



UNITED STATES PATENT AND TRADEMARK OFFICE

OFFICE OF THE GENERAL COUNSEL

MEMORANDUM

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SUBJECT: USPTO Position on Fair Use of Copies of NPL Made in Patent
Examination

DATE: January 19, 2012

We have received several inquiries from the patent community concerning copyright infringement and the use of non-patent literature (NPL) in the examination process. In response, we have prepared the attached paper that discusses the application of the fair use doctrine to the use of NPL in the patent examination process.

USPTO Position on Fair Use of Copies of NPL Made in Patent Examination

I. Issues

1. Whether it is fair use for the USPTO to make copies of copyrighted non-patent literature (NPL) and provide such copies to an applicant in the course of patent examination?
2. Whether it is fair use for the USPTO to provide certified copies of entire file histories, including copyrighted NPL, to members of the public, for a fee?
3. Whether it is fair use for an applicant to make a copy of a piece of copyrighted NPL and submit it to the USPTO?

II. Background and Summary Conclusions

The USPTO currently obtains much of its NPL through licenses, and has ensured that its licenses permit it to make copies of copyrighted NPL that is used in examination.

The USPTO does, however, occasionally make copies of unlicensed NPL for use in the examination process, and provides copies of this NPL to applicants. The USPTO considers this copying to be protected by the doctrine of fair use.

The USPTO does not provide copies of copyrighted NPL on Public PAIR because of the concern that such NPL could be used and copied – even systematically copied – for reasons unrelated to patent matters. The USPTO provides certified copies of entire file histories, including copyrighted NPL, to members of the public, for a fee, pursuant to 35 U.S.C. § 9 and 37 C.F.R. § 1.19(b)(1). The USPTO considers this copying to be protected by the doctrine of fair use.

Patent applicants or their attorneys sometimes make copies of copyrighted NPL and submit those copies to the USPTO, pursuant to the USPTO's disclosure requirements. The USPTO considers this copying to be protected by the doctrine of fair use. The USPTO takes no position on whether additional copies of such NPL made by an attorney or applicant during the course of patent prosecution (*e.g.* for the client, for other attorneys, for the inventor, or for the law firm's future reference) qualifies as fair use.

To the extent applicants have obtained copyrighted NPL pursuant to a license, applicants are responsible for ensuring that the license is not inconsistent with fair use.

III. Discussion

A. Statutory Scheme

The Copyright Act confers on the owner of original works of authorship the exclusive right to copy and distribute the work. 17 U.S.C. §§ 102 & 106. However, the exclusive right is

subject to a list of statutory exceptions, including the “fair use” exception. Section 107 provides explicitly that “the fair use of a copyrighted work . . . is not an infringement of copyright.” Although fair use is an equitable rule of reason that is not precisely defined, the Copyright Act provides a framework of analysis to assist courts in determining whether an otherwise infringing use should be excused because it is a fair use.

The Copyright Act offers four factors to guide the determination of whether a particular use is fair use: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work. 17 U.S.C. § 107. Fair use determinations are not based on a mechanical application of the four non-exclusive fair use factors. Instead, all factors are to be explored and the results weighed in light of the purposes of copyright. *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 578 (1994); H.R. Rep. No. 94-1476, at 65 (1976) (“[S]ince the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts.”).

B. Fair Use Analysis: USPTO Copying and Supplying Copyrighted NPL to Applicants

Prior to the 1960s, the USPTO did not provide copies of cited prior art to applicants, in view of the then-prohibitive cost and burden of making such copies. In the 1960s, as part of an initiative to expedite the examination process, the USPTO began providing copies of cited prior art to applicants. The USPTO typically provided copies of copyrighted NPL to applicants without compensating the copyright holder, and did so under its understanding of the doctrine of fair use. Although most of the prior art that the USPTO currently provides to applicants is now licensed by the USPTO, the USPTO occasionally still makes copies of unlicensed NPL and provides those copies to applicants. Below, we examine that current and historical practice in light of the four factors used to determine whether a particular use is fair use.

1. Purpose and Character of Use

The first statutory factor, “the purpose and character of the use, including whether such use is of a commercial nature,” tilts strongly in favor of fair use. As an initial matter, this factor weighs in favor of fair use because the USPTO is not using the work for a commercial purpose. *Harper & Row, Publishers v. Nation Enters.*, 471 U.S. 539, 562 (1985) (“The fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use.”).

Moreover, while there is no per se rule that government use will always be considered fair, several cases dealing with use of copyrighted works in connection with non-commercial, government functions have found that this factor favors fair use. See *Bond v. Blum*, 317 F.3d 385, 395 (4th Cir. 2003) (noting that the use of a copyrighted manuscript in a child custody lawsuit for its evidentiary value (admissions of a party) was “indifferent to [the author’s] mode of expression”); see also *Jartech, Inc. v. Clancy*, 666 F.2d 403, 406-07 (9th Cir. 1982) (copying of an allegedly obscene film used as evidence in a nuisance abatement suit was “fair use”); *Shell v. City of Radford*, 351 F. Supp. 2d 510 (W.D. Va. 2005) (finding use of photographs by law

enforcement officers during criminal investigation and in related proceedings to be fair use); *Berkla v. Corel Corp.*, 66 F. Supp. 2d 1129, 1133 n.3 (E.D. Cal. 1999) (court's own use of visual reproductions of the databases at issue in the case, including attaching them as an appendix to the opinion, was fair use); *Religious Tech. Ctr. v. Wollersheim*, 971 F.2d 364, 367 (9th Cir. 1992) (use of copyrighted documents for preparation of expert testimony in court case was fair use); *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1354 (Ct. Cl. 1973), *aff'd by an equally divided Court*, 420 U.S. 376 (1975) (emphasizing that the government libraries in that suit were "non-profit institutions, devoted solely to the advancement and dissemination of medical knowledge"). Here, the USPTO is using the works for a non-commercial, governmental purpose, and is using the works not for their expressive content, but as evidence relating to the factual question of whether an invention is novel or non-obvious in view of the prior art as of a certain date. *See Bond*, 317 F.3d at 395 ("Indeed, the defendants' use is indifferent to Bond's mode of expression."). And, the USPTO is doing so in furtherance of the USPTO's constitutional and statutory missions to promote the development of technology by securing to inventors the exclusive rights to their respective discoveries. *See* U.S. Const. art. I § 8, cl. 8 ("To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."); *see also Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 309 (2d Cir. 1966) (recognizing the importance of balancing the public interest against the rights of copyright owners).

Apart from the non-commercial and government use issues, another important question under the first factor is whether the use is "transformative." *Campbell*, 510 U.S. at 579. Courts have found transformative use "where the defendant uses a copyrighted work in a different context to serve a different function than the original," *Warner Bros. Entertainment Inc. v. RDR Books*, 575 F. Supp. 2d 513, 541 (S.D.N.Y. 2008) (citing *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007)). For example, in *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009), the court found that creation of a database using complete copies of copyrighted documents for purposes of detecting and discouraging plagiarism to be a transformative use. The court explained that the use of a copyrighted work need not alter or augment the work to be transformative in nature but that "it can be transformative in function or purpose without adding to the original work." *Id.* at 639.

In providing applicants prior art NPL in the course of a patent examination, the USPTO is arguably using the copyrighted work for a new and different purpose than that for which it was created: the USPTO is using the NPL (or, more accurately, just the relevant part of the NPL) to document, solely for purposes of patent examination/prosecution, that certain features of the applicants' claims are already in the prior art, or are obvious in view of the prior art. Under the principles discussed in the above-cited cases, the USPTO's use of copyrighted NPL in the examination process could well be considered a "transformative" use for purposes of the first factor. *See Perfect 10*, 508 F.3d at 1167 (finding use of thumbnails for purposes of indexing World Wide Web information to be transformative); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2003); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609-12 (2d Cir. 2006) (finding use of copies of Grateful Dead posters in a biographical work about the Grateful Dead to be transformative); *Monge v. Maya Magazines, Inc.*, No. 09-5077, 2010 WL 3835053 (C.D. Cal. Sept. 30, 2010) (finding that magazine's publication of secret wedding photos was transformative use where the photos were used to refute pop star's denial of

wedding). In view of the non-commercial, governmental, constitutionally-grounded, and arguably transformative nature of the USPTO's use, the first factor strongly favors fair use.

2. Nature of Copyrighted Work

Under the second factor, "the nature of the copyrighted work," factual works receive less protection than expressive works, and published works receive less protection than unpublished works. *Campbell*, 510 U.S. at 586. This factor weighs in favor of fair use. NPL is typically nonfiction, and the USPTO and the applicants are interested in the NPL only for its factual, rather than its expressive, content. *See, e.g., Sony v. Connectix*, 203 F.3d 596 (9th Cir. 2000) (finding the nature of the defendant's use to be relevant in evaluating the second factor). Likewise, NPL typically consists of published works; copying of NPL therefore does not raise the special concerns associated with unpublished works under the second factor. *See Harper & Row*, 471 US at 554 ("We conclude that the unpublished nature of a work is '[a] key, though not necessarily determinative, factor' tending to negate a defense of fair use.") (quoting S. Rep. No. 94-473, at 64 (1975)).

3. Amount and Substantiality of Portion Used

The third factor, "the amount and substantiality of the portion used," tends to be neutral in this case. The USPTO makes an effort to limit copying to that which is relevant to the issue before the USPTO in examination. *See* MPEP 609 (instructing applicants to provide only the "relevant" pages from submitted documents). In many cases, however, an entire publication (*e.g.*, an entire journal article) is considered relevant. In general, the greater the amount taken, the less likely it is that a court will find fair use. However, "the extent of permissible copying varies with the purpose and character of the use." *Campbell*, 510 U.S. at 586-87; *Maxtone-Graham v. Burttschaell*, 803 F.2d 1253, 1263 (2d Cir. 1986) ("There are no absolute rules as to how much of a copyrighted work may be copied and still be considered a fair use. In some instances, copying a work wholesale has been held to be fair use, while in other cases taking only a tiny portion of the original work has been held unfair.") (citations omitted). As demonstrated by the results in *iParadigms*, *Bill Graham Archives*, *Perfect 10*, *Kelly*, and *Monge*, as well as the Supreme Court's decision in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (which found fair use based on time-shifting where entire television programs had been copied), copying of the entire work does not necessarily preclude a finding of fair use. *See also Field v. Google Inc.*, 412 F. Supp. 2d 1106 (D. Nev. 2006) (Google's creation and maintenance of a cached copy of 51 complete works from Field's website constituted fair use). Since, as shown above, the USPTO's use of the NPL is noncommercial, governmental, in the public's interest, and arguably transformative, and copying less than the entire work is often not an option for purposes of imparting the necessary information to patent applicants, the fact that the USPTO often copies the entire work does not appreciably change the fair use analysis. *See Bond*, 317 F.3d at 396 (concluding that because defendant's "sole purpose and intent" was to use the work to prove a point in a court proceeding, and not for its expressive content, the third factor did not favor the plaintiff, even though the entire work was used).

4. Market Effect

The fourth factor, "the effect of the use upon the potential market," weighs in favor of a finding of fair use. When analyzing this factor, courts usually conduct a two-pronged inquiry: (1) whether the allegedly infringing use would materially impair the marketability of the work; and (2) whether the allegedly infringing work would act as a market substitute for the original.

In conducting this inquiry, a court should consider “not only . . . particular actions of the alleged infringer, but also ‘whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market’ for the original.” *Campbell*, 510 U.S. at 590 (quoting 3 *Nimmer on Copyright* § 13.05[A][4]). Although in every fair use case the plaintiff may suffer a loss of a potential market if that potential is defined as the theoretical market for licensing the very use at issue, the potential effects on licensing revenue have been limited to “traditional, reasonable, or likely to be developed markets.” *American Geophysical Union v. Texaco*, 60 F.3d 913 (2d Cir. 1994).

There is no basis for concluding that the USPTO’s provision of copyrighted NPL to patent applicants in the course of patent examination impairs the marketability of the copyrighted NPL. The NPL at issue has typically been published several years before the USPTO’s use and by the time of the USPTO’s use usually has only limited commercial value. In addition, by not providing copies of copyrighted NPL in its Public PAIR system – and thereby preventing any possibility of systematic infringement through access to USPTO’s databases – the USPTO has taken steps to ensure that copies of NPL used in examination do not become freely available on the internet. Given that the only identifiable “market” for these works that the USPTO’s use might “impair” appears to be the market for use of these works in patent examination itself, there does not seem to be any cognizable market impairment for purposes of the fourth factor. The fourth factor thus favors fair use.

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As shown in the above analysis, all of the fair use factors, as applied to USPTO copying and providing copyrighted NPL to applicants, either favor a finding of fair use, or are neutral. Accordingly, we believe such copying is fair use.

C. Fair Use Analysis: USPTO Providing Official Copy of File Wrapper, Including Copyrighted NPL, to the Public, for a Fee.

The fair use analysis for providing file wrappers to the public for a fee (pursuant to 35 U.S.C. 9 and 37 C.F.R. 1.19(a)) is similar to the analysis for providing copies of the NPL during examination. The analysis of the first factor is virtually identical: the USPTO’s use is a non-profit, government use, and the use is transformative in the sense that the work is not being used for its original purpose, but is instead being used in order to carry out the purposes of the patent system. Moreover, the file wrapper use is additionally transformative in the sense that the file wrapper as a whole becomes a legal document with unique significance in patent litigation proceedings. *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996) (“[The file wrapper] contains the complete record of all the proceedings before the Patent and Trademark Office As such, the record before the Patent and Trademark Office is often of critical significance in determining the meaning of the claims.); *id.* at 1583 (Fed. Cir. 1996) (“In its broader use as source material, the prior art cited in the file wrapper gives clues as to what the claims do not cover.”) (quoting *Autogiro Co. of Am. v. United States*, 384 F.2d 391, 399 (Ct. Cl. 1967)); *cf. Veeck v. S. Bldg. Code. Cong. Int’l*, 293 F.3d 791, 802 (5th Cir. 2002) (en banc) (holding that copyright of model building code that was enacted into law could not prevent distribution of the code as “the law”). The fact that the USPTO charges a fee for the certified file wrapper does not alter the conclusion that the use of the work is not for profit. The fee is

calibrated to reflect cost recovery, and the USPTO does not profit from making copies of any particular copyrighted work. In addition, the public interest in access to a complete administrative record weighs in favor of fair use under this factor. The analysis of the second, third, and fourth factors is also virtually identical.

Accordingly, we believe that the incidental inclusion of copies of copyrighted NPL in a copy of a certified file wrapper offered to the public for a fee is protected by the doctrine of fair use.

D. Fair Use Analysis: Applicant Providing Copyrighted NPL to USPTO as Part of IDS Submission

Under 37 C.F.R. § 1.56, each individual associated with a patent application has a duty to disclose to the USPTO “all information known to that individual to be material to patentability” of the claims in the patent application. *See* 37 C.F.R. § 1.56(a); *see also* 37 C.F.R. § 1.56(b) (defining “material to patentability”). Applicants fulfill this duty by submitting Information Disclosure Statements (IDSs) to the USPTO pursuant to 37 C.F.R. § 1.97. Because a piece of copyrighted NPL might be “material to patentability,” an IDS might include copyrighted NPL.

The fair use analysis for an applicant’s IDS submission is very similar to, and reaches the same result as, the fair use analyses for the USPTO uses discussed above. The case for fair use under the first factor might be even stronger for the applicant, because the applicant is required by law to submit the prior art to the patent office. Although the entity (applicant or law firm) submitting the prior art might be a for-profit entity, that does not mean that the submission of the prior art to the patent office to satisfy a legal requirement is a “commercial use.” Rather, the question is whether the applicant is “exploiting” the copyrighted work without paying the customary price. *See Harper & Row*, 471 U.S. at 562 (explaining that the “crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.”). Given that the applicants here are not “exploiting” the copyrighted work, and are instead merely submitting it, pursuant to a legal requirement, based on its factual, rather than its expressive, content, the first factor weighs heavily in favor of fair use. In addition, the use could be considered transformative for the same reason that the USPTO’s use would be, thereby further strengthening the case for fair use under the first factor.

The analysis for the second, third, and fourth factors is virtually identical to the analysis for USPTO use. Under the fourth factor, it is also worth noting that the copies of NPL that law firms typically submit to the USPTO have been obtained through legitimate, licensed databases, and thus have already been paid for once. The copyright holder has already been compensated for that use (which would not typically have occurred but for the legal requirement imposed by the patent system); that fact would presumably be relevant to any analysis of whether the applicant’s use of the copyrighted work harmed the market for the copyrighted work. In any event, as in the case of the USPTO’s use, there is no basis for concluding that the applicants’ submission of NPL to the USPTO has any significant negative impact on the market for the submitted NPL.

Accordingly, we believe that it is fair use for an applicant to make copies of NPL and submit those copies to the USPTO during examination in an IDS. The USPTO takes no position on whether additional copies of NPL made during the course of patent prosecution (e.g. for the client, for other attorneys, for the inventor, or for the law firm's future reference) qualify as fair use.

We remind applicants that to the extent they have obtained copies of NPL through licenses, they should consult those licenses to ensure that any proposed use of the NPL is within the scope of the license.