State Bar of Georgia

Intellectual Property Law Section

DOUGLAS M. ISENBERG, CHAIR SPRING 2006 ALISON DANACEAU AND HUNTER YANCEY, EDITORS

Note From the Chair

by Douglas M. Isenberg
The GigaLaw Firm

As an intellectual property attorney in Georgia, you've surely noticed that there's no shortage of professional opportunities available to you, many of them offered, of course, by this section. Our inboxes and mailboxes seem to receive an endless flood of notices about various CLE programs and other events.

As chair of the IP Law Section, I'm proud that we offer so many services to our members. But I also recognize that other entities are providing programs too. Many of these offerings are welcome by our members and often complement, rather than compete with, the section's own offerings.

Still, in recent years the IP Law Section has not publicized events offered by others, partly because we wanted to use our limited resources on our own activities; partly because we did not want to contribute to our members' already overflowing inboxes and mailboxes; and partly because we did not want to subjectively pick and choose which programs we should publicize, lest we be seen as partial.

At long last, I think we've reached a simple solution that adequately balances all of these concerns while serving our members well. Earlier this year the section's leadership adopted a "Publicity Policy" which has resulted in a new, single monthly calendar distributed via e-mail to all 900+ members of the IP Law Section.

The calendar lists all upcoming events offered by the section as well as all "Qualifying Non-IP Section Events," which are defined by the policy as follows: "an event that the chair of the Intellectual Property Law Section deems, in his or her sole discretion, to be of broad interest to members of the Intellectual Property Law Section and whose primary purpose is related to the topic of intellectual property law that is either (1) sponsored by a non-profit or governmental entity, or (2) eligible for Georgia CLE credit." (A copy of the policy is published on page 3.)

This new monthly calendar is, I believe, the first single source of information about intellectual property law offerings in the state. Hopefully, it will be welcome by our section members as a simple, useful tool for planning CLE and other educational and professional opportunities.

If you have any comments about the calendar, whether good or bad, please contact me either by e-mail at disenberg@GigaLawFirm.com, or by phone, 404-256-0610.

Thanks to Philip Burrus, Brad Groff and Cliff Stanford for help in drafting the Publicity Policy and to Alison Danaceau and Hunter Yancey for ensuring the monthly calendar is created and distributed.

In another effort to provide our members with more useful information, we have created our first "podcast" of a section event! Our March 7 program on trademark surveys was recorded and is available for download as an audio file directly from the IP Law Section's pages of the State Bar's website. (www.gabar.org.)

If there is sufficient interest, we will record more programs in the future and similarly make them available via the Internet. Hopefully, this will be a great resource for those who cannot attend our programs in-person. Thanks to Philip Burrus for making the podcast happen.

Finally, I hope you will make plans to join us on May 11 at the Four Seasons Hotel in Midtown for the IP Law Section's spring social event. (See details on page 6.) For the first time, we will be present an "Outstanding Leadership Award," this year to Miles Alexander of Kilpatrick Stockton, LLP, whose achievements in the intellectual property community are well known and widespread and will be celebrated and recognized by the Section. Thanks to Wab Kadaba, Tina McKeon and Shane Nichols for organizing this special event.

eBay v. MercExchange: *Continental Paper Bag* Take Two?

By Joel Charlton and Jeff Waters

When should a court issue an injunction in a patent infringement case? This is the issue before the U.S. Supreme Court in the much-watched *eBay v. MercExchange*[1] case. The Court heard oral arguments in this case at the end of March and is expected to provide a ruling sometime before June later this year.

At issue in the *eBay* case is: 1) whether the Federal Circuit's apparent adoption of an "automatic" rule requiring the issuance of a permanent injunction upon a final adjudication that a valid patent has been infringed is appropriate; and 2) whether the Court should reconsider its decision in the nearly-century-old *Continental Paper Bag*[2] case.

eBay argues that the Federal Circuit's near "automatic" injunction rule contravenes the express language of 35 U.S.C. § 283. The statute provides that courts "may grant injunctions in accordance with the principles of equity." These equitable principles are spelled out in a four-factor test that includes: irreparable harm, inadequacy of legal remedies, balancing of the hardships of the parties, and whether the public interest would be adversely affected.

eBay further contends that Congress decided not to limit a district court's discretion concerning equitable remedies by expressly using the word "may" rather than "shall" in § 283. Accordingly, since the statute says "may", eBay contends that the district court was free to exercise its discretion in determining that a permanent injunction was not warranted at the conclusion of trial in the case.

On the other hand, MercExchange argues that the Federal Circuit applied the correct standard in reviewing the district court's decision and that eBay mischaracterizes the general rule of the Federal Circuit as being "automatic." Indeed, MercExchange contends the general rule applied by the Federal Circuit is consistent with historical practice and precedent. More particularly, MercExchange relies on the basic "bargain-for-exchange" basis of patents, that is, a statutory right to exclude in exchange for public disclosure of an invention. MercExchange also argues that since at least the 19th Century the injunction rule has generally been that absent special circumstances, a permanent injunction will issue when a patent is found valid and infringed.

As for the standard of review applied by the Federal Circuit in reviewing the district court's decision to deny a permanent injunction in *eBay*, the Federal Circuit likely applied the correct standard, but failed to clearly state the standard in the present case. Many patent practitioners attribute this failure to enumerate the standard to the fact that the Federal Circuit, after deciding thousands of injunction cases, did not see the need to yet once again repeat a rule that has been in place for over a 100 years. A remand to the Federal Circuit will probably benefit MercExchange so the Federal Circuit can apply the historic rule that a permanent injunction will issue if a patent is found valid and infringed.

The larger issue before the Court, however, regarding its own precedent in *Continental Paper Bag*, is also the more divisive issue before the Court and the patent community. The Court held in *Continental Paper Bag* that a patentee whose patent is found valid and infringed is entitled to a permanent injunction even if the patentee does not practice the patented invention.

eBay contends that the Court does not need to overrule *Continental Paper Bag* to reverse the Federal Circuit, but that if *Continental Paper Bag* precludes the District Court from exercising its equitable discretion then it should be overruled. eBay argues that the relevant economic contexts have changed dramatically since *Continental Paper Bag*.

Further, eBay submits that a patent of small value in and of itself, when incorporated into a complex manufacturing process can allow a patent holder to shut down an entire process at huge costs to both companies and consumers. eBay also raises concerns about the disparate bargaining position that non-practicing entities (NPEs) enjoy during licensing negotiations because they do not manufacture any goods or provide any services that may subject them to a counter-suit of patent infringement.

In contrast, MercExchange submits that *Continental Paper Bag*, the settled law of the land for almost 100 years, provides equitable relief even when the patentee does not use the invention directly or license it to others. In the time since the Court decided *Continental Paper Bag*, Congress repeatedly decided against narrowing or overruling *Continental Paper Bag* by introducing a use requirement. In short, MercExchange submits that it is the province of Congress and not the Court to impose any restrictions on non-practicing entities.

If history is a guide to the outcome of this issue, then the well-settled rule delineated in *Continental Paper Bag* is here to stay until such time that Congress decides to narrow or overturn it, which Congress has been reluctant to do.

Mr. Joel Charlton is an associate with Cantor Colburn LLP in Atlanta, and his practice focuses on the chemical engineering arts. Joel earned his Chemical Engineering degree from the University of Massachusetts Amherst and his Juris Doctor degree at Franklin Pierce Law Center.

Mr. Jeff Waters is an associate with Cantor Colburn LLP in Atlanta his practice focuses on the electrical arts. Jeff earned his Electrical Engineering and Industrial and System Engineering degrees from Georgia Tech, and his Juris Doctor degree at Franklin Pierce Law Center.

Endnotes

1. Supreme Court Docket No. 05-130 (available at http://www.supremecourtus.gov/docket/05-130.htm).
2. Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U.S. 405 (1908), holding that a patentee whose patent is infringed is entitled to a permanent injunction even if the patentee does not use the invention.

The U.S. Court of Appeals for the Federal Circuit has recently started making podcasts of its oral hearings online at: http://www.cafc.uscourts.gov/oralarguments/

IP Section Publicity Policy

(a) A "Qualifying Non-IP Section Event" shall mean an event that the chair of the Intellectual Property Law Section deems, in his or her sole discretion, to be of broad interest to members of the Intellectual Property Law Section and whose primary purpose is related to the topic of intellectual property law that is either (1) sponsored by a non-profit or governmental entity, or (2) eligible for Georgia CLE credit.

(b) The IP Section shall distribute on a monthly basis to all section members an e-mail containing information about all upcoming IP Section events and all upcoming Qualifying Non-IP Section Events (the "Monthly Event Listing").

(c) To be considered for inclusion in the Monthly Event Listing, an organizer of a Qualifying Non-IP Section Event must submit in writing (including via e-mail) to the chair or co-chairs of the communications committee of the IP Section the following information:

(1) title of event,

(2) up to a 50-word description of the event,

(3) date(s) of the event,

(4) location of the event,

(5) if applicable, number of hours of Georgia CLE credit for which the event qualifies,

(6) a website address and/or phone number for further information about the event,

(7) month(s) in which the event should be included in the Monthly Event Listing, and

(8) billing information for the entity organizing the event.

(d) If approved for inclusion in the Monthly Event Listing, the IP Section will bill the organizing entity $25 per month for each month in which the notice is to be included, provided, however, that the chair of the Intellectual Property Law Section may waive this fee at his or her sole discretion.

Patent Committee Report: Opinions, Ethics, and Playing Defense *(P.S. Podcasters Wanted!)*

By Philip H. Burrus IV
Patent Committee Chair

It has been a busy quarter for the patent committee. On the heels of the IP Institute in San Juan in November, and a wonderful presentation by former IP Section Chair Jeff Young of Alston & Bird LLP on the "Rise and Fall of the Technological Arts Rejection" in early December, the Patent Committee held three events this quarter with topics ranging from defensive matters, to ethics, to opinion drafting best practices. Each event strived to help "fill the practitioner's toolbox" with advice and expertise on issues affecting everyday practice.

In January, the Patent Committee and Litigation Committee co-hosted a luncheon on defensive matters titled "Offers to License and Notice Letters in Intellectual Property Matters" at Jones Day in Midtown. (See the accompanying Litigation Committee Report for details.) With panelists from three public and private companies, the discussion centered around the receipt of cease and desist letters, along with offers to license, and the affirmative steps one must take in light of the legal principals set forth in patent case law, including Knorr-Bremse and Underwater Devices. Each attorney on the panel gave very practical advice on handling such matters. The case law in this area is constantly evolving. For a follow-up to this discussion, if you haven't, read *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354; 2006 U.S. App. LEXIS 3553 (2006).

In February, in response to requests for more in-town CLE, the Patent Committee held an ethics and professionalism event in conjunction with ICLE. Powell Goldstein LLP was kind enough to host the event at their Midtown offices, with partner Jason Bernstein serving as moderator. The lunch meeting offered two hours of CLE, with one hour of ethics and one hour of professionalism.

Panelists David Hricik, Professor of Intellectual Property and Ethics at the Mercer University Law School, and Brian Redding, Vice President and Loss Prevention Counsel for the Attorney's Liability Assurance Society (ALAS), provided a welcome and overview. Brian led the discussion with some of the facts surrounding malpractice cases currently being defended by ALAS. The top three reasons for malpractice suits in patent and intellectual property matters, according to Brian, are failure to timely file, failure to properly screen conflicts, and suits stemming from written opinions.

In the failure to file category, Brian cited failing to timely file foreign applications claiming priority from domestic applications, failing to timely file domestic applications prior to a statutory bar dates, and failing to timely file maintenance payments as the most prevalent complaints against practitioners. Amidst the fear and occasional groan that these stories invoked, Brian injected some levity by telling of a patent attorney on the east coast who, upon realizing that an application had become lost in the mailroom, attempted to fax the application to Hawaii where it was not yet midnight, in an attempt to obtain a timely postmark. To paraphrase Homer Simpson, "It was only funny because it wasn't about me."

David followed with a discussion of his top ethical issues relating to intellectual property. These included: The inventor problem – who is the client?; Inventorship – what happens when the attorney adds patentable subject matter to a client's application?; Fee sharing between attorneys; Accepting licensing royalties as payment for legal services; Conflicts in opinion drafting; Negligent claim drafting; and Conflicts in litigation. David, a very charismatic speaker, even kindly offered to share his articles and research with those in the audience.

A roundtable then followed between moderator Jason Bernstein, David Hricik, Brian Redding, and Bill Atkinson of Alston & Bird LLP. The topics ranged from conflicts of interest to engagement letters to discontinuing maintenance fee payment practice to eliminate conflicts. A lively question and answer session made for an informative and enjoyable discussion.

In March, a luncheon titled "Best Practices in Opinion Drafting" was held at the State Bar. Illustrating that sometimes topics beget topics, at the defensive matters luncheon mentioned above, one in-house attorney referred to patent opinions as "…insurance policies underwritten by law firms." With the potential economic exposure and uncomfortable hours of depositions that can be associated with drafting opinions, a star panel of experts offered sage advice to the more than 50 attendees. Moderated by Chris Arena of

Woodcock Washburn, the panel included Griff Griffin of Sutherland, Asbill, and Brennan; Bruce Bower of Finnegan, Henderson, Farabow, Garrett, and Dunner; Scott Petty of King and Spalding; and Brad Groff of Gardner Groff Santos and Greenwald.

The discussion began with a look at the structure of the invalidity or non-infringement opinion. Griff talked about authorship considerations, content, objectivity, form, structure, and timing. Bruce then provided a detailed discussion – with examples – of boilerplate language used in various types of opinions. Bruce covered disclaimers, defining the scope of analysis, protecting the attorney client privilege, and limiting the liability of the author. He noted that there is a delicate balance between disclaimers and reasonable reliance. Too many disclaimers, while good for the attorney, may yield an opinion that a client cannot reasonably rely upon.

Scott then discussed legal conflicts in opinion work. While most in the audience indicated that they conducted conflicts checks on the client seeking the opinion, not as many conducted them on the patent holder at issue. He also asked the audience whether the ethical duties were the same where the client seeking the opinion is desirous of a non-infringement opinion, as compared to an invalidity opinion. If the patent holder is also a client of the firm drafting the opinion, is there a conflict in one instance and not the other? Citing current commentators of the art, Scott provided insightful advice in resolving such questions.

Brad then followed with a discussion of the need to get opinions in light of recent case law. After giving a brief history of the case law, Brad gave specific examples of reliance and timeliness as they affect willfulness in infringement cases. Chris then posed a series of hypotheticals to both the panel and audience on related issues. Feedback after the event confirmed that the discussion was both very informative and useful in everyday practice.

Not to abruptly change the subject, but did someone mention podcasts? The Trademark Committee recently held a luncheon on the use of surveys in trademark proceedings. It has long been a goal of the section to find alternate ways of delivering content to section members. For example, not every member can make it downtown for lunch in the middle of the day. Similarly, while the vast majority of section members reside in the metropolitan Atlanta area, some do not. To address this, the Trademark Committee luncheon was recorded and converted into podcast format. The podcast to the IP Section web page on the State Bar's site at gabar.org.

Should section members find this a viable format, more will follow. Along those lines, if you are interested in providing podcast content, be it a 15 minute tutorial on the new electronic filing process in the USPTO or a 30 minute discussion of Golden Blount, please let me know. I will be happy to record and rip. Also, any feedback regarding podcasts as a format is welcome. Please send an e-mail message to pburrus@burrusiplaw.com.

Licensing Committee Update

By Steve Wigmore
Licensing Committee Chair

Steve Wigmore moderated an Intellectual Property Licensing lunch seminar held at the State Bar on March 22, 2006. The seminar featured local intellectual property licensing experts, including Michael Pavento of King Spalding LLP; Peter Quittmeyer of Sutherland, Asbill, and Brennan LLP; and Robert Currie of Georgia Pacific. The seminar was designed for first and second year lawyers and was well received. The seminar provided one hour of CLE credit to its participants.

Steve is the current chair of the Licensing Committee for the Intellectual Property Section of the State Bar of Georgia. If you have any questions about the committee or if you have an interest in joining, feel free to contact Steve at (404)572-2884.

Peter Quittmeyer and Michael Pavento

Litigation Committee Update

By Tina Williams McKeon
Litigation Committee Chair

On Jan. 26, the Litigation Committee co-hosted with the Patent Committee a luncheon seminar entitled "Offers to License and Notice Letters in IP Matters." The panelists in the seminar were Marcus Delgado of Cox Communications, Allen W. Nelson of Crawford & Company, Geoff Sutcliffe of Bellsouth Intellectual Property Management Corporation, and Samuel J. Najim of Jones Day. Jones Day was kind enough to host this informative and enjoyable event.

The panel discussed the value and timing of seeking opinions of counsel regarding both non-infringement and invalidity when our client receives a notice letter. There was a discussion about preliminary measures and about managing the expectations of clients regarding these opinions. In-house counsel among the panel suggested that the recipient of a notice letter should consider determining the identity and credentials of the intellectual property owner, determining whether they or their competitors already have a license, evaluating indemnification and insurance issues, and narrowing the claims or accused products by discussions with the intellectual property owner prior to seeking an opinion of outside counsel. They also advised that any indemnifiers and insurance carriers should be promptly notified of the notice letter, and advice of accountants should be sought early in the process so that funds can be properly set aside in accordance with financial accounting standards and requirements. The panel advised that opinion letters are useful defenses to allegations of willfulness but they also form the basis for good business decisions. Accordingly, we should walk clients through our opinions and we should advise them whether it is a sound business decision to license or to purchase the intellectual property asset. Finally, the panel discussed the value and pitfalls of reexamination of patents and of joint defense or common interest agreements, cautioning us that joint defense or common interest agreements can become problematic when the parties to the agreement have different interests. For example, antitrust and collateral estoppel issues can arise and should be properly controlled.

In the upcoming months, the Litigation Committee will revisit, in a seminar format, the local patent rules and will provide a panel discussion of the *eBay* case (*eBay v. MercExchange*) once the Supreme Court renders it opinion regarding automatic permanent injunctions in patent cases. If you are interested in being added to the committee e-mail list, please contact the Litigation Committee Chair Tina McKeon via e-mail at tmckeon@fr.com.

The Intellectual Property Law Section of the State Bar of Georgia

cordially invites you to the

2006 Spring Reception

featuring the presentation of the IP Law Section's Outstanding Leadership Award to

Miles J. Alexander, Esq.

May 11
6:30 p.m. - 9:30 p.m.
Four Seasons Hotel
75 14th Street, Atlanta

R.S.V.P. to johanna@gabar.org
After May 4: $30 for section members; $40 for non-members
Send check payable to State Bar of Georgia to 104 Marietta St., Suite 100, Atlanta, GA, 30303

Cocktails and heavy hors d'oeuvres will be served. Business Attire.

Intellectual Property Law Section Executive Committee

Back row: Todd McClelland, Brad Groff, Griff Griffin, Doug Isenberg, Wab Kadaba and Alex Fonoroff.

Front row: Alison Danaceau, Steve Wigmore, Philip Burrus and Shane Nichols

Not pictured: Andrew Crain, Tina McKeon, Cliff Stanford and Hunter Yancy

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