

Bulletin Chair's

Bulletin

Volume 9, Number 7

March 2005

Section Task Forces, Leaders Push for Positive Change



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

The Section continues to be hard at work and productive on many important projects. I have just returned from the House of Delegates (HOD) meeting at the ABA Midyear Meeting in Salt Lake City, Utah. At that meeting, the House passed the Section's resolution favoring the "first inventor to file" principle, in contrast to the "first to invent" system now in place. This important change was made for two reasons. First, the "first inventor to file" system is viewed by most as a best practice for the United States patent system. Second, by changing to a "first inventor to file" system, the United States moves one step closer to global harmonization of patent laws. Section HOD delegate Don Dunner, along with Council member Bob Armitage, deserve distinct praise for getting this resolution passed in the House. Don and Bob have worked tirelessly over the last several months educating other Sections in the ABA about the first inventor to file system, and convincing several sections to co-sponsor the resolution. A vigorous debate occurred in the House on this issue before it was passed. Speaking in favor of the resolution were Don Dunner, Council member and former Director of the PTO Todd Dickinson, and Immediate Past President of the AIPLA Rick Nydegger. Others at the House debate who were prepared to speak but did not have the opportunity were Bob Armitage, Jack Goldstein, Scott Partridge, Doug Henderson, and myself. Interestingly, there were no intellectual property attorneys among those who spoke against the first inventor to file resolution. Thanks again to Don Dunner, Bob Armitage, and the rest of the group.

In late January, the Section completed its annual midwinter leadership meeting in Miami. There the officers, Council, and committee chairs met for two days to exchange a detailed account of the work with which each committee and task force has been involved. This was a wonderful opportunity for all members of the Section leadership to get to know each other better, learn about the status of projects throughout the Section, and get comments and constructive criticism from others. I feel very privileged to serve the bar with such a highly talented and motivated group of quality lawyers! Thus far, with the year half over, it has been an absolute joy to work with such dedicated volunteers who are donating their time to improve the law and the profession.

Also at the leadership meeting in Miami, two very informative and special presentations were given. The first presentation was by a group composed of Don Martens, Bob Armitage, and Gary Griswold. These three legal experts reported to the Section leaders on the report and analysis of two task forces set up to study numerous recommendations for patent law revision and improvement by

the Federal Trade Commission and the National Academy of Sciences. They organizations have proposed sweeping changes to our patent law that, if implemented, would materially change the law in many important respects. Issues addressed in these reports include post-grant opposition, increased funding and improved operations of the PTO, willful infringement, best mode, inequitable conduct, first inventor to file, first sale and public use bars, and others. Practitioners who wish to take a peek at major possible changes in our patent law are well advised to review the NAS and FTC reports, and the responses of the Section in its task force reports. Practitioners who wish to take a peek at major possible changes in our patent law are well advised to review the NAS and FTC reports, and the responses of the Section in its task force reports, which are expected to be available online in early March at

www.abanet.org/intelprop/executive.html.

Additionally at the leadership meeting, the Section task force that has studied the Induce Act and *Grokster* issues gave a report. This presentation was given by David Einhorn, Mark Litvak, Kate Spelman, and Fred Koenigsberg. New technology continues to pose new issues as to the extent of protection under our copyright law and enforcement alternatives. As a sequel to the *Napster* litigation, the *Grokster* case considered the legality of file-sharing and transfer of copyrighted works in light of technology which moved would-be copyright infringers one step further from the clear reach of copyright protection. The Induce Act, which did not pass in the last Congress, would afford copyright owners a broad form of enforcement by imposing liability on those who create and commercialize new technologies used to manipulate and transfer copyrighted works. A basic issue arises for technologies that have both infringing

and non-infringing uses. Consideration of the issues involves determining the proper balance as a matter of policy as to who should be liable for violations of copyright law who are not direct infringers. The speakers gave the Section leadership an in-depth education on the various issues raised by *Grokster* and the Induce Act.

I recently appointed a task force headed by Chair-Elect Tony Figg to study ABA governance issues and positions taken by the Section Officers Council and a committee of the ABA. At issue is the proper balance of the ABA House of Delegates, about 85 percent of which is made up of delegates from the states, and of which only about 15 percent is from ABA Sections. As recommended by the task force, the Council recently endorsed – except for the issue of term limits – the report and recommendations of the SOC.

I also appointed a task force on trademark dilution headed by Vice-Chair Susan Montgomery. Upon recommendation of the task force at the Section Council meeting in early February, the Section adopted six resolutions on this issue and approved testimony that may be given by the Section at upcoming hearings of the House Subcommittee on Intellectual Property. In essence, the Section supports the amendment of the Federal Trademark Dilution Act of 1995 to provide that questions of trademark dilution should be resolved under the “likelihood of dilution” standard.

Our 20th Annual Intellectual Property Law Conference will be held in Arlington, Va., April 14-16, 2005. This program is jam-packed with hot CLE topics you won't want to miss, so register today at www.abanet.org/intelprop/spring2005. Also not to be missed, our Summer IPL Conference will be held in San Francisco June 22-26 – just go to www.abanet.org/intelprop/summer2005 for more information and to register.

Thanks again to our many leaders and volunteers who continue to make this a productive and remarkable year for the Section.

Section Represented at International Intellectual Property Rights Roundtable in China

The third annual Intellectual Property Rights Roundtable, organized by the U.S. Embassy in Beijing, was held on January 13, 2005, in Beijing, China. This annual event brought together over 250 government officials and industry representatives from the United States, China, Europe and Japan. Elizabeth Chien-Hale, the Chair of the Section's China Task Force, and Joseph Rogers, Section member and Intellectual Property Director of Alcatel Shanghai Bell, attended the Roundtable on behalf of the Section.

The high-level representatives from the U.S. government included Secretary of Commerce Donald Evans and Under Secretary of Commerce for Intellectual Property Jon Dudas. The focus of the U.S. government's position remained on the transparency and efficiency of the existing system, including improvement on criminal enforcement of intellectual property rights. Secretary Evans emphasized that the U.S. government would like to see results rather than process, and underscored three cases during his luncheon keynote address: GM Daewoo suing China's Chery for automobile design similarities between GM's Spark and Chery's QQ, Pfizer's invalidated patent for its Viagra medication, and the large quan-

tity of counterfeit goods using NBA logos and trademarks manufactured in China for sale in China and abroad. The industry representatives discussed issues of general interest, such as market access, and more industry-specific issues such as standards for the information technology sector and data protection for the pharmaceutical industry. Representatives from Europe and Japan also presented their views on the Chinese IP system.

On the Chinese side, Vice-Premier Ms. Wu Yi provided a summary of activities undertaken by the Chinese government to address the intellectual property concerns of U.S. companies. First, the State Council has set up an IPR Protection Working Group with Vice-Premier Wu as its director, which coordinates 12 departments – including the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Commerce, the Ministry of Public Security, the State Administration for Industry and Commerce, the National Copyright Office, the State Intellectual Property Office, and the General Administration of Customs, among others – to make concerted efforts on protecting intellectual property rights. The working group, in addition to other initiatives, launched a specialized campaign for IPR protection throughout China to identify priority areas and major infringement cases. Furthermore, the Supreme People's Court and the Supreme People's Procuratorate have jointly promulgated the *Interpretation on Several Issues Regarding the Application of Law in Handling Criminal Cases of Infringement on Intellectual Property Rights*. The drafters in the process consulted not only ministries within the Chinese government, but also organizations such as the Business Software Alliance, MPAA, and AmCham China. This new judicial interpretation considerably re-adjusted the criteria for conviction and sentencing of IP-related crimes, clarified ambiguous concepts and terms in the IP infringement provisions of Chinese Criminal Law, and provided for accomplice liability.

USPTO Director Jon Dudas called a separate meeting the next day between industry representatives and Commerce Department personnel working on China-related intellectual property is-

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sues to discuss how the USPTO can offer technical assistance to reduce piracy and counterfeiting in China. The USPTO currently provides assistance for administrative process and the rule of law, office management, data exclusivity as it relates to patents, improvements in the design patent system, protection of well-known marks, and protection of intellectual property as it relates to the use of the Internet. The USPTO has been granted \$20 million for technical assistance to countries around the world, including China, and information relating to technical assistance programs can be found at the State Department's website, at www.state.gov.

Legislative Update

Bush Makes USPTO Funding Recommendations for FY2006

President Bush's recommendations for funding the federal government in Fiscal Year 2006 (10/01/05-9/31/06) were sent to Congress on February 7, 2005. They include a recommendation of \$1.7 billion to fund the U.S. Patent and Trademark Office. This amount equals the estimated fee collections expected during the year, meaning that, for the second year in a row, the Administration has recommended that no PTO funds be diverted to fund other programs. If approved by Congress, this level of funding would provide the PTO with a 10 percent increase in funding over the current year. This increase, added to the increased funding provided in the appropriation signed into law in late November, would produce a 40 percent increase in PTO funding over a two-year period. The substantial amounts of additional revenue being made available for PTO funding are the result of the fee increases enacted last November. The higher fees are set to expire after Fiscal Year 2006, but this budget request indicates that the Administration will be submitting a legislative proposal to permanently extend the increases.

Federal Court in Pittsburgh Adopts Local Patent Rules

On January 1, 2005, the United States District for the Western District of Pennsylvania formally adopted spe-

cialized local rules governing the conduct of patent litigation in that district. The new federal rules (1) reduce the length to trial, (2) improve the process and timing for construing patent claims, (3) set the timing of expert witness reports and deposition, (4) delineate the scope and content of initial disclosures regarding patent infringement and validity, (5) provide a default protective order for the parties, and (6) incorporate a model scheduling order. Section members Cynthia Kernick and Rob Lindefeld served on the committee that drafted the new rules. A copy of the new rules can be found on the Court's website, at www.pawd.uscourts.gov.

Committee News

Special Committee on Diversion of PTO Funds (Committee 155)

*Heath W. Hoglund and
Thomas E. Spath, Co-Chairs*

Last year as part of the Fiscal Year 2005 appropriation to the PTO, Congress imposed a two-year increase on PTO fees. These increased fees are intended to fund the implementation of its 21st Century Plan and are needed by the PTO to reduce pendency and increase quality. The President's recently released budget for Fiscal Year 2006 (see "Legislative Update" below) proposes making these increases permanent. Because PTO fees have for too long been the subject of diversion for other spending priorities, the Special Committee on Diversion of PTO Funds is working to ensure that any extension of these increases includes anti-diversion legislation.

April 28th is ABA day, and members will lobby Congress on a range of important issues. Join our efforts to encourage Congress to pass anti-diversion legislation. If you can be in Washington, D.C., please send an e-mail to our committee co-chair, Heath Hoglund, at: email@hhoglund.com. If you cannot participate in person, please send an e-mail to your congressional representatives to express the importance of tying any extension of the increased PTO fees to anti-diversion legislation.

IP Licensing (Committee 413)

*Gloria Archuletta and
George A. Frank, Co-Chairs*

and Ethics and Professional Responsibility (Committee 502)

Carol M. Langford, Chair

Section Committees 413 and 502 converged along with other experts in the IPL community to formulate a cross-border trademark-licensing checklist. The Standing Trademark Licensing Subcommittee of Committee 413 (IP Licensing) is focusing on cross-border issues that might arise in negotiating trademark licenses. Committee 413 is co-chaired by George A. Frank of Drinker Biddle & Reath and Gloria Archuletta of Cingular. Committee 502 (Ethics and Professional Responsibility), chaired by Carol M. Langford, was approached by the Trademark Licensing Subcommittee of Committee 413 to comment on a working draft checklist on cross-border trademark licensing issues from a professional responsibility perspective. As a result, Committee 502 elicited the assistance of Ethan S. Burger, Scholar-in-Residence, School of International Service and Adjunct Associate Professor at the Washington College of Law, America University. He substantially contributed to the efforts of Committee 502 in submitting substantive comments on the licensing checklist. The Trademark Licensing subcommittee also elicited the outside assistance of Michael A. Epstein, one of the co-editors of *Drafting License Agreements* (Aspen Law & Business 1996, 3rd ed.), a nationally recognized expert in this area. Among the members of the Trademark Licensing Subcommittee, Paul Jones, Barrister, Solicitor & Trademark Agent in Toronto, and Mitchell S. Bompey, Executive Director, Morgan Stanley (Law Department), New York, substantially contributed both a corporate and international perspective on the issues.

The multi-disciplinary approach to this project is noteworthy for bringing together perspectives from two different Section committees, academic scholars, corporate in-house counsel, overseas members, and one of the edi-



Chair's Bulletin

Mark Your Calendar!

March 30, 2005

Mediation and Arbitration of Intellectual Property Disputes

Co-sponsored with WIPO

United Nations Headquarters, New York, NY

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 22-26, 2005

2005 Summer IPL Conference

The Palace Hotel, San Francisco, CA

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tors of the leading treatises in the substantive area of law being addressed. This diverse and broad range of perspectives should converge together to yield an insightful work product. For instance, Mr. Burger pointed out that the Department of Commerce (DOC, usually the International Trade Administration) and DOC's foreign service often have practical knowledge that could be helpful, and its personnel will often be more forthcoming than other lawyers and the advice is almost always free (which is appreciated by clients).

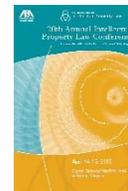
Leading the charge on this multi-disciplinary project is Jonathan Matkowsky of Darby & Darby, chair of the Trademark Licensing Subcommittee, with guidance from Carol Langford of the University of San Francisco School of Law and The Law Office of Carol M. Langford.

Countdown Begins for March WIPO Program

The World Intellectual Property Organization (WIPO) is offering a special half-day program on Mediation and Arbitration of Intellectual Property Disputes to be held at the United Nations Headquarters in New York on March 30, 2005. Co-sponsored by the ABA Section of Intellectual Property Law, the program will feature keynote speaker Francis Gurry, Deputy Director General of WIPO and founder of the WIPO Arbitration and Mediation Center (<http://arbiter.wipo.int/center/index.html>). Prior to the program, a special tour of the UN Secretariat will be available to participants. Visit www.abanet.org/intelprop/2005wipo to register today.



Register Now for the 20th Annual Intellectual Property Law Conference



April 14-16, 2005
**Crystal Gateway
Marriott Hotel**
Arlington, VA

Just added: The Section is pleased to announce that the Honorable Judge Zhonglin He of the Supreme People's Court of the People's Republic of China will be a featured speaker at the conference. Judge He is one of the 13 judges in the intellectual property tribunal of the Chinese Supreme Court, China's highest IP tribunal. Judge He will enlighten conference attendees on current developments on China IP law during the program.

Full conference information and online registration is available at www.abanet.org/intelprop/spring2005