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Forget the trendy law practice areas of the 1980s, such as mergers and acquisitions, real estate and antitrust. Intellectual property is where the action will be in the 1990s.

“This area of the law is seeing unprecedented growth, in spite of the recession, and it’s just getting started,” says Donald S. Chisum, a law professor at the University of Washington School of Law in Seattle.

“Today, more than ever before, the products of the mind—aesthetic, technological and organizational—are humankind’s most valuable assets,” Chisum maintains. Both in the United States and abroad, he says, there is “an unprecedented public expectation” for scientists and researchers to develop creative solutions to problems ranging from health to the environment, and to adapt business methods to the new Information Age.

The legal protection and encouragement of all of these efforts fall on the shoulders of intellectual property lawyers, says Chisum, co-author of the “United States” volume of Matthew Bender’s “World Intellectual Property Guidebook” series.

These are not mere theoretical musings from enlightened academicians. Practitioners nationwide report a dramatic upsurge in business.

“We’re entering an era of an explosion of money, resources and supply has never kept up with demand,” says Jack C. Goldstein, chair of the ABA Patent, Trademark and Copyright Law Section.

Goldstein, a partner with Arnold, White & Burkee in Houston, attributes the growth in IP work to U.S. leadership in technological innovation. “Other countries may have significantly improved our processes, but there are still not a great many scientific breakthroughs that come from outside the United States.”

If innovation drives IP work, the expected surge in activity comes at a time when the industry already is booming, thanks to the unique character of this area of law.

By its nature, intellectual prop-
property is a bundle of rights that can be bought and sold—and, most importantly, licensed. The worth of a single patent like the telephone or the computer chip can be worth billions.

During the recession, IP owners have found new and lucrative sources of revenue apart from licensing, just in bringing lawsuits challenging even the remotest of would-be infringers. The standard line in the patent industry is that Texas Instruments and IBM make as much off the industry is that Texas Instruments and IBM make as much off the enforcement of their patents as they

do off product sales. “When the general counsel for United Technologies and IBM make as much off the enforcement of their patents as they do off product sales.

“Patent law is countercyclical,” explains Robert C. Walker, associate general counsel for United Technologies in Hartford, Conn. “When the economy is poor, the patent litigation tends to go up because business people are trying to hold onto the business they have. In boom times, they’re more concerned about making products and getting them out the door.”

Numbers help explain the phenomenon. Where a small negligence claim might be worth a few thousand dollars, a small patent claim might be worth a million—and subject to as much as treble damages if the infringement is found willful.

For example, Honeywell Corp. developed technology that allowed cameras to focus automatically, and got the patent for it. After several other manufacturers started offering auto-focus cameras, Honeywell took more than a half dozen of them to court, alleging patent infringement. One case, against Minolta Corp., went to trial in New Jersey, where Honeywell won a jury verdict of nearly $100 million last February. The parties later settled for more than $127 million, boosting the jury’s verdict because the infringement was found to be willful. That settlement led the other defendants to settle as well, bringing Honeywell more than $300 million in damages, plus future royalties, for its enforcement efforts.

Such staggering numbers have not been lost on recession-weary law firms that have seen bottom lines plummet along with volume in such traditional money-making departments as corporate and real estate. Many firms are moving lawyers from those departments into new or rejuvenated intellectual property divisions, or raiding established IP boutiques for proven talent.

White & Case and Weil, Gotshal & Manuges, along with Shea & Gould, are just some of the large New York firms that have made this kind of substantial commitment to IP in the last five years. But the trend is not limited to the New York/Washington corridor, the traditional hotbed of intellectual property work.

Morrison & Foerster, a San Francisco-based law firm, did not even have a formal intellectual property division until 1990. Today, it has 75 attorneys and registered agents in the department.

While IP practice is up across the board, the traditional pocket areas within this highly specialized industry are progressing differently, both as a matter of practice and of substantive law.

By far, the most explosive area of IP practice has been patent law, which generally protects the inventor of a product or process by allowing him or her to prevent others from profiting from the patented work. In the 1970s, lawyers were loath to take patent cases into federal courts because the courts were seen as hostile to such claims. But a couple of developments have fueled the current explosion of patent work.

The business community generally has become much more sophisticated and creative in maximizing the profitability of their “patent portfolios” through licenses, joint ventures and business relationships. The thawing of the Cold War and the globalization of markets have opened opportunities not even dreamed of for decades.

The election of Ronald Reagan gave intellectual property greater legal clout by bringing with it a conservative appointive philosophy for federal judges with a better appreciation for property and business rights.

Just two years after Reagan’s 1980 election, Congress created the Federal Circuit in Washington, D.C. The 12-member court’s limited jurisdictional grant included exclusive jurisdiction over appeals from the Patent and Trademark Office and patent infringement appeals from all of the nation’s federal district courts.

In the court’s first year, PTO cases accounted for nearly 30 percent of its 263-case docket. By 1991, PTO and district court appeals accounted for more than half of the court’s 709-case docket.

“The Federal Circuit has had a significant effect in that we now have greater uniformity in the law than we did before its creation,” says Joseph A. DeGrandi, a partner with the Washington, D.C., intellectual property firm of Beveridge, DeGrandi, Weilacher & Young.

“Since all appeals go there, and the court’s decisions are binding on the district courts, you can advise clients with much greater certainty today than you could before,” says DeGrandi, a past chair of the American Bar Association’s Patent, Trademark and Copyright Law Section.

The arrival of the computer age in the 1980s worked hand-in-hand with these political developments to spur further the patent law surge.

While computers had been in
use for years, technology improvements in the '70s and '80s brought down both the size and the costs, creating a new multibillion-dollar-a-year personal computer hardware industry for homes and businesses. That in turn propelled the computer software industry to create millions of programs that would allow computers to do word processing, data base management, spreadsheets and games. Almost overnight, American businesses and professional workplaces went high-tech, and kids exchanged their Monopoly sets for Nintendo games.

That in turn propelled the computer software industry to create millions of programs that would allow computers to do word processing, data base management, spreadsheets and games. Almost overnight, American businesses and professional workplaces went high-tech, and kids exchanged their Monopoly sets for Nintendo games.

As for intellectual property lawyers with the necessary technical credentials, the "supply has never kept up with demand," says Jack C. Goldstein (left). (Bottom left) Joseph A. DeGrandi: "The Federal Circuit has had a significant effect in that we now have greater uniformity in the law."

"Diamond" was a very important decision because it opened up the field of biotechnology," says DeGrandi. "It told people that if they spent the hundreds of millions of dollars that it sometimes takes to develop a product, that they could get patent protection to protect their investments."

Computer and biotechnology cases have been at the cutting edge of patent-law development since then, as researchers and their lawyers have become more emboldened with each pro-patent ruling. One important case involved the patent on a synthetic hormone that stimulates red blood cell reproduction, called erythropoietin. The product was developed by a Woodland Hills, Calif., company called Amgen Inc. Another company, Genetics Institute in Cambridge, Mass., developed a way to purify the hormone. Genetics claimed its purification method was not covered by Amgen's patent. Amgen, in turn, sued in a case worth an estimated $8 billion. The Federal Circuit finally ruled that Amgen's patent was valid, and Genetics' patent for purifying the Amgen product infringed it. Amgen v. Genetics Institute, 927 F.2d 1200 (1991).

Many patent lawyers say the law of the field is, unlike some areas of the law, relatively comprehensive and capable of yielding a correct answer for most questions. "It's very precise," says United Technologies' Walker, chair of the patent committee of the ABA's Patent, Trademark and Copyright Law Section. "It's not like negligence, where there's a lot of subjective judgment. In patent, there's generally a right and wrong answer, and if you don't do your research, you can't stand up in court and wing it."

Even so, there is plenty of room for doctrinal development, experts say. In fact, a recent U.S. Department of Commerce study pointed to several areas in need of improve-
ment. How much does an invention have to improve an existing patent, or "prior art," to justify a new patent? What constitutes putting a product "on sale" to trigger the clock for filing a patent application?

A perhaps more daunting task for substantive development is to bring U.S. patent law into harmony with patent law of other countries.

"The disparity between U.S. and foreign systems can create major problems for holders of patents that we hope one day will be addressed," says Herbert Wamsley, a lawyer and president of the Intellectual Property Owners' Association, based in Washington, D.C. For example, he said, under the U.S. system, if two scientists simultaneously invent the same product, the patent goes to the scientist deemed first to invent the product. But in some foreign systems, the patent goes to the first to file a patent application.

Given the ability of the computer industry to interface with the rest of society at most levels, one can expect this harmonization glitch to be worked out over time.

While copyright law has long enjoyed robust judicial enforcement, the computer stampede and aggressive recession-era enforcement have revolutionized an industry already bustling with the latest book, movie or record. Copyright has been thought of traditionally in terms of literature, music, drama and visual arts, and in those areas the law is fairly settled—even though efforts to copyright items such as smell and chocolate designs continue to test the Register of Copyrights and the courts.

But the still-unfolding generation of computer software cases has shown the difficulty courts have had trying to distinguish software ideas, which may not be copyrighted, with expressions of ideas, which may.

The first cases concerned whether video games could be copyrighted and generally led to decisions upholding such copyrights when the alleged infringer actually copied the protected video games. Stern Electronics, Inc. v. Kaufman, 669 F.2d 852 (2nd Cir., 1982); Williams Electronics, Inc. v. Artic International, Inc., 685 F.2d 870 (3rd Cir., 1982).

But, with software copyrights, judicial agreement ends with such easy questions.

Consider, for example, the so-called "look and feel" problem of similar screen displays. The problem is serious, because as a practical matter, there are only so many truly original, practical ways to format certain programs.


When one gets beyond the screens to how the program actually works, the courts have frac-
Trademark owners are becoming more aggressive, especially ones with the most prominent brands and large advertising budgets,” says David Weild III.

Nintendo of America, Inc., 975 F.2d 832 (1992). But experts say it is only a matter of time before other circuits go their own ways.

One court that has been conspicuously quiet on the copyright problems of computer software has been the U.S. Supreme Court.

The closest the Court has come to the nitty gritty of information-oriented copyright problems was its landmark 1991 decision holding that basic information found in the “white pages” of most telephone books cannot be copyrighted. Feist Publications, Inc. v. Rural Telephone Service Company, Inc., 111 S.Ct. 1282. Since that opinion was handed down intellectual property lawyers have been mulling its language for its implications for legal fights over data base information.

One reason for the Court's silence, one practitioner suggested, may be that "the justices are afraid to take technical cases for fear they may look stupid."

But given the billions of dollars at stake, and the irreconcilable split among the circuits, Supreme Court intervention seems inevitable.

"If intellectual property is coming to center stage, how can they just be in the audience?" Chisum asks. "It's their job to resolve clear splits in the circuits, and those splits are there."

The IP business boom has spilled over into the more sedentary field of trademarks, which protect a company's reputation as the manufacturer or sponsor of a product or process.

For large companies, such as Procter & Gamble, a trademark is often one of its most valuable assets. Judicial and business recognition of this dynamic, as well as the growth of international markets, has given new life to trademark licensing. Banks and other lending institutions are even allowing trademarks to be used as collateral for loans.

The heightened recognition of a trademark's value, however, is also generating more litigation. Particularly during the recession, many companies are using trademark law to ensure that consumers don't get their products or services confused with those of other companies.

One reason for the boom is that counterfeiters are getting much more sophisticated, says David Weild III, a trademark partner with Pennie & Edmonds in New York City.

"Trademark owners are becoming more aggressive, especially ones with the most prominent brands and large advertising budgets—such as the various blue jeans and luggage manufacturers," Weild says. "They have to have a continuing effort to dampen copying, which can have a dreadful effect on their mark, cheapening it, if it goes unchecked by disappointing consumers."

Such companies are calling on trademark theories when copyright or patent theories do not present a precise legal fit to the problem, or as an alternative theory of liability in a patent or copyright case.

Such suits, however, are still difficult to win.

For example, Haagen-Dazs Inc., which manufactures a premium ice cream, went to court on a trademark theory to prevent a competitor, Frusen Gladje, from using a map of Scandinavia on its packaging. Since Haagen-Dazs had used the map for years to accentuate its Swedish origin, the company argued that Frusen Gladje's use of the map would create a likelihood of confusion between the two companies, especially given that both claimed Swedish roots. The court, however, disagreed and rejected the claim. Haagen-Dazs, Inc. v. Frusen Gladje, Ltd., 493 F. Supp. 73 (S.D.N.Y. 1980).

McDonald's and the Coca-Cola Co. have long had reputations for zealously guarding their marks against the remotest of possible infringers.

More recently, the Walt Disney Co. is currently in court seeking to prevent competitors from seizing on the success of its 1991 movie "Beauty and the Beast." The lawsuit claims both copyright and trademark infringement. The trademark theory is on the ground that Disney's enormous investment in the marketing of the movie created the market for the home video, and that consumers will justifiably believe that the challenged home video is a Disney product, too, even though the characters don't resemble Disney's.

In addition to such traditional fights, trademark litigation has been spurred by a substantial new trademark law that went into effect in 1989.

Among other things, it leaves open questions about what is a "bona fide use" of a registered patent that will allow a tentative patent to continue in effect; what is "excusable non-use" that rebuts the presumption of trademark abandonment; and whether Section 43(a) of the Lanham Act will be converted into a national law of unfair competition.

It will take trailblazing lawyering to resolve such questions. But then, such innovative lawyering will likely come to characterize the years ahead, as the new emphasis on creative potential to resolve the problems of the new world order puts intellectual property law at center stage.