

# New MATTER

Newsletter of the Minnesota Intellectual Property Law Association

JUNE | 2010



## INSIDE THIS ISSUE:

Message from the President.....	2
“Watch” Out for the First Sale Doctrine: <i>Costco v. Omega</i> .....	2-3
2010-2011 Officers and Board of Directors.....	3
Young Inventors’ Dinner Recap.....	4-5

## UPCOMING EVENTS

### 15TH ANNUAL GOLF EVENT

July 27, 2010 • 11:30 a.m. - 7:00 p.m.  
 Location: Bunker Hills Golf Club, Coon Rapids  
 Lunch: 11:30 a.m.  
 Shotgun: Noon  
 Dinner / Social to follow

### Questions:

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## Message from the OUTGOING PRESIDENT

Dear Colleagues,

**Wow! What an exciting year** this has been! We started out the year by transitioning nearly all of our day-to-day administration away from MSBA to IntrinXec Management Inc. Debbie Norton and her colleagues at IntrinXec enthusiastically jumped right in, taking the lead on all administrative tasks except for membership application processing, which remains with Sue Bores of MSBA. Debbie has been a great asset to MIPLA over the past year, and I can’t thank her enough!

As part of our move to IntrinXec, MIPLA needed to locate new spaces in which to host our meetings. Thanks go to Briggs and Morgan; Dicke, Billig & Czaja; Faegre & Benson; Fish & Richardson; Hamre, Schumann, Mueller & Larson; Merchant & Gould; Robins, Kaplan, Miller & Ciresi; Schwegman Lundberg Woessner; Shumaker & Sieffert; and Westman, Champlin & Kelly for generously volunteering to make their conference rooms available for MIPLA Board and Committee meetings.

The Programs Committee, as usual, arranged an outstanding year of events, starting with the Annual Golf Tournament in July, a “Meet the Firm” event, the Authors and Inventors dinner, the Young Inventors dinner, and an extremely well-attended Bowling Night. The CLE Committee, in particular Brad Forrest, did a great job putting together a great group of speakers and topics for the Annual MIPLA CLE Stampede. All of the speakers did a great job, with USPTO Commissioner of Patents Bob Stoll certainly being a highlight!

The Patent Prosecution and IP Law Revision Committees combined efforts this year with some remarkable results. With these committees taking the lead, MIPLA submitted an amicus brief in the In re Jung appeal, responded to the USPTO’s Request for Comments on Enhancement in the Quality of Patents, and participated in a USPTO Roundtable on Appeals Rules. The Biotech/Chem Law Committee kept

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## Letter from the outgoing president continued

a pretty busy calendar this year with several lunch CLEs being offered.

This year marked the 3rd Annual MIPLA Cup competition. This event gives the local Giles Sutherland Rich Moot Court teams an opportunity to compete against each other in oral arguments rights before the regional competition. The winning team shares a \$5000 scholarship, while their school takes possession of the traveling MIPLA Cup trophy for the year. Congratulations go to this year's winners, Noelle Oas and Matt Nelson from William Mitchell College of Law. Thanks to the MIPLA members who served as

judges. In keeping with tradition, MIPLA also provided a \$2000 scholarship to each of the four Minnesota law schools and \$4000 to the Young Inventors Program.

I would like to wrap up by thanking each of you for giving me the opportunity to serve as MIPLA President. It has been a great honor. Best wishes to Hallie Finucane, the Board, and the entire membership for another great year!

Best regards,

**Dina Khaled**  
MIPLA President, 2009-2010

## “Watch” Out for the First Sale Doctrine: *COSTCO V. OMEGA* by Paul Godfread<sup>1</sup>

**I**t is no surprise that manufacturers want to control the sale and resale of their products and if possible, to use price discrimination to maximize their profits. Likewise, retailers and distributors want to find the lowest price source of goods. In an effort to be able to charge different prices in different markets, manufacturers have relied upon carefully crafted distribution agreements but sometimes also copyright law.

The Supreme Court recently granted certiorari in *Costco Wholesale Corp. v. Omega, S.A.*<sup>2</sup> At issue is whether copyrighted goods produced abroad are covered by the first sale doctrine when imported to the United States. Omega owns a registered copyright for a small globe design that it imprints on the back of its watches which are produced in Switzerland. Costco purchased legitimate Omega watches through a foreign distributor offering the watches for less than authorized US distributors, then imported them to the United States.

Omega sued, claiming section 602(a) of the Copyright Act<sup>3</sup> prevents the importation of copyrighted goods and that the first sale doctrine does not protect Costco because the watches were never sold within the United States. Section 109 which codifies first sale, in part reads “the owner of a particular copy... lawfully made under this title... is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy.”<sup>4</sup> Omega claims that “lawfully made under this title” limits the first sale doctrine to goods produced in the United

States. Costco prevailed at the district court but lost when Omega appealed to the Ninth Circuit.

### First Sale Doctrine Under Quality King

Costco may be decided on what the precise meaning of the phrase “lawfully produced under this title;” whether the first sale doctrine applies to any legitimate copy whether produced in the United States or abroad or if it is limited to only copies produced in the United States. The Supreme Court has not directly addressed this issue.

In *Quality King Distributors, Inc. v. L'Anza Research International*<sup>5</sup>, the Court held that copyrighted goods produced within the United States, shipped abroad then re-imported to the United States were subject to the first sale doctrine and section 602(a) did not prohibit the importation of those goods. However, the Court's opinion was limited to goods produced within the United States and did not directly address whether foreign produced goods would be treated in the same way.

### The Ninth Circuit's Opinion

The Ninth Circuit held that *Quality King* did not conflict with its own precedent that first sale does not apply to foreign produced goods.<sup>6</sup> The previous case law in the Ninth Circuit has reasoned that to apply the first sale doctrine to foreign produced goods would be an extraterritorial application of US law and severely limit the practical application of section 602.

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## “Watch” Out for the First Sale Doctrine continued

### Potential Results

Should copyright owners be able to prevent the importation of non-piratical goods, or does that unfairly favor intellectual property rights over private property rights? It is possible that Congress intended to prevent the importation of non-piratical goods manufactured abroad thereby allowing Copyright owners to sell their goods at different prices in different markets. It is also possible that Congress intended to merely create a private cause of action at the moment pirated goods are imported rather than wait for further distribution. No matter how this case is decided, it will likely have serious implications for international trade.

If the Ninth Circuit’s holding is sustained, it could mean that retailers and distributors who import foreign made goods would need to more thoroughly examine if any of those goods include a part or feature that is protected by US copyright law. It may also be an incentive for US manufacturers to move operations abroad in an effort to more tightly control the downstream market.

A decision in Costco’s favor could mean that creators who now license their copyrighted works to different

publishers or distributors in different countries, may have a difficult time in controlling those various markets across the world. Those creators may have to rely on tighter controls over their various distributors to continue to ensure that they can sell their products for different prices in different countries.

<sup>1</sup> Paul Godfread is an attorney with the Godfread Law Firm, PC.

<sup>2</sup> No. 08-1423. Certiorari was granted on April 19, 2010.

<sup>3</sup> 17 U.S.C. § 602(a); the relevant part of the statute reads: “Importation into the United States, without the authority of the owner of copyright under this title, of copies or phonorecords of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies or phonorecords under section 106, actionable under section 501.”

<sup>4</sup> 17 U.S.C. § 109(a).

<sup>5</sup> 523 U.S. 135, 118 S. Ct. 1125 (1998).

<sup>6</sup> Omega S.A. v. Costco Wholesale Corp., 541 F.3d 982 (9th Cir. 2008)

## Board Members 7/1/10 - 6/30/11

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## Young Inventors' Dinner RECAP



**THE ANNUAL MEETING** and Young Inventors Dinner were held at the Windows on Minnesota Event Center on the 50th floor of the IDS Center in Minneapolis. MIPLA's board member selections were confirmed – many congratulations to incoming MIPLA President, Hallie Finucane and the rest of the 2010-2011 board members. During the Dinner, Hallie presented Dina Khaled, immediate past president, with a plaque thanking her for her many contributions to MIPLA as President! The 2010 - 2011 board members are Robin Sannes (Vice President/President-Elect), Sharna Wahlgren (Secretary), Paul Koziol (Treasurer), Brian Batzli (National Representative to AIPLA), Alicia Mills (MSBA Assembly Representative), Erik Drange (Elective Director - Two-year term: July 2010 to June 2012). The individuals who will be remaining on the board this year are: Hallie Finucane (President), Dina Khaled (Immediate Past President), and Brian Whipps (Elective Director - Two-year term: July 2009 to June 2011).

This year's Young Inventors Dinner showcased a number of great inventions by youth from our surrounding communities. These upcoming innovators submitted a detailed description of their inventions and testing through Success Beyond the Classroom's Young Inventors Program [www.http://www.successbeyond.org/YIF.htm](http://www.successbeyond.org/YIF.htm) and are representatives from those selected as the top 100 Young Inventors in the seven county metro area. Before dinner, MIPLA members were able to meet the inventors and their families and ask them questions about the inventive process. During dessert, the ever popular emcee, Phil Goldman, presented the young inventors with awards. A short description of these great kids and their inventions is provided below.

**JILLIAN ANDERSON**, Grade 5, presented her "*Gotta Green Thumb?*" invention

Love to garden? Cut the backache out of gardening with this invention that prevents gardeners from constantly bending over to dig seeds and plants.

**EMMA BROOS**, Grade 6, presented her "*Whirl~a~Dry Swimsuit Dryer*"

Keep that swimsuit in perfect shape with this gadget. No fading, no stretching, and best of all, it's dry when you need it!

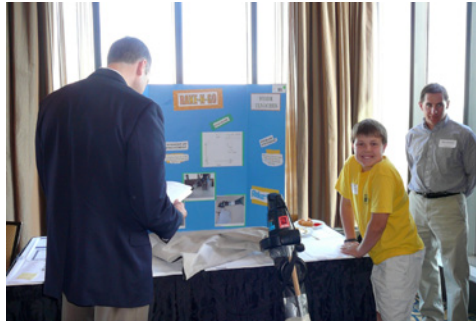
**ALEXANDRA HERNANDEZ**, Grade 4, presented her "*Kangaroo Pants*"

These pants have a dual purpose: wear them with protective pads to save your knees and rear while rollerblading, or remove the pads to store your stuff.

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## Young Inventors' Dinner continued



**COLIN JACOBSEN**, Grade 4, presented his *"Rake-n-Go"*

This rake, 'leaf sucker' and mulching combination is a must-have for anyone who wants to efficiently accomplish that pesky yard work.

**WILLIAM JENSEN**, Grade 4, presented *"The Snow Stopper"*

Tired of cold feet when sledding? Maximize your winter outdoor playtime with this invention that keeps the cold and wet snow out of your boots.

**SCARLETT LOPEZ-CRUZ**, Grade 5, presented her *"The Portable Laptop Backpack Carrier"*

In line at the airport and need to check your email? No table space nearby? If you need to do some work on your laptop but there isn't a convenient place to sit, use this cool invention to complete your work while standing up. Once secured around your waist and shoulders, it's virtually hands-free!

**ABBY TURBENSON\***, Grade 5, presented her *"Music to My Ears"* invention

Look out, Beethoven! This cool device is great for aspiring musicians because it attaches to sheet music and plays a pre-

recorded version of the song. The person learning the music is able to instantly hear what the song should sound like, enabling them to learn faster and with more confidence.

\* Abby received the MIPLA "Thinking Outside the Box" Special Award at the Young Inventors Fair on May 1, 2010!

**CALEB VENKATRATHNAM**, Grade 4, presented *"The Student Saddlebag"*

This invention solves the very real problem of "too much stuff and not enough desk space" by extending the useable storage area to the students' chairs. Using a saddlebag approach, there is more room to store bigger books, more writing utensils, and of course, more HOMEWORK!

**Thanks to these Young Inventors and Young Inventors Fair coordinator, Kelly Ascheman for making this MIPLA event!**

