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Conference on Business-related Aspects of Software Patents

Ministry of Commerce and Technology

May 18, 2000

The Berlin Approach to "Open Software Patents"

A Way Out of the »*Digital Dilemma*«[1]?

This document will be made available on the internet under the address: **`http://www.Think-Ahead.ORG/Cyberlaw/`**.[2]

Robert Gehring[3]

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The arguments between advocates and opponents of software patents seem unbridgeable: One side tells us there is no way around software patents, and the planned changes in statutory law would only clarify what is current practice. The other side[4] says that the open source software development model, which has been so successful until now, would be threatened by destruction from the introduction of software patents.[5] Both sides have good arguments to put forth. There seems to be no way out meeting all the diverse interests.

In this paper I would like to make a proposal for discussion that could possibly cut the "Gordian knot". My aim is to take into account all the current opinions and practices as well as demands of the statutory law as well as the needs of the developers of ‘intellectual property’. Into the latter, I subsume all kinds of commercial entities as well as independent open source software developers and public research institutions.

Before presenting the proposal I will first give an overview of the current situation to identify the different interests of the affected parties.

Stocktaking

What's the point of the patent law?

(A) The Situation in Germany/Europe

There is no doubt about the importance of the patent system for promoting technical progress.[6] By disclosure of an idea (within the patent application) the technical progress is supposed to be made possible. The inventor is given a monopoly for limited times, to exploit his respective invention.[7] Expenditure necessary to reach the technical progress has to be compensated. Thus it is ensured that cost intensive research activities will continue to take place.

(B) The Situation in the U.S.

In the United States the patent system was created *"to promote the Progress of Science and useful Arts"* by *"securing for limited Times to ... Inventors the exclusive Right to their respective ... Discoveries"*.[8]

(C) What are the problems for competition?

The patent law has two functions, a *revelation-function* and a *monopoly-function*. The latter may result in obstacles for the competition.[9] This is the case with so called 'blocking patents'.[10] There can be no doubt about the tension between the monopoly right granted by the patent law and both, the competition law[11] and the public research interests[12], on the other hand.

Where do software patents exist?

(A) The Situation in Europe

Paragraph 1 Section 3 of the German patent law states that "computer programs as such" cannot be patented. But in recent cases courts have interpreted these words in the way that only programs of "non-technical character" are unpatentable, while all computer programs of "technical character" can be subject matter of a patent.[13] The term "technical character" is taken rather broadly in the recent case law.[14] It can be said that nowadays practically any software-related idea (software "invention") can be patented.[15] From a legal-systematic point of view it seems impossible to ignore or invalidate ten thousands of software patents already granted.

(B) The Situation in the U.S.

In the United States *"anything under the sun that is made by man."* (US Supreme Court - *Diamond v. Chakrabarty* 1980) can be subject matter to a patent application.

According to *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 1998, the situation can be described as follows: *"A computer system (or method) calculating a number representing a dollar amount generates a useful and tangible result and is therefore a patentable subject matter. <u>This requirement is fulfilled by almost any computer program used</u> in the financial industry."[16]*

(Underline by the author)

(C) The International Situation

The TRIPS agreement obliges all important industrial countries by international law to provide protection by the patent system for software as well.[17] It therefore cannot be assumed that the forthcoming EU-directive on patent law[18] will refrain from including software patents.[19]

Conclusion (I)

Given the circumstances described above it seems very unlikely that the European Union will not introduce software patents into its legal framework.

How far is the Open Source Software Community affected by these developments?

A main characteristic of the development process according to the open source paradigm is that the source code (containing the ideas) is made 'open'. Everyone may inspect and modify the code, provided that he/she has the necessary skills.[20] This characteristic runs contrary to one of the prerequisites of patentibility, the *novelty* of an invention, as formulated in paragraph 3 section 1 of the German Patent Law:

"An invention is considered to be new if it is not part of the 'state of the technology'. The 'state of the technology' describes the 'public knowledge' in whole as it existed before the day of the filing of the patent application. The 'public knowledge' includes any oral or written description of the invention, any use of it or any other form of revelation to the public." [u.t.][21]

The goal of the open source software (short: OSS) community is not to apply for patents for their developments but to further the progress in the field of software development. This process has proved very successful, as the example of the Linux operating system has shown. This success even brought well-known software companies such as IBM[22] or SUN Microsystems[23] to partly adopt this development model and to seek cooperation with open source developers.

There is widespread concern that the so called blocking patents will hinder or even destroy this successful development model in the future. In the main, there are two reasons for these apprehensions:

1. Independent OSS developers neither have the legal knowledge nor the necessary resources to check their code for possible patent infringements.
2. As shown above, the OSS community is not able to acquire software patents which could be used in exchange for patents held by others.[24] This is due to the very nature of the open software development process itself. Furthermore, strong competitors[25] outside of the OSS community could use their blocking patents to prohibit the use of their patented algorithms by OSS developers.[26] And finally, recent events have shown that even sabotage or an »unfriendly take-over« of independent developments cannot be ruled out.[27]

Conclusion (II)

It is indubitable that the introduction of software patents will have a great impact on the OSS development process.

A Suggestion for a Solution

If the introduction of software patents in Europe is inevitable, a certain period of grace after the revelation of the idea, and before the patent application should be provided within the patent law. (In German: Wenn die Einführung von Softwarepatenten in Europa unvermeidlich ist, so sollte im Patentrecht eine hinreichend lange Schonfrist nach der Offenlegung der Idee, vor der eigentlichen Patentanmeldung, vorgesehen werden.)

Explanation

In analogy to the copyright protection given by licenses like the General Public License (GPL[28]) of the Free Software Foundation for example, an *Open Patents License* could protect open source software development in the area of software patents.

Two prerequisites have to be met (at least):

1. The open patents license to be created has to fulfill the requirements given by the law. In my opinion, the essential points for this are statements as given below:
   A. *"Patents under this license can be used for commercial purposes by single payment of a $1 license fee."*
   B. *"Patents under this license can be used for private and other non-commercial purposes without the payment of a license fee."*
   C. *"Anyone using patents falling under this license commits himself to grant access to patents held by himself under the same conditions. The use of patents falling under this open patents license is permitted only if the former condition is accepted."* ('mutual granting'-clause)
2. A trustee organization (*'Open Patents Institute'* or similar) needs to be created. It has to care of:
   A. The registration of OSS projects.
   B. The formulation and the submition of patent applications according to the PCT[29].
   C. The legal representation of interests of the OSS community with respect to Open Software Patents. This includes national and international lawsuits and arbitration.

The grace period would make it possible to develop OSS under the successful-proven proceedings.

Judging from the practice, a period of 12 months should be sufficient to develop an software-related idea to a state of patentability. Through this period, the source code would be marked with a sign such as *"patent pending"* in order to notify possible competitors.

The patents acquired through this process can be used as the 'currency' in exchange for proprietary patents.

The clause of 'mutual granting' in the license contract would bequeath the access to patented technology. This is similar to what the GPL does in the field of copyrighted code.

This kind of solution could further a fair competition and the technical progress:

- The patent law would again get closer to its goal of promoting *"the Progress of Science and useful Arts"*, since software-related inventions would not be withheld anymore from the public until the patent is applied for.
- The de-facto-status of software patents would be acknowledged, thereby establishing legal certainty. The law system would not be disturbed.
- European software developers and companies would be no longer in a competitive disadvantage compared to their respective U.S. counterparts.
- The OSS community would not be hindered by blocking patents. They can go on and develop software the way they did before.
- Small and medium size enterprises (SME) would gain nearly cost-free access to Open Software Patents. Even licenses for proprietary patents, otherwise much too expensive to buy, could come in reach. This would strengthen their market position.

- The position of large enterprises would not be weakened, since they alone decide to take part in the license exchange - or not. They can continue their successful cooperation with the independent OSS developers.
- The risks and market distortions brought by blocking patents would be diminished. The quality of patent applications would probably rise again.
- Public research institutions could become again a partner of equal rights in the process of the technical progress.

Certainly there are some drawbacks:

- The degree of bureaucracy in the OSS development process would rise. But examples like the somewhat more corporative approach to OSS taken by the Apache Group[30] show that this does not necessarily impede the process.
- The independence of the trustee organization sketched above has to be assured. But there are positive examples here as well. The trademark "Linux" belongs to Linus Torvalds and his integrity is undisputed.
- The trustee organization has to be well funded and needs sufficient legal and technical resources. A part of the funding could come from the $1 licence fees. Another one could come from private contributions and donations of enterprises. An important part could get paid by the European Union, since such an institution serves the public interests and strengthens the competitive position of the EU.

The advantages clearly outweigh the disadvantages, all the more if compared to the alternative of strictly proprietary patents with potential blocking force.

The next section will in short examine the plausibility of this proposal.

Plausibility examination

Grace periods

(A) Germany and Europe

There is no such grace period in the european laws.

In Germany, the concept of having a "Neuheitsschonfrist" (novelty grace period; u.t.) was dropped with the revision of the patent law. This has been subject to strong criticism by some experts who spoke about «*"geradezu katastrophalen Folgen" für die auf den Erfinder zurückgehende Vorverlautbarung*» (»"almost catastrophic results" with respect to statements made by the respective inventors before the filing of the patent application«; u.t.).[31]

(B) International

In several countries, including the U.S.[32], grace periods are known. In the U.S., the situation is as follows:

In the U.S., there is a grace period of 12 months. An invention already in use within these 12 months can be subject matter of a patent application.[33]

With a "Provisional Patent Application"[34] a patent can be reserved for an invention not by filing a patent application but by filing a rough description (the so called premature disclosure) with the Patent and Trademark Office. A subject matter to a "Provisional Patent Application" must be marked with "patent pending" when in use.

The inclusion of such a grace period was explicitly proposed for the revision of the Patent Law Treaty in the WIPO[35].[36]

The ‘mutual granting’-clause

(A) The Situation in the U.S.

Software license contracts are subject to contract law. In the U.S., the UCITA[37] explicitly strengthens the position of software suppliers. Within its aim is the legalization of such clauses with this kind of embracing power.[38] In so far the UCITA implements the obligations arising from the WCT[39] and the WPPT[40] agreements of the WIPO with respect to contract law. The implementation with respect to copyright law is done with the DMCA.[41]

(B) The Situation in Europe

In the European Union, laws regarding the WCT and the WPPT agreements are being drafted. These laws will doubtlessly strengthen the position of the suppliers of software and other information products. This strengthening could be used to favor the introduction of a ‘mutual granting’-clause as outlined above.

Contract law and OSS

The experiences of the past years show that the contractual approach as chosen for example by the GPL was very successful in dealing with the copyright question. It even can be assumed that without such an instrument this movement would not be were it is today - if it had existed for such a long time at all. Cooperations of independent OSS developers with companies as IBM and SUN would not have taken place, due to the legal uncertainties. Therefore, the proposal made within this paper, after all the considerations described above, could show a way to establish a similarly successful licensing model for the use of software patents.

Conclusion (III)

A grace period for software patents as outlined here could be introduced into the planned revision of the European patent law. The European partners with the negotiations of the Patent Law Treaty could propose such a grace period. In contract law, the coming implementation of the WCT- and WPPT requirements would serve as the basis. Thus an harmonization of the international legal regulations could be reached.

The foreseeable damage to the OSS community, to enterprises, and to the public interest caused by inadequate software patenting, could be adverted.

Final Note

I hope the "**Berlin Approach**" presented here will serve as an opportunity for further fruitful discussion. And I hope that all affected parties will be included in this discussion to come to an acceptable agreement.

Footnotes

[1] *"The Digital Dilemma. Intellectual Property in the Information Age"* is the title of a report recently published by the Computer Science and Telecommunications Board of the National Research Council. The report regards the issues associated with the revolution of information technology with respect to the concepts and practices of intellectual property management. The report is online at: `http://books.nap.edu/html/digital_dilemma/`, 05/13/2000.

[2] The copyright of this paper remains with the author.

[3] Dipl.-Inform. *Robert Gehring* is an assistent lecturer with Prof. Dr. iur. *Bernd Lutterbeck* at the Technical University of Berlin. He is a member of the "Internet Governance" working group there. He is a founding member of Think-Ahead.ORG, too. Think-Ahead.ORG is to be found on the internet at: `http://www.Think-Ahead.ORG`. *Robert Gehring* can be reached via email to `rag@cs.tu-berlin.de`

[4] See, for example: `http://www.freepatents.org`, who are fighting against software patents.

[5] As *Daniel Riek* puts it in his paper for this conference: "Softwarepatente gefährden Fortschritt und Wettbewerb" [Software Patents Endanger Progress and Competition; u.t.], dated: 05/12/2000. The paper is online at: `http://www.sicherheit-im-internet.de/showdoc.php3?doc=bmwi_theme_doc_2000958137239&page=1`, 29/05/2000

[6] Cf. Einleitung zum Patentgesetz, Grundlagen des deutschen Patentrechts RZ 53 in Busse: **Patentgesetz**, S.15, 5. Auflage, de Gruyter 1999 [Busse: **Patent Law**, Introduction to the Patent Law, Basics of the German Patent Law Margin Number 53, p.15, 5th ed., de Gruyter 1999; u.t.]

[7] There are four different theories of why the inventor may claim this right: *Eigentumstheorie [Theory of Property; u.t.]*, *Belohnungstheorie [Theory of Reward; u.t.]*, *Anspornungstheorie [Theory of Incentive; u.t.]* und *Offenbarungstheorie [Theory of Revelation; u.t.]*. Einleitung zum Patentgesetz, Grundlagen des deutschen Patentrechts RZ 55ff in Busse: **Patentgesetz**, S.15/16, 5. Auflage, de Gruyter 1999 [Busse: **Patent Law**, Introduction to the Patent Law, Basics of the German Patent Law Margin Number 55 and above, pp.15/16, 5th ed., de Gruyter 1999; u.t.]

[8] Quoted from the United States Constitution, Article I, Section 8; On the Internet: `http://www.house.gov/Constitution/Constitution.html`, 05/13/2000

[9] *"Der sich hieraus ergebende Zielkonflikt ist nicht auflösbar, sondern der geltenden Rechtsordnung immanent."* ["The resulting conflict is undissolvable and an inherent attribute to the legal system in force."; u.t.] Einleitung zum Patentgesetz, Grundlagen des deutschen Patentrechts RZ 60 in Busse: **Patentgesetz**, S.16, 5. Auflage, de Gruyter 1999 [Busse: **Patent Law**, Introduction to the Patent Law, Basics of the German Patent Law Margin Number 60, p.16, 5th ed., de Gruyter 1999; u.t.]

[10] Cf. Einleitung zum Patentgesetz, Grundlagen des deutschen Patentrechts RZ 62 in Busse: **Patentgesetz**, S.16, 5. Auflage, de Gruyter 1999 [Busse: **Patent Law**, Introduction to the Patent Law, Basics of the German Patent Law Margin Number 62, p.16, 5th ed., de Gruyter 1999; u.t.]

For the implications for the management of enterprises read especially *Carl Shapiro/Hal R. Varian*: **Information Rules. A Strategic Guide to the Network Economy**, Harvard Business School Press, Boston, MA, 1999

[12] For the consequences of software patents with respect to the goals of the patent system to promote the technological progress see for example: *"The Digital Dilemma. Intellectual Property in the Information Age"*, p.19 (footnote 1):

"The long-term effects of the substantial de facto broadening oft patent subject matter to cover information inventions such as computer programs, information design, and business methods (e.g., Internet business models) are as yet unclear, although the committee ist concerned about the effects to date. Because this expansion has occurred without any oversight from the legislative branch and takes patent law into uncharted territory, this phenomenon needs to be studied on a systematic basis, empirically an theoretically, to ensure that expansion of patent protection is fulfilling its fundamental goal of promoting progress."

[13] Cf. §1 PatG Patentfähige Erfindungen RZ 45ff in Busse: **Patentgesetz**, S.35ff, 5. Auflage, de Gruyter 1999 [Busse: **Patent Law**, §1 Patent Law, Patentable Inventions Margin Numbers 45 and above, p. 35, 5th ed., de Gruyter 1999; u.t.]

[14] Recent court decisions assume a broad patentability of software. (Technische Beschwerdekammer des EPA: Case T 0935/97 und Case T 1173/97, **Computer und Recht 2/2000**) [Technical Chamber of Appeal of the European Patent and Trademark Office: Case T 0935/97 and Case T 1173/97, **Computer und Recht 2/2000**)

[15] As *Markus Hössle* puts it in his paper for this conference, **"Statusbericht über die Rechtsprechung und Erteilungspraxis in Bezug auf softwarebezogene Erfindungen"** [Report about the Current State in Jurisdiction and the Granting Practice with Respect to Software-related Inventions; u.t.]. He explains the development by examples of important court decisions.

[16] *Alexander Esslinger* in **Computer und Recht International 1/2000**

[17] TRIPS §27 Sec. 1:

"1. Subject to the provisions of paragraphs 2 and 3, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. See footnote 5 Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced."

Online at: http://www.wto.org/wto/intellec/4-ipstan.htm, 05/23/2000

"Die in deutscher Sprache beschriebenen technischen Funktionen und Wirkungen von Software sind jedenfalls in der Regel unter den üblichen Voraussetzungen (gewerbliche Anwendbarkeit, Neuheit, erfinderische Leistung) auch jetzt schon in Deutschland patentfähig. Für den Bereich des Europäischen Patentübereinkommens gilt dies entsprechend. Damit ist §27 Abs. 1 des TRIPS-Abkommens Rechnung getragen, wonach Patentschutz für alle Gebiete der Technik zu erlangen sein muß." Wolfgang Tauchert: **Patentschutz für Computerprogramme - Sachstand und neue Entwicklungen**; **GRUR 1999, Heft 10**, S. 829-833 ["The technical functions and effects described in German language already are patentable in Germany under the usual prerequisites (industrial applicability, novelty, inventive achievement). This is also valid within the sphere of the European Patent Convention. Thereby §27 Sec. 1 of the TRIPS-treaty is put in effect which requires the availability of patent law protection in all fields of technology."; u.t.] *Wolfgang Tauchert:* **[Patent Law Protection for Computer Programs - Current State and Recent Developments**; **GRUR 1999, Vol. 10**, pp. 829-833; u.t.]

[18] At the European level planned is the introduction of software-related patents by means of a EU directive. The directive probably will be passed in the year 2000: *"Das Europäische Parlament sprach sich ür die Patentfähigkeit von Computerprogrammen aus, welche die an eine technische Erfindung gestellten Anforderungen an Neuheit und Anwendbarkeit erfüllen, so wie dies in den USA und Japan der Fall ist."* Bernhard Müller: **Künftige EG-Richtline über Patentierbarkeit von Computerprogrammen**, in: **Computer und Recht International 1/2000**, S. 17/18 ["The European Parliament advocated the patentability of such computer programs that fulfill the requirements with respect to novelty and applicability as it is practice in the U.S.A. and in Japan."; u.t.] *Bernhardt Müller*: [**The Future EU-Directive for the Patentability of Computer Programs**; u.t.], in: **Computer und Recht International 1/2000**, p. 17/18

[19] *"The Finnish Presidency, in the Internal Market Council of 7 December 1999, presented a detailed progress report on the discussion in the Council on the Commission's proposal for a Directive. The report acknowledges the need for the proposed Directive to proceed urgently in order to establish a Single Market for new products and services of the Information Society based on intellectual property. At the same time, it is a pre-requisite for the ratification of the « Internet » Treaties agreed in the framework of the World Intellectual Property Organisation by the Community and its Member States as well as by the associated countries to the EU. The progress report outlines that a broad degree of consensus has already been reached on several issues. It focuses on the key issues, and notably Article 5 (exceptions to the exclusive rights of reproduction and communication to the public, including the making available right which is specific to the Digital Age) and Article 6 (protection of technological measures against circumvention) of the proposal which require further work. Both provisions are crucial provisions as they determine the scope and the effective protection of the rights."* On the Internet: `http://europa.eu.int/comm/internal_market/en/intprop/intprop/copy3.htm`, 05/02/2000

[20] A more detailed description can be found on *Eric S. Raymond's* homepage: `http://www.tuxedo.org/~esr/writings/cathedral-bazaar/cathedral-bazaar.html`, 05/13/2000

[21] The quotation is from §3 PatG Neuheit in Busse: **Patentgesetz**, S.76, 5. Auflage, de Gruyter 1999 [§3 Patent Law, Novelty in Busse: **Patent Law**, p.76, 5th ed., de Gruyter 1999; u.t.] A rough translation is given here:

"An invention is considered to be new if it is not part of the 'state of the technology'. The 'state of the technology' describes the 'public knowledge' in whole as it existed before the day of the filing of the patent application. The 'public knowledge' includes any oral or written description of the invention, any use of it or any other form of revelation to the public." [u.t.]

In its original German formulation:

"Eine Erfindung gilt als neu, wenn sie nicht zum Stand der Technik gehört. Der Stand der Technik umfaßt alle Kenntnisse, die vor dem für den Zeitrang der Anmeldung maßgeblichen Tag durch schriftliche oder mündliche Beschreibung, durch Benutzung oder in sonstiger Weise der Öffentlichkeit zugänglich gemacht wurden."

The German "Stand der Technik" has its american counterpart in the "prior art"-concept.

[22] Cf. **IBM forciert Anwendungsentwicklung für Linux** [**IBM Pushes Application Development for Linux**; u.t.], Heise-Newsticker, On the Internet:
http://www.heise.de/newsticker/result.xhtml?url=/newsticker/data/odi-24.11.99-000/, 05/13/2000

[23] Cf. **Sun entschuldigt sich bei den Blackdownern**, [**SUN apologizes to the Blackdowner's**; u.t.] Heise Newsticker, On the Internet:
http://www.heise.de/newsticker/result.xhtml?url=/newsticker/data/ju-09.12.99-000/, 05/13/2000

[24] Cf. *"Weltweit werden deshalb Patente immer wichtiger, sei es zum Abstecken von "Claims" in wichtigen Marktbereichen, so von Pierer, oder zum Schutz des technischen Vorsprungs. Eine nicht zu unterschätzende Rolle haben Patente auch bei Patentlizenzverträgen. Hat man selbst nichts zum Austausch anzubieten, wird es in der Regel sehr teuer."* **Siemens, Europas größte Erfinderfirma** in VDI-Nachrichten, 17.12.1999 ["Worldwide, patents get more important be it to mark 'claims' in important marketspheres, as von Pierer says, or to protect a technological advantage. The role patents play in patent license agreements can not be underestimated. It's going to be very expensive if you have nothing to offer."; u.t.] [Siemens, Europe's Biggest Inventor-Enterprise; u.t.] in VDI-Nachrichten, 12/17/1999

On the Internet: http://www.vdi-nachrichten.com/redaktion/akt-ausg.asp?ID=1972, 05/13/2000

[25] And even Microsoft doesn't dispute anymore that the Linux developers compete with itself. As their lawyer said in the current anti-trust trial: *«Mr. Warden devoted most of his argument to the dynamic competition that Microsoft faces. "Let's look at what's really happening out there," he said, ticking off the AOL/Netscape deal, the advent of Web-based applications, the "rapidly increasing popularity" of the rival Linux operating system and the use of non-PC devices. "The changes that have occurred in the competitive marketplace, just since this case was brought, have been rapid and significant."»*, Quoted from: *Karen Donovan*: **Microsoft Case Closes Strangely,** On the Internet:
http://www.lawnewsnetwork.com/stories/A6635-1999Sep28.html, 05/13/2000

[26] Compulsory licenses and use-orders provide no way out. Vgl. Einleitung zum Patentgesetz, Grundlagen des deutschen Patentrechts RZ 62 in Busse: **Patentgesetz**, S.16, 5. Auflage, de Gruyter 1999 Cf. [Busse: **Patent Law**, Introduction to the Patent Law, Basics of the German Patent Law Margin Number 62, p.16, 5th ed., de Gruyter 1999; u.t.]

[27] Cf. *Florian Rötzer*: **W3C bittet die Web-Community um Hilfe. Kampf gegen die Patentierung von P3P.** [**W3C aks the Web-Community for Help. Fight Against the Patenting of P3P.** ; u.t.] **Telepolis**, On the Internet:
http://www.heise.de/tp/deutsch/inhalt/te/2810/1.html, 05/12/2000

[28] The **GPL** is the General Public License of the Free Software Foundation (http://www.fsf.org). Huge amounts of software are developed under this license, including Linux operating system. You can find a recent version on the Internet via: http://www.fsf.org/philosophy/license-list.html

[29] The **PCT** (Patent Cooperation Treaty = Patentzusammenarbeitsvertrag) makes it possible to make use of a single filing procedure when filing an international patent application in one of the PCT contracting states.

[30] On the Internet: http://www.apache.org, 05/13/2000

[31] As a result of the '*Straßburger Übereinkunft zur Vereinheitlichung gewisser Begriffe des materiellen Rechts der Erfindungspatente*' ['Strasbourg Convention for the Standardization of Certain Terms of the Material Right of Patents'; u.t.] the grace period of the German patent law was discontinued. Vgl. §3 PatG Neuheit RZ 212 in Busse: **Patentgesetz**, S.114, 5. Auflage, de Gruyter 1999 Cf. [Busse: **Patent Law**, §3 Patent Law, Novelty Margin Number 212, p.114, 5th ed., de Gruyter 1999; u.t.]

[32] Other countries with similar regulations are Canada and the Philippines. Cf. *Gerald O.S. Oyen*, B.Sc., LL.B.: **The Research and Development Inventor and the Patent World**, On the Internet:
http://www.library.ubc.ca/patscan/resinv.html, 05/13/2000

[33] *"In order for an invention to be patentable it must be new as defined in the patent law, which provides that an invention cannot be patented if: "(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent," or "(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country more than one year prior to the application for patent in the United States . . ."* Extract from the **General**

Information Concerning Patents print brochure of the US Patent and Trademark Office [Underline by author], On the Internet: `http://www.uspto.gov/web/offices/pac/doc/general/novelty.htm`, 05/13/2000

"Under U.S. Patent law, the inventor must file for patent application no later than one year from the creation's first sale, offer for sale, publication, or public disclosure. If the inventor waits longer, he or she will be forever barred from obtaining a U.S. Patent. This rule is actually more flexible than most foreign countries, which require the patent application to be filed prior to any public disclosure (such is the rule in Canada, Mexico, Japan, Taiwan, Korea, and most European nations). " Quoted from *Brad Updike*: **Patent Law - Basic Fundamentals For Educators**, On the Internet: `http://www.usd.edu/cidd/copyright/patentdoc.html`, 05/13/2000

"A grace period is a mechanism that is provided in certain Patent Acts to enable an inventor within a specified time to seek patent protection for an invention, even though the invention has already been disclosed to the public in some form or other. Three countries of the world which have grace periods are Canada, the United States and the Philippines. In the United States, as a general rule, the inventor is given one year from the date of publication anywhere or public use of the invention in the United States to file a patent application in the U.S. Patent and Trademark Office. This is called a one year grace period. In Canada, under the obsolete Patent Law, an inventor had two years from the date of publication or public use or sale of the invention in Canada to place a patent application on file.

Canada reduced the two year period, effective October l, l989, to a one year grace period for inventions directly or indirectly attributable to the inventor. Under the revised grace period law, the inventor or his assignee is given one year from the date of public disclosure by the inventor, or someone directly or indirectly connected to him or her, to file a Canadian patent application. But, if anyone else discloses the invention to the public or files a patent application for the same invention before the inventor files a patent application, the inventor loses out. It appears that this is the case even where the other party surreptitiously obtains knowledge of the invention and files a patent application for the invention before the inventor does. Although it may be possible to invalidate the wrongdoer's patent, nonetheless the inventor is likely barred by the misdeed from filing a valid patent application for the invention." Quoted from *Gerald O.S. Oyen*, B.Sc., LL.B.: **The Research and Development Inventor and the Patent World**, On the Internet: `http://www.library.ubc.ca/patscan/resinv.html`, 05/13/2000

[34] *«Since June 8, 1995, the PTO has offered inventors the option of filing a provisional application for patent which was designed to provide a lower cost first patent filing in the United States and to give U.S. applicants parity with foreign applicants. Claims and oath or declaration are NOT required for a provisional application. Provisional application provides the means to establish an early effective filing date in a patent application and permits the term "Patent Pending" to be applied in connection with the invention. Provisional applications may not be filed for design inventions.»* Extract from the **General Information Concerning Patents** print brochure of the US Patent and Trademark Office, On the Internet: `http://www.uspto.gov/web/offices/pac/doc/general/applica.htm`, 05/13/2000

[35] The World Intellectual Property Organization (**WIPO**) is the most important body to push the international harmonization of the different intellectual property systems. It's objectives are:

*"**Article 3 Objectives of the Organization***

The objectives of the Organization are:

(i) to promote the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other international organization,

(ii) to ensure administrative cooperation among the Unions."

Quoted from: http://www.wipo.org/eng/iplex/wo_wip0_.htm, 05/23/2000

[36] Vgl. §3 PatG Neuheit RZ 212 in Busse: **Patentgesetz**, S.114, 5. Auflage, de Gruyter 1999 Cf. [Busse: **Patent Law**, §3 Patent Law, Novelty Margin Number 212, p.114, 5th ed., de Gruyter 1999; u.t.]

[37] **UCITA** = Uniform Computer Information Transactions Law

"UCITA is a proposed law for applying consistent rules to computer software licenses across all 50 states." Quoted from: `http://www.itpolicy.gsa.gov/eagency/overviewlevel3/uniformcomputer.htm`, 05/13/2000

UCITA has been criticized for the strengthening of the supplier's position. Much people of very different stand-points consider it to be unreasonable. See for example: National Writers Union: **UCC 2B and UCITA Threatens Writers**, On the Internet: `http://www.nwu.org/pic/ucchome.htm`, 05/13/2000

[38] *M.A.Mortenson Company, Inc. v. Timberline Software Corp. & Softworks Data Systems* (Washington Supreme Court, 10/26/1999) The Washington Supreme Court upheld the enforceability of shrink-wrap licenses including clauses for liability limitations. See for example: *Charles Albertson*: **WASHINGTON COURT OF APPEALS UPHOLDS**

ENFORCEABILITY OF "SHRINK-WRAP" SOFTWARE LICENSES, On the Internet: `http://www.cusack-knowles.com/Shrinkwrap.htm`, 05/13/2000

[39] **WCT** = WIPO Copyright Treaty

The preamble of the WCT goes as follows:

*"**Preamble***

The Contracting Parties,

Desiring to develop and maintain the protection of the rights of authors in their literary and artistic works in a manner as effective and uniform as possible,

Recognizing the need to introduce new international rules and clarify the interpretation of certain existing rules in order to provide adequate solutions to the questions raised by new economic, social, cultural and technological developments,

<u>*Recognizing the profound impact of the development and convergence of information and communication technologies on the creation and use of literary and artistic works,*</u>

Emphasizing the outstanding significance of copyright protection as an incentive for literary and artistic creation,

Recognizing the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Convention,

Have agreed as follows: []"

[**Note**: Underline by author.]

On the Internet: http://www.wipo.org/eng/diplconf/distrib/94dc.htm, 05/23/2000

The preamble of the **WPPT** sounds very similar.

A German translation of the WCT can be found in Appendix IV WIPO-Urheberrechtsvertrag (WCT) in Fromm/Nordemann: **Urheberrecht**. Kommentar, S.887ff, 9. Aufl., Kohlhammer 1998

[40] **WPPT** = WIPO Performances and Phonograms Treaty

[41] Under the **DMCA** (Digital Millennium Copyright Act) in the U.S.A. certain acts are declared to be a crime. For example the circumvention of copy protection measures (called 'anti-piracy measures') as they are built into many software is a crime under the DMCA. See for example: *The UCLA Online Institute for Cyberspace Law and Policy:* **The Digital Millennium Copyright Act**, On the Internet: `http://www.gseis.ucla.edu/iclp/dmca1.htm`, 05/23/2000

Just as with the UCITA the provisions of the DMCA have been criticized for their possibly unreasonable impact on the use of material protected thereby. See for example: *Christopher Jones:* **Dueling Over Digital Music Rights**, WIRED-NEWS, On the Internet: `http://www.wired.com/news/print/0,1294,34114,00.html`, 05/13/2000

[42] *"The Finnish Presidency, in the Internal Market Council of 7 December 1999, presented a detailed progress report on the discussion in the Council on the Commission's proposal for a Directive. The report acknowledges the need for the proposed Directive to proceed urgently in order to establish a Single Market for new products and services of the Information Society based on intellectual property. At the same time, it is a pre-requisite for the ratification of the « Internet » Treaties agreed in the framework of the World Intellectual Property Organisation by the Community and its Member States as well as by the associated countries to the EU. The progress report outlines that a broad degree of consensus has already been reached on several issues. It focuses on the key issues, and notably Article 5 (exceptions to the exclusive rights of reproduction and communication to the public, including the making available right which is specific to the Digital Age) and Article 6 (protection of technological measures against circumvention) of the proposal which require further work. Both provisions are crucial provisions as they determine the scope and the effective protection of the rights."* On the Internet: `http://europa.eu.int/comm/internal_market/en/intprop/intprop/copy3.htm`, 05/02/2000