
Intellectual Property Law Bulletin

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European Trademark Registration To Become Easier

On April 1, 1996, a new avenue for obtaining trademark protection in Europe will become available through the European Community Trademark ("CTM") process. Registration under the CTM system promises to be an efficient means of obtaining widespread trademark protection in Europe.

The CTM will provide a unitary system of trademark protection throughout the 15 member states of the European Union ("EU"). This will provide at least the following benefits:

- Companies will now be able to obtain trademark protection throughout the EU by filing a single application rather than by having to file individual applications in each of the member countries.
- The often conflicting results of trademark application examinations in Europe under the present system will be eliminated by having a single examination of an application that will apply throughout the EU.
- CTM applications will be subject to single opposition and appeal procedures instead of the present, different national procedures.
- A single CTM registration will be far easier and less expensive to maintain, renew, and assign than multiple national registrations under the present system.
- Use of a registered CTM trademark in any of the EU countries will protect that registration from cancellation on the grounds of nonuse.

Beginning on January 1, 1996 (to be effective April 1, 1996), the new European CTM office in Alicante, Spain will begin accepting applications for CTM registration. The application and examination process is straightforward, with registration being available for most types of

trademarks (with certain exceptions, such as retail service marks) that can be registered in the United States. No intention to use the mark need be alleged. CTM registrations will issue after periods for examination, searches, and opposition. The initial registration term will be ten years, and renewals will be available.

CTM registrations will provide a broad scope of trademark protection. Enforcement of the trademark will not require proof of actual confusion caused by an alleged infringer, and, in some cases, not even likelihood of confusion, but only likelihood of association of the infringer's products with the registrant's.

Finally, CTM trademark registrations may be used to supplant existing national registrations with no loss of seniority if the two registrations have identical trademarks and owners, and if the scope of the goods covered in the CTM registration is within the scope of the goods covered by the national registration.

Obviously, anyone who is contemplating filing for trademark registration in Europe (or even those who already have existing European registrations) may want to consider the new CTM system.

Employers Beware of How You Obtain Assignments Of Inventions From Your Employees

Employers routinely ask or require that their employees assign inventions the employees make to the employer. A recent decision by the Massachusetts Appeals Court, *Thomas v. Webster Spring Co.*, shows that there can be significant pitfalls to employers, at least those in Massachusetts, if this is not done properly.

The facts of the *Thomas* case were not unusual. An employee invented a device as part of his employment, using company time and materials. As had happened before, he was asked to assign his invention to his employer, being told that it would be in his best interests to do so

and that the company was going to try to market the device. The employee complied, assigning his invention using a standard preprinted assignment form which provided that he was assigning his rights "for good and valuable consideration." There was nothing in this form or any conversation between the employee and his employer about what, if any, particular compensation the employee would receive for his invention or what, if anything, the employer would do with the invention. The employee privately thought that he would be compensated in the future if the invention proved itself in the marketplace, but he did not share these thoughts with his employer. The employer later patented the device but did not sell it.

Five years later, however, the courts determined that the above, quite ordinary circumstances created an obligation on the employer's part to use reasonable efforts to market the device and share any profits earned with the employee. The courts further determined that when the company did not do this, the employee was entitled to take back his invention (and the patent on it) from the employer.

This case illustrates the need for companies to clearly establish with their employees who owns the inventions the employees make and what, if any, reward the employees will receive for assigning those inventions to their employers. A written company policy, agreed to by the employee at the outset of employment, which provided both that the employee must assign all inventions he or she makes within the scope of his or her employment to his or her employer and that the employee will receive no compensation in addition to his or her salary and continued employment for the assignment, may have prevented this lawsuit. Similarly, companies should be careful what statements they make to employees who assign their inventions, lest they be found, as in the Thomas case, to have obligated themselves to exploit the invention and share the profits with the employees.

Protection of Old and New Forms of Electronic Addresses

Many companies have or shortly will have a site on the "world-wide web", from which millions of people (including customers, potential customers, competitors, and members of the media)

can access whatever information about the company and its products and services the company wishes to make available. That site can be accessed easily if its address, or "domain name" (such as "haledorr.com" in Hale and Dorr's e-mail address) is known. As the domain name can be almost any combination of characters, companies have the opportunity to use their company name, a short slogan, or a trademark for their domain name, making it easily recognized and accessed. Thus, in some ways, a domain name can operate like the more familiar "vanity" 800 (toll-free) telephone numbers, such as 800-FLOWERS, which have proven extremely valuable. With the 800 prefix for toll-free numbers scheduled to be supplemented with an 888 prefix in the spring of 1996, companies need to be aware of the opportunities (and pitfalls) that surround the selection of these two forms of electronic addresses, and of the legal protection available for those addresses.

The New Electronic Addresses: Domain Names

As more and more companies set up or consider setting up internet domain names and world-wide web home pages, they need to consider how to protect their ability to use their company name, a valuable trademark, or some other distinctive name in their internet address and how to maximize the protection of their internet address.

Internet domain names are assigned by Network Solutions, Inc. on a modified first-come, first-served basis, by which domain names generally are assigned to the first company that requests that name. However, a company with a registered trademark or service mark may challenge (through an arbitration proceeding) a company that obtains a domain name identical to the registered mark. Thus, a company seeking to obtain a particular domain name should consider acting promptly both to obtain a trademark or service mark registration for the domain name and to be assigned the domain name by Network Solutions. This may prevent a competitor or other opportunist from obtaining what would be the obvious domain name for a company.

In seeking to obtain a trademark or service mark registration for a domain name, however,

companies should be aware that the U.S. Trademark Office generally will not register a domain name just because it is used (or will be used) as a domain name, but only if the domain name is used (or will be used) as a trademark or a service mark. Thus, a domain name must be used to identify a company's products or services in order to obtain a registration.

The Old Electronic Addresses: Toll-Free Telephone Numbers

800-prefix telephone numbers have been around for almost 30 years, and the roughly 8 million telephone numbers using the 800 prefix are almost all in use. As a result, the FCC has determined to supplement the 800 toll-free prefix with an 888 prefix. When the 888 telephone numbers are all taken, additional toll-free prefixes are planned using 877, then 866, and so on.

The upcoming possibility of a renewed availability of thousands of 7-letter words for vanity toll-free telephone numbers raises similar issues to the domain name problem and is a major topic as the FCC considers rules for the distribution of 888 telephone numbers. While companies with familiar or clever 800 telephone numbers obviously want the same 888 counterpart, the widespread distribution of the same 888 telephone numbers to the companies owning the 800 counterparts would defeat the purpose of doubling the number of toll-free telephone numbers.

Although the rules have not yet been set, it is likely that companies that have a trademark registration for the alphabetic spelling of an 800 telephone number will be in the strongest position to claim an entitlement to the 888 counterpart. On the other hand, companies that were unable to get a particular vanity 800 telephone number because another company coincidentally had the number first, if that number does not spell out a special word for the other company (and especially if it is used by employees, rather than by customers), are far less likely to be foreclosed by the owner of the 800 telephone number and should be prepared to request the desired 888 telephone number as soon as possible.

Of course, companies must also consider the practical issues, such as the likelihood that

some customers will mistakenly use the more familiar 800 prefix when attempting to reach the owner of an 888 telephone number, and therefore will reach the owner of the 800 telephone number. Also, some studies indicate that consumers so far have a strong bias for the familiar 800 prefix for toll-free telephone numbers over the new 888 toll-free telephone numbers. However, the new 888 prefix obviously demands the attention of any company with a vanity or otherwise well-known 800 telephone number, and presents an opportunity for those companies ready for its introduction.

Durden Overruled: Biotechnological Processes Now Patentable

A biotechnological process that starts with a novel and unobvious composition or ends by producing a novel and unobvious composition is now patentable.

President Clinton recently signed into law the "Biotechnological Patent Protection Act of 1995." This bill overrules the judicial decision, *In re Durden*, 763 F.2d 1406 (Fed. Cir. 1985). In general, Durden held that a process which made a patentable composition or which used a patentable starting material could not itself be patented if it was the same as or similar to other processes. Rejections of process patent claims under the Durden rationale were the bane of biotechnology patent prosecution.

The non patentability of these process claims created a legal loophole which disadvantaged the biotechnology industry. Many biotechnology products are essentially innovative "factories" that produce a variety of molecules. These biotechnology factories are patentable, but, under Durden, the process of using the factory to produce products was not patentable. To circumvent the patent, companies could ship the patented biotechnology products overseas to produce other, unpatented products, which could then be imported into the United States. This activity did not infringe any patent. The use of the patented product overseas was not an infringement. The importation into the United States of the unpatented product made by a non patented process was also not an infringement. However, under United States patent laws, it is an infringement to import unpatented products made by a patented process. Consequently,

the biotechnology industry lobbied Congress for several years for legislation to overrule Durden to allow biotechnological processes to be patented.

The new legislation provides protection for biotechnology processes that either begin with a patentable starting material or end with a patentable product. Acting as its own lexicographer, Congress coined the term "biotechnological process" to describe this patentable process.

- Under this statute, a "biotechnological process" means:
- (A) A process of genetically altering or otherwise inducing a single- or multi-celled organism to:
 - Express an exogenous nucleotide sequence,
 - Inhibit, eliminate, augment, or alter expression of an endogenous nucleotide sequence, or
 - Express a specific physiological characteristic not naturally associated with said organism;
- (B) Cell fusion procedures yielding a cell line that expresses a specific protein, such as a monoclonal antibody; and
- (C) A method of using a product produced by a process defined by (A) or (B), or a combination of (A) and (B).

This legislation is believed to be the first patent statute that is specifically targeted to one industry.

A biotechnological process patent claim will not have a status equal to a patented composition claim. To be patentable, the biotechnological process claim must be part of the same patent application as the patentable composition claim. Alternatively, if the biotechnological process claim is in another patent, it must expire on the same date as the composition claim patent expires.

Also, the validity and enforceability of a biotechnological process claim may rise or fall with the validity of the composition claim. If a patented composition claim is determined to be invalid, then the biotechnological process may also be invalid. The statute does, however, provide an opportunity for the patent owner to prove that the biotechnological process claim is

patentable by itself, without relying on the patentability of the composition claim.

The good news for the biotechnology industry is that the statute is retroactive. The bill applies to any application for patent pending on the date of enactment as well as to any application for patent filed on or after the date of enactment. The statute will also be applicable to patents currently pending in reissue and to patents for which reissues are filed after the date of enactment.

We would strongly suggest that patent applicants review their pending biotechnology patent applications to determine if biotechnological process claims should be submitted to increase the patent protection for that technology. In addition, issued patents may benefit from the filing of a reissue application requesting the addition of biotechnological process claims.

The "Doctrine of Equivalents" In Patent Infringement: You May Infringe A Patent Even If You Are Not Doing Exactly What The Patent Requires

Introduction

For many years, the "doctrine of equivalents" in patent law has concerned companies that develop products or processes in fields where others already hold patents. Generally, under the doctrine of equivalents, even if you are not doing exactly what is described in another's patent, you may nonetheless infringe the patent if you make, use, or sell "equivalent" products or processes.

"Equivalence" has been defined as "performing substantially the same function in substantially the same way to achieve substantially the same result" as the invention claimed in the patent. Because of the uncertainty about what a court or jury might find to be "equivalent" in a particular situation, many companies -- even those who had investigated existing patents in the field and designed their products or processes to be different -- were fearful that after spending millions of dollars for development they might be sued for "equivalent" patent infringement. On the other hand, companies who developed pioneering technology (and

patented it) viewed the doctrine of equivalents favorably as a protection against other companies who would essentially "knock off" their inventions while making slight, unimportant changes to technically avoid infringement.

In the early 1990's, the United States Court of Appeals for the Federal Circuit issued a number of decisions that appeared to limit the scope and applicability of the doctrine of equivalents. Among other things, these decisions suggested that the doctrine of equivalents may not apply in every case where patent infringement is alleged; that the doctrine may apply only where there is deliberate copying of the patented invention or unscrupulous conduct by the alleged infringer; that the doctrine may not apply where the alleged infringer independently developed its products and made a substantial investment in developing those products; and that whether there was infringement under the doctrine of equivalents should be decided by a judge, not a jury.

Now, in a long-awaited, controlling decision, the Federal Circuit has stated that the doctrine of equivalents is not limited by the factors suggested in its earlier decisions. This decision, *Hilton Davis Chemical Co. v. Warner-Jenkinson Co., Inc.*, shows that the doctrine of equivalents remains a powerful weapon for patent holders, while possibly providing new standards for determining whether there is infringement under the doctrine.

Facts on which the Hilton Davis decision was based

Hilton Davis sued Warner-Jenkinson for infringement of a patent that covered a process of filtering food and drug dyes. Among other things, Hilton Davis' patent required that the filtration take place "at a pH from approximately 6.0 to 9.0." The inventors of Hilton Davis' patent had added this requirement to the patent to make the patented process different from an earlier process operating at a pH above 9.0.

Warner-Jenkinson developed its filtration process independently and without knowing about Hilton Davis' patent. Warner-Jenkinson's process was the same as the Hilton Davis process in many ways, but the filtration took place at a pH of 5. Thus, Warner-Jenkinson's process did

not meet all the literal requirements of Hilton Davis' patent.

Nonetheless, a jury found that Warner- Jenkinson infringed the patent under the doctrine of equivalents, and the Federal Circuit upheld the verdict.

The test used by the court

In Hilton Davis, the Federal Circuit stated that a product or process will infringe a patent, even if it is not literally covered by the patent, if the differences between it and the patented product or process are "insubstantial." The factors that may bear on the "objective" determination of what is "insubstantial" may vary from case to case. Often, if a product or process performs substantially the same function in substantially the same way to achieve substantially the same result as the patented invention, the differences between them will be insubstantial and there will be infringement under the doctrine of equivalents. In other cases, however, more may be required for there to be infringement. Deciding what other factors are relevant is up to the courts.

One such factor is whether persons skilled in the field know that an element required by the patent and the different element used in the product or process accused of infringement are interchangeable. In Hilton Davis' case, its patented process, although requiring a pH of 6.0 - 9.0, would also work at a pH of 5.0 such as used by Warner-Jenkinson.

Another factor is whether the accused infringer copied the patented product or process. Copying suggests that the differences between the patented product or process and that accused of infringement are insubstantial.

Another factor is whether the accused infringer "designed around" the patent; i.e., knew about the patent and deliberately designed its product or process to try to avoid infringement. Designing around a patent suggests that there are substantial differences between the patented product or process and that accused of infringement. In Warner-Jenkinson's case, it did not know about Hilton Davis' patent and thus could not have attempted to design around it.

What is not required

Equally as important to the Federal Circuit's restatement of the doctrine of equivalents in *Hilton Davis* was its discussion of what is not required for there to be patent infringement under the doctrine.

First, bad faith or intent, unscrupulous conduct, or deliberate copying is not required for the doctrine to apply. In *Warner-Jenkinson's* case, it did not even know about *Hilton Davis's* patent and did not copy *Hilton Davis's* process.

Second, you can infringe a patent under the doctrine of equivalents even if you independently developed your product or process (as did *Warner-Jenkinson*). Proof of independent development may show only that you did not copy.

Third, the doctrine of equivalents can apply in any case where patent infringement is alleged, not merely in exceptional or unusual cases.

Finally, whether there is infringement under the doctrine of equivalents is for the jury (if a party has requested a jury) to decide at trial.

Disagreement on the court

Several of the judges, in the minority, of the Federal Circuit disagreed with the result and/or reasoning of the majority of the court in *Hilton Davis*. Some of these judges believe that "the doctrine of equivalents is a virtually uncontrolled and unreviewable license to juries to find infringement if they so choose." Some believe that the doctrine should be applied only in exceptional cases by judges, not juries, to prevent piracy or a fraud on a patent. Some believe the doctrine unfairly favors patent holders by allowing them to stop the activities of others even if those activities are outside the scope of their patents. Others objected to the uncertainty that the doctrine places on companies developing technology in knowing whether or not they

will infringe another's patent. Two judges did not believe that Warner-Jenkinson infringed at all, because its process did not meet the stated requirements of Hilton Davis' patent.

Nonetheless, it is the statements of the majority of the court outlined above, not the views of the minority, that will control in the future.

Conclusion

All companies should recognize that the "doctrine of equivalents" in patent law remains very much in force or effect. You may infringe another's patent, even if you are not doing what the patent describes, if your product or process is only "insubstantially" different from the patented product or process. This can happen in any case regardless of whether you knew about the patent, independently developed your own product or process, or acted in complete good faith.

The Hilton Davis decision places added importance on knowing about the patents of others in your field before you begin your development work. If you know about another's patent, and deliberately design your products or processes to attempt to avoid infringement, you will be less likely to infringe under the doctrine of equivalents.

At the same time, uncertainty surrounding when there will be infringement under the doctrine of equivalents remains. What will be deemed an "insubstantial" difference from a patented product or process may not always be clear. What activity will be regarded as "copying" (and thus indicating equivalence) or else as "designing around" (and thus indicating a lack of equivalence) may also not be clear. And if you are accused of infringement under the doctrine, a jury -- not a judge -- may be the one who ultimately decides the issue. In situations where you are unsure, working closely with your patent counsel before your development work may help minimize the risk of being sued.

Indirect Copyright Protection for Collections of Data

As the United States Supreme Court made clear in *Feist Publications, Inc. v. Rural Telephone Service Co.*, mere collections of data (such as telephone white page listings, schedules, or groupings of statistics) generally will receive little or no copyright protection, although it may have taken great effort and expense to collect that data. Thus, the possibility that a competitor will simply copy, use, and sell that data is of great concern when the data is provided on a floppy disk, a CD-ROM, or some other electronic form, so that even large quantities of information can be replicated at minimal cost. While some states have laws that prohibit the theft of data, these provisions may not be available or enforceable in many cases.

However, if the information is provided in a database that is accessed through a computer program licensed to consumers, the powerful weapons provided by the copyright laws (including preliminary and permanent injunctions) may be available to prevent the misappropriation of the data.

The computer program, of course, receives copyright protection. Under the copyright laws, the unauthorized loading of a computer program from the disk on which it is supplied into the memory of a computer, in order to run the program, infringes the copyright owner's copyright. As a result, if someone is authorized to use a computer program only for specific purposes (such as accessing and copying the information in a database only for internal or personal uses), the use of the program for other purposes (such as making a copy of the information available to others) may violate the owner's copyright.

In order for the owner to limit the uses of the program, the consumer must receive only a license to use the program rather than be considered to have purchased a copy of the program. For mass-market computer programs, this requires the use of a "shrink-wrap" type license, which is not always enforced by the courts.

To increase the likelihood that the license will be enforced, the packaging for and use of the product should make clear that the consumer is obtaining just a license, and the program

should provide a mechanism that forces the consumer consciously to accept the license before using the product. Also, the license restrictions should be reasonable and consistent with what a consumer could reasonably expect when obtaining the product. In the case of a collection of data, a consumer might reasonably expect that he or she is not supposed to use the program to make the information available to others.

Thus, this type of product provides a relatively promising scenario for employing and enforcing a shrink-wrap type of license.

This remains a relatively untested approach, requiring a carefully-drafted shrink-wrap type of license and providing protection for the data only indirectly through the use of a protected program. It is far from foolproof, but does increase the ability to protect valuable collections of data.

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