With skyrocketing energy prices and increasing concerns about global climate change, we continue to see rapid growth in the clean and green technology sectors. That growth likely will generate new opportunities and challenges for clients and their intellectual property counsel.

In this issue of Morrison & Foerster’s Intellectual Property Quarterly Newsletter, we focus on important issues related to innovation by “clean and green-tech” companies. We discuss what clean and green-tech companies can do to protect their technology, and how they can use their IP to attract and maximize investment dollars. A companion article discusses rapid advances in biofuels and strategies for protecting biofuel feedstock inventions.

We also address two interesting legal issues that arise in a world where innovation occurs rapidly and where information is often disseminated via the internet. We look at what happens when the pace of innovation eclipses the pace of many countries’ patent offices, and we discuss some benefits of pursuing “utility model” protection rather than patent protection in some foreign countries, along with steps clients can take to enforce those rights. In addition, we analyze a recent Federal Circuit decision that assessed whether a paper posted on an FTP server constitutes a “printed publication” for prior art purposes.

In recent years patent defendants have sought reexamination of asserted patents with increasing frequency. Although many judges will stay litigation while reexamination plays out in the PTO, sometimes litigation proceeds despite an ongoing reexamination. In our final article we examine two recent Federal Circuit decisions that address contradictory validity determinations by a district court and the PTO.

We hope you find Morrison & Foerster’s Intellectual Property Quarterly Newsletter useful in following recent developments in intellectual property law.
INTRODUCTION

Clean and green technologies have secured an estimated $2.9 billion in investment in North America in 2006 and $3.7 billion in 2007, and investors are quite eager to fuel further developments in areas such as alternative fuels from renewable sources, efficient solar power generation, lighting requiring less electricity, carbon credit trading, high capacity batteries and capacitors, and water purification. One of the cornerstones in building a viable new business is the technology and protection of rights to the entity’s intellectual creations. What do investors in clean and green technologies want to know about intellectual property issues, and what can an entrepreneur in this field do to maximize valuation?

Prior to investing in any company, investors typically want assurances that: (1) the company can operate without significant risk of litigation and possible injunction for infringing IP rights of others; (2) the company can protect or enlarge its anticipated market using its intellectual property; and (3) the company owns its intellectual property free and clear of claims from third parties. After investing, investors often remain apprised of these three issues through their members’ participation on boards of directors of the companies in which they invested.

This is the first in a series of articles on what clean and green-tech companies can do to maximize their IP opportunities to enlarge their markets and obtain investment. This article explains in brief what investors assess in patent diligence and after investment, and what measures a company can take to maximize valuation and opportunities from patent. (The companion piece by Mike Ward and Tim Young in this edition provides particular insights into patent protection for biofuels.) Future articles will discuss other aspects of an effective intellectual property strategy, such as the role that trademarks and trade secrets play in maximizing company value.

Companies can take measures to help assure a more predictable outcome on patent diligence and avoid infringement risks by searching patents to identify potential freedom.
of operation risks well before critical junctures such as funding and product introduction. Periodic updates to searches help assure that patents which might pose a risk are identified routinely. When done in advance of patent diligence or product introduction, a company has time to assess whether prior art affects the level of risk of infringement and, if not, what other options might be adopted to reduce or eliminate such risk.

A company can receive a higher valuation after diligence has concluded and funding without conditions related to patents if the company has identified those patents which appear to pose a freedom of operation risk and has viable strategies for dealing with those risks. There is a large body of prior art available to invalidate current patent claims for alternative energy, clean water production, and waste handling in the form of publications resulting from decades of research. A company that implements processes to routinely identify and deal with freedom of operation issues gains investors’ confidence.

**PROTECTING THE COMPANY’S DEVELOPMENTS**

Investors value an extensive patent portfolio that covers the company’s technologies in many ways. While a portfolio containing a large number of patent applications may at first appear impressive, investors often also assess how inter-related the developments described in the patent applications are and determine whether the number of applications accurately represents multiple developments or simply iterations of a particular design.

The scope of coverage can therefore affect company valuation. A company’s core technology should, of course, be protected by patents in almost all instances, but there are often opportunities to claim more broadly than just the core technology to prevent competitors from adopting similar technology. At times, it is possible to target patent claims on a competitor’s manufacturing process and product. Key pieces of information needed to maximize claim scope for an invention include (1) what are the critical elements of the technology and their inter-relationship; and (2) what is the prior art.

The prior art limits the scope of patent coverage, and knowledge of the prior art during patent drafting assures that the company’s patent claims are of the broadest scope that the prior art allows. If the prior art is viewed as a number of circles on a page, knowing the prior art allows a company to draft a series of claims that fill selected open areas representing valuable unclaimed subject matter. Broad patent claims can be developed by understanding the fundamental actions or components of the technology — in comparison to the known prior art — to develop multiple ways to draft claims to overcome the prior art.

For alternative fuels and water purification, for instance, there is a large body of prior art that makes claim drafting more complicated than in other fields. However, the potential to cover commercially important areas with a patent claim is often compromised by poor knowledge of prior art when that prior art is uncovered during prosecution or, worse, when suing competitors for infringement. Broader claims are more likely to survive patent prosecution or litigation unscathed where the closest prior art was known and considered at the time the claims were first drafted.

A freedom of operation study informs a proactive patent application strategy. A freedom of operation study usually provides much of the prior art that is relevant to the technology of the invention. Other prior art can be discovered by searching publications. Often, though, some of the most relevant prior art is not readily apparent, but is known to people of substantial experience in the field. Employees at the company often know the best prior art to review and where to find additional prior art — helpful

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to know early in the process of drafting patent applications. People experienced with the technology also understand the economic implications of adopting patent claims of sufficient scope. It is oftentimes not essential to obtain the absolute broadest scope of claim coverage. It is essential, though, to obtain the broadest scope of claim coverage that provides significant economic advantage or opportunity. The partnership between the company and a patent professional in communicating and educating one another on the issues helps achieve that opportunity.

**ASSURING OWNERSHIP**

Companies sometimes do not own the technology they think they own, and unfortunately, ownership issues are not rare for start-up companies. The founders of a new company may have worked at other companies when they developed the ideas that led to founding their new company. Depending, in part, on the founders’ employment agreements with their prior employers, one or more of the employers may own at least a portion of the rights to the founders’ inventions, and sometimes the new company owns no rights to the inventions for which it was created. Consultants, retained or informal, may also contribute to inventions and own rights to the inventions in the absence of an agreement with them.

It is much more likely that ownership issues can be successfully addressed if they are identified early, before the technology has been developed to a significant extent at the new company and before its market potential is better established. Universities and governments often will provide letters stating that they have no ownership claim to technology, especially if the inventors comply with disclosure policies established by the employers. Employer companies also typically have policies for disclosing inventions to them and for resolving who owns an invention, while an employee-inventor is still at the company. Depending on circumstances, it may also be possible to obtain a former employer’s agreement that the former employer does not have ownership rights to the technology upon which the company was founded.

The implications of not owning the technology can be quite severe. A company might not have freedom of operation in view of key patents that the company thought it owned. Moreover, a person who co-owns a patent with the new company by virtue of contributing to one or more claims can, in the United States, rightfully license the company’s competitors without consulting with the company.

It is, therefore, especially useful to fully explain the circumstances of the founding company’s technological invention to a patent attorney who can help identify and resolve ownership issues early in the process.

**CONCLUSION**

Successful funding and company operation can be better assured by applying three principles to develop and implement a successful patent strategy: preparation, partnership, and perseverance. The well-prepared company is better equipped to compete when it assesses and plans how to minimize risk to freedom of operation and how to address any potential patent ownership issues before seeking substantial funds. The company is better prepared when it partners with its patent professional to identify and assess freedom of operation risks, prior art, and claiming opportunities. Perseverance is often required to obtain issuance of patent claims of the greatest commercial significance as well as to address any other issues arising early in the partnership. It is not without reason that one judge referred to patent attorneys as exhibiting ant-like persistence in developing and procuring patent rights, and when a persistent patent attorney’s efforts are coupled with those of equally persistent company personnel, the results obtained are often companies whose valuation is high.

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In the near future, biofuel feedstock patents have the potential to dominate the biofuel patent landscape by covering the most cost-effective means of production. Biomass feedstock is already recognized as the most significant cost driver in biofuel production. Going forward, expensive pretreatment processes will be eliminated by backing pretreatment technology upstream into feedstock plants. Analysts expect that by 2015 there may be biofuel-specific modifications to feedstock, such as enzymes or microbes that break down cellulose, directly bred into biomass sources. As more and more cost-saving technology is engineered into the already price-significant feedstock, the economics of biofuel production will crown feedstock patent portfolios as some of the most valuable in the biofuel patent landscape.

First-generation (“1G”) biofuels are defined as fuels made from sugar, starch, and/or vegetable oil using conventional technology. Corn-based ethanol is currently the leading 1G biofuel in the United States and offers the opportunity to replace a small percentage of conventional gasoline in motor fuels. Corn ethanol does not offer substantial improvements in greenhouse gas emissions, overall environmental impact, or energy efficiency. Many studies suggest that corn ethanol exhibits negligible, if any, improvement over conventional gasoline in terms of its impact on the environment and carbon emissions. Moreover, corn ethanol is significantly more expensive per unit of energy than gasoline. Government-subsidized production is driving up prices for a variety of food products and agricultural commodities.

Second-generation (“2G”) biofuels use biomass-to-liquid technology, including biofuels derived from lignocellulosic material, considered the most abundant renewable energy resource on the planet. Such 2G biofuels — derived from lignocellulosic feedstock like straw, grasses, and wood — will eventually succeed today’s grain ethanol. Current technologies, however, have not yet provided cost-effective production methods, creating an awkward generation gap between the environmental and energy issues of 1G fuels and economic issues of 2G fuels.

The eventual transition to 2G biofuels will reduce competition with food and feed crops, and will allow the utilization of low-value plant materials and crops, like straw and grasses. 2G biorefineries will also be able to utilize lignocellulosic crops like switchgrass and poplar, which can be grown on land unsuitable for farming.

The biofuel patent landscape is increasingly crowded and fragmented. A recent patent study found that there are at least 850 biofuel patents and pending applications in the United States, Europe and Japan, divided among 285 companies, with only 35 companies owning more than five patents each. According to industry consultants, patents granted in industrial biotechnology, partially for biofuels production, increased from 6,000 in 2000 to 22,000 in 2005.

In such a congested IP environment, freedom-to-operate issues become crucial to any entity in the space. Freedom to operate (“FTO”) is the ability to commercialize a product without infringing a third party’s intellectual property. Moreover, developing a viable patent portfolio is paramount. In addition to protecting a company’s innovations, a valuable portfolio can also be leveraged in cross-licensing programs to cost-effectively pacify FTO issues.

U.S. law provides several vehicles for intellectual property protection.
INTRODUCTION

The Translogic cases suggest an answer to the question: “What happens to a judgment of infringement when the claims are later rejected in reexamination?” The cases — which are not yet over — appear to show that a finding of invalidity in the Patent Office can trump a validity finding and an infringement judgment from a district court. These proceedings provide a rare window into the interplay between judicial and administrative approaches to patents and claim construction. They also raise questions about the nature of appellate review, and how the patent system interacts with the Constitutional requirements of the Seventh Amendment reexamination clause and the Article II Appointments clause.

The timeline of procedural events — although complicated, illustrates the significant substantive issues.

DISTRICT COURT AND BOARD PROCEEDINGS

The Translogic cases involve parallel litigation and reexamination proceedings between Translogic Technology (the patent owner) and Hitachi, and two of its U.S. subsidiaries (the accused infringers). On March 24, 1999, Translogic sued Hitachi for infringement of its ’666 patent, which is directed to multiplexers. Between June 4, 1999, and September 27, 2002, Hitachi filed five ex parte requests for reexamination of Translogic’s patent. These were merged into a single reexamination proceeding.

The district court, which had initially stayed the case pending reexamination, lifted the stay in 2002 and allowed the case to proceed. In October 2003, the district court construed the claims and held a jury trial on validity, which Translogic won: the jury upheld the validity of Translogic’s patent. Hitachi’s post-trial motions on validity were denied in February 2004. A year later, the district court granted summary judgment of infringement as to some, but not all, of Hitachi’s accused products. In May 2005, a jury in a second trial found that Hitachi had induced infringement and found Hitachi liable for $86.5 million in damages. The district court entered a permanent injunction later that month, which was stayed by the Federal Circuit. On July 1, 2005, Hitachi filed a motion for judgment as a matter of law (JMOL) on the inducement issue.

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The reexamination proceeding took a different path. On March 8, 2004, the Examiner rejected all pending claims of the '666 patent as obvious. Translogic appealed that rejection to the Board. This affirmed the rejection on July 14, 2005, based upon its construction of the claims, and denied Translogic’s request for rehearing in October 2005. Translogic appealed the Board’s decision to the Federal Circuit. Shortly after the Board’s affirmation, Hitachi asked the district court to reconsider its claim construction and its denial of Hitachi’s invalidity JMOL and new trial motion. In December 2005, the court denied Hitachi’s motions and entered its final judgment, later denying Hitachi’s motion for new trial on damages. Hitachi appealed the district court’s decision to the Federal Circuit. The Federal Circuit consolidated all the appeals — Hitachi’s interlocutory appeal and appeal from the final judgment, and Translogic’s reexamination appeal from the Board. An appellate panel decided both appeals on October 12, 2007. As of that date, the USPTO had not yet issued a reexamination certificate cancelling the claims of Translogic’s patent.

In reexaminations, as in examination, the USPTO must apply the broadest reasonable meaning to the claim language, taking into account any definitions presented in the specification. One of the key issues presented by the Translogic cases is that the Board and the district court had construed a key claim term differently. The term at issue was “coupled to receive”, in the phrase “the first and second signal input terminals coupled to receive first and second input variables.” The district court construed it to mean “connected to receive an input variable, directly or through one or more intervening inverters or buffers,” whereas the Board construed it to mean that the terminals were merely “capable of receiving” signals. The Board’s construction was broader, and made the claim term more vulnerable to an invalidity challenge. In reexaminations, as in examination, the USPTO must apply the broadest reasonable meaning to the claim language, taking into account any definitions presented in the specification. Giving claims their broadest reasonable construction “serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified.”

In theory, this is a different manner of construction than infringement cases, in which claim terms are to be accorded their “ordinary and customary meaning” — “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of..."
the effective filing date of the patent application.”10 In practice, however, the result is often the same.

In the Board appeal in Translogic, although the panel mentioned the “broadest reasonable interpretation” rule, it performed a full Phillips-style claim construction analysis11 that ultimately rested on claim differentiation, as did the Phillips case itself. Concluding that the Board’s broader construction was correct, the Federal Circuit panel then turned to the issue of obviousness.

The panel made short work of Translogic’s patent, holding that Translogic’s arguments suffered from the Federal Circuit’s “rather straightforward error” that was “corrected” by KSR.12 The panel held that the Board properly found the claims to be obvious over the “Gorai” reference in view of the “Weste” reference. Specifically, the court held that

a person of ordinary skill in the art at the time of the invention would have recognized the value of using a known element, a 2:1 TGM, as taught by Weste, for the 2:1 multiplexers in the series arrangement of multiplexers in Gorai. A person of ordinary skill in the art would have appreciated that any conventional multiplexer circuit could be utilized to implement the 2:1 multiplexer circuits in Gorai. After all, TGMs were well-known multiplexer circuits as evidenced by the Weste 1985 textbook.13

Hitachi has, to date, obtained a better result than did Research in Motion in the NTP case, in which the Federal Circuit affirmed a jury verdict of infringement even though there was a pending reexamination proceeding.

Having found the pending claims obvious, the Federal Circuit affirmed the decision of the Board.

In the district court appeal, the Federal Circuit did not issue an opinion that analyzed the district court’s judgment in any depth (such as by examining whether there had been substantial evidence for the jury verdicts). Instead, it issued a short, non-precedential opinion in which it simply stated: “In light of this court’s decision in In re Translogic Tech., Inc., this court vacates the district court’s decision and remands this case to the district court for dismissal.”14

TRANSLORC’S PETITION FOR REHEARING

On October 26, 2007, Translogic petitioned the panel to rehear the two appeals, and for the Federal Circuit to take them en banc. The petitions raise interesting issues.

From the Board appeal, Translogic asks for a panel rehearing in order to remand the reexamination proceeding back to the USPTO to allow Translogic the opportunity to amend its claims to respond to the Board’s rejection and conform them to the district court’s claim construction (presumably in an effort to preserve both the patent’s validity and the judgment of infringement).15 Translogic also requests a rehearing en banc, attacking the Board’s decision on the basis of the Appointments Clause of the U.S. Constitution, art. II, § 2, cl. 2, which provides that

[the President] by and with the Advice and Consent of the Senate, shall appoint . . . all other Officers of the United States, whose

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Reexamination v. Litigation

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Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

Notably, administrative patent judges have been appointed by the Director of the USPTO pursuant to 35 U.S.C. § 6 since March 29, 2003. Translogic argues that because the Director is not the President, the USPTO is not a “Court of Law”; Translogic then reasons that because the USPTO is not a “Department” with the Director as its head, the Appointments Clause prohibits Congress from investing the Director with the power to appoint the administrative patent judges of the Board. In Translogic’s view, the Board panel that heard its appeal (which included judges appointed by the Director) lacked the power to act. From the district court appeal, Translogic asks the Federal Circuit to take the case en banc to address two issues (1), that the panel’s one-sentence decision impermissibly gave “retroactive effect to that (prospective) reexamination certificate, applying it nunc pro tunc to the patent’s issuance in disregard of the Supreme Court’s repeated holdings that there is a presumption against retroactivity”; and (2), that the panel violated the “Seventh Amendment jury trial and reexamination clauses by relying solely on that (prospective) reexamination certificate, without regard to the standard for reviewing the denial of judgment as a matter of law.”

USPTO’S OPPOSITION TO PETITION FOR REHEARING

On December 27, 2007, the USPTO filed its opposition to Translogic’s request for a rehearing of the Board appeal. The USPTO argued that Translogic had “sufficient opportunity to amend its claims during prosecution” because the Board’s claim construction was the same as the examiner’s. With respect to the Appointments Clause issue, the USPTO argued (1) that Translogic forfeited the argument by not raising an objection before the Board or the Federal Circuit panel, and (2) that the “de facto officer” doctrine conferred validity on the Board’s decision.

CONCLUSION

Even though the ultimate outcome remains to be seen, the clear lesson for practitioners and litigants is that timing is everything. Hitachi has, to date, obtained a better result than did Research in Motion in the NTP case, in which the Federal Circuit affirmed a jury verdict of infringement even though there was a pending reexamination proceeding. However the legal issues presented by the Translogic cases are ultimately resolved, the practical lesson is that patent challengers wishing to gain the benefit of a hoped-for rejection in reexamination should request that reexamination as quickly as possible.
In many countries the time required to secure patent protection often exceeds two years. For technologies in which change occurs rapidly, a delay of more than two years from filing to grant can significantly weaken, and in some cases eliminate, the value of patent protection. By the time a patent issues, the protected technology may be obsolete and the marketplace may have moved on to a new and different technology.

Fortunately, several countries provide a quick and effective solution to this problem in the form of “utility model” protection, enabling IP owners to secure protection in a matter of months rather than years. Like a patent, a utility model is a registered right to protect a technical innovation. Like a patent, a utility model entitles its owner to prevent others from making, using, or selling the innovation. Most inventions that can be protected by a patent can also be protected by a utility model.

In contrast to a patent, a utility model is typically obtained by using a pure “registration” procedure. Under a registration procedure, the patent office in the jurisdiction granting protection will review a utility model application to ensure compliance with basic formal requirements. The patent office will generally not, however, substantively examine the invention and will not determine whether the invention is sufficiently different from the prior art to merit protection. Since substantive examination of the invention is not required, the utility model can be issued in a matter of months after filing, as compared to the multi-year process required for issuance of most patents. The utility model applicant can therefore write and file the application, secure issuance of the utility model, and have an effective tool to use against an infringer within months of first discovering infringement. The elimination of a substantive examination also means that a utility model can be secured less expensively than a patent.

The application process for utility models and for patents may be similar in other respects. In some jurisdictions, alterations and amendments to the utility model application are permissible and time limits can be extended on request. Some jurisdictions allow patent applications to be converted into utility model applications and vice versa. Moreover, some jurisdictions permit applicants to simultaneously obtain patent and utility model protection for the same invention, while other jurisdictions require applicants to choose only one type of protection.

Once issued, the utility model generally provides the same rights as a patent. For example, the utility model can be used in legal proceedings to enjoin infringement and to obtain damages from infringers. In addition, post-grant challenges to the validity of the utility model may be heard by the patent office or in the courts. Typically though, the maximum lifetime of a utility model is several years shorter than the maximum lifetime of a patent.

Although utility models can provide significant advantages in some situations, there are several reasons why patent protection may be desirable or necessary. Perhaps most significantly, utility model protection is not available for all technical innovations; for instance, utility models typically cannot be obtained for method or process inventions.

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Utility Models

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Utility model protection is not available in every country, and is most notably unavailable in the United States. A number of countries provide some form of utility model protection, including China, Germany, Japan, Korea, Taiwan, France, and Australia. The issuance and enforcement of utility models is determined on a country-by-country basis, and the laws governing utility model issuance and enforcement can vary significantly from country to country. It is important to consult with counsel knowledgeable about utility models in each jurisdiction in which utility model protection and enforcement is sought. Where available, utility model protection can provide a relatively fast and effective tool for market protection at a reasonable cost.

Fourth Installment of the eBay Scorecard

By Angela Rella

On May 15, 2006, the Supreme Court changed the landscape of patent cases by striking down the Federal Circuit’s longstanding rule that courts will issue permanent injunctions against patent infringement, absent exceptional circumstances. In eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 126 S. Ct. 1837 (2006) (“eBay”), the Supreme Court held that “the traditional four-factor framework that governs the award of injunctive relief” applies to patent cases. Id. at 1841. The Supreme Court explained in eBay that “the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with the traditional principles of equity, in patent disputes no less than in other cases governed by such standards.” Id.

We began tracking application of the eBay decision in the Spring 2007 inaugural edition of our Intellectual Property Quarterly Newsletter, and this fourth installment of the “eBay Scorecard” is current through December 31, 2007. It was a slow quarter for application of the eBay framework; courts considered the issue just four times in published decisions, and granted injunctions in all four cases.

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In SRI International, Inc. v. Internet Security Systems, Inc., 511 F.3d 1186 (Fed. Cir. Jan 8, 2008), the Federal Circuit recently reviewed its previous case law on the printed publication requirement of 35 U.S.C. § 102(b). The SRI decision indicates that making an otherwise relevant prior art reference openly accessible to individuals via the Internet does not necessarily qualify the reference as a printed publication. This holding is notable because it suggests that intent may now be a factor in determining whether a publication is publicly accessible, while providing pointed commentary from the Federal Circuit on its own printed publication precedent.

Under 35 U.S.C. § 102(b), an inventor is not entitled to a patent if a printed publication dated more than one year before the filing of the application enables and discloses every element of a claimed invention; in other words, if each element of a claim can be found in a single prior art reference, the invention was already in the possession of the public, and cannot be patented. Congress introduced this provision in 1836. As technology advanced and new methods of printing were developed, public accessibility became the touchstone for assessing whether a reference is prior art under Section 102(b). The related concept of public dissemination and “availability and accessibility to persons skilled in the subject matter or art” has also come to play a role in this determination. Whether a reference is a printed publication is highly fact-specific and is determined on a case-by-case basis.

It is within this historical context that the Federal Circuit addressed the invalidity arguments in the SRI case. SRI, a network intrusion detection research company, sued Internet Security Systems for patent infringement. The patents at issue claimed priority to an application filed November 9, 1998. Notably, the patents incorporated by reference a technical paper entitled “Live Traffic Analysis of TCP/IP Gateways” (the “Live Traffic paper”) that SRI posted on its website on November 10, 1997. The article’s two authors submitted the Live Traffic paper for peer review for the 1998 Symposium on Network and Distributed Systems Security (“SNDSS”). As part of the peer-review process, SRI had emailed a version of the paper to a SNDSS committee in August 1997, and at the same time, placed the paper on SRI’s FTP server. The email directed the SNDSS committee chairman to the specific FTP address, which was not password protected. The Live Traffic paper

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was posted on the FTP server for a week. During that time, seven known individuals, other than SNDSS committee members, were directed to the specific FTP subdirectory to review documents related to network intrusion detection.

At the trial court level, the parties had agreed that the Live Traffic paper would be invalidating if it qualified as prior art, and Judge Robinson of the District of Delaware found that the paper was indeed a “printed publication” Under 102(b). On appeal, in a 2-1 decision, the Federal Circuit disagreed and remanded the case for further consideration, suggesting that the Live Traffic paper was not a printed publication because SRI did not intend it to be publicly accessible. Judge Moore dissented, finding that the paper was accessible and, therefore, a “printed publication.”

In reaching its decision, the Federal Circuit analyzed five prior cases covering a range of public accessibility scenarios. The panels in Cronyn and Bayer had held that the publications in question were not publicly accessible and did not therefore qualify as printed publications under Section 102(b).

By contrast, the publications considered in Wyer, Klopfenstein, and Brueckelmyer were found to be invalidating references under 102(b), in view of their accessibility to the interested public.

The Bayer and Klopfenstein cases were discussed at length in SRI. In Bayer, a master’s thesis was determined not to be a printed publication. The key facts were that the university library took a long time to process the thesis once it was deposited, a period during which it was not catalogued or shelved. With the exception of faculty members to whom the thesis had been presented, no one had access to the thesis during this period. It was not publicly accessible. On the other end of the spectrum, in Klopfenstein, a technical poster was presented at a conference and displayed for three days. The displayed information had not been put into a hard copy format to be distributed at that time. However, the poster was held to be a printed publication, as it was accessible to an interested public that was capable of processing and retaining the information.

The majority and the dissent in SRI disagreed on where the Live Traffic paper fell within the spectrum of printed publication cases. The majority analogized the SRI facts to the uncatalogued thesis in Bayer, focusing on its impression that SRI did not intend to have the paper disseminated publicly. The majority perceived the Live Traffic paper’s FTP address to be particular to SRI’s organization, while not being classified, indexed, or abstracted in a manner that would permit outsiders to understand what was located at that address. Only one non-SRI person, the Program Chair for SNDSS, specifically knew about the availability of the paper on the FTP server. By comparison, the poster presented at the conference in Klopfenstein was publicly accessible. According to the SRI majority, because SRI was not promoting its FTP server to the relevant audience, and, therefore, Bayer was more analogous than Klopfenstein.

In dissent, Judge Moore found Klopfenstein highly relevant. After all, SRI had directed individuals,
interested in intrusion detection, to the FTP subdirectory containing the Live Traffic paper. Like the district court, the dissent found it difficult to believe that a company involved in intrusion detection would argue that one skilled in the art of intrusion detection would not detect information purposefully posted on the internet.

The dissent set forth a list of factors to show why Klopfenstein was analogous to SRI. The first factor was the duration of display. The Live Traffic paper was displayed for a week more than double the time the Klopfenstein poster was displayed — which allowed ample opportunity for the public to capture, process, and retain the information. The second factor was the expertise of the audience, which in SRI would have been people interested in intrusion detection, individuals more than capable of understanding the paper. Another factor was how reasonable it would be to expect that the reference would not be copied by the public. In SRI, there were no protective passwords, disclaimers, anti-copying software, or other indications of privacy for the paper on the FTP server. The FTP server allowed for easy copying and retrieval of its contents. Having given the FTP subdirectory address to individuals with interest and expertise in this field, SRI created an expectation that the paper would be copied. Taking these factors together, the dissent concluded the Live Traffic paper was publicly accessible, and the reference was therefore a printed publication.

Like the district court, the dissent found it difficult to believe that a company involved in intrusion detection would argue that one skilled in the art of intrusion detection would not detect information purposefully posted on the internet.

However, these arguments did not prevail and the majority remanded the case for further analysis by the district court.

In addition to the specific analysis by the Federal Circuit about FTP servers, one lesson from SRI is that intent to make a reference publicly accessible is now a factor to consider in determining whether the reference constitutes a printed publication under Section 102(b). It remains to be seen how significant the intent factor will be in future 102(b) cases.

\[1\] In re Klopfenstein, 380 F.3d 1345, 1349 (Fed. Cir. 2004).
\[2\] In re Wyer, 655 F.2d 221, 225–26 (CCPA 1981).
\[3\] Klopfenstein, 380 F.3d at 1350.
\[4\] Wyer, 655 F.2d at 226.
\[5\] Id. at 227.
\[6\] In re Cronyn, 890 F.2d 1158 (Fed. Cir. 1989).
\[7\] Application of John William Bayer, 568 F.2d 1357 (CCPA 1978).
\[9\] Klopfenstein at 1351.
\[10\] Id.
\[11\] Id.
AWARDS, ACCOLADES AND APPOINTMENTS

Morrison & Foerster’s IP Group started out 2008 with great news. In January, we were named one of only three finalists in the IP category for 2007’s Litigation Department of the Year by The American Lawyer. This bi-annual feature is the most widely recognized ranking of litigation departments at major law firms in the United States. The department as a whole received “Honorable Mention” in this prestigious annual assessment. As The American Lawyer noted, the firm’s litigation department possesses “the depth, breadth, and talent to win high-stakes disputes.” For more information on this honor, please click here.

A stellar member of the IP Litigation team, Rachel Krevans, was named one of the California Lawyer Attorneys of the Year (“CLAY”) by California Lawyer magazine in February 2008, receiving the only award given in the IP category. Ms. Krevans also is featured on the cover of the March edition of The American Lawyer. The cover story is on patent litigation in the Eastern District of Texas, and features Morrison & Foerster’s watershed defense jury verdict in Forgent v. Echostar. Across the Atlantic, as The American Lawyer noted, the firm’s litigation department possesses “the depth, breadth, and talent to win high-stakes disputes.” For more information on this honor, please click here.

Louise Stoupe, a partner in our Tokyo office, has been designated a finalist in the IP Law & Business “Top IP People Under 45” survey. Finally, recognizing his established tenure in the technology arena, the American Intellectual Property Law Association (“AIPLA”) elected Jim Pooley as President of the 17,000-member group. The AIPLA is the largest voluntary association of IP lawyers in the United States.

FROM THE DOCKET

Intercontinental Trade Secrets Case Catches Attention (Applied Materials v. Advanced Micro-Fabrication Equipment)

As reported in IP Law 360 and Salon.com last October, Applied Materials filed this suit for misappropriation of trade secrets among other causes of action, against Shanghai-based start-up and Morrison & Foerster client, AMEC. The case alleges that certain former employees of Applied Materials misappropriated trade secrets when they formed AMEC upon returning to China. AMEC is a newcomer to the semiconductor equipment space, and its first products use plasma etching and chemical vapor deposition to build chips — a market presently dominated by Applied. Recently, the firm twice successfully defended against Applied’s motions for emergency orders seeking expedited discovery. The defense team on this matter consists of Harold McElhinny, Marc Peters, Ken Kuwayti, Mark Danis, Amir Weinberg, and Matt Ahn.

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Firm sues Nine Top Auto Manufacturers in MHL TEK Matter

In MHL Tek v. Nissan, et al., we represent MHL Tek and its owners, the inventors of a pioneering system for continuously monitoring tire pressure while a vehicle is in motion. In July 2007, the firm filed the initial action in the Eastern District of Texas asserting three of MHL Tek’s tire pressure monitoring system patents against nine automakers: Nissan, Subaru, BMW, Porsche, Volkswagen, Audi, Kia, Hyundai, and Isuzu, and is investigating adding two more manufacturers as defendants. Due to substantial safety concerns associated with under-inflated tires, as reflected in the Ford Explorer/Firestone litigation, federal legislation now mandates that all passenger vehicles be equipped with a tire pressure monitoring system. Given the public safety concerns and the huge market potential of these systems, this matter is sure to be closely watched in the automobile manufacturing industry. Our clients are represented by David Doyle, Richard Kim, Katherine Parker, and Aramide Fields.

Morrison & Foerster Helps Thought Leaders Lay Groundwork for Future Success

Some of the world’s most pioneering organizations rely on Morrison & Foerster’s IP practice. Biomimicry is an emerging area of science that studies nature’s best ideas and then imitates these designs and processes to solve human problems. Morrison & Foerster works with the Biomimciry Institute and the Biomimicry Guild to develop and implement their intellectual property strategy including patents, trademarks, and trade secrets. Attorneys supporting these organizations include Gladys Monroy, Tessa Schwartz, Susan Mac Cormac, Charlene Kon, Pamela Pasti, and Jonathan Glass.

About Morrison & Foerster’s Intellectual Property Practice

Morrison & Foerster maintains one of the largest and most active intellectual property practices in the world. The IP practice provides the full spectrum of IP services, including litigation and alternative dispute resolution, representation in patent and trademark prosecution, and business and licensing transactions. Morrison & Foerster’s IP practice has the distinguishing ability to efficiently and effectively handle issues of any complexity, in any venue, involving any technology. For more information about the IP practice, please visit www.mofo.com.