

# INNOVATION & PERSPECTIVES

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## Court Strikes Down Proposed U.S. Patent Office Rules

On April 1, 2008, Judge James Cacheris of the District Court in the Eastern District of Virginia issued a 26 page opinion granting a motion for summary judgment and blocking the implementation of the proposed United States Patent and Trademark Office ("USPTO") rules. See *Tafas v. Dudas*, 530 F. Supp. 2d 786 (E.D. Va. 2008). In the winter of 2006, the USPTO issued notices of proposed rulemaking that comprised a number of rules intended to numerically limit the number of applications, requests for continuing applications ("RCE"), and claims that a patent applicant could file. After an extensive comment period, the USPTO published the final rules in August of 2007 and set a mandate that the proposed rules be implemented on November 1, 2007. At the end of August, Triantafyllos

Tafas filed a lawsuit against the USPTO seeking to block the implementation of the

proposed rules. On October 31, 2007, Judge Cacheris issued a preliminary injunction and temporary restraining order blocking the new rules from taking effect the following day.

The most controversial proposed rules were final rules 75, 78, 114, and 265, which were under attack in the lawsuit. Specifically, final rule 75 ("the 5/25 rule") imposed a limit on the total number

of independent claims (5) and the total number of claims (25) a patent applicant could present in any given application. If the applicant exceeded either limit, he or she would be required to file an examination support document before the first Office action on the merits of the application. Final rule 78 limited the number of continuation or continuation-in-part applications that may be filed per application family. Final Rule 78 also limited the number of claims in applications that have: (a) the same filing date; (b) at least one common inventor; (c) common ownership; and (d) substantial overlapping disclosure. If conditions (a)-(d) existed, the applicant would

have been required to rebut a presumption that the claims in each of the filed applications are patentably indistinct, submit a terminal disclaimer, or eliminate the presumed patentably indistinct claims from all but one of the applications. Final rule

114 restricted the amount of RCEs that an applicant could file per application family to one. Lastly, final rule 265 required that an applicant perform a prior art search and provide a detailed explanation

of how each of the independent claims in the filed application is patentable over each of the cited references.

The cornerstone of Tafas's argument was that the USPTO's proposed new rules exceeded the scope of rulemaking authority granted to the USPTO under the Administrative Procedures Act ("APA"). Under the APA, the USPTO has authority "to establish regulations" that "govern the conduct of proceedings in the office." Tafas argued that this power was tantamount to the ability to promulgate procedural rules, as opposed to rules substantive in nature.

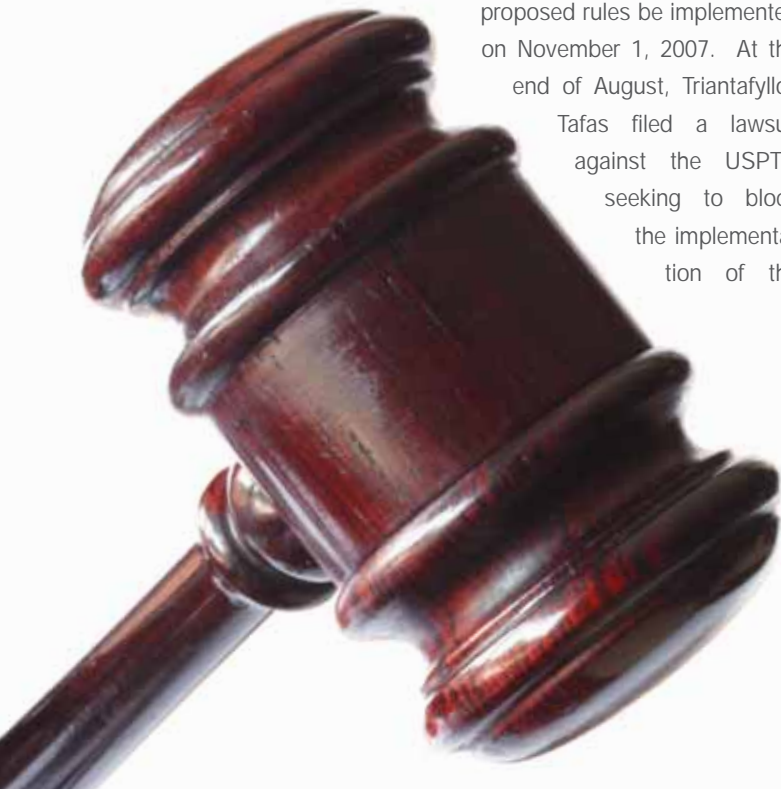
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**"I have always believed that the proposed rules were inappropriate because the USPTO had exceeded their rulemaking authority, and I'm pleased that the District Court blocked their implementation."**

.....

- J. William Frank, III



Quanta Computer, Inc. v. LG Electronics, Inc.

On June 9, 2008, the Supreme Court handed down a unanimous decision, holding, in part, that: (1) patent exhaustion applies to process and method claims, as well as apparatus and system claims; and (2) the authorized sale of an item embodying the essential elements of a patent exhausts patent rights in that item.

**Background**

Respondent LG Electronics, Inc. (“LGE”) licensed certain patents to Intel Corporation (“Intel”). Intel, in turn, manufactured computer chip and microprocessor products based on the LGE patents. Some of the customers Intel sold their products to, including Quanta, combined the Intel products with other non-Intel components to make computers. LGE brought suit against Quanta on the basis that the combination of Intel products with non-Intel components infringed LGE’s patents.

**Patent Exhaustion**

Quanta’s defense was based on the doctrine of patent exhaustion, which generally stands for the proposition that, upon the sale of a patented product, the patentee no longer retains his exclusionary rights under the patent laws. The major issues in this case were whether patent exhaustion is applicable to patents with method claims and whether the sale of Intel products to Quanta exhausted LGE’s patent rights.

**Patent Exhaustion in Method Claims**

The Court did not agree with LGE that “method claims, as a category, are never exhaustible.” Quanta Computer, Inc. v. LG Electronics, Inc., 553 U.S. \_\_\_, No. 06 – 937, slip op. at 11 (June 9, 2008). On the contrary, the Court pointed to several cases applying the doctrine of patent exhaustion to method claims, and cautioned that “[e]liminating exhaustion for method patents would [allow] . . . [p]atentees seeking to avoid patent exhaustion [to] simply draft their patent claims to describe a method rather than an apparatus.” Id. at 10. Thus, the Court held that while “[i]t is true that a patented process or method may not be sold in the same way as a patented apparatus or device, the process or method may nonetheless be ‘embodied’ in a product, the sale of which exhausts patent rights.” Id. at 9.

**Complete Practice of a Patent**

Additionally, the Court held that the authorized sale of a product can trigger exhaustion even if the product does not completely practice a patent, as long as the product “embodies” the essential elements of the patent. Id. at 14, 19. In this case, the Court noted that the Intel products would completely practice the LGE patents if not for the lack of standard additional parts, such as memory and bus components (Id. at 11, 15), and thus held the Intel products to substantially embody the LGE patents. Id. at 14. Furthermore, the Court construed LGE’s argument that patent exhaustion

did not apply to post sale restrictions on “making” an article as a reiteration of the above noted argument, and held that “no further ‘making’ results from the addition of standard parts – here, buses and memory – to a product that already substantially embodies the patent.” Id. at 18.

**Authorized Sales**

Finally, the Court held that Intel’s sale to Quanta was authorized under the licensing agreement. The Court found the licensing agreement to be “broadly” crafted, permitting Intel to make, use, or sell products practicing the LGE patents. Although a separate agreement required Intel to give notice to its customers that LGE had not licensed those customers to practice its patents, Intel’s authority to sell its products was not conditioned on that agreement. Thus, the Court held Intel’s sales to be authorized under the license agreement and barred LGE from asserting its patent rights against Quanta. Id. at 17-19.

**Notable Contract Claim Omissions**

The Court briefly noted that LGE had not included any breach of contract claims in their complaint. Id. at 18 n.7. Though LGE’s patent rights were exhausted, this did not necessarily limit their other contractual rights. Id. However, since LGE did not include a breach of contract claim in their complaint, the Court expressed no opinion as to whether contract damages might have been available. Id. MF

:: TRADEMARK NEWS

and granted a preliminary injunction barring such use in connection with Super Duck’s tour service. Boston Duck Tours v. Super Duck Tours, 514 F.Supp. 2d 119, 128 (2007). Super Duck sought a clarification to determine whether sponsored links purchased from google.com and attached to the search phrase “boston duck tours” was a violation of the preliminary injunction.

**What is use?**

The Lanham Act states a mark is in “use” in commerce on services when the mark “is used or displayed in the sale or advertising of services.” 15 U.S.C. § 1127. However, federal courts disagree on whether sponsored linking, “in which the mark functions as a trigger” for the advertisement constitutes such “use.” Boston Duck Tours, 527 F.Supp. 2d at 206. Currently, the Second Circuit Court of Appeals holds the view that internal use of a trademark in website operation is not “use” in commerce. See 1-800 Contacts, Inc. v. WhenU.Com, Inc., 414 F.3d 400 (2nd Cir. 2005). In contrast, the Ninth and Tenth Circuit Courts of Appeals have held that internal use of a trademark

does constitute “use” in commerce. See Playboy Enters., Inc. v. Netscape Commc’ns Corp., 354 F.3d 1020 (9th Cir. 2004); see also Australian Gold Inc., v. Hatfield, 436 F.3d 1228 (10th Cir. 2006).

**Boston Duck’s Goose Cooked?**

Submission of the phrase “boston duck tours” into the google.com search engine results in a number of links to websites. One of the links (listed tenth) takes a consumer to the website of Super Duck (renamed “Super Duck Excursions”). A disclaimer on the Super Duck website states “Not to be confused with Boston Duck Tours.” Apparently, the District Court took the disclaimer literally, stating that “the content of the advertisement at issue serves to distinguish the defendant from the plaintiff,” and that “consumer confusion is likely diminished rather than increased.” Boston Duck Tours, 527 F.Supp. 2d at 208. Accordingly, the District Court took the view of the Second Circuit Court and held that use of the phrase “boston duck tours” to trigger a sponsored link via google.com was not a violation of the preliminary injunction prohibiting “use” of the phrase “duck tours” as a trademark.



The BPAI Punts To The Federal Circuit

In Ex parte Bernard L. Bilski, the Board of Patent Appeals and Interferences (“BPAI”) affirmed the rejection of method claims 1-11 of an application directed to a method for hedging risk. After a long discussion of the current state of confusion regarding patentable subject matter under 35 U.S.C. § 101, the BPAI concluded that the method claims were not patentable subject matter. However, due to their uncertainty, the BPAI appears to have rejected the claims, at least in part, so that the Court of Appeals for the Federal Circuit (“CAFC”) could hear the case. Ex parte Bernard L. Bilski, Appeal No. 2002-2257 (BPAI 2006)(Informative).

**Risk Management Methods**

Risk management methods have been used by business professionals for decades and were well known in 1996, when Bernard Bilski and Rand Warsaw filed their provisional patent application. Risk management for an energy producer can be broadly classified into two categories: risk associated with fluctuations in the price of the energy and risk associated with fluctuation in consumption of the energy that is sold at a fixed price. In their subsequent regularized application filed in 1997 and entitled, “Energy Risk Management Method,” Bilski et al. claimed:

1. A method for managing the consumption risk costs of a commodity sold by a commodity provider at a fixed price comprising the steps of:
  - (a) initiating a series of transactions between said commodity provider and consumers of said commodity wherein said consumers purchase said commodity at a fixed rate based upon historical averages, said fixed rate corresponding to a risk position of said consumer;
  - (b) identifying market participants for said commodity having a counter-risk position to said consumers; and
  - (c) initiating a series of transactions between said commodity provider and said market participants at a second fixed rate such that said series of market participant transactions balance the risk position of said series of consumer transactions.

During prosecution, the applicants admitted that “the steps of the method need not be performed on a computer” and no disclosure of a computer or any other means to carry out the method was made. Ex parte Bernard L. Bilski, at 4. The examiner in the case justified a final rejection of claim 1 by stating that “the invention is not implemented on a specific apparatus and merely manipulates [an] abstract idea and solves purely a mathematical problem without limitation to a practical application, therefore, the invention is not directed to the technological arts.” Id. at 3.

**The BPAI Weighs In**

The BPAI affirmed rejection of claim 1, but did so for reasons different than those given by the examiner. Four of the five judges deciding the case joined in a majority opinion and one judge published a separate concurring opinion. Reiterating their legal analysis from a prior opinion, the majority said that whether a claim is directed to “technological arts” is not a separate and distinct test for statutory subject matter. Id. at 41 (citing Ex Parte Lundgren, 76 USPQ2d 1385, 1388 (BPAI 2005)). The majority was uncertain as to how “technological arts” were to be determined, but stated that whatever was meant by “technological arts” “is contained within the definitions of the statutory classes.” Id. at 29-30 (citing Lundgren at 1430).

Based upon an analysis of confusing and somewhat conflicting case law, the majority presented three tests for patentable subject matter previously identified in the Lundgren opinion. First, the “transformation test,” states that “a method performed by a human may be statutory subject matter if there is a transformation of physical subject matter from one state to another.” Id. at 42 (citing Diamond v. Diehr, 450 U.S. 175, 185 (1981)). Second, the “abstract idea test,” states that a claim directed to an abstract idea or a claim that broadly covers both an abstract idea and “any specific physical implementation” of that idea that might be statutory may not be

statutory subject matter. Id. at 46. Third, the “useful, concrete, and tangible result test,” states that a machine-implemented process may be statutory if it produces a result that is useful and concrete and tangible. Id. at 50 (citing State St. Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1373 (Fed. Cir. 1998)).

Claim 1 was tested for patentable subject matter by straightforward application of the first two tests identified in Lundgren. First, the majority applied the “transformation test” and held that claim 1 recited no transformation of “any physical subject matter (matter or some form of energy) into a different state or thing.” Id. at 43. Instead, the court noted that what was transformed in claim 1 was “the non-physical financial risks and legal liabilities of the commodity provider.” Id. Second, the steps recited in claim 1 merely described steps in a plan, and remained disembodied because there was no recitation of some physical implementation. Id. at 46. Therefore, claim 1 was directed to an abstract idea itself “rather than a practical implementation of the concept.” Id.

The majority stated that the third test, the “useful, concrete, and tangible result test,” was applicable only to machine-implemented processes. Id. at 23. Nevertheless, the third test was applied to claim 1. Having interpreted the third test as being the opposite of an abstract idea and having already found claim 1 to be directed toward an abstract idea, the majority held that claim 1 also failed this third test. Id. at 49-50.

However, the majority betrayed the uncertainty of their analysis by adding the disclaimer “to the extent that State Street applies to non-machine-implemented process claims.” Id. Further indicating the uncertainty of their analysis, the majority stated, “[i]n questionable cases, we feel that the public interest is best served by making a rejection. The Federal Circuit cannot address rejections that it does not see.” Id. at 9. The majority further stated, “[i]t would be helpful if the Federal Circuit would address this question [of what is a process]

directly.” Id. at 64. In other words, we punt.

In his concurring opinion, Judge McQuade agreed that claim 1 was not patentable subject matter, but stated that “[t]he quest for a bright line test for determining whether a claimed invention embodies statutory subject matter under 35 U.S.C. § 101 is an exercise in futility.” Id. at 67. “Hence, any assessment to determine whether a claim recites statutory subject matter should be fact-specific and conducted on a case-by-case basis.” Id. at 68.

**Bilski Appeals to the CAFC**

Bilski and Warsaw appealed to the CAFC and the case was argued on October 1, 2007. The CAFC decided sua sponte to hear the case en banc and to address the five following questions: (1) whether claim 1 is patent-eligible; (2) what standard should determine whether a process is patent-eligible; (3) whether claim 1 is not patent-eligible because it constitutes an abstract idea or mental process; (4) whether a process must result in a physical transformation of an article or be tied to a machine to be patent-eligible; and (5) whether it is appropriate to reconsider State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998) and AT&T Corp. v. Excel Communs., Inc., 172 F.3d 1352 (Fed. Cir. 1999) in this case and, if so, whether those cases should be overruled in any respect?

**CAFC Decision Expected**

Oral arguments were heard by the CAFC en banc on May 8, 2008. The en banc panel of a dozen judges fired question after question at counsel for Bilski and the United States Patent and Trademark Office as well as at two amicus presenters. Attendees reported that questioning by the judges completely overwhelmed the hearing and that the judges were seeking guidance on establishment of a patent-eligibility standard. In the end, there was no clear sense of how the court would decide the issues in question. Stay tuned. MF

# Growth Opportunities in Taiwan

One of the ongoing goals of McCracken & Frank LLP ("M&F"), is to develop long-lasting relationships with clients worldwide. To further this goal, a M&F delegation that included Managing Partner William E. McCracken, Associate Cato Yang, and M&F liaison David Yang traveled to Taiwan for a week in March of 2008. Often a focus of international political intrigue, Taiwan is a country steeped in history and tradition but firmly planted in the modern technological world. Taiwan's workforce of 10.7 million people (of 23 million total inhabitants) produced a gross domestic product of 383 billion USD in 2007. An unemployment rate of less than 4% and an annual growth rate of 5.7% in 2007 are strong indicators of Taiwan's economic vibrance. Taiwanese exports include metals, plastics, electronics, precision instruments, and information and communications products. Taiwan is truly an innovative powerhouse, ranking third behind only Japan and Germany since 2000 in the number of United States patents granted to inventors from foreign countries.

To arrange for meetings during the trip, M&F worked closely with the Taipei Economic & Cultural Office ("TECO") and the Taiwan Trade Center ("TTC"). In particular, Paul Wang, Director of the TECO Chicago Com-

mercial Division, and his colleagues Phillip Chen and Terry Lin, and Elina Lee, Director of TTC Chicago, were able to reach out to their contacts in Taiwan. The M&F delegation attended a North American Taiwanese Engineers' Association ("NATEA") Summit in Taipei. The NATEA Summit included various distinguished speakers, including Taiwan President Chen Shui-bian, who gave opening remarks. One of the main themes of the NATEA Summit was the need for Taiwan to develop strong branding so Taiwan can fully capitalize on its impressive growth into a 21st century economic power. During a conversation with Therese Shaheen of the U.S. Asia Economic Foundation at the NATEA Summit, Bill noted the importance of intellectual property to Taiwan's economy: "Any branding effort undertaken by Taiwanese companies should include a careful plan regarding the acquisition and enforcement of intellectual property rights so that proprietary positions can be maintained."

Further, the M&F delegation was privileged to meet with a group from the Taiwan Intellectual Property Office ("TIPO"), which included Director General Mei-hua Wang, and during which the group from TIPO and the M&F delegation exchanged views and shared ideas in regards to U.S. and Taiwan IP law. Following the meeting at TIPO was a visit to Saint Island International Patent & Law Offices, one of the largest IP law

firms in Taiwan. The M&F delegation was welcomed at Saint Island by Founding Partner Patrick I.C. Yun and Partner Hong Yue Du, and received valuable insight into Saint Island's impressive foreign and domestic IP prosecution and litigation practices.

After the meeting at Saint Island, the M&F delegation traveled to meet with the Taiwan Electrical and Electronic Manufacturers' Association ("TEEMA"), Taiwan's largest and most influential trade association with around 3,800 member companies. In attendance at the meeting were Benjamin Wang, Chairman of the TEEMA Intellectual Property Rights Committee and General Director of the Industrial Technology Research Institute ("ITRI") Technology Transfer and Service Center, and Steven Lai, Managing Director of the Asia Pacific Intellectual Property Association, who shared some insights into the IP needs of companies in Taiwan. In particular, it was noted that while Taiwan has been very active in obtaining patent rights worldwide, companies and organizations in Taiwan have come to realize the importance of high-quality patents as opposed to just high-quantities.

The M&F delegation also met with another very fine IP law firm, Long River International Patent & Trademark Office, which includes around 100 employees at four offices throughout Taiwan. During the meeting, the M&F delegation and IP Director Frank Chen and Dr. Der-Ming Hou of Long River exchanged views on future cooperation between the law firms.

The M&F delegation had a meeting with Lee and Li, the largest law firm in Taiwan, where the M&F delegation was greeted by Partner Daisy Wang and other practitioners in the

firm's IP practice. Daisy discussed some of Lee and Li's unique capabilities, including providing patent translations at lower cost and increased quality and the ability of Lee and Li to coordinate patent filings throughout China, Hong Kong, and Taiwan.

After the meeting at Lee and Li, Bill and Cato gave a presentation at an IP Seminar sponsored by the Chinese National Federation of Industries ("CNFI"), a nonprofit organization consisting of around 150 member associations in a wide variety of industries that together total more than 90,000 member companies. Before the presentation, the M&F delegation was introduced to Fred P.C. Huang, Executive Director of CNFI, Professor Jenny W. Chen, another panelist for the IP Seminar, and other organizers of the event.

The IP Seminar themed "Developments in U.S. Patent Prosecution and Litigation and Strategies for Taiwan-based Businesses" was well received by about 55 attendees from IP departments of high tech companies, law firms, trade associations, and also five newly appointed judges to Taiwan's soon-to-be IP court. Bill and Cato commented on recent patent developments and pending legislation regarding the U.S. Patent and Trademark Office, and significant court decisions and associated strategies for Taiwanese companies. "The CNFI IP Seminar was a remarkable opportunity to introduce McCracken & Frank to the many IP professionals in attendance, and to share our expertise in U.S. intellectual property law," remarked Cato Yang.

The following day, the M&F delegation traveled to the Hsinchu Science Park ("HSP"), the largest of Taiwan's government sponsored science parks that is home to over 400 high tech companies with over 120,000 employees. HSP provides industrial support for compa-

nies that produce integrated circuits, computers and peripherals, telecommunications and optoelectronics equipment, precision machinery, and biotech products. Further, HSP is surrounded by two prominent universities and the applied research institute, ITRI, which in combination have made HSP an instrumental factor in the impressive growth of Taiwan's high tech industries. The M&F delegation had a productive meeting with members of the HSP's Administration and attorneys from the CC & W Law Office of Intellectual Property and Commerce, which provides valuable IP services for companies in the park.

The M&F delegation also traveled to the main campus of ITRI. Founded in 1973, ITRI has grown into an organization on the cutting edge of technology with an annual budget of around 500 million USD, around 6,000 employees, and over 8,300 granted patents worldwide. ITRI assists Taiwanese industry as a technology breeder by providing education, consulting, testing, and pilot programs, and as of January 2005 had spun off 150 high technology companies. At ITRI, the M&F delegation met with Alex Fan, Director of ITRI's IP Legal Affairs Division. Alex revealed to the M&F delegation that ITRI averages 5 patent filings per day and that, on occasion, ITRI works directly with approved



Top: IP seminar hosted by Chinese National Federation of Industries.

Bottom: McCracken & Frank delegation with Lee and Li.

U.S. law firms instead of first through local law firms.

The warmth and kindness of all the people that Bill, Cato, and David met while in Taiwan cannot be overstated. Further, the insight gained at ITRI put into perspective the scale of the opportunities in Taiwan, HSP being perhaps about 20 times larger than ITRI and only one of three major science parks and numerous other smaller science parks in Taiwan. Bill later told the firm "I am optimistic that the opportunities [in Taiwan] are very numerous (and, in fact, staggering)." After this unimaginably productive trip to Taiwan, everyone at M&F is eager to develop the contacts that were made into long-lasting relationships and for future opportunities to return to Taiwan. MF

# McCRACKEN & FRANK and

McCracken & Frank LLP participates in the Cristo Rey Jesuit High School Corporate Internship Program -- a highly successful college preparatory school for inner-city youth from the Pilsen/Little Village neighborhood in Chicago. As part of their high school education, students work 5 days a month in an entry-level job to fund 65% of their tuition cost. Ivan Arellano, our recently graduating senior intern, wrote about his experiences in the Cristo Rey program throughout the past four years.

The thought of working for a big corporation or a law firm never crossed my mind. I never thought that I would be working in an office downtown, especially at a young age. I always had dreams about becoming a businessman and making a lot of money so I could support my family. However, I thought that working in the "big offices" would be very hard and that I would need to be in school for many years. My dream of working in the "big offices" soon came to a reality when I heard about Cristo Rey Jesuit High School that offers an opportunity for teenagers to work in downtown offices. When I was in fifth grade, my older brother Alex attended Cristo Rey. It was hard for me to believe that he was finally working in the "big offices." He would return from school on the days he had to work and talk about how great it was to work in the corporate offices.

After I entered the eighth grade, my parents asked me if I wanted to attend Cristo Rey and at first I said no because I was scared that I would not be able to handle working in the corporate world. A couple of days later my brother told me how great it was to work in law firms and banks and he finally convinced me to give Cristo Rey a shot. I got accepted and I was happy about it. But then, reality struck. When in freshman orientation I realized that I had no idea how to

work with computer applications and I did not know how to type without looking at the keyboard. Luckily my fears went away once I went through what the students called "freshman boot camp."

My experience with the Corporate Internship Program ("CIP") at Cristo Rey has been a wonderful learning experience. I have been able to learn how to interact with adults more effectively and have been able to further develop my people skills. Within the four years that I have attended Cristo Rey Jesuit High School, I gained experience from three different corporations. My first two years in school I worked for a large law firm, which I enjoyed. The people were friendly and I learned things about how a law firm operates. My third year I worked for a very large bank which was a big change for me. I

did not know how to work with some of the bank applications, but fortunately after some time I got the hang of what I had to do. Finally, I was employed at McCracken & Frank LLP, where the atmosphere was kind and friendly. McCracken & Frank was a change from my previous experiences of working for businesses with large offices because it was difficult to really get to know the people that worked in those offices. At McCracken & Frank, I actually know the people I worked



with and interacted with them on a frequent basis. With all the experience that I have gained from my employers, I have been able to improve my people skills and prepare myself for the future. These jobs have given me a better insight into what a career in banking or law is like and what I would like to do in the future. I can say that my experience with CIP has been a great one and I'm glad that I was able to attend Cristo Rey.

Sadly, Ivan Arellano left McCracken & Frank LLP in May of 2008 to attend college at Lewis University, where he hopes to study Education. All of the McCracken & Frank LLP employees wish Ivan well in his future endeavors.

To learn more about Cristo Rey, please visit [www.cristorey.net](http://www.cristorey.net).



"McCracken & Frank was a change from my previous experiences of working for businesses with large offices because it was difficult to really get to know the people that worked in those offices."

- Ivan Arellano,  
Cristo Rey Jesuit High School  
Intern

(continued from page 1)

The court ultimately rejected all of the arguments set forth by the USPTO and concluded that the "[f]inal rules are substantive in nature and exceed the scope of the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2)." In reaching this conclusion, the court examined both statutory provisions and case law and concluded

that the USPTO does not have any substantive rulemaking power. Additionally, the court methodically stepped through each of the proposed new rules and found them each to be substantive in nature.

The long-awaited decision striking down the proposed rules was celebrated by most patent attorneys and inventors in the

United States and abroad. McCracken & Frank LLP's J. William Frank, III, stated that "I have always believed that the proposed rules were inappropriate because the USPTO had exceeded their rulemaking authority, and I'm pleased that the District Court blocked their implementation." Inventors and patent attorneys alike are not yet in the

clear. On May 7, 2008, the USPTO filed an appeal from the District Court's Final Order of April 1, 2008, to the Court of Appeals for the Federal Circuit. Until the decision on appeal is handed down, patent applicants will continue to watch, wait, and file as many continuing applications, claims, and RCEs as they deem appropriate.



## :: Thomas R. Stiebel, Jr.

Thomas R. Stiebel, Jr., a partner at McCracken & Frank LLP, was appointed as an arbitrator of the Panel of Arbitrators for the China International Economic and Trade Arbitration Commission (CIETAC) in Beijing, China. CIETAC was established in 1956 under the China Council for the Promotion of International Trade (CCPIT) to meet the needs of the continuing development of China's economic and trade relations with foreign countries. The main function of the CIETAC is to resolve economic and trade disputes using alternative dispute resolution methods, namely, arbitration and mediation. More information about CIETAC can be found at [www.cietac.org.cn/index\\_english.shtml](http://www.cietac.org.cn/index_english.shtml)



## :: James M. Kunick

James M. Kunick, a partner at McCracken & Frank LLP, served as a legal advisor for a PROPEL-sponsored panel presentation from Lincoln Advanced Technologies. Lincoln has developed a patented technology that allows, for the first time, the filtration of both exhalation and inhalation by a mask/respirator. The technology has applications for critical infrastructure markets (e.g., defense, government, healthcare, etc.) as well as hospitals and cleanrooms. PROPEL, together with the IBIO Entrepreneurship Center, <http://www.ibiopropel.org/entrepreneurship.html>, help guide the development of formation-stage and early-stage life sciences companies by providing entrepreneurs with access to specialized resources and expertise.



## :: Matthew S. Rudd

Matthew S. Rudd joined McCracken & Frank LLP as a summer law clerk in June of 2008. Matt's background includes a wide variety of work experience ranging from the Caterpillar Corporation to Accenture. Matt obtained a degree in computer engineering from the University of Illinois College of Electrical and Computer Engineering and is preparing to start his third year of law school at the University of Illinois College of Law. In law school, Matt is an active member of the Student Bar Association, the Black Law Students Association, and IP Moot Court.



## :: Lindsey S. Brazys

Lindsey S. Brazys joined McCracken & Frank LLP as a summer law clerk in June of 2008. Lindsey is a second year law student at the University of Notre Dame. She is integrally involved in the Notre Dame Law School Intellectual Property Law Society as the society President and is the Notre Dame Law School Indiana State Bar Association Student Representative. She is also a USPTO patent agent. Lindsey received her Bachelor of Science in Chemistry with a Biochemical concentration from Saint Mary's College and expects to obtain her J.D. from the Notre Dame Law School in May of 2010.



## :: Nicole A. Bashor

Nicole A. Bashor, an associate at McCracken & Frank LLP, was named to the Lesbian & Gay Bar Association of Chicago (LAGBAC) Board of Directors. Nicole will begin her two year term starting in July of 2008. LAGBAC is a professional organization that includes lawyers, judges, law students, and legal professionals. LAGBAC offers a variety of educational initiatives designed to increase awareness about legal issues relevant to the gay and lesbian community. For more information about LAGBAC, please visit <http://www.lagbac.org/>

# On the Move

McCracken & Frank LLP will be represented at a variety of industry conferences throughout the United States in the upcoming months. We hope to see you there.

:: Intellectual Property Owners Association (IPO) Annual Meeting, September 21-23, San Diego, CA

:: American Intellectual Property Law Association (AIPLA) Annual Meeting, October 22-24, Washington, D.C.

[www.mccrackenfrank.com](http://www.mccrackenfrank.com)

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# :: EXPANDING HORIZONS

## New Web Presence




After moving into larger offices over the winter of 2007, McCracken & Frank LLP followed up its physical growth by expanding in cyber-space with the launch of [www.mccrackenfrank.com](http://www.mccrackenfrank.com). The new website was designed and developed by Denver-based design company, Willshire Design. Nicole Bashor, who acted as project manager for the new McCracken & Frank website stated, "The goal was to create an updated look that provides our clients, future customers, and the legal community with pertinent and easily accessible information about our services, our firm, and intellectual property news."

A new feature of the website includes an enhanced media center that offers the latest in McCracken &

Frank LLP news, press releases, and events. Another key feature of the new website is an emphasis on the McCracken & Frank LLP story including both the founding of the Firm and the people of McCracken & Frank including their community and diversity initiatives.

The new website updated the look and information of the original McCracken & Frank website that was launched in 2001. Nicole continued, "It was time for an update; I'm thrilled with the new look of the website and it more completely portrays our services, our technical expertise, and our culture."

Visit the new website at [www.mccrackenfrank.com](http://www.mccrackenfrank.com). 



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# INNOVATION & PERSPECTIVES

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