goulston&storrs
counsellors at law

inbrief

Volume 1 Number 4 www.goulstonstorrs.com July 2005

Sweeping Reform Proposed to U.S. Patent System

Julie A. Frohlich

Companies doing business in the U.S. are all too familiar with this scenario: over a long, well publicized period involving informal and often formal processes, companies select and begin using a standardized technology; after years of selling products incorporating the standardized technology, an owner of a patent of dubious validity emerges from its silence, asserts that the standardized technology infringes the patent and demands that each company selling products incorporating the technology pay a license fee to the patent owner or, instead, defend an infringement suit. As these scenarios proliferate, companies are fighting back.

On June 8, 2005, the Patent Reform Act of 2005 ("Reform Act") was introduced in the U.S. House of Representatives. The lead sponsor states that the Reform Act is intended to enhance the quality of patents issued by the U.S. Patent and Trademark Office ("PTO") and to "eliminate legal gamesmanship from the current system that rewards lawsuit abuses over creativity" and "disrupt[s] the operations of high-tech companies and other businesses."

Indeed, the Reform Act proposes sweeping changes to the U.S. patent system, including:

- Bringing the U.S. patent system into line with the rest of the world by **replacing the current "first to invent" system with the "first to file" system** of awarding patents, which would award the patent to the first inventor to file a patent application that adequately discloses the claimed invention.
- Effectively **eliminating the inequitable conduct defense in infringement actions** and transferring to the USPTO responsibility for investigating and addressing inequitable conduct in connection with patent proceedings before the PTO.

—*continued on page 2*

Homeland Security and the Private Commercial Property Owner

Alan M. Reisch and Sheldon J. Weisel

Since the 9/11 attacks, the real estate industry has grappled with the question of what measures private commercial property owners should take to protect against acts of terrorism. Almost four years after the attacks, clear answers remain elusive.

In the World Trade Center litigation, the New York Federal District Court has held that the owners of the World Trade Center did have a duty to protect their tenants and employees against the terrorist actions of September 11, 2001. In view of the foreseeability of future terrorist attacks, the existence of a duty for owners and managers to protect against terrorist acts should be assumed as a working hypothesis. However, no court has yet decided what steps are required to fulfill that duty.

In 2004, finding that "the private sector remains largely unprepared for a terrorist act," the 9/11 Commission Report recommended goals for crisis-readiness, and proposed a national standard for preparedness. According to the Commission, preparedness in the private sector should include (1) a plan for evacuation, (2) adequate communications capabilities, and (3) a plan for continuity of operations. The Commission also proposed that the National Fire Protection Association's "Standard on Disaster/Emergency Management and Business Continuity Programs" (NFPA 1600) become the uniform standard for private preparedness.

NFPA 1600 mandates an ongoing process with the following main elements:

- Appointment of a committee to implement the program.
- Undertake an assessment to identify hazards, risks and vulnerabilities.
- Create a series of plans to address the identified risks, including an emergency response plan, a mitigation plan, a recovery plan and a continuity plan.

—*continued on page 2*

inside

Sweeping Reform Proposed to U.S. Patent System

Julie A. Frohlich

- **Limiting a patent owner's damages** for infringement by (i) requiring courts to consider the portion of profits attributable to the invention itself separate from other features of the product, and significant features or improvements added by the infringer and (ii) protecting an infringer from increased damages as a "willful infringer" if it had an informed good faith belief that its conduct was not infringing.
- **Constraining judicial discretion to issue injunctions to patent owners** by requiring courts to (i) consider all facts and interests of all associated parties and (ii) stay an injunction pending an appeal under certain conditions.
- Authorizing the PTO to **issue regulations limiting the circumstances in which patent applicants may file a continuation application** and still be entitled to the priority date of the parent application. This reform reportedly is directed at inventors who file continuations to keep an older application pending and then revise the application's claims to cover successful products subsequently developed by others.
- Making it **easier and cheaper to challenge bad patents** by creating a new post-grant opposition system within the PTO that allows competitors and third parties to challenge a patent's validity in an adversarial proceeding with limited discovery before a panel of three administrative judges in the PTO, instead of through litigation. Any challenger could request a review during the first nine months after the patent is granted and an alleged infringer who has received a legal notice of infringement from the patent owner could request a review within six months of receiving that notice.
- Eliminating the ability of patent applicants to keep secret the contents of a pending patent application by requiring that ***all*** **U.S. patent applications be published 18 months after the earliest filing date.**
- **Allowing third parties to submit prior art** within six months after the application is published. Currently, in deciding whether an invention is obvious in light of the prior art, patent examiners must rely solely on their own prior art searches and the prior art submitted by the inventor. Under the Reform Act, anyone who pays a fee could submit relevant prior art references to the PTO.

Julie Frohlich is a director in the litigation group. She focuses her practice on complex business and civil litigation with a particular emphasis on intellectual property, cyberlaw and technology-related litigation.

Homeland Security and the Private Commercial Property Owner

Alan M. Reisch and Sheldon J. Weisel

The 9/11 Commission's recommendations were incorporated by Congress at the end of 2004 in legislation to reform the intelligence community in the form of a "Sense of Congress." NFPA 1600 represents an important but incomplete step in clarifying the responsibilities of property owners. It is not specifically focused on the real estate industry and leaves important questions unanswered. For instance, it applies the same standards for public and private entities, though the roles are vastly different. Similarly, NFPA 1600 does not address the preparedness differences required for different property types. And, importantly, it does not clarify which responsibilities fall on owners versus building tenants.

> ***NFPA 1600 does not address the preparedness differences required for different property types.***

Moreover, neither NFPA 1600 nor any of the pronouncements since 9/11 have provided a clear answer to the threshold question of whether or not a particular property should even be considered a possible terrorist target.

With these and other uncertainties, it is our view that the real estate industry must take a close look at NFPA 1600, with the goal of refining it to meet the diverse needs of different types of properties and locales. In the meantime, to protect against potential liability, private commercial property owners should, at a minimum, consider the following:

- Obtain guidance regarding the risks and vulnerabilities faced by their properties.
- Adopt a program containing evacuation procedures, emergency response measures, a contingency communications network, and a business continuity plan.
- Test the program and update it periodically.

No assurances can be given that these steps will insulate against liability, but doing less would certainly fall short of the requirements of NFPA 1600.

Alan Reisch is a director in the litigation group. He focuses his practice on complex contract, insurance coverage matters, risk management and related issues. Sheldon Weisel is a director in the real estate group. He represents owners, developers and managers of all types of commercial real estate, with particular emphasis on complex commercial and multi-use projects.

An Inch of Prevention: How to Comply with the Fair Housing Act's Handicapped Accessibility Requirements

Christian Regnier, Marilyn L. Sticklor and B. Andrew Zelermyer

A recent multi-million dollar settlement of a suit in the U.S. District Court in Baltimore brought against a large multi-state apartment developer by three disability rights organizations has focused the attention of residential developers and architects on the requirements of the Federal Fair Housing Act, an often-overlooked federal statute imposing handicapped accessibility requirements on multi-family residential condominium and rental construction. In the settlement, the developer agreed to survey and, if needed, retrofit apartments in 71 buildings, at a cost predicted by plaintiffs to possibly exceed $20 million. In addition, the developer agreed to pay $1.4 million to settle claims that its apartments do not comply with federal handicapped accessibility requirements.

How can developers, architects, engineers, and builders protect themselves from such exposure?

> ***Compliance with state handicapped accessibility requirements may not always provide a safe harbor under the Act.***

Requirements of the Fair Housing Act

Residential developers and architects have generally looked to the federal Americans with Disabilities Act and to state requirements such as the Massachusetts Architectural Access Board regulations as the sources of design and construction requirements concerning handicapped accessibility. Although the Fair Housing Act went into effect in 1991, the applicability of its requirements to virtually all rental and for-sale multi-family housing developments, regardless of whether they receive federal funding, has not been well known.

Guides to Compliance and Safe Harbors

The U.S. Department of Housing and Urban Development has published a helpful guide to understanding the Act's handicapped accessibility design and construction requirements entitled *The Fair Housing Act Design Manual.* The *Manual* includes specific design criteria, which, if followed, provide compliance with the Act. The *Manual* also lists six other safe harbors.

Under the Act itself, compliance with state handicapped accessibility requirements also may provide a safe harbor. Even those familiar with the Act have often-times proceeded under the mistaken belief that compliance with handicapped accessibility standards imposed by a state always provides a safe harbor from the Act's requirements and liabilities. However, according to HUD, in order to provide a safe harbor, the state requirements must cover all of, and be at least as stringent as, the specific design criteria included in the *Manual* or one of the other safe harbors enumerated in the *Manual.* Residential developers, builders and architects should be aware that the Massachusetts Architectural Access Board regulations are more lenient than the Act and therefore do not provide a safe harbor for a project. For more information on the standards required by the Act and the Architectural Access Board, please contact us.

Christian Regnier is an associate in the real estate group. Marilyn Sticklor is a director in the real estate group. She focuses her practice on land use matters and representation of developers in all aspects of commercial and mixed use developments in Boston and suburban areas. Andrew Zelermyer, also a director in the real estate group, represents real estate development companies, real estate investors and architectural firms in all aspects of commercial real estate law, including land use and development, construction and permanent financing, construction and design, leasing, acquisitions and sales.

joined us

We welcome the following attorneys to the firm:

Malia M. E. Ebel
Corporate
Boston

Christopher P. Williams
Real Estate
Boston

well done

Chambers USA 2005
America's Leading Business Lawyers
has rated
Goulston & Storrs

#1 Real Estate
#2 Banking & Finance
#2 Bankruptcy
#2 Litigation
#3 Environmental
in Massachusetts
#4 Real Estate
in Washington DC

For more information about the Chambers USA Rankings, please visit www.chambersandpartners.com

For more information please visit www.goulstonstorrs.com

goulston&storrs
counsellors at law

400 Atlantic Avenue
Boston, MA 02110-3333

BOSTON
NEW YORK
WASHINGTON, DC
LONDON
www.goulstonstorrs.com

Sue Finegan, *Legal Director of the Victim Rights Law Center,*
Martha Coakley, *Middlesex County District Attorney, and*
Susan Vickers, *Executive Director of the Victim Rights Law Center.*

Goulston & Storrs recently hosted the Victim Rights Law Center's Shining Star Award Reception. This year, the Leadership Award was presented to Martha Coakley, Middlesex District Attorney, and the Shining Star Award was presented to Paula Finley Mangum, a solo practitioner. The Victim Rights Law Center is a pro bono client of the firm, and is the first law center in the nation dedicated solely to protecting rape victims' civil legal rights. For more information, please visit www.victimrights.org