University of Dayton Law Review

Volume 34 | Number 2 Article 6

1-1-2009

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Kathryn T. Ng
University of Dayton

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Cover Page Footnote

This Author wishes to thank her supervisor, Professor Julie E. Zink, for introducing her to tax strategy patents, for her editing assistance, and guidance towards becoming a better legal writer; her editor, Christopher Cotter, for his editing assistance; her parents, brother and sister for their love and support; her peer and friend, Manon Newell, for her support and thoughtful ideas; and her husband, Jonathan Ng, for his never-ending patience, love, and support.

TAX STRATEGY PATENTS: CLOSE PANDORA'S BOX ON PATENTING CRIMINAL DEFENSE STRATEGIES

Kathryn T. Ng[*]

I. INTRODUCTION

"Listen, Epimetheus and Pandora, you must not attempt to look inside. There could be terrible consequences if you do."[1] Pandora ignored the warning, opened the box, and released all of the evils of the world, with only hope remaining within.[2] In 1998, the Court of Appeals for the Federal Circuit ("Federal Circuit")[3] erased the business method exception from patent eligibility under 35 U.S.C. § 101 in its controversial *State Street Bank* decision.[4] Recently, the Patent and Trademark Office ("PTO") opened Pandora's Box by granting numerous tax strategy patents.[5]

This Comment addresses the concerns associated with granting tax strategy patents and the evils associated with the next logical step of patenting criminal defense strategies. Section I addresses the history and development of business method patents and the recent development of patenting tax strategies. In addition, Section I explains the cost and procedure of obtaining a license to use a patent and the time and monetary constraints of the United States Public Defender System. Section II argues that the patenting of criminal defense strategies will place a burden on the criminal defense system in general and the public defender system specifically. Section III offers suggestions for how Congress and the PTO can ameliorate the problems inherent in patenting criminal defense strategies. Finally, Section IV concludes that criminal defense strategy patents are problematic and should be prevented.

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[*] Outside Articles & Research Editor 2008-2009, Staff Writer 2007-2008, University of Dayton Law Review; J.D. expected May 2009, University of Dayton School of Law; B.S. in Psychology, 2006, University of Pittsburgh. This Author wishes to thank her supervisor, Professor Julie E. Zink, for introducing her to tax strategy patents, for her editing assistance, and guidance towards becoming a better legal writer; her editor, Christopher Cotter, for his editing assistance; her parents, brother and sister for their love and support; her peer and friend, Manon Newell, for her support and thoughtful ideas; and her husband, Jonathan Ng, for his never-ending patience, love, and support.

[1] Robert Hoffman, *Pandora's Box*, http://www.pantheon.org/areas/folklore/folktales/articles/pandora.html (accessed Aug. 25, 2008).

[2] *Id.*

[3] The Federal Circuit has appellate jurisdiction over patent issues. *See* 28 U.S.C. § 1295 (2006).

[4] *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368, 1376-77 (Fed. Cir. 1998).

[5] U.S. Pat. & Trademark Off., *USPTO Patent Full-Text and Image Database*, http://patft.uspto.gov/netahtml/PTO/search-adv.htm; *search* "ccl/705/36T" (accessed Aug. 25, 2008).

II. BACKGROUND

In order to properly discuss the problems associated with patenting criminal defense strategies, it is important to understand both the patent system and the public defender system. Part A discusses the history behind patenting business methods and the related controversy. In addition, Part B discusses the recent development and debate concerning patenting tax strategies. Next, Part C addresses current patents and printed patent applications that cover legal methods in general. Part D explains the work associated with obtaining a license to use a patent as well as the patent search process. Finally, Part E discusses the time and monetary constraints inherent in the public defender system.

A. The History and Controversy Surrounding Business Method Patents

From their inception, business method patents have been controversial. For over a century, inventors and businesspeople attempted to patent business methods.[6] However, courts invalidated business method patents because of combined concerns that business methods were neither patentable subject matter under 35 U.S.C. § 101 nor novel.[7] The business method exception was created as a result of these concerns.[8]

1. The Beginning and End of the Business Method Exception

The business method exception originated with a series of cases involving printed business forms.[9] In one such case, the Court of Appeals for the Second Circuit invalidated a patent for a business form.[10] The *American Credit* court expressed its main concern in the following way:

> There is nothing peculiar or novel in preparing a sheet of paper with headings generally appropriate to classes of facts to be recorded, and whatever peculiarity there may be about the headings in this case is a peculiarity resulting from the transactions themselves . . . . Given a series of transactions, there is no patentable novelty in recording them, where, as in this case, such record consists simply in setting down some of their details in an order or sequence common to

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[6] An example of a business method is a funeral insurance contract form. *Infra* n. 20 and accompanying text.

[7] *Infra* sec. II pt. A subpt. 1.

[8] *Infra* n. 12 and accompanying text.

[9] Claus D. Melarti, Student Author, State Street Bank & Trust Co. v. Signature Financial Group, Inc.: *Ought the Mathematical Algorithm and Business Method Exceptions Return to Business as Usual?* 6 J. Intell. Prop. 359, 362 (1999).

[10] *U.S. Credit Sys. Co. v. Am. Credit Indem. Co.*, 59 F. 139 (2d Cir. 1893).

each record.11

Hotel Security Checking Co. v. Loraine Co. is generally regarded as the advent of the business method exception.[12] The patent at issue in *Hotel Security* was a method for cash-registering and account-checking aimed at thwarting fraudulent accounting by restaurant wait staff.[13] Each waiter was assigned a number and given corresponding slips.[14] The waiter would also have to enter his orders on a business form under the column labeled with his number.[15] If the amounts on the waiter's slip and the business form agreed, then the owner would know that his waiter was not cheating him out of profits.[16] The court invalidated the patent based on its lack of novelty combined with the fact that the invention itself was "as old as the art of bookkeeping."[17]

Following *Hotel Security*, the PTO incorporated a business method exception into its Manual of Patenting Examining Procedures ("MPEP"), eliminating business methods from patentable subject matter under 35 U.S.C. § 101.[18] Patent examiners were not bound to follow this provision, but it afforded them the opportunity to reject business method patent applications.[19]

In 1906, the D.C. Circuit rejected a patent for a funeral insurance contract form.[20] The patent claimant contended that the contracts fell within patentable subject matter because they would be printed.[21] The Court of Appeals for the District of Columbia disagreed, stating that it was merely a blank form contract for persons desiring burial insurance or guaranty and that there was no physical construction or combination that could convert it from a contract into a tangible device or manufacture.[22] Additionally, the court stated that the form of these contracts was a method of transacting business and therefore not patentable.[23]

However, in *Rand McNally & Co. v. Exchange Scrip-Book Co.* and *Cincinnati Transaction Co. v. Rope*, both courts affirmed the granting of

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[11] *Id.* at 143.
[12] Nicholas A. Smith, *Business Method Patents and Their Limits: Justifications, History, and the Emergence of a Claim Construction Jurisprudence*, 9 Mich. Telecommun. & Tech. L. Rev. 171, 189 (2002).
[13] *Hotel Sec. Checking Co. v. Loraine Co.*, 160 F. 467, 468 (2d Cir. 1908).
[14] *Id.*
[15] *Id.*
[16] *Id.*
[17] *Id.* at 470.
[18] Smith, *supra* n. 12, at 188-89.
[19] *Id.* at 190.
[20] *In re Moeser*, 27 App. D.C. 307, 308 (D.C. Mun. App. 1906).
[21] *Id.* at 309-10.
[22] *Id.* at 310.
[23] *Id.*

patents covering perforated railway tickets.[24] These courts reasoned that because the tickets were physically tangible, they were eligible for patentability.[25] The rule that emerged from these cases, and remained in place for almost a century, was that business methods were patentable *only if* embodied in a tangible and physical representation.[26]

The business method exception was removed from the MPEP in 1996 "to reflect a shift in attitude towards software patents and their associated processes."[27] Then, in 1998, *State Street Bank & Trust v. Signature Financial Group, Inc.* officially marked the end of the business method exception.[28] The patent at issue claimed a "Hub and Spoke" data processing system where mutual funds (Spokes) would pool their assets into an investment portfolio (Hub) that was organized as a partnership.[29] The system united the advantageous economies of scale in administering investments with partnership tax gains.[30] The patentee, State Street Bank, invoked the business method exception and the Massachusetts District Court granted it partial summary judgment.[31]

The Federal Circuit, however, reversed, laying the "ill-conceived [business method] exception to rest."[32] The court did not view cases such as *Hotel Security* and *Rand McNally* as creating a business method exception; rather, the court interpreted those cases as having rejected each patent on separate grounds.[33] According to the Federal Circuit, the business method exception was born out of dicta.[34]

In 1999, the Federal Circuit cemented its rejection of the business method exception.[35] In *AT&T Corp.*, the Federal Circuit reversed the district court's grant of summary judgment to Excel for invalidity of a patent under 35 U.S.C. § 101.[36] AT&T Corp.'s patent claimed a method to help long-distance carriers provide different billing treatment to subscribers depending on whether a subscriber calls someone with the same or different long-distance carrier.[37] The patentee accomplished this by enhancing the

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[24] *Rand McNally Co. v. Exch. Scrip-Book Co.*, 187 F. 984, 986 (7th Cir. 1911); *Cincinnati Traction Co. v. Pope*, 210 F. 443, 447-8 (6th Cir. 1913) (distinguishing both *Moeser* and *Hotel Security*).

[25] 187 F. at 986; 210 F. at 446.

[26] Smith, *supra* n. 12, at 193 (emphasis added).

[27] *Id.* at 190.

[28] *State Street Bank*, 149 F.3d at 1369.

[29] *Id.*

[30] *Id.* at 1370.

[31] *Id.*

[32] *Id.* at 1375.

[33] *Id.* at 1375-76.

[34] *Id.* at 1375-77. The Federal Circuit held there was patentable subject matter because the system took the data through a serious of mathematical calculations to determine a final share to create a useful, concrete and tangible result. *Id.* at 1373.

[35] *AT&T Corp. v. Excel Commun., Inc.*, 172 F.3d 1352 (Fed. Cir. 1999), *cert. denied*, 528 U.S. 946 (1999).

[36] *Id.* at 1361 (noting that the District Court had improperly applied the wrong analysis).

[37] *Id.* at 1353-54.

message record for long-distance telephone calls.[38]

Following, in 2007, the Federal Circuit held that a business method patent covering a method and system for mandatory arbitration for unilateral and contractual legal documents was not patentable unless combined with other categories of patentable subject matter under 35 U.S.C.§ 101 (namely a machine, manufacture, or composition of matter).[39] The court explained that some combination with other categories was necessary because the mental process of resolving a legal dispute and mental steps alone are not patentable subject matter.[40] This case is important to the present discussion because the court connects the acceptance of business method patents with legal strategies.

2. The Arguments For and Against Patenting Business Methods

Following *Hotel Security*, there has been much disagreement over whether inventors of business methods should be given a patent-holder's constitutional monopoly. Those who support business method patents focus on the importance of encouraging innovation and creativity in the technology industry.[41] The argument centers on the belief that the technology industry depends on an "entrepreneurial spirit" and therefore needs the protection and encouragement that patent laws provide.[42] Absent the security inherent in the patent system, inventors may be less willing to devote their efforts to such creation and innovation.[43] They argue that low-level enforcement of antitrust laws with respect to the technology industry is necessary to maintain market efficiency.[44] They further argue against the broadening of antitrust laws in the technology sector because (1) a patent monopoly is temporally limited, and (2) the technology industry is constantly evolving at a fast rate, resulting in the displacement of today's market-dominators as consumer demands fluctuate or technology progresses.[45]

Another argument in favor of patenting business methods is the frequently cited statement in *Diamond v. Chakrabarty* that "Congress intended statutory subject matter to 'include anything under the sun that is *made by man*.'"[46] This argument finds support in the notion that business methods involve human ingenuity, unlike the judicially recognized

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[38] *Id.* at 1353.
[39] *In re Comiskey*, 499 F.3d 1365, 1379-80 (Fed. Cir. 2007).
[40] *Id.* at 1380.
[41] Peter Brown & Lauren McCollester, *Should We Kill the Dinosaurs or Will They Die of Natural Causes?* 9 Cornell J.L. & Pub. Policy 223, 228 (1999).
[42] *Id.* at 229.
[43] *Id.*
[44] *Id.* at 229-30.
[45] *Id.* at 231.
[46] 447 U.S. 303, 309 (1980) (emphasis added).

exceptions including laws of nature, abstract ideas and naturally occurring physical phenomena.[47]

There are also numerous arguments against patenting business methods. One argument is that business method patents are inconsistent with the economic goals of patents.[48] This argument focuses on the fact that the purpose of patent laws is to encourage invention; absent patent protection, other mechanisms (e.g., head start advantage) provide enough incentive.[49] Additionally, opponents argue that business method patents impose more costs than benefits in the Internet marketplace by barring entry and exit and restraining competition between small, start-up firms that do not have the resources to obtain nearly as many patents as larger firms.[50] Another argument against patenting business methods is the lack of prior art available.[51] This problem is escalated by the fact that the majority of patent examiners have either hard science or technical backgrounds and lack business experience.[52] With the advent of tax strategy patents, the controversy surrounding business method patents has grown.

B. Tax Strategy Patents

"Tax strategy patents are considered a subcategory of business method patents."[53] After the watershed SOGRAT patent, discussed below, there has been a recent rush to the PTO to patent tax strategies.[54] As a result, Senate Bill 681 ("S. 681") and House Resolution 1908 ("H.R. 1908") were introduced to eliminate tax strategies from patentable subject matter.[55]

1. The SOGRAT Patent and Its Encouragement of Recent Congressional Action

The PTO classifies tax strategy patents under subclass 36T in class 705.[56] There are currently sixty-eight issued patents in this subclass.[57] One

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[47] *Id.* (citing *Parker v. Flook*, 437 U.S. 584 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948); *O'Reilly v. Morse*, 15 How. 62, 112-121 (1854); *Le Roy v. Tatham*, 14 How. 156, 175 (1853)).

[48] Jared Earl Grusd, *Internet Business Methods: What Role Does and Should Patent Law Play?* 4 Va. J.L. & Tech. 9, 44 (Fall 1999).

[49] *Id.* at 44-5. "[H]ead start advantage" refers to the natural competitive advantage inventors obtain by inventing something first. *Id.*

[50] *Id.* at 49-51.

[51] Kevin M. Baird, Student Author, *Business Method Patents: Chaos at the USPTO or Business as Usual?* 2001 U. Ill. J.L. Tech. & Policy 347, 354 (2001). Prior art refers to previous inventions in the same field that examiners use to compare a claimed invention against to determine whether it is patentable under 35 U.S.C. § 102 and 35 U.S.C. § 103.

[52] *Id.*

[53] Ellen Aprill, *Testimony Before the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means*, at Intro. http://waysandmeans.house.gov/hearings.asp?formmode=printfriendly&id=5106 (July 13, 2006).

[54] U.S. Pat. & Trademark Off., *supra* n. 5.

[55] *See* H.R. 1908, 110th Cong. (Apr. 18, 2007) (as introduced); Sen. 681, 110th Cong. (Feb. 17, 2007) (as introduced).

[56] U.S. Pat. & Trademark Off., *supra* n. 5; Aprill, *supra* n. 53.

example of a tax strategy patent is U.S. Patent No. 6,567,790 issued May 20, 2003 ("SOGRAT patent").[58] The SOGRAT patent covers an estate planning method that maximizes the transfer of wealth from the holder of stock options to a family member while minimizing the amount of taxes paid.[59] The method involves establishing a Grantor Retained Annuity Trust ("GRAT").[60] The following steps are involved in using a GRAT to minimize tax payment: (1) the grantor transfers assets to the GRAT, which makes payments back to the grantor for the specific term based on a Tax Code formula; (2) when the trust expires, the remaining assets are doled out to the trust beneficiaries; and (3) as a result, the appreciation of these assets have escaped taxation.[61] The SOGRAT patent uses this GRAT estate-planning device with nonqualified stock options.[62]

Because of the huge tax savings associated with this patent, tax planners are in an uproar about being excluded from using this legal method without paying large sums of money to license the patent.[63] Additionally, there were concerns that using nonqualified stock options would be unpatentable for 35 U.S.C. § 103 obviousness because a recent change in Rule 16b-3 of the Security and Exchange Commission regulations allowed nonqualified stock options to be transferred.[64]

In January 2006, the owner of the SOGRAT patent sued John Rowe, Aetna Inc.'s executive chairman, for patent infringement, alleging that Rowe had funded several GRATS covered by the patent.[65] The case settled in March 2007.[66] Soon thereafter, on February 17, 2007, Senators Carl Levin, Norman Coleman, Barack Obama, and others, introduced S. 681 to prohibit the PTO from issuing tax strategy patents.[67] In addition, the House Judiciary Committee approved an amendment to H.R. 1908 characterizing tax planning methods as unpatentable subject matter under 35 U.S.C. §

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[57] U.S. Pat. & Trademark Off., *supra* n. 5.

[58] U.S. Patent No. 6,567,790 (filed Dec 1, 1999 & issued May 20, 2003).

[59] *Id.* at abstract.

[60] *Id.*

[61] Brian C. Banner, *Patenting Tax Strategies: The Case for Excluding Legal Methods from the Realm of Patentable Subject Matter*, 15 Tex. Intell. Prop. L.J. 491, 494 (2007) (footnotes omitted).

[62] *Id.*

[63] *Id.*

[64] Lucas Osborne, *Tax Strategy Patents: Why the Tax Community Should Not Exclude the Patent System*, 18 Albany L.J. Sci. & Tech. ___ (forthcoming 2008) (ms. at 21, on file with author) (noting that the '790 patent was not rejected for obviousness after all). Under 35 U.S.C. § 103, an invention is not eligible for patentability if "the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious" to a person of ordinary skill in the art at the time the invention was made. *Graham v. John Deere Co.*, 383 U.S. 1, 13 (1966). The obviousness determination requires the court to evaluate (1) the scope and content of prior art, (2) the differences between the prior art and the claims at issue, (3) the level of ordinary skill in the art, and (4) any secondary considerations such as failure of others, commercial success, etc. *Id.*

[65] Banner, *supra* n. 61, at 491-92 (citing Pl.'s Compl. ¶ 3 (Jan. 6, 2006); *id.* at 492 n.3.

[66] *Wealth Transfer Group v. Rowe*, 3:06CV00024 (AWT) (D. Conn. March 9, 2007).

[67] Govtrack.us, *S. 681: Stop Tax Haven Abuse Act*, http://www.govtrack.us/congress/bill.xpd?bill=s110-681 (last accessed Aug. 22, 2008).

101.[68] Section 10 of H.R. 1908 defines "tax planning method" as:

> a plan, strategy, technique, or scheme that is designed to reduce, minimize, or defer, or has, when implemented, the effect of reducing, minimizing, or deferring, a taxpayer's tax liability, but does not include the use of tax preparation software or other tools used solely to perform or model mathematical calculations or prepare tax or information returns.[69]

The House passed H.R. 1908 on September 7, 2007, [70] and subsequently sent to the Senate for consideration.[71]

2. The Tax Strategy Debate

The development of tax strategy patents has caused as much disagreement as business method patents generally, and for many of the same reasons. One argument behind patenting tax strategies is that other professionals, such as physicians, engineers, and research scientists work in environments where patents impose limitations.[72] These proponents contend that the need to obtain licenses to use patents in the legal field is no different than that in the medical field for a particular medical device.[73] They argue that there will be confusion if there are exceptions carved out for only some professionals.[74] Proponents further assert that patents spur innovation and create incentives for tax attorneys to develop new tax saving strategies for their clients. [75]

The opponents of tax strategy patents dispute the assertion that patenting tax strategies will spur innovation.[76] They explain that because paying taxes is not optional, but mandatory, reducing taxes is "an incentive already built into the tax system itself."[77] Thus, "[p]eople simply do not need the promise of a limited monopoly to spur ingenuity in reducing their tax burden . . . ."[78] Also, the tax system, unlike other industries where innovation has a net cost, does not need patenting to offset costs.[79] This is because the taxpayer, after paying a tax planner to develop a tax strategy,

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[68] H.R. 1908, 110th Cong. § 10 (Sept. 7, 2007) (as passed by House).
[69] *Id.*
[70] H.R. 1908, 110th Cong. (Sept. 7, 2007).
[71] 153 Cong. Rec. S11355 (daily ed. Sept. 11, 2007).
[72] Steve Seidenberg, *Crisis Pending: Can a Patent on a Legal Strategy Prevent a Client from Taking Your Advice? The Courts May Soon Decide.*, 93 ABA J. 42, 47 (May 2007).
[73] *Id.*
[74] *Id.*
[75] *Id.*
[76] Banner, *supra* n. 61, at 499-501.
[77] *Id.*
[78] *Id.* at 497.
[79] *Id.* at 498

receives a net gain because the tax planner gets paid for his work and the taxpayer has reduced his tax bill enough to make the transaction worthwhile.[80] In addition, patenting tax strategies will discourage dissemination because tax practitioners will fear that sharing ideas will lead others to steal them and patent them for themselves.[81] This runs counter to encouraging disclosure, one of the goals behind patent laws, and could also alter the tax industry's professional atmosphere.[82]

Perhaps the strongest argument against patenting tax strategies is the increased complexity that it will insert into the tax planning field. [83] In order to avoid liability for infringement and to be duly diligent to their clients, tax planners will likely need to hire a patent attorney to conduct a patent search before they can give their clients advice.[84] It is widely agreed that "'[c]hecking for patents is, at very best, inconvenient . . . it will become far more than that, as the number of patents increase in this area.'"[85] One final argument of opponents is that although patents carry with them a presumption of government approval, the usefulness of a tax strategy patent depends on the interpretation of tax law, which can be highly uncertain.[86] Some are concerned that clients will assume a tax strategy patent works without doing any background research. [87] There is much debate over the patenting of tax strategies, and the current congressional action appears to indicate that it is unlikely the dispute will die down in the near future.

C. Patents and Published Patent Applications Covering the Broader Legal Method Area

With the advent of tax strategy patents, the patenting of legal strategies has become an important issue. There are currently thirty-seven patents issued under the search term "legal" and 108 published patent applications.[88] For example, there is a published patent application covering a computerized method that evaluates the merits of a consumer's product liability claim.[89] Based on this evaluation, the system automates an electronic rejection or acceptance of the legal claim.[90] If the system rejects

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[80] *Id.* at 499.
[81] Aprill, *supra* n. 53, at § A.
[82] *Id.*
[83] Matthew A. Melone, *The Patenting of Tax Strategies: A Patently Unnecessary Development*, 5 DePaul Bus. & Com. L.J. 437, 465-66 (2007).
[84] *Id.* at 465.; Banner, *supra* n. 61, at 503.
[85] Seidenberg, *supra* n. 72, at 45.
[86] Aprill, *supra* n. 53, at § B.
[87] *Id.*
[88] U.S. Pat. & Trademark Off., *USPTO Patent Full-Text and Image Database*, http://patft.uspto.gov/netahtml/PTO/search-adv.htm; *search* "TTL/legal" (last accessed Aug. 25, 2008); U.S. Patent & Trademark Off., http://appft1.uspto.gov/netahtml/PTO/search-adv.html; *search* "TTL/legal" (last accessed Aug. 25, 2008).
[89] U.S. Patent App. No. 20,030,212,582 abstract (filed Nov. 13, 2003).
[90] *Id.*

the consumer, the system sends an e-mail to the consumer notifying him that the law firm has decided not to represent him.[91] On the other hand, if the consumer has a legitimate claim the system will e-mail him with directions to sign up online to retain the services of the law firm.[92]

Another computerized legal system is Defensenet, which has been granted patent protection.[93] This patent claims a computerized legal case planning system that determines the most cost-efficient process to obtain a defined, acceptable case outcome.[94] The attorney inputs the case category (e.g., environmental), the type of legal action sought, and the scope of legal protection demanded.[95] Then the attorney decides on and inputs the client's desired legal outcome, the acceptable level of risk, analysis of damages, and a one or two page summary of the relevant facts.[96] From the above information, the attorney selects a long-term goal.[97] The Defensenet computer program has a base template comprised of historical case paradigms with successful results.[98] These case paradigms include information about the desired objectives and their timing, milestones achieved, and the deliverables produced, which are then used to provide a template of the "best practices" process for these paradigm cases.[99] The templates are matched with the present case based on both its long-term goal and case type.[100] In order to create a case-specific strategy, the computer system merges the template, the present case-specific data, and information counsel selected to represent the client in the case.[101] Because of the number of published patent applications concerning legal strategies, similar patents can be expected in the future.

D. The U.S. Patent System: Licensing and Conducting Patent Searches

In order to get an idea of the costs that will be imposed on the criminal defense system by patenting defense strategies, it is necessary to understand what a patent confers and how one can use a patented invention. A patent confers "the right to exclude others from making, using, offering for sale, or selling the invention" for a term of twenty years from the date of filing a patent application with the PTO.[102] In order for someone to legally use a patented invention, he or she must obtain a license from the patent

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[91] *Id.*
[92] *Id.*
[93] U.S. Patent No. 5,875,431 (filed Mar. 15, 1996 & issued Feb. 23, 1999).
[94] *Id.* at Overview.
[95] *Id.* at Overview § A.
[96] *Id.* at Overview §§ A-B.
[97] *Id.* at Overview § A.
[98] *Id.* at The Defensenet.TM. System
[99] *Id.*
[100] *Id.*
[101] *Id.*
[102] 35 U.S.C. § 154(a)(1)-(2) (2000). The twenty year term pertains to a utility patent. *Id.*

holder.[103] Also, in order to avoid patent infringement, a person that plans to utilize a certain technology should arguably hire a patent attorney to conduct patent searches.[104] According to the PTO, there are seven steps involved in performing a prior art search:

> (1) identifying a field of search that would cover the disclosed invention; (2) selecting the proper tools and art collections to perform the search; (3) determining the appropriate search strategy for each of the selected search tools and art collections; (4) searching the art collections using the selected search tools and search strategy, and using any additional strategy suggested by the art that is found; (5) retrieving sufficient information from art that is identified during the search to evaluate the pertinence of the art; (6) selecting the art that is most pertinent to the claimed subject matter; and (7) recording the results of the art that is selected according to the criteria set forth in the guidelines.[105]

Many patent attorneys charge at least five hundred dollars for a basic U.S. patent search and $800 for an international search.[106] Moreover, patent attorneys will charge a fee to review the search and issue a patentability opinion, which can cost around one thousand dollars.[107] If the invention is already patented, the patent attorney needs to advise the client on whether to obtain a license or forego the patented invention altogether.[108] If the client decides to get a license to use the patent, the attorney will have to research the probable license fee.[109]

The measure for determining the amount to charge for a license is

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[103] Seidenberg, *supra* n. 72, at 46.

[104] Banner, *supra* n. 61, at 494. Of course one could search for free on the PTO web site; however, it is (a) potentially harder and time consuming for a layperson to search for prior art than someone with search expertise and (b) riskier because of the potential for overlapping prior art and thus either not being eligible for a patent or mistakenly being issued a patent and getting sued later for infringement.

[105] U.S. Pat. & Trademark Off., *Certification of Searching Authorities*, http://www.uspto.gov/web/offices/com/strat21/action/q8p07_01.htm (last modified Sept. 20, 2007).

[106] New York State Science and Technology Law Center at Syracuse University College of Law, *U.S. Patent Searches*, http://nysstlc.syr.edu/Law_Resources/Law_Library/Patent/US_Patent_Searches/USPS.aspx (accessed Aug. 25, 2008); *see* 35 U.S.C.A. § 41 (West 2008)

[107] New York State and Technology Law Center, *supra* n. 106 (noting that this preliminary patentability opinion fee depends on variables such as the complexity of the invention and prior art as well as whether the field of invention is crowded).

[108] Gary C. Bubb, *Patented Tax Strategies – Are you serious?* Mass. Laws. Wkly. (Aug. 6, 2007) (available at 2007 WLNR 15217618) (noting there are three options: (1) paying a license fee to the patent holder who has monopoly on method for saving taxes; (2) failing to pay license and risk infringement lawsuit; or (3) deciding not to use strategy).

[109] Melone, *supra* n. 83, at 466.

called the "royalty rate."[110] In order to determine the most profitable royalty rates, patent attorneys look to the rates of the most closely related patents that have recently been licensed (i.e., the value of the technology covered).[111] This estimate "is perhaps one of the most difficult determinations"[112] because royalty rates are usually not in the public record, and a royalty rate is meaningless absent knowledge of the royalty base.[113] For many business process patents, "there will not be a convenient example, and the patent license royalty will be one of 'first impression.'"[114] The patent holder can normally charge whatever she wants for the license; she can demand royalties as high as she can negotiate with the leverage of that monopoly.[115]

E. The Nature of the Public Defender System

In order to comprehend the significant impact of patenting criminal defense strategies, it is crucial to discuss the burdens already impressed upon the public defender system. In 1963, the Supreme Court in *Gideon v. Wainwright* held that indigent defendants have a Sixth Amendment right to counsel.[116] The Supreme Court later qualified that right by stating that as long as there is a possibility of imprisonment, indigent defendants have a right to counsel.[117] The fact that public defender systems across the United States have continuously been underfunded and overworked[118] is impeding this fundamental right.

The Justice Department found that between 1982 and 1986 the caseload of the nation's indigent defense programs had increased by forty percent.[119] This finding was confirmed by the American Bar Association's conclusion in 1990 that the caseloads of the majority of public defenders have grown at a startling rate.[120] Furthermore, in 1999, indigent criminal defense programs in the largest one hundred counties received an estimated 4.2 million cases, and eighty-two percent of these cases were handled by public defenders.[121] These heavy caseloads reduce the amount of time and

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[110] John Gladstone Mills III, Donald C. Riley III, & Robert C. Highley, *Patent Law Fundamentals Database* 3 Pat. L. Fundamentals § 19:16 (2d ed., West 2008).

[111] *Id.*

[112] Jon Grossman & Eric Oliver, *Licensing Intellectual Property in Business Transactions* 257, 278 (PLI Course Handbook Series No. G0-019U, 2003).

[113] *Id.*

[114] *Id.*

[115] *Brulotte v. Thys Co.*, 379 U.S. 29, 33 (1964).

[116] 372 U.S. 335, 340 (1963).

[117] *Ala. v. Shelton*, 535 U.S. 654, 674 (2002).

[118] Student Author, *Effectively Ineffective: The Failure of Courts to Address Underfunded Indigent Defense Systems*, 118 Harv. L. Rev. 1731, 1733 (2005).

[119] *Id.* at 1735.

[120] *Id.*

[121] U.S. Dept. of Just., *Bureau of Justice Statistics*, http://www.ojp.usdoj.gov/bjs/id.htm (last updated Oct. 1, 2001).

effort public defenders are able to exercise in preparing a defense.[122]

In stark contrast to the amount of work that public defenders are required to handle, public defenders are severely underfunded.[123] For example, Missouri's public defenders often have to take on clerical tasks in addition to legal work while earning a salary between $33,792 (starting) and $52,452 (highest possible).[124] In comparison, associates at larger law firms in Missouri start out at ninety thousand dollars or above.[125] Additionally, this nation annually spends more than $97.5 billion on criminal justice and over fifty percent is allocated to the police force and prosecution.[126] In stark contrast, the indigent defense system only receives one and three-tenths percent of annual federal criminal justice expenditures, and only two percent of total state and federal criminal justice expenditures.[127] Public Defender Howard Finkelstein stated that it is not only expensive to dispense with quality justice but also "irresponsible for the legislature to try to do justice on the cheap."[128]

III. ARGUMENT

"Technology . . . is a queer thing. It brings you great gifts with one hand, and it stabs you in the back with the other." ~ C.P. Snow[129]

While there is currently a lot of concern over patenting tax strategies, the problem of patenting legal strategies and advice has largely been overlooked. The potential problems associated with patenting criminal defense strategies are even more troubling than those associated with tax strategies because a criminal defendant's life and liberty are at stake. In fact, criminal defense attorneys should already be concerned about tax strategy patents because they already give tax advice regarding criminal tax evasion and tax fraud.[130] This is also a concern for public defenders because these offenses include a possibility of imprisonment, thus invoking the Sixth Amendment Right to Counsel under *Alabama v. Shelton*.[131] Furthermore,

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[122] David Eggert, *Advocates for Poor Say Michigan Is Violating U.S. State Constitutions*, Grand Rapids Press B6 (Feb. 23, 2007) (available at 2007 WLNR 3557992).

[123] *Effectively Ineffective: The Failure of Courts to Address Underfunded Indigent Defense Systems*, *supra* n. 118, at 1735.

[124] *Editorial: Public Defender System Needs Help*, Kan. City Star (Apr. 1, 2006) (available at 2006 WLNR 5477360).

[125] *Id.*

[126] *Effectively Ineffective: The Failure of Courts to Address Underfunded Indigent Defense Systems*, *supra* n. 118, at 1734-35.

[127] *Id.*

[128] Nikki Waller, *State Legal-Aid Agency Is Broke: Some Court Cases Could Come to a Halt if a State Commission That Pays Conflict Attorneys Doesn't Get More Money Soon*, Miami Herald (Nov. 15, 2006) (available at 2006 WLNR 19782260).

[129] Terri Guillemets, *The Quote Garden, Quotations about Technology*, http://www.quotegarden.com/technology.html (Mar. 18, 1998).

[130] 18 U.S.C. § 1956 (2000); 26 U.S.C. § 7201 (2000).

[131] *Id.* (stating subject to fine or imprisonment).

U.S. Patent No. 5,875,431, which claims a computerized legal case planning system that determines the most cost-efficient process to obtain a defined, acceptable case outcome, brings the problem of patenting legal strategies close to home,[132] especially if the system includes case history paradigms specific to criminal defense.

A. Patenting Criminal Defense Strategies Will Negatively Impact the Criminal Defense System Generally

Criminal defense strategy patents will create problems within the criminal defense system. Specifically, criminal defense patents raise potential ethical problems. In addition, criminal defense patents could cause confusion among criminal defendants and a negative change in the professional atmosphere.

1. Ethical Considerations Posed by Patenting Criminal Defense Strategies

Patenting criminal defense strategies poses some ethical dilemmas. In particular, an attorney's duty of diligence and zealous advocacy will be affected. Furthermore, an attorney's duty to communicate to his or her client will be adversely impacted.

a. Diligence and Zealous Advocacy

Attorneys have a duty to act diligently in representing their clients.[133] Specifically, "[a] lawyer shall act with reasonable diligence and promptness in representing a client."[134] The official comment states that "[a] lawyer must also act with commitment and dedication to the interests of the client and with zeal in advocacy upon the client's behalf."[135] If criminal defense patents are allowed, criminal defense attorneys will likely have a due diligence obligation to conduct a patent search to make sure they are not infringing another's patent.[136] The main problem with this requirement is that a criminal defense attorney is likely unaware of how to conduct a patent search. Patent law is a very specialized field, and criminal defense attorneys are generally not trained in this area. As a result, the criminal defense attorney may have to "break the bank" and hire a patent attorney to conduct the patent search.

If the attorney happens to discover a patent during the patent search, many other potential issues are raised.[137] For instance, the attorney has to

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[132] *Supra* sec. II pt. C.
[133] Model R. Prof. Conduct 1.3 (ABA 2004).
[134] *Id.*
[135] *Id.* at cmt. 1.
[136] Melone, *supra* n. 83, at 465 (discussing the diligence problems patented tax strategies impose on tax advisors).
[137] *Id.*

analyze whether the patent covers the criminal defense strategy that is being contemplated by the defendant, and if so, what actions constitute infringement.[138] Infringement can occur at the time the defense attorney renders the advice, or at the time the strategy is executed.[139] This possibility adds an additional burden on the defense attorney because not only does she need to be diligent in carrying out her professional duties, but she also needs to be diligent in avoiding patent infringement.[140]

In addition, "[l]awyers fear they won't be able to give their clients the best advice when acting on it would infringe on one or more patents."[141] It is hard to comprehend how an attorney can zealously advocate for his clients while being unable to advise them about a criminal defense strategy that could give them the best available defense.[142] If one thinks in terms of the computerized legal system patent (U.S. Patent No. 5,875,431), the inability to advise clients about an outcome, cost, and time efficient defense strategy would put a dent in the attorney's ability to be a zealous advocate.

b. Communication

Criminal defense strategy patents would also impact an attorney's duty to communicate to his client.[143] The Model Rules of Professional Conduct require that a lawyer "reasonably consult with the client about the means by which the client's objectives are to be accomplished," and "keep the client reasonably informed about the status of the matter."[144] In addition, a lawyer shall "explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation."[145] Whether the attorney's explanation was reasonable is judged by a reasonably prudent and competent lawyer standard.[146] To explain a matter, an attorney should explain "the general strategy and prospects of success" but is not required to explain litigation tactics or strategy in detail.[147] The purpose behind the communication rule is to allow the client to effectively participate in his own representation.[148] Furthermore, in a criminal case, the client has the authority to decide whether to enter a guilty plea, whether to waive jury trial and whether or not

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[138] *Id.*
[139] *Id.* at 465.
[140] *Id.*
[141] Seidenberg, *supra* n. 72, at 47.
[142] Keeping in mind, of course, that an invention need not be "the best" to be patented, but could be.
[143] Melone, *supra* n. 83, at 484 (noting that patents on tax strategies present a significant infringement on the lawyer-client relationship).
[144] Model R. Prof. Conduct 1.4(a)(2)-(3).
[145] *Id.* at R. 1.4(b).
[146] *Id.* at R. 1.0(h).
[147] *Id.* at R. 1.4 cmt. 5.
[148] *Id.* at cmt. 1.

to testify,[149] and usually defers to the attorney regarding tactical decisions.[150]

A reasonably prudent and competent attorney would give a client the most relevant information at his disposal to assist the client in making informed decisions. If an attorney's advice is restricted because a particular strategy is already patented, then he or she cannot explain even the basic details of the strategy without the possibility of infringement. Keeping the purpose of the communication rule in mind, it seems important that the client know about a strategy that could assist the client in obtaining a not guilty verdict. While some may argue that the attorney should get a license to use that strategy before advising the client fully on the matter, if the strategy is controversial or highly risky then the client may be required to consent to the strategy.[151] This is especially true if the strategy relates to the decisions within the client's own authority.[152] If an attorney obtained a license to use a strategy, but the client does not consent to its use, then the attorney has wasted time and money. The attorney may be able to use the strategy again in the future, but this depends on the terms of the license agreement and the possibility that a similar case will arise that is applicable to that strategy. Additionally, the attorney cannot obtain a license if the licensor is unwilling to license the strategy. In the criminal defense arena, or legal area in general, this is a likely problem because an effective strategy would give firms a competitive edge. For these reasons, patenting criminal defense strategies will adversely affect an attorney's duty to communicate to his client.

2. Patenting Criminal Defense Strategies Will Cause Confusion amongst Clients and Defense Attorneys

Another concern associated with patenting criminal defense strategies is that clients, and potentially defense attorneys, will become confused about a certain patent's validity. Once a patent has been issued for a particular criminal defense strategy, there may be an assumption that the strategy will win a particular case in court. It is true that in order to obtain a patent one of the qualifications is utility, meaning that the patent must have a specific benefit in currently existing form.[153] However, a patent only gives a *presumption* of validity in the court system, and therefore the value of a legal strategy turns on a court's determination.[154]

This issue has been raised in response to the patenting of tax

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[149] *Id.* at R. 1.2.

[150] *Id.* at cmt. 1.

[151] *U.S. v. Holman*, 314 F.3d 837, 841-42 (7th Cir. 2004) (noting that attorney was required to obtain defendant's permission when utilizing high-risk strategy of pleading guilty to one charge out of several to highlight innocence on other charges).

[152] *Id.*

[153] *Brenner v. Manson*, 383 U.S. 519, 535 (1966).

[154] Aprill, *supra* n. 53, at § A (emphasis added).

strategies. Ellen Aprill,[155] in oral testimony before the House Committee on Ways and Means, stated: "I am concerned that taxpayers and others who consider employing tax strategy patents will rely on the appearance of government approval and the presumption of validity . . . and, [will] therefore fail to evaluate carefully whether the underlying tax strategy actually works."[156] This issue may be even more problematic in the area of criminal law because defendant's lives and liberties are on the line. A criminal defense strategy (e.g., U.S Patent No. 5,875,431) focuses on a defendant's ability to obtain a not guilty verdict at trial or a lesser sentence. Furthermore, businesses that advertise and market their strategies may cause a client or defense attorney to assume that the patent means the strategy will be effective. If at trial that particular strategy is unsuccessful, the result is far more serious than in the tax realm.

3. Patenting Criminal Defense Strategies Will Change the Professional Atmosphere

The advent of criminal defense strategy patents will negatively affect the professional atmosphere of the criminal defense legal community. Criminal defense attorneys participate in e-mail chains, conventions, and conferences to share useful tactics and information.[157] For example, Professor Ira Mickenberg, director of the National Defender Training Project, organizes conferences designed to inform practicing attorneys of new defense strategies and techniques.[158] Patenting criminal defense strategies would change the professional atmosphere because it would halt the sharing of criminal defense strategies and put an end to this collegial atmosphere. It would harm the criminal defense system more than the tax field because the criminal defense system is concerned with protecting innocent defendants and insuring guilty defendants a fair sentence for their crime. These defendants depend on their attorneys to have useful strategies and techniques in order to defend their lives and liberties, not solely their finances.

Furthermore, the main purpose behind the patent laws is to spur

[155] Ellen Aprill is the Associate Dean of Academic Programs, Professor at Law, and John E. Anderson Chair in Tax Law at the Loyola Law School in Los Angeles, California. She is also currently a member of the Council of Directors of the American Bar Association Section of Taxation. Loyola Law School Los Angeles, *Ellen P. Aprill, Educational and Professional Background*, http://www.lls.edu/academics/faculty/aprill.html (last accessed Nov. 3, 2008).

[156] Aprill, *supra* n. 53, at § B.

[157] W. Juvenile Defender Ctr., *Networking, Western Juvenile Defender Regional Listserv*, http://www.wjdc.info/networking.html (last accessed Oct. 22. 2007) (e-mail listserv for advocates to disseminate information regarding juvenile defense); Off. of Defender Servs. Leg., Policy and Training Div., *Training Programs*, http://www.fd.org/odstb_TRAINING.htm (last accessed Oct. 22, 2007).

[158] Ira Mickenberg, *2008 Public Defender Trial Advocacy Program* 1, http://www.fd.org/pdf_lib/2008%20Public%20Defender%20Trial%20Advocacy%20Program%20.pdf (last accessed Aug. 23, 2008).

invention and further creativity.[159] This goal may be upset if professionals are afraid to share and evaluate new ideas.[160] Some may argue that because full disclosure of the patented invention is a requirement for patentability,[161] new ideas will be disseminated and shared through the patenting of criminal defense strategies. However, this argument still does not apply to those who are afraid to discuss new ideas because they fear someone will steal them and obtain a patent. It would be difficult for someone to prove they are the first inventor after the fact, especially with only evidence of polite professional conversation.[162] The most important reason that proving first inventorship would be problematic is that oral testimony regarding first inventorship has to be supported by corroborating evidence.[163] For the foregoing reasons, granting patents for criminal defense strategies will impair the criminal defense professional atmosphere.

B. Patenting Criminal Defense Strategies Will Significantly Burden the Public Defender System

> "History teaches that grave threats to liberty often come in times of urgency, when constitutional rights seem too extravagant to endure." ~ Justice Marshall[164]

The problems associated with patenting criminal defense strategies will not only affect the criminal defense field in general, but will also significantly burden the public defender system in particular. In *Gideon*, the Supreme Court acknowledged that indigent defendants have a Sixth Amendment right to counsel.[165] Furthermore, citizens of the United States are entitled to due process under the Fifth and Fourteenth Amendments.[166] Criminal defense strategies will impose burdens on the public defender system by potentially violating these constitutional guarantees.

1. Patenting Criminal Defense Strategies Will Affect an Indigent Defendant's Sixth Amendment Right to Counsel

The significant time and money constraints that patenting criminal

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[159] Aprill, *supra* n. 53, at § A.

[160] *Id.*

[161] 35 U.S.C. § 112 (2000).

[162] 35 U.S.C. § 102(g) gives priority to an inventor who is first to conceive of an invention but last to reduce it to practice (e.g., filing an enabling patent application) so long as that inventor was diligent in reducing to practice. However, conception requires (1) "the directing conception" meaning the idea "that a certain desired result may be obtained by following a particular general plan" and (2) "the selection of the means for effectively carrying out the directing conception." *Oka v. Youssefyeh*, 849 F.2d 581, 583 (Fed. Cir. 1988). It should be noted that H.R. 1908, if enacted, would make the U.S. a first to file country instead of the current first to invent. H.R. 1908, 110th Cong. § 3(a)(h)(1)-(2)

[163] *Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1371-72 (Fed. Cir. 1998).

[164] *Skinner v. Ry. Labor Execs.' Assn.*, 489 U.S. 602, 635 (1989) (Marshall, J., dissenting).

[165] 372 U.S. at 340.

[166] U.S. Const. amend. V; U.S. Const. amend. XIV, § 1.

defense strategies will impose on public defenders will negatively impact the Sixth Amendment right to counsel. In *Gideon*, the U.S. Supreme Court carefully articulated the importance of giving all criminal defendants a right to be represented by counsel.[167] The Court stressed that the Sixth Amendment right to counsel is indispensable to ensure fundamental human rights of life and liberty and that "[f]rom the very beginning, our state and national constitutions and laws have laid great emphasis on procedural and substantive safeguards designed to assure fair trials before impartial tribunals in which every defendant stands equal before the law."[168] The Court recognized that this ideal could not be accomplished "if the poor man charged with crime has to face his accusers without a lawyer to assist him."[169] Moreover, in addition to the Right to Counsel, indigent defendants have the right to *effective* assistance of counsel.[170]

The public defender system is already significantly burdened by time and monetary constraints.[171] Although the right to counsel exists in principle, "the inadequate funding of indigent defense threatens what remains of the right."[172] The absence of meaningful attorney qualifications and flawed systems for indigent defense appointments combined with inadequate funding, "has led to 'a system in which indigent defendants are frequently represented by overworked, underpaid, and unqualified lawyers . . . .'"[173]

The patenting of criminal defense strategies will result in the need for criminal defense attorneys to hire patent attorneys to conduct patent searches and negotiate licenses to use patents.[174] The American Intellectual Property Law Association reported that the average hourly rate for a U.S. patent attorney is between three hundred to four hundred dollars per hour.[175] In fact, some of the top law firms in New York now charge one thousand dollars per hour including well-known firms Cadwalader, Wickersham & Taft LLP and Fried, Frank, Harris, Shriver & Jacobson, which both practice intellectual property law.[176] Importantly, "[w]hile it's hard to raise prices on standard legal work, for matters such as bet-the-company deals [and] intricate patent disputes . . . firms often feel they can raise fees for name-

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[167] 372 U.S. at 343-45.
[168] *Id.* at 344.
[169] *Id.*
[170] *Strickland v. Washington*, 466 U.S. 668, 686 (1984) (emphasis added) (citations omitted).
[171] *Supra* sec. II pt. E.
[172] *Effectively Ineffective: The Failure of Courts to Address Underfunded Indigent Defense Systems*, *supra* n. 119, at 1734.
[173] *Id.*
[174] *Supra* sec. II pt. D.
[175] Gene Quinn, *Patent Attorney Fees Explained*, http://www.ipwatchdog.com/patent/patent-attorney-fees-explained/ (accessed Oct. 30, 2008) (noting senior patent attorney will cost upwards of $600 an hour).
[176] Nathan Koppel, *Lawyers Gear Up Grand New Fees*, 250 Wall Street Journal B1 (Aug. 22, 2007).

brand partners without upsetting clients."[177]

Additionally, numerous patent attorneys charge at least five hundred dollars for a basic U.S. patent search and eight hundred dollars for an international search.[178] The difficulty of ascertaining the amount to charge for a license and the amount of time it takes to conduct patent searches,[179] combined with the fees charged by patent attorneys, makes it clear that this would be a time consuming and expensive endeavor for public defenders. Because the public defender system is already heavily burdened and teetering on the edge of the Sixth Amendment right to counsel, this additional burden could push it over the edge.

This argument can be linked to those made by the American Medical Association in arguing against patenting medical procedures.[180] Their main argument was that patients would suffer because physicians would perform inferior procedures instead of becoming a licensee of the patent holder or referring the patient to a licensee or the patentee.[181] The counterargument was that "[i]f the primary concern of the attending physician truly is patient care, [then] that physician can refer the patient to treatment by the patentee, a licensee or the attending physician can pay whatever royalties are charged by the patentee to perform the procedure himself."[182] First, this argument is unavailing in the public defender context because the fact that a public defender can refer the defendant to the patentee or another attorney with a license to use the patent does not necessarily mean that he or she *will* take on the case pro bono.[183] Second, neither public defenders nor their clients can afford to pay the royalties for these strategies.

Some may argue that public defenders still have the option not to use these particular strategies–if public defenders decide to forego using the strategies then the defendants are still represented by counsel. In addition, the standard for ineffective counsel is very difficult to meet, namely, the second prong requiring proof that the outcome would have been different had the attorney met her duty.[184] Nevertheless, public defenders will still have to conduct patent searches to make sure that whatever strategies they do decide to use are not already patented. The decision not to hire a patent attorney to obtain a license does not eliminate the need to hire a patent

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[177] *Id.*

[178] New York State Science and Technology Law Center, *supra* n. 107.

[179] *Supra* sec. II pt. D.

[180] Eric M. Lee, *35 U.S.C. 287(C) – The Physician Immunity Statute*, 79 J. Pat. & Trademark Off. Socy 701, 712 (1997).

[181] *Id.*

[182] *Id.*

[183] Along the same lines, indigent defendants, unlike medical patients, do not have the right to choose preferred counsel. *Morris v. Slappy*, 461 U.S. 1, 16 (1983) (noting that an indigent defendant does not have an unqualified right to the appointment of counsel of his choosing).

[184] *Strickland*, 466 U.S. at 687-88.

attorney to avoid infringement. Furthermore, the argument to forego these strategies is refuted by the Fifth and Fourteenth Amendment issues raised below.

2. Deprivation of Criminal Defense Strategies May Violate Procedural Due Process under the Fifth and Fourteenth Amendments

There are Fifth and Fourteenth Amendment concerns[185] raised by the patenting of criminal defense strategies. An attorney has three options when faced with a particular strategy patent: (1) pay a patent holder a license fee to use the particular patent; (2) fail to pay the license and risk infringement; or (3) forego the particular strategy altogether.[186] Public defenders will have difficulty affording options one and two, so the option remaining is to abandon the defense strategy that may be helpful in getting their clients out of jail. If the ability to use a particular defense strategy is foreclosed, a defendant's due process rights may be violated.

In order for procedural due process to be implicated, there must be an "individual or group [that] is claiming a right to a fair *process* in connection with their suffering a deprivation of life, liberty, or property."[187] Liberty includes the right to be free from physical restraint, institutionalization being a clear example.[188] Additionally, capital cases fall within deprivations of life.[189] The inability to use patented criminal defense strategies involves a defendant's liberty, and potentially his life. While it is the attorney assigned to represent an indigent defendant who is denied the resources necessary for a complete investigation and the retention of necessary expert witnesses, "it is the defendant who pays with his or her life or liberty for the lawyer's ignorance of the law or failure to present critical evidence."[190] Public defenders may face the troubling situation of having to tell their clients that they cannot afford to obtain a license to use a legal strategy that may help prove the clients' innocence of crimes punishable by imprisonment or the death penalty.

In determining what procedures are required under the Due Process clause, courts have acknowledged that "due process . . . is not a technical conception with a fixed content unrelated to time, place and circumstances" and that procedural protections need to be flexibly determined on a case by

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[185] These Amendments respectively provide that neither the United States nor state governments can deprive any person "of life, liberty, or property without due process of law." U.S. Const. amend. XIV, § 1; *id.* at amend. V.

[186] Bubb, *supra* n. 108.

[187] Erwin Chemerinsky, *Constitutional Law Principles and Policies*, 579 (3d ed., Aspen 2006).

[188] *Id.* at 565-66.

[189] *Id.* at 579.

[190] Stephen B. Bright, *Neither Equal Nor Just: The Rationing and Denial of Legal Services to the Poor When Life and Liberty Are at Stake*, 1997 Annual Survey Am. L. 783, 787.

case basis.[191] In *Ake v. Oklahoma*, the Court confirmed that a State has to take steps to assure that an indigent criminal defendant has a fair opportunity to present his defense.[192] The Court stressed the long-recognized principle that access to a courthouse does not assure that a criminal defendant is receiving a fair trial.[193] Furthermore, while an indigent defendant is not entitled to all that his wealthier counterparts may obtain, he is entitled "access to the raw materials integral to the building of an effective defense."[194] The rationale is that there cannot be equal justice when a defendant is denied the opportunity to participate meaningfully in a judicial proceeding in which his liberty is at stake based solely on his poverty.[195] Thus, to determine whether an indigent criminal defendant has the right to use patented criminal defense strategies, a court would apply the *Ake* test.

In *Ake*, the Supreme Court considered three factors to determine whether an indigent defendant had the right to a psychiatrist in defense preparation.[196] The Court looked at (1) "the private interest that will be affected by the State's actions"; (2) the governmental interest "that will be affected if the safeguard is to be provided"; and (3) "the probable value of the additional or substitute [procedural] safeguards that are sought and the risk of an erroneous deprivation of the affected interest if those safeguards are not provided."[197]

In assessing the private interest involved, the Supreme Court has stated "[t]he private interest in the accuracy of a criminal proceeding that places an individual's life or liberty at risk is almost uniquely compelling."[198] It noted as evidence of this concern that over the years there have been many safeguards put in place to lessen the risk of erroneous convictions.[199] "The interest of the individual in the outcome of the State's effort to overcome the presumption of innocence is obvious and weighs heavily in [the court's] analysis."[200]

The inquiry next turns to the governmental interest in this matter. This inquiry involves both the function involved and the fiscal and

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[191] *Mathews v. Eldridge*, 424 U.S. 319, 334-35 (1976) (citations omitted).

[192] 470 U.S. 68, 76 (1985) (noting (1) right to trial transcript on appeal; (2) right to counsel at trial and on first appeal of right; and (3) the right to effective assistance of counsel).

[193] *Id.* at 77.

[194] *Id.*

[195] *Id.* at 76

[196] *Id.* at 77-78. These factors were adopted from *Mathews v. Eldridge* where the Court dictated that the process due is determined by weighing the private interest against the governmental interest through an analysis of "the risk of erroneous deprivation" of the private interest if the process were reduced and the "probable value, if any, of additional or substitute procedural safeguards . . . ." 424 U.S. at 335.

[197] *Ake*, 470 U.S. at 69. The Court held that "when a defendant demonstrates to the trial judge that his sanity at the time of the offense is to be a significant factor at trial, the State must, at a minimum, assure the defendant access to a competent psychiatrist who will conduct an appropriate examination and assist in evaluation, preparation, and presentation of the defense." *Id.* at 83.

[198] *Id.* at 78.

[199] *Id.*

[200] *Id.*

administrative burdens that the additional procedure would involve.[201] The costs of allowing indigent criminal defendants to use patented criminal defense strategies is difficult to predetermine but would likely be moderate. The courts *may* have to pay the patentee "just compensation" under the Fifth Amendment's Takings Clause, dependent upon whether using a patent at trial is considered a "taking."[202] Arguably, allowing use of property at trial could be seen as allowing physical access, which is considered a "taking."[203] However, before compensation is required, courts generally require an unreasonable impairment of the value or use of the property in question.[204] In lieu of the facts that (1) public defenders and indigent defendants are likely not potential licensees of patented criminal defense strategies, and (2) allowing a criminal defendant to use a patented strategy for trial does not affect the ability of a patentee to license to other people, there would probably not be an unreasonable impairment in value or use. Therefore, this would likely not be considered a "taking" and presumably the government is under no obligation to compensate the patentee for the use of his strategy.

The purpose of the patent laws is to promote progress in the useful arts.[205] As a result, the government's interests in patenting criminal defense strategies would be to promote both innovation and the disclosure of ideas. However, many of the arguments against patenting business methods and tax strategies are that they do not promote innovation because those systems have enough incentive without the push provided by patent laws.[206] The same argument can be made for the criminal defense field because attorneys have incentives within the Model Rules of Professional Conduct to develop and utilize strategies to assist their clients.[207] Additionally, other motivations such as head start advantage and competitive drive for a larger client base will spur attorneys to invent new legal strategies.[208] While there is a need for empirical evidence to precisely determine whether legal strategies, and tax strategies alike, promote innovation, there are persuasive arguments that they do not. On the other hand, criminal defense strategy patents disseminate new ideas because being in the public domain is the quid pro quo for the limited monopoly granted to patentees. This aspect weighs in favor of the government's interest. For these reasons, the governmental interest is questionable.

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[201] *Mathews*, 424 U.S. at 335.

[202] *See Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1004 (1984) (holding trade secrets constitute "property" within the meaning of the takings clause because they are an acquired property interest).

[203] *See Kaiser Aetna v. U.S.*, 444 U.S. 164, 179-80 (1974) (holding there was a taking when the government required a private waterway be opened for public use).

[204] *Id.*; *See PruneYard Shopping Ctr. v. Robbins*, 447 U.S. 74, 84 (1980) (holding no taking because plaintiffs failed to show that excluding speakers was "essential to the use or economic value of their property . . . .").

[205] U.S. Const. art. I, § 8, cl. 8.

[206] *Supra* sec. II pt. A subpt. 2; *supra* sec. II pt. B subpt. 2.

[207] Model R. Prof. Conduct 1.3 cmt 1.

[208] *Supra* sec. II pt. A subpt. 2.

Next, the probable value of the additional or substitute procedural safeguards that are sought and the risk of an erroneous deprivation of the affected interest if those safeguards are not provided are considered. The right to effective assistance at trial and on appeal is a procedural safeguard put in place to protect indigent defendants in preparing their defense.[209] The ability to prepare an adequate defense often involves tactical and strategic decisions, recognized in the Model Rules of Professional Conduct.[210] In *Ake*, the Court recognized the prevalence of psychiatrists being used at trial by holding that, when relevant at trial, an indigent defendant had the right to a competent psychiatrist.[211] While the Court neither accepted nor rejected the importance of psychiatrists, it determined that because of the common practice in using them, a contrary holding would be unfair.[212]

Similarly, although the value of a particular strategy depends on its success at trial, once this benefit is shown, the ability to use that strategy should remain in the public domain. Furthermore, the fact that tax strategy patents and legal method patents are being patented indicates a prevalence of these practices in the legal system. Therefore, because (1) there is such a strong private interest in being able to use criminal defense strategies, (2) the governmental interest is questionable and (3) the common practice of obtaining these patents indicates their potential value, depriving an indigent defendant the use of patented criminal defense strategies would likely violate the defendant's due process rights.

C. Potential Solutions

"If it's broke, fix it!"

The potential for criminal defense strategy patents poses a problem in need of a solution. There are three viable solutions for the current dilemma: (1) Congress can create another exception in H.R. 1908 making "legal planning methods" unpatentable subject matter in general; (2) the PTO can place warnings on patents and patent applications; and (3) Congress can create immunity for legal practitioners similar to that for medical practitioners under 35 U.S.C. § 287(b)(6)(c)(1). While the creation of an H.R. 1908 exception is the best way to permanently close Pandora's Box, the other two partial solutions are practical alternatives.

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[209] *Ake*, 470 U.S. at 76.
[210] Model R. Prof. Conduct 1.3 cmt. 1.
[211] 470 U.S. at 82-83.
[212] *Id.*

1. Congress Should Expand H.R. 1908 to Exclude Legal Planning Methods from Patentable Subject Matter

There are numerous problems raised by patenting criminal defense strategies. For this reason, in addition to the specific tax planning method exclusion in H.R. 1908, there should be an exclusion for legal methods in general. Incorporating these two exceptions, rather than broadening the current exception, is necessary because it would be difficult to write a "legal planning method" exclusion that also encompasses reducing tax liability. Brian Banner, writing for the Texas Intellectual Property Law Journal, noted that one would need to define "legal strategies, advice, or methods" in order to exclude them from patentable subject matter.[213] H.R. 1908 Section 10 did not exist when Banner addressed this problem.[214] Section 10 defines a "tax planning method" as:

> (a plan, strategy, technique, or scheme that reduces, minimizes, or defers individual tax liability. (see footnote 69))a plan, strategy, technique, or scheme that is designed to reduce, minimize, or defer, or has, when implemented, the effect of reducing, minimizing, or deferring, a taxpayer's tax liability, but does not include the use of tax preparation software or other tools used solely to perform or model mathematical calculations or prepare tax or information returns.[215]

This definition could be used to phrase an exception for a "legal planning method" defined as a plan, strategy, technique, or scheme that is designed to maximize, minimize, or eliminate a person's legal liability, or has, when implemented, the effect of maximizing, minimizing, or eliminating a person's legal liability. It is unnecessary to include the language of H.R. 1908 Section 10 involving software or other tools to the new definition because, as directly evidenced by U.S. Patent No. 5875431, legal methods involving the implementation of software cause the same problems as those that do not.

2. The PTO Could Require Official Notices that Patented Legal Strategies Are Not Necessarily Legal or Effective

There is a possible solution to the client confusion dilemma.[216] This has been addressed by Lucas Osborne, an associate attorney of Fulbright &

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[213] Banner, *supra* n. 61, at 507.

[214] Banner's article was published in the spring of 2007, but the amendment eliminating tax strategies from patentable subject matter was not approved until July, 2007.

[215] H.R. 1908 110th Cong. at § 10.

[216] *Supra* sec. III pt. A subpt. 2.

Jaworski L.L.P. Osborne suggested that the PTO and Internal Revenue Service require attorneys to provide their clients with an official notice that there is no guarantee the particular strategy is legal.[217] This notice would be similar to typical product warnings. However, Osborne acknowledged that because tax strategies are not sold or advertised, tax practitioners would have to provide notices in combination with advice similar to the type given by medical practitioners regarding privacy notices.[218]

The official notice would help alleviate client confusion as well as confusion among defense attorneys with licenses to use particular patented strategies. It would probably be most beneficial for these PTO warnings to be placed on every patent application and patent. This solution appears to be a viable solution to one of the issues concerning patenting criminal defense strategies. However, even if these warnings were attached, defense attorneys would still be limited in using the strategies within the patent.

3. Congress Can Create Legal Practitioner Immunity Similar to Medical Provider Immunity under 35 U.S.C. § 287(b)(6)(c)(1)

In 1994, the American Medical Association House of Delegates ("AMA") pushed for legislation to exclude medical procedures from patentable subject matter.[219] The AMA's reasons behind its movement for new legislation were very similar to those against patenting criminal defense strategies. The AMA's main arguments were (1) that medical procedure patents "would stifle the free flow of information among physicians concerning medical procedures" because physicians would not want to share information anymore; (2) there would be increased financial burdens due to licensing fees and costs of litigation; (3) physicians would perform inferior procedures because of inability to obtain licenses; and (4) that there is enough incentive for innovation within the medical profession already such that patents were unnecessary.[220]

Congress responded to these demands with 35 U.S.C. § 287(b)(6)(c), which restricts a patentee from getting an injunction or collecting damages from a medical practitioner who performs a medical activity.[221] Medical activities are defined as "the performance of a medical or surgical procedure on a body . . . ."[222] In addition a "medical practitioner" refers to a person licensed by a State to perform the medical

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[217] Osborne, *supra* n. 64, at 15.
[218] *Id.*
[219] Lee, *supra* n. 180, at 702-03.
[220] *Id.* at 703-04.
[221] 35 U.S.C. § 287(b)(6)(c)(1).
[222] *Id.* at § 287(b)(6)(c)(2)(A). The term body means "a human body, organ or cadaver, or a nonhuman animal used in medical research or instruction directly relating to the treatment of humans." *Id.* at § 287 (b)(6)(c)(2)(E).

activity or another person acting under such person's direction.[223]

Because many of the arguments against patenting criminal defense strategies are similar to those behind the medical practitioner immunity statute, Congress could respond with a legal practitioner immunity statute. This statute would make patenting a legal method, strategy, or advice undesirable because there would be no remedy for the patentee against the attorney who utilized it. The immunity statute could use similar language to that of the medical practitioner statute and could read:

> with respect to a legal practitioner's performance or use of legal activity that constitutes an infringement under Section 271(a) or (b) of this Title, Sections 281, 283, 284, and 285 of this Title shall not apply against a legal practitioner or against a related legal entity with respect to such legal activity.

Similar to 35 U.S.C. § 287(b)(6)(c), a legal practitioner could be defined as, "a person licensed by a State to practice law or a person acting under such person's direction." Additionally, "legal activity" could be defined as "legal planning method" as defined above.[224] These three suggested solutions would help eliminate or at least reduce the problems associated with patenting criminal defense strategies.

IV. CONCLUSION

There is a lot of controversy surrounding the patenting of business method and tax strategy patents. Despite the numerous arguments against business method and tax strategy patents, they are considered patentable subject matter. However, criminal defense strategies pose a more troubling dilemma, which should make it harder for Congress and the PTO to neglect. Criminal defense strategy patents have the potential of affecting a criminal defendant's life and liberty, valued highly by the United States Constitution. Moreover, the problems associated with criminal defense strategy patents not only affect the professional responsibility and atmosphere within the criminal defense system, but also are likely to impair the public defender system. It is time to halt legal strategy patents and seal the lid on Pandora's Box.

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[223] *Id.* at § 287(b)(6)(c)(2)(B).
[224] *Supra* sec. III pt. C subpt. 1.