

September – October 2012 Intellectual Property Roundtable

*Is copyright infringement a necessary step for
patent prosecution?*

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Is Copyright Infringement a Necessary Step for Patent Prosecution?

Earlier this year, two academic publishers sued four patent law firms in the midwest and Texas for copyright infringement arising out of the firms' submission of non-patent literature (NPL) to the Patent Office in connection with the prosecution of various patents. The initial complaints not only claimed that submissions of copies of the articles to the PTO infringed the publishers' copyrights, but also that the almost-certain internal duplication of the articles by the patent firms constituted infringement. Although the PTO-submission component of the lawsuits has gotten the most press, it's the internal copying aspect that raises some of the thorniest copyright and fair use questions, not to mention the much broader implications for all lawyers who copy copyrighted material in the course of their practice. Indeed, in at least two of the lawsuits, the publishers have now dropped their claims regarding the PTO submissions and are focusing exclusively on the internal copying issues.

A. The lawsuits

Although the plaintiffs are generally the same in all of the lawsuits and are represented by the same firm, the defendants do not appear to have employed lock-step responses and each of the cases has a different procedural posture.

1. *John Wiley & Sons, Ltd. v. McDonnell Boehnen Hulbert & Bergdorf*, No. 12-cv-1446 (N. D. Ill)

Wiley sued the McDonnell firm in February of this year. The firm answered the complaint and this summer the PTO was granted leave to intervene. Since then, Wiley has amended its complaint to drop the claims involving the PTO submissions and is focused only on the internal copying.

2. *American Institute of Physics v. Schwegman, Lundberg & Woessner*, No.12-cv-00528 (D. Minn.)

Schwegman filed a motion to dismiss largely on procedural grounds after plaintiffs sued in February. In July, the court denied the motion to dismiss. The PTO also was granted leave to intervene in this case; however, to date, plaintiffs have not amended their complaint and the claims involving the PTO submissions remain in the case.

3. *John Wiley & Sons, Inc. v. Hovey Williams LLP*, No. 12-cv-04041 (D. Kan.)

The case appears to have settled shortly after it was filed.

4. *American Institute of Physics v. Winstead PC* No. 12-cv-01230 (N.D. Tex.)

The defendant filed a motion to dismiss in this case raising a number of arguments, including the claim that because lawyers are ethically required to maintain copies in their files, any such copying constitutes fair use. (Attachment 1) To date, the court has not

ruled on the motion. The PTO also was granted leave to intervene and plaintiffs were given leave to amend their complaints to drop infringement claims arising out of PTO submissions.

B. The PTO position

Given the current posture of at least two of the current suits, the issue of PTO submissions may not be litigated in this round of cases. Nevertheless, at least one such claim has survived a motion to dismiss, suggesting we could see similar issues down the road. In January of this year, the PTO's General Counsel issued an opinion on the submission of NPL. (Attachment 2) The PTO pointed out that it does not make copies of copyrighted NPL available on Public PAIR, but acknowledged that it will provide copies of cited prior art to applicants and does include copies in the file wrapper. The PTO concluded that such a use was fair. It also concluded that the applicant's disclosure of NPL in Information Disclosure Statements also was a fair use.

C. The broader issues

These lawsuits raise the broader issues of the potential scope of copyright infringement claims against all law firms—patent and otherwise—who duplicate copyrighted material in the course of their practices. Most copyright lawyers would recognize that purchasing a single subscription to a publication, copying it multiple times and distributing it throughout the firm would raise serious copyright infringement issues. (*See, e.g., American Geophysical v. Texaco, Inc.*, 60 F.3d 913 (2nd Cir. 1994) (copyright infringement for scientists to copy individual copies of articles for archival purposes).) The issues get stickier, however, when copies are made in the context of legal practice. Suppose, for instance, a tax lawyer relies on an article in issuing an opinion, copies the article and retains it in a file. Copyright infringement? Suppose that same lawyer emails a copy of the article (as opposed to a link) to 10 of his or her partners, warning them of the adverse consequences discussed in the article.

The even more likely scenario arises in litigation. Copyrighted materials are routinely produced in discovery. Key documents are copied and provided to all members of the litigation team on a regular basis. Are any or all of these copies a fair use? Does fair use provide a blanket protection or must each case be evaluated individually?

Currently, the Copyright Clearance Center offers a license to law firms. The license, however, does not cover every publication that could be exchanged in the course of practicing law. If, in fact, internal copying constitutes infringement, what can a law firm do to protect itself from infringement suits not covered by the CCC license? Moreover, since copyright subsists as soon as expression is fixed in a tangible medium, can third parties object to the exchange in discovery of their letters and emails? What about copying of insurance policies and other forms?

D. The law

In outlining the legal issues here, I have not provided an extensive analysis and application (which would involve multiple pages), but rather have highlighted issues for discussion.

1. Basis for infringement

The cases involve the rights of reproduction (17 U.S.C. § 106(1)) and, to a lesser extent, the distribution right (17 U.S.C. § 106(3)).¹

2. Defenses

a) Fair use

Fair use, 17 U.S.C. § 107, is one of the most likely defenses to be raised in these cases. The section provides in relevant part:

...[T]he fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The Supreme Court has specifically rejected a mechanistic factor-by-factor approach to fair use:

The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis. . . . The text employs the terms "including" and "such as" in the preamble paragraph to indicate the "illustrative and not limitative" function of

¹¹ In the Texas case, as part of its motion to dismiss, the defendant argues that the distribution right is inapplicable in this case because “distribution” as it is used in the 1976 Act requires a “public” distribution. Brief at 19-20. Defendant is right, but it does not resolve the more central issue of violating the reproduction right.

the examples given . . . which thus provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses. Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.

Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577-78 (1994). (citations omitted) (footnotes omitted) *See also, Ty, Inc. v. Publications Int'l, Ltd.*, 292 F.3d 512, 522 (7th Cir. 2002) (four factors “a checklist of things to be considered rather than a formula for decision.”) As Judge Posner explained in *Ty*, the focus of a fair use analysis is whether the copying is “complementary” versus “substitutional” (eschewing the terms “transformative” and “superseding” copies). *Id.* at 518.

A handful of cases have applied fair use to copies used in legal actions that may be helpful in a discussion of fair use here:

-- *Jartech v. Clancy*, 666 F.2d 403 (9th Cir. 1982). There, a city council and its law firm took pictures of adult films being shown in local theaters in connection with drafting a public nuisance statute. The adult film’s producers sued for copyright infringement. The court upheld a jury’s finding of fair use.

--*Bond v. Blum*, 317 F.3d 385 (4th Cir. 2003). An author, Bond, wrote an autobiographical manuscript describing in detail the murder of his father. When his wife’s ex-husband used the manuscript in a child custody hearing, Bond sued for copyright infringement. The Fourth Circuit upheld the district court’s finding of fair use. Of particular interest here, in evaluating the “nature of the copyright work,” the court found, “the use of the work is not related to its mode of expression but rather to its historical use of facts.” *Id.* at 396. In the cases at issue here, copies of articles submitted to the PTO or maintained in a lawyer’s files are not maintained because of their expressive content, but because of the particular facts disclosed in the articles. On the other hand, the *Bond* court found that the use of the manuscript as evidence “did not diminish the potential market or value of the copyright manuscript. *Id.* at 396. Here, CCC currently offers licenses to law firms for internal use. Does this impact on the market for the articles?

--*Healthcare Advocates, Inc. v. Harding, Earley, Follmer & Frailey*, 497 F.Supp.2d 627 (E.D. Pa. 2007). Healthcare had sued a Harding client for trade secret misappropriation and trademark infringement. In defending the case, Harding used the Wayback Machine to examine archived versions of Healthcare’s website. After Healthcare lost, it sued Harding for copyright infringement. The district court granted summary judgment to Harding on its fair use defense. Among the bases for the court’s

findings was its conclusion that the website material was largely informational, which the court said entitled it to greater fair use protection. *Id.* at 638. Relying on *Harper & Row Publishers, Inc. v. Nation Enter.*, 471 U.S. 539 (1985), the court pointed out that in considering the amount of the copyrighted work used, the analysis is qualitative rather than quantitative. 497 F. Supp.2d at 638. The court then found, “It was necessary for them to copy everything because they were using the screenshots to defend their clients against copyright and trademark infringement claims.” *Id.* In the current cases, presumably the only way to fully disclose prior art—largely information—is by disclosing the entire document. If disclosing the document to the PTO is a fair use, is keeping a copy of the disclosure also fair use? Is keeping 10 copies fair use?

Other fair use questions:

--Because fair use must be evaluated on a case-by-case basis, can a law firm—or anyone—employ a blanket policy?

--In the Texas case, the defendants have argued that a lawyer’s duty to maintain copies of a client file mandates copying the PTO disclosures. Does the number of copies kept in a file change this analysis? What about other references reviewed and rejected and never disclosed to the PTO?

b) Other defenses

--Government requirement. Where the government requires disclosure of copyrighted material, copying and disclosure is non-infringement. *See, Smithkline Beecham Consumer Healthcare, L.P. v. Watson Pharmaceuticals, Inc.* 211 F.3d 21, 27-28 (2d Cir. 2000). (Where Hatch-Waxman Act required generic drug companies to use labels identical to FDA-approved copyrighted label of name-brand companies, no copyright infringement.)

--Merger. Scientists take great care in disclosing their discoveries in publications. In such cases, do the idea and expression merge?

--Implied licenses?

ATTACHMENT 1

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

AMERICAN INSTITUTE OF PHYSICS, AND
BLACKWELL PUBLISHING, LTD.,

Plaintiffs,

v.

WINSTEAD PC AND JOHN DOES NOS. 1-10,

Defendants.

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No. 3:12-cv-01230-M

MOTION TO DISMISS AND SUPPORTING BRIEF

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MOTION TO DISMISS AND SUPPORTING BRIEF

TO THE HONORABLE UNITED STATES DISTRICT COURT:

Defendants WINSTEAD PC and John Does Nos. 1-10 (collectively “Winstead”) respectfully move to dismiss the complaint for failure to state a claim – as a matter of law – and alternatively, for failure to plead purported copyright infringement beyond deficient conclusory assertions in the same generic complaint filed against multiple law firms across the country.

SUMMARY

Lawyers have a protected fair-use right and legal duty to submit to the United States Patent and Trademark Office (“PTO”) copyrighted material – such as scientific journals called “non-patent literature” (“NPL”) – that may be “material to patentability” in connection with prosecuting patent applications before the PTO. Thus, Winstead’s alleged copying and submission of two copyrighted NPL articles to the PTO pursuant to legal requirements cannot be copyright infringement – as a matter of law. No court has held otherwise and the PTO has issued a memorandum confirming that such submissions are fair use.

Winstead also cannot be liable – as a matter of law – for allegedly keeping client-file copies of any copyrighted NPL articles submitted to the PTO – which lawyers have a protected fair use right and legal duty to their clients and the PTO to do.

Further, neither submitting NPL to the PTO or allegedly keeping copies of any articles in client files is actionable – as a matter of law – because only a *public* distribution falls within the exclusive rights of a copyright owner under the Copyright Act. 17 U.S.C. § 106(3). As a matter of law, providing NPL to the PTO or keeping a copy in a lawyer’s client file is not an actionable distribution, so Winstead cannot be liable for infringement.

Additionally, although a matter of first impression, the *Noerr-Pennington* doctrine protects lawyers’ right to petition the government by submitting NPL in connection with filing

and prosecuting a patent application. Thus – as a matter of law – submitting NPL to the PTO is not actionable.

Beyond, these legal defects that require the Complaint to be dismissed, its contents do not meet even minimal pleading standards and demonstrate that Plaintiffs cannot prevail under any plausible set of facts. In conceding that the sparse and conclusory allegations are based on nothing more than “information and belief” and require discovery as a fishing expedition to find a claim (Complaint ¶ 15), Plaintiffs have failed to plead sufficient facts beyond formulaic labels and conclusions that require dismissal. Even a cursory glance at the approved form of copyright infringement complaint – Form 19 attached to the Federal Rules of Civil Procedure – shows that this Complaint does not meet minimal requirements and must be dismissed.

Moreover, it is troubling that one of the plaintiffs – Blackwell Publishing, Ltd. (“Blackwell”) – does not even own one of the copyrights in question.¹ And as to the other copyright allegedly owned by American Institute of Physics, Winstead could find only one patent application in which this article was submitted to the PTO. Even a quick review of the PTO’s website for this application shows that the NPL reference was submitted to the PTO in 2005 and the patent application was *transferred* in 2007 from Winstead to another law firm.² Thus, any copyright claim as to this second article is barred by the three-year statute of

¹ Although Blackwell represents that it owns the copyright for “Enhanced germicidal effects of pulsed UV-LED irradiation on biofilms,” the Copyright Office record attached as Exhibit 1 to the Appendix in Support of Motion to Dismiss (“APP.”) identifies John Wiley & Sons Ltd. as the copyright claimant. APP. Ex. 1. Winstead respectfully requests the Court to take judicial notice of APP. Ex. 1 under FED. R. EVID. 201. Thus, Blackwell apparently lacks standing and its purported claims should be dismissed.

² See APP. Ex. 2, U.S. Pat. No. 7,597,788 (issued Oct. 6, 2009); APP. Ex. 3, application 11/185,475 (filed July 20, 2005 and published April 19, 2007); APP. Ex. 4, Winstead power of attorney revoked (June 12, 2007). Winstead respectfully requests the Court to take judicial notice of APP. Ex. 2-4 under FED. R. EVID. 201.

limitations. 17 U.S.C. § 507(b).³

Because Plaintiff ultimately cannot meet its pleading standards in law or fact, the Complaint must be dismissed with prejudice and Winstead should recover its attorneys' fees and costs, as authorized by 17 U.S.C. § 505.

ARGUMENT

I. THE COMPLAINT IS SUBJECT TO IMMEDIATE DISMISSAL

A complaint is “subject to dismissal for failure to state a claim if the allegations, taken as true, show the plaintiff is not entitled to relief.” *Jones v. Bock*, 549 U.S. 199, 215 (2007). A court also may rely on “documents incorporated into the complaint by reference, and matters of which a court may take judicial notice” in deciding whether a complaint fails to state a claim upon which relief may be granted. *See Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 323 (2007). Courts routinely dispose of fair-use cases based on Rule 12 motions.⁴

Further, the Complaint includes unsupported and speculative allegations, thus failing to meet the *Iqbal* standard that “demands more than an unadorned, the-defendant-unlawfully harmed-me accusation.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007)). “Nor does a complaint suffice if it tenders ‘naked assertion[s]’ devoid of ‘further factual enhancement.’” *Iqbal* at 678 (quoting *Twombly*, 550 U.S. at 557). Thus, ““where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint . . . has not show[n],”” for Rule 8(a) purposes, ““that the

³ “No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.” 17 U.S.C. § 507(b).

⁴ *See Brownmark Films, LLC v. Comedy Partners*, 800 F. Supp. 2d 991, 997–1002 (E.D. Wis. 2011) (looking beyond the complaint to resolve the fair use question on a motion to dismiss); *see also Pieczenik v. Bayer Corp.*, No. 2011-1385, 2012 WL 1177925 (Fed. Cir. March 22, 2012) (non-precedential) (affirming motion to dismiss on fair use grounds); *Shell v. DeVries*, No. 07-1086, 2007 WL 4269047 (10th Cir. Dec. 6, 2007) (non-precedential) (affirming motion to dismiss on fair use grounds); *Righthaven LLC v. Realty One Group, Inc.*, No. 2:10-cv-01036, 2010 WL 4115413 (D. Nev. Oct. 19, 2010) (finding fair use on motion to dismiss).

pleader is entitled to relief,” and dismissal is warranted. *Stockwell v. Kanan*, 442 F. App’x 911, 913 (5th Cir. 2011) (quoting *Iqbal*, 556 U.S. at 679); FED. R. CIV. P. 8(a).

II. LAWYERS HAVE A PROTECTED FAIR-USE RIGHT AND LEGAL DUTY TO SUBMIT TO THE UNITED STATES PATENT AND TRADEMARK OFFICE COPYRIGHTED NON-PATENT LITERATURE THAT MAY BE “MATERIAL TO PATENTABILITY” IN CONNECTION WITH A PATENT APPLICATION

A. Lawyers Have A Legal Duty of Disclosure to the PTO

Under its constitutional directive,⁵ Congress created the PTO to examine patent applications. 35 U.S.C. § 1 & 2. The PTO imposes a duty of disclosure on those seeking patents for their inventions, under 37 C.F.R. § 1.56(a):

A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.

This duty of disclosure falls on a number of people, including inventors, patent attorneys, and others pursuing patent protection. *Id.* Under this duty, patent lawyers typically file “Information Disclosure Statements” (“IDSs”), providing the PTO with (among other things) copies of patents and articles that are relevant to the patent application. *See* 37 C.F.R. §§ 1.97 & 1.98(a)(2)(ii). Such mandatory disclosures often include copyrighted articles submitted as factual evidence of the content of the “prior art” relevant to the invention. Such prior art is important because it allows the PTO to determine whether the invention is entitled to a patent.

The PTO requires each individual involved in filing a patent application to submit all NPL that might be “material to patentability.” *See* 37 C.F.R. § 1.56(a). The failure to disclose

⁵ The Constitution authorizes Congress “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 8.

pertinent prior art in breach of the duty of candor may subject a prosecuting attorney to charges of inequitable conduct and cause the patent to be unenforceable.⁶ Prudent practice in the face of such severe consequences clearly required Winstead to copy and submit articles to the PTO.

Further, the PTO publishes the Manual of Patent Examining Procedure (“MPEP”) to provide patent examiners, patent attorneys, patent applicants, and others with a reference guide and rules of practice and procedures relevant to prosecuting patent applications and submitting prior art, including NPL. PTO, MANUAL OF PATENT EXAMINING PROCEDURE §§ 1.4 (8th ed. 2010). The MPEP includes an entire chapter devoted to the duty of disclosure. *Id.* § 2000. The MPEP also addresses the duty of disclosure elsewhere, such as when discussing Information Disclosure Statements provided to comply with the duty of disclosure. *Id.* § 609.

B. The PTO Agrees That Fair Use Applies When Lawyers Submit a Copyrighted Article As a Prior Art Reference Under the Duty of Disclosure

A January 19, 2012, memorandum from the PTO’s general counsel opines that lawyers’ copying and submitting NPL under the PTO’s disclosure requirements is protected by the fair use doctrine because: (1) applicants and their lawyers have a legal duty to submit such copyrighted NPL to the PTO; (2) although the applicant or law firm submitting the prior art might be a for-profit entity, the submission to the PTO is not a “commercial use” or “exploiting” the copyrighted work because it is made pursuant to a legal requirement based on its factual, rather than expressive, content; (3) the submission to the PTO should be considered “transformative” because it is used for a new and different purpose than for which it was created; for example, to demonstrate for purposes of patent prosecution or examination that certain

⁶ See, e.g., *Aventis Pharma, S.A. v. Hospira, Inc.*, 675 F.3d 1324, 1336 (Fed. Cir. 2012) (holding that a patentee’s failure to notify the PTO of a known reference that impacts patentability is inequitable conduct that renders a patent unenforceable); see generally *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011); see also 37 C.F.R. §§ 10.2(a) & (c)(10) (stating that the knowing violation of the duty to disclose constitutes “gross misconduct”).

features of applicants' claims already are in the prior art or are obvious; and (4) there is no basis for concluding that applicants' submission of NPL has any significant negative impact on the market for the material, including among various reasons, because it usually has limited commercial value and copies of NPL that law firms typically submit have been obtained through legitimate, licensed databases and thus already have been paid for once.⁷

C. Winstead's Submission to the PTO Constitutes Fair Use As a Matter of Law

The fair use doctrine provides that “the fair use of a copyrighted work . . . for purposes such as criticism, comment, [or] news reporting . . . is not an infringement of copyright.” 17 U.S.C. § 107. In analyzing fair use, courts consider four statutory factors: “(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.” *Id.* All of these factors should be explored “and the results weighed together, in light of the purposes of copyright.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994).

In determining whether fair use applies in this case, “context is king.” *Brownmark Films*, 800 F. Supp. 2d at 998 (dismissing copyright complaint on fair use grounds). Here, the copying and submission of a prior art reference to the PTO in connection with prosecuting a patent application constitutes fair use – as a matter of law.

⁷ *USPTO Position on Fair Use of Copies of NPL Made in Patent Examination*, Bernard J. Knight, Jr., General Counsel (Jan. 19, 2012) (“PTO Opinion”), APP. Ex. 5. The PTO Opinion took no position concerning copies in client files. Winstead respectfully requests the Court to take judicial notice of APP. Ex. 5 under FED. R. EVID. 201. Such definitive pronouncements by the PTO are entitled to deference and support a finding of fair use here. Further, the PTO Opinion notes that the PTO itself independently provides copies of copyrighted NPL to applicants and their lawyers in the course of patent prosecution and makes available to the public for a fee copies of copyrighted NPL included in the official file wrapper. PTO Opinion at 5-6. Simply put, anyone can obtain copies of the two articles in question directly from the PTO without infringing any copyright. No court has found such activities to be copyright infringement. This further confirms, as a matter of law, that the submission of NPL to the PTO constitutes fair use.

1. The Purpose and Character of Submitting Prior Art References to the PTO Supports Finding Fair Use

a. The Quasi-Judicial Nature of PTO Patent Proceedings Weighs Heavily in Favor of Fair Use

Although the PTO is not a judicial body, the “proceedings of the Patent Office . . . are so nearly akin to judicial proceedings [that they are] most appropriately designated as quasi-judicial.”⁸ The use of copyrighted articles as “*evidence*” of the prior art serves the same function as using copyrighted evidence in judicial proceedings – such materials serve a documentary and evidentiary function, and are used by attorneys to advocate their clients’ positions.

Importantly, the legislative history of the Copyright Act of 1976 shows that Congress considered the use of copyrighted materials in judicial proceedings to be fair use.⁹ The leading treatise on copyright law explains the application of fair use in the context of judicial proceedings as follows:

[R]eproduction of a work in connection with a judicial proceeding, even where the reproduction is of the work in its entirety, serves a qualitatively different function, and does not satisfy the reader demand for the original. . . . Works are customarily reproduced in various types of judicial proceedings . . . to say nothing of copyright infringement actions, and *it seems inconceivable that any court would hold such reproduction to constitute infringement either by the government or by the individual parties responsible for offering the work in evidence.*

⁸ *Overland Motor Co. v. Packard Motor Co.*, 274 U.S. 417, 421 (1927) (quoting *In re Barratt’s Appeal*, 14 App. D.C. 255, 1899 WL 16318, at *2 (1899); see also *Butterworth v. United States*, 112 U.S. 50, 67 (1884) (“That it was intended that the Commissioner of Patents, in issuing or withholding patents . . . should exercise quasi-judicial functions, is apparent from the nature of the examinations and decision he is required to make.”); *United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 363 (1888) (“The patent . . . is the result of a course of proceeding, quasi-judicial in its character.”). See *Markman v. Westview Instruments*, 52 F.3d 967, 986 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996) (“Patent applications, unlike contracts, are reviewed by patent examiners, quasi-judicial officials trained in the law.”).

⁹ See H.R. Rep. No. 94-1476, at 65 (1976) (“The [following] examples . . . while by no means exhaustive, give some idea of . . . [what] courts might regard as fair use under the circumstances: . . . reproduction of a work in legislative or judicial proceedings or reports. . . .”). see also Pamela Samuelson, *Unbundling Fair Uses*, 77 FORDHAM L. REV. 2537, 2592–2597 (2008).

4 NIMMER ON COPYRIGHT, § 13.05[D][2], 13-230.14 (citations omitted) (emphasis added). Courts dealing with the use of copyrighted works in the context of judicial proceedings have overwhelmingly found that the first factor favors fair use.¹⁰

For purposes of fair use, no reason exists to distinguish judicial proceedings from quasi-judicial PTO proceedings. Given the quasi-judicial nature of PTO proceedings, Winstead's copying and submitting NPL to the PTO should be considered fair use, just as it would be if a Winstead attorney had submitted a copy to this Court in defending a client in a pending action, or as the undersigned lead counsel has done here – filing copies of the articles under seal.

b. The Transformative Nature of Submitting NPL Weighs Heavily in Favor of Fair Use

An analysis of the first fair-use factor also involves determining “whether the new work merely ‘supersede[s] the objects’ of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is “transformative.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578–79. The PTO Opinion expressly found that submissions of NPL are “transformative,” finding that they “document, solely for purposes of patent examination/prosecution, that certain features of the applicants’ claims are already in the prior art, or are obvious in view of the prior art.” *Id.* at 3-6.

¹⁰ See *Bond v. Blum*, 317 F.3d 385, 395 (4th Cir. 2003) (finding fair use in a child custody lawsuit where use of a copyrighted manuscript for its evidentiary value (admissions of a party) was “indifferent to [the authors’] mode of expression”); *Jartech, Inc. v. Clancy*, 666 F.2d 403, 406–07 (9th Cir. 1982) (finding that using copyrighted material as evidence in judicial proceedings is fair use, so long as the users do not reproduce work for its “intrinsic purpose”); *Religious Tech. Ctr. v. Wollersheim*, 971 F.2d 364, 367 (9th Cir. 1992) (“[U]se of copyrighted documents for preparation of expert testimony in court case was fair use.”); *Berkla v. Corel Corp.*, 66 F. Supp. 2d 1129, 1133 n.3 (E.D. Cal. 1999) (finding court’s own use of the visual reproductions at issue, including attaching them as an appendix to the opinion, was fair use); *Healthcare Advocates, Inc. v. Harding, Earley, Follmer & Frailey*, 497 F. Supp. 2d 627, 634–42 (E.D. Pa. 2007) (finding fair use by the defendant law firm, which had reproduced copies of the plaintiff’s website for purpose of defending its client in litigation).

Courts have often found transformative use “where the defendant uses a copyrighted work in a different context to serve a different function than the original.” *Warner Bros. Ent. Inc. v. RDR Books*, 575 F. Supp. 2d 513, 541 (S.D.N.Y. 2008) (citing *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007)). For example, in *A.V. ex rel. Vanderhuy v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009), the Fourth Circuit found that a database of copyrighted documents that was created for the purpose of detecting plagiarism was transformative, even though the documents were copied in their entirety. The court reasoned that a work “can be transformative in function or purpose without adding to” or altering the original work. *See also Perfect 10*, 508 F.3d at 1167 (use of thumbnails for indexing webpages transformative); *Bill Graham Archives v. Dorling Kindersley Ltd.* 448 F.3d 605, 609–12 (2d Cir. 2006) (use of copies of Grateful Dead posters in a biographical work about the Grateful Dead was transformative).

Winstead’s submissions to the PTO were for a purpose entirely different than that for which the articles at issue were created. Winstead’s alleged use was solely to disclose the articles to the PTO, thereby educating the PTO about the content of the prior art. Once the content of the prior art is shown during patent prosecution, the patent attorney and the PTO patent examiner usually exchange comments and argument about the prior art and its effect, if any, in determining whether the applicant is entitled to the patent sought. The patent attorney often criticizes the prior art in arguing for the grant of the patent. Thus, the articles serve an evidentiary function in PTO proceedings and are used for “comment” and “criticism” – purposes quite different from that served by publishing the articles for academic purposes.

c. Submitting NPL Is Not a “Commercial Use” or “Exploitation” and Thus Is Fair Use

The PTO Opinion expressly found that although the applicant or law firm disclosing prior art might be a for-profit entity, the submission to the PTO is not a “commercial use” or “exploiting” the copyrighted work because such disclosure is made pursuant to a legal requirement based on its factual, rather than expressive, content. *Id.* at 6. The Court can take judicial notice of the factual nature of the two articles in question – each of which includes little, if any, expression.¹¹

Plaintiffs may assert that Winstead’s use of the journal articles is not fair use because it allegedly benefits Winstead commercially. But the commercial nature of a use is not decisive. *Triangle Publ’ns, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1175 (5th Cir. 1980). Moreover, in view of the quasi-judicial context and transformative use of the articles, factors like commercialism are less important in determining the first fair use factor. *See Acuff-Rose*, 510 U.S. at 579.

Lawyers submit articles to the PTO not to profit from such copying, but “because the applicant is required by law to submit the prior art to the [PTO].” PTO Opinion at 6. The PTO requires each individual involved in filing a patent application to submit all NPL that might be “material to patentability.” *See* 37 C.F.R. § 1.56(a).

¹¹ The articles, identified on Schedule A of Plaintiffs’ Original Complaint (“Complaint”), but not attached as required by Form 19 of the Federal Rules of Civil Procedure, allegedly include three pages from Kong *et al.*, “Chemical profiling of single nanotubes: Intramolecular p-n-p junctions and on-tube single-electron transistors,” APPLIED PHYSICS LETTERS, vol. 80, Number 1, pp. 73-75 (2002), Certificate of Copyright Registration TX-5-494-318, effective Jan. 7, 2002; and eight pages from J. Li, *et al.*, “Enhanced germicidal effects of pulsed UV-LED irradiation on biofilms,” JOURNAL OF APPLIED MICROBIOLOGY, vol. 109, Issue 6, pp. 2183-90 (2010), Certificate of Copyright Registration TX-7-279-489, effective Dec. 15, 2010. Copies of the two articles in question, filed under seal as APP. Ex. 6 and APP. Ex. 7, respectively, were obtained by the undersigned lead counsel for a fee from publicly-available sources. Winstead respectfully requests the Court to take judicial notice of APP. Ex. 6 and APP. 7 under FED. R. EVID. 201. The Court can take judicial notice that neither article is a fun read, has little or no creative or expressive content, and was submitted to the PTO under a legal duty for its evidentiary value and factual reporting, commentary, and criticism about the state of the relevant prior art which must be disclosed to the PTO under controlling laws and standards of conduct governing lawyers and others practicing before the PTO.

Thus, it is clear that there is fair use under the first factor because: (1) the use of copyrighted articles in a quasi-judicial PTO proceeding should be fair use to the same extent as in judicial proceedings and is thus fair; (2) the submission of the articles to the PTO is “transformative” and not “commercial use” or “exploitation;” and (3) the submissions to the PTO were made pursuant to Winstead’s legal duty to disclose all materials relevant to patentability.

2. The Factual and Evidentiary Nature of the Published Articles Also Supports Finding Fair Use

The second factor, “the nature of the copyrighted work,” also supports finding fair use here. Under this factor, factual works enjoy less protection than expressive works, and published works receive less protection than unpublished works. *Acuff-Rose*, 510 U.S. at 586. “For instance, works of pure creative expression such as songs or poems or novels come closer to the core of intended copyright protection than works containing primarily factual elements such as biographies, historical essays or almanacs.” *DSC Comm’ns Corp. v. DGI Techs., Inc.*, 898 F.Supp. 1183, 1190 (N.D. Tex. 1995). “The Copyright Act does not protect the factual or functional aspects of a copyrighted work and a work’s functional or factual aspects may be copied without offending the Copyright Act.” *Id.*

The two articles at issue are both scientific, non-fiction works submitted to the PTO for their factual, rather than expressive, content. Indeed, it was solely their factual content as prior art that made them relevant to the PTO’s proceedings. Further, the two articles are published works and do not raise the special concerns associated with unpublished works under the second factor. *See Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985) (“[T]he unpublished nature of a work is ‘[a] key, though not necessarily determinative, factor’ tending to

negate a defense of fair use.”) (quoting S. Rep. No. 94-473, at 64 (1975)). The second factor therefore supports finding fair use.

3. The Amount and Substantiality of Copying Is Neutral

The third fair-use factor, “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,” is neutral in this case. In *Acuff-Rose*, the Supreme Court recognized that the third factor “harken[s] back to the first of the statutory factors, for . . . the extent of permissible copying varies with the purpose and character of the use.” 510 U.S. 569, 586 (1994) (citing *Sony Corp. of Am. v. Universal Studios, Inc.*, 464 U.S. 417, 449–50 (1984)). Although fair use is more likely when only a portion of the work has been copied, “[i]n some instances, copying a work wholesale has been held to be fair use” *Maxtone-Graham v. Burtshaell*, 803 F.2d 1253, 1263 (2d Cir. 1986); see also *Sony*, 464 U.S. at 450 (copying of entire television programs for private time-shifting is fair use); *Field v. Google Inc.*, 412 F. Supp. 2d 1106, 1117–23 (D. Nev. 2006) (Google’s creation and maintenance of cached copy of fifty-one complete works is fair use).

As the PTO Opinion explains, the context of the use at issue supports a broad standard of permissible copying as fair use. Often, as in this case, the entire prior art articles are material to patentability. See PTO Opinion, APP. Ex. 5 at 4, (“[C]opying less than the entire work is often not an option for purposes of imparting the necessary information to patent applicants.”). Given the potentially severe penalties for failing to disclose any portion of these articles later deemed relevant in hindsight, prudent practice typically requires copying and submitting entire articles, not just excerpts. Indeed, the articles here are quite brief: one is three pages and the other eight pages. Given the legal duty to make such submissions, the quasi-judicial nature of PTO proceedings, and the potentially severe penalties for under-disclosure, Winstead’s alleged copying and submitting entire articles is neutral and does not affect the fair-use analysis.

4. Winstead's Alleged Actions Had No Effect on the Market Value for the Articles

The fourth factor, often considered to be the most decisive factor, considers the effect of the use on the market value of the copyrighted work. *Triangle Publ'ns, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1177 (5th Cir. 1980). As the PTO Opinion found, there is no basis for concluding that an applicant's submission of NPL has any significant impact on the potential market for that material. Most NPL submitted during patent prosecution typically is published years before the submission to the PTO, and, by the time the PTO considers the article, has "only limited commercial value." PTO Opinion, APP. Ex. 5 at 5. Moreover, the PTO prevents any systematic infringement of NPL; it cannot be downloaded from the PTO's website, although anyone can obtain a copy of the NPL for a fee as part of the PTO's complete file.

Finally, the copies of NPL that lawyers submit to the PTO typically have been obtained through licensed databases, and thus have already been paid for once. *See id.* at 6. Because Winstead's alleged use does not adversely affect the commercial value for the articles at issue, the fourth factor also supports finding fair use.

As shown above, three of the four factors weigh heavily in favor of finding fair use and the third factor does not impact the analysis. Thus, the Court should conclude that Winstead's alleged copying and submission of the two articles in connection with its duty of disclosure is fair use – as a matter of law.

D. Providing Non-Patent Literature to the PTO Is Not a "Public" "Distribution" Protected by Copyright Law, Regardless of the Fair-Use Analysis

Section 106(3) of the Copyright Act protects against only "public" distributions. 17 U.S.C. § 106(3). Section 106(3) provides that the copyright owner has the exclusive right "to *distribute copies . . . to the public* by sale or other transfer of ownership, or by rental, lease, or

lending” *Id.* (emphasis added). As the Second Circuit has noted, a transfer only to one or a few persons should not infringe the public distribution right, since finding infringement in such a case would divest the phrase “to the public” of all meaning. *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121, 139 (2d Cir. 2008) (citing 2 NIMMER ON COPYRIGHT, § 8.11[a], at 8-149 (2007)).

According to Nimmer, the right of public distribution is generally interchangeable with the older right of publication, 2 NIMMER ON COPYRIGHT, § 8.11[B][2][c], at 8-154 (2011), and the touchstone of publication is “the availability of a work to the general public.” *Id.* §–8.11[B][2][b], at 8-154 (citing William S. Strauss, Copyright Office, *Protection of Unpublished Works*, at 9019 (1957) (Study No. 29)). Similarly, in *Arista Records LLC v. Greubel*, the court agreed that “the right of distribution also has been identified as synonymous with the publication of a copyrighted work.” 453 F. Supp. 2d 961, 969 (N.D. Tex. 2006) (citing *Harper & Row Pubs., Inc. v. Nation Enters.*, 471 U.S. 539, 552 (1985)). Hence, a patent attorney does not **publicly distribute** a work – and thus does not infringe – when submitting a copy of a prior art reference to the PTO pursuant to the duty of disclosure.¹²

E. Submitting Non-Patent Literature to the PTO is Not Actionable Under the Noerr-Pennington Doctrine

Finally, although a matter of first impression, the *Noerr-Pennington* doctrine protects lawyers’ right to petition the government by submitting NPL in connection with filing and prosecuting a patent application. Petitioning includes “efforts to obtain judicial and quasi-judicial actions.” *Acoustic Sys., Inc. v. Wenger Corp.*, 207 F.3d 287, 294 (5th Cir. 2000) (citation omitted). The patent application process is a quasi-judicial proceeding in which a party petitions the government to take action. See *Markman v. Westview Instruments*, 52 F.3d 967,

¹² Even if the submission of a copy to the PTO is somehow a public distribution under Section 106(3) (which Winstead denies), it nonetheless constitutes a fair use for the reasons previously explained.

986 (Fed. Cir. 1995), *aff'd*, 517 U.S. 370 (1996) (“Patent applications, unlike contracts, are reviewed by patent examiners, quasi-judicial officials trained in the law.”). The Fifth Circuit has applied the *Noerr-Pennington* doctrine to non-antitrust claims when doing so would be consistent with the purpose of the doctrine. *See Video Int’l. Prod., Inc. v. Warner-Amex Cable Comm.*, 858 F.2d 1075, 1084 (5th Cir. 1988) (noting that the doctrine should protect persons from liability arising from petitioning the government).

The Fifth Circuit has noted that in terms of protections afforded, the *Noerr-Pennington* doctrine is not coextensive with the First Amendment, and indeed in some cases exceeds it. *See Coastal States Mktg., Inc. v. Hunt*, 694 F.2d 1358 (5th Cir. 1983) (“We reject that notion that petitioning immunity extends only so far as the first amendment right to petition and then ends abruptly.”); *see also Cardtoons, L.C. v. Major League Baseball Players Ass’n*, 208 F.3d 885, 890 (10th Cir. 2000) (“The Fifth Circuit specifically noted that its use of the term ‘petitioning immunity’ went *beyond* the guarantees of the petition clause.”) (emphasis in original).

Thus, beyond Winstead’s clearly-established fair-use defense, submitting NPL to the PTO is not actionable under the *Noerr-Pennington* doctrine.

III. LAWYERS HAVE A PROTECTED FAIR-USE RIGHT AND LEGAL DUTY TO KEEP CLIENT-FILE COPIES OF ANY COPYRIGHTED ARTICLES SUBMITTED TO THE PTO, BUT IN ANY EVENT, SUCH COPIES ARE NOT AN ACTIONABLE PUBLIC DISTRIBUTION UNDER 17 U.S.C. § 106(3), AS A MATTER OF LAW

Plaintiffs likewise fail to state a copyright infringement claim (Complaint ¶¶ 15, 18) against Winstead for allegedly keeping client-file copies of any copyrighted NPL articles submitted to the PTO – which lawyers have a protected fair-use right and legal duty to their clients to do and which, in any event, is not a public distribution under 17 U.S.C. § 106(3), as a matter of law. No court has held otherwise.

The fair-use analysis for copying and retaining NPL articles in client files is essentially the same as the analysis for copying and submitting such documents to the PTO.

A. Lawyers Have A Legal Duty to Maintain Client Files, Including Copies of Submissions to the PTO

Lawyers have both a duty to submit NPL to the PTO and a duty under both state and federal law to keep clients' property. Lawyers' files are the client's property. *See Resolution Trust Co. v. H___, P.C.*, 128 F.R.D. 647 (N.D. Tex. 1989). Rule 1.14(a) of the Texas Disciplinary Rules requires that a client's property, which includes a client's file, "shall be identified as such and appropriately safeguarded." TEX. DISCIPLINARY R. OF PROFESSIONAL CONDUCT 1.14(a); *accord* 37 CFR § 10.112(c). In addition, "complete records [of this property] shall be kept by the lawyer and shall be preserved for a period of five years after termination of the representation. *Id.*

An Informal Opinion from the ABA Ethics Committee advises that "[a] lawyer should use care not to destroy or discard information that the lawyer knows or should know may still be necessary or useful in the assertion or defense of the client's position in a matter for which the applicable statutory limitations period has not expired." ABA Informal Opinion 1384 (1977); *see also* RESTATEMENT (Third) LAW GOVERNING LAWYERS § 46, cmt. b (lawyer's duty to safeguard client documents).

The PTO's MPEP, which elaborates and explains the rules for practice before the PTO, requires that any correspondence with the PTO that contains a person's signature must either be an original or a copy. PTO, MANUAL OF PATENT EXAMINING PROCEDURE, Forward (8th ed. 2010). If the correspondence is a copy of an original, a patentee must "retain [the original file] as evidence of authenticity" in case the PTO "may require submission of the original." 37 C.F.R. § 1.4(d)(1)(ii). An IDS filed by a patent attorney requires a signature and constitutes

correspondence with the PTO. *Id.* § 10.18(a) (each paper filed by a patent attorney or agent “must bear a signature....”), § 1.4(a)(2) (“Correspondence with the Patent and Trademark Office comprises: . . . [c]orrespondence in and relating to a particular [patent] application or other proceeding in the Office.”). Under the PTO’s rules, a patent attorney thus has a duty to maintain a copy of the IDS (including any NPL) submitted to the PTO.

The MPEP also instructs that a patent attorney should keep track of information considered, but not submitted to the PTO in order to guard against hindsight attacks based on the non-disclosure of such information. *See* MPEP § 2004 (“Aids to Compliance with Duty of Disclosure”). Moreover, prudent practice means that a patent attorney should maintain copies of *all* art in the client file, both submitted and unsubmitted. This practice allows the attorney to establish later (if necessary) that any unsubmitted art was immaterial or irrelevant to the patent application, especially in light of the art that was submitted to the PTO.

In this context, copying and retaining copies of the two articles is transformative because Winstead is not using the articles for their original purpose, but for the sole purpose of representing its clients before the PTO and complying with the duty of disclosure. Lawyers have an ethical duty to preserve evidence and maintain adequate records of prior art for future reference during patent prosecution.

Patent attorneys like Winstead cannot fulfill their ethical duties to represent their clients without keeping copies of the prior art submitted to the PTO. A patent attorney must be able to criticize and distinguish the client’s invention from the prior art in exchanges with the PTO. A patent attorney could not do this without reference to the prior art and still competently represent the client. *See* TEX. DISCIPLINARY R. OF PROFESSIONAL CONDUCT, Rule 1.01, cmt. 1 (explaining

the importance of continuing study of both facts and law throughout the course of representation).

Even after a patent is granted, properly maintained client files remain important. As the MPEP notes, such files may help defend the patent (and the attorney) from later attacks. *See* MPEP § 2004. In addition, properly maintained client files are important for additional reasons, including evidentiary considerations.¹³ Keeping copies of prior art in the client file is therefore important to ensuring the proper representation of Winstead's clients before the PTO.

1. The Purpose and Character of the Use for the Client File Supports Finding Fair Use

The analysis of the first factor, the purpose and character of the use, again supports finding fair use – as a matter of law. *See* Section II.C.1, *supra*.

2. The Factual and Evidentiary Nature of the Published Articles Supports Finding Fair Use

The second factor, “the nature of the copyrighted work,” also favors finding fair use because the two articles are both scientific, non-fiction published works that are used for their factual, rather than expressive, content. *See* Section II.C.2, *supra*.

3. The Amount and Substantiality of Copying Is Neutral

The third factor, the “amount and substantiality” of the copying, is neutral in the fair-use analysis. In *Healthcare Advocates, Inc. v. Harding, Earley, Follmer & Frailey*, the court discussed how the question of whether the defendant law firm had copied more than was necessary and justifiable under the third factor was “not a quantitative determination, but rather a qualitative one.” 497 F. Supp. 2d 627, 638 (E.D. Pa. 2007) (citations omitted); *see also Harper*

¹³ *See* APP. EX. 8, Donna M. Praiss, *Creating a Winning Patent Portfolio*, NATURE BIOTECHNOLOGY (2001), available at http://www.nature.com/nbt/journal/v19/n6s/box/nbt0601supp_BE5_BX1.html (last accessed May 31, 2012) (keeping proper patent records allows companies to “support the company’s priority of invention over another’s in an interference proceeding or to invalidate a patent of another”). Winstead respectfully requests the Court to take judicial notice of APP. EX. 8 under FED. R. EVID. 201.

& *Row Publishers*, 471 U.S. at 564–65. Even though the defendant law firm there had duplicated the copyrighted webpages in their entirety, the court reasoned that it was necessary to do so because “. . . the material was relevant evidence in the Underlying Litigation, and the firm had a duty to preserve relevant evidence.” *Id.* The only way the law firm could fulfill that duty was by making and keeping copies. Essentially the same considerations apply here.

For the same reasons set forth in Section II.C.3, *supra*, keeping a client-file copy of material submitted to the PTO is not a “commercial use” or “exploitation” and thus is fair use.

4. Winstead’s Alleged Actions Had No Effect on the Market Value for the Articles

The analysis of the fourth factor, impact on the market value, is nearly identical to the analysis for submitting articles to the PTO. A client-file copy of material submitted to the PTO is not a “commercial use” or “exploitation” and thus is fair use. *See* Section II.C.4, *supra*.

Although NPL is often copied in its entirety, the copies typically sit in the client file, just in case they are needed later. Winstead has no intention of distributing the client file to the general public, and indeed cannot do so in light of its duty to maintain client confidences and secrets. 37 CFR § 10.57 (duty to preserve confidences and secrets of client); TEX. DISCIPLINARY R. OF PROFESSIONAL CONDUCT 1.05 (duty to maintain confidentiality of client information). There is no basis for concluding that Winstead’s alleged limited copying and keeping articles in its client files has any impact on the market value for the articles at issue.

B. Allegedly Keeping Copies of any Articles in Client Files Is Not a “Public” “Distribution” Protected by Copyright Law, Regardless of the Fair-Use Analysis

Finally, allegedly keeping copies of any articles in client files is not actionable – as a matter of law – because only *public* distributions fall within the exclusive rights of a copyright owner under the Copyright Act, 17 U.S.C. § 106(3). As a matter of law, having NPL in a PTO

or law firm client file is not an actionable distribution, so Winstead cannot be liable for infringement regardless of any analysis of the four fair-use factors.

IV. PLAINTIFFS' UNSUPPORTED THEORY OF COPYRIGHT LIABILITY WILL HARM THE PATENT AND JUDICIAL SYSTEMS

Given the duty to disclose relevant prior art (whether or not copyrighted) to the PTO, the absence of a fair-use defense would force all patent attorneys to: (1) locate all copyright owners of each prior art article to be submitted to the PTO for each patent application they handle, and (2) once the correct copyright owner is found, obtain permission from each such copyright owner. Because different persons can own the exclusive rights in a copyright,¹⁴ even determining the correct person from whom to obtain permission can be an expensive or impossible chore.¹⁵ Absent a fair-use defense, patent attorneys (and their clients) will thus face greater costs in connection with patent prosecution.

These are not speculative or minor costs. In 2011 alone, the PTO received over half a million patent applications and granted 247,713 patents.¹⁶ In 2011, the average patent cited 42 prior art references.¹⁷ Although the median patent application cited 17 references, about 8% of

¹⁴ A copyright owner has exclusive rights, including the rights to: (1) reproduce the copyrighted work; (2) prepare derivative works based upon the work; (3) distribute copies of the work to the public; (4) perform the copyrighted work publicly; and (5) display the copyrighted work publicly. 17 U.S.C. § 106. Each of these exclusive rights can be transferred, in whole or in part, by sale or by license. *See* 17 U.S.C. § 201(d)(2). For example, an author may transfer the right to make and distribute paper copies, but keep the right to make and distribute electronic copies.

¹⁵ A search of the Copyright Office website shows that one of the two articles at issue is owned by someone other than Plaintiff Blackwell. *See* note 1, *supra*. Thus, even a diligent patent lawyer would not be able to easily identify Plaintiff Blackwell as the copyright owner. If Blackwell is not the copyright owner, Plaintiffs' failure to identify the true owner likewise shows the difficulty of this task.

¹⁶ *See* APP. EX. 9, PTO, *U.S. Patent Statistics Chart Calendar Years 1963 – 2011*, available at http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm (last accessed May 31, 2012) of which Winstead respectfully requests the Court to take judicial notice under FED. R. EVID. 201.

¹⁷ *See* APP. EX. 10, Patently-O Blog, *Average Number of References Cited Per Patent* (July 22, 2011), available at <http://www.patentlyo.com/patent/2011/07/average-number-of-references-cited-per-patent.html> (last accessed May 31, 2012) of which Winstead respectfully requests the Court to take judicial notice under FED. R. EVID. 201.

patents cite more than 100 references.¹⁸ Given the magnitude of these numbers, it is clear that sustaining Plaintiffs' unsupported theory of copyright liability would result in a substantial increase in the cost of seeking patent protection. Such a result is contrary to the goals of the recent *Leahy-Smith America Invents Act* of 2011, which was intended to *help* small inventors by *decreasing* their fees for filing a patent application by 50% –75%. *See* H.R. 1249 § 10(b). The public interest should favor efficient and inexpensive prosecution of patents, including the consideration of all relevant prior art, whether or not copyrighted.

Plaintiffs' unsupported theory of copyright liability would harm not just our patent system, but also our judicial system. The same non-resident counsel in this case have already filed mirror-image copyright infringement suits against three law firms – including Winstead – and their client John Wiley & Sons has sued yet another law firm, using the same boilerplate complaint that is virtually indistinguishable as to each law firm and is universally deficient.¹⁹

Absent application of the fair use doctrine, Plaintiffs would have every incentive to sue every law firm that ever prosecuted a patent and submitted an article that previously appeared in one of Plaintiffs' publications. In view of the number of patent applications and prior art submissions made each year, it is easy to see that sustaining Plaintiffs' position would result in a tsunami of copyright cases, some clearly without merit as here.

¹⁸ *See* APP. EX. 11, Patently-O Blog, *USPTO Proposes to Modify Applicants Duty to Disclose, Following Therasense in Limiting the Scope of Materiality* (July 21, 2011), available at <http://www.patentlyo.com/patent/2011/07/uspto-proposes-modification-of-the-duty-to-disclose-following-therasense-in-raising-the-materiality-standard.html> (last accessed May 31, 2012) of which Winstead respectfully requests the Court to take judicial notice under FED. R. EVID. 201.

¹⁹ *See* Complaints filed in at least three other states: APP. EX. 12, *American Institute of Physics v. Schwegman Lundberg & Woessner, P.A.*, No. 0:12-cv-00528 (D. Minn. Feb. 29, 2012); APP. EX. 13, *John Wiley & Sons v. McDonnell Boehnen Hulbert & Berghoff*, No. 1:12-cv-01446 (N.D. Ill. Feb. 29, 2012); APP. EX. 14, *John Wiley & Sons v. Hovey Williams LLP*, No. 5:12-cv-04041 (D. Kan. Apr. 20, 2012). Winstead respectfully requests the Court to take judicial notice of APP. EX. 12-14 under FED. R. EVID. 201. There likely are additional generic complaints filed against more law firms.

As a recent *ABA Journal* article noted, such mass litigation tactics by plaintiffs such as John Wiley & Sons have contributed to the dramatic increase of copyright cases pending in the federal courts from 6,000 cases in 2007 to over 100,000 cases as of February 2011.²⁰ Rejecting Plaintiffs' unsupported theory of copyright liability will have a dramatic and proper impact in deterring such tactics.

V. ALTERNATIVELY, THE COMPLAINT DOES NOT MEET MINIMAL PLEADING REQUIREMENTS AND MUST BE DISMISSED

Beyond the legal defects that require the Complaint to be dismissed, its contents do not meet even minimal pleading standards and demonstrate that Plaintiffs cannot prevail under any plausible set of facts. In conceding that the sparse and conclusory allegations are based on nothing more than "information and belief" and require discovery as a fishing expedition to find a claim (Complaint ¶ 15), Plaintiffs have failed to plead sufficient facts beyond formulaic labels and conclusions that require dismissal. *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007). There are no exhibits, no details or dates about any patent applications (which would confirm certain alleged claims are time-barred), and no evidence of any diligence. Apart from changing the caption and name of the defendant law firm and altering a few words in Complaint ¶¶ 13-14, the allegations against Winstead are indistinguishable from those against other firms, although different articles, unidentified patents, and conduct are at issue. Even a cursory glance at the approved form of copyright infringement complaint – Form 19 attached to the Federal Rules of Civil Procedure²¹ – shows that this Complaint does not meet minimal requirements and must be dismissed.

²⁰ See APP. EX. 15, Eric Gardner, *The Righthaven Experiment*, ABA JOURNAL 37–38 (May 2012). Winstead respectfully requests the Court to take judicial notice of APP. EX. 15 under FED. R. EVID. 201.

²¹ See APP. EX. 16. Winstead respectfully requests the Court to take judicial notice of APP. EX. 16 under FED. R. EVID. 201.

VI. CONCLUSION

For the foregoing reasons, the Complaint must be dismissed with prejudice, and Winstead should recover its attorneys' fees and costs, as authorized by 17 U.S.C. § 505.

Respectfully submitted,

/s/ George M. Kryder

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing instrument was served upon counsel of record on this 1st day of June, 2012, through the CM/ECF system in accordance with the Federal Rules of Civil Procedure.

/s/ George M. Kryder

George M. Kryder

US 1414637v.5

ATTACHMENT 2



UNITED STATES PATENT AND TRADEMARK OFFICE

OFFICE OF THE GENERAL COUNSEL

MEMORANDUM

FROM: Bernard J. Knight, Jr. *BJK*
General Counsel

SUBJECT: USPTO Position on Fair Use of Copies of NPL Made in Patent
Examination

DATE: January 19, 2012

We have received several inquiries from the patent community concerning copyright infringement and the use of non-patent literature (NPL) in the examination process. In response, we have prepared the attached paper that discusses the application of the fair use doctrine to the use of NPL in the patent examination process.

USPTO Position on Fair Use of Copies of NPL Made in Patent Examination

I. Issues

1. Whether it is fair use for the USPTO to make copies of copyrighted non-patent literature (NPL) and provide such copies to an applicant in the course of patent examination?
2. Whether it is fair use for the USPTO to provide certified copies of entire file histories, including copyrighted NPL, to members of the public, for a fee?
3. Whether it is fair use for an applicant to make a copy of a piece of copyrighted NPL and submit it to the USPTO?

II. Background and Summary Conclusions

The USPTO currently obtains much of its NPL through licenses, and has ensured that its licenses permit it to make copies of copyrighted NPL that is used in examination.

The USPTO does, however, occasionally make copies of unlicensed NPL for use in the examination process, and provides copies of this NPL to applicants. The USPTO considers this copying to be protected by the doctrine of fair use.

The USPTO does not provide copies of copyrighted NPL on Public PAIR because of the concern that such NPL could be used and copied – even systematically copied – for reasons unrelated to patent matters. The USPTO provides certified copies of entire file histories, including copyrighted NPL, to members of the public, for a fee, pursuant to 35 U.S.C. § 9 and 37 C.F.R. § 1.19(b)(1). The USPTO considers this copying to be protected by the doctrine of fair use.

Patent applicants or their attorneys sometimes make copies of copyrighted NPL and submit those copies to the USPTO, pursuant to the USPTO's disclosure requirements. The USPTO considers this copying to be protected by the doctrine of fair use. The USPTO takes no position on whether additional copies of such NPL made by an attorney or applicant during the course of patent prosecution (*e.g.* for the client, for other attorneys, for the inventor, or for the law firm's future reference) qualifies as fair use.

To the extent applicants have obtained copyrighted NPL pursuant to a license, applicants are responsible for ensuring that the license is not inconsistent with fair use.

III. Discussion

A. Statutory Scheme

The Copyright Act confers on the owner of original works of authorship the exclusive right to copy and distribute the work. 17 U.S.C. §§ 102 & 106. However, the exclusive right is

subject to a list of statutory exceptions, including the “fair use” exception. Section 107 provides explicitly that “the fair use of a copyrighted work . . . is not an infringement of copyright.” Although fair use is an equitable rule of reason that is not precisely defined, the Copyright Act provides a framework of analysis to assist courts in determining whether an otherwise infringing use should be excused because it is a fair use.

The Copyright Act offers four factors to guide the determination of whether a particular use is fair use: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107. Fair use determinations are not based on a mechanical application of the four non-exclusive fair use factors. Instead, all factors are to be explored and the results weighed in light of the purposes of copyright. *Campbell v. Acuff Rose Music*, 510 U.S. 569, 578 (1994); H.R. Rep. No. 94-1476, at 65 (1976) (“[S]ince the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts.”).

B. Fair Use Analysis: USPTO Copying and Supplying Copyrighted NPL to Applicants

Prior to the 1960s, the USPTO did not provide copies of cited prior art to applicants, in view of the then-prohibitive cost and burden of making such copies. In the 1960s, as part of an initiative to expedite the examination process, the USPTO began providing copies of cited prior art to applicants. The USPTO typically provided copies of copyrighted NPL to applicants without compensating the copyright holder, and did so under its understanding of the doctrine of fair use. Although most of the prior art that the USPTO currently provides to applicants is now licensed by the USPTO, the USPTO occasionally still makes copies of unlicensed NPL and provides those copies to applicants. Below, we examine that current and historical practice in light of the four factors used to determine whether a particular use is fair use.

1. Purpose and Character of Use

The first statutory factor, “the purpose and character of the use, including whether such use is of a commercial nature,” tilts strongly in favor of fair use. As an initial matter, this factor weighs in favor of fair use because the USPTO is not using the work for a commercial purpose. *Harper & Row, Publishers v. Nation Enters.*, 471 U.S. 539, 562 (1985) (“The fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use.”).

Moreover, while there is no per se rule that government use will always be considered fair, several cases dealing with use of copyrighted works in connection with non-commercial, government functions have found that this factor favors fair use. See *Bond v. Blum*, 317 F.3d 385, 395 (4th Cir. 2003) (noting that the use of a copyrighted manuscript in a child custody lawsuit for its evidentiary value (admissions of a party) was “indifferent to [the author’s] mode of expression”); see also *Jartech, Inc. v. Clancy*, 666 F.2d 403, 406-07 (9th Cir. 1982) (copying of an allegedly obscene film used as evidence in a nuisance abatement suit was “fair use”); *Shell v. City of Radford*, 351 F. Supp. 2d 510 (W.D. Va. 2005) (finding use of photographs by law

enforcement officers during criminal investigation and in related proceedings to be fair use); *Berkla v. Corel Corp.*, 66 F. Supp. 2d 1129, 1133 n.3 (E.D. Cal. 1999) (court's own use of visual reproductions of the databases at issue in the case, including attaching them as an appendix to the opinion, was fair use); *Religious Tech. Ctr. v. Wollersheim*, 971 F.2d 364, 367 (9th Cir. 1992) (use of copyrighted documents for preparation of expert testimony in court case was fair use); *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1354 (Ct. Cl. 1973), *aff'd by an equally divided Court*, 420 U.S. 376 (1975) (emphasizing that the government libraries in that suit were "non-profit institutions, devoted solely to the advancement and dissemination of medical knowledge"). Here, the USPTO is using the works for a non-commercial, governmental purpose, and is using the works not for their expressive content, but as evidence relating to the factual question of whether an invention is novel or non-obvious in view of the prior art as of a certain date. See *Bond*, 317 F.3d at 395 ("Indeed, the defendants' use is indifferent to Bond's mode of expression."). And, the USPTO is doing so in furtherance of the USPTO's constitutional and statutory missions to promote the development of technology by securing to inventors the exclusive rights to their respective discoveries. See U.S. Const. art. I § 8, cl. 8 ("To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."); see also *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 309 (2d Cir. 1966) (recognizing the importance of balancing the public interest against the rights of copyright owners).

Apart from the non-commercial and government use issues, another important question under the first factor is whether the use is "transformative." *Campbell*, 510 U.S. at 579. Courts have found transformative use "where the defendant uses a copyrighted work in a different context to serve a different function than the original," *Warner Bros. Entertainment Inc. v. RDR Books*, 575 F. Supp. 2d 513, 541 (S.D.N.Y. 2008) (citing *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007)). For example, in *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009), the court found that creation of a database using complete copies of copyrighted documents for purposes of detecting and discouraging plagiarism to be a transformative use. The court explained that the use of a copyrighted work need not alter or augment the work to be transformative in nature but that "it can be transformative in function or purpose without adding to the original work." *Id.* at 639.

In providing applicants prior art NPL in the course of a patent examination, the USPTO is arguably using the copyrighted work for a new and different purpose than that for which it was created: the USPTO is using the NPL (or, more accurately, just the relevant part of the NPL) to document, solely for purposes of patent examination/prosecution, that certain features of the applicants' claims are already in the prior art, or are obvious in view of the prior art. Under the principles discussed in the above-cited cases, the USPTO's use of copyrighted NPL in the examination process could well be considered a "transformative" use for purposes of the first factor. See *Perfect 10*, 508 F.3d at 1167 (finding use of thumbnails for purposes of indexing World Wide Web information to be transformative); *Kelly v. Arriba Soft Corp.*, 336 F. 3d 811, 818 (9th Cir. 2003); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609-12 (2d Cir. 2006) (finding use of copies of Grateful Dead posters in a biographical work about the Grateful Dead to be transformative); *Monge v. Maya Magazines, Inc.*, No. 09-5077, 2010 WL 3835053 (C.D. Cal. Sept. 30, 2010) (finding that magazine's publication of secret wedding photos was transformative use where the photos were used to refute pop star's denial of

wedding). In view of the non-commercial, governmental, constitutionally-grounded, and arguably transformative nature of the USPTO's use, the first factor strongly favors fair use.

2. Nature of Copyrighted Work

Under the second factor, "the nature of the copyrighted work," factual works receive less protection than expressive works, and published works receive less protection than unpublished works. *Campbell*, 510 U.S. at 586. This factor weighs in favor of fair use. NPL is typically nonfiction, and the USPTO and the applicants are interested in the NPL only for its factual, rather than its expressive, content. *See, e.g., Sony v. Connectix*, 203 F.3d 596 (9th Cir. 2000) (finding the nature of the defendant's use to be relevant in evaluating the second factor). Likewise, NPL typically consists of published works; copying of NPL therefore does not raise the special concerns associated with unpublished works under the second factor. *See Harper & Row*, 471 US at 554 ("We conclude that the unpublished nature of a work is '[a] key, though not necessarily determinative, factor' tending to negate a defense of fair use.") (quoting S. Rep. No. 94-473, at 64 (1975)).

3. Amount and Substantiality of Portion Used

The third factor, "the amount and substantiality of the portion used," tends to be neutral in this case. The USPTO makes an effort to limit copying to that which is relevant to the issue before the USPTO in examination. *See* MPEP 609 (instructing applicants to provide only the "relevant" pages from submitted documents). In many cases, however, an entire publication (*e.g.*, an entire journal article) is considered relevant. In general, the greater the amount taken, the less likely it is that a court will find fair use. However, "the extent of permissible copying varies with the purpose and character of the use." *Campbell*, 510 U.S. at 586-87; *Maxtone-Graham v. Burttschaell*, 803 F.2d 1253, 1263 (2d Cir. 1986) ("There are no absolute rules as to how much of a copyrighted work may be copied and still be considered a fair use. In some instances, copying a work wholesale has been held to be fair use, while in other cases taking only a tiny portion of the original work has been held unfair.") (citations omitted). As demonstrated by the results in *iParadigms*, *Bill Graham Archives*, *Perfect 10*, *Kelly*, and *Monge*, as well as the Supreme Court's decision in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (which found fair use based on time-shifting where entire television programs had been copied), copying of the entire work does not necessarily preclude a finding of fair use. *See also Field v. Google Inc.*, 412 F. Supp. 2d 1106 (D. Nev. 2006) (Google's creation and maintenance of a cached copy of 51 complete works from Field's website constituted fair use). Since, as shown above, the USPTO's use of the NPL is noncommercial, governmental, in the public's interest, and arguably transformative, and copying less than the entire work is often not an option for purposes of imparting the necessary information to patent applicants, the fact that the USPTO often copies the entire work does not appreciably change the fair use analysis. *See Bond*, 317 F.3d at 396 (concluding that because defendant's "sole purpose and intent" was to use the work to prove a point in a court proceeding, and not for its expressive content, the third factor did not favor the plaintiff, even though the entire work was used).

4. Market Effect

The fourth factor, "the effect of the use upon the potential market," weighs in favor of a finding of fair use. When analyzing this factor, courts usually conduct a two-pronged inquiry: (1) whether the allegedly infringing use would materially impair the marketability of the work; and (2) whether the allegedly infringing work would act as a market substitute for the original.

In conducting this inquiry, a court should consider “not only . . . particular actions of the alleged infringer, but also ‘whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market’ for the original.” *Campbell*, 510 U.S. at 590 (quoting 3 *Nimmer on Copyright* § 13.05[A][4]). Although in every fair use case the plaintiff may suffer a loss of a potential market if that potential is defined as the theoretical market for licensing the very use at issue, the potential effects on licensing revenue have been limited to “traditional, reasonable, or likely to be developed markets.” *American Geophysical Union v. Texaco*, 60 F.3d 913 (2d Cir. 1994).

There is no basis for concluding that the USPTO’s provision of copyrighted NPL to patent applicants in the course of patent examination impairs the marketability of the copyrighted NPL. The NPL at issue has typically been published several years before the USPTO’s use and by the time of the USPTO’s use usually has only limited commercial value. In addition, by not providing copies of copyrighted NPL in its Public PAIR system – and thereby preventing any possibility of systematic infringement through access to USPTO’s databases – the USPTO has taken steps to ensure that copies of NPL used in examination do not become freely available on the internet. Given that the only identifiable “market” for these works that the USPTO’s use might “impair” appears to be the market for use of these works in patent examination itself, there does not seem to be any cognizable market impairment for purposes of the fourth factor. The fourth factor thus favors fair use.

* * * *

As shown in the above analysis, all of the fair use factors, as applied to USPTO copying and providing copyrighted NPL to applicants, either favor a finding of fair use, or are neutral. Accordingly, we believe such copying is fair use.

C. Fair Use Analysis: USPTO Providing Official Copy of File Wrapper, Including Copyrighted NPL, to the Public, for a Fee.

The fair use analysis for providing file wrappers to the public for a fee (pursuant to 35 U.S.C. 9 and 37 C.F.R. 1.19(a)) is similar to the analysis for providing copies of the NPL during examination. The analysis of the first factor is virtually identical: the USPTO’s use is a non-profit, government use, and the use is transformative in the sense that the work is not being used for its original purpose, but is instead being used in order to carry out the purposes of the patent system. Moreover, the file wrapper use is additionally transformative in the sense that the file wrapper as a whole becomes a legal document with unique significance in patent litigation proceedings. *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996) (“[The file wrapper] contains the complete record of all the proceedings before the Patent and Trademark Office As such, the record before the Patent and Trademark Office is often of critical significance in determining the meaning of the claims.); *id.* at 1583 (Fed. Cir. 1996) (“In its broader use as source material, the prior art cited in the file wrapper gives clues as to what the claims do not cover.”) (quoting *Autogiro Co. of Am. v. United States*, 384 F.2d 391, 399 (Ct. Cl. 1967)); *cf. Veeck v. S. Bldg. Code. Cong. Int’l*, 293 F.3d 791, 802 (5th Cir. 2002) (en banc) (holding that copyright of model building code that was enacted into law could not prevent distribution of the code as “the law”). The fact that the USPTO charges a fee for the certified file wrapper does not alter the conclusion that the use of the work is not for profit. The fee is

calibrated to reflect cost recovery, and the USPTO does not profit from making copies of any particular copyrighted work. In addition, the public interest in access to a complete administrative record weighs in favor of fair use under this factor. The analysis of the second, third, and fourth factors is also virtually identical.

Accordingly, we believe that the incidental inclusion of copies of copyrighted NPL in a copy of a certified file wrapper offered to the public for a fee is protected by the doctrine of fair use.

D. Fair Use Analysis: Applicant Providing Copyrighted NPL to USPTO as Part of IDS Submission

Under 37 C.F.R. § 1.56, each individual associated with a patent application has a duty to disclose to the USPTO “all information known to that individual to be material to patentability” of the claims in the patent application. *See* 37 C.F.R. § 1.56(a); *see also* 37 C.F.R. § 1.56(b) (defining “material to patentability”). Applicants fulfill this duty by submitting Information Disclosure Statements (IDSs) to the USPTO pursuant to 37 C.F.R. § 1.97. Because a piece of copyrighted NPL might be “material to patentability,” an IDS might include copyrighted NPL.

The fair use analysis for an applicant’s IDS submission is very similar to, and reaches the same result as, the fair use analyses for the USPTO uses discussed above. The case for fair use under the first factor might be even stronger for the applicant, because the applicant is required by law to submit the prior art to the patent office. Although the entity (applicant or law firm) submitting the prior art might be a for-profit entity, that does not mean that the submission of the prior art to the patent office to satisfy a legal requirement is a “commercial use.” Rather, the question is whether the applicant is “exploiting” the copyrighted work without paying the customary price. *See Harper & Row*, 471 U.S. at 562 (explaining that the “crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.”). Given that the applicants here are not “exploiting” the copyrighted work, and are instead merely submitting it, pursuant to a legal requirement, based on its factual, rather than its expressive, content, the first factor weighs heavily in favor of fair use. In addition, the use could be considered transformative for the same reason that the USPTO’s use would be, thereby further strengthening the case for fair use under the first factor.

The analysis for the second, third, and fourth factors is virtually identical to the analysis for USPTO use. Under the fourth factor, it is also worth noting that the copies of NPL that law firms typically submit to the USPTO have been obtained through legitimate, licensed databases, and thus have already been paid for once. The copyright holder has already been compensated for that use (which would not typically have occurred but for the legal requirement imposed by the patent system); that fact would presumably be relevant to any analysis of whether the applicant’s use of the copyrighted work harmed the market for the copyrighted work. In any event, as in the case of the USPTO’s use, there is no basis for concluding that the applicants’ submission of NPL to the USPTO has any significant negative impact on the market for the submitted NPL.

Accordingly, we believe that it is fair use for an applicant to make copies of NPL and submit those copies to the USPTO during examination in an IDS. The USPTO takes no position on whether additional copies of NPL made during the course of patent prosecution (e.g. for the client, for other attorneys, for the inventor, or for the law firm's future reference) qualify as fair use.

We remind applicants that to the extent they have obtained copies of NPL through licenses, they should consult those licenses to ensure that any proposed use of the NPL is within the scope of the license.