

# IP DEVELOPMENTS



Staying on top of intellectual property law

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## A New Year's Resolution— Time to Shape Up Your Assets

Thomas E. Popek

Another year has passed. Ah, a clean slate ... what to do, what to do? Shape up, slim down, exercise. This year will be different. You're making a resolution for the new year. You've decided it's time to get off your good intentions and shape up your IP assets.

Your intellectual property (IP) assets—patents, copyrights, trademarks, and trade secrets—are the essence of your business. They embody what your company stands for. It's your logo, the literature and articles you've written, the inventions you've created, or the software your company has developed. It's you, plain and simple. And you've got the paperwork to back it up.

Okay, you have the IP, so what now? Sitting on your IP assets can be compared to admiring your recently purchased piece of gym equipment everyone boasts is the easiest and least painless way to get in shape. You've made the investment, but letting the gear sit idle won't do you any good. Face it—in order to whip anything into top shape requires motivation. Sure, it will require patience, persistence, and diligence, but it isn't that hard to do. So, where do you start?

### HERE'S A SIMPLE PLAN

#### 1. Start with a general inventory of your intellectual property assets.

Which are the most important to your core business? Which are tangential? Which do you currently utilize? Which will be utilized in the future? Which have outlived their usefulness? Which are currently protected? Which are not and need to be? Actually, asking these questions is a good thing to do at least yearly. IP has a lifetime and needs regular maintenance along the way (fees, renewals, additions to, subtractions from). Like exercise, the more often you do it, the easier it becomes and the better off you will be.

#### 2. Make an effort to talk about your IP at company meetings.

Reward new thoughts and innovations. Perhaps a great idea is already sitting in your file drawer or on the drawing board. By adding visibility internally, companies allow themselves the opportunity to explore options which previously may have been overlooked. Perhaps you could patent the new product or process or license/co-brand an item with your logo.

#### 3. Strategize and identify IP opportunities.

Must you file for protection of the IP? Or should you treat the IP as a trade secret? If you don't want to file for protection on the

IP, how do you prevent your competition from doing it? Treating information as a trade secret (like Coca-Cola's secret formula), using defensive publishing (disabling another's ability to patent something), or employing other strategies can keep you ahead of the competition.

#### 4. Recognize the non-flyers.

Don't look to patent, copyright, or trademark everything. Some things just aren't worth the expense. Securing your intellectual property assets can be accomplished through various other ways, such as utilizing employment, non-disclosure/confidentiality, or non-compete agreements. Determine which assets can be exploited to generate the greatest possible value for your business and go after those.

#### 5. Consider alternative ways to derive value.

Consider alternative ways to derive value from IP assets which are tangential to your core business or from ones that have outlived their usefulness. Licensing unutilized or underutilized assets can be an effective way to add revenue to your bottom line. For example, you may have great research and development capabilities but lack the capacity to manufacture the product, or you may have developed the best software program but need adequate sales and distribution capabilities. Partnering with the right resources can turn untapped and previously unidentified possibilities into realities. The "can't do it" excuse has been eliminated and new opportunities await you. Licensing and joint ventures are only a

few of the many ways to benefit from your investment.

## 6. Engage the help of a professional.

Think of your IP attorneys as the doctor ordering you to work out for your own health, as the trainer who will set up a program for you to follow, and as a workout buddy who will be right alongside you working out. They are the experts, able to guide you in the right direction—maybe even identify potential opportunities with a fresh set of eyes. Partner with them and include them early and often in the business process. You will reap the rewards of their know-how.

In the end, just doing something is better than doing nothing. Even doing one small part of any of these steps will put you in a better position today compared to yesterday. Sure, it's possible you may find you're not in as good of shape as you thought—but isn't it better to find that out early on and have time to do something about it?

This is a resolution you want to keep. Patience, persistence, and diligence—three small words that have the potential to whip your IP assets into shape. And who knows, once you get into the routine, it may even be fun!



**Thomas E. Popek** concentrates his practice in counseling clients on protecting their intellectual property interests in patents, copyrights, and trademarks. He has extensive experience in electrical, software, and communication systems engineering.

# Many Patents Are Now Subject to a New Ground for Attack

David L. Principe

The practice of filing continuation applications has been used by patent attorneys as a part of filing strategies on behalf of their clients for many years. A continuation application is a patent application that contains the same written description as an earlier-filed patent application by the same inventor, but it usually contains different claims and it is treated for examination purposes as though it were filed on the same date as the original application.

A recent decision by the Federal Circuit has cast a shadow over many continuation practices. In *Symbol Technologies, Inc. v. Lemelson*, 277 F.3d 1361 (Fed. Cir. 2002), a three-judge panel of the Federal Circuit held that the equitable doctrine of laches may be applied to bar enforcement of patent claims even though the applicant complied with pertinent statutes and rules if there was an “unreasonable” and “unexplained” delay in prosecution. The case involved patents covering machine vision and automatic identification technology and claimed benefit of the filing date of two applications filed in 1954 and 1956. A rehearing *en banc* was denied, and a writ of certiorari to the United States Supreme Court was also denied. Accordingly, prosecution laches as an equitable defense to patent infringement will be used to attack many patents issuing from continuation applications and will undoubtedly increase the costs of litigation and provide additional uncertainty for those litigants.

## CONTINUATION STRATEGIES

Continuation applications are filed for many reasons. For example, continuation applications are sometimes used when the patent owner obtains an allowance of narrow claims and decides to allow a first patent to issue quickly and to pursue broader claims in a subsequently filed continuation application. Another continuation strategy is the “submarine patent,” in which a number of continuation patent applications are filed in succession in a daisy-chain fashion. Each successive continuation application is filed before the preceding application becomes abandoned. In this manner, the continuation applications can be kept alive for many years and in some instances for decades until a patent finally issues and pops to the surface to become a nuisance for unsuspecting competitors.

Another strategy employed by some patent applicants is to repeatedly file the same set of claims in successive continuations in order to stall prosecution. This strategy involves the following steps:

- 1) a continuation application is filed;
- 2) a first office action is received from the Patent Office;
- 3) a second continuation with the same set of claims is filed (including a petition for a three-month extension of time); and the process is repeated until the applicant decides to begin prosecution in earnest. If the applicant is willing to spend the money, this type of pattern can be continued for years for the sole purpose of keeping an application pending in order to respond to developments in the marketplace.

## DON'T GET “DESIGNED AROUND”

In some instances continuation practice is used as an insurance policy to guard

against a competitor designing a product that provides the benefits of the invention without falling under the specific language of the claims of the patent (a.k.a. "designing around"). For example, if the original patent claims turn out to be too narrow or the competitor designs around the patent, the patent owner can present broader claims through continuation practice in order to better protect the invention. In fact, the patent attorney can have the competitor's product right in front of him or her while writing patent claims for examination by the Patent Office.

Prior to the most recent change in the patent term, a continuation patent was entitled to a full 17-year term from its date of issue. This term provided a great incentive for submarine patents and, in the opinion of many, provided too much of an advantage. In the mid-1990s, the patent term was changed to 20 years from the filing date of the earliest patent application, thus fixing the expiration of all the continuation patents to that of the original patent. This change allowed the submarine strategy to continue but reduced its impact significantly. Now a typical submarine patent strategy may only result in five to 10 years of patent term as opposed to 17 years.

Patent owners will undoubtedly continue to use continuations as part of a comprehensive patent strategy. However, the decision in *Symbol* will have to be considered carefully when planning continuation strategies in the future.



**David L. Principe's** practice involves a wide range of intellectual property issues. He regularly counsels clients on how to develop a portfolio of intellectual property and how to best avoid infringement of another company's intellectual property rights.

## Recent Developments in Patent Claim Construction

John M. Del Vecchio

When an inventor files a patent application for an invention with the United States Patent and Trademark Office and is granted a patent, the patent provides the inventor with the right to exclude others from making, using, or selling the claimed invention. The claims of a patent, which are the paragraphs found at the end of the patent, set forth in words the scope of the patent owner's right to exclude. If the patent is then litigated, the claims of the patent will be construed to determine what the claim terms mean. The Federal Circuit is currently deciding *Phillips v. AWH Corporation*, 363 F.3d 1207 (Fed. Cir. 2004), *vacated*, 376 F.3d 1382 (Fed. Cir. 2004), *en banc*, and it is poised to address the issues of what role dictionaries and treatises should play in the claim construction process.

### MARKMAN SUIT OFF TRACK

At first blush it would seem that the issue of patent claim construction was settled by the well-known *Markman v. Westview Instruments, Inc.*, 53 F.3d 967 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996) case. In *Markman* the patentee owned a patent for an inventory control system that monitored the progress of articles of clothing as they moved through a dry cleaning plant. In the system, data pertaining to the customer, the articles of clothing, and the cleaning to be carried out was entered into a data processor, and tags with bar codes were printed and attached to the articles of clothing. Optical detectors were used to track the bar codes on the tags so that inventory could be tracked during the

cleaning process. The patent claimed "a data processor including . . . means to maintain an inventory total." Competitor Westview had two devices, one called DATAMARK and another called DATASCAN. Customer data, data on articles to be cleaned, and data on charges for the cleaning was entered into the DATAMARK device, and the DATAMARK device printed a bar-coded ticket. The DATASCAN device was portable and could be used to read the bar-coded tickets attached to the clothing at any location in the dry cleaning store, but could not track articles of clothing. Markman sued Westview for patent infringement and lost.

### RELY ON THE EVIDENCE

The Federal Circuit in *Markman* discussed the two-step test for assessing patent infringement. The first step of infringement analysis is to construe the allegedly infringed patent claim. The second step is to compare the properly construed claim to the accused product. If the comparison reveals that each element or limitation in the claim is found in the accused product, then the claim is said to "read on" the accused product and the accused product infringes. The first step requires a court to determine what a patent claim term actually means. A court construing a patent claim term can use intrinsic and extrinsic evidence. Intrinsic evidence includes the description in the patent, the patent claims, and the prosecution history of the patent if the history is in evidence. The intrinsic evidence is fixed at the time the patent is granted. Under *Markman*, extrinsic evidence includes all evidence external to the patent including dictionaries, treatises, and expert testimony. A court can use its discretion when considering extrinsic evidence to understanding the patent, and should not use extrinsic evidence to contradict or vary claim terms.

In *Markman*, Claim 1 called for a system that included, among other things, "a means to maintain an inventory total," and the issue was whether Westview's device infringed the claim. The lower court construed the term "inventory" to mean "articles of clothing," and under the lower court's construction the claims required the system to be able to track "articles of clothing." Since it was undisputed that the device of Westview was incapable of tracking "articles of clothing," the lower court granted a judgment of non-infringement. *Markman* appealed and the Federal Circuit, relying primarily on intrinsic evidence, also construed the claim term "inventory" to mean "articles of clothing." The Federal Circuit affirmed the lower court's judgment of non-infringement.

*Markman* is also a very important case in patent law because it also held that in patent infringement cases tried to a jury, the court has "the power and obligation to construe as a matter of law the meaning of language used in the patent claim."

## LOOK IT UP

More recently, cases have significantly expanded the use of dictionaries when performing a claim construction analysis. For example, in *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), the Federal Circuit indicated that claim terms should be given their ordinary meaning, unless there is a compelling reason why they should not be given their ordinary meaning. The Federal Circuit noted that when a patent issues, dictionaries and treatises publicly available at that time are objective and reliable resources of information as to the ordinary meaning of a claim term. The Federal Circuit also noted that dictionaries do not fit in the category of extrinsic evidence, and that dictionaries may be consulted by judges at any time during litigation whether or not offered into evidence by a party. Significantly, the Federal Circuit in the *Texas Digital Systems, Inc.* decision warns that going to the patent

and prosecution history as a first step in construing a claim could result in bringing additional limitations into the claim. This case illustrates how some courts construe a claim by first resorting to a dictionary, before considering the patent description and prosecution history of the patent.

If dictionary definitions are to be the starting point for purposes of claim construction, however, issues quickly arise as to which dictionary should be used, whether technical dictionaries should be used, and what should be done in the event there are a plurality of different dictionary definitions. The Federal Circuit will hopefully address these issues when it decides the *Phillips* case. In this case, Phillips owned a patent that claimed building modules consisting of vandalism-resistant modular wall panels. Phillips entered into an agreement with AWH Corporation. After the agreement ended, AWH Corporation continued marketing and selling the modules. Phillips sued for patent infringement. The modules at issue were constructed of inner and outer panels having inwardly directed baffles. The modules were fire and impact resistant, provided for acoustic insulation, and could support axial loading. Claim 1 recited, in part, "means disposed inside the shell for increasing the load-bearing capacity comprising internal steel baffles extending inwardly from the steel shell walls." The district court construed the claim term "baffles" and concluded that the "baffles" had two properties. One property was that they extend inwardly from the shell walls at oblique or acute angles, and the other property was that they form an intermediate, interlocking barrier in the interior of the wall module. Phillips conceded it could not prove infringement under this definition, and the district court granted AWH's motion for summary judgment of non-infringement.

Phillips appealed, and the Federal Circuit referenced Webster's dictionary and noted that the term "baffle" is entitled to its ordinary meaning, and affirmed the district's

court judgment in favor of AWH. Phillips filed a petition for a rehearing *en banc*, and the Federal Circuit granted the petition and vacated the earlier decision.

The Federal Circuit then requested that bar associations, trade and industry associations, government entities, and other interested parties file briefs directed to several important questions. These questions include the following:

1. Should technical and general purpose dictionaries be used in claim construction or should the claim terms be interpreted in view of the specification, and if both sources are to be used, in what order should they be considered?
2. What use should be made of general as opposed to technical dictionaries, and what should be done in instances where there are multiple dictionary definitions of the same term?
3. If the primary source for claim construction is the specification, what use should be made of dictionary definitions of claim terms?
4. What role should the prosecution history of the patent and expert testimony play in determining the meaning of the disputed claim terms?

Thus, it appears that the decision of the Federal Circuit in this case will have a significant impact on current claim construction practice. We will keep you apprised of developments as this case progresses.



**John M. Del Vecchio** concentrates his practice in all aspects of intellectual property law including patent, trademark, and copyright law. In addition to the mechanical and electromechanical arts, Mr. Del Vecchio's patent practice has expanded to include business method patents.

# Copyright Registration for Web Sites

John D. Lopinski

In recent years, Internet sites have diversified into Web pages devoted to everything from keeping family members or classmates in touch with each other to the major commercial conduits every large corporation maintains. Obtaining protection for the fruits of the frequently considerable creative energy that goes into designing and maintaining an Internet site has become of considerable interest to those who do not want their efforts manipulated or stolen by others. This type of protection is available and falls squarely within the realm of copyright law.

While the U.S. Copyright Office has been somewhat slow in adopting precise criteria for gaining copyright protection in Web sites, such protection is available by obtaining a "copyright registration" for the site. Copyright registration for a Web site can be obtained by filing a form with the Copyright Office, paying a fee, and depositing representative portions of the work being registered, but one must be aware of what the registration will protect.

## WHAT CAN BE COPYRIGHTED?

In general, a copyright protects original works of authorship "fixed in tangible form of expression." For works transmitted online, the copyrightable authorship may consist of text, artwork, music, audiovisual works, and the like. However, copyright in no case protects ideas, procedures, systems, or short words or phrases. For online works (other than computer programs and databases), the copyright registration extends only to the copyrightable content of the work as received in the Copyright

Office and identified as the subject of the claim. "Copyrightable content" means original works of authorship, and does not include certain things, such as facts or materials that are in the public domain. However, protection may be available for *compilations* of facts or public domain materials. For example, one may obtain copyright in a compilation of facts in the form of a database. (See [www.copyright.gov](http://www.copyright.gov) under "Copyright Basics" for more information regarding compilations, databases, and links to most other copyright-related topics).

## GETTING IT RIGHT

As noted above, copyright in online works only extends to the copyrightable content *as received by the Copyright Office and identified as the subject of the claim*. This means care should be taken to fill out the registration form carefully and be sure to include an appropriate deposit copy. The application for registration should exclude materials that have been previously registered or are in the public domain. Registration forms are available online at [www.copyright.gov](http://www.copyright.gov) under the "Forms" tab. In general, the form corresponding to the predominant type of content on the Web site should be chosen. For example, a site with mostly artwork should be registered using Form VA, while a site with mostly text should be registered using Form TX. When identifying the subject of the claim (usually in space 2 of the form), a brief statement describing the original authorship being registered should be given using terms that clearly refer to the copyrightable portion of the work. "Text," "music," "artwork," and "photographs" are suitable descriptions. However, ambiguous statements that refer to elements that may not be protected by copyright should not be used here, such as "layout" or "design."

Along with the form, a deposit (a sample) of the work must be sent to the Copyright Office. There are essentially two options for choosing the form of deposit to submit. One option is a computer disk that

includes the entire work. This can be the .html or other files but must include the entire content. Also, representative portions of the Web site that a copyright examiner can see without a computer (such as a printout) also must be included, generally consisting of five pages. The other deposit option is a reproduction (hard copy) of the entire work, regardless of length. In this case, no computer disk is required.

Generally, the fee for registration is \$30, which can be money well spent, as copyright registration is a pre-requisite to taking copyright infringers to court and for recovery of statutory damages, which range from nominal awards to \$150,000. Once a registration is in hand, the owner has standing to sue those who may be unlawfully reproducing copyrighted portions of the website. This is often of considerable importance when the infringer is a competitor of the copyrighted site's owner, so get those Web site registrations completed early!



**John D. Lopinski** specializes in biotechnology patents and copyright law, including counseling clients on infringement matters, development of corporate copyright policy, and protection of Internet sites and software.

# Hodgson Russ's Intellectual Property & Technology Practice Group

Intellectual property is not only a strategic asset, it is the currency of business. The attorneys in the Intellectual Property & Technology Group at Hodgson Russ understand its importance and devote their practice to the protection and enforcement of all forms of intellectual property rights under patent, trademark, copyright, unfair competition, and trade secret laws. Our attorneys appreciate the new frontiers in which our clients conduct business, including those in the biotech, electrical, computer, mechanical, chemical, and other technical areas. Hodgson Russ intellectual property attorneys have advanced degrees in engineering and the physical and biological sciences in addition to law degrees. This gives our attorneys an unusual degree of understanding of our clients' requirements and objectives.

Hodgson Russ's intellectual property practice is national and international in scope. Clients include Fortune 500 corporations, middle-market companies, and major research and educational institutions, as well as smaller businesses and individuals. The Firm works directly with the United States Patent and Trademark Office and with a network of patent and trademark attorneys in all major countries of the world.

## CO-PRACTICE GROUP LEADERS:

### **Martin G. Linihan**

716.848.1367

[mlinihan@hodgsonruss.com](mailto:mlinihan@hodgsonruss.com)

### **Gary M. Schober**

716.848.1289

[gschober@hodgsonruss.com](mailto:gschober@hodgsonruss.com)

Edwin T. Bean

[ebean@hodgsonruss.com](mailto:ebean@hodgsonruss.com)

Christine A. Bonaguide

[cbonagui@hodgsonruss.com](mailto:cbonagui@hodgsonruss.com)

John M. Del Vecchio

[jdelvecc@hodgsonruss.com](mailto:jdelvecc@hodgsonruss.com)

John M. Flannery

[jflanner@hodgsonruss.com](mailto:jflanner@hodgsonruss.com)

Ranjana Kadle, Ph.D.

[rkadle@hodgsonruss.com](mailto:rkadle@hodgsonruss.com)

John D. Lopinski, Ph.D.

[jlopinsk@hodgsonruss.com](mailto:jlopinsk@hodgsonruss.com)

Thomas E. Popek

[tpopek@hodgsonruss.com](mailto:tpopek@hodgsonruss.com)

David L. Principe

[dprincip@hodgsonruss.com](mailto:dprincip@hodgsonruss.com)

R. Kent Roberts

[kroberts@hodgsonruss.com](mailto:kroberts@hodgsonruss.com)

George L. Snyder

[gsnyder@hodgsonruss.com](mailto:gsnyder@hodgsonruss.com)

Kenneth D. Suzan

[ksuzan@hodgsonruss.com](mailto:ksuzan@hodgsonruss.com)

### **Intellectual Property Litigation:**

Robert J. Lane, Jr.

[rlane@hodgsonruss.com](mailto:rlane@hodgsonruss.com)

Daniel C. Oliverio

[doliveri@hodgsonruss.com](mailto:doliveri@hodgsonruss.com)

Paul I. Perlman

[pperlman@hodgsonruss.com](mailto:pperlman@hodgsonruss.com)

### **Chemical Technology Specialist:**

Robert S. Pippenger

[rpippeng@hodgsonruss.com](mailto:rpippeng@hodgsonruss.com)

### **Patent Agent:**

Rachel S. Watt

[rwatt@hodgsonruss.com](mailto:rwatt@hodgsonruss.com)



[www.hodgsonruss.com](http://www.hodgsonruss.com)

677 Broadway, Suite 301  
Albany, New York 12207  
tel.518.465.2333

1801 N. Military Trail  
Suite 200  
Boca Raton, Florida 33431  
tel.561.394.0500

One M&T Plaza  
Suite 2000  
Buffalo, New York 14203  
tel.716.856.4000

Carnegie Hall Tower  
152 West 57th St., 35th Floor  
New York, NY 10019  
tel.212.751.4300

55 East Main Street  
Suite 100  
Johnstown, New York 12095  
tel.518.736.2900

150 King Street West  
Suite 2309, P.O. Box 30  
Toronto, ON M5H 1J9  
tel.416.595.5100



[www.hodgsonruss.com](http://www.hodgsonruss.com)

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If you are not already, and would like to receive *IP Developments* via e-mail, please fax this form or e-mail the information below to Chris Wrisley (fax.716.849.0349, [cwrisley@hodgsonruss.com](mailto:cwrisley@hodgsonruss.com)).

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

E-mail \_\_\_\_\_