only in a limited geographic region will not qualify for federal dilution protection.

As introduced, H.R. 683 would have limited actions under the FTDA to those in which the defendant used the challenged mark as a “designation of source” for his own company, goods, or services. This provision was dropped from the bill in the final stages of development. At the same time, language was added to expressly provide that fair use under the FTDA extends to use of a famous mark “for purposes of identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods and services of the famous mark owner.”

## Copyright Package from 108th Congress

§167, the “Family Entertainment and Copyright Act of 2005.” §167 brings together provisions from several Senate and House bills of the 108th

Congress that passed one or both houses of Congress, none of which were enacted. §167 would:

- Provide criminal penalties for using a camcorder to videotape a film in a movie theater;
- Criminalize willful copyright infringement committed by distributing on a computer network a work known to be intended for commercial distribution;
- Permit pre-registration of an unpublished work being prepared for commercial distribution, and provide an action for infringement of pre-registered works.
- Exempt from copyright and trademark infringement liability the use of technology that permits skipping over selected content during private viewing of motion pictures for private or in-home use.
- Reauthorize the National Film Preservation Act.
- Amend the Sonny Bono Copyright Term Extension Act to allow libraries to make copies of certain copyrighted works, such as films and musical compositions that are in the last 20 years of their copyright term, are no longer commercially exploited, and are not available at a reasonable price.

## Section Fellowship Program

To help encourage young lawyers to become actively and integrally involved in the Section’s meetings and committees, the Section established a Fellowship Program starting with the 2004-05 bar year. This program is currently funding two young attorneys, Jonathan Korn and Lea Hall Speed, to attend the both the Midwinter and the Summer IPL Meetings. In exchange Jonathan and Lea are obligated to, among other things, recruit other young lawyers, participate in the work of the Section, and report their activities and experience to Council.

Jonathan has been a Fellow for several months now and stated, “My IPL fellowship has been a tremendous introduction to the Section and has given me the opportunity over the last six

months to become active in the Section. In addition to serving on a variety of committees, I recently attended the Section’s January meeting where I met the Section’s leadership and learned in detail about the Section’s future agenda. I was impressed by the breadth of talented attorneys who are committed to the work of the Section, as well as all of the hard and valuable work performed by the Section on behalf of IP attorneys. After the meeting, I feel even more confident in my role as ambassador for the Section, especially as the liaison with young lawyers. I look forward to continuing to work with Section leadership to increase both young lawyer involvement and meet the goals of the Section.”

More information about the program and applications will be available this summer. If interested, please check the Section and Young Lawyers Division websites in June.

## Upcoming Meetings

### The Berkeley Conference on Antitrust in the Technology Economy

The application of antitrust law and economics to technology industries and issues will be the subject of this two-day conference taking place June 9-10 at UC-Berkeley Boalt Hall School of Law. A world-class roster of government antitrust officials, business leaders, economists and lawyers will discuss cutting-edge issues, such as the relationship between antitrust and intellectual property law, merger analysis in dynamic industries, antitrust limitations on patent settlements, the control of standards, and dominant firm conduct. Case studies will be drawn from the computer hardware and software, biotechnology, electronic commerce and other information-intensive businesses. While the focus will be on the specific application of antitrust analysis to technology markets, the curriculum will offer an in-depth review of many antitrust principles with general import.

For more information and to register, go to [www.abanet.org/antitrust/programs/berkeley\\_conference/berkeley.html](http://www.abanet.org/antitrust/programs/berkeley_conference/berkeley.html).



THE ABA SECTION OF  
**Intellectual Property Law**

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# Chair's Bulletin

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## Mark Your Calendar!

April 13, 2005

**Practical Tips on Intellectual Property Law**  
Crystal Gateway Marriot Hotel, Arlington, VA

April 14-16, 2005

**20th Annual Intellectual Property  
Law Conference**  
Crystal Gateway Marriot Hotel, Arlington, VA

June 21, 2005

**Practical Tips on Enforcing and  
Defending Patents**  
The Palace Hotel, San Francisco, CA

June 22-26, 2005

**2005 Summer IPL Conference**  
The Palace Hotel, San Francisco, CA

Learn more online: [www.abanet.org/intelprop](http://www.abanet.org/intelprop)

## The Licensing Foundation's Annual Licensing Survey Colloquium

The Licensing Foundation invites you to attend its Annual Licensing Survey Colloquium. A panel of national experts will be on hand to provide an insider's look at the field of licensing, with new findings from this year's survey of players from all aspects of the field. The Colloquium will be followed by the Annual Licensing Foundation Dinner featuring a discussion with the Honorable Judge Richard A. Posner, U.S. Seventh Circuit Court of Appeals. Judge Posner, also a professor and senior lecturer at the University of Chicago's Law School, will discuss anti-trust concerns and the real economic impact of intellectual property, and will welcome your comments and questions. Both events will be held on Wednesday, April 13, at the Four Seasons Hotel, 120 East Delaware Place in Chicago. For more information and to register, visit

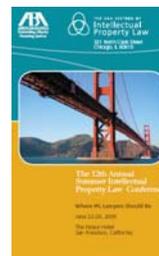
[www.licensingfoundation.org](http://www.licensingfoundation.org) or call  
(703) 836-3106.

## Computer Law Association's 2005 World Computer and Internet Law Conference

The Section is co-sponsoring the Computer Law Association's 2005 World Computer and Internet Law Congress May 5 and 6 in Washington, DC. This unique legal summit focuses on real-world advice and guidance by top information technology experts. Panels of internationally recognized legal, IT, and business experts will provide practical, hands-on strategies for managing risk. Topics will include internet issues, intellectual property, hot topics in outsourcing, security, privacy and related corporate governance issues, and emerging legal issues in bio-informatics.

Learn more about the program and register at [www.cla.org/claconf.htm](http://www.cla.org/claconf.htm).

## Register Now for the 2005 Summer IPL Conference



**June 22-26, 2005**  
**The Palace Hotel**  
**San Francisco, CA**

Full details are available at  
[www.abanet.org/intelprop/  
summer2005](http://www.abanet.org/intelprop/summer2005).