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Foreword

Aaron Perzanowski
Tara Wheatland

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FOREWORD

By Aaron Perzanowski & Tara Wheatland

Through the scholarship it publishes, the Berkeley Technology Law Journal—formerly the High Technology Law Journal—has tracked the evolution of technology and intellectual property law for more than two decades. In keeping with this tradition, the Annual Review of Law & Technology, now in its ninth volume, catalogs the year’s most significant developments in a wide range of topic areas, which this year include intellectual property, cyberlaw, constitutional law, and telecommunications. The summaries and analyses presented here aim to provide practitioners, judges, policymakers, scholars, and students a concise and thorough encapsulation of the year in technology and intellectual property law.

This year, the Annual Review includes twenty-four Notes. While most follow the traditional case note model, others provide more broadly focused legislative, regulatory, and policy discussions. Moreover, thirty-two Additional Developments summarize other noteworthy cases and developments of the past year.

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† Senior Annual Review Editor, Berkeley Technology Law Journal; J.D. Candidate, 2006, University of California, Berkeley School of Law (Boalt Hall).
‡ Senior Annual Review Editor, Berkeley Technology Law Journal; J.D. Candidate, 2006, University of California, Berkeley School of Law (Boalt Hall).

We are grateful to Professor Peter S. Menell for his continued dedication to this project. Without his guidance and expertise, publication of the Annual Review would be impossible. Thanks are also due to Robert Barr, Executive Director of the Berkeley Center for Law and Technology, for his valuable contribution to this year’s patent Notes. In addition, the Annual Review advisors and the Journal’s editorial staff were instrumental in the successful completion of this project. Finally, we owe our most sincere thanks to our authors for their enthusiasm, responsiveness, and perseverance.
I. INTELLECTUAL PROPERTY

A. Patent

This year's Annual Review covers a wide range of developments in patent law. The subject matter of the patents at issue in each case run the gamut from chemical compounds to software components to commercial pharmaceuticals. The legal questions span the spectrum of patent law, including the threshold of utility required for patentability, disclosure requirements, claim construction, the implications of cross-border infringement, the experimental use exception, and inequitable conduct.

Two Notes address the treatment of cross-border infringement under the U.S. patent system. The first of these Notes explores the inherently territorial nature of U.S. patent law, focusing on a recent Federal Circuit decision that considered whether the location of part of a defendant's allegedly infringing system in Canada precluded a finding of infringement under 35 U.S.C. § 271(a). In *NTP, Inc. v. Research in Motion, Ltd.*, the Federal Circuit distinguished between the "system" and "method" claims. The court held that the location of a system component in Canada did not preclude a finding of infringement as to the system claims, but that the fact that some method steps were performed in Canada did preclude a finding of infringement as to the method claims.

A second Note addresses extraterritorial infringement under 35 U.S.C. § 271(f). Section 271(f) provides infringement liability for shipment abroad of components of patented inventions when the supplier actively induces or otherwise encourages acts that would constitute infringement if they occurred within the United States. In a series of three recent cases, *Eolas Technologies Inc. v. Microsoft Corp.*, *AT&T Corp. v. Microsoft Corp.*, and *Union Carbide Chemicals & Plastics Technologies Corp. v. Shell Oil Co.*, the Federal Circuit opted to expand the scope of the extraterritorial provision § 271(f) to include software and process patents. This Note argues that the origins and legislative history of § 271(f) require limiting its extraterritorial liability to device patents, excluding processes and software.

Another Note analyzes *University of Rochester v. G.D. Searle & Co.* In that decision, the Federal Circuit invalidated the University's patent on a method of producing and administering a chemical compound to relieve

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1. 399 F.3d 1325 (Fed. Cir. 2005).
2. 414 F.3d 1366 (Fed. Cir. 2005).
3. 425 F.3d 1366 (Fed. Cir. 2005).
4. 358 F.3d 916 (Fed. Cir. 2004).
inflammation, applying a stringent disclosure standard formerly applied in biotechnology cases. This Note argues that although *Rochester* was correctly decided, the court improperly extended the strict DNA-specific disclosure standard to chemical inventions.

The Supreme Court's most recent pronouncement of the scope of the statutory experimental use exception is explored in another Note. The exception allows generic drug companies to begin the regulatory approval process for generic drugs before the brand name drug patent expires. In *Merck KGaA v. Integra Lifesciences I, Ltd.*, the Supreme Court unanimously broadened the statutory experimental use exemption, to include preclinical testing on patented products far upstream of FDA approval. This Note contends that this interpretation of the current statutory exception is overbroad and calls for the enactment of a new limited, but balanced, experimental use exemption in patent law.

In *Phillips v. AWH Corp.*, the en banc Federal Circuit reaffirmed the *Vitronics* line of cases, emphasizing the primacy of the specification in patent claim construction, and disavowed the "dictionaries first" approach of *Texas Digital*. The court chose not to address the issue of deference to trial courts despite the vehement dissent of Judge Mayer. One Note discusses this decision and its implications for patent claim construction.

Another Note analyzes *In re Fisher*, a case exploring whether five express sequence tags (ESTs), in the absence of any claimed utility, possess specific and substantial utility as required by 35 U.S.C. § 101. The Federal Circuit held that the uses offered by Fisher were not "specific" to the claim because the function of the underlying gene was unknown and the uses were not unique to the claimed ESTs. Further, the ESTs lacked "substantial utility" because the molecules did not provide a presently significant benefit to the public. This Note argues that the utility requirement serves as a "timing device," assessing not only the "ripeness" of an invention, but the height of the utility barrier as well.

A final Note explores the doctrine of inequitable conduct, outlining a current proposal to reform the doctrine and presenting some alternative options. This Note also employs *Purdue Pharma L.P. v. Endo Pharmaceu-*

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6. 415 F.3d 1303 (Fed. Cir. 2005) (en banc).
9. 421 F.3d 1365 (Fed. Cir. 2005).
ticals Inc.\textsuperscript{10} as a case study, analyzing how the proposed Patent Reform Act\textsuperscript{11} would alter the outcome in that case.

B. Copyright

The copyright Notes in this year’s Annual Review reflect both the influence of new technology on the development of copyright law and the persistent importance of more traditional “analog” concerns.

One Note examines \textit{Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.},\textsuperscript{12} in which the Supreme Court redefined indirect copyright liability in the face of peer-to-peer file sharing technology. In \textit{Grokster}, the Court announced a new theory of inducement-based indirect liability for copyright infringement, supplementing the established doctrines of contributory and vicarious liability.

A second Note addresses the Sixth Circuit’s decision in \textit{Bridgeport Music, Inc. v. Dimension Films}.\textsuperscript{13} Therein, the court considered the availability of the de minimis use defense in the context of digital sampling of sound recordings, and concluded that such sampling, unless it qualifies as fair use, requires a license from the copyright holder regardless of the length of the sample. This Note argues that the court’s decision rests on a misinterpretation of § 114 of the Copyright Act but will ultimately have little impact on the established norms of sampling.

The Family Movie Act\textsuperscript{14} was enacted to permit the private display of altered but unfixed versions of films and other audiovisual works. A third Note discusses this legislation and the litigation that sparked its enactment. Further, it outlines a framework for creating “surgical safe harbors” to resolve fair use disputes.

A final Note addressing the impact of new technologies on the traditional copyright paradigm examines the ongoing litigation surrounding the Google Library Project, an effort by the search engine giant to create a searchable index of the collections of five major libraries. This Note presents a fair use analysis of this ongoing litigation that favors the Library Project.

\textsuperscript{11} H.R. 2795, 109th Cong. (2005).
\textsuperscript{12} 125 S. Ct. 2764 (2005).
\textsuperscript{13} 410 F.3d 792 (6th Cir. 2005).
Other important developments in copyright law are rooted in more traditional contexts. The Copyright Office conducted a lengthy inquiry\(^{15}\) into the problems surrounding orphan works—copyrighted works whose owners are difficult or impossible to locate. One Note surveys the various proposals for resolving this issue as well as the legislative recommendation recently issued by the Copyright Office.

In *Toney v. L’Oreal USA, Inc.*,\(^{16}\) a rehearing panel of the Seventh Circuit ruled upon copyright preemption of the right of publicity, holding that because the plaintiff’s right of publicity claim was based on her likeness or persona, which was not “fixed,” her claim was not invalidated by copyright law’s express preemption provision. Thus, a second Note explores the difficult task of reconciling the benefits provided to individuals and to society through both the right of publicity and copyright protections in drawing the line of preemption.

A final copyright Note examines an increasingly rare issue in modern copyright law: common law protection. The *Capitol Records, Inc. v. Naxos of America, Inc.*\(^{17}\) decision addressed state common law copyright protection for certain pre-1972 sound recordings of British origin. The New York Court of Appeals, on a certified question from the Second Circuit, held that New York common law copyright did furnish protection for these recordings, regardless of the lapsing of protection in the works’ country of origin. This Note explores the ramifications of *Naxos* for copyright holders and distributors of remastered sound recordings.

**C. Digital Millennium Copyright Act**

The Digital Millennium Copyright Act, while distinct from copyright law proper, continues to demonstrate its power to affect the development of copyright and technology industries.

The sole Note addressing the paracopyright protections of the DMCA discusses the statute’s potential anti-competitive effects in the videogame industry. In *Davidson & Associates v. Jung*,\(^{18}\) the Eight Circuit held that a competitive game server, which allowed owners of the plaintiff copyright holder’s massively-multiplayer online games to engage in online play, violated the DMCA. This Note attempts to provide some conceptual clarity to counteract the court’s muddled analysis of both the technology and law at issue in *Davidson*.

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16. 406 F.3d 905 (7th Cir. 2005).
17. 830 N.E.2d 250, 263-64 (N.Y. 2005).
18. 422 F.3d 630 (8th Cir. 2005).
D. Trademark

The three trademark Notes in this year’s Annual Review emphasize the limits of trademark protection and their implications for free discourse.

One Note examines the Supreme Court’s decision in *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.* 19 There the Court grappled with the relationship between the likelihood of confusion test—the lynchpin of trademark infringement analysis—and the fair use defense in determining a trademark owner’s ability to appropriate descriptive terms from the English language.

Two other Notes focus on the use of trademarks online. The *WhenU* 20 and *Google* 21 lines of cases offer inconsistent interpretations of the circumstances under which imperceptible use of a trademark to serve targeted advertising qualifies as the sort of use protected under the Lanham Act. This Note suggests that courts analyze the nature of the use at issue as a question distinct from and prior to the likelihood of confusion analysis.

The *Lamparello v. Falwell* 22 and *Bosley Medical Institute, Inc., v. Kremer* 23 decisions both involve disputed uses of trademarks in domain names by critics of the trademark holders, and both courts held in favor of the alleged infringers. This Note suggests that, in light of courts’ and consumers’ increasingly sophisticated understanding of the internet, these cases reject early domain name precedent and signal a significant rethinking of the doctrine of initial interest confusion as well as the “use in commerce” requirement.

E. Trade Secret

One Note explores the intersection of trade secret protection and the First Amendment through a discussion of *Apple v Does.* 24 After information regarding an unreleased Apple product was disclosed to a number of blogs, Apple filed suit against several anonymous Doe plaintiffs, and sought to subpoena the email records of the websites that published the

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22. 420 F.3d 309 (4th Cir. 2005).
23. 403 F.3d 672 (9th Cir. 2005).
information. When the website operators claimed to be protected under the journalist’s privilege, many expected the court to rule on whether bloggers qualified as journalists. Instead, the court held that the privilege did not apply in this case regardless of the proper classification of bloggers. This Note argues that the court misapplied the privilege test, perhaps in an effort to avoid the difficulty of defining the class of qualifying journalists.

II. CYBERLAW

Two of this year’s Notes and several Additional Developments fall within the broad ambit of cyberlaw.

The first of these Notes addresses *United States v. Councilman.*\(^2\)\(^5\) Sitting en banc, the First Circuit held that the Wiretap Act applies to an electronic communication in transient, electronic storage intrinsic to the communication process, reversing its previous panel-majority decision. This Note argues that despite the court’s reversal, internet service providers enjoy overly broad immunity for their interception of customer communications, and proposes a legislative solution to the deficiencies of the Electronic Communications Privacy Act.

A second Note considers the preemption of state anti-spam laws by the CAN-SPAM Act. In *White Buffalo Ventures, LLC v. University of Texas at Austin,*\(^2\)\(^6\) the Fifth Circuit offered the first judicial interpretation of CAN-SPAM’s express preemption clause. The court held that the University’s regulations, which blocked unsolicited commercial email, were not preempted by CAN-SPAM because of an apparent ambiguity regarding the applicability of the preemption provision to state entities that also function as internet service providers. This Note argues that although the court reached the appropriate result, non-legislative solutions to the spam problem may offer a more desirable approach.

III. CONSTITUTIONAL LAW

Although a number of Notes touch on constitutional questions, only one case in this year’s Annual Review was decided solely on constitutional grounds.

*Granholm v. Heald*\(^2\)\(^7\) addressed state statutes that allowed in-state producers to ship directly to in-state customers while requiring out-of-state producers to comply with more rigorous regulations. Concerns over this

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25. 418 F.3d 67 (1st Cir. 2005).
26. 420 F.3d 366 (5th Cir. 2005).
disparity took on great prominence because of the increasing frequency of internet wine sales. The Court found that these preferential laws violate the Commerce Clause and were not saved by the special privileges granted to states under the Twenty-first Amendment. This Note examines this case and its likely effect on California’s wine shipping regulations.

IV. TELECOMMUNICATIONS

Two Notes highlight the evolution and expansion of telecommunications regulation in the particular arena of the internet and digital entertainment.

The first of these Notes considers the recent deregulatory trend the FCC’s treatment of high-speed internet services. In *National Cable & Telecommunications Ass’n v. Brand X Internet Services*, the Supreme Court upheld the FCC’s decision not to impose common carrier obligations on providers of cable modem high speed internet services. The Court, as a matter of administrative law, upheld the FCC’s classification of cable modem services as “information services” rather than “cable” or “telecommunications” services, relieving the FCC of any statutory duty to regulate. This Note suggests that a more hands on regulatory approach based on the FCC’s universal service program may be a more appropriate policy.

The second Note discusses the D.C. Circuit’s decision in *American Library Ass’n v FCC*. In hopes of spurring the transition to digital television (DTV) broadcasting, the FCC issued a rule requiring all devices capable of receiving DTV signals include technology that would recognize the broadcast flag, a signal embedded in DTV signals that specifies the extent of copying, if any, permitted by the copyright holder. The court held that the rule exceeded the FCC’s statutory authority under Title I of the Communications Act since the broadcast flag’s copy protection scheme was not incidental to the transmission of DTV signals. This Note suggests that Congress should grant the FCC authority to impose the broadcast flag regime, but must do so in a way that preserves the fair use rights of the public.

29. 406 F.3d 689 (D.C. Cir. 2005).
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