



CAN A PATENT APPLICATION VIOLATE THE COPYRIGHT LAWS?

Recent decisions from two federal district courts have rebuffed efforts by publishers of scientific journals to claim copyright violations based on the copying of the publishers' articles for purposes of preparing patent applications submitted to the U.S. Patent & Trademark Office ("PTO"). While these decisions confirm that copying and distributing articles in conjunction with preparing patent applications should fall within the "fair use" exception to copyright infringement, the plaintiff publishers have indicated their intentions to seek appellate review of the issue.

PLAINTIFFS' ALLEGATIONS

Plaintiffs in the cases are the American Institute of Physics and the publishing houses John Wiley & Sons, Inc. and Blackwell Publishing, Ltd., which produce and distribute scientific journals that contain scholarly articles in several scientific disciplines. (Blackwell Publishing is a subsidiary of John Wiley & Sons.) The defendants are law firms that prosecute patent applications before the PTO as well as foreign patent offices. The law firms downloaded or copied various

articles published by the plaintiffs. The firms subsequently submitted copies of those articles to the PTO as evidence of "prior art" in conjunction with applications for patents and distributed copies to their clients, lawyers within the firm working on the applications, and, in some instances, foreign patent attorneys.

In *American Institute of Physics and John Wiley & Sons, Inc. v. Schwegman, Lundberg & Woessner, P.A.* (D. Minn. Civ. No. 12-528), plaintiffs initially asserted that the law firm engaged in unauthorized copying by submitting copies of the articles to the PTO. The plaintiffs subsequently abandoned that allegation (after the PTO itself intervened in the case on the side of the defendant) and focused their claims on the firm's downloading, storing, internal copying, and distribution of the articles by email. The firms had downloaded 18 articles, most of them from the PTO's own website but others from varied sources. The firm then copied the articles to the firm's document management system, where they were accessible to lawyers in the firm. The publishers asserted that these

activities, along with viewing the documents and emailing copies of certain articles to the firm's clients or other attorneys, constituted infringement. On August 30, Judge Richard Kyle of the District of Minnesota entered summary judgment for the defendants, adopting a prior report and recommendation of a magistrate judge.

In two other cases, *American Institute of Physics and Blackwell Publishing, Ltd. v. Winstead PC* (N.D. Tex. No. 3:12-CV-1230) and *John Wiley & Sons, Ltd. and American Institute of Physics v. McDonnell Boehnen Hulbert & Berghoff LLP* (N.D. Ill. No. 12 C 1446)—and again, after intervention by the PTO—the plaintiffs similarly amended their complaints to disclaim any allegation of infringement based on submission of copies of copyrighted articles to the PTO, or on retention of file copies of the works submitted to the PTO. Instead, the amended complaints focus on the defendant law firms' unauthorized copying of articles from plaintiffs' journals, including the allegation that the firms charged their clients for the copying and thereby directly profited from its infringement. In *Winstead*, Judge Barbara Lynn of the Northern District of Texas issued a written decision granting summary judgment for the defendants on December 3. The *McDonnell Boehnen* case, brought in the Northern District of Illinois, is currently still in the discovery stage.

A fourth case, *John Wiley & Sons, Inc. and American Institute of Physics v. Hovey Williams LLP* (D. Kan. No. 5:12-cv-4041), was voluntarily dismissed after the defendant took a license from the Copyright Clearance Center.

THE FAIR USE DEFENSE

The defendants in these cases invoked the fair use doctrine set forth in the U.S. Copyright Act. The Copyright Act provides that copyright infringement occurs when a person copies or distributes a copyrighted work without authorization. The Act also provides, however, that certain uses of copyrighted material are "fair use" and thus do not constitute infringement. The Act lists several examples of fair use, including "criticism, comment, news reporting, teaching[,] or research," and then goes on to set forth four nonexclusive factors for determining whether a particular use of copyrighted material 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.

Because a finding that a use is "fair" depends upon an after-the-fact judicial balancing of these and other factors, the Supreme Court has insisted that a fair-use analysis may not "be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1993).

THE DEFENDANTS' AND THE PTO'S ARGUMENTS

The defendants in each of these cases argued that the copying of the articles was integral to the process of prosecuting patent applications, which includes a duty to disclose "prior art" that bears on the patentability of the claimed inventions, and thus constituted fair use under these factors. The defendants asserted primarily that copying the articles in conjunction with patent applications was a "transformative" use that did not compete with the plaintiffs' purposes in publishing the articles, and that use of the articles in the process of preparing patent applications did not harm the market for the plaintiffs' publications.

The PTO itself intervened on the side of the defendants in each case and asserted counterclaims for declaratory judgment of noninfringement, viewing the legal theories asserted by the plaintiffs as a threat to the effective working of the patent application system. In its pleadings and briefs, the PTO has pointed out that Section 102 of the Patent Act specifies that a patent should not issue if the invention was "described in a printed publication" more than a year prior to the date of the application, and that in determining whether an invention is novel and not obvious to a person of ordinary skill in the art, patent examiners routinely consult "non-patent literature" ("NPL"), including scientific and technical articles in the relevant field. The PTO's regulations thus require patent applicants to disclose "all information material to patentability" and encourage applicants to file information disclosure

statements that include copies of publications that reflect the state of prior art. In this context, the PTO notes, the copyrighted publications are submitted solely for their ideas and factual content rather than for any expressive content.

As a consequence of these requirements, the PTO has supported the unfettered ability of patent applicants (and their law firms) to collect, review, and submit published articles necessary and incidental to the filing and prosecution of patent applications, as well as the conduct of other PTO proceedings concerning the scope or validity of any issued patent. The PTO has endorsed the defendants' reliance on the fair use doctrine, asserting its view that fair use protects the copying and distribution of scholarly articles evidencing prior art, including not only copies of articles actually submitted to the PTO but also copies of articles considered but ultimately rejected for submission. The PTO has said that it is unaware of any lawsuit challenging the copying and submission of NPL as infringing activity, prior to these suits.

THE COURTS' RATIONALES

The *Schwegman* court, echoing the arguments of the PTO, was heavily influenced by the PTO's imposition of a duty of candor and good faith on patent applicants. The duty of candor, as enshrined in the PTO's regulations, "includes a duty to disclose to the Office all information known to [the applicant] to be material to patentability"—i.e., information evidencing prior art that might render the invention obvious and not novel. Failure to meet that duty could lead to a finding of fraud on the PTO and could jeopardize the patent's scope, validity, and enforceability.

The *Schwegman* court gave the most weight to the first and fourth fair use factors. As to the purpose and character of the defendant's use, the court found that "a reasonable jury could only conclude that Schwegman's purpose in downloading and making internal copies of the Articles was to ultimately comply with the legal requirement to provide prior art to the USPTO and to represent its clients' interests in obtaining patents in Europe and Japan." The court concluded that the purpose of Schwegman's use of the articles—to review and provide the PTO with information relevant to the patentability of the firm's clients' inventions—was intrinsically different from the plaintiffs' purpose in publishing the articles—to inform the

scientific community and the public of advancements in scientific research and discovery. Nor was there any evidence that the mode of expression of the articles—i.e., their actual copyrighted content—had any relationship to Schwegman's use of the articles, as opposed to the facts the articles conveyed about particular scientific developments, which are not copyrightable.

The court specifically found that reproduction of an original without any change can still qualify as fair use when the use's purpose and character differs from the object of the original, such as photocopying for use in a classroom, or for submission as evidence in judicial proceedings. Indeed, the court noted that the copying of the articles for patent prosecution purposes gave them "an evidentiary character."

The court distinguished the Second Circuit's 1994 decision in *American Geophysical Union v. Texaco Inc.*, which held that a Texaco scientist's wholesale copying of scientific journal articles relevant to his area of research, as part of a systematic process of encouraging employees to copy articles so as to multiply available copies while avoiding payment, constituted copyright infringement. The *Schwegman* court found no evidence that the law firm was maintaining "mini-research libraries" so that it could avoid paying for separate licenses for each of its lawyers.

For related reasons, the court also found that the fourth fair use factor, the effect of the use on the potential market for the copied articles, favored a finding of fair use. The court found that a patent lawyer's use of a scientific article without paying a license fee would not diminish the incentive for authors to write such articles in the first place, nor reduce demand for the original work by its target audience. Again, the court distinguished the Second Circuit's decision in *Texaco*, where the defendant's copying of articles to create a convenient research library impacted a traditional and likely market for the plaintiff's journal articles. And the court reiterated established case law that the fact that an accused infringer did not pay for its use of the copyrighted work does not demonstrate market harm, or else the fourth factor would favor the copyright holder in every case.

Based on this analysis, the *Schwegman* court found that the defendant law firm's copying, storing, and transmittal of the

copyrighted articles, in conjunction with its patent prosecution activities, constituted fair use. Plaintiffs filed a notice of appeal in October 2013.

The court in the *Winstead* case, applying the same four-factor analysis, reached similar conclusions. The court focused primarily on the first factor, the purpose and character of the use. The Court adopted the PTO's hearsay analogy, finding that the defendants' copying and submission of the articles was "not about the truth of the matter asserted therein," but rather "to establish the state of the industry at a particular point in time," and thus was transformative. Related to this, the court found that defendants' copying of NPL served a public benefit, as it "contributes to an efficient patent system, in that it helps the USPTO establish a context for specific patent applications within their industry."

The court also found that the defendants' use was not commercial in nature. Even though the law firm made profits from its broader activity of prosecuting patent applications on behalf of paying clients, "the connection between commercial gain and the infringement is too remote to weigh heavily against a fair use defense." As in *Schwegman*, the *Winstead* court distinguished *American Geophysical Union v. Texaco*, finding that the law firm did not maintain a library of copyrighted articles or save them to individual lawyers' hard drives, but rather maintained them solely in client files. The court also gave short shrift to plaintiffs' contention that the law firm charged 18 cents per page for photocopying rather than 10 cents charged by commercial copiers whose primary business is copying.

The court quickly disposed of the remaining fair use factors, finding that the nature of the copyrighted work was primarily factual, and thus subject to less copyright protection, and finding it immaterial that the defendants copied and submitted the articles in their entirety, rather than in part. The court observed that "[t]he threat of liability encourages patent attorneys to be both generous in what articles they deem relevant and favorable towards submissions of full articles in lieu of excerpts that may or may not convey the full scope of the material information." Finally, the court found that defendants'

use had no adverse impact on the market for the copyrighted articles, as the firm did not distribute copies beyond the attorneys and their staff actively pursuing specific patent applications. As in *Schwegman*, the *Winstead* court held that a plaintiff cannot show adverse market effect merely by pointing to the potential licensing fees that the defendant did not pay.

GUIDANCE

To date, other publishers have not followed suit in bringing similar infringement claims against patent applicants or their law firms, and the initial decisions in these cases should discourage more suits based on this theory. Nevertheless, companies and law firms might wish to take steps consistent with the courts' treatment of these claims to forestall similar claims of copyright infringement based on copying of scholarly articles.

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