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## Bits and Bytes from the Chair

By Charlie Bieneman, Rader, Fishman & Grauer PLLC

I want to make everyone aware of two great events that we have coming up this spring. Please mark your calendars for March 29 and May 17.

First, on March 29, we will have a Section meeting featuring Ward Classen, Deputy General Counsel of Computer Sciences Corporation. Ward will give a presentation on “Vendor Strategies in Negotiating IT Contracts (And How to Deal With Them).” Both in his role at CSC, and as the author of a well-known book, “A Practical Guide to Software Licensing: For Licensees and Licensors,” Ward is in a great position to provide special knowledge and insights regarding IT contracting. Ward will roll back the covers and share with us some vendor secrets in negotiating agreements, as well as strategies often used by buyers, and will generally discuss strategies that can lead to a good outcome for both sides in IT contract negotiations. We are very excited about this presentation, and big thanks to Ward for being willing to fly in from Baltimore to talk to us.

The March 29 Section meeting will begin at 6:30 PM, and will be preceded by a Council meeting at 5:45 PM (all Section members are welcome to attend the Council meeting). This meeting will be at 39533 Woodward Ave. in Bloomfield Hills. The building is the South building (on your left as you come in the drive) at the Southwest corner of Long Lake Rd. and Woodward. We will have beverages and a buffet of heavy appetizers. There is no cost to attend, but we do need a headcount, so please e-mail me if you plan on being there ([cab@raderfishman.com](mailto:cab@raderfishman.com)).

Second, on May 17, we are once again holding our annual Spring Networking event in connection with the Detroitnet.org IT networking organization. If you go to their website, you will see they

Continued on next page



2011-2012

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are billing it as the “May Casual Networking Social – The Legal Eagle Edition,” so I hope everyone turns out and that we do not disappoint the jurisprudential ornithologists. This is a very casual event -- no presentation, no formal meeting, just beverages and socializing. Having crashed one of Detroitnet’s events a few months ago, I can assure you it will be a great time. The event will be held at the Black Finn Saloon, 530 S. Main St. in Royal Oak, and the doors open at 5:00 PM.

Finally, planning has begun for our annual Fall Seminar. We have a great list of preliminary topics and speakers, and are still looking for input from Section members. If you have any ideas, or if there is anything you would like to see at the seminar, please get in touch with Karl Hockhammer.

I hope to see everyone soon at one of our events!

Charlie Bieneman  
2011-2012 IT Law Section Chair

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## 2012 Edward F. Langs Writing Award

### Essay Competition Rules

1. Awards will be given to up to three student essays, which in the opinion of the judges make the most significant contribution to the knowledge and understanding of information technology law. Factors to be taken into consideration include: originality; timeliness of the subject; depth of research; accuracy; readability; and the potential for impact on the law.
2. Essay must be original, deemed to be of publishing quality, and must not have been submitted to any other contest within the previous 12 months.
3. Essay must be typed, double spaced, at least ten pages in length, must contain proper citations listed as either endnotes or footnotes, and must have left, right, top, and bottom margins of one inch.
4. Essay must include the submitter’s name, email address, mailing address, telephone number, and school attended.
5. A total of \$1,500 in US dollars shall be divided between the award winning essays, and all rights to award winning essays shall become the property of the State Bar of Michigan.
6. The Information Technology Section of the State Bar of Michigan reserves the right to make editorial changes, and to publish award winning essays in the Section’s newsletter, the *Michigan IT Lawyer*.
7. Essay must be submitted as a Microsoft Word document, postmarked by June 30, 2012, and emailed to [dsyrowik@brookskushman.com](mailto:dsyrowik@brookskushman.com). ■

The *Michigan IT Lawyer* is pleased to present “Patent Law, Automated Inventing, and the Rise of Artificial Intelligence” by William R. Frehe, a winner of the 2011 Edward F. Langs Writing Award competition, and a graduate of the Florida Coastal School of Law.

The statements made and opinions expressed in this essay are strictly those of the author, and not the State Bar of Michigan or the Information Technology Law Section. Comments regarding this article can be forwarded to the *Michigan IT Lawyer*, care of [michael@gallo.us.com](mailto:michael@gallo.us.com). Enjoy!

## Patent Law, Automated Inventing, and the Rise of Artificial Intelligence

By William R. Frehe

Many companies are beginning to rely more heavily on artificial intelligence to invent new technologies. As the process of inventing becomes more automated, patent law will begin to be pressured to answer a number of looming questions in regards to who is the actual inventor and rightful owner of an invention. As we enter into an Age of Artificial Invention, the Patent Office will have to become more responsive to multi-disciplinary fields and ever changing technologies. Artificial intelligence will accelerate the rate at which new technologies and scientific understanding is achieved and in the process, may very well negate the need for patent law at all. Legal concepts like obviousness, persons having ordinary skill in the art, and enablement will have to be analyzed under a new framework of patent law that takes account of the affects automated inventing will have on the process of innovation.

### I. Introduction

Since the advent of computer technology, computers have steadily become faster. In fact, the rate at which computers are getting faster is getting faster. In a sense, computers are accelerating in their development. This acceleration of computer technology is being applied across a wide field of technical and scientific industries with ever increasing success. For instance, the field of combinatorial chemistry is increasingly relying on computing power for the discovery of useful pharmaceutical compounds.<sup>1</sup> Genetic algorithms are being applied to computers to manipulate potential solutions as if the computer were a living organism.<sup>2</sup> Machines are becoming more intelligent, taking an ever-growing role in the process of inventing new technologies. In the near future, artificial intelligence (“AI”) will reach a point of ultra-intelligence, far surpassing the intelligence of humans.

[A]n ultraintelligent machine [is] defined as a machine that can far surpass all the intellectual activities of any man however clever. Since the design of machines is one of these intellectual activities, an ultraintelligent machine could design even better machines; there would then unquestionably be an “intelligence explosion,” and the intelligence of man would be left far behind. Thus the first ultraintelligent machine is the last invention that man need ever make.<sup>3</sup>

Experts in the field of AI set the date of the development of ultraintelligent machines (hereinafter “Strong AI”) at about 2029.<sup>4</sup> However, in the interim, “[w]e are well into the era of “[N]arrow AI,” which refers to artificial intelligence that performs a useful and specific function that once required human intelligence to perform, and does so at human levels or better.”<sup>5</sup> One such example of Narrow AI now becoming a more common tool for inventing new technologies is computer-automated invention technology (hereinafter “CAIT”). Simply put, CAIT is a type of Narrow AI in which one describes a problem to solve, in response to which the AI automatically produces a design for a machine, chemical, or a physical machine or chemical itself, that solves the problem.<sup>6</sup> Yet, “it is only in the last few years that [CAIT] has become capable of reliably producing useful real-world inventions, rather than academic curiosities.”<sup>7</sup> As the use of CAIT ramps up, users of such technology will invariably want to patent the valuable creations their AI develops. “Standing at the outset of the Artificial Invention Age, therefore, we must ensure that patent law strikes the right balance when allocating ownership rights in artificial invention technology and the inventions it produces.”<sup>8</sup>

The affect of CAIT has of yet to be litigated in U.S. Courts. If patent protection for the inventions of CAIT is rejected as not worthy of patent law's limited monopoly,<sup>9</sup> the development of advanced technologies that require advanced computer technologies and AI will likely not be invented due to a lack of return on investment. In the alternative, if any invention from CAIT is awarded patent protection, the Patent Office (hereinafter PTO) will likely experience a tsunami of patent applications due to CAIT's ability to solve problems and invent solutions quickly. Because advancement of technology is accelerating, the results of such loose patent policy will likely result in severe royalty stacking and the chilling of innovation. "Royalty stacking arises when, in order to take a product to market, the developer of the product takes licenses from all the owners of patents that affect the final product. When the royalty payments are combined, the licensee may find itself with an unprofitable product."<sup>10</sup>

Before a proper balance of patent law can be created, a framework for CAIT and inventorship must be developed. Currently, patents are awarded to the operators of CAIT. However, the operator of the CAIT is merely the one asking the question for the CAIT to solve whereas the CAIT itself is the inventor of the technology resulting from the question asked. With many of the operators of current CAIT so removed from the process of inventing, it makes no sense that the one being credited with a patent is the one asking the question to be solved by CAIT, and not the inventor as required by patent law.<sup>11</sup> Furthermore, at some point in the future, operators of CAIT may become completely removed in favor of Strong AI operators, leaving the question of who a patent should be awarded to if at all wide open.

Avoiding a tsunami of patent applications will require a reworking and reinterpretation of current U.S. patent laws. There is no need to change patent law's basic requirements of novelty,<sup>12</sup> nonobviousness,<sup>13</sup> and utility,<sup>14</sup> but rather apply them in an equitable manner that rewards real innovation while encouraging the implementation of CAIT in new fields of technology. For instance, the bar for obviousness will likely have to be subjectively raised in those industries CAIT is involved. Enablement will have to be analyzed with CAIT in mind. Questions concerning the viability of PTO will need to be addressed.

This paper discusses who the inventor of patentable subject matter is when the human operator of CAIT is so removed from the process of conception of an invention that the threat of a challenge to the patent itself is real. A solution to this issue is addressed by giving a type of dependency status to Narrow AI for purposes of patent applications. The

discussion than changes course to the requirement that patentable subject matter be nonobvious to the person having ordinary skill in the art and what new technologies of automated invention will have on that standard. Also discussed is what will be required from enablement where CAIT is used to create an invention. Finally, the discussion moves on to what Narrow and Strong AI will mean for the future of the PTO in the next decade and beyond. New laws that clearly state requirements for CAIT could clear up the uncertainty that accompanies filing patents using AI. Because the engine of growth of the U.S. economy is innovation, steps taken now to foster growth in AI may pay huge dividends down the line.

## II. Patents Awarded to Whom?

Narrow AI has been deployed across a wide range of fields. "Computers have already been integrated into processes for the design, testing and manufacture of sophisticated products such as engines and robots, and are widely used in biotech, biochemical, engineering and financial industries to simulate experiments and to sort and process experimental data."<sup>15</sup> However, only recently has Narrow AI become intelligent enough to play a large and significant role in the invention process.

The first true CAIT of Narrow AI to have its invention awarded a patent was a creation by Dr. John Koza dubbed the "invention machine."<sup>16</sup> By employing genetic algorithms, Dr. Koza's "invention machine" has been awarded two patents as of 2005.<sup>17</sup> The USPTO granted not only a patent for the invention machine's controller design, a kind of device found in everything from thermostats to automobile cruise control systems, but also on the genetic algorithm driven method Dr. Koza used to invent it.<sup>18</sup> Dr. Koza's "invention machine" is true CAIT of Narrow AI because it is unaided by humans in the task it is programmed to do, inventing.

However, CAIT was not born intelligent. The earlier forms of CAIT required a significant human role in the inventing process. Take Gregory Hornby of the NASA Ames Research Center and an antenna he designed for space applications. Hornby used genetic algorithms to design an antenna that looks so crazy, no human engineer would have ever thought of it;<sup>19</sup> yet the antenna works better than previous human designs.<sup>20</sup> Unlike Dr. Koza's controller, which was generated automatically without human intervention in one pass by software, the NASA antenna design was generated using multiple passes, with human engineers learning from initial output of the software and feeding results of such learning back into the software to improve the output of its designs.<sup>21</sup> The type of inventing this paper will focus on is the type performed by

Dr. Koza and his “invention machine,” because with this type of inventing, who the inventor of the final product is will likely be contentious where the operator is so far removed from the process. Before a discussion of inventorship can take place, a more thorough understanding of what genetic algorithms are is in order.

“Genetic Algorithms are a way of solving problems by mimicking the same processes Mother Nature uses. They use the same combination of selection, recombination and mutation to evolve a solution to a problem.”<sup>22</sup> By creating an environment of evolution, CAIT employing genetic algorithms exchanges random pieces of software code across a network of computers to bring about a specific result requested of the CAIT. In Koza’s case, “he merely told the software which criteria he needed a controller to satisfy, and in response the software automatically devised a controller that satisfied those criteria.”<sup>23</sup> However, because the viability of such methods of invention have yet to be tested under the rigors of U.S. courts and patent law, those inventions created by CAIT employing genetic algorithms may not be worthy of patent status. Furthermore, Dr. Koza has suggested himself that the patent examiner who awarded the patent for his invention machine’s controller was unaware that it was his device, the “invention machine,” and not Koza that created the invention.<sup>24</sup> It would seem that at the very least, Koza’s “invention machine” should have also been listed as a co-inventor for its efforts in finding a solution that met the criteria it was given. Such a result would seem equitable but also forward thinking for when Strong AI becomes the inventor and the human operator of today’s current Narrow AI CAIT the spectator, a human would definitely not qualify as inventor.

Under U.S. case law, an inventor is defined as one with intellectual domination over the inventive process, and not merely one who assists in its reduction to practice.<sup>25</sup> To claim inventorship is to claim at least some role in the final conception of that which is sought to be patented.<sup>26</sup> Conception is established when the invention is made sufficiently clear to enable one skilled in the art to reduce it to practice without the exercise of extensive experimentation or the exercise of inventive skill.<sup>27</sup> In other words, establishing conception requires an inventor to form a definite and permanent idea of the complete and operable invention.<sup>28</sup> Applied to Dr. Koza’s case, the case law seems to suggest that Koza’s “invention machine” should at the very least have been listed as an inventor alongside Koza and his peers for the very invention it had such a large part in creating. Arguably, the “invention machine” played a much larger role in conception than did Koza and his colleagues. Koza and his peers probably had an idea of what the invention would be, just not a definite and

permanent idea of what the complete and operable invention would look like. CAIT is capable of finding a definite and permanent idea given some parameters to work around. For Dr. Koza’s patented controller, the “invention machine” achieved conception when it was programmed specific parameters to which a controller must meet; a definite and permanent idea was achieved when the “invention machine” delivered a result within the parameters to which it was programmed. It would be no different than your boss asking you to design a new device that meets a number of parameters. Should you design such a device that met your boss’s parameters that also happened to meet patent law’s requirement for inventions to be patentable, you would be the invention’s inventor. However, it would be a stretch to argue your boss should also be labeled the inventor simply because he gave you some parameters to work around. Such an analogy begins to break down under arguments that Narrow AI is not forming an idea of what it created, it does not have a mind, nor does it understand its creation, it is merely coming to the most logical conclusion based on the parameters to which it was programmed.

The “most influential and widely cited argument” against AI being intelligent is John Searle’s “Chinese Room” thought experiment.<sup>29</sup>

In the experiment, Searle imagines himself in a room acting much as a computer would by executing a program outlined in a book of rules that convincingly simulates the behavior of a native Chinese speaker. People outside the room slide Chinese characters through one slot in the door and Searle, to whom Chinese is indistinguishable from Japanese or plain squiggles, is able to create sensible replies that he slides through another slot in the door, in Chinese, by following the instructions of the rules in the book. The question arises whether Searle can be said to understand Chinese in the same way that AI can understand whatever function its program is designed to perform.<sup>30</sup>

Applying this experiment to the “invention machine” and the patented controller, the “invention machine” cannot be said to understand what the controller’s purpose is or what it does. It simply followed a set of instructions just as the individual in the “Chinese Room” would have in order to complete a given task. However, this argument does not account for the fact that the human brain takes much longer to program than the so-called brain of a computer. Where a human may need years of schooling to understand and communicate effectively the Chinese language, a computer may do so in minutes simply by running a program. In addition, it

is a fallacy for human kind to label a particular process of intelligence as not real where we do not even fully understand how the human process of intelligence works.

Philosophies of the thinking mind aside, the legal requirement that an inventor conceive of an invention by forming a definite and permanent idea of the complete and operable invention<sup>31</sup> is precisely what the “invention machine” did. Simply because human intelligence can understand the process by which CAIT conceives of an invention makes it no less a definite and permanent idea of a final and complete invention as if a human came up with it. Application of the case law should result in only Koza’s “invention machine” being labeled as the inventor of the patentable controller. Regardless, the requirement that an invention be new, detailed in 35 U.S.C. §102, reads “A person shall be entitled to a patent unless...”<sup>32</sup> As extensive as the United States Code Title 35 is, the term person is not defined there nor is it defined in the Manual of Patent Examining Procedure.

While the Patent System does not explicitly require a particular threshold of human control and input into the invention process, the patent laws are framed in terms of human creation. The notion of a human inventor is embedded in the patent application process, and patent legislation and the Patent Act are replete with references to human actions and entitlements.<sup>33</sup>

An application for patent requires that the inventor make an oath and “state of what country he is a citizen.”<sup>34</sup> This has been interpreted by courts to mean that “only natural persons can be inventors.”<sup>35</sup> Furthermore, awarding a patent to CAIT that can neither appreciate property rights nor act upon them seems contrary to the Constitution’s power to promote the progress of science.<sup>36</sup> By simply amending the United States Code Title 35 to include “device” or “machine,” e.g., “A person or device shall be entitled to a patent unless...,” an equitable solution is possible. Such a solution is greatly needed in order to lay the groundwork for the patentability of and investment in future innovations.

### III. Machine Dependency?

Think if you will that Dr. Koza’s “invention machine” is a comatose, hospitalized, and incapacitated individual. This individual cannot breathe on his own, he cannot feed himself, and he is completely incapable of handling any of his personal business matters. In such a case, this individual would likely be appointed a legal representative to handle his personal finances and property. This is essentially the situation that both Dr. Koza and his “invention machine” are in. Koza’s “invention machine” cannot power itself, pay

for its maintenance, or manage its property. It is Narrow AI designed to meet or exceed one particular component of human intelligence. In patent applications, where the inventor is legally incapacitated, the legal representative (guardian, conservator, etc.) may represent the inventor in the patenting process “upon compliance with the requirements and on the same terms and conditions applicable to the inventor.”<sup>37</sup> Likewise, in the case of a legally incapacitated inventor, “the legal representative (guardian, conservator, etc.) of such inventor may make the necessary oath or declaration, and apply for and obtain the patent.”<sup>38</sup> These legal standards should be applied to Narrow AI in that devices such as CAIT are, for all purposes, incapacitated. By interpreting patent laws in such a way, costly litigation as to the viability and ownership of patentable subject matter may be avoided. Furthermore, an interpretation such as this would give a clear signal to the developers of new technologies that the use of CAIT is not discouraged, clearing away uncertainty about this new technique in technology development.

In the case of Dr. Koza, because patents have the attributes of personal property,<sup>39</sup> Dr. Koza would essentially serve as his invention machine’s legal representative, managing his invention machine’s patents. Such a result makes sense, especially where an individual may own or be the operator of the CAIT that is producing the patentable invention. Why shouldn’t the owner of property benefit from the fruits it bears? If my apple tree produces apples, they belong to me, not the apple tree. This, of course, does not take into consideration inventorship and reduction to practice of the patentable inventions created by Dr. Koza’s “invention machine.”

A distinction between inventorship and ownership is in order. An application for a patent must be made by or on behalf of the actual inventor or inventors of the subject matter claimed therein.<sup>40</sup> Thus, inventorship is a question of who actually invented the subject matter claimed in a patent whereas ownership is a question of who owns legal title to the subject matter claimed in a patent.<sup>41</sup> In the case of Dr. Koza, Koza’s name along with his peers who contributed to the conception of the invention machine’s invention, have their names listed as inventors for the invention machine’s patentable discovery.<sup>42</sup> In U.S. Patent No. 6,847,851, background information of the invention describes the use of genetic programming and automated design,<sup>43</sup> both signs that artificial intelligence in the form of CAIT took part in conception of the invention. A patent examiner inquiry as to clarification of inventorship is appropriate to clarify any ambiguities in a patent application.<sup>44</sup> It is then incumbent upon the applicant to provide a satisfactory showing that would lead to a reasonable conclusion that the applicant is the inventor

of the claimed invention in the application.<sup>45</sup> Applying this standard should have resulted in the patent examiner making an inquiry as to the level artificial intelligence played in conceiving the claimed invention. When CAIT plays a role in conception, it deserves to be listed as an inventor or alternatively, no patent should be issued for the claimed invention. An inventor need not make the same type or amount of contribution toward conception.<sup>46</sup> Nor does it matter that an inventor did not contribute to conception of every claim in the application.<sup>47</sup> Furthermore, there is no requirement that the inventor be the one to reduce patentable subject matter to practice so long as the reduction to practice was done on the inventor's behalf.<sup>48</sup>

Upon a showing that CAIT played a role in conception, an inquiry should next turn to the extent the CAIT played in conception and who shall be the legal representative of said CAIT. If CAIT was the inventor, it therefore deserves credit and a stake in the patentable subject matter. However, because such technology is incapacitated for all purposes, it needs legal representation, and the legal representative should reap the rewards of the patent. The most logical of legal representatives would be the owner, operator, and/or maintainer of the CAIT. Should the CAIT be owned by an entity or organization such as a university or corporation, contract of assignment of patent rights would not be needed, for the entity or organization already owns the CAIT that created the patentable subject matter, just as an entity or organization would own the widget that comes off of their assembly line.

#### IV. An Elevated Obviousness Standard

According to patent law, a patent may not be obtained if the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art (here and after the "PHOSITA").<sup>49</sup> Patent law's § 103 non-obviousness standard for inventions will likely be the most contentious for CAIT because for such technology, the answer it arrived at is typically the obvious solution. The standard is made even more difficult given "the standard is largely subjective and the assessment is being made, in the first instance, by patent officials who do not necessarily have expertise in the specific field of invention."<sup>50</sup> "The person of ordinary skill in the art is a hypothetical person who is presumed to know the relevant prior art."<sup>51</sup> Case law gives a number of factors to look to in determining the PHOSITA which may include: (1) type of problems encountered in the art, (2) prior art solutions to those problems, (3) rapidity with which innovations are made, (4) sophistication of the

technology, and (5) educational level of active workers in the field.<sup>52</sup> The PHOSITA is not the only consideration in a determination of obviousness, "evidence of nonobviousness, when present, must always be considered before reaching a legal conclusion under § 103."<sup>53</sup> "Such evidence includes the commercial success of the patented invention, whether the invention addresses long felt but unsolved needs, and the failure of others to produce alternatives to the patented invention."<sup>54</sup>

Applying these factors to CAIT may result in some unforeseen results. Additionally, it is unclear whether the PHOSITA standard for a determination of obviousness concerning patentable subject matter invented using CAIT is analyzed under the ordinary person with access to ordinary instruments in the field of expertise or the ordinary person with access to CAIT in the field of expertise. Applying a hobbled nonobviousness standard in the Artificial Invention Age could allow a small number of opportunists to obtain countless patents on obvious inventions.<sup>55</sup> Such a result could stifle economic development and innovation.

To prevent an avalanche of obvious inventions from flooding the PTO, a new elevated standard of obviousness must be developed for those fields that have CAIT available for commercial use. What this means is that the patent examiner will need to ask whether an inventor of ordinary skill, using CAIT, would have found the invention at issue obvious.<sup>56</sup> Given a big enough super-computer with enough calculative ability, some inventions that seem nonobvious may otherwise be the inevitable result.

Massive computational ability raises the question of whether obviousness will ultimately become a function of the level of computational capacity needed to reach the answer. If an invention is the result of brute force trial-and-error testing, the result could be construed as obvious, because of the inevitability of discovery, or as not obvious, because the result was not "foreseen." On the other hand, where elements of randomness are built into the experimental process through evolutionary software techniques there are some senses in which the results are never obvious.<sup>57</sup>

Ultimately, these questions are to be resolved by the patent examiner. Once an examiner determines that CAIT has aided in the conception of patentable subject matter, the type of CAIT used, the computations per second of that CAIT, the type of software run on the CAIT, and the extent the CAIT had in the conception of the invention should be made. All these factors should be balanced against one another in a subjective case-by-case analysis.

Applying the aforementioned PHOSITA factors along with an elevated obviousness standard that includes CAIT

considerations would likely result in different outcomes for inventions that have already received patent protection. Some may argue that inventions should not be negated by the manner in which the invention was made.<sup>58</sup> Nonetheless, though some inventions may be negated by an elevated obviousness standard, they will be negated because they would have been obvious to the inventor of ordinary skill using CAIT, not because the inventor used CAIT. Those small-time inventors developing new innovative products in their garage need not worry where new elevated obviousness standards are increasing the level of imagination required of those using CAIT for the two will likely find themselves competing for different types of patents. Where CAIT is deployed to solve big problems so complex that humans require the aid of computational power to find the nonobvious answer, the garage inventor is finding solutions to small problems so simple the solution would have been discovered a long time ago were they obvious.

The factors that make up the PHOSITA need not be discarded. The factors merely need be reapplied in a new context, taking account of the skill-enhancing affect that CAIT has on the invention process. As to all five factors used in analyzing the PHOSITA, only the most innovative and groundbreaking inventions should be patentable in those fields that have been deeply penetrated by automated-invention technology. The PHOSITA factors should be dependent upon the level of penetration CAIT has had in the particular field. Where penetration in a field is deep, the problems encountered in the art will be more severe, for the less complex problems would have been solved by now else they are obvious. Likewise, where penetration is great, the patent examiner should look to prior art solutions that were discovered using CAIT. Where penetration is low, the patent examiner should give deference to those prior art solutions that did not employ automated-invention technology.

By developing a sliding scale, the PTO can encourage skill-boosting CAIT penetration into fields that have yet to adopt such technologies while ensuring that those fields that do have elevated levels of CAIT penetration are not innovatively stifled by the issuance of obvious patents. Applying a sliding scale of CAIT penetration to the first PHOSITA factor, “type of problems encountered in the art,” one would expect the problems in the art to be more complex where CAIT penetration in an industry is deep. Complex problems in an art should require a more sophisticated PHOSITA. Because non-complex problems encountered in an art would be obvious to a sophisticated PHOSITA, deep CAIT penetration in an industry should mandate a higher threshold of complexity for the problem presented to an examining attorney.

Application of the sliding CAIT penetration scale to the second PHOSITA factor, “prior art solutions to those problems,” should result in a higher threshold for obviousness to the PHOSITA where CAIT penetration is significant because prior art solutions would likely have been discovered by PHOSITA using CAIT. Where CAIT penetration is low for a particular field, less deference should be given to those prior art solutions that used CAIT because the use of CAIT in the particular field to determine a solution would have been less obvious to the PHOSITA. Applied to the third factor, “the rapidity with which inventions are made,” those fields with high levels of CAIT penetration will likely have a boost in the pace of inventing whereas those fields that have yet to have CAIT deployed significantly will have yet to receive such a boost. Therefore, the standard for obviousness to the PHOSITA should be lower in the fields that have yet to receive boosts in the rapidity with which inventions are made due to a lack of CAIT penetration whereas those fields that have received significant boosts in the rapidity of inventing from CAIT should have a higher standard of obviousness to the PHOSITA.

Applied to the last two factors, both the sophistication of the technology and education level of workers in the field should be higher due to CAIT penetration. Where an industry has significant penetration of CAIT, the PHOSITA will likely have multi-disciplinary educational aspects, resulting in a highly-educated individual. Therefore, the PHOSITA should be judged from a higher educational standpoint when CAIT is involved in patentable subject matter. The PHOSITA should be judged not only based on the art of the invention, but on the method used in creating it.

For example, CAIT used to develop a patentable engineered microorganism will result in a PHOSITA of microbiology and computer programming. It should follow that the more educated one is in a particular field of study, the more obvious an invention to them would be from that particular field of study. Significant CAIT penetration in an industry should also result in significant increases in the sophistication of technologies in the field. Solutions to problems in a field of study with more sophisticated technologies will have a higher threshold of obviousness for the PHOSITA because an ordinary solution to a problem in such a field would likely be an obvious one. With the sliding scale based on the penetration CAIT has made into a particular art, courts may apply an equitable solution to the obviousness of CAIT aided inventions that protects industries that have yet to adopt Narrow AI techniques to solving problems while requiring a high level of nonobviousness in those industries that have. Such a sliding scale may be effective in preventing a flood of obvious patent applications at the PTO.

A patent attorney prosecuting a patent must also look to evidence of nonobviousness as well as obviousness when making a determination of whether the claimed patentable subject matter would have been obvious to the PHOSITA.<sup>59</sup> As previously mentioned, evidence of nonobviousness may include evidence such as “commercial success, long felt but unsolved needs, and the failure of others to make the invention.”<sup>60</sup> Application of the sliding scale of CAIT penetration to these factors may not be equitable. For example, in the case *Environmental Designs, Ltd. v. Union Oil Co.*, under dispute was whether a method for extracting sulfur from air was obvious.<sup>61</sup> The Court held that the reduction of sulfur had been legislatively mandated and the fact that there had been a long felt need to remove as much sulfur from the air we breathe as possible were both strong evidence of nonobviousness regardless of the fact that the different pieces of the invention were known in the art.<sup>62</sup> If this same situation had arisen in the Artificial Invention Age and a sliding scale of CAIT penetration was applied, the amount of obviousness may have been enough to trump the evidence of nonobviousness, rendering the invention non-patentable. Therefore, a sliding scale of CAIT penetration is likely not appropriate for evidence of nonobviousness where the approach as it stands is sufficient.

## V. Enablement

“One of the primary purposes of the Patent System is to provide incentives for full disclosure of inventions so that others can understand and build on the inventions.”<sup>63</sup> Section 112 of the Patent Act requires a written description of the invention, the process of how to make and use the invention, otherwise known as enablement, and the best mode contemplated by the inventor for carrying out the invention.<sup>64</sup> Enablement is referred to as the public disclosure function of patents whereas the various requirements mandating that you describe in the patent application how to make and use the invention, i.e., best mode, are referred to as the disclosure requirement.<sup>65</sup> Specifications of how to make and use the invention must be enabling to persons skilled in the art.<sup>66</sup> The relative skill of those in the art refers to the skill of those in the art in relation to the subject matter to which the claimed invention pertains at the time the application was filed.<sup>67</sup> “Where different arts are involved in the invention, the specification is enabling if it enables persons skilled in each art to carry out the aspect of the invention applicable to their specialty.”<sup>68</sup>

If the practice of a method requires a particular apparatus, the application must provide a sufficient disclosure of

the apparatus if the apparatus is not readily available.<sup>69</sup> If a specific computer is used, its model should be given. If the computer is customized for the CAIT, details of the computer’s required components should be given or where the specifications of the computer are irrelevant, a minimum systems requirement should be divulged. The public disclosure function “does not require that a patent disclosure enable one of ordinary skill in the art to make and use a perfected, commercially viable embodiment absent a claim limitation to that effect.”<sup>70</sup> The ultimate question asked by enablement is thus, “is the experimentation needed to practice the invention undue or unreasonable?”<sup>71</sup>

Even for one skilled in the art, reproducing an invention without undue or unreasonable experimentation may be difficult to achieve where an invention was produced by means of CAIT. Some have suggested that a “demand for a written description of a CAIT implemented invention could be construed as a requirement to produce the machine code or source code used to generate the solution, or as a provision of guidelines that would enable someone to use their own computer to replicate the results.”<sup>72</sup> However, such a blanket rule may be unnecessary and cumbersome. Furthermore, because of the multi-disciplinary nature of CAIT inventions, a subjective case-by-case approach will likely result in a more equitable result.

Available case law provides sufficient guidance to resolve such questions. In the case *In re Wands*, there was significant disagreement as to whether claims directed to the detection of hepatitis B surface antigens was satisfactorily enabling.<sup>73</sup> “[I]t is well established that enablement requires that the specification teach those in the art to make and use the invention without undue experimentation. Whether undue experimentation is needed is not a single, simple factual determination, but rather is a conclusion reached by weighing many factual considerations.”<sup>74</sup>

Factors to be considered in determining whether a disclosure would require undue experimentation [] include (1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.<sup>75</sup>

“A conclusion of lack of enablement means that, based on the evidence regarding each of the above factors, the specification, at the time the application was filed, would not have taught one skilled in the art how to make and/or use the

full scope of the claimed invention without undue experimentation.”<sup>76</sup>

The court in *In re Wands* held that the claims were enabling because “[t]here was a high level of skill in the art at the time when the application was filed, and all of the methods needed to practice the invention were well known.”<sup>77</sup> In essence, the Court gives deference to the fact that just because the skill in the art is high, enablement is not insufficient where the methods disclosed are sufficiently well known. Applying the holding in *In re Wands* to a dispute of sufficient enablement for CAIT made inventions, deference should be given to the fact that applying genetic algorithms to any field of science is complex. Because the methods of computer programming and genetic algorithms are well known, enablement will be sufficient where a reference to CAIT is provided. However, “[w]here the claimed invention is the application of an unpredictable technology in the early stages of development, a so-called nascent technology, an enabling description in the specification must provide those skilled in the art with a specific and useful teaching.”<sup>78</sup> With this in mind, a distinction is in order between the method at coming to conception of an invention and reduction of an invention to practice.

Enablement requires a written description of how to make an invention,<sup>79</sup> not a written description of how the idea of an invention was reached. To better understand this concept, an example is in order. “Each year, the FIA, the international motor sport’s governing body, sets new design rules in a bid to slow [Formula 1] cars down, so as to increase the amount of overtaking during a race and thereby make the event more interesting to spectators and television viewers alike.”<sup>80</sup> The thinking behind the annual changes in design rules is that the races will become more competitive and, as a result, admission and television fees will continue rolling in.<sup>81</sup> An environment of annual change such as this lends itself to the application of genetic algorithms and by extension, CAIT.

Applied to Formula 1 aerodynamic design, a genetic algorithm might work as follows: Take an initial design, and then randomly generate an array of variations upon it; feed this array of designs into a [CAIT] simulation [that selects for the fittest subset] aerodynamically speaking; cross-breed the fittest designs and add some random mutations to obtain the next generation; iterate indefinitely.<sup>82</sup>

If an aspect of a resulting Formula 1 design meets the requirements for patentability, let’s say in this case a spoiler design, only the method of fabrication of the spoiler need be revealed to meet enablement, not the means at which

the spoiler design was conceived. Because the fabrication of vehicle spoilers is likely a well-known process, the actual method of fabrication of the spoiler may be vague, for anyone skilled in the art of fabricating vehicle parts will understand how to fabricate the spoiler given the design specifications. Use of CAIT to come to the design conception need only be briefly mentioned in keeping with proper disclosure of the actual inventor.

In the case of patenting the means of conception of a design by way of CAIT, an entirely different patent would be required. In the case of Dr. John Koza and his invention machine’s patented controller, U.S. Patent No. 6,847,851, the method of conceiving the controller is largely left unrevealed. However, the resulting design of the controller is revealed and is sufficient to meet enablement for the construction of controllers is a well-known process to those skilled in the art of electrical engineering. On the other hand, Koza was also issued a patent for the computer-automated method used to invent the controller, U.S. Patent No. 7,117,186.<sup>83</sup> This method for designing controllers, unlike the actual controller Koza received a patent for, was conceived of by Koza himself and therefore rightfully awarded patent to him. Public disclosure requires that this patent sufficiently enable one skilled in the art of computer programming and electrical engineering to replicate Koza’s method for designing controllers. In meeting this requirement, the patent goes into detail the method of both writing the computer code and designing the computer network in performing the CAIT process for controller design.<sup>84</sup> Herein lays the distinction, if an application for patent is for the method of using CAIT to produce inventions, than the method must reveal the means of doing so sufficiently enough that one skilled in the art may replicate the method of the CAIT invention. If the patentable subject matter is for the resulting product of CAIT, enablement requires revelation of the method by which the resulting subject matter may be made (if at all given the subject matter is one of well-known manufacture), not the means of conceiving the invention, subject of course to a number of caveats. As AI becomes stronger, the invention process will become more automated and AI will take a bigger role in designing methods of inventing. Stronger AI will also become integrated with current automated methods of manufacturing and fabricating. “A key issue that can arise when determining whether the specification is enabling is whether the starting materials or apparatus necessary to make the invention are available.”<sup>85</sup> Where the CAIT is integrated, meaning the CAIT is the designer of a patentable method or plays a role in the actual manufacture or fabrication of a patentable design, the method for both

writing the computer code and designing the computer network will likely have to be revealed to enable one skilled in the art to replicate the invention's specification. Furthermore, where CAIT inventions are of a complexity that their methods of replication are not well-known, i.e., a nascent technology, the method for both writing the computer code and designing the computer network will likely have to be revealed to meet public disclosure, thus providing those skilled in the art with a specific and useful teaching. Such disclosures may only go so far, for the human mind has its limits when confronted with the complexities of highly technical multi-disciplinary fields of study. It is not inconceivable that the future of patent prosecution may too become one of automation.

## VI. Limitations of Inventors and the Patent Office

The PTO is already struggling with the work load it has. New fields of technology, referred to at the PTO as "arts," are crossing over and mixing with one another. The PTO distinguishes between these arts by dividing the PTO into "art units": groups of patent examiners, each of which is assigned to examine patents in a particular art.<sup>86</sup> "This helps the [PTO] examine patent applications more efficiently and effectively, because it can hire examiners with the right technical background to work in each art unit."<sup>87</sup> The problems begin to arise when subject matter has its foundations in multiple arts and is not easily classified or assigned to an art unit. For instance, "[i]n computer applications, it is not unusual for the claimed invention to involve two areas of prior art or more than one technology, e.g., an appropriately programmed computer and an area of application of said computer."<sup>88</sup> Like computer applications, nanotechnology is a multi-disciplinary field, "making it difficult for an examiner to adequately search the prior art during prosecution."<sup>89</sup> Nanotechnology is examined in the division of the PTO in which the patentable subject matter most relates.<sup>90</sup>

For instance, biotech divisions within the PTO deal with nanobio, and semiconductor divisions deal with nanophysical applications. This does not provide a cohesive approach to nanotechnology at the PTO, because the individual examiners in these divisions review the applications in light of the case law frequently utilized in their respective division. At this stage, there are few examiners with experience in nanotechnology.<sup>91</sup>

In response to nanotech problems, "[t]he PTO has created a new cross-reference digest for nanotechnology"<sup>92</sup> that consolidates prior nanotechnology art. The situation posed by CAIT-aided inventing should be dealt with in a similar fashion. What is expected of examiners in the PTO as of now

with regards to CAIT-aided inventing is an understanding of computer programming, automated inventing, genetic theory, and one or more areas of application of said techniques. To make matters worse, the number of fields employing CAIT is growing as the technology becomes more readily available. Furthermore, the complexity and number of CAIT aided inventions will only grow with time. Soon, CAIT will be deployed in the field of nanotechnology as well as those fields that may have yet to be discovered. If the patenting of new advanced technologies becomes too burdensome for human intelligence to effectively prosecute in a timely manner, new Strong AI technologies may have to be invented to aid the PTO in its efforts.

One such example is IBM's DeepQA, commonly referred to as Watson. Watson is named after the founder of IBM, Thomas J. Watson, and was recently a contestant on the game show Jeopardy.<sup>93</sup> IBM is only just starting to explore how DeepQA may be used by attorneys.<sup>94</sup>

With the technology underlying Watson, [] you could have a vast, self-contained database loaded with all of the internal and external information related to your daily tasks, whether you're preparing for litigation, protecting intellectual property, writing contracts or negotiating an acquisition. Pose a question and, in milliseconds, Deep QA can analyze hundreds of millions of pages of content and mine them for facts and conclusions[.]<sup>95</sup>

With the PTO facing a coming storm of complex, multi-disciplinary CAIT aided inventions, implementation of DeepQA type software is not only necessary, it is inevitable.

Without the aid of powerful AI, some inventions made with CAIT may never be understood by not only patent examiners but the individuals representing and operating the CAIT as well. In some cases, it may be difficult or impossible to understand inventions produced using CAIT by studying those inventions with an unaided mind.<sup>96</sup> Regardless, traditional principles of patent law only require how to make and use an invention, not explain why it works.<sup>97</sup> However, a problem such as this will be most difficult to address where the lack of understanding of an aspect of an invention is central to a claim of the patentable subject matter. Although, the hypothetical PHOSITA to which the claimed subject matter pertains should have the necessary capability of understanding the scientific and engineering principles applicable to the pertinent art.<sup>98</sup> For a case in point, take Adrian Thompson, one of the pioneers of genetic algorithms and CAIT.<sup>99</sup> Thompson, aided by some of the earliest CAIT available, developed a simple analogue circuit that can tell the difference between two audio tones.<sup>100</sup> After some 4,000 iterations, the genetic

algorithm that designed the circuit somehow found ways of exploiting physical quirks in the semiconductor material of the circuit that to this day, researchers do not fully comprehend.<sup>101</sup> Situations such as this have yet to be properly litigated by the PTO but are only likely to increase as CAIT promises more inventions of more complexity.

Another issue the PTO must confront is the pace at which inventing will begin to accelerate in the coming decades. The rate at which application for patent occurs is steadily increasing every year. In 2000, 315,015 patents were filed with the PTO whereas in 2010, the number of patents filed with the PTO had increased to 520,277.<sup>102</sup> This represents about a 65% increase in patent applications in the past decade. The key idea underlying the impending acceleration of technological change is exponential growth which starts out almost imperceptibly and then explodes with unexpected fury.<sup>103</sup>

We are now in the early stages of this transition. The [ ] exponential growth of the capacity of information technology [is] beginning to reach the “knee of the curve,” which is the stage at which an exponential trend becomes noticeable. Shortly after this stage, the trend quickly becomes explosive. Before the middle of this century, the growth rates of our technology [ ] will be so steep as to appear essentially vertical.<sup>104</sup>

Growth in technology is synonymous with growth in patent applications. The PTO will have to be truly agile and transformative in the future to keep up with the impending explosion in technology. The requisite technologies to create this explosive growth and acceleration are already beginning to show themselves in the form of Narrow AI. “In the case of the upcoming [CAIT aided] patent flood, we have the foresight to see it coming and the opportunity to act now to update the law as necessary to avoid the problems we’ve experienced in the past”<sup>105</sup> However, beyond the coming decade lies a world so radically different one must question the viability of the PTO and patent system itself. Let us imagine the equivalent of discoveries in science and advancement in technology from the period of 1990 to 2010 all condensed into a period of one year. It would seem impossible that royalty stacking would not inevitably occur given the monopoly in patent protection lasts 20 years.<sup>106</sup> As the world enters its third decade in the new millennium, a 20 year period will seem like centuries in terms of the development of technology. If mankind, equipped with AI, expects to solve the world’s most pressing problems, problems like global warming, population overcrowding, and food and water shortages, it may be necessary to make gradual reductions to the length of monopoly status a patent receives. In the al-

ternative, mankind may use the length of patent protection as a means of controlling the rate at which technology accelerates, thereby setting a pace which is socially acceptable and psychologically comprehensible for human kind to live with. However, such a means of control may have adverse effects on the growth of jobs in the technology industry and on the economy as a whole. Another approach may be to simply let market forces dictate the outcome and hope for the best. “[P]atent law [ ] was developed to provide incentives to invent in a world in which inventing was risky, time consuming, and expensive, [and] will bear only so much reduction in inventive risk, time, and cost before requiring more radical restructuring.”<sup>107</sup> The possibility exists that the PTO may simply become a relic of the past, a method of driving technology to its inevitable self-acceleration. On this point, only time will tell; although, it is certainly something worth considering in the interim.

## VII. Conclusion

Because human-kind stands on the forefront of an Artificial Invention Age, one which could never have been foreseen by the drafters of current intellectual property law, patent laws should be reworked to include AI as inventors in both patent laws and the patent application process. AI that is for all purposes incapacitated should be legally represented by the owner/operator/maintainer of the device in terms of intellectual property management and ownership. This framework would give a solution to the as of yet litigated issue of who is the inventor where the operator of CAIT is many steps removed from the actual process of conceiving the invention. Furthermore, such a framework could continue well into the future where human operators of CAIT are replaced with AI. By taking new approaches to determining the level of nonobviousness an invention must meet when created by means of CAIT, the proper measures of protecting and fostering intellectual property may be taken. Rethinking the requirements of enablement and CAIT inventions will ensure that only what is required is revealed, thereby protecting valuable research efforts while at the same time accomplishing public disclosure where required. By amending IP laws in such a way, innovation, creativity, and technological advancement may continue into fields that require the power of AI.

It is about time the PTO begins to plan appropriately for cross-disciplinary inventions. Planning now will ensure current patent backlogs do not get worse. Research into aiding examiners with AI would not only send a strong signal to technology firms developing AI, but would also result in quicker patent prosecution. Finally, the PTO should begin

grappling with what acceleration due to CAIT and other AI technologies will mean for the viability of the PTO. Only by discussion and analysis may understanding of the issues be achieved. The goal of the PTO should be to foster innovation, not stifle it. There are many more issues in patent law that must be discussed before taking action. Because the engine of growth of the U.S. economy is innovation, steps taken now to foster growth in AI may pay huge dividends down the line. ■

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- 86 See ROBERT PLOTKIN, THE GENIE IN THE MACHINE: HOW COMPUTER-AUTOMATED INVENTING IS REVOLUTIONIZING LAW AND BUSINESS 164 (Stanford 2009).
- 87 ROBERT PLOTKIN, THE GENIE IN THE MACHINE: HOW COMPUTER-AUTOMATED INVENTING IS REVOLUTIONIZING LAW AND BUSINESS 164-165 (Stanford 2009).
- 88 See *White Consol. Indus. v. Vega Servo-Control, Inc.*, 214 USPQ 796, 821 (S.D.Mich. 1982).
- 89 Melissa D. Schwaller & Gaurav Goel, Getting Smaller: What Will Enablement of Nanotechnology Require?, 3 NANO-TECH L. & BUS. 145, 156 (2006).
- 90 *Id.*
- 91 *Id.*
- 92 *Id.*
- 93 See Wikipedia, [http://en.wikipedia.org/wiki/Watson\\_\(computer\)](http://en.wikipedia.org/wiki/Watson_(computer)) (last visited Apr. 30, 2011).
- 94 See Robert C. Weber, Why 'Watson' Matters to Lawyers, THE NATIONAL LAW JOURNAL, Feb 14, 2011, [http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202481662966&Why\\_Watson\\_matters\\_to\\_lawyers&slreturn=1&hbxlogin=1](http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202481662966&Why_Watson_matters_to_lawyers&slreturn=1&hbxlogin=1).
- 95 *Id.*
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- 97 ROBERT PLOTKIN, THE GENIE IN THE MACHINE: HOW COMPUTER-AUTOMATED INVENTING IS REVOLUTIONIZING LAW AND BUSINESS 161 (Stanford 2009).
- 98 See *Ex parte Hiyamizu*, 10 USPQ2d 1393, 1394 (Bd. Pat. App. & Inter. 1988).
- 99 See Wikipedia, [http://en.wikipedia.org/wiki/Evolvable\\_hardware](http://en.wikipedia.org/wiki/Evolvable_hardware) (last visited May 02, 2011).
- 100 See Minds of Their Own: One Day a Machine Will Outsmart its Maker, THE ECONOMIST, Sept. 5, 2008, <http://www.economist.com/node/12075526>.
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- 103 See JOHN R. KOZA et al., GENETIC PROGRAMMING IV: ROUTINE HUMAN-COMPETITIVE MACHINE INTELLIGENCE 7-8 (4th ed. Springer 2005).
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- 106 35 U.S.C. § 154(a)(2) (2002).
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## IT Law Section – Recruiting Committee!

The newly formed Recruiting Committee of the IT Law Section is working with Michigan's law schools to help connect law students and IT Law practitioners, and grow student participation in our Section. Our Council Members will be on campus at Michigan's law schools over the next several months to discuss the practice of IT Law and careers in IT law with students.

The Committee has received resumes from law students at these schools who are interested in internships or externships in IT Law. The experience and interests of these students range from software development, networking, electrical engineering, mechanical engineering, science and digital media. Please contact Council Member Susanna Brennan at [brennsc@kellylawregistry.com](mailto:brennsc@kellylawregistry.com) for resumes and contact information of these students. Also, any students interested in an IT law internship or externship may contact Susanna Brennan for more information or to send their resume. ■

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## Technology Update – Practice Management Resource Center

The Michigan State Bar's [Practice Management Resource Center](#) (PMRC) is a valuable tool for Bar members, with a wealth of resources helping establish, evolve, and operate a law office. Much of this material is aimed at solos, small firms, and new lawyers.

Many of the PMRC resources involve technology, and the IT Law Section has been invited to offer suggestions regarding:

- new resources (which you've successfully used)
- retirement of current resources (of limited usefulness)

We're also looking for authors of articles, checklists, podcasts, and the like (also aimed at law office management).

This PMRC update project is a signature-initiative of State Bar President Julie Fershtman. If you'd like to learn more, please email Section member Vince Polley ([vpolley@knowconnect.com](mailto:vpolley@knowconnect.com)).

### Julie Fershtmann's vision for the PMRC

<http://www.michbar.org/journal/pdf/pdf4article1914.pdf>

#### *A Stronger Practice Management Resource Center*

*My personal mission is to help the Bar continuously strengthen and promote its innovative Practice Management Resource Center (PMRC). According to our survey, almost half of our members are unfamiliar with the PMRC. But you soon will be. In line with the Bar's mission to "help lawyers at their desks," it offers a well-organized collection of videos, checklists, articles, and resources designed to help lawyers develop, manage, and market their practices and keep them profitable. The Bar provides a website link you can access any time, day or night, plus a free Practice Management Helpline. You can also make an appointment to use the center's computer room and meet personnel onsite to test new software. This resource could be a lifeline for your practice. You could spend thousands of dollars on consultants and hundreds of hours of time surfing the web or reading books, or you can use the PMRC. And better still, almost everything is free or available for a nominal cost. As my term begins, I'm proud to say that work has begun to raise the PMRC's profile. I've just formed the PMRC Advisory Committee, which will evaluate the program and suggest improvements to make it more informative and accessible. And in September, the Bar made the center's website easier than ever to navigate and added more links and videos. We proudly call these online management services "Practice EZ." ■*

# Terminated for Tweeting? Re-Examining Employers' Internet Use Policies in Light of Recent NLRB Social Media Decisions

By Kimberly Paulson, Esq.

It used to be that an employer's greatest concern about employees' use of social media was its detrimental effect on employee productivity. Internet Use Policies ("IUP's")<sup>1</sup> commonly addressed this time-wasting concern by limiting use of the employer's IT network to solely work-related activity and warning employees that disciplinary action can be taken against an employee who violates that policy.

Employers have discovered, though, that limiting employees' internet activity at work is not enough. As time and technology have progressed, employees have taken to the internet, especially social media sites, to air their grievances and discuss their workplaces. The internet provides an easy, and very public, forum for disgruntled employees. The water cooler conversations have gone high-tech and are, problematically, accessible by an exponentially greater audience. As a result, employers now often include in their IUP's general limitations on what information employees can share on the internet, even from the privacy of their own homes. For instance, some policies prohibit employees from publishing disparaging information about the employer, its employees, or its products or services, and in some cases, even prohibit employees from depicting the employer in any manner without the employer's permission. Some specifically address social media and some do not. The employer's general goal, though, is to retain control over its image, information, and reputation in the Wild West that is the internet.

Recently, the National Labor Relations Board ("NLRB") has taken a special interest in employers' IUP's and disciplinary actions taken against employees for comments they have made on social media sites. It is important to note that the NLRB's actions are directed in large part to non-unionized workplaces. Central to most of these decisions are Sections 7 and 8 of the National Labor Relations Act ("NLRA"). Section 7 of the NLRA provides, in relevant part:

Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection . . .

29 U.S.C. §157 (emphasis added). To constitute protected activity, though, such "concerted activity" must relate to the employees' "terms and conditions" of employment. Under Section 8, an employer may not "interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in [Section 7]." *Id.* at §158(a)(1).

In light of these decisions, attorneys should advise their employer clients to re-examine not only the text of their IUP's but also the manner in which its provisions are enforced. After all, the NLRB is unlikely to take interest in an employer's IUP until a disciplinary action taken pursuant to the IUP is brought to its attention. A review of the NLRB's recent social media decisions provides some guidance to lawyers with respect to how to assist employer clients in reworking their policies and practices so as to not run afoul of Section 8.

## NLRB Social Media Cases

### NLRB Applies Well-Established Precedent to a New Media

In most of the NLRB's recent social media cases, the NLRB applied well-established precedent in reaching its decisions. What makes these social media cases significant is not the law applied by the NLRB, but instead, the nature of social media and the habits of those who use it. Social media posts are usually short, informal comments that sometimes use short-hand references and may include profanity and name-calling. It may be difficult to find the legitimate Section 7 activity among the muckraking. But what an employer perceives as childish and malicious disparagement may appear as something much more meaningful to the NLRB. The key to determining whether an employee's post may implicate Section 7 is to wade through the rhetoric and determine whether any part of the post concerns a legitimate term or condition of employment.

There are a number of principles that can be derived from the NLRB's recent social media decisions that provide guidance to lawyers in drafting and reexamining IUP's. First, the NLRB continues to rely upon its definition of concerted

activity as announced in *Meyers Industries*, 268 NLRB 493, 497 (1984):

In general, to find an employee's activity to be 'concerted,' we shall require that it be engaged in *with or on the authority of other employees*, and not solely by and on behalf of the employee himself.

Thus, in the context of social media, an employee simply venting personal frustrations or making derogatory comments about an employer, its customers, or its policies will generally not be found to have engaged in concerted activity. The NLRB social media decisions are consistent with this holding.<sup>2</sup> However, the NLRB decisions also make clear that the concerted activity at issue need not necessarily all take place on the internet.<sup>3</sup> If the social media posting seems like the sole action of one employee but turns out to be only one part of a larger concerted activity to air grievances or otherwise address work-related issues, it may still be protected activity. It is therefore important that an employer thoroughly investigate and understand the full scope of an employee's activity before imposing discipline.

The NLRB also continues to apply the *Lutheran Heritage*<sup>4</sup> two-part test to determine the lawfulness of employers' rules. Under that test, the fact finder must first inquire as to whether the rule "explicitly restricts activities protected by Section 7." If so, the rule is unlawful. If the restriction is not explicit, then the rule may still be unlawful if "(1) employees would reasonably construe the language to prohibit Section 7 activity; (2) the rule was promulgated in response to union activity; or (3) the rule has been applied to restrict the exercise of Section 7 rights." Thus, employers should strive to avoid overbroad or ambiguous language and focus as much on the enforcement of an IUP as on the drafting of it.

Finally, the NLRB continues to apply the *Atlantic Steel*<sup>5</sup> and *Jefferson Standard*<sup>6</sup> rules to social media cases.<sup>7</sup> These precedents require a high level of offensiveness before stripping profane or disparaging comments of their protected status. In its social media cases, the NLRB has repeatedly found that the employees' use of profanity and personal attacks did not rise to the level necessary to render the comments unprotected.<sup>8</sup> Thus, an employee's use of profanities or seemingly defamatory language will not necessarily remove their comments from the scope of Section 7.

### Examples of Unlawful Provisions

Applying the *Lutheran Heritage* test to these social media cases, the NLRB found that numerous policies violated Section 8. The most common fault found with IUP provisions was the use of broad undefined terms that could reasonably

be construed to prohibit protected criticism of the employer's labor practices as well as discussion of other terms and conditions of employment. For example, the NLRB found unlawful the following types of provisions:

- Prohibition on using any social media that may violate, compromise, or disregard the rights and reasonable expectations as to privacy or confidentiality of any person or entity;
- Prohibition on any communication or post that may cause embarrassment, harassment or defamation of the employer or of any employee, officer, board member, representative, or staff member or may damage the employer's reputation or goodwill;
- Prohibition on making disparaging comments about the company or its products/services;
- Prohibition on using any micro-blogging features to talk about company business on employees' personal accounts, even on their own time;
- Prohibition on publishing any representation about the employer without prior approval;
- Prohibition on disclosing inappropriate, non-public, or sensitive information about the employer;
- Requirement that social networking site communications be made in a honest, professional, and appropriate manner;
- Prohibition on revealing personal information regarding coworkers, company clients, partners, or customers without their consent, including posting of pictures; and
- Prohibition on disrespectful conduct and inappropriate conversations.

Although the employers' motives in promulgating these policies were lawful, these policies were written so broadly and included such ambiguous terms that the NLRB concluded employees could reasonably construe them as prohibiting employees from discussing wages, benefits, work schedules or other topics commonly understood to be terms and conditions of employment.

In addition, the NLRB found that a prohibition on using the employer's name, address, or other information on employees' personal profiles on social media sites to be unlawful because such information in individuals' profiles serves the important purpose of allowing co-workers to find one another and engage in concerted activity. The NLRB also found that a prohibition on using the employer's logos or photographs of the employer's store, brand, or product

without written authorization was overly broad because it would, for example, unlawfully prohibit an employee from posting pictures of striking or protesting employees wearing clothing or carrying signs with the employer's logo and standing on store property.

### Examples of Lawful Provisions

The NLRB has explained that "a rule's context provides the key to the 'reasonableness' of a particular construction." Thus, rules that are included as part of a broader, legitimate policy are more likely to be found lawful.

For instance, while an employer cannot wholly prohibit employees from making statements about the company, an employer can prohibit employees from making statements **on behalf of** the company as part of a general rule designating those employees and/or agents who are authorized to speak for the employer. Also, an employer cannot broadly prohibit "discriminatory, defamatory, or harassing web entries about specific employees, work environment, or work-related issues on social media sites" but can prohibit the use of social media to post comments that constitute a violation of the employer's anti-discrimination or anti-harassment policies. Employers can also prohibit employees from pressuring other employees to be "friends" on social networks when it is included in the context of an anti-harassment policy.

Also, otherwise broad restrictions may be lawful when they contain clarifying examples or are included under a heading that clarifies the narrow intent of the restriction. For example, the NLRB upheld a policy that gave the employer the right to request employees to confine their social networking to matters unrelated to the company under certain circumstances. Because the designated circumstances included narrowly defined situations, such as "confidential/proprietary information, including personal health information about customers or patients" and "embargoed information" such as launch and release dates and pending reorganizations, the NLRB found that an employee would understand that the restriction only applied to "communications that could implicate security regulations." The NLRB also found lawful a rule requiring employees to indicate that their views did not reflect those of their employer and prohibiting employees from referring to the employer by name and from publishing any promotional content. Although seemingly overbroad, the NLRB found that because it was contained in a section entitled "Promotional Content" with a description of the type of conduct to which that restriction was intended to apply, employees would not interpret that rule as prohibiting Section 7 activity.

### Recommendations for "Fixing" IUP's

The NLRB has put employers on notice that their IUP's and the manner in which they enforce them, really do matter. Now, attorneys should assist their employer clients in reevaluating their IUP's in light of the guidelines discussed above.

#### Text of IUP's

Take a fresh look at the IUP. Have the employer identify the primary goals it hopes to achieve with the IUP then determine the cleanest, clearest, and most narrow way to achieve those goals. In determining what, if any, changes need to be made to the IUP, keep in mind the following guidelines:

*1) Prohibitions should be written as narrowly as possible and use clear, defined terms.*

A good rule of thumb is to not prohibit more activity than absolutely necessary. For instance, if an employer is concerned about employees sharing trade secrets or confidential company information, then it should say exactly that instead of prohibiting disclosure of "all" company information. Even better, define the terms "trade secrets" and "confidential information." Similarly, an employer that wishes to prevent misuse of its protected trademarks can fashion a prohibition that tracks the language of the applicable statute instead of prohibiting "any" use of the company's name or logo. As discussed above, the NLRB is more likely to uphold a policy when the employer's legitimate intent is made clear.

*2) Avoid subjective terms that can lead to ambiguity.*

Avoid words like "offensive" or "inappropriate" which are ambiguous and open to a variety of interpretations. They do not provide sufficient notice to an employee of what type of conduct is actually prohibited and may encompass much more activity than is appropriate. For instance, criticism of a supervisor would likely be "offensive" to the supervisor but may very well still be protected activity under Section 7.

*3) Eliminate duplicative prohibitions.*

IUP's need not include specific prohibitions that are simply subsets of a broader prohibition. For example, if the employee handbook already contains a sexual harassment policy that covers the internet activity at issue (e.g. making unwanted sexual comments or advances toward coworkers), then there is no need to also single out related internet activity. The same is true of provisions relating to trademarks, trade secrets, threats/harassment, and many other topics. As noted by the NLRB, context is key. When an employer

attempts to draft a prohibition out of context, it may very well end up drafting an overbroad, ambiguous prohibition that may run afoul of Section 8.

*4) Include a Section 7 carve-out.*

Expressly state that the policies and prohibitions contained therein are not intended to discourage or prohibit an employee from engaging in concerted activity with respect to the terms and conditions of his employment. Also note that an employee will not be subject to discipline for engaging in such protected activity. This carve-out should be written in a conspicuous place and manner. Avoid the use of limiting terms, though, such as “appropriate” or “valid.” The NLRB found that a Section 7 carve out that allowed for a discussion of terms and conditions of employment “in an appropriate manner” without a definition or example of “appropriate” versus “inappropriate” could be construed as prohibiting Section 7 activity. It is therefore best to stick to the language of the NLRA and NLRB cases without elaboration. However, the NLRB has made clear that such a carve-out will not save an otherwise overly broad IUP.

*5) Provide examples.*

The NLRB frequently mentioned that providing examples of prohibited conduct in the IUP may assist employees in understanding the type of conduct prohibited, and in turn understanding that protected activity is not prohibited. However, be sure that the examples provided are sufficiently narrow and clear so as to not run afoul of Section 8.

*6) Timing is everything.*

In light of the second prong of step two of the *Lutheran Heritage* test, it is best not to promulgate new rules in the wake of union activity. If the rule is seen to be a direct response to the union activity, it may be assumed to be in violation of Section 7 and found unlawful. Advise employers to create an IUP early on and update it regularly, thus avoiding giving the impression that an employer was motivated by fears of union-related activity.

### Enforcement of IUP's

As demonstrated by the third prong of the second step of the *Lutheran Heritage* test, the manner in which an IUP is interpreted and enforced by the employer is equally important. The best drafted policy is worthless if it is not applied

properly. The following guidelines will help keep your client out of trouble:

*1) Educate personnel.*

Advise employers to educate supervisors and HR staff with respect to what constitutes protected activity under Section 7 and as to how their conduct may violate Section 8. Also, anyone expected to interpret and enforce policies must be trained as to their proper interpretation to maintain consistency and avoid applying them in an overbroad manner.

*2) Investigate thoroughly.*

Before taking any action against an employee, the supervisor must fully understand the extent of the employee's actions and the context. Supervisors must, therefore, be instructed to follow a specified investigatory procedure, which may include employee interviews and obtaining additional documents or information that will reveal the full history and context of the employee's actions. For instance, through investigation a supervisor who considers whether to discipline an employee based on one apparently harassing Facebook post may find that that post was only one part of a larger conversation taking place on Facebook between several coworkers about their working conditions.

*3) Do not be hasty.*

Nobody likes being criticized, and it is tempting for a supervisor to take quick action to make an example out of a seemingly disloyal or rude employee, especially when the supervisor is the target of the employee's comments. However, hasty action may only result in bigger problems. Advise the employer to take a deep breath and count to 10 -- then follow investigatory protocol.

*4) When uncertain, seek guidance.*

Advise employers to train supervisors to seek guidance from HR or superiors when they are uncertain whether an employee's activity may be protected under Section 7. Supervisors should not be making inconsistent and uninformed judgment calls.

### Conclusion

As technology changes, so does the law. The recent NLRB social media cases make it abundantly clear that attorneys must work with their employer clients to reexamine

the text and enforcement of their IUP's so as to avoid running afoul of Section 8. Taking care to carefully draft (or re-draft) an IUP and to train personnel to properly enforce it is crucial in today's climate and is the only means for employers to protect themselves against the Section 8 dangers posed by social media. Fortunately, attorneys now have the guidance to assist their clients in doing exactly that. ■

### About the Author

Ms. Paulson is an attorney at Keller Thoma P.C., where she practices employment and commercial litigation and assists clients with their IT law needs. She is also a former Chairperson of the Michigan Bar Association's Information Technology Law Section. You can contact Ms. Paulson at [kap@kellerthoma.com](mailto:kap@kellerthoma.com).

### Endnotes

- 1 These types of policies are referred to by a number of different names (e.g. Computer Use Policy, Social Media/Blogging/Social Networking policy, IT Policy) but generally set forth employees' rights, obligations, and limitations with respect to use of the internet and social media.
- 2 The NLRB determined that a bartender's gripes on Facebook about his employer's tip-sharing policy concerned his terms and conditions of employment but did not constitute concerted activity because he only exchanged comments with a relative, not a fellow employee, he did not solicit comments from other employees and his comments did not stem from a meeting or conversation with coworkers or any other attempt to initiate group action concerning the tipping policy. In another case, the NLRB found that a retail employee who made disparaging comments on his Facebook page about his employer and his manager did not engage in concerted activity where his co-workers did not comment about the employer or any of the complained-of issues but instead asked personal questions about why the employee was so upset and gave him moral support, such as telling him to "hang in there."
- 3 The NLRB determined that a luxury car salesman's complaints on Facebook about a sales promotional event sponsored by his employer that he believed detrimentally affected the reputation of the dealership and negatively impacted the salesman's commissions constituted concerted activity. Although the employer's coworkers did not join in on the "conversation" or add posts of their own, the NLRB noted that the employee's postings were only one part of an ongoing discussion among the sales employees that had begun when the sales people had raised their concerns at a staff meeting and that the employee expressed the sentiments on behalf of the group.
- 4 *Martin Luther Memorial Home, Inc. d/b/a/ Lutheran Heritage- Livonia ("Lutheran Heritage")*, 343 NLRB 646, 646-47 (2004).
- 5 In *Atlantic Steel* the NLRB held that "even an employee who is engaged in concerted protected activity can, by opprobrious conduct, lose the protection of the Act." 245 NLRB 814, 816 (1979). It held that the following four factors must be balanced in determining whether an employee's outburst has "crossed that line:" 1) the place of the discussion; 2) the subject matter of the discussion; 3) the nature of the employee's outburst; and 4) whether the outburst was, in any way, provoked by an employer's unfair labor practice. *Id.*
- 6 In *NLRB v. Int'l Brotherhood of Electrical Workers, Local 1229 ("Jefferson Standard")*, 346 U.S. 464 (1953), the U.S. Supreme Court held that an employer may discharge an employee for disloyalty, even in the midst of a labor dispute. The NLRB has since distilled *Jefferson Standard* as follows: "communications to third parties in an effort to obtain their support are protected where the communication indicated it is related to an ongoing dispute between the employees and the employers and the communication is not so disloyal, reckless or maliciously untrue as to lose the Act's protection." *In re American Golf Corp*, 330 NLRB 1238, 1240 (2000).
- 7 In one case the NLRB applied a "modified Atlantic Steel analysis which combined some elements of both cases.
- 8 For instance, the NLRB found that comments were not rendered unprotected where employees referred to their supervisors as a "scumbag," "asshole," and "super mega puta" (a term for "whore").

## Mission Statement Information Technology Law Section, State Bar of Michigan

The purposes of the Section are to review, comment upon, and appraise members of the State Bar of Michigan and others of developments in the law relating to information technology, including:

- (a) the protection of intellectual and other proprietary rights;
- (b) sale, leasing, distribution, provision, and use of, hardware, software, services, and technology, including computer and data processing equipment, computer software and services, games and gaming, information processing, programming, and computer networks;
- (c) electronic commerce
- (d) electronic implementation of governmental and other non-commercial functions;
- (e) the Internet and other networks; and
- (f) associated contract and tort liabilities, and related civil and criminal legal consequences.

# Recent Developments in Information Technology Law

By David R. Syrowik, Brooks Kushman P.C.

## PATENTS – Case Law – U.S. Courts of Appeal

As reported at 83 BNA's PTCJ 405, on January 20, 2012, the U.S. Court of Appeals for the Federal Circuit ruled that adding a "computer-aided" limitation to a patent claim does not turn a claim on a preemptive abstract idea into patent eligible subject matter under 35 U.S.C. § 101. The majority holds that the patent owner asserted claims on an internet-based credit application clearinghouse system that represented an abstract idea with preemptive effect on a fundamental concept. *Dealertrack Inc. v. Huber*.

As reported at 83 BNA's PTCJ 42, on November 4, 2011, the U.S. Court of Appeals for the Federal Circuit ruled that it is not necessary for a means-plus-function claim pertaining to a computer-implemented innovation to include the mathematical algorithm so long as the algorithm is recited in the specification. The court reverses a lower court's decision of invalidity that was based on the claim's failure to disclose the "specific algorithm" that was to be used. *Typhoon Touch Technologies Inc. v. Dell Inc.*

As reported at 83 BNA's PTCJ 49, on November 4, 2011, the U.S. Court of Appeals for the Federal Circuit ruled that Section 101 patent eligibility must be determined independently for each claim of a computer-implemented graphics patent. *Fuzzyssharp Technologies Inc. v. 3DLabs Inc.*

## COPYRIGHTS/DMCA – Case Law – U.S. Courts of Appeal

As reported at 83 BNA's PTCJ 289, on December 20, 2011, the U.S. Court of Appeals for the Ninth Circuit ruled that Video-sharing website Veoh Inc.'s acts of formatting, advertising, and organizing user uploads—including infringing content—did not take it beyond the reach of the Digital Millennium Copyright Act's safe harbor. The court reaches several conclusions that reinforce the statute's broad protections against intermediary liability under 17 U.S.C. §512(c). *UMG Recordings Inc. v. Shelter Capital Partners LLC*.

## TRADEMARKS/CYBERSQUATTING – Case Law – U.S. Courts of Appeal

As reported at 100 USPQ2d 1292, on September 22, 2011, the U.S. Court of Appeals for the Ninth Circuit

ruled that re-registration of Internet domain name is not "registration" within meaning of 15 U.S.C. § 1125(d) (1), which states in relevant part that it is a violation of Anticybersquatting Consumer Protection Act to register, with bad faith intent to profit, domain name that is identical or confusingly similar to a trademark that is distinctive "at the time of registration" of domain name, since, viewing ACPA in light of traditional property law, "registration" is meant to refer only to initial registration. *GoPets Ltd. v. Hise*.

## PATENTS – Case Law – U.S. District Courts

As reported at 83 BNA's PTCJ 407, on January 18, 2012, the U.S. District Court for the Eastern District of California ruled that a computer-implemented method of categorizing website pages as to the copyright status of material on the pages is patentable subject matter under Section 101 of the Patent Act, rejecting Google Inc.'s "abstract idea" challenge under 35 U.S.C. § 101. *Iconfind Inc. v. Google Inc.*

As reported at 83 BNA's PTCJ 87, on November 10, 2011 the U.S. District Court for the Southern District of California, stated that Microsoft Corp. will have to pay \$26.3 million for patent infringement, instead of the half-billion dollar award first levied in 2008. *Lucent Technologies Inc. v. Microsoft Corp.*

As reported at 83 BNA's PTCJ 264 on December 2, 2011, the U.S. District Court for the Northern District of California ruled that Apple failed to show irreparable harm that would justify taking competitors to its iPhone and iPad products off the market even though they likely infringe valid design and utility patents asserted by the company. The court thus denies Apple's motion for a preliminary injunction against Android-based phones made by Samsung. *Apple Inc. v. Samsung Electronics Co.*

## PATENTS/ANTITRUST – Case Law – U.S. District Courts

As reported at 82 BNA's PTCJ 892, on October 18, 2011, the U.S. District Court for the Northern District of California dismissed Apple's antitrust allegations against Samsung on wireless standard behavior with respect to Samsung's patents. Plaintiff's claim that defendants violated Sherman Act's Section 2 by affirmatively misrepresenting their intention

to license patented technology on fair, reasonable, and nondiscriminatory terms, in order to induce standard-setting organization to adopt standards-essential patents, fails to meet heightened pleading standard for fraud set forth in Fed R. Civ. P. 9(b). *Apple Inc. v. Samsung Electronics Co.*

### TRADE SECRETS – Case Law – U.S. District Courts

As reported at 83 BNA's PTCJ 531, on February 8, 2012, the U.S. District Court for the Northern District of Illinois noted that a former Motorola Inc. software engineer who attempted to pass proprietary information to the Chinese military is guilty of trade secret theft. *United States v. Jin.*

### COPYRIGHTS – Case Law – U.S. District Courts

As reported at 83 BNA's PTCJ 16, on October 31, 2011, the U.S. District Court for the Southern District of New York ruled that the safe harbor provision set forth in Section 512 of the Copyright Act applies to Internet users' infringement of sound recordings created before 1972, according to an amended decision. *Capitol Records Inc. v. MP3tunes LLC.*

As reported at 83 BNA's PTCJ 573, on February 16, 2012, the Department of Justice filed a superseding indictment against the operators of the website Megaupload.com, adding additional criminal copyright infringement charges, and five counts of wire fraud. It was earlier reported at 83 BNA's PTCJ 402 that the Department of Justice on January 5, 2012 charged the same operators with copyright infringement and other claims and seized \$50 million in assets. *United States v. Megaupload Ltd.*

As reported at 83 BNA's PTCJ 23, on October 27, 2011, the U.S. District Court for the District of Massachusetts ruled in a file sharing case that a copyright owner was permitted to proceed collectively against multiple BitTorrent users through participation in the same "swarm." *Liberty Media Holdings LLC v. Swarm Sharing Hash File.*

As reported at 83 BNA's PTCJ 486, on February 1, 2012, the U.S. District Court for the Northern District of California ruled that the pre-installation of software onto computer hard drives was governed by licensing agreements, rejecting an eBay seller's first-sale defense to copyright infringement. *Adobe Systems Inc. v. Hoops Enterprise LLC.*

As reported at 100 USPQ 2d 1844, on July 6, 2011, the U.S. District Court for the Eastern District of Wisconsin ruled that the Defendants' use of portion of copyrighted music video in episode of television cartoon program was fair use, since defendants used parts of video to lampoon recent craze of watching video clips on internet that are

of low artistic sophistication and quality, since such use is classic parody, and thus is truly transformative, in that it uses parts of original work to not only poke fun at original, but to comment on bizarre social trend, since use of copyrighted work in defendants' television episode was relatively insubstantial, and since there is little risk that defendants' use will somehow usurp market demand for original; plaintiff's complaint is dismissed with prejudice. *Brownmark Films LLC v. Comedy Partners*

As reported at 100 USPQ2d 1786, on November 1, 2011, the U.S. District Court for the Southern District of Florida ruled that plaintiff's permissive joinder of Doe defendants, in action alleging that they illegally reproduced and distributed plaintiff's copyrighted motion picture as participants in "BitTorrent swarm," is improper under Fed. R. Civ. P. 20(a) (2), since record shows that defendants used BitTorrent on different days and at different times over two-month period, and even if defendants had used BitTorrent at same time, this fact alone would not imply that defendants participated in or contributed to downloading of each other's copies of work at issue. *Liberty Media Holdings LLC v. BitTorrent Swarm.*

As reported at 100 USPQ2d 1782, on July 15, 2011, the U.S. District Court for the District of Connecticut ruled that copyright protection extends to component images of architectural designs only to extent that those images allow copier to construct protected design; in present case, plaintiff has failed to state claims for copyright infringement that are plausible on their face, since plaintiff alleges that defendants copied, and placed on web pages, thumbnail images depicting front elevation views of homes in plaintiff's architectural designs, but these images do not convey sufficient information with respect to designs to allow construction of homes; infringement claims, and related claim under Digital Millennium Copyright Act, are dismissed. *Scholz Design Inc. v. Sard Custom Homes LLC.*

As reported at 83 BNA's PTCJ 183, on November 30, 2011, the U.S. District Court for the Eastern District of Wisconsin awarded attorneys' fees against a small business whose YouTube video was clearly parodied by a South Park episode. *Brownmark Films LLC v. Comedy Partners.*

As reported at 83 BNA's PTCJ 184, on December 2, 2011, the U.S. District Court for the District of Massachusetts ruled that failure to establish that an online ad company knew it was engaging in infringement defeats the copyright owner's claim. *Elsevier Ltd. v. Chitika Inc.*

As reported at 101 USPQ2d 1449 on September 13, 2011, the U.S. District Court for the Northern District of California ruled that plaintiff alleging that unidentified defendants illegally reproduced and distributed its

copyrighted motion picture over the internet, which was previously granted leave to subpoena internet service providers linked to internet protocol addresses listed in complaint in order to obtain subscriber information associated with each IP address, will not be granted additional expedited discovery in form of inspection of each subscriber's electronically stored information, and computers of those sharing subscriber's network. *Boy Racer Inc. v. Does 1-52*.

### **COPYRIGHTS/DMCA – Case Law – U.S. District Courts**

As reported at 83 BNA's PTCJ 330, on January 3, 2012, the U.S. District Court for the Southern District of New York ruled that the safe harbor provisions of the Digital Millennium Copyright Act do not require an online service provider to scour its servers for all infringing versions of an image when a copyright owner gives it notice of a specific instance where a copyrighted work is depicted on the site without permission. *Wolk v. Kodak Imaging Network Inc.*

As reported at 101 USPQ2d 1198, on December 13, 2011, the U.S. District Court for the Middle District of Florida ruled that plaintiff satellite television companies are granted summary judgment that defendant violated anticircumvention provisions of Digital Millennium Copyright Act by distributing piracy software for circumvention of plaintiffs' security system and interception of their satellite broadcasts using "free to air" satellite receivers, since trafficking in satellite television decryption devices violates DMCA, since plaintiffs' security system is "access control measure" within meaning of DMCA, and since piracy software files had no commercially significant purpose other than circumvention of security system. *Dish Network LLC v. Whitehead*.

### **TRADEMARKS – Case Law – U.S. District Courts**

As reported at 100 USPQ2d 1835, on July 6, 2011, the U.S. District Court for the Northern District of California ruled that Plaintiff has not established likelihood of success on its claim that defendant's use of "Appstore," to refer to defendant's service offering mobile software applications, infringes plaintiff's "App Store" trademark, even though both parties offer downloads of software applications for mobile devices, and marks are identical in sight, sound, and meaning, since plaintiff has not shown that "App Store" is strong mark, and since applications offered by parties may be similar in use and function, but "apps" offered by defendant can only be used on "Android" devices, whereas plaintiff's apps are used on "Apple" devices, and thus parties'

services are not purchased by same class of consumers. *Apple Inc. v. Amazon.com Inc.*

As reported at 83 BNA's PTCJ 483, on January 25, 2012, the U.S. District Court for the Eastern District of Pennsylvania ruled that Microsoft's "Kin" and "Kinect" are not likely to create confusion with "Kinbox". *Kinbook LLC v. Microsoft Corp.*

As reported at 101 USPQ2d 1268, on July 20, 2011, the U.S. District Court for the Eastern District of Virginia ruled that defendants have infringed plaintiff's registered "Engagemints" mark for candy and for metal containers used as novelty gift items, and plaintiff's registered "Announcements" mark for metal containers used as novelty gift items, by using "EngageMints" description to sell personalized metal containers used for novelty gift items, and by offering "Announce-Mints" for sale on defendants' website. *Mazelmints Inc. v. It's A Wrap LLC*.

As reported at 100 USPQ2d 1314, on December 12, 2010, the U.S. District Court for the District of Delaware ruled that plaintiff has established that defendants acted with bad faith intent to profit from plaintiff's trademark "The Affordable House" in registering their "theaffordablehouse.com" Internet domain name; defendants' knowing and wholesale inclusion of plaintiff's mark in their domain name, parties' status as competitors in house design business, and similarities between parties' domain names implies that defendants may have sought to divert customers from plaintiff's website. *Carnivale v. Staub Design LLC*.

As reported at 100 USPQ2d 1778, on November 9, 2011, the U.S. District Court for the Eastern District of Michigan ruled that plaintiff asserting claim for cybersquatting under 15 U.S.C. § 1125(d) cannot prove bad faith intent to profit from registration and use of domain name merely by showing "willful blindness" on defendant's part. *Weather Underground Inc. v. Navigation Catalyst Systems Inc.*

As reported at 83 BNA's PTCJ 271, on December 13, 2011, the U.S. District Court for the Eastern District of New York ruled that host of negative product, company review website has Communication Decency Act (CDA) immunity does not infringe trademarks. *Ascentive LLC v. Opinion Corp.*

As reported at 101 USPQ2d 1341, on November 28, 2011, the U.S. District Court for the Northern District of California ruled that lack of similarity between infringement plaintiff's "Groupon" mark, for business groupware services used to unify functions of businesses dealing with customer information, and defendant's "Groupon" mark for website offering discounted goods and services from variety of merchants, weighs against finding likelihood of confusion,

since marks are similarly spelled, but they are presented differently in terms of colors, capitalization, and addition of plaintiff's tag line "Business Groupware and CRM for the Cloud," and since marks suggest different meanings. *Groupion LLC v. Groupon Inc.*

### **TRADEMARKS/UNFAIR COMPETITION – Case Law – U.S. District Courts**

As reported at 83 BNA's PTCJ 187, on November 22, 2011, the U.S. District Court for the Northern District of Illinois ruled that unfair competition, but not dilution claim, fails because website not a competitor. *Doctor's Data Inc. v. Barrett.*

### **TRADEMARKS/CYBERSQUATTING – Case Law – U.S. District Courts**

As reported at 83 BNA's PTCJ 226, on December 5, 2011, the U.S. District Court for the Eastern District of Michigan ruled that gripe site's use of medical school's mark does not violate the ACPA or Lanham Act. *American University of Antigua College of Medicine v. Woodward*

As reported at 83 BNA's PTCJ 331, on January 3, 2012, the U.S. District Court for the Northern District of California ruled that GoDaddy's forwarding of domain name traffic to other websites does not make it liable under Anticybersquatting Consumer Protection Act; plaintiff also failed to prove "bad faith" element of ACPA claim. *Petroliam Nasional Berhad v. GoDaddy.com Inc.*

### **RIGHT OF PUBLICITY – Case Law – U.S. District Courts**

As reported at 100 USPQ2d 1767, on June 28, 2011, the U.S. District Court for the Northern District of California ruled plaintiffs have failed to sufficiently plead injury element of their right of publicity claims in alleging that defendant proprietor of "social networking" Internet site misappropriated plaintiffs' names and "profile pictures" for use in promoting defendant's "Friend Finder" service; plaintiffs must, at minimum, plead mental anguish supported by plausible factual basis, and misappropriation claims are dismissed with leave to amend. *Cohen v. Facebook Inc.*

As reported at 101 USPQ2d 1348, on December 16, 2011, the U.S. District Court for the Northern District of California ruled that plaintiffs asserting claims under California's Right of Publicity Statute, Cal. Civ. Code § 3344, challenging defendant social networking website's "Sponsored Stories" advertising practice, have pleaded

sufficient injury under statute, since plaintiffs allege that they were not compensated for defendant's commercial use of their names and likenesses in targeted advertisements, and since, even if noncelebrities are subject to heightened pleading standard, plaintiffs have alleged with sufficient specificity that they enjoy commercially exploitable opportunities to advertise among their immediate friends and associates. *Fraley v. Facebook Inc.*

### **TRADEMARKS – U.S. Patent and Trademark Office**

As reported at 83 BNA's PTCJ 145 on November 22, 2011, the Trademark Trial and Appeal Board ruled that the term ".music" is merely descriptive of a broad range of internet services relating to music, and thus the term is not eligible to be registered as a trademark. *In re TheDot Communications Network LLC.*

### **PATENT – International Trade Commission (ITC)**

As reported at 83 BNA's PTCJ 263, on December 19, 2011, the International Trade Commission issues an order banning imports by HTC Corp. of Android smartphones as infringing a valid patent held by Apple Inc. The commission gives HTC until April 19 to comply with the order, "to provide a transition period for U.S. carriers." *In the Matter of Certain Personal Data and Mobile Communications Devices and Related Software.*

### **Federal Claims Court**

As reported at 100 USPQ2d 1943, on December 5, 2011, the Federal Claims Court ruled that prior adverse decisions in lawsuits against third party bar present infringement action against U.S. government based on alleged use of software program, which purportedly contained plaintiffs' copyrighted source code, to maintain and service government-owned aircraft. *Aviation Software Inc. v. United States.*

### **Foreign Courts – United Kingdom**

As reported at 83 BNA's PTCJ 27, on October 26, 2011, the England and Wales High Court of Justice, Chancery Division ordered the UK's largest ISP to block access to movie search engine. *Twentieth Century Fox Film Corp. v. British Telecommunications PLC.*

### **Foreign Courts - European Union**

As reported at 83 BNA's PTCJ 189, on November 24, 2011, the European Court of Justice ruled in a file sharing

case that IP addresses are personal data and thereby rejects forced ISP monitoring. *Scarlet Extended SA v. Societe belge des auteurs, compositeurs et editeurs SCRL*.

As reported at 83 BNA's PTCJ 151, on November 24, 2011, the European Court of Justice ruled that internet service providers cannot be forced to filter illegal downloads. *SAS Institute Inc. v. World Programming Ltd.*

As reported at 83 BNA's PTCJ 151, on November 29, 2011, the European Union's Legal Advisor ruled that software language "functionalities" are not protected by copyright. *SAS Institute Inc. v. World Programming Ltd.* ■

## Publicly Available Websites for IT Lawyers

Following are some publicly available websites relating to varying aspects of information technology law practice. Some of these websites may require payment for certain services. Neither the State Bar of Michigan nor the IT Law Section endorses these websites, the providers of the website, or the goods or services offered in connection therewith. Rather these websites are provided for information purposes only and as possible useful tools for your law practice.

Please provide any feedback or recommendations for additional websites to [michael@gallo.us.com](mailto:michael@gallo.us.com).

### Legal Blogs

- <http://www.delawareemploymentlawblog.com> – Delaware employment law.
- <http://faircompetitionlaw.com> – Most posts address the law surrounding non-compete agreements. There is also a chart of state-by-state variations in non-compete law available at <http://www.beckreedriden.com/wp-content/uploads/2010/11/Noncompetes-50-State-Survey-Chart.pdf>
- <http://ipwatchdog.com> – Focuses on IP news and business.
- <http://www.patentlyo.com> – Patent law blog that can be followed through email subscription.
- <http://www.techdirt.com> – Important read for people in the Internet and IP communities. ■

## Save the Date!!!

### Information Technology Law Section Events!

#### Thursday, March 29, 2012

An **Information Technology Law Section Meeting** will begin at 6:30 pm on *Thursday, March 29, 2012*, in the Atrium at 39533 Woodward Avenue, in Bloomfield Hills (at the southwest corner of Long Lake and Woodward). On the same night, Section members are also welcome to attend the **Information Technology Law Council Meeting** that will begin at 5:45 pm, and will end prior to the Section Meeting.

After the Section meeting there will be a special presentation by **Ward Classen**, Deputy General Counsel of **Computer Sciences Corporation**. Ward will be flying in from Baltimore to give a presentation on "**Vendor Strategies in Negotiating IT Contracts (And How to Deal With Them)**." Both in his role at CSC, and as the author of a well-known book, "*A Practical Guide to Software Licensing: For Licensees and Licensors*," Ward will roll back the covers and share vendor secrets in negotiating agreements, as well as strategies often used by buyers, and will generally discuss strategies that can lead to a good outcome for both sides in IT contract negotiations.

During the evening, a buffet of food and beverages will be provided by the Section. There is no charge to attend, but an estimate number of attendees is needed, so please RSVP to *Charlie Bieneman* at [cab@raderfishman.com](mailto:cab@raderfishman.com).

#### Thursday, May 17, 2012

The Section's **Spring Networking Event** is scheduled for the evening of *Thursday, May 17, 2012*. The Section plans to once again hold this event in conjunction with *Detroitnet.org*, the local IT networking organization. The venue will be the **Black Finn Saloon** in Royal Oak. This is a great opportunity for Section members to mingle with the Detroit area IT community. Watch for further announcements about this event! ■