

insight

A RATNERPRESTIA PUBLICATION

VOLUME 17

NUMBER 3

WINTER 2007

IN THIS ISSUE

INCORRECT INVENTORSHIP MAY
AFFECT YOUR ABILITY
TO ENFORCE A PATENT 1-3

OPEN SOURCE SOFTWARE:
IT'S FREE, BUT... 1,7,10

RP ON THE MOVE 4

ANNOUNCING 5

SPEAKER'S FORUM 5

TRADEMARKS 6-7

INSIGHT...
INTO BUSINESS APPROACHES
TO DISPUTE RESOLUTION 8-9

INCORRECT INVENTORSHIP MAY AFFECT YOUR ABILITY TO ENFORCE A PATENT

BY: GLENN MASSINA

In the United States, patent applications must be filed in the name of the inventor or inventors. Inventorship is a legal determination and should therefore be confirmed with legal counsel. It is important for the applicant to consult their legal counsel if there are any questions regarding inventorship. Failure to properly identify and name the correct inventors in an application may greatly devalue or even destroy the resulting patent.

First, the omission of an inventor or the improper inclusion of a non-inventor can invalidate a patent unless the omission or inclusion occurred without deceptive intent. Second, a later identified inventor, who has not, and is not obligated to assign his rights to the patentee, may transfer rights in the patent, even retroactively, to a competitor, thus precluding suit against that competitor. Finally, under joint development projects and the like, ownership of resulting patents is frequently granted to the inventor's employer. Therefore, the identification of inventors impacts which entity(ies) owns the resulting patents.

CONTINUED ON PAGE 2

OPEN SOURCE SOFTWARE: IT'S FREE, BUT...

BY: CHRIS DERVISHIAN

"Free of what?" is the question. For the first time in the U.S., a company was recently sued for allegedly violating the most widely-used open source software license. Could this happen to you?

Whether you know it or not, open source software issues probably are relevant to your business. That is because most companies, aware or not, use open source software. (For an introduction to open source software, please see Insight Volume 15, No. 2 available on our website, www.ratnerprestia.com)

CONTINUED ON PAGE 7

Under 35 U.S.C. §102(f), “a person shall be entitled to a patent unless . . . (f) he did not himself invent the subject matter sought to be patented.” The Court of Appeals for the Federal Circuit has recognized “[s]ince the word ‘he’ refers to the specific inventive entity named on the patent, this subsection mandates that a patent accurately list the correct inventors of a claimed invention. Accordingly, if nonjoinder of an actual inventor is proved by clear and convincing evidence, a patent is rendered invalid.” *Pannu v. Iolab Corp.*, 155 F.3d 1344, 1349 (Fed. Cir. 1998) (citations omitted).

While the Patent Statute now provides for correction of inventorship errors, correction is not permitted in every instance, and some have potential risks. Under 35 U.S.C. §256, “[w]hen through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Director may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.”

As specifically set forth, the error must have arose without any deceptive intention on the part of the named inventors. While there is no longer a requirement for proof of facts and a lack of deceptive intention is generally presumed, patent owners should be cautious to avoid situations which may provide a challenger with facts to overcome such presumption. For example, when third party consultants are involved, all potential inventors and ownership issues should be addressed up front, rather than avoiding the issue, summarily dismissing any “outside” inventors, and filing an application without notice to the third party. There is a risk that doing so may be sufficient circumstantial evidence to support an allegation and possibly a finding of deceptive intent.

Additionally, correction of inventorship errors requires “application of all the parties and assignees.” If an individual was improperly named as an inventor, that individual is one of the “parties” that will have to consent to removal of the individual as an inventor. If that individual has an interest in remaining an inventor, e.g. a running royalty, it may be difficult to get that individual to consent to correction. Such a situation may require a “payoff” or the like to the improperly named inventor, even though maintaining incorrect inventorship could result in invalidation of the patent, which would be of no benefit to any inventor.

Even if inventorship can be corrected under §256, the correction may lead to another undesirable situation, particularly if correction requires adding an inventor who has no obligation to assign rights to the patentee. It is well recognized that “in the context of joint inventorship, each co-inventor presumptively owns a pro rata



undivided interest in the entire patent, no matter what their respective contributions.” *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1465 (Fed. Cir. 1998) (footnote omitted) (emphasis added). As such, the newly added inventor has an interest in the patent equal to that of the original patentee.

The newly added inventor would be able to preclude the patentee from bringing a patent suit against an infringer, since, “as a matter of substantive patent law, all co-owners must ordinarily consent to join as plaintiffs in an infringement suit.” (*Id.* at 1468). Potentially more problematic, the newly added inventor would be free to assign, license or otherwise transfer her rights to any third party who would then be free to practice the invention.

In *Ethicon*, the defendant identified an unnamed inventor and negotiated a license with him. The defendant was then able to prove in court that the unnamed inventor was improperly omitted and had the court correct the inventorship to include the unnamed inventor. The infringement suit was thereafter dismissed since the defendant was licensed under the patent, and thereby, free to practice the invention.

As indicated, inventorship may also affect ownership of patents in the context of joint development projects and the like. Often, joint development agreements provide that ownership of any patents arising out of the joint development will rest with the entity for whom the inventor was working. In cases of a sole inventor or joint inventors from a single entity, that entity will own the patent. In cases of joint inventors with at least one inventor from each entity, both entities will have a common ownership absent a provision to the contrary in the parties' agreement. Accordingly, identification of inventors will have a clear impact on ownership. Both parties should be cautious not to add inventors simply to impact ownership, as such may result in a potentially invalid patent, as discussed previously.

In view of the potential negative impacts of incorrect inventorship, proper identification of the inventors during prosecution is something to consider. Any individuals who potentially contributed to the invention should be considered, and inventorship should be confirmed by legal counsel. With the inventors properly identified, the risk of invalidation is minimized and all ownership issues can be resolved.

In determining proper inventorship, “[c]onception is the touchstone of inventorship, and each joint inventor must contribute in some significant manner to the conception of the invention.” *BJ Services Co. v. Halliburton Energy Services, Inc.*, 338 F.3d 1368, 1373 (Fed. Cir. 2003) (citations omitted). The courts have defined conception as “the ‘formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.’ An idea is sufficiently ‘definite and permanent’ when ‘only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation.’” *Ethicon* at 1460 (citations omitted).

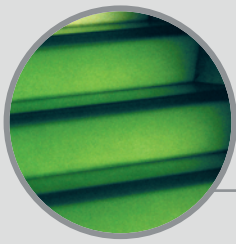
The question of whether an individual has conceived the invention generally arises when more than one individual has been involved in the development of the invention. The courts have addressed many of these situations, providing guidelines in this area.

“Because co-inventors need not contribute to the subject matter of every claim of the patent, inventorship is determined on a claim-by-claim basis.” *Gemstar-TV Guide Int’l, Inc. v. Starsight Telecast, Inc.*, 383 F.3d 1352, 1381 (Fed. Cir. 2004) (citation omitted). “Nevertheless, for the conception of a joint invention, each of the joint inventors need not ‘make the same type or amount of contribution’ to the invention. Rather, each needs to perform only a part of the task which produces the invention. On the other hand, one does not qualify as a joint inventor by

merely assisting the actual inventor after conception of the claimed invention.” *Ethicon* at 1460 (citations omitted). In this context, it has been recognized that one who simply makes a request for others to create, simply provides the inventor with well-known principles, or carries out routine tasks of one-skilled in the art, generally, without more, will not be considered an inventor. See *Ethicon*; *Stern v. Columbia University*, 434 F.3d 1375 (Fed. Cir. 2006) (student’s lab work on behalf of professor did not constitute invention); and *Acromed Corp. v. Sofamor Danek Group, Inc.*, 253 F.3d 1371 (Fed. Cir. 2001) (unnamed machinist’s work found to be routine work of one skilled in the art).

Identification of the correct inventors is more than a mere recognition ceremony. It is a legal determination that may benefit from input by the applicant’s legal counsel. If an applicant has any questions regarding inventorship, those questions should be discussed with the applicant’s attorney. If inventorship is incorrect, a patentee’s rights can be seriously impacted. A review of the inventorship of each claim is typically performed at the time of filing and again upon allowance of the claims that will ultimately issue. It is often beneficial to review and resolve ownership issues as soon as they are uncovered.





RP ON THE MOVE



Christine Brown joins the Firm's Chemical, Biotechnology, Pharmaceutical and Materials Patent Procurement Group as an Associate. She earned her J.D., magna cum laude, from Widener University School of Law and her B.S. in Chemical Engineering with a dual degree in Science, Technology, and Society from Rensselaer Polytechnic Institute. Christine externed for Vice Chancellor Parsons in the Delaware Court of Chancery where she assisted with patent mediations.



Joanne Ceballos joins the firm as Counsel in its Wilmington Trademark Center and is a member of the Litigation and Dispute Resolution Group. Joanne was previously a partner at a major Wilmington law firm where her practice focused on intellectual property litigation in the Delaware State and Federal Courts, and on trademark prosecution and enforcement. She has represented both national and local clients in disputes involving patents, trademarks, copyrights and trade secrets. Joanne has also counseled clients with respect to trademark registration and licensing.



Brian A. Cocca, Ph.D. joins RatnerPrestia's Chemical, Biotechnology, Pharmaceutical and Materials Patent Procurement Group after three years as an Associate at another large Philadelphia IP firm. His practice is focused on drafting and prosecuting patent applications in the life sciences field, specializing in the areas of immunology, cell and molecular biology, pharmacology, biochemistry, and medical devices and diagnostics.



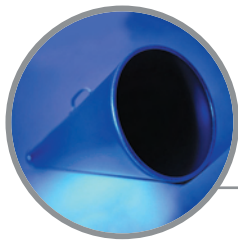
Lisa A. Mead joins the firm's Chemical, Biotechnology, Pharmaceutical and Materials Patent Procurement Group as a Scientific Advisor. Lisa recently interned in the legal department of a major pharmaceutical company where she worked on various issues within both the commercial law and patent law groups. She is presently studying for a J.D. at Temple University's Beasley School of Law and working toward her patent agent registration.



Glenn E.J. Murphy brings over seventeen years of experience in both private and corporate practice to RatnerPrestia's Chemical, Biotechnology, Pharmaceutical and Materials Patent Procurement Group. Formerly Senior Patent Attorney with the Henkel Group for more than ten years, Glenn has extensive experience in developing and managing domestic and international patent portfolios, client counseling, patent enforcement, licensing, export control, and inter partes actions in the U.S. Patent Office, the International Trade Commission, and the U.S. District and Appellate Courts.



Pearl T.L. Siew is a new Associate in the firm's Chemical, Biotechnology, Pharmaceutical and Materials Patent Procurement Group. She has extensive patent litigation experience, primarily relating to pharmaceutical litigation. Pearl counsels clients regarding patent strategies for developing products for commercial sale. In addition, Pearl has appeared before the U.S. Court of Appeals for the Federal Circuit as well as the U.S. Patent and Trademark Office Board of Patent Appeals and Interferences.



ANNOUNCING

Josh Cohen has begun his term as President of the Greater Philadelphia Chapter of the Product Development and Management Association (PDMA). PDMA is an international organization for product development and management professionals. Its mission is to improve the effectiveness of individuals and organizations in product development and management.

Jacques Etkowicz has been inducted as a Fellow of the American Bar Foundation (ABF), which was established in 1955 to encourage and support the research program of the ABF and to advance justice through research on law, legal institutions, and legal processes.



Ken Nigon was elected Treasurer of the 17,000 member American Intellectual Property Law Association (AIPLA) at its Annual Meeting. As Treasurer, Ken will chair the Audit and Finance Committee, which serves in an advisory and oversight capacity concerning the financial and investment policies of the Association.

Chris Rothe authored an article for *The Legal Intelligencer's* October IP Supplement, entitled, "One for the Patent Owner: District of Columbia Drug Pricing Law Preempted by Federal Patent Laws." The article focused on *Biotechnology Industry Organization, et al. v. Dist. of Columbia*, (Fed. Cir. 2007), in which patent owners scored a victory emphasizing the importance of rewarding innovation.

Harrie Samaras has been elected Vice Chair of the Alternate Dispute Resolution Committee of the Intellectual Property Law Section of the American Bar Association and attended the IPL Section's Leadership Meeting for section leaders in November.



Jonathan Spadt has been re-elected as a Commissioner of Lower Pottsgrove Township. Jon has served the last three years as a Commissioner, having been appointed to fill a vacancy in 2004 and then winning a two year term in the 2005 General Election. He will now serve a four-year term from 2008–2011.



SPEAKER'S FORUM

On October 19, 2007, **Ben Leace** presented, "Fraud & Inequitable Conduct at the United States Patent and Trademark Office: Trademark & Patent Perspectives" at the American Intellectual Property Law Association's Fall Meeting.

On October 10th, **Ben** presented, "Handling Claim Construction on Appeal: Waiver and Estoppel" for Law Seminars International.

On October 9, 2007, **Dr. Joy Mulholland** participated in the Innovative Idea Competition Judging at the Fox School of Business at Temple University. The Innovative Idea Competition is the first phase of the Business Plan Competition sponsored by the Innovation and Entrepreneurship Institute (IEI) at the Fox School of Business.

Harrie Samaras, head of RatnerPrestia's Litigation and Dispute Resolution Group, moderated a webcast for the Federal Circuit

Bar Association titled: "Mediation Under the Federal Circuit's Mediation Program." The panel featured Alvin A. Schall, Circuit Judge, Court of Appeals for the Federal Circuit; James A. Amend, Chief Circuit Mediator; Wendy L. Dean, Circuit Mediation Officer; and Donald R. Dunner, Finnegan, Henderson, Farabow, Garrett & Dunner, LLP. The participants discussed their perspectives on the Federal Circuit's mediation program (which began on October 3, 2005) including current features of the program and the use of mediation at the appellate level. Harrie chairs the Dispute Resolution Committee of the Federal Circuit Bar Association.

On September 6th, **Harrie** moderated, "Dispute Resolution: The Global School Room," presented by The World Intellectual Property Organization Arbitration & Mediation Center and the Federal Circuit Bar Association.



TRADEMARK TRIAL & APPEAL BOARD RULE CHANGES

BY: REX DONNELLY & JOHN MCGLYNN

Over the past several months, the Trademark Trial & Appeal Board (TTAB) has implemented significant changes to the rules governing procedure in opposition and cancellation proceedings. The purpose of the changes is to increase efficiency of *inter partes* proceedings by providing the non-initiating party with prompt notification of the commencement of an action and by requiring the discovery process to more closely mirror that in the federal courts governed by the Federal Rules of Civil Procedure.

NEW RULES

Notable rule changes include:

- The party initiating a cancellation or opposition proceeding must now serve a copy of the Notice of Opposition or Petition to Cancel on the defendant or the domestic representative thereof.
- The parties now need to attend a mandatory discovery and settlement conference held after the answer is filed and before — or as — discovery begins.
- The parties are now required to disclose relevant witnesses and documents supporting their claims within 30 days of the opening of the discovery period. A party cannot serve written discovery or make a motion for summary judgment until it has made these initial disclosures.
- The parties must now make expert witness disclosures for testifying experts to each other and the TTAB. Not only are the parties required to identify expert witnesses prior to the close of discovery, but also serve copies of expert reports prior to trial. It is worth noting that these requirements pertain only to testifying experts, not consulting experts.
- As required by the Federal Rules of Civil Procedure, the parties must now serve pretrial disclosures 15 days before the opening of the testimony and rebuttal periods. This requirement pertains predominantly to witnesses expected to testify, not materials submitted in a notice of reliance (a means for introducing evidence in a TTAB proceeding in writing).
- A standard TTAB protective order is automatically instituted in all TTAB proceedings. The parties can agree otherwise or one party can move to modify the standard terms.

SPECIFIC IMMEDIATE CONSIDERATIONS

The initial disclosure requirement is a significant burden. Prior to the new rules, parties had until approximately 8 months after the

initiation of an opposition or cancellation proceeding to complete discovery. Now, parties have a significant discovery deadline to meet a few months after the proceeding commences. Plaintiffs would be well advised to begin collecting relevant materials before filing a Notice of Opposition or Petition to Cancel, and defendants would be well advised to be mindful of the initial disclosure requirement and make efforts to collect materials subject to the requirement shortly after being served with the complaint.

When serving a Notice of Opposition or Petition to Cancel on the applicant or registrant, the plaintiff has the option of serving either the listed owner or the domestic representative. Accordingly, it is increasingly important to update owner and domestic representative contact information or risk late notice of the commencement of an action against one's trademark application or registration. A registration could become cancelled or, though much less likely, an application successfully opposed and become abandoned, before the owner is even aware of the proceeding.

The new procedures, particularly the settlement and discovery conference and initial disclosure requirements, bring substantial additional expenses to early phases of TTAB proceedings. Therefore, it is worthwhile to consider acceptable settlement terms internally and engage in earnest settlement negotiations early in the proceedings. Even if the dispute is not settled in these early negotiations, the TTAB has indicated that it will not suspend proceedings at the request of the parties once an answer is filed unless the parties have had an initial settlement conference. Meeting this obligation early allows for the possibility of the TTAB granting a request to suspend the proceeding early as well.

Finally, every effort should be made to comply with the new rules completely, especially early in their adoption. The rules do not expressly state the penalty for failing to comply with some of the new procedural requirements and, obviously, there is not yet any decision penalizing or sanctioning a party for failing to comply with such either intentionally or accidentally. Penalties

could be harsh, and failing to comply with the new service, disclosure or discovery requirements could seriously jeopardize a party's position in the proceeding.

GENERAL OVERALL EFFECTS

The additional formalities created by the rule changes should encourage settlement in opposition and cancellation proceedings. Parties are forced to meet and confer on the prospect of settlement early in the proceedings, and *forced* settlement discussions are settlement discussions nonetheless. The initial and expert disclosures compel the collecting, consideration and sharing of information, which could conceivably result in a party realizing the shortcomings of its case and settle or otherwise terminate the proceeding. Similarly, the automatically imposed protective order obviates a frequent obstacle during the discovery

process. Perhaps most importantly, the costs associated with the settlement/discovery conference and initial disclosures are expenses that will be borne by the parties toward the beginning of the proceedings and further encourage early resolution of the conflict between the parties. Together, the additional early costs and forced exchange of information will likely promote settlement of TTAB disputes.

Conversely, where settlement between the parties is not a possibility, the new procedures not only increase the expense associated with opposition and cancellation proceedings, but also create additional opportunities for — potentially fatal — error. A common motivator for a trademark owner's selection of the TTAB as a venue for asserting trademark rights is often the decreased costs and formalities in comparison to an action in federal court. Clearly, these benefits of TTAB proceedings are reduced under the new rules.

"OPEN SOURCE SOFTWARE: IT'S FREE, BUT..."
CONTINUED FROM FRONT COVER

IF OSS IS FREE, HOW CAN I BE SUED?

Although open source software (OSS) is often thought of as being "free," that is a misnomer. OSS is free in the sense that users are free to execute or run, copy, distribute, and modify or improve the software. OSS is not necessarily free of price (but may be) and is not free of the terms of the corresponding OSS license.

On September 19, 2007, Monsoon Multimedia, Inc. ("Monsoon") was sued for copyright infringement by two developers of a computer program called "BusyBox." The developers of BusyBox distributed it under an OSS license. In this case, the license was the most commonly used OSS license, version 2 of the general public license (GPLv2). (Note that version 3 of the general public license (GPLv3) issued earlier this year.)

The GPLv2 license allows the freedoms identified above **but**, if you copy and distribute the code (modified or not), this particular license requires that you provide or make available the corresponding source code. In this case, Monsoon allegedly distributed BusyBox as part of Monsoon's own products. Monsoon, however, did not make the BusyBox source code available to the recipients of its products. This established a basis for a copyright infringement suit based on a program that may have been acquired free of charge. The developers of BusyBox have since filed three more copyright infringement suits for OSS license violations, including one against Verizon Communications.

WHO CAN SUE ME?

SUITS BY CONTRIBUTORS:

Open source software often has many developers, known or unknown. OSS programs are often available for download from the Internet. These developers may modify or improve such programs and then make the modified or improved versions available for others to do the same. This process, repeated again and again, may result in a single OSS program being attributed to many different software developers, each a copyright owner and potential plaintiff, possibly around the globe.

You may ask, what's the chance that one of those software developers will know I copied their code and, even if they find out, will they have the wherewithal to sue me?

In Monsoon's case, Monsoon apparently admitted on its website that it used the BusyBox code. But where did the developers of BusyBox get the resources to sue Monsoon? One of the advocates of OSS came to the rescue — in this case, to protect the "freedom" of open source software, the developers of BusyBox were represented by the Software Freedom Law Center (SFLC). The SFLC is an organization committed to providing legal representation and other law related services to protect and advance free and open source software. Of the many cases of violators of OSS licenses that negotiated settlements, Monsoon's case was the first to require litigation. Individual authors of OSS, with the backing of entities committed to promoting the progress of OSS, will have the resources to enforce OSS licenses.

CONTINUED ON PAGE 10

INSIGHT...

INTO BUSINESS APPROACHES TO DISPUTE RESOLUTION



THE CONFIDENTIAL MEDIATION SUBMISSION — AN OPPORTUNITY THAT SHOULD NOT BE MISSED

Mediators in intellectual property cases typically request that the mediating parties submit a relatively short confidential submission that is not intended to be seen by their opponent. Despite the brevity of confidential submissions (often around ten pages exclusive of exhibits), a well prepared submission will go a long way to enhance the effectiveness of the mediation process. This is because mediators typically require parties to include in their confidential submissions, candid information and analyses which would not otherwise be known to the mediator (e.g., from documents of record in a case). Such candid and substantive communications often provide a mediator with insights into the nature of the dispute, the disputants and the parties' business interests and concerns.

Mediators are interested in a myriad of issues which may impact the parties' incentives to settle their dispute. The more analytical and/or business-related issues include the cost of litigation; litigation-based business disruption; risk of losing valuable IP Property rights; the risk of damages from infringement or misappropriation; the parties' actual best and worst alternatives to settling the dispute; and each party's perspective regarding the merits of their case and that of their opponent. Although it is often the case that the parties' counsel have addressed these issues with their clients, hearing objective remarks from an experienced neutral in the context of a mediation (principals have set aside significant time and may have traveled a significant distance) often has more of an impact in the calculus of settlement factors. There are other issues that are unique to the parties involved in a particular dispute which would be beneficial to disclose to the mediator before the mediation. Disclosing these issues before mediation enables the mediator to address them during or possibly before the mediation session (e.g., by phone, in person). These issues include the parties' history of dealing with one another; animosity between the parties generally or between specific individuals, misunderstandings or miscommunications between the parties, and parties' expectations. It is often the case that such issues ignite and fuel a dispute, as well as interfere in settlement. Thus, the mediation process and the parties benefit from having the mediator informed of such issues as early as possible.

When considering what to include in the confidential submission, it is understandable that parties may want to be circumspect about disclosing strategic information, such as their bottom line settlement figure, directly to the mediator. Likewise, when an insurance company is involved, a party is likely to be more conservative in what information they include in the confidential submission. All too often, however, the parties give short shrift to preparing for and writing the confidential mediation submission or they take an advocacy position and provide the mediator only with the confidential information they want the mediator to have. Sometimes they even avoid responding altogether to inquiries, such as when the mediator asks the parties to set forth

the weaknesses in their cases. Although that is not a question too many parties eagerly answer, a useful but face-saving response may be to point out arguments their opponents have made to attack their case, rather than not providing the mediator any information. Whatever the reason, by not addressing candidly the issues and questions with which the mediator must be familiar to effectively mediate the dispute, the parties often miss an opportunity to get the most out of the mediator and the mediation session.

Perhaps it is the informality of the mediation process (as compared to litigation or even arbitration) that often lures parties into a false sense of security that minimal effort in preparing the confidential submission is acceptable. Similarly, if the corporate decision maker participating at the mediation is senior enough in the management chain, is a frequent traveler, or is otherwise considered too busy to assist with preparation of the confidential submission, then counsel (corporate and outside counsel alike) may be unable to obtain the undivided attention of the person in developing meaningful responses to the mediator's inquiries, or even reticent about requiring that the executive participate in developing the analyses requested. But performing a risk analysis, considering business opportunities with the disputant that may not have been available but for the dispute, and evaluating the past and future costs of the dispute on the businesses' productivity, operations and profitability, for example, are indeed issues that the decision makers representing a party in a mediation ought and need to research (or have researched), consider and address before the mediation. The considerable investment of time and effort in this process may pay off quickly by crystallizing various aspects of a possible settlement position. Most importantly, it will provide substantive content in the mediation statement that greatly enhances the probability that the mediation will lead to settlement.

Moreover, preparation of the mediation submission, and for the mediation as well, may require tapping into some of the same assistance counsel would rely upon in litigation. This assistance may include, for example: (1) individuals from sales and marketing who have information about the past success of a patented or accused product and future plans for it, or the past and intended future usage of a trademark; (2) individuals in accounting and finance who have information related to licenses and royalty rates, product/service revenues and profits; (3) engineers who developed the patented or accused product and may have information regarding improvements, design-arounds, and prior art; and (4) outside consultants (e.g., survey experts, prior art search firms, and damages and technical experts). Although there may not be a "fact finder" in mediation, finding whatever facts can be found in preparing a mediation submission can result in significant leverage in the negotiations and greater likelihood that these facts, with the help of the mediator, will lead to a favorable settlement.

The mediation submission is not a legal brief prepared for a decision maker to render a decision about the issues in dispute. Rather, it is an elemental tool not only for the mediator, but also the client (those directly participating in the mediation as well as those in the landscape of the dispute) and corporate and outside counsel. Preparing the submission typically requires the parties to reflect on all aspects of a dispute (e.g., emotional, practical, financial, business opportunities) so that their settlement negotiations may be informed and culminate in a beneficial solution for both parties. Investing time and effort in the confidential submission is an opportunity that parties should not miss.

You have choices and we're here to help you make the best ones.

Harrie Samaras
RatnerPrestia's Alternative Dispute Resolution Group Leader

SUITS BY THIRD PARTIES:

Even if you comply with all terms of an OSS license, you may still be vulnerable to liability in an infringement suit. In such case, the suit could be filed not by a distributor of the OSS, but from an unrelated third party.

Open source software typically is provided without any warranty and most OSS licenses require that distributors of such code include a disclaimer of all warranties, including warranties of non-infringement. Generally, if you are using OSS and you encounter a defect or if it infringes a third party's intellectual property rights, you are on your own. You may be subject to suit by a third party having a patent that covers the OSS you are using or distributing. For example, Red Hat and Novell were sued in October by IP Innovation, LLC for alleged patent infringement by their OSS. The OSS alleged to infringe in that case is Linux, one of the most widely known OSS programs. In addition, if the OSS you copied from the Internet was created (unbeknownst to you) by unauthorized copying of a third party's software, that third party may have a copyright claim against you.

IT'S FREE, SO WHAT'S THE HARM?

OSS is often downloadable free of charge from the Internet, in either object code or source code format. What damages could a developer of such code be entitled to for infringement of software that was provided free of charge?

For copyright damages, although actual damages may or may not be significant, a copyright owner may pursue statutory damages of up to \$30,000 for "all infringements" which may be enhanced for willful infringement. Worse yet, a copyright owner may seek an injunction to stop you from ever using the OSS that may already be incorporated into your products. With OSS, however, when there are multiple developers claiming copyright ownership in portions of a work, issues of apportionment of damages, standing to sue, and joinder may arise.

In Monsoon's case, on October 30, 2007 it was announced that a settlement had been reached. Although Monsoon originally only needed to comply with the GPLv2 to stay out of trouble, now they were caught. Simply complying was no longer an option. Otherwise, there would be no incentive for anyone to proactively comply. With the threat of an injunction and damages, Monsoon agreed to an undisclosed financial settlement and to make efforts to correct its non-compliance by notifying prior recipients of the Monsoon products of their right to receive the corresponding source code.

CONCLUSION

This article provides an overview of some of implications of using OSS. The consequences of using OSS vary greatly depending on the terms of the applicable OSS license and how the OSS is used or incorporated into products. There are great benefits to using OSS that may be exploited, provided that you make informed decisions regarding the associated risks. Consider these issues whether you are using, developing, or investing in a company that uses or develops OSS.

RatnerPrestia specializes in patent, trademark, and copyright matters and realizes an obligation to keep its clients, and others, informed in those areas. The articles in this newsletter are intended to provide only a brief, general overview of each subject and are not necessarily the opinion of this firm. Nothing herein should be construed as legal advice. RatnerPrestia recommends that readers seek specific information and/or legal advice on particular matters of concern.

Insight is published by RatnerPrestia. The firm welcomes your articles, ideas for articles, comments, and suggestions. Please contact Christopher A. Rothe, the editor, at our Valley Forge Office.

© 2006 RatnerPrestia. RatnerPrestia, Insight® and We Specialize in the Law of Creativity® are trademarks of Ratner & Prestia, P.C.

VALLEY FORGE

SUITE 301
1235 WESTLAKES DRIVE, BERWYN
P.O. BOX 980
VALLEY FORGE, PA 19482
PH (610) 407 0700
FX (610) 407 0701

WILMINGTON

SUITE 1100, NEMOURS BUILDING
1007 ORANGE STREET
P.O. BOX 1596
WILMINGTON, DE 19899
PH (302) 778 2500
FX (302) 778 2600

ALLENTOWN

SUITE 265
COMMERCE CORPORATE CENTER
5100 TILGHMAN STREET
ALLENTOWN, PA 18104
PH (610) 530 8100
FX (610) 530 8200