

# GERMESHAUSEN CENTER NEWSLETTER

FALL 1998

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## Special In Memoriam: Robert B. Benson

BY ROBERT M. VILES, President

**O**n July 17, Bob Benson, Chair of the Franklin Pierce Law Center Board of Trustees, passed away after two years of courageously fighting lymphoma with his habitual optimism. In addition to bringing leadership to this institution's governing board, he served as mentor to our intellectual property program, most notably as Chair of the Advisory Committee for Intellectual Property. He helped make our small law school a giant in the intellectual property field. Like so many other people in his wide circle of friends, it was wonderful to know Bob, to learn from him, and to benefit from his wisdom. His influence was significant during his nine years on our board, and he will be greatly missed.

Bob was a monumental presence in intellectual property law, impacting both its ideas and systems. Bob was President

of the American Intellectual Property Law Association and Chair of its special committee on Legislative Initiatives. During his tenure with the Association he promoted reform of the U.S. patent system, initiating legislation currently before Congress. In addition to serving AIPLA, Bob chaired the Intellectual Property Law Section of the American Bar Association and was President of the Association of Corporate Patent Counsel. His professional career included serving as President and Chief Operating Officer of Allis-Chalmers and later as Chief Executive Officer of Bancroft Corporation.

[At the Benson Family's request, the Law Center has established the Robert B. Benson Scholarship Fund with a goal of \$25,000. The Fund has received \$15,455 to date.]

## FPLC's Intellectual Property Law Journal IDEA Cited by CAFC in Groundbreaking Ruling

BY JEFF SHAPIRO

**C**ourt cases are complex endeavors where opinions are rendered by judges after much rumination and thought. In helping judges with this task, law journals have traditionally been used as secondary sources of information on current thought on issues of law. Most American law schools have at

least one journal published usually with the aid of its student body. Such journals are honored at the citation of one of its articles by a judge in a particular opinion. Franklin Pierce Law Center is no exception. Among its publications is the journal IDEA which focuses on current topics affecting the area of intellectual property law.

*(continued on page 4)*

## FPLC Welcomes New Professor to Teach International and Comparative Patent Law

BY DENNIS CAWLEY



**F**ranklin Pierce Law Center attracts leaders in the field of intellectual property to come and share their expertise and knowledge with the students and faculty. The fall 1998 semester is proof positive that FPLC continues to carry on this important resource for the community.

With the world becoming ever smaller, international law and rights in intellectual property become an important issue to discuss with potential clients. Dr. H. G. Foraita arrives at Franklin Pierce to teach an essential course entitled International and Comparative Patent Law. The course focuses on major treaties such as the Paris Convention, GATT, NAFTA, and the Patent Cooperation Treaty. Regional patent law such as the European Patent Convention and Japan's patent system are examined in detail for their similarities and differences.

Dr. Foraita obtained his Ph.D. in chemistry from Karl-Franzen University in Austria. From there, he had the honor of doing research with Nobel Prize winner Professor Sir Christo-

pher Ingold, at the University of London. He then began a research career at CIBA-GEIGY AG in Switzerland and eventually became head of the pharmaceutical department at CIBA-GEIGY. Today he is a consultant to Novartis, formerly CIBA-GEIGY, as well as to a number of law firms in Switzerland and Germany.

We welcome Dr. Foraita to New Hampshire and look forward to his continued relationship with FPLC.

*Dennis Cawley is a 2L studying Patent Law at FPLC.*

## GERMESHUSEN CENTER NEWSLETTER

Published by the  
Kenneth J. Germeshausen Center  
for the Law of  
Innovation and Entrepreneurship

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The Germeshausen Center, created in 1985 through the generosity of Kenneth J. and Pauline Germeshausen, is the umbrella organization for Franklin Pierce Law Center's specialization and policy studies in the legal protection, management and transfer of intellectual property, especially as they relate to the commercialization of technology.

The Germeshausen Center Newsletter is published semi-annually for alumni/ae, students and friends of Franklin Pierce Law Center. Our readers are encouraged to send news, photos, comments or letters to:

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# Chemical Arts Equal Business Opportunity

BY ANGEL HERRERA, JR.

Find a niche and fill it. That's what two chemists plan to do while they earn their law degrees from Franklin Pierce Law Center. With business booming in the biotechnology and chemistry fields, Douglas Gilmore and J. Clay Matthews, provide clients with the expertise to obtain specialized prior art searches performed in the chemical and biotechnological arts.

Both in their second year of law school, these entrepreneurs see the large number of clients in the fields of chemistry, biotechnology, pharmaceuticals and applied medical devices with a need for specialized patent research services and specialized patent litigation support research. Their answer to the need is NOVACLAIM: a young company that already has clients using its services. Gilmore and Matthews, with backgrounds in computational chemistry and biochemistry respectively, got the idea to start NOVACLAIM last summer while employed as law clerks for the firm of Rothwell, Figg, Ernst, & Kurtz (RFEK). That's where Doug and Clay learned the value of quality control for prior art searches. For its large clients, RFEK prefers to conduct specialized chemical art searches in-house instead of using general patent search agencies. RFEK hires people with advanced degrees to perform their searches, understanding that people with expertise in the field will recognize pertinent art when they see it. While at RFEK, Doug and Clay's work was well received, with superiors deeming it some of the best search work they had seen. But the most impressive thing they accomplished was completing assignments in about half the time projected.

While working in the USPTO public search room (PSR), Doug and Clay say they recognized certain inefficient search methods used by other patent searchers and knew they could improve on the speed, thoroughness, and quality of a patent search. They are quick to point out that they aren't patent attorneys yet, and as such, cannot offer patent prosecution or litigation as a service, nor do they provide opinion letters. However, they do offer specialized prior art searches for patent prosecution support and infringement litigation support. They believe that many firms and companies relying on general patent search firms are not receiving their monies worth. Most are only getting half the search they should. They admit that having a chemistry background isn't necessary to find literal infringement, but point out that technical expertise is definitely required to recognize issues concerning equivalence. Doug puts it this way, "Why give up control of your search to someone who can't recognize equivalent chemical functionality in prior art and publications?"

Doug and Clay pride themselves on being able to provide all the information required by their clients to assess novelty, validity, infringement, and the current state of the art in the areas of chemical and biotechnological arts. NOVACLAIM has access to independent patent issuing authorities of approximately 39 individual countries as well as the archives of the USPTO. Since there is no substitute for a manual search, Clay and Doug make



*Douglas Gilmore and J. Clay Matthews*

trips as needed to the PSR in Washington, D.C. The plane trip is short and tickets plentiful, but extra time is never a luxury. Since completing their degrees at FPLC is never second priority for them, time management is always at the top of their agenda. Planning, scheduling, hard work are what allow NOVACLAIM to grow without sacrificing the education these two are here for.

Doug and Clay both agree that they are careful to wish for a controlled success. In order to ensure that success, they plan on expanding marketing efforts in two major areas. Since FPLC has a small, relatively young (compared to most law schools), but close knit, alumni base that is firmly established in patent law practice, their plan is to tap into this network the old fashion way, by word of mouth. They believe that once clients see their work product, they will pass along positive reviews as well. Not all advertising is done by word of mouth though. This is the nineties, and NOVACLAIM is on the Internet at [www.novaclaim.com](http://www.novaclaim.com). The site highlights the company's capabilities and provides contact information.

Both point out that they are ready and willing to give informal presentations at law firm associate meetings in order to get the word out about NOVACLAIM. Like all things, they know it won't develop overnight. But they do expect it will develop. NOVACLAIM is an entrepreneurial experiment with great potential. But Doug and Clay look at this endeavor in pretty much the same way they look at everything else, realistically. They know that there are so many variables, in the demands of completing law school, running a business, and breaking into a market. They know that six months from now things could be quite different. Different good or different bad remains to be seen. All things considered, the future looks bright for NOVACLAIM. They are two talented guys providing a quality service and filling a niche.



*Angel Herrera, Jr. is a 2nd year JD/MIP candidate, focusing on patent law.*

## FPLC' s Law Journal IDEA Cited

(continued from page 1)

In an opinion decided July 23, 1998, the Court of Appeals for the Federal Circuit (CAFC), sitting in Washington, D.C., recently cited an article published in IDEA. In the case of *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, (47 USPQ 2d, p. 1596-1604.), the CAFC ruled on the issues of patent construction using means-plus function claims, patentability/validity of subject matter, inventions patentable, and electrical data processing patents.

In reversing a lower court ruling, the CAFC held that the patent in question, which involved a data processing system enabling a method of investment used in the assignee's mutual fund accounting and administration business, was indeed valid. *Id.* at 1598. As mentioned in the case, "this investment configuration provides the administrator of a mutual fund with the advantageous combination of economies of scale in administering investments coupled with the tax advantages of a partnership." *Id.* The assignee, Signature Financial Group, Inc., attempted to enter into a licensing agreement with State Street Bank & Trust Co. After failing to obtain a license Signature then sued State Street Bank & Trust for infringement.

In analyzing these issues, the CAFC examined what is and is not patentable subject matter. It was noted that 35 USC §101 has been extended to include "anything under the sun that is made by man." *Diamond v. Chakrabarty*, 447 U.S. 303, 309 [206 USPQ 193] (1980). However, the Supreme Court has recognized three specific areas of limitation as to patentable subject matter. These categories include laws of nature, natural phenomena, and abstract ideas. *Diamond v. Diehr*, 450 U.S. 185 [209 USPQ 1] (1981). Mathematical formulas such as that upon which Signature's program was based are considered abstract ideas. The court cited several cases noting that mathematical algorithms by themselves are not patentable. *State Street Bank & Trust Co.*, at 1600. These cases included *Diamond v. Diehr*, 450 U.S. 175 [209 USPQ 1] (1981); *Parker v. Flook*, 437 U.S. 584 [198 USPQ 193] (1978); and *Gottschalk v. Benson*, 409 U.S. 63 [175 USPQ 548] (1972). Finally, the court came to the conclusion that Signature's invention was patentable based upon the idea that once the mathematical algorithm is used in a practical application to obtain a "useful, concrete, and tangible result", the subject matter is not precluded from patentability. *State Street Bank & Trust Co.*, at 1601. Specifically, in *Flook* it was stated that "a process is not unpatentable simply because it contains a law of nature or a mathematical algorithm." *Parker v. Flook*, 437 U.S. 584, 590 [198 USPQ 193] (1978).

The court further stated that the analysis of whether or not a claim's subject matter is sufficiently covered by U.S. statutes should not depend upon its reading onto the four categories, process, machine, manufacture, or composition of matter, but instead on what is the "essential characteristics of the subject matter, in particular, its practical utility." *State Street Bank & Trust Co.*, at 1602. Signature's invention was ruled to be patentable

because it employed a mathematical algorithm in the form of a program which ran a computer to obtain sufficient practical and useful results, regardless that the output was in numerical form.

The court also focused upon the judicially created "business method exception" as potential grounds for invalidation of Signature's patent. The business method exception is the doctrine which holds that business methods or business systems are not patentable. This doctrine was enumerated in *Hotel Security Checking Co. v. Lorraine Co.*, 160 F. 467 (2<sup>nd</sup> Cir. 1908). The business method exception is basically a reiteration of the doctrine that ideas by themselves with no particular inventive use are unpatentable. 38 IDEA 404 (1998). It was noted by the court, citing the IDEA article "Are 'Methods of Doing Business' Finally Out of Business as a Statutory Rejection?" by Rinaldo Del Gallo, III, that the business method exception had never been used by either the CAFC or Court of Customs and Patent Appeals (CCPA) to find an invention unpatentable. *State Street Bank & Trust Co.*, at 1603. Del Gallo's articles outlined the business method doctrine, its history, and advanced arguments for its abandonment and rebuke as a valid legal principle. The CAFC used this article as a guideline for arriving at its own ruling on this issue. The court reiterated that the rationale used by the lower court in finding Signature's patent invalid was not sound.

The lower court found Signature's patent invalid due to broadness, which was noted as being under the statutory provi-  
nce of 35 USC §§102, 103 & 112 rather than 35 USC §101. *State Street Bank & Trust Co.*, at 1604. The court said that broadness is not related to the subject matter of the patent. *Id.* The CAFC cited MPEP Sect. 706.03(a) as supporting this precept in that the suggested method of examining a purported business method "should be treated like any other process claims." *Id.* This line of reasoning was exactly that expressed in Del Gallo's article. The CAFC, in part based upon the discussion set forth in the article, fully rebuked the business method exception as Del Gallo had recommended. This ruling is significant as it now opens the door to consideration of subject matter for patents which might have been dismissed as unpatentable prior to the ruling.



*Jeff Shapiro '00 is a joint JD/MIP degree candidate. He plans to practice intellectual property law upon graduation.*

## FACULTY PROFILE:

### Professor Bryan Harris

#### Director of the Patent, Trademark and Copyright Research Foundation

BY ANDREW D. GATHY

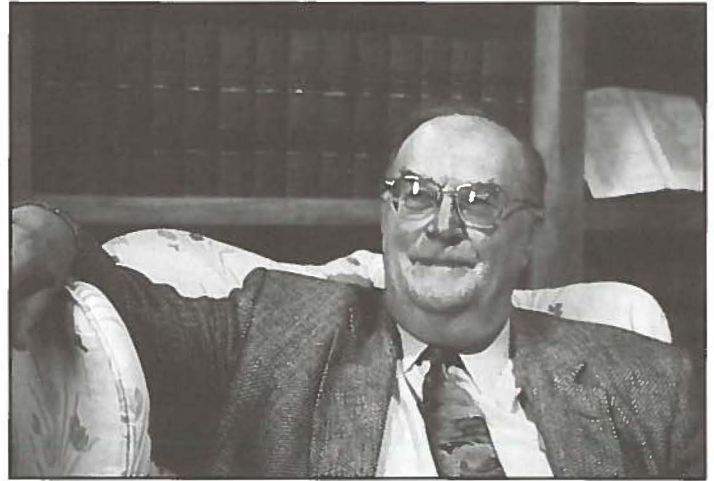
It was time for the lesson to begin, Bryan Harris was seated properly, the instructor commanded “volez” ( take off ). This was no ordinary lesson, of course. Bryan was in the cockpit of a trainer airplane on a runway in Belgium. The plane accelerated down the runway which appeared to grow shorter and shorter while the poplar trees at the end appeared to grow larger and larger. This was Bryan’s second lesson, the first of which was only on the theory of flight. He took hold of the controls and applied the theory (out of necessity) just enough to trim the tops of the trees. He feared flying. He took up flying lessons to overcome that fear. It must be part of Professor Harris’ nature to take on the new and unexplored unabashedly.

Born in Algeria, having both British and French citizenship, Bryan Harris grew up in a time that saw great war and change in Europe. He served in the British Army and would have had to serve in the French military had he not given up his French citizenship. He attended Oxford to study History. From there he entered the prestigious Lincoln’s Inn, one of the four Inns of Court, on scholarship. He studied law but admits that, having presented cases before various tribunals, he had no aspiration to practice as a full time advocate. He set his goals on teaching, writing and lobbying.

His energy went into the mastery of real property law. His hard work earned him a reputation as an expert on real property law. He entered the British Civil Service, hoping to join the Ministry of Land and Natural Resources, helping to draft new land laws. Instead he was assigned to the Department of Economic Affairs. His notoriety presented him another “volez” opportunity.

At that time, the European Union (EU) or European Community was developing its governing laws. In the early 1970’s Professor Harris was tapped to join the European Union International Civil Service. He was, however, asked to apply his expertise toward intellectual property law not real property. The European Union Civil Service must have reasoned real property, intellectual property, they are all the same.

Professor Harris took on the challenge just as he always did, head on. By 1973 he was appointed the Head of the Intellectual Property Division in the Commission of the European Communities, in Brussels. He played a key role in creating the laws and processes that the EU would use to govern intellectual property questions. The EU was intended to harmonize the laws of the independent European countries to compete better in the world markets. Professor Harris drafted the European Community Trademark System. His Trademark System has proved to be a great success. It allowed for a single trademark for the entire EC. The system enabled the national trade barriers to be broken down and push the EC in the direction of the original ideals of the Union. Professor Harris contributed to the development of the copyright system as well.



*Professor Bryan Harris*

His efforts with the patent system are few since the European Patent System was already developed. It was decided that there was no need to expend time and resources to rework the European Patent System. Much of Professor Harris’ groundwork in the trademark and copyright systems provided a foundation in the design law and applications in broadcasting and the current IP Information superhighway in Europe.

Professor Harris found his way over to the USA in 1977 on an invitation from FPLC’S Bob Rines. He represented the Commission in a two day symposium at FPLC on EU Law in Intellectual Property. That visit became an annual event which developed into mini-courses on EU Constitutional Development and led to his current position as Director of the Patent Trademark and Copyright Research Foundation.

Professor Harris is currently teaching mini-courses on EU Constitutional Law and EU Intellectual Property Law and is finishing books on each of these subjects. These books will be a fitting exclamation point in his new career at FPLC. Early in his legal career he wrote two books on real property law. Thirty years later, he will have crafted two books on intellectual property law. FPLC looks forward to future experiences with Professor Harris. So again, he can hear the command from FPLC students, volez.



*Andrew D. Gathy, is a 2L JD/MIP joint degree student planing to practice IP law.*

# The Patenting of Business Methods

BY LORI KLUCSARITS

What if amazon.com had patented its business method of selling books over the Internet – how would that patent affect the more recent barnesandnoble.com web site? Until this past summer there was little reason for such a concern. The so-called business method exception, was “generally held to deny patentability for a particular way of doing business, which [was] not embodied in physical process steps.” Robert E. Rosenthal & N. Stephan Kinsella, *A New Traffic Cop at Intersection Of Patents and Financial Inventions*, THE LEGAL INTELLIGENCER, Sept. 3, 1998, at 5, available in LEXIS, News Library.

In July, however, the U.S. Court of Appeals for the Federal Circuit (CAFC) laid to rest the “ill-conceived” notion of the business method exception to statutory subject matter. *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, No. 96-1327, 1998 U.S. LEXIS 16869, at \*20-\*21 (Fed. Cir. Jul. 23, 1998). The CAFC held that Signature’s patent covering “a data processing system for implementing an investment structure which was developed for use in Signature’s business as an administrator and accounting agent for mutual funds,” could not be found invalid as a matter of law based simply on the business method subject matter of the patent. *State Street*, 1998 U.S. LEXIS 16869, at \*2-\*3.

Statutory subject matter for patents is given in 35 U.S.C. § 101, which reads:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

While the subject matter of an invention must fall into a category given in § 101, the key is that an invention must also meet the novelty, nonobviousness, utility, and specification requirements found in §§ 102, 103, 101, and 112 respectively. The CAFC held in *State Street* that as long as the requirements of Title 35 are met, it doesn’t matter that the subject matter of an invention is a business method – a method of doing business should be treated like any other method claim when determining patentability. *State Street*, 1998 U.S. LEXIS 16869, at \*27

In fact, the CAFC noted in *State Street* that neither it, nor its predecessor, the Court of Customs and Patent Appeals, ever invoked the business method exception to find an invention unpatentable. Instead, the decision of the appellate court was always based upon other doctrines of patent law, such as lack of novelty, even when the trial court, the Board of Patent Appeals and Interferences, or the patent examiner had made statements concerning the applicability of the business method exception. See *Hotel Security Checking Co. v. Lorraine Co.*, 160 F. 467 (2d Cir. 1908); *Ex parte Murray*, 9 U.S.P.Q.2d (BNA) 1819 (B.P.A.I. 1988); *In re Wait*, 73 F.2d 982 (CCPA 1934).

There is no dispute that business method patents must meet the statutory requirements for patentability like any other process patent. However, since the CAFC provided clarification on the issue, the U.S. Patent and Trademark Office (PTO) has “issued a stream of potentially broad patents covering methods for conducting business on the Internet.” Brenda Sandburg, *Madness In PTO’s E-Commerce Method?* THE RECORDER, Aug. 27, 1998, at 1, available in LEXIS, News Library. To name a few: Price-line.com is using a patent issued to Walker Asset Management LP to sell, through the Internet, airline tickets and cars based on offers made by consumers and accepted by sellers; CyberGold obtained a patent for paying customers to look at advertising on the Internet; and inventor Thomas Higley was issued a patent for a method of embedding Web addresses in e-mail postings. Brenda Sandburg, *Madness In PTO’s E-Commerce Method?* THE RECORDER, Aug. 27, 1998, at 1, available in LEXIS, News Library.

It remains to be seen if such patents will cause businesses on the Internet, or even financial and accounting businesses to suffer, or if the patenting of business methods will be generally good for business. Start-up companies trying to break into the electronic commerce market will surely benefit from the availability of patents for business methods as a patent should prevent “the instant imitation of their idea if it turns out to be successful.” *It was my idea*, THE ECONOMIST, Aug. 15, 1998, at 54, available in LEXIS, News Library. However, the U.S. District Court for the District of Massachusetts, which originally held Signature’s patent to be invalid based on its unpatentable subject matter, was concerned that the Signature patent would “foreclose virtually any computer-implemented accounting method necessary to manage this type of financial structure.” *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 927 F. Supp. 502 (D. Mass. 1996). While the CAFC in *State Street* did away with the mistaken business method exception doctrine, it remanded the case back to the district court for a further determination of patentability not based solely on subject matter. Thus, the question still remains as to how and if the courts will enforce broad business method patents that are issued by the PTO and that are sure to be litigated by the competition.



Lori Klucsarits, is a 2L JD/MIP joint degree candidate with a background in Chemistry. Upon graduation, she plans to return to the New Jersey/New York metropolitan area to practice patent law.

# The Attorney-Client Privilege in the Age of Electronic Communication

BY M. JORDAN DENNING

The recent and rapid growth in law firm websites, and the use of in-house and Internet e-mail systems, has been accompanied by a number of legal concerns, primarily issues of jurisdiction, ethics, and confidentiality.

The overall speed, cost advantage, reproducibility and convenience of e-mail has allowed it to serve increasingly as the replacement to paper in many applications. Electronic mail is an efficient and convenient way for co-workers and business people to communicate, and it's increased use between attorneys and clients, attorneys and other attorneys, raises concerns in the application of the attorney-client privilege.

The attorney-client privilege is intended to encourage open and full disclosure by clients to counsel in an effort to aid the thorough and accurate analysis of relevant legal issues. This privilege extends to the attorney to whom a disclosure was made, as well as to any person who obtains evidence of the communication without the knowledge of the client. The attorney-client privilege is a privilege held by the client, and only the client may waive it, either intentionally or inadvertently.

The few courts that have considered the issue of the attorney-client privilege and e-mail have held that e-mail communications are generally protected by the attorney-client privilege. However, none of the opinions have focused in detail on the unique issues raised by e-mail sent over the Internet. As lawyers and judges gain a greater understanding of the technology involved, there is a substantial risk that courts will assert that the privilege does not apply. The problem is security. The question is whether e-mail provides a sufficiently secure means of communication so that transmissions over the Internet will be considered to be "made in confidence." If e-mail is proven insecure, courts may rule that the privilege does not attach.

Assuming that the attorney-client privilege does apply to e-mail messages, it is also important to recognize that the privilege may easily be lost under traditional rules of interpretation if the e-mail falls into the wrong hands.

Along with attorney-client privilege concerns, it is important to be aware of other potentially dangerous situations that might arise from e-mail use. For example, an in-house system for use by the personnel of a large corporation gives rise to issues of

privilege and confidentiality.

In a more noteworthy example, General Oliver North and John Poindexter learned the importance of secure e-mail systems the hard way when their e-mail correspondences at the National Security Council were allowed as evidence

for use by prosecutors in the Iran-Contra investigation. More recently, the hard copies of e-mail messages sent between Linda Tripp and Monica Lewinsky were instrumental in revealing the now infamous relationship between Ms. Lewinsky and President Clinton. Situations like these beg the question: Should these messages be determined confidential and privileged, or simply incriminating and embarrassing evidence resulting from careless electronic communication?

The threshold question of a court in invoking or upholding any privilege of confidentiality is whether reasonable measures were taken to initially preserve the confidentiality of the communication. Such "reasonable measures" include encryption, disclaimers, proper storage, and common sense. Electronic communication is a primary example of the tremendous benefits that can be reaped by technological advancement, but the educated user, attorney or not, must also be aware of the destruction that can potentially arise from its irresponsible use.

For some more detailed discussions on the myriad of rapidly evolving ethical issues accompanying e-mail communication and the attorney-client privilege, law firm websites, and intra-firm or intra-company e-mail communication see: [www.kuesterlaw.com](http://www.kuesterlaw.com), [www.computerbar.org/netethics/](http://www.computerbar.org/netethics/), [www.abelaw.com](http://www.abelaw.com), [lawlinks.com/ethics2.html](http://lawlinks.com/ethics2.html), and [www.patents.com/nylj2.sht](http://www.patents.com/nylj2.sht).



*"The threshold question of a court in invoking or upholding any privilege of confidentiality is whether reasonable measures were taken to initially preserve the confidentiality of the communication. Such 'reasonable measures' include encryption, disclaimers, proper storage, and common sense."*



*M. Jordan Denning is a second year JD/ MIP candidate, with a focus on trademark, copyright, licensing, and international law.*

# MIP Highlight: Yan Zhang

BY SUJATA CHAUDHRI

As Franklin Pierce Law Center enters its twenty-fifth year of providing unceasingly meritorious legal education, especially in the field of intellectual property, it is only fitting that the highlight from the MIP Class of '99 be Yan Zhang. Yan is from the People's Republic of China and has been a dedicated IP professional for more than a decade now. However, that is not all there is to Yan – she is also a devoted wife, a loving mother, and above all a good human being, with a passion for learning and constant improvement.

Hailing from Beijing, where she now lives with her husband and eight year old son, Yan holds a Bachelor of Science degree in Electrical Engineering from Beijing's Singhua University, an acclaimed learning center in her country. Upon completion of her Bachelor's Degree, she went on to obtain a Master of Science Degree in Electrical Engineering from the Electrical Engineering Institute, China Academy of Science, Beijing. Thereafter, in the year 1988, her interest in Electrical Engineering took her to the Chinese Patent Office (now called the State Intellectual Property Office, SIPO), where she took up the position of a Patent Examiner in the Electricity Examination Department.

Her job as a Patent Examiner ensured that she remained in constant touch with the developments in the discipline that she had worked hard at the University, an experience that she loved and cherished. As a substantive examiner, she was required to examine patent applications filed with the Office, both from the legal and technical points of view. She spent long hours carrying out research to determine the patentability of the claims in the patent applications, and sometimes remaining in touch, and interacting with inventors to obtain clarifications on issues. During the course of her tenure as a Patent Examiner, Yan also trained extensively at the World Intellectual Property Rights Organization (WIPO), the European Patent Office (EPO), and the Netherlands Patent Office.

Yan believes that there is no short cut to success and acclaim, and a person reaps what he or she sows, not a measure more or less. With this principle in mind, she continued working at the SIPO with unparalleled dedication, and a quest for constant improvement. Her efforts were not to go unnoticed; for in the year 1991, she took over as the Chief Patent Examiner, in the Electricity Examination Department of the SIPO. She continued as the Chief Patent Examiner for a period of three years, before moving on to the International Cooperation Department of SIPO as the Principal Administrator.

Her move to the International Cooperation Department in January of 1994 meant a drastic variation in her job profile – her new found responsibilities required her to apply herself to

general administrative work rather than the technical aspects of patenting. As the Principal Administrator, she was responsible for the cooperation between the SIPO on the one hand and the WIPO and EPO on the other, and arranging several international seminars and symposia. In the midst of this move to the International Cooperation Department, Yan also authored and published articles on topics varying from patentability of software to developing human resources in the SIPO, thus honing her literary skills.

In keeping with her abilities, Yan was to prove her mettle in administration too. Within a period of one year of her move to the International Cooperation Department, she took over as its Deputy Director, a position that she held before coming to Concord to pursue the Masters of Intellectual Property Program at FPLC, and will resume once she returns to Beijing. As the

Deputy Director in the International Cooperation Department of the SIPO, Yan is responsible for drafting cooperation programs between SIPO on the one hand, and WIPO and EPO on the other. She represents the SIPO at the Governing Body Meetings of the WIPO and other interactive meetings between the WIPO and SIPO. She enjoys this experience as it allows her to interact with various people in the world bodies relating to intellectual property, thus contributing to her mental and personal growth.

Yan was selected by her office from among many hopefuls to attend the MIP Program at FPLC; an opportunity that she believes will enrich her, professionally and personally.

Yang has earned this opportunity to be at FPLC, and true to her personality, is determined to make the most out of it.

She continues work hard at FPLC, and can often be seen in the Intellectual Property Law Library, toiling long hours. Despite the fact that she is not used to English as a working language, she participates in class, often adding valuable input to an ongoing discussion. As for her course work, she is not and does not intend to concentrate her efforts in the area of patents only. Her decision is deliberate and stems from the fact that the Government of China took a decision some time ago that SIPO would be the prime administering body in China for not only patents, but also other intellectual property rights.

Yan is happy with her progress at FPLC. She hopes that her experience will be an enriching one and she will be able to add more quality to her work when she returns to China to resume work as the Deputy Director in the International Cooperation Department of the SIPO. Although she misses her family, especially her young son, she braces herself by viewing this opportunity as unique, and continues to focus on her goals of constant learning and improvement and is determined to make the most of this international experience. We wish Yan the very best.



*Yan Zhang from China*



# MIP Program Impressions

BY SUJATA CHAUDHRI

**F**ranklin Pierce Law Center has become synonymous with the Masters of Intellectual Property (MIP) Program. Even though the program has been widely acclaimed as an interdisciplinary program, the emphasis is primarily on intellectual property. The program prepares students for a career (legal and otherwise) in intellectual property.

I came to FPLC expecting to enhance my existing knowledge of intellectual property. However, in the two months that I have been here, I have been exposed to much more than merely intellectual property. The opportunity to interact with people from various countries of the world allows for greater acquaintance with different cultures, reinforcing the idea that being human beings is only a miniscule part of the commonality between us. As I realize now, this result was inevitable, for the MIP Class of '99 is made up of students from approximately twenty-nine countries, with representation from every continent.

This varied geographical representation is not the only unique feature of the MIP Program. The class of '99 consists of students from diverse professions ranging from engineers, diplomats and lawyers. In my career as a legal consultant in India for over three years, I have often felt the presence of a gap in thinking between lawyers and managers. This gap arose primarily because of varying approaches, even though the subject matter was identical. Striving to bridge this gap often proved to be cumbersome, and took away a great deal of valuable time that could otherwise be utilized elsewhere. I believe that interaction with this multi-professional group will help in making this process of bridging the gap less cumbersome and time consuming, thereby helping mitigate, what I see as a serious issue vis-à-vis my future career.

Some others in the class hope to achieve greater global mobility upon completion of the program. This is important in view of the fact that the economies of the world are gradually integrating into what is coming to be known as a "global economy". As a student of the MIP Class of '99 says, explaining his perception of the program, "the MIP Program is a combination of technology, law and business, allowing a global understanding of mutual dependence."

The MIP course curriculum is intensive, and the uniform view is that long hours of reading are imperative. An impressive feature of the curriculum is the contemporary nature of some of the courses, which reflects the enormous efforts that have been expended into designing them. A glaring example is the course on Information Technology. Coming from a relatively underdeveloped country which is in the nascent stages of a technological revolution, I must admit that I was completely overwhelmed during the first few classes, a feeling that keeps

creeping back intermittently.

The method of teaching at FPLC is also novel to most of the students in the class. "The teaching in the classes involve everyone, which is good because you learn about the perspectives of other students, and the teaching style enables and encourages you to make your views known, and hold onto them as long as you can support them with cogent arguments," says an MIP student of the teaching methods.

For many students in the class, English is not a first language. Therefore, they look upon their stay at FPLC as an opportunity to improve their English language skills. The initiative of such students is praiseworthy because reading decisions of the courts in the United States is no easy task, if one is not fluent in the English language. However, the students are here with fire in their bellies and a desire to give vent to that fire by constant hard work.

For many of the students in the MIP Class of '99, this is their first visit to the U.S., and one year is a short period of time. There is a lot to be achieved between the demands of the intensive coursework and the excitement of being in a new country. And so they go on with unparalleled enthusiasm, notwithstanding the frequent feeling of homesickness.

In a nutshell, the MIP Program is an instrument to enhance the professional growth of those coming to the Law Center in pursuit of it. However that is not all. I strongly believe that education serves only a fraction of its purpose when its sole aim is to equip a person with a degree-the aim should be to utilize education to become a better human being. Franklin Pierce Law Center and the MIP Program are ideal means to achieve that end.



*"There is a lot to be achieved between the demands of the intensive coursework and the excitement of being in a new country."*



*Sujata Chaudhri is a MIP '99 student from New Delhi, India. She plans to pursue a career in copyright and trademark law.*

# Confidentiality Concerns in Mediating and Arbitrating Patent Disputes

BY ERIC SNUSTAD

Confidentiality can be a major concern in attempting to resolve patent related disputes. Many companies are therefore beginning to turn away from traditional litigation in favor of the more confidential processes of alternative dispute resolution. Among such processes, mediation and arbitration seem to be at the forefront. Mediation is a private, informal dispute resolution process in which a neutral third person helps disputing parties to reach an agreement. Generally defined, arbitration is a private dispute resolution process in which a dispute is submitted to one or more neutral third persons who render a binding decision.

Parties have legitimate reasons for wanting to prevent the public disclosure of any confidential information that might become entangled in a patent related dispute. Confidential information can include anything ranging from the fact that a dispute exists to the actual details of the technology involved. For example, where a company has a particularly valuable or important patent, simply disclosing the fact that a dispute involving that patent exists can lead to troublesome reactions from the company's stockholders, licensees, and competitors. A disputant may wish not only to prevent such information from being revealed to the public, but also from being revealed to another party to the dispute. The parties to a patent infringement dispute are often competitors. Therefore, in resolving such disputes it is obviously favorable to reveal as little confidential information as possible to an opposing party.

Mediation promises greater confidentiality than does arbitration, both with respect to public disclosure and disclosure to opposing parties. There is less risk that confidential information will be revealed to an opposing party in mediation than there is in arbitration. While some information will necessarily be disclosed during mediation, the flexibility of the process can be used quite effectively to minimize the amount of confidential information that actually reaches the opposition. In mediation, there is less need for each side to present its entire case. In many scenarios, the real stumbling block to settlement is the inability of the parties to communicate with one another. In these cases, resolution may be possible merely through a mediator's efforts to facilitate communication. In still other cases, a resolution can be mediated based on the parties more general positions and interests, without disclosing the sensitive details of each side's case.

Even where sensitive details are necessary to explain a party's position, they can often be protected by presenting them

only to the mediator during individual caucusing. Therefore, the amount of confidential information ultimately revealed to an opposing party can often be greatly reduced by adopting mediation, at least as a first pass, in attempting to resolve such disputes. Mediation also poses less of a risk that confidential information will be revealed to the public. For a patent related arbitration award to be enforceable, 35 U.S.C. 294(d) requires that a copy of the arbitration award be placed in the file wrapper. Since anyone can order the file wrapper of an issued patent, this raises certain practical concerns. The fact that competitors can find out that a dispute has occurred under a particular patent is somewhat troubling in itself. Patent holders and their attorneys

should consider the prospect of third parties attempting to use a written arbitration award for its estoppel effect in subsequent infringement actions under *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 330 (1971) (stating that a patent holder whose patent is held invalid in a lawsuit against one alleged infringer may be precluded under the doctrine of collateral estoppel from asserting the validity of that patent against a different alleged infringer). Such an attempt should prove unsuccessful since 35 U.S.C. 294(c) provides that an arbitration award shall only be binding on the parties to an arbitration, and that such an award shall have no effect on any other person. Thus, the doctrine of collateral

estoppel would likely not apply to arbitration awards in patent related disputes. Nevertheless, the inclusion in the file wrapper of either a written arbitration award declaring a patent invalid or an unwritten award granting zero damages in an infringement dispute might prove useful in rebutting a later charge of willful infringement on that patent. The former scenario might also subject the patent holder to antitrust liability for attempting to enforce an invalid patent.

The prospect of having to enforce an arbitration award against a noncompliant loser can also raise confidentiality concerns. In such a situation, a patent holder may be forced to seek a court judgment enforcing the arbitration award. This would require the patent holder to produce the arbitration award. In some cases, the patent holder may even be asked to produce portions of any existing arbitration record. The concern here is whether a court will provide adequate protection for such information. The foregoing considerations should provide motivation for patent holders to seek resolution of patent related disputes, at least initially, through mediation. For further views on the

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# The IP Mall Growing of Age

BY JON R. CAVICCHI

It hardly seems like four years have passed since I sat at my dining room table and built the first FPLC website from text files used to produce the admissions bulletin, brochures and library guide. It was a great thrill to add a few pictures and graphics. Like many other "home pages" of the day, our site was almost a mirror of our marketing literature- except for the Intellectual Property Mall.

The IP Mall was my attempt to collect links to intellectual property sources on the web. Just as intellectual property has exploded as a legal specialty-so have the number of IP sites. Back then the IP content at the Cornell Legal Information Institute was hot. The Patent Office server was in its infancy. WIPO had no site. The capabilities of a site like the IBM Patent Server were a dream. Most professional IP organizations were similarly situated-simply trying to get some presence on the web. No one was sure of the potential of home pages, but everyone was doing it.

Surfers immediately found value in the Mall as a "one stop shop" for IP links. One surfer commented, "One of the best IP sites on the net is the Intellectual Property Information Mall . . ." (Glenn S. Bacal, *Legal Research on the Internet, The Practical Litigator* (March 1996)). The Mall was described as "unbelievable," "everything you wanted to know and more," "an impressive collection," and "excellent".

Four years later, every primary legal source used in IP practice is available at multiple sites. No cost and low cost websites such as the IBM Patent Server, PTO, Micro Patent and Corporate Intelligence and others have taken their place along side premium longtime data vendors such as DIALOG and Questel-Orbit as useful patent and trademark searching tools. Academia, business, "think tanks," governmental and non-governmental bodies alike are populating the web with all manna of IP data.

IP law is a small part of IP information on the web. Such interdisciplinary sites weave a web from the law to business, economics, social science, politics, morality, public policy and more. IP is a jealous mistress and now embraces many aspects

of other legal specialties such as antitrust, bankruptcy, biotechnology, business, cyberspace, contracts, electronic commerce, entertainment, sports, telecommunications, torts and more.

The links in the IP Mall reflect this interdisciplinary mix. I have chosen to take a comprehensive approach to collecting links. The Mall is a "meta site"-the purpose of which is to stand as a point to start crawling the web to these many areas. Many sites linked in the Mall do a great job organizing IP law and periodical web secondary sources. If that is your wish, you will find it in the Mall. My hope is that by collating such interdisciplinary links, the user will get a liberal education resulting in understanding the rich context and connections that IP plays in the creative and commercial universe.

You are only as good as your last hit is an old show business saying. The Mall has grown to include student papers, Moot Court briefs, FPLC publications, Patent Bar Exams, prior IP exams and sections devoted to the study of patent and trademark searching - my forte. The growth this year led one surfer, David Cohen, Ph.D., to say "I haven't visited the FPLC IP Mall in awhile, and I was absolutely blown away by my first look at your 'academy' page ... for its thoroughness and beauty, and the effort you have gone to ... to include an explanation of each site. Truly a unique effort and contribution." My goals for this fiscal year include not only expanding existing resources, but adding two new sections. Many web surfers are familiar with Real Audio technology. This allows the user to click on a link and hear a stream of audio content without the cumbersome process of downloading the audio file and playing the file in an application not associated with the web browser. My first venture into this technology is to offer speeches delivered at the Major Problems Conference in November. This will allow the user to listen to continuing legal education while surfing the web, word processing, drafting pleadings, shuffling papers or whatever.

The second section will offer content in Adobe Acrobat format. Many web surfers are familiar with the .pdf format which allows the user to view a document as if it were as camera ready as the print version. This file format also allows the user to search the text and manipulate the data. It is also possible to fill in and print clean laser quality forms. The first venture is to offer this newsletter in this new format. This format accommodates documents hundreds of pages long and will be the format of choice to offer content in the IP Mall.

As the IP Mall and the FPLC web evolve, there is greater need for publishing content within the Community. We are up to the challenge of keeping visitors to our returning again and again.

*Jon R. Cavicchi is FPLC's Intellectual Property Librarian and Assistant Clinical Professor of Law. He teaches Basic and Advanced IP Research.*

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foregoing, see Tom Field, *Patent Arbitration: Past, Present and Future*, 24 IDEA 235 (1984). For further discussion and a recent empirical study on the foregoing see Gene Quinn's LL.M. thesis considering the role of alternative dispute resolution in patent litigation, which is scheduled for publication in the *Marquette Intellectual Property Law Review*, Vol. 3, No. 1.



*Eric Snustad a LL.M. candidate at the Franklin Pierce Law Center, is a graduate of the Pepperdine University School of Law and Pepperdine's Straus Institute for Dispute Resolution.*



Dr. Manuel Desantes (middle), with Interim Dean James Duggan and Professor Karl Jorda, during his visit at FPLC on October 15-16, 1998. Dr Desantes, hailing from the University of Alicante, Spain, where he has held positions of Chancellor, Vice Chancellor of Academic Affairs, Professor of International Law and Director of the IP Postgraduate Program, is now touring the United States as 1998 Eisenhower Exchange Fellow.

## CALENDAR

1998

**NOVEMBER 14**

7th Biennial Intellectual Property System Major Problems Conference, Franklin Pierce Law Center, Concord, NH

1999

**FEBRUARY 7-10**

Association of Corporate Patent Counsel, Ritz Carlton, Palm Beach, FL

**MARCH 11-13**

Association of American Law Schools Workshop on Intellectual Property, San Francisco

**APRIL 12-13**

ABA-IPL Section, Spring CLE Meeting, Omni Shoreham Hotel, Washington, D.C.

**MAY 22-26**

International Trademark Association 1999 Annual Meeting, Seattle

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