

GERMESHAUSEN CENTER NEWSLETTER

FRANKLIN PIERCE LAW CENTER'S INTELLECTUAL PROPERTY NEWSLETTER

EARLY FALL 1999

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SPECIAL IN MEMORIAM: ROBERT M. VILES

BY KARL F. JORDA



On August 9, Bob Viles, Vice-Chair of the FPLC Board of Trustees, died tragically in a swimming accident while on vacation in France. Bob Viles, on the faculty since the founding of Franklin Pierce in 1973, served as Associate Dean, Dean and Treasurer and President and Dean and his deanship from 1976 to 1997 appears to be the second longest tenure as a law school dean in the country.

Without doubt, one of Bob's greatest accomplishments, among the many detailed in more extensive, recent obituaries, is the school's national and international reputation in IP education and training. It was Bob's supportive leadership, implementing the vision of the school's Founder Robert Rines, which propelled "The Little School That Could" to No. 1 rank for the past three years (as per *US News & World Report*) in the IP Law specialty among over 180 American law schools. This was no small feat for the smallest independent law school and, with only 20

plus years of existence, one of the youngest law schools.

And it was Bob's acumen and vision to expand the school's IP Curriculum to include a full complement of international and comparative IP courses as well as relevant business courses and to enhance the school's degree programs with masters' degrees, including a unique Master in IP (MIP) for foreign students and non-lawyers as well as a joint JD/MIP program, all to stay in tune with changing times and trends and maximize the Law Center's headstart.

In 1994, New York University Law School, where Bob received his LL.B. degree as a Root-Tilden Scholar, honored him with a Legal Teaching Award in recognition of his innovative role in shaping the Law Center as a "Different Law School" and an IP power house.

Requiescat in pace!

[According to Dean Eric Neisser, FPLC is creating the Robert Viles Making a Difference Fund in response to widespread demand for an appropriate vehicle for honoring Bob's memory and for the purpose of providing scholarships to talented students with unusual backgrounds, who do not have the resources to attend law school.]



FPLC WELCOMES DEAN NEISSER

Effective July 1, 1999, FPLC has a new Dean in Eric Neisser.

As Neisser succeeds James E. Duggan, who had been Interim Dean since 1997, he brings to the school experience as a teacher, administrator, scholar and litigator.

Neisser comes to us from Rutgers University Law School where he served as Acting Dean, and where he has taught



since 1978. Professor Neisser has taught Constitutional Law, Criminal Procedure, Civil Liberties, Judicial Administration, and European Human Rights Law. In addition, Neisser taught in Cyprus as a Fulbright Scholar as well as Oxford, the University of San Diego and Stanford.

After receiving his B.A. from the University of Chicago and JD from Yale Law School, Neisser clerked for Chief Judge Frank M. Coffin, Chief Judge of the U.S. Court of Appeals for the First Circuit.

He has served as Legal Director for the ACLU in New Jersey and as an attorney

with the Prisoners' Rights Project in New York. Neisser was also a public defender at the Massachusetts Defenders Office in Boston and is a frequent commentator on legal issues for Court TV and various electronic and print media.

Neisser said he was attracted to FPLC's outstanding faculty and students, its creative efforts to improve teaching effectiveness, and its innovative programs.

The FPLC community welcomes Dean Neisser and looks forward to working with him. ♦

SPECIAL IN MEMORIAM: THE HONORABLE GILES SUTHERLAND RICH (1904-1999)

BY JAMES C. CALKINS '98

GERMESHHAUSEN CENTER NEWSLETTER

By now you know of the death of Judge Rich. Because I am a graduate of Franklin Pierce (JD/MIP '98) and began clerking for Judge Rich last fall, I was asked to describe some of the connections between Judge Rich and Franklin Pierce Law Center.

There are several tangible connections between Judge Rich and Franklin Pierce. Most obvious is the 1993 dedication of the new classroom in the name of Judge Rich and the 1983 grant of

an honorary doctorate degree in law to the judge. The physical connections occurred because of the school's and the judge's interest in intellectual property law.

Somewhat deeper connections are that Judge Rich's life work was intellectual property law and one of his primary professional objectives was teaching that subject. A 1929 graduate of Columbia University Law School, he taught patent law there as an adjunct professor from 1942 until his appointment to the Court of Customs and Patent Appeals (the predecessor of the Federal Circuit) in 1956. Becoming a judge changed his forum, but Judge Rich never stopped teaching, as his thirty-nine law clerks and many oral advocates before the CCPA and Federal Circuit will attest.

Judge Rich believed that the reason he was nominated to the CCPA in 1956 is that he lost a writing competition in 1941. In that year he wrote a book entitled *Relation Between Patent Practices and the Anti-Monopoly Laws*, later published as a series of five articles in the February-June 1942 issues of the *Journal of the Patent Office Society*. A primary focus of the

book/articles is the law of contributory infringement. When the Supreme Court effectively abolished the tort of contributory infringement in *Mercoind Corp. v. Mid-Continent Investment Co.*, 320 U.S. 661 (1944), Judge Rich began a patient campaign to persuade Congress to statutorily overrule *Mercoind* and reestablish contributory infringement. The result was his co-drafting of the 1952 Patent Act with P.J. Federico and his eventual judicial nomination.

The point of this recounting is to show that Judge Rich had the courage of his convictions. I think that Franklin Pierce as an institution shows that same attribute. Those who have attended Franks know that the school is different from current mainstream law schools, which can fairly be said to emphasize publication scholarship over teaching in the full-time faculty. In contrast, a guiding principle of Franklin Pierce has been that the faculty should primarily focus on teaching students.

Judge Rich believed that the act of teaching has two aspects. The first is the passing on of accumulated knowledge. The second and more important aspect is to find, point out, and correct the errors in the knowledge being passed on. See Giles S. Rich, *My Favorite Things*, 35 *IDEA* 1, 2 (1994). Judge Rich's innate curiosity, which led him in a never-ending quest to learn more about the way people and things work, permitted him to clearly see errors in, *inter alia*, legal thinking concerning intellectual property law. My hope is that this is the most fundamental connection between Judge Rich and Franklin Pierce. ♦



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Created in 1985 through the generosity of Kenneth J. and Pauline Germeshausen, the Germeshausen Center 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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FPLC RANKED #1 IP LAW SCHOOL IN THE NATION!

U.S. News and World Report again ranked FPLC the number one law school in the nation in intellectual property law in its latest edition of America's Best Graduate Schools. This marks the third consecutive year that FPLC has taken the top position for the study of intellectual property in the magazine's annual rankings. FPLC shares the number one ranking this year with the University of California-Berkeley.

The Law Center's IP program now includes more than 30 courses in intellectual property for students enrolled in the Juris Doctor, Master of Intellectual Property (MIP) and new Master of Laws in Intellectual Property (LLM) programs. ♦

NOVEMBER 10, 1999

WE REGRET TO INFORM YOU OF THE UNTIMELY DEATH OF DEAN ERIC NEISSER ON MONDAY, NOVEMBER 8, 1999. THERE WILL BE A SPECIAL MEMORIAM IN THE UPCOMING WINTER ISSUE OF THE NEWSLETTER.

ACCOMPLISHMENTS AND ACCOLADES

MOOT COURT



left to right: Molly McPartlin, Jim Laboe, Steve Zemanick, Richard Rose and Gina McCool.

Congratulations to **MOLLY MCPARTLIN** ('00) and **STEVE ZEMANICK** ('00) who are the second place national winners of the 1999 Saul Lefkowitz Moot Court Competition. Molly and Steve argued before administrative law judges of the TTAB as well as Judge Pauline Newman of the CAFC and defeated teams from DePaul and Hastings. The University of So. Mississippi took first place. In the same competition, **GINA MCCOOL** ('00) and **JIM LABOE** ('00) were awarded BEST BRIEF in the nation, against approximately 40 other teams! Congratulations also to **RICHARD ROSE** ('00) and **MASAKO ANDO** (MIP '99).

BOOTS POLIQUIN ('99) successfully competed in the first Cybercrimes Moot Court Competition held at the University of Dayton School of Law. Boots qualified for the semifinals with the help of **SUJATA CHAUDHRI** (MIP '99), whose support and assistance in the brief writing and research stage was critical to the team's success.

As urged by Professor **TOM FIELD** in two amicus briefs, one authored jointly with Professors Nard of Marquette University and Duffy of Cardozo University, the Supreme Court has found the Federal Circuit's use of an essentially court/court approach to review USPTO findings unjustified. The Court ruled broadly that the PTO must be reviewed under the Administrative Procedure Act, leaving it to the Federal Circuit, on remand, to revise its approach to reviewing PTO decisions. Professor Field has also been invited to file a further brief. The earlier briefs are on the FPLC web site at, for example, www.fplc.edu/tfield/zurko.htm.

CITA CITRAWINDA PRIAPANTJA (MIP '93) earned her doctorate of laws from the University Of Jakarta on Saturday, March 20 and she did it *cum laude* the highest grade in Indonesia, before 350 relatives and friends.

Ms. Priapantja also made history by earning the first doctorate ever on an IP subject in Indonesia. The title of her dissertation of 455 pages is: "The Indonesian Legal Culture Facing Globalization: Case Study of the Trade Secret Protection in the Field of Pharmaceuticals".

Currently, there is no trade secret system in Indonesia and no familiarity with trade secrets as a legal institution. Cita's dissertation reviews the history of trade secrets, the trade secret laws of the U.S., U.K., Holland and Malaysia, the role of trade secrets in international trade, and local "trade secret" practices. The dissertation also includes a trade secret draft bill for consideration by Parliament, which has to pass a trade secret law this year to be TRIPs-compliant.

Congratulations Cita!

Professor **KARL JORDA** continues to travel the globe speaking and "spreading the news" about intellectual property. In March, Professor Jorda was in **Jakarta**, Indonesia making separate presentations to the Indonesian Pharmaceutical Manufacturers Group and the University of Indonesia on *The Nature and Importance of IPR's*. He also spoke to the Indonesian IP Society regarding *The U.S. Experience with Patent Litigation*. This topic was of particular interest since Indonesia has its very first patent infringement suit in its courts. Jorda was in **Beijing**, China under the auspices of the China Intellectual Property Society and the China State Shipbuilding Corporation. He was presenting at the China IP Training Center for two days. In August, Karl was in **Mexico City**, Mexico, sponsored by LES and IMIQ (Mexican Institute for Chemical Engineers) presenting *Legal Aspects of the Licensing of Technologies developed in Universities and Research Institutes* at the IMIQ-LES Seminar "Technology Development and Its Impact on Industry Toward the New Millenium."

Congratulations to Innovation Clinic students **LORI KLUCSARITS** ('00) and **JASON ALDRED** ('00). A patent they worked on through the Innovation Clinic has met the PTO standards and will issue this summer.

Under the supervision of Professor Chris Blank, Lori and Jason drafted and filed the necessary documents for an innovative sweatshirt that solves a problem experienced by many hikers and other outdoor athletes.

GWEN JOYNER ('00) was recently selected by the American Intellectual Property Law Ass'n and the Intellectual Property Section of the American Bar Ass'n as the national winner of the highly prestigious 1999 Jan Jancin Award for outstanding contributions of a law student to the intellectual property profession. This is a distinct honor not just for Gwen but for the entire Law Center community. Congratulations, Gwen!

The US Information Agency has awarded a grant of \$120,000 to FPLC and Tsinghua University Law School (TLS) for a three-year affiliation to strengthen intellectual property education. This grant will allow three members of the Tsinghua faculty to be in residence at the Law Center for extended periods, and for three members of the FPLC faculty to travel to China to teach. Tsinghua is the premier science and technology university of China.

We owe a debt of gratitude to the late Professor **BRUCE FRIEDMAN** who initiated this exciting project while serving as visiting professor in the fall of '97 and to Professor **BILL HENNESSEY** who was visiting professor at TLS in the fall of '98.

WIPO DIRECTOR GENERAL ADDRESSES FPLC GRADUATES

The Director General of the World Intellectual Property Organization (WIPO), Dr. Kamil Idris addressed the 1999 graduating students at FPLC's commencement in May.



Dr. Idris told graduates that intellec-

tual property is a human right laid down in the Universal Declaration of Human Rights. Specifically, Article 27(2) of the Declaration provides for everyone to have the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he or she is the author. Dr. Idris acknowledged that intellectual property rights must be balanced with others such as the right to freely participate in the cultural life of a

given society.

The Director General also pointed out that intellectual property has become increasingly relevant in trade, health, culture, food security and in scientific, industrial and information technologies. He also noted that intellectual property was a critical tool for the economic, social and cultural development of countries.

The graduation ceremony was attended by over 1,000 participants. ♦

MIP'S ON THE ROAD

During the months of March and April, Debra Beauregard, the Graduate Program Assistant, arranged for several groups of international MIP/LLM students to speak at St. John's Regional School, a local elementary school.

A majority of the speakers wore their native dress and answered questions ranging from, "Have you ever touched an elephant or seen a hippopotamus?" to "What type of legal system exists in your country?"

Pictured left is Debra Ibrahim

(from Nigeria; Buchisa Mwalongo (from Zambia); and the first graders from St. John's.

This was truly a learning experience



both for the students of St. John's School and the FPLC students.

It was the first time many of the international students had seen the inside of an American elementary school and intermingled with such a large group of "little people." Many of the MIP/LLM students said the experience was the high point of their stay in Concord.

The Graduate Program hopes to continue and expand this interchange of enlightenment with next year's class of MIP/LLM students. ♦

CYBERLAW GUEST SPEAKER: DIANE CABELL, ICANN ADVISORY COMMITTEE MEMBER

BY GINA MCCOOL '00

Diane Thilly Cabell from the Internet Corporation for Assigned Names and Numbers (ICANN) spoke at Franklin Pierce Law Center on April 14. Ms. Cabell studied privacy and database protection law at the Universitetet I Oslo and currently practices intellectual property at Fausett, Gaeta & Lund, LLP in Boston.

ICANN is the new non-profit corporation that was formed to take over responsibility for the IP address space allocation, protocol parameter assignment, domain name system management, and root server system management functions previously performed under U.S. Government contract by IANA (Internet Assigned Numbers Authority) and other entities.



Jonathan Postel, created the Internet and a month prior to his death hand-picked nine directors to head a private corporation that resulted in ICANN. Upon his death, the direction of the new corporation blurred and the nine directors recently selected an Independent Review Advisory Committee called for in the ICANN bylaws.

The Committee members were selected from fifty individuals after responding to ICANN's invitation, which was posted on the ICANN website and distributed to the relevant mailing lists. The selected members are from diverse geographic locations and have professional experience that will be helpful in meeting ICANN's goals. They will advise the ICANN Board on the creation of a structure for independent third party review of decisions of the ICANN Board of Directors. The committee's work will begin immediately.

More information regarding ICANN is available at its website (www.icann.org) and the organization encourages all to provide feedback and expertise for the committee when its recommendations are posted for public comment. ♦

LES STUDENT CHAPTER SPONSORS THE THIRD ANNUAL "CHALLENGES IN LICENSING AND INTELLECTUAL PROPERTY MANAGEMENT" SYMPOSIUM

BY TRACY K. HAMAN RODRIGUES



Left to Right: Professor Karl Jorda, Judge Paul Michel, Bill Shaw, Louis Berneman, Matthew Lowrie and Sari Ann Strasburg

On April 10, 1999, the FPLC Student Chapter of the Licensing Executives Society (LES) sponsored the third annual "Challenges in Licensing and Intellectual Property Management" Symposium. As the only student-organized event of its kind, this year's symposium continued the tradition of exploring licensing challenges through discussions between esteemed professional panel members and future intellectual property practitioners.

After gracious introductions by Interim Dean **Jim Duggan** and Professor **Karl Jorda**, the symposium began with a presentation on licensing issues facing university development of technology transfer by **Louis Berneman**, Managing Director, Center for Technology Transfer, University of Pennsylvania; President, University Technology Managers (AUTM); and Vice President Eastern Region LES.

Following Mr. Berneman, the Honorable **Paul R. Michel**, U.S. Circuit Judge of the Court of Appeals for the Federal

Circuit, facilitated a discussion on the importance and need of licensing in intellectual property agreements and litigation. The Student Chapter of LES greatly appreciated Judge Michel's attendance and interest in the student symposium after his week-long participation as the FPLC Distinguished Jurist-in-Residence.

Continuing on the theme of licensing concerns, **Matthew Lowrie** of Wolf, Greenfield & Sacks, P.C. demonstrated the complexity of software licensing agreements and promoted the understanding of client concerns in licensing negotiations. In addition to providing his expertise at the symposium, Mr. Lowrie also teaches Software Patent Prosecution at FPLC.

In comparison to the legal licensing concerns addressed by the previous speakers, **William C. Shaw III**, founder of Sitesurfer Publishing LLC, discussed possible business licensing issues surrounding e-commerce and Web design. In addition, Mr. Shaw, JD/MIP '98 reviewed some "real life" possible conflicts be-

tween business expansion needs and legal risks.

The symposium concluded with **Sari Ann Strasburg**, Velcro Group Corp., leading the participants through a step-by-step overview of technological licensing, from invention to market. In addition, Ms. Strasburg addressed technology acquisition, intellectual property protection, and intellectual property policing methods. As both a 1998 and 1999 panel member, Ms. Strasburg has provided the symposium attendees with a broad range of licensing challenges and practical advice.

The third annual "Challenges in Licensing and Intellectual Property Management" Symposium allowed both students and practitioners an opportunity to explore practical resolutions in licensing. With the hope of continuing this tradition at FPLC, the Student Chapter of LES extends its appreciation to all participants and panel members who donated their time and made this symposium a success. ♦

STUDENTS GAIN REAL WORLD EXPERIENCE THROUGH FPLC'S EXTERNSHIP PROGRAM

BY MOLLY MCPARTLIN '00

FPLC's intellectual property program is one of the country's best, but it offers something that others do not: the opportunity for its students to actually apply what they learn in school in "real-life" situations. This is done through FPLC's innovative "externship" program. An externship is an off-campus learning experience for academic credit. Approximately one-third of FPLC students take advantage of the externship program, and the numbers are highest among intellectual property concentrators.

Because students can choose either a full or part-time externship, many take place far from the Law Center. Students can earn 4 credit hours for a part-time externship, spending 16 hours a week at their adopted workplace for a semester. Those enrolled in full-time externships, which make up the majority of intellectual property opportunities, spend a full 40-hour work week at their externships, and earn 12 credit hours over the course

of a semester.

In order to secure a place in the externship program, students can select and apply for established externships or they can design their own. This is an excellent opportunity for students hoping to practice in a specialized field or particular area of the country. Before embarking on an externship, externs are required to successfully complete the Professional Responsibility course, and in the case of certain externships, additional relevant coursework. Several students each semester go to custom-designed and student-arranged externships. The program requires that the student be supervised at the externship site by someone who has been practicing law in their field for a minimum of two years. The extern provides free skilled labor, the supervisor must be willing to give feedback to the student regularly, and provide both mid-term and final evaluations of the student's work. The student will be visited by a faculty supervisor during the extern-

ship, and in most cases must write a paper when it is completed, detailing what was learned during the experience.

In the past, students have completed externships at the U.S. Patent and Trademark Office, the U.S. Court of Appeals for the Federal Circuit, Xerox Corporation, National Public Radio, Fox Television, Warner Brothers, Digital Equipment Corporation, Arena Pharmaceuticals and many law firms specializing in intellectual property concerns.

When a student takes advantage of the externship program, everybody wins. The student is able to take the learning outside of the classroom, thus realizing the applicability of their coursework. The externship supervisor has access to a hard-working student anxious to do hands-on projects without pay, and FPLC continues to foster its commitment to providing a practical education to its students that will help them to be among the best, brightest and most-skilled attorneys of the next century. ♦

EXTERNING AT WIPO BY LELA GOREN '99

No international law book or intellectual property publication can be as enlightening as the practical learning I gained by externing at the World Intellectual Property Organization (WIPO) headquarters in Geneva, Switzerland. From participating in a ministerial level international Biotrade conference, to observing the laborious task of member states drafting international public policy, to witnessing indigenous people struggle for recognition of their intellectual property rights, I began to understand the compelling political complexities that emanate from our international political institutional structures.

As a United Nations specialized agency, WIPO is an international organization dedicated to ensuring that creators and owners of intellectual property are protected worldwide and that inventors and authors are, thus, recognized and rewarded for their ingenuity. WIPO's philosophy stems from the notion that international intellectual property protection acts as a spur to human creativity,

pushing forward the boundaries of science and technology and enriching the world of literature and the arts. WIPO believes that by providing a stable environment for the marketing of intellectual property products, it also oils the wheels of international trade. WIPO carries out such tasks as administering international treaties; assisting governments, organizations and the private sector; monitoring developments in the field; and harmonizing and simplifying relevant rules and practices.

During my externship I worked within WIPO's Mediation and Arbitration Center and the Global Intellectual Property Issues Division. In the Mediation and Arbitration Center I worked with international dispute resolution experts who determined such cutting-edge issues as Internet domain name registration and online dispute resolution services. Today, I appreciate the intricacies involved within the international dispute resolution system.

The Global Intellectual Property Issues Division's arduous mission is to

explore and identify new trends within the global intellectual property system. In this office, I worked on an eclectic mix of "interdisciplinary" intellectual property issues including, development, bio-diversity, indigenous and traditional knowledge, folklore and human rights. I also assisted the Division with a panel discussion entitled, "Intellectual Property and Human Rights." Within the context of commemorating the 50th Anniversary of the Universal Declaration of Human Rights, WIPO generated its first ever exchange of views on intellectual property as a fundamental human right.

My field experience at WIPO has complemented the three years of academic training I received at FPLC. Today, I maintain a renewed understanding of the global political arena, the international legal system and intellectual property's role within it. Overall, my externship was a profound experience that provoked many more questions than answers which I still yearn to discern. ♦

FACULTY PROFILE: GORDON V. SMITH

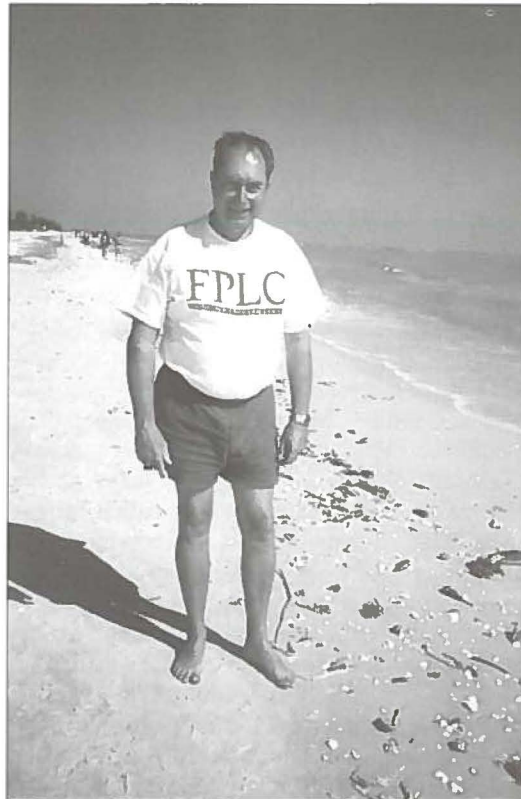
BY SUJATA CHAUDHRI MIP '99

It was almost a decade ago at the venue of the Licensing Executive Society meeting in Florida that a prelude to a new chapter in the life of Gordon V. Smith was written. This was the time when Professor Karl Jorda asked him whether he would be interested in teaching at FPLC. Ever since then, Mr. Smith has been a guest lecturer at the Intellectual Property Summer Institute, during which he teaches the Valuation of IP course. In essence, he teaches what he lives and breathes—the valuation of intellectual property. He also serves on the Advisory Council on Intellectual Property (ACIP) at the Law Center. Mr. Smith could, in the most brief manner, be termed as a person with a multi-dimensional personality. For he is a valuation professional, an author, a public speaker, an avid golfer, and a devoted family man.

Mr. Smith has been in the valuation business since 1963, a time when there was only a peripheral understanding of the importance of intellectual property as a business asset. It was in that year that he joined the American Appraisal Company (AAC), where he worked until 1974. In 1978, after a four-year stint with the Associated Utility Services, Inc., Mr. Smith was back at AAC as Vice President and Manager of Professional Services for the Eastern Region. In this capacity, he supervised a multi-disciplinary staff of over forty people, performing appraisal assignments for many Fortune 500 companies.

In 1983, Smith founded the Valuation Services Group of AUS Consultants, of which he is currently serving as President. Under his able supervision, the Valuation Services Group provides valuation consulting services relating to closely held capital stock, business enterprises, tangible and intangible prop-

erty with the objective of meeting Federal tax, accounting and corporate planning requirements.



Smith says he cherishes all facets of imparting education, especially the interaction with students from different parts of the world. In fact, he enjoys traveling to, and meeting people from different cultures and ways of thinking. His work often takes him overseas. Recently, he traveled to Buenos Aires to deliver a speech at the World Intellectual Property Seminar on the importance of valuing intellectual property and methods of valuation. He has also been to China on two occasions to train Chinese professionals and factory managers on all aspects of valuation of intellectual property.

Another aspect of Mr. Smith's multi-faceted personality is that he is an accomplished writer and has authored several books and articles on valuation. His latest book is *Trademark Valuation*. The book examines the valuation of trademarks in theory and with practical examples. He also writes regularly for the *Licensing Economics Review* and is the Chairman of the Advisory Board for the periodical.

Although, ideally, Mr. Smith would rather have a world void of any litigation at all, he contributes to resolution of disputes by regularly appearing as an expert witness. He has been retained as an expert witness on many occasions, appearing before an array of judicial and quasi-judicial institutions.

Mr. Smith could be described as an epitome for those who believe that the more one tries to fit into a day's work, the more likely it is that all of it will be completed. He enjoys playing golf and also manages to spend quality time with his family. He is a loving husband, devoted father, and adores his grandchildren. Despite the many interests making calls on his time, he is able to take regular vacations with his wife.

This year will see yet another group of students imbibe valuation concepts from the subject of this faculty profile. What is incredible about Mr. Smith is that even though he has achieved tremendous heights in his professional life, he remains humble and comes across as a human being with tremendous patience, on of the virtues lacking in many of us in today's world. We wish Mr. Smith all the best for now and for times to come. ♦

NEW TECHNOLOGIES: PROFITEERING V. APATHY DRAWING THE LINE

BY: CLAUDIO O. MATTOS '99

Throughout time man has identified periods of extreme progress and change in our society; locally and globally. Alvin Toffler identified the technical progress reached and surpassed by mankind during these last two decades as the "third wave", as decisive and complex for human beings as were the first and second – respectively, the Agricultural and the Industrial Revolutions. However, the creation, limits, and achievements of these new extraordinary technologies ought to be examined not just by considering isolated societies but the effect in the rich and poor countries at the same time. I will discuss these considerations in this article.

Progress in computer information and communications after the second half of this century has brought the world together in a more transparent, but not in a less complex way. If the end of the 20th century can be considered the computer era, we are absolutely sure that the 21st Century will already be born in the era of biotechnology.

Amalgam of sciences such as biochemistry, genetics, and molecular biology, the biotechnology techniques can interfere in the creation of new forms of life, food, and health. Moreover, the study of biotechnology can encompass the biodiversity of the land, sea, fields, forests, air and soil. Therefore, it can be used as the ultimate tool for huge developments in public health programs, better programs of food distribution around our hungry third world's society and much more. However, biotechnology can also become a weapon against reproductive choices, international environmental control programs, and the planet's biodiversity, if such techniques are chosen only for profiteering.

Consequently, the development and implementation of these technologies have divided the world's opinion into three major sides. The first one from people for whom these technologies might be used regardless of any concern for its effects. The second side are those who are against any use of it regardless of the benefits that it might bring. The third are from mostly poor countries, where such use and implementation truly doesn't matter for the existence of their lives. For these people, what matters is their present survival. However, this apathy among them is due to their lack of hope, even to feed or to protect their own children against exploitation. These people can let such technologies easily in the hands of a mendacious power in their community. Therefore, some interesting arguments might be raised to help to understand people's fears, its divided opinions, and to delineate the correct course in the development of biotechnology.

Biotechnology, as defined by the Organization for Economic Cooperation and Development is "to apply scientific and engineering principles to the processing of materials, by means of biological agents, in order to provide goods and services." There are other concepts, however, that I'd rather use, according to which biotechnology is any technique which uses living things or their functional parts to provide goods and services on an industrial scale.

As researchers are about to decipher the wholeness of the genome of several live organisms, there are several companies and researchers studying and formulating new life forms, different from those found in nature.

As a powerful instrument for scientific and technological development, although originating from the efforts of researchers sponsored by public institutions, biotechnology has found its full power in the private realm, thus competing as one of the main areas of corporation's interests. The range of economic opportunities that this field offers to private enterprise is huge. The inoculation of vegetables, genetic vaccines, the treatment of pork waste, nitrogen fixation, gene therapy and the increase in agricultural productivity and efficiency are already reasons enough to demonstrate why high investments were made and will still be made in this new area, both by the private and public sectors.

Despite what this new science can do to help mankind, for many people the human efforts in this field are only a desperate struggle for survival, since their won acts originated a growing drainage of natural resources from our planet, besides the uncontrolled population growth of one billion people every eleven years as stated by the United Nations. Therefore, for many, these developments of biology and chemistry bring doubts concerning its effects on our global society.

Discussing the Genome Project, Jean Daussett, Nobel Laureate in Medicine, stated that, "there is a great risk of deteriorating the wonderfully precise mechanics of the human genetic code," and "we must outline and respect the limits beyond which the scientific development can turn against human dignity." This scientist and others widely respected in the scientific world have been expressing their concern about allowing certain genetic practices within their territories.

Ecological risks, the surfacing of new virus forms, the allergic effects on consumers, eugenics – the creation of a new race, or the rising of social outcasts due to the deliberate use of these new techniques, are reasons sufficient to split up the world community in the regularization debates on this science. Further, as a behavioral science, it is the Law that must be in charge of regulating the acts of people who make and use this new type of knowledge. This is the great importance of biotechnological law. The issues about the ownership of this right and its limitations will be indispensable for the future of society as we consider it.

In order to avoid misuses of these technologies due to the profit's return stimulus that biotechnology can provide, the use and practice of it within our society require due attention not just by those involved in the judicial system, but also to all who might properly guide the government, entrepreneurs, and the community. Adequately creating, interpreting and applying the issues involved in this field not only from the domestic point of view, but also internationally will be part of a strategic policy for a sustainable development of the global community.

We should not try to avoid the unavoidable. Mankind never

(Continued on page 12)

TAXING THE FUTURE: IS THIS PROGRESS?

BY THOMAS WOLFE '01

From the early days of the United States, the founders knew that for the country to prosper and expand it would be necessary to encourage science and the development of technology. As such, the framers of the Constitution provided that "Congress shall...promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Article I, sec. 8, cl. 8. Among the myriad of important issues surrounding the founding of this country, the framers of the Constitution thought enough of the importance of the advancement and promotion of science to provide a place for it in the Constitution. From this beginning, the United States would develop into the premier country for innovation and research.

From its inception in the 1790's when Thomas Jefferson was its first Commissioner, the federal government funded the Patent Office. This subsidy allowed the patent office, which later became the Patent and Trademark Office (PTO), to operate effectively and only required it to charge inventors small filing fees. For this small fee, an inventor could obtain the protection of a patent for a new or novel idea. The low fee allowed small inventors and those with limited resources to come forward with their ideas and gain the full protection of the patent system. This protection granted the inventor an exclusive right to his idea so he could earn a return on his investment of time and money. While the public gave the inventor an exclusive right, the public benefited from the full disclosure of new ideas and gained the unencumbered use of the idea after the patent expired. One need only look at the number of patents that the PTO has issued to realize that this policy was a success. As of the late 1990's, the PTO has issued over 5 million patents. This represents a wealth of ideas and innovation that came forward to benefit society.

The financial support that the public has provided has changed over the years. In the Omnibus Budget Reconciliation Act of 1990, the PTO went from being subsidized by the public, to subsidizing the federal government. As the budget deficit grew larger, the government looked for ways to eliminate or reduce its outlays and at the same time increase the amount of revenue that it received. To help it meet these financial demands, the government looked at its own agencies to see which ones could raise revenue. The fees that inventors were charged by the PTO were an obvious source. In just ten years, the PTO went from being subsidized with \$120 million in 1987 to paying the government \$92 million in 1997.

This tax that the government has placed on the PTO has not gone unfelt. Prior to the Omnibus Bill, an inventor was charged \$800 for the filing and issuance of a patent. Today, a company is charged \$760 for filing a patent; the fee for a company with less than 500 is \$380; and once the patent is approved, a \$1270 issue fee is charged (half that for a small company). In addition, the PTO has started charging inventors a maintenance fee. The maintenance fees are charged by

the PTO to inventors to keep patent protection on a valid patent. A lapse in paying these fees results in the patent becoming void. The maintenance fees are currently required at 3.5 years, 7.5 years and at 11.5 years and are \$940, \$1900, and \$2910 respectively, for a large company. A small company's maintenance fees are half. These fees are a tax on those inventors who disclose to the public new or novel ideas. In addition, while these fees could be used to improve the PTO by hiring more examiners or modernizing equipment, the money has been siphoned off by the government.

To maintain a patent for its entire life, a U.S. patent holder will pay \$5,750 in maintenance fees. By comparison, the Japanese Patent Office is an independent government entity and is not subject to any tax by the Japanese government. Therefore, all the money that the Japanese Patent Office takes in can be reinvested back into the office and used for the improvement and maintenance of the infrastructure of the organization.

The effects of these financial demands on the PTO have been obvious. To stay within its budget the PTO imposed a hiring freeze, which affected its ability to review and grant patents. At the same time, the rate of innovation in this country has increased. In 1993, the PTO received 174,000 patent requests. By 1997, that number increased by over 20% to 212,000. By the end of 1993, the PTO had 281,000 patents waiting for disposition, by the end of 1997, that number increased by over 35% to 384,000.

BETTER DAYS AHEAD?

While the past few years may wind up being the "Dark Ages" for the PTO, it appears that there may be brighter times ahead. Q. Todd Dickinson, as Acting Commissioner of the PTO, announced that the PTO would not have to pay a tax to the government in FY2000. All the money that it raises will be maintained exclusively within the PTO.

With this infusion of funding, the PTO has begun to make strides to improve its performance. The PTO has set a goal of reducing its pendency from the current 19 months to 10.5 months. The agency has also announced plans to provide additional education benefits to its examiners. Finally, the PTO has announced the hiring of 500 new examiners. This will increase the current number by almost 20% to about 3,300 examiners. Hopefully, these are signs of things to come at the PTO.

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FROM THE EDITOR

THE PATENT/TRADE SECRET INTERFACE II

In the last issue, this column attempted to dispel misconceptions about the relationship between patents and trade secrets, by contending that patents are but tips of icebergs in a sea of trade secrets and that patents and trade secrets, far from being mutually exclusive, actually dovetail, as trade secrets are perfectly equal and viable alternatives to patents. In many companies trade secrets are the "crown jewels." Thus, it's not patents "ueber alles", nor patents or trade secrets; rather the best strategy for optimal protection of innovation is to patent as well as padlock.

That discussion obviously left open - for treatment in this column - an analysis of the respective rights of a first inventor who elects to hold and use patentable subject matter as a trade secret (trade secret owner) and the second independent inventor who seeks and obtains a patent thereon (patentee). And my colleague, Professor Field, was quick to remind me of this important issue. Another impetus for writing this sequel is the threat by a noted patent attorney in hearings in the U.S. Patent & Trademark Office earlier this year about bills pending in Congress, that, inasmuch as prior user rights would be "unconstitutional, because they undermine the notion of 'exclusive rights' inherent in the patent grant," he is "prepared to sue to test it." As I will explain below, he won't get a chance to follow up on his threat and, even if he did, wouldn't get to first base. Such a proposition is simply not tenable. This goes also for the common, baldly-stated misconception that the trade secret owner infringes the second-inventor's patent and hence can be enjoined.

First of all, the modifier "exclusive" doesn't mean "exclusive, exclusive". No right is ever totally exclusive and anent patents, there are several areas where something akin or tantamount to a prior user right already exists. Angelo Notaro lists a veritable litany of statutory- or decisionally-created "co-uses", "forced sharing of inventions", "estoppels", "implied licenses", "intervening rights", "judicial recognition of prior user rights", etc. as, for example, shoprights, temporary uses of inventions on vessels or aircrafts, intervening rights in reissue and reexamination cases, co-uses in supplier/customer, manufacturer/distributor, contractor/contractee relationships, public interest situations where injunctive relief if denied, certain uses by government or uses under the Clean Air and Atomic Energy acts, compulsory licenses as a remedy for antitrust violations, etc. (Notaro, Patents and Secret Prior user Rights..., 81 patent and trademark review, 347, 1983.) We also have an experimental use exception and the patent right is a negative right and a patentee may be blocked by a dominant patent.

And as regards the respective rights, I contend that the trade secret owner has a *de facto* prior user right to continue the practice of his trade secret. I do so on the basis of 1) much thoughtful literature, going back to at least 1944 (all referenced in my 1979 JPOS article), which postulates such a right, and 2) the fact that it has never happened that a trade secret owner was enjoined by the later patentee.

Such a right, which is very prevalent outside the U.S. and has existed in some countries for over 100 years, has also been posited in the literature as a kind of "*in personam* right", "shopright," "intervening right," "right of co-use," "right of personal possession" and "personal easement on the invention."

In his classic treatise on Trade Secrets, Ellis concluded: "To give a patent to a subsequent inventor without barring him from suing the first inventor and secret user of the invention, would be to offer, as a reward to anyone who could discover the invention by independent research, the economic scalp of the first inventor and secret user."

A similar sentiment resides in the cogent maxim: "A Constitutional award to one inventor does not mandate a Constitutional penalty to another." (Bennett, The Trade Secret Owner Versus the Patentee..., JPOS, 1975)

In the literature, referred to above, it is also emphasized that an *in personam* right or a prior user right:

- _ is a first inventor's common law right,
- _ is required by principles of equity and due process and
- _ not granting it, amounts to taking property without compensation.

The contrary position, espoused by patent advocates, holds that when the choice is made to forego a patent and to rely instead on trade secret protection, the trade secret owner assumes the risk of being enjoined by the patentee. Also clearly an untenable position! How can there be such an assumed risk when the Supreme Court recognized trade secrets as viable and compatible alternatives to patents (*Kewanee Oil*, 1974; *Bonito Boats*, 1989) and when "no court has ever decided a case in which the issue was even raised." (Bennett).

The *Gore v. Garlock* (CAFC, 1983) decision has mistakenly been interpreted as putting an end to this debate by resolving the perceived conflict in favor of the patentee. Far from it! This case held that trade secrets of a third party are not prior art, but such a holding is an entirely different proposition from a holding that the trade secret owner is an infringer vis-a-vis the patentee.

Maintaining secrecy is a *sine qua non* in trade secret law and is not to be equated with "concealment" in patent law, which means in a Sec. 102(g) context only too long a delay in filing a patent application in relation to another applicant, i.e. in a situation where both resort to the patent system. This is to be clearly distinguished from a situation where one party relies on the trade secret system and is outside the patent system altogether.

Thus, it is abundantly clear that the patentee does not have superior rights vis-a-vis the trade secret owner and the reason the

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later patentee leaves the trade secret owner alone, is the former's concern that putting the patent on the block is risky, knowing he/she was not the first to invent and the patent may be invalid for a number of Sec. 102 and/or Sec. 102/103 grounds due to the activities of the trade secret owner. Consequently, an accommodation between the two serves them best because patent coverage continues and other competition is shut out.

In light of the above argumentation, my advise, when such a respective rights issue came up in my corporate practice - a not infrequent occurrence - was to ignore the patents of the "Johnny-come-lately" inventor. No boomerang ever; after all, we do have a *de facto* prior user right system.

But, you might say, a prior user rights provision, styled "First to Invent Defense," was recently passed as part of H.R. 1907 by the House of Representatives and, if enacted into law, would moot the issue. Unfortunately, this "first-to-invent-defense" provision bears little resemblance to a true prior user right provision, as exists abroad and as was initially introduced as part of the proposed patent reform legislation. The present version is not just narrowed but totally gutted; it has so many exceptions and limitations that it is not just meaningless but dangerous.

Meaningless, because "serious and effective preparation" for commercial use is excluded, and it is this development stage which is crucial; the prior invention concerning which the defense is asserted is now required to have been reduced to practice more than one year before the patentee's filing date, and it is precisely within a year that inventions often are con-

ceived independently by more than one inventor due to outside stimuli; and the defense, which was to apply only to manufacturing processes anyway, rather than across the board, as it should, was further constricted to cover only methods of doing business, newly patentable in the wake to last years' CAFC decision in the State Street Bank case.

The present, completely eviscerated version, if enacted, would also be dangerous, because now we can rely on the existence of a *de facto* prior user right, which might not be possible if there is an enactment of an unduly narrow provision.

What is needed is a true prior user rights provision that would cover commercial use of an invention or effective and serious preparations for such use, prior to the filing date of the later patent, such rights being of limited alienability (personal rights - transferable only with the entire enterprise), limited territoriality (the territory of the patent), limited scope (continuation of existing prior use) and limited recognition of prior acts (good-faith use without derivation or theft).

As a final credo, it is submitted that such a strong prior user right, which is absolutely essential in a first-to-file system, is equally important in our first-to-invent system, as a better alternative to our archaic, costly and inadequate interference practice and as a better way for protection of trade secrets in view of their transcending importance.

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turns back from its conquests. Therefore, the apathy found among those who had chosen only to follow their plain life courses in order to survive; the economical and financial needs, the aggressive development of communications and technologies, the uneven food distribution, and the growing degrading of biodiversity must be taken into account in a cautious and long analysis. Moreover, the world's community needs to balance whether the risks behind new developments in biotechnology are worth the benefits produced in the world as a whole, not just in each isolated community or society. We must remember that communities around the world have different necessities and values. It is up to us to join efforts to steady this race to a safe future for everybody. ♦

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