



Office of Command Counsel Newsletter

June 2001, Volume 2001-3

CLE 2001 --- Highlights and Recap

The 2001 Army Materiel Command Continuing Legal Education Program was held 21-25 May. 125 AMC attorneys and invited guests enjoyed a week of education, learning, camaraderie and congeniality.

Special thanks go to the CLE Planning Committee chaired for the fourth year by **Steve Klatsky**, and members **Vera Meza, Bob Lingo, Mike Wentink, Mike Lassman, Ed Stolarun** and **Holly Saunders**. Administrative support from **Debbie Reed** and **Claudia Klus** was exceptional.

Holly Saunders is a vital component of the success of the CLE with unique talents that include computer skills, desk book design, organization, and relationships with the hotel. She is also calm and enthusiastic and makes all attendees feel at home. Thanks for everything Holly.

Each organizational element represented at the CLE received a CD with all conference materials. Additionally,

Office of Command Counsel Web Master **Josh Kranzberg** will upload the materials onto to AMC Command Counsel Web Site.

The lawyers of AMC make the CLE happen through the identification of issues to be covered in plenary, elective and legal focus sessions, and through attentive and active participation.

The CLE is a year-long planning event. We need your suggestions about topics and speakers. During the year, if you have ideas please share them with **Steve Klatsky**.

It is a special feeling to look across the room and see our law firm representatives from AMC.

BUONOCORE
AMC
**Attorney of
the Year**
(see page 3)

CECOM Receives Editor's Award--3X

For the third consecutive year the **CECOM Legal Office** received the Command Counsel Editor's Award in recognition of their significant contributions to the success of the bi-monthly publication.

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Listening & Leadership

The enrichment session for CLE 2001 focused on Listening, with our guest speaker **Dr. Rick Bommelje**, Associate Professor in the Department of Organizational Communication at Rollins College.

Did you know:

○ About 85% of what we know we have learned by listening.

○ We are distracted, pre-occupied or forgetful about 75% of the time.

○ We listen at 125-150 words per minute but think at 1,000-3,000 words per minute.

○ Less than 2% of the population has had formal training in listening.

CLE attendees participated in several exercises. In one, Dr. Bommelje provided an analysis of:

10 Listening Habits

1. Find something of interest when listening that focuses your attention
2. Content first—Delivery second
3. Withhold judgement
4. Focus on the Main Idea
5. Take notes (unless you have the gift of recall)
6. Show attention
7. Control or minimize distractions
8. Exercise your listening muscle
9. Do not let your biases get in the way of understanding
10. Close the gap between listening speed and speech/thought speed

Enrichment Speakers

At each CLE we try to bring to you a dynamic topic outside the normal legal developments area, but related to our practice, clients and community.

You can help.

During the course of a year when you attend conferences and meetings, and observe a good topic and speaker please pass the information on to **Steve Klatsky**.

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Check out the Newsletter on the Web at http://www.amc.army.mil/amc/command_counsel/

Letters to the Editor are accepted. Length must be no longer than 250 words. All submissions may be edited for clarity.

pecial **CLE** edition

Vince Buonocore--

Selected AMC Attorney of the Year

This year's nominees selected for special recognition, in alphabetical order, are:

Vince Buonocore, CECOM

Nancy Holzwanger, AMCOM

Paul Marone, SBCCOM
APG Garrison

Les Renkey, Blue Grass
Army Depot

John Seeck, OSC

Lynn Sturgis, McAlester
Army Ammo Plant

Jerry Williams, TACOM-
ARDEC

The recipient of the Joyce I. Allen AMC Attorney of the Year for 200 is **Vince Buonocore, CECOM**.

Mr. Buonocore's exceptional accomplishments, dedication and customer focus are most clearly evidenced by his extraordinary efforts in support of the

Army's Wholesale Logistics Modernization Program. Of particular note is his defense of the program against the labor union's Federal District Court action seeking to enjoin the implementation and execution of this critical program.

As the CECOM's first Procurement Fraud Advisor he was the driving force in dozens of cases where the Army recovered in excess of \$100M in goods, services and financial recoveries.

The WLMP—LOG MOD, an effort identified by the Chief of Staff of the Army as one of the three most essential programs within the Army, is a revolutionary approach aimed at modernizing both the Army's logistics practices and the information technology supporting those practices over the next five to ten years.

It required obtaining the first waiver ever issued from the regulatory requirements of Office of Management and Budget (OMB) Circular A-76 for a cost comparison study. Mr. Buonocore played a pivotal role in the complex and extensive formulation of the

agency's submissions made in connection with obtaining the A-76 waiver. Additionally, he was instrumental in building a favorable record of communication with the union related to the labor relations aspects of LOGMOD, and in formulating the mechanisms for agency compliance with the multiple Title X requirements related to DOD outsourcing.

All of these efforts culminated in Mr. Buonocore's successful defense of the program against the union's attempts to obtain a Temporary Restraining Order (TRO) and Preliminary Injunction (PI) in the Federal District Court for the Eastern District of Missouri.

Vince also served as Agency Representative in the successful defense of LOGMOD in connection with an Equal Employment Opportunity (EEO) Class Action Complaint and in an arbitration initiated by the Union, while at the same time successfully managing an extraordinarily busy Business Law Division as a Division Chief within the CECOM Legal Office.

pecial CLE edition

Pamela McArthur--

Preventive Law Program Award

The Awards Committee identified the following nominees, for this year's Preventive Law Program Award as deserving special recognition:

Emanuel Coleman,
AMCOM

Pat Drury, CECOM Alexandria Branch

Violet Kristoff, TACOM
Pamela McArthur,
CECOM

Bernadine McGuire,
OSC

SBCCOM APG Garrison
Client Services Team

Recipient is: **Pamela McArthur,** CECOM Ft. Monmouth

In just a short time at CECOM, **Pamela McArthur** has developed an outstanding preventive law program in her capacity as Chief of the Legal Services Branch, Staff Judge Advocate Division. By publishing numerous articles and reaching out to a diverse client base, Ms. McArthur has ensured that the entire Fort Monmouth community learns of the latest developments in the law.

Pam's most significant effort has been in publishing a series of articles on various topics in publications that reach a large number of people. This includes the civilian employee workforce at CECOM, a group that ordinarily is not entitled to legal

assistance on an individual basis. In the last seven months, she has submitted the following articles to the *Monmouth Message*, a weekly newspaper targeted to the civilian and military workforce at Fort Monmouth: "Being Sued," "Legal Services General Information," "Solving Consumer Credit Problems," "What is the New Jersey Lemon Law?" "Holidays Bring out the Best, Worst in People (Phone Scams)," and "Get Ready for Tax Season."

In addition to publication in the *Monmouth Message*, these articles are also posted on the CECOM General Interest Bulletin Board and several have been published in the AMC Newsletter.

Dave DeFrieze--

Command Counsel Achievement Award

David DeFrieze, of the OSC Legal Office. Dave DeFrieze is recognized for his exceptional contributions to the establishment, implementation and success of the AMC Partnering Program.

Even before there was an AMC Partnering Team or AMC Partnering Program Dave ac-

tively campaigned to institute several Partnering initiatives at the then Industrial Operations Command. He actively participated in Partnering Workshops, a major ingredient of each Partnering arrangement.

His early work and writings in the Partnering arena

were major factors in the design of the AMC Partnering Pilot Programs. During these last five years, Dave has been a creative and driving force in the design of the AMC Partnering Model and Guide. In each of these efforts he has been of superb help to HQ AMC.

pecial CLE edition

K Krewer--

Managerial Excellence Award

Francis J. Buckley, Jr. was Chief Counsel of the US Army Missile Command, Huntsville for 32 years. The Command Counsel established the Francis J. Buckley, Jr. Award for Managerial Excellence in 1993.

This year we recognize the following nominees:

Theodore Chupien, CECOM

David DeFrieze, OSC

Sharon Hill, AMCOM

K Krewer, TACOM-Rock Island

Recipient of the Francis J. Buckley, Jr. Award for Managerial Excellence is...**K**

Krewer, TACOM-Rock Island Legal Group.

K has proven to be able to master the most complex legal issues and to work with her attorneys to ensure proper fact-gathering and legal analysis.

As chief of a field office—a tenant at another AMC MSC, K shows an ability to work closely with members of the host organization legal office to solve issues of mutual concern. With her characteristic wit and humor she is able to relieve stress and tension that is inherent in the legal business.

K's management qualities continue to be recognized by her command group in many important ways. She was designated by the TACOM-Rock Island command group to be a member of their Quality Council, has been designated a Champion for Leadership and chairperson of the command's Leadership Group.

Due to her managerial excellence K Krewer is chief of an AMC Legal Office that has an outstanding reputation for their legal skills, and participation in the business management practices of the command.

Toland, Garfield & Hankins--

Team Project Award to AMCOM

On 3 August 2000, a major defense contractor agreed to pay the United States \$54 million to settle two lawsuits that alleged the placing of defective items. The United States, which joined as a party in the two cases, alleged that that the prime and its subcontractors violated the

False Claims Act. The settlement agreement allowed the government to recover the amounts lost due to the destruction and damage to equipment,

As the suits against the contractor were primarily based upon the remedies afforded by the False Claims

Act, the damages recovered could be used to directly credit Army accounts .

Brian Toland, Bob Garfield and Don Hankins did outstanding work with the DoJ in case and witness preparation , to bring this matter to a successful conclusion.

AMC Board of Directors Point Papers

For copies of these please contact **Vera Meza** at DSN 767-8177. A couple of these are enclosures in this Newsletter.

1. AMC Meeting Attended by Employees of Support Contractors
2. Lessons Learned from UDLP's GAO Protest Against Award of the IAW
3. What You Should Know About the Berry Amendment
4. Maintaining a "Level Playing Field" for the Future Combat System
5. DX/DO Orders: Defense Priorities & Allocation System
6. ARMS-type Legislation for Arsenals and Depots
7. Sec. 508: New Accessibility Requirements for Information Technology Purchases
8. CCAD-How to Avoid EDP Claims Litigation
9. Reporting Environmental Issues and Enforcement Actions
10. GAO's Analysis of the Role of the Contracting Officer
11. Transition Counseling: Post-Government Employment Restrictions
12. Identity Theft: What to do if it happens to you!

Legal Assistance Items

Tax: Housing Reimbursement & Per Diem for TDY for Long-Term TDY

Damage to Rental Cars While on TDY--The MTMC Contract

The award winning CECOM Legal Services Branch provides an interesting paper on taxation of housing reimbursement and per diem for TDY assignments of over one year.

The purpose of this article is to inform AMC personnel (military and civilian) on the tax impact (federal and state) of TDY assignments over one year and discuss the issue of whether or not the lodging and per diem reimbursements received or receivable by military and civilian personnel on TDY assignments over one year is taxable as income.

POC is **Pamela McArthur**, DSN 992-4371 (Encl 1).

You are on TDY with an authorized rental car when you are involved in an accident. The rental agency attempts to collect from you for the damages. Are you liable? What about third parties that may be involved in the accident? What should you do?

The answer is - it depends. If you followed the rules, were proactive in the choice of rental agencies, and were operating the vehicle within limits, you are not liable to the rental agency for damage to their vehicle.

HQ AMC Counsel, **Sam Shelton**, DSN 767-8004 provides an article describing the rules under contract negotiated by the Military Traffic Management Command with many rental car agencies (Encl 2).

Acquisition Law Focus

Future Combat System

HQ AMC counsel **Lisa Simon**, DSN 767-2552 provides an update to the Board of Directors on the very important Future Combat System (Encl 3).

The Future Combat System (FCS) is the next-generation land combat system and forms a critical element of the Army's Objective Force. The FCS is currently in the Concept Exploration stage of the development cycle.

The FCS will be jointly managed by DARPA and the Army through System Development and Demonstration, after which the Army will assume program management.

DARPA has awarded four contracts under the "other transaction" authority. These contracts are not considered "procurement contracts" and give DARPA considerable flexibility to negotiate contract terms and conditions on an individual basis.

The four contractor teams are:

- oo The Boeing Corporation, Phantom Works

- oo Team Full Spectrum, Science Applications International Corporation

- oo Team FoCuS Vision Consortium, Raytheon Corporation

- oo Team Gladiator, TRW, Inc. and Lockheed Martin Vought Systems

AMC laboratories and RDECs have unique technical information and expertise which could be critical in the development of the FCS. The four FCS contractor teams have sought to work with AMC labs and RDECs to access this information and expertise.

To do this, AMC labs and RDECs have entered into Cooperative Research and Development Agreements (CRADAs) with the four FCS contractor teams.

List of Enclosures

1. Tax: Housing Reimbursement & Long-Term TDY
2. Damage to Rental Car
3. Future Combat System
4. Doctrine of Equivalents: Patent Law and Theory
5. Accessibility Requirements for IT Purchases
6. Copyright Act: "Works for hire" and "computer software"
7. What you should know about The Berry Amendment
8. Impact of Source Control Drawings on Competition
9. Reporting Environmental Issues and Enforcement Actions
10. Transition Counseling: Officers and Employees
11. Meetings: Attendance by Support Contractors' Employees
12. Lexis Corner

Patent Law & Theory: Accessibility The Doctrine of Requirements Equivalents for IT Buys

Hay Kyung Chang, AMCOM Counsel, DSN 746-5091 provides an excellent treatise on the doctrine of equivalents and its impact on patents and inventions (Encl 4).

The paper explains the background, purpose and the statutory design of the doctrine.

The claims of an issued patent are a description of the metes and bounds of the boundaries of the invention. They represent the agreement between the applicant and the Patent and Trademark Office as to the extent of the exclusive property rights granted to the inventor in his/her invention while serving to provide the public the precise basis on which to determine which activities or products do or do not infringe the patent.

Thus, the claims of a patent serve two purposes: one, to set out the scope of rights granted to the inventor

and two, to notify the public of the limits on those rights.

To reach a compromise between the two conflicting goals of the patent system, the doctrine of equivalents was developed by the courts.

The motivation behind the doctrine is to give protection to the inventor when the accused device or process does not fall within the literal scope of a claim but which, nonetheless, meets each limitation of the claim by equivalence.

The determination of what is considered “equivalent” is made based on the particular circumstances of the case. “Equivalence, in the patent law, is not the prisoner of a formula and is not an absolute to be considered in a vacuum. It does not require complete identity for every purpose and in every respect.” Succinctly put, the doctrine is intended to prevent a fraud from being practiced on a patent.

HQ AMC Technology counsel **Lisa Simon**, DSN 767-2552, provides an updated point paper on this developing story (Encl 5).

Section 508 of the Rehabilitation Act was recently changed to require that all federal electronic and information technology developed, procured, maintained, or used after June 21, 2001 be comparably accessible to disabled employees as to able-bodied employees — unless to do so would represent an “undue burden”.

“Undue burden” generally means that compliance would result in significant difficulty or expense.

To the extent there is an “undue burden”, the law requires that we document it and provide disabled employees an alternative means of access to the data or information.

Acquisition Law Focus

Copyright Act—"works made for hire" and infringement of computer software copyrights

The Copyright Act of 1976, 17 USC 201(a), provides that copyright ownership vests initially in the author or authors of the work.

A person who conceives an idea is not an author. 17 USC 102(b). As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection.

The Act carves out an important exception, however, for "works made for

hire." If the work is a "work made for hire," the employer or other person for whom the work was prepared is considered the author and owns the copyright, unless there is a written agreement to the contrary. 17 USC 201(b) (Encl 6).

This paper by CECOM's **Raymond Ross**, DSN 992-9792, discusses the statutory definitions of "employee", "employment" and "scope of employment." It also addresses the Act with reference to copyright infringement of computer programs.

What you should know about the Berry Amendment

Josh Kranzberg, DSN 767-8808, provided the Board of Directors with a point paper on the Berry Amendment, one of numerous laws regarding the acquisition of foreign supplies, services, and construction materials.

The Berry Amendment applies only to DOD and has been included in DOD appropriations acts since 1941. The Paper discusses relevant DFARS and exceptions, and more (Encl 7).

Impact of Source Control Drawings on Competition

Public Law (P.L.) 98-369, The Competition in Contracting Act (CICA) of 1984, requires procurements for property and services to be obtained on the basis of full and open competition.

There are seven exceptions to this requirement identified in Part 6 of the Federal Acquisition Regulation (FAR) which generally requires the preparation of a Justification and Approval (J&A) if the procurement is to be conducted without full and open competition.

Occasionally, when J&As are submitted for review, the principal justification cited is that only one company is listed on the source control drawing (SCD) and, therefore, that source is the only source qualified to provide the item.

This situation has led to the question: Is listing a single firm on a SCD a proper basis for sole source? The statutory and regulatory guidance associated with qualification provisions for SCDs, particularly as these relate to CICA, must be understood in order to accurately answer this question.

The enclosed by CECOM's **Guy Rayner**, DSN 992-5059 addresses this issue (Encl 8).

Employment Law Focus

EEOC Tries Computer-Based Training--to Improve Federal EEO Process

The U.S. Equal Employment Opportunity Commission (EEOC) announced a new computer-based training initiative for federal agencies and stakeholders as part of its broader efforts to improve the federal sector complaint process. The training is being conducted through the use of a state-of-the-art CD-ROM that provides comprehensive information and interactive instruction to federal employees, managers, and others involved in the federal EEO process. The CD is fully accessible to people with disabilities.

"This innovative CD-ROM will allow all of those with a stake in the federal sector EEO process to receive valuable computer-based training wherever and whenever it is needed," said Commission Chairwoman Ida L. Castro, "which, in turn, will help ensure that the EEO process is fair, effective, and efficient for federal workers and managers alike. Computer-based training will move us closer

to creating a model federal workplace."

The CD-ROM, entitled *Sailing Through the Federal Sector EEO Process*, is being issued by EEOC to federal agencies and stakeholders. It contains innovative features such as audio narration, sizable text, and keyboard alternatives, which make it fully accessible for individuals with disabilities. In addition to the training information, the CD also includes additional reference material on the federal sector program, including sections of the Code of Federal Regulations governing the federal sector complaint process (29 C.F.R. Part 1614), and the implementing guidance covering the federal sector regulations and EEO process (EEOC Management Directive 110).

Additional information about the computer-based training can be obtained by contacting EEOC's Office of Federal Operations by e-mail at eeo.cbt@eoc.gov.

Military Law Enforcement Officials Authority over Civilian Lawbreakers

From time to time, installations attorneys get questions regarding the authority of military police and DoD security guards to arrest civilian lawbreakers.

For example, can the security guard follow the civilian lawbreaker off-post to make an apprehension if the DoD security guard is engaged in "hot pursuit"?

An excellent law review article "[Opening the Gate?: An Analysis of Military Law Enforcement Authority over Civilian Lawbreakers On and Off the Federal Installation](#)" by Major Matthew J. Gilligan (Military Law Review September 1999) answers this questions and provides a comprehensive analysis of the authority that military law enforcement officials and security guards may exercise over civilian lawbreakers.

Environmental Law Focus

Army Plans Environmental Transformation

What is ahead for our installations, as the Army transitions to a new force?

Those of you who attended the AMC Continuing Legal Education Conference heard discussions of this topic by **COL James H. Rosenblatt** and **LTC David Howlett**.

Solar and geothermal energy sources, “green” bullets, and alternatively-fueled vehicles may be commonplace on 21st-century Army installations. For more information on what is envisioned for the coming century, visit <http://aec.army.mil/prod/usaec/op/news/aweec2000a.htm>.

In the same vein, DoD has published a report on Climate Change, Energy Efficiency, and Ozone Protection, Protecting National Security and the Environment, which reviews some of the new, energy saving technology.

http://www.denix.osd.mil/denix/Public/Library/Air/Climate_Change/EE/pnsebook.html

Watch Out for Those Migratory Birds Until New Rules

Although other courts had previously found otherwise, the United States Court of Appeals for the District of Columbia Circuit recently ruled that a Federal agency’s implementation of a migratory bird management plan by taking and killing migratory birds violated section 2 of the Migratory Bird Treaty Act (MBTA) and that the prohibitions of the MBTA apply to Federal and State officers as well as private citizens.

The FWS is working with DoD and other federal agencies on an interim rule which would authorize the take of migratory birds by Federal agencies for purposes not already covered by existing regulations.

This rule would clarify that the possibility or even the certainty that migratory birds will be killed or injured as the incidental or unintended result of federal agency actions necessary or appropriate to meet the agency’s statutory responsibilities or missions does not preclude the federal agency

from undertaking such actions.

While it is not clear that such authorization by the Service is necessary, this rule would authorize takes of migratory birds that result from federal agency actions beyond the scope of the intended takes subject to permitting requirements set out in the Service’s existing regulations.

In addition, the proposed rule will likely require federal agencies to assess the expected impact on migratory birds of proposed actions that are substantial enough to require documentation pursuant to the National Environmental Impact Act.

Further, if the federal agency determines that the action is likely to have a significant adverse impact, then it is probably the federal agency would be required to develop reasonable measures to avoid or minimize the take of migratory birds.

We will notify environmental counsel when the final proposed interim rule is announced—stay tuned.

Environmental Law Focus

US Army Reporting Environmental Environmental Issues Strategy for and Enforcement 2001 Actions

Final Draft DA Pam 200-1 available on DENIX. The Final Draft DA Pam 200-1 is a new pamphlet that explains how the Army will execute the “U.S. Army Environmental Strategy into the 21st Century”.

It provides detailed guidance to support implementation of Army Regulation 200-1 and provides guidance on all of the Army’s environmental programs. A copy of the Final Draft DA Pam 200-1 is available on DENIX <https://www.denix.osd.mil/denix/DOD/Policy/Army/pam200-1.doc>.

Remember this is only a draft. Section 15-6 of the pamphlet, which addresses environmental documentation for real estate transactions has been issued by ACSIM as Interim Guidance until publication of the pamphlet.

HQ AMC Environmental counsel **Stan Citron**, DSN 767-8043, prepared a point paper on a recent AMC CG memorandum on the above headlined subject (Encl 9).

On 6 April 2001, the AMC CG signed memorandum emphasizing the importance of communicating significant environmental issues to HQ AMC.

In particular, commanders must promptly report environmental issues that have potential for generating public, media, regulatory, or congressional interest.

The memorandum also included the AMC Communication, Reporting, and Coordination Guidelines.

These guidelines make it clear that the environmental offices are responsible for reporting environmental enforcement actions (ENFS) and the legal offices are responsible for coordinating environmental agreements.

The AMC guidelines require prompt reporting of all ENFs (24 hours for ENFs involving a fine and 48 hours for

all other ENFs). Additional guidance on reporting procedures is available in the AMC Memorandum dated 18 September 2000, Subject: Reporting Enforcement Actions.

The AMC guidance also outlines procedures for coordination environmental agreements. The key concepts are that installations should work closely with higher headquarters through the entire negotiation process and Army Environmental Law Division is required to approval all environmental agreements (ENF and non-ENF agreements).

AMC installations are generally doing a good job of reporting significant environmental issues. We need to continue these efforts to ensure that the Army leadership is aware of environmental issues and avoid “surprises” at all levels of command.

Transition Counseling: Officers and Employees Alike

AMC Ethics Counsel **Mike Wentink**, DSN 767-8003 provided the Board of Directors with two point papers that we include for you

The first concerns Transition Counseling and has sections on seeking employment, in transition, and post employment arenas (Encl 10).

We include the section entitled seeking employment.

Seeking Employment

Once an employee begins to seek employment, he or she is disqualified from participating in any official matter that affects the financial interests of the company where seeking employment.

Seeking employment begins upon sending a resume, or even with a telephonic or other contact with an expression of interest in future employment, unless one of the parties unequivocally rejects the contact.

If the prospective employer is a USAMC contractor, the AMC employee probably should issue a written notice of the disqualification.

If the prospective employer is a bidder or offeror in a competitive procurement in which the AMC employee is participating (e.g., the employee wrote the statement of work, reviewed and approved the statement of work, or is on the source selection evaluation board), the procurement integrity law requires the AMC employee to give a special notice, even if he or she has no intention of pursuing the contact.

Other sections address activities such as filing a termination of employment financial disclosure statement, and terminal leave requirements.

The paper closes with a recitation and discussion of important post-government regulatory and statutory requirements.

Meetings: Attendance by Support Contractors' Employees

There are laws, including criminal laws, regulations and restricted rights agreements that govern the use and release of nonpublic information.

The general principle concerning transmittal of nonpublic information to other Federal employees is "need to know."

The enclosed paper addresses an additional principle, as to whether we release nonpublic information to employees of our support contractors for such tasks as graphics preparation, database management, study and analysis, and briefings.

The contractor's employees might have a need to know but we also must ask whether we as government employees have the right to release (Encl 11).

The Lexis Corner

Lexis representative Rachel Hankins provided CLE 2001 attendees with a nice Top 10 to expand our research capabilities:

1. The AMC / LEXIS-NEXIS web page with “**Quick Links**.” Access by going to <http://www.lexis-nexis.com/amc>. “**Quick Links**” are shortcuts to the most popular sources used by AMC personnel nationwide

2. Print case law in **dual column** right from *lexis.com* to your attached printer. You can also download, fax or email results

3. **Shepard’s**, a LEXIS-NEXIS exclusive, updates everyday and offers five **Case Law Signals** to help you immediately identify valid case law

a. The Red Stop Sign  - indicates strong negative references are available about your case (e.g. Reversed, Overruled, Questioned, Opinion Withdrawn, etc.)

b. The Yellow Caution Sign  - indicates possible negative treatment is available about your case (e.g. Criticized or Distinguished)

and/or appellate history is listed

c. The Green Plus Sign  - indicates only positive analysis codes are available about your case (e.g. Affirmed or Followed)

d. The Blue Circle with the “A”  - indicates that only neutral analysis codes are available about your case (e.g. Explained, Harmonized, Cited in Dissenting Opinion) and/or prior history is available

e. The Blue Circle with the “I”  - indicates there are no analysis codes associated with the cited references

4. **Case Summaries** are being placed at the heading of all substantive case law and include:

d. **Procedural Posture** - explains how the court got the case

e. **Overview** - gives details about the case itself

f. **Outcome** - what this court did with the case

5. **Term Mode Browsing**

- allows you to jump from “key term” to “key term,” while in the full text of the document

6. **Core Terms** - a list of the most relevant terms & phrases from the case as written by the court to quickly to determine if case is on point

7. **ECLIPSE** - the “Electronic Clipping Service” automatically tracks issues by updating any saved search and forwarding new documents to your email

8. **TOC view**- use this viewing format in the USCS or CFR to display the table of contents with links to all surrounding sections

9. **Research Consultants** - 12 Research Consultants located strategically throughout the United States for on-site training

10. **Customer Service** - available 24/7 - (800) 543-6862 or call collect at (937) 859-9358(Encl 12).

Faces In The Firm

Hello & Goodbye

Departures

HQAMC

COL Demmon Canner is going to the U.S. Army Court of Criminal Appeals in Ballston to become an appellate judge. DC's upbeat attitude and laughter will be missed.

Cherell Gerald-Lonon She has accepted a paralegal job at the Department of Justice in Washington, D.C. to work on the tobacco litigation. She keeps the protest data base.

OSC

Geraldine Lowery has retired from Government service and has enrolled in Fashion Design School, hoping to own her own business someday.

Captain Marc Howze, currently on terminal leave, is now working for Deere & Company in the Quad Cities Area.

More Hellos

CECOM

1LT Rebecca Michaels has arrived from the JAGC Basic Class to the SJA Division.

Arrivals

HQAMC

The new SJA/Chief of General Law Div will be **LTC(P) Dave Howlett** who is currently the Chief of the Litigation Branch of the Environmental Law Div, USALSA [or OTJAG if you prefer]. The transition will occur on or before 16 July 2001.

Elizabeth Gregory, is the new Legal Technician in the General Law Division.

OSC

Welcome back to **Bill Bradley** (leaving Sierra Army Depot). They will be settling back into the Quad City area in June.

Captain Derek Stratman arrived at the OSC at the end of May from Fort Drum, New York.

1LT Dean Daugaard will be arriving at the Tooele Army Depot in early September. From Fort Carson, Colorado,. Welcome to 1LT Daugaard, his wife, and three daughters.

Captain Jacqueline Emanuel will be arriving at the OSC in July. CPT Emanuel is currently the Defense Counsel, Ft. Carson.

More Arrivals

AMCOM

Thomas R. Aug has recently joined the General Law/Intellectual Property Law Division as a GS-13 General Attorney. He has just left active duty where he was a Captain in the JAG Corps at Yuma Proving Ground, AZ.

1LT Douglas W. Moore is the newest JAG Officer in the Office of Staff Judge Advocate. LT Moore has just completed the 154th Judge Advocate Officer's Basic Course.

TACOM

Clifford "Clay" Carter, is a new intellectual property law attorney coming on board this June. Clay comes to TACOM from the US Army Space and Missile Command in Huntsville, Alabama.

TACOM-Warren also welcomes the return of **Kevin Storey**. Kevin is presently on staff at the Corpus Christi Army Depot. He will be joining the Business Law Division of TACOM-Warren on 2 Jul 01.

Faces In The Firm

Promotions

AMCOM

Congratulations to **Nancy L. Holzwanger** who was recently promoted to GS-14 in the Acquisition Law Division.

Births

OSC

Rick and Janine Murphy celebrated the birth of their son, Joseph Matthew, on 4 May 2001. In addition to his parents, Joseph was welcomed home by his proud big sister and brother, Robin and Scott. Congratulations to all!

Geraldine Lowery was blessed with a new grandson. John Thomas Johnson III was born on 13 May 2001. Our congratulations and best wishes to the family.

Awards and Recognition

OSC

Larry Manecke (RIA) was honored at the Federal Executive Association Awards Luncheon held at the Rock Island Arsenal on 9 May. Mr. Manecke was recognized for his outstanding support/contributions in the technical/professional category.

CECOM

Elaine Basile was recognized as CECOM Secretary of the Year and received the Commander's Award.

Mark Sagan was named one of CECOM's 10 Outstanding Personnel of the Year 2000, receiving the Superior Civil Service Award.

The **CECOM Legal Services Branch** received the Army Chief of Staff Award for Excellence in Legal assistance for Fiscal Year 2000.

Death

It is sad to report that former CECOM Acting Chief Counsel **Robert Saphro** passed away in April.

Mr. Saphro began his Federal career in 1957 and retired in 1995 with 38 years of exceptional service.

For many years Bob served as the CECOM Deputy Chief Counsel and then as Acting Chief Counsel.

CLE

2001 Materials

are now

available on

the AMC

Command

Counsel Web

Page

Taxation of Housing Reimbursement and Per Diem for TDY Assignments Over One Year and New Jersey Tax Liability for Working in New Jersey

The purpose of this article is to inform AMC personnel (military and civilian) on the tax impact (federal and state) of TDY assignments over one year and discuss the issue of whether or not the lodging and per diem reimbursements received or receivable by military and civilian personnel on TDY assignments over one year is taxable as income.

Military and civilian personnel are, from time to time, ordered to long term TDY (more than one year) at sites remote from their primary residence. They receive reimbursement for their actual housing expense and per diem at the local rate for meals for these extended periods. Questions arose about the tax impact of the amounts described above upon review of the Joint Travel Regulation (JTR), which remarks (without citation) that these amounts are taxable income.

The JTR reads at paragraph FC4430-F2: “[a] TDY assignment at one location for more than one year is considered, by the IRS, to be permanent and any reimbursement is taxable income.” Considering the following analysis, this office sent a clarification request to the General Services Administration on May 1, 2001, because (1) the paragraph did not contain citations to authority for this position and (2) that position was at odds with research into the United States Code and IRS regulation(s), commonly accepted tax guidance, several information requests to the IRS, and the opinion of the Office of The Judge Advocate General (LTC Curtis Parker). No response has been received to date. If the examination below is insufficient, we may, of course, request a private opinion from the Internal Revenue Service or the New Jersey Attorney General’s Office.

The law in three situations is set forth below.

1. Military Personnel:

26 U.S.C. § 134 (2001), *Certain military benefits*, reads as follows:

(a) General rule. Gross income shall not include any qualified military benefit.

(b) Qualified military benefit. For purposes of this section--

(1) In general. The term "qualified military benefit" means any allowance or in-kind benefit (other than personal use of a vehicle) which--

(A) is received by any member or former member of the uniformed services of the United States . . . and

(B) was excludable from gross income on September 9, 1986, under any provision of law, regulation, or administrative practice which was in effect on such date (other than a provision of this title).

While this language appears somewhat vague, upon examination and review of the Committee Report and legislative history, it becomes quite clear that lodging and per diem reimbursements for long term TDY fall into this category, and are therefore not taxable income. The Conference Report remarks that “the conferees believe that rules for the tax treatment of military benefits should be consolidated and set forth in one statutory provision. This will better enable taxpayers and the IRS to understand and administer the tax rules. . . . The conference agreement excludes from income benefits which were authorized by law on September 9, 1986, and which were excludable from income on such date. Benefits are excludable only to the extent of the amount authorized and excludable on September 9, 1986. . . . The conferees understand that the allowances which were authorized on September 9, 1986, and excludable from gross income on such date are limited to the following: . . . temporary lodging in conjunction with certain orders under 37 U.S.C. 404(a) . . .” In turn, 37 U.S.C. 404(a) provides that “. . . a member of a uniformed service is entitled to travel and transportation allowances for travel performed or to be performed under orders . . . when away from his designated post of duty regardless of the length of time he is away from that post . . .”

Therefore, the per diem and reimbursed lodging expenses of military personnel on long term TDY are not taxable as income.

2. Civilians whose actual expenses equal his/her requests for reimbursement

The applicable provision in the Treasury Regulations, at 26 C.F.R. 1.162-17(b)(1), *Reporting and substantiation of certain business expenses of employees*, reads as follows:

(a) Introductory. The purpose of the regulations in this section is to provide rules for the reporting of information on income tax returns by taxpayers who pay or incur ordinary and necessary business expenses in connection with the performance of services as an employee and to furnish guidance as to the type of records which will be useful in compiling such information and in its substantiation, if required. . . .

(b) Expenses for which the employee is required to account to his employer--(1) Reimbursements equal to expenses. *The employee need not report on his tax return (either itemized or in total amount) expenses for travel, transportation, entertainment, and similar purposes paid or incurred by him solely for the benefit of his employer for which he is required to account and does account to his employer and which are charged directly or indirectly to the employer (for example, through credit cards) or for which the employee is paid through advances, reimbursements, or otherwise, provided the total amount of such advances, reimbursements, and charges is equal to such expenses.* In such a case the taxpayer need only state in his return that the total of amounts charged directly or indirectly to his employer through credit cards or otherwise and received from the employer as advances or reimbursements did not exceed the ordinary and necessary business expenses paid or incurred by the employee.

This is commonly referred to as the “accountable plan” provision, since the employee “accounts” for the amounts to his/her employer and is then reimbursed for the expenses. To the extent this position conflicts with the JTR, since the United States Treasury/Internal Revenue Service is the federal taxing authority, the opinion expressed in the Code of Federal Regulations as promulgated by the Treasury Department controls, and the amounts are not taxable.

3. Civilians whose reimbursements exceed his/her actual meal expenses (per diem)

26 C.F.R. Section 1.162-17 (b)(2) reads that “[r]eimbursements in excess of expenses. In case the total of amounts charged directly or indirectly to the employer and received from the employer as advances, reimbursements, or otherwise, exceeds the ordinary and necessary business expenses paid or incurred by the employee and the employee is required to and does account to his employer for such expenses, the taxpayer must include such excess in income and state on his return that he has done so.” Therefore, if the employee eats inexpensively in an area that rates a high per diem amount, the employee must declare, as income, amounts that he/she received in excess of what the employee actually spent on his/her meals.

Side Bar: The JTR and IRS agree that reimbursed and reimbursable lodging and per diem expenses in excess of the amount reimbursed by the employer cannot be deducted as business expenses under these circumstances (the over one year TDY) because of the “tax home” provision in 26 U.S.C 162 and IRS Publications 1542, 463 and 535.

Second Issue: Whether the income earned at the remote site is taxable as income by the state in which the work is performed (i.e. the employee becomes a “resident” of the remote state for the purpose of taxation).

Discussion:

Employees have raised concerns about the ability of the remote site of the TDY to tax the income earned at the remote site under the tax laws of the remote state (as though the employee were a bona fide resident of the remote state).

New Jersey is the “example” state for the purpose of this analysis, which considers an individual not from the State of New Jersey, who is domiciled in another state but is present in the State of New Jersey on long term TDY, housed in government-contracted long term housing, performing services for the United States Government, and receiving per diem and lodging reimbursement.

4. Filing a New Jersey Resident Return

Resident taxpayers must file New Jersey returns and pay New Jersey state tax. New Jersey Statute 54A:1-2(m) defines a "Resident taxpayer" as “an individual [w]ho is not domiciled in this State but maintains a permanent place of abode in this State and spends in the aggregate

more than 183 days of the taxable year in this State, unless such individual is in the Armed Forces of the United States.” Therefore, military personnel are immediately excluded as a resident for tax purposes. Civilian personnel, since they do not maintain a permanent place of abode in the state, are also not residents for tax purposes.

5. Filing a New Jersey Non-Resident Return

A New Jersey Non-resident must file a New Jersey Non-Resident return and pay taxes on income from sources within New Jersey. New Jersey Statute 54A:5-8 (2001) defines income from sources “within this State for a nonresident individual . . . [as] the income from the categories of gross income . . . to the extent that it is earned, received or acquired from sources within this State. . .” The United States Government is not considered a source within the State of New Jersey, and therefore the non-resident need not file a New Jersey nonresident return.

The Point of Contact for this subject in the CECOM Legal Office is Ms. Pamela McArthur, (732) 532-5482, DSN 992-4371.

KATHRYN T. H. SZYMANSKI
Chief Counsel

Damage to Rental Cars

You are on TDY with an authorized rental car when you are involved in an accident. The rental agency attempts to collect from you for the damages. Are you liable? What about third parties that may be involved in the accident? What should you do?

The answer is - it depends. If you followed the rules, were proactive in the choice of rental agencies, and were operating the vehicle within limits, you are not liable to the rental agency for damage to their vehicle. The Military Traffic Management Command (MTMC) has negotiated a contract with many rental agencies in the United States and abroad.. The contract provides insurance coverage for rental vehicles used for official business by U.S. military and civilian employees, Government contractors, most NATO military members and employees, and U.S. Government local national employees in some foreign countries. Under the terms of the contract, the rental agency will bear the risk of damage to or loss of the rental vehicle, and be primarily liable for \$25,000 property damage to the property of third persons and \$100,000 per person and \$300,000 per incident for personal injury to third parties. Of course you must be operating the vehicle properly. If the damage occurs while you are engaged in illegal activities, willful misconduct (road rage); operation of the vehicle off-road or across international boundaries without authorization; or pushing/towing another vehicle you are not covered. In the event of an accident or needed repairs, you should immediately notify the rental company using the telephone numbers provided by the company and request a replacement vehicle and disposition instructions on the disabled vehicle, if necessary. You should also request a police report for the company.

To ensure coverage by the MTMC Contract, you should authenticate his official travel status by presenting travel orders and/or by using a Government charge card. In addition, you should list any other authorized users on the rental agreement. While this not required by the MTMC Contract, these actions may prevent nasty disputes by making clear to the rental agency that the contract will apply to the rental. If you are charged for damages to the rental vehicle should immediately dispute the charge contact your agency's Transportation Office, or the government representative of the rental car company. Unresolved problems can be forwarded to MTMC. A copy of the MTMC rental agreement and a list of government representatives for the various rental companies may be found at <http://www.mtmc.army.mil/travel/car/>.

If damage to the rental vehicle falls under one of the listed exceptions (towing, driving off-road, etc), the rental agency must submit the bill to your agency and not directly to you. If the agency determines that you were acting within the scope of your employment when the damage occurred, then it pays the rental agency. If you were not acting within the scope of your employment (for example, you were under the influence of alcohol), then it will inform the rental agency, and the rental agency must proceed against you individually.

If the MTMC Contract coverage is insufficient or you did not rent from a MTMC contract agency, and if you rented the vehicle with the Government credit card, you have limited coverage under the credit card agreement between the Government and the Government travel card credit card company. This covers collision, theft, or damage to the rental vehicle only; it does not provide coverage for third-party liability. The term of the rental can be no more than 31 days (except in Jamaica, Israel, and Ireland, where no coverage is offered). Coverage applies to all cars

and minivans with up to eight-passenger capacity; it does not apply to trucks. The renter must decline the rental agency's Collision Damage Waiver (CDW and LDW) coverage. To file a claim or for more information, call 1-800-VISA-911 (1-800-847-2911).

You should notify the agency claims office as soon as possible in the event of an accident involving third parties. If you were in scope and available insurance is insufficient to pay claims by third parties injured in the accident, such claims are paid under the appropriate chapter of Army Regulation 27-20. You are personally responsible for out-of-scope claims of all kinds.

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AMCCC-B-IP

POINT PAPER

18 May 2001

SUBJECT: Future Combat System

PURPOSE: To Update AMC Senior Leaders on Legal Issues Regarding the Future Combat System

O The Future Combat System (FCS) is the next-generation land combat system and forms a critical element of the Army's Objective Force. The FCS is currently in the Concept Exploration stage of the development cycle.

O The FCS will be jointly managed by DARPA and the Army through System Development and Demonstration, after which the Army will assume program management.

O DARPA has awarded four contracts under the "other transaction" authority. These contracts are not considered "procurement contracts" and give DARPA considerable flexibility to negotiate contract terms and conditions on an individual basis.

O The four contractor teams are:

- oo The Boeing Corporation, Phantom Works

- oo Team Full Spectrum, Science Applications International Corporation

- oo Team FoCuS Vision Consortium, Raytheon Corporation

- oo Team Gladiator, TRW, Inc. and Lockheed Martin Vought Systems

O AMC laboratories and RDECs have unique technical information and expertise which could be critical in the development of the FCS. The four FCS contractor teams have sought to work with AMC labs and RDECs to access this information and expertise.

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O To do this, AMC labs and RDECs have entered into Cooperative Research and Development Agreements (CRADAs) with the four FCS contractor teams.

- oo While it is not improper for labs and RDECs to do this, it is important that the CRADA terms and conditions be consistent among all MSCs and also among all participating contractors.

- oo It is also important that scarce lab resources be fairly distributed in order to maintain a “level playing field”.

O HQ, AMC established an Integrated Product Team (IPT) to address these concerns and to oversee AMC’s participation in the FCS program. The IPT has representatives from all AMC labs and RDECs on it.

O The IPT will implement two technology transfer mechanisms: (1) an on-line information library about available FCS technologies; and (2) an “Overarching CRADA” to facilitate reimbursable work for the FCS contractor teams.

- oo The information library is scheduled to be implemented within the next month.

- oo The “Overarching CRADA” will be implemented within the next four months. It will be managed at the HQ, AMC level and will allow labs and RDECs to enter into individual agreements under it.

- oo Until the “Overarching CRADA” is in place, AMC labs and RDECs must receive HQ, AMC approval of FCS CRADAs.

O There are many legal issues associated with AMC lab and RDEC participation, including:

- oo Lab and RDEC personnel must ensure that we own the necessary data rights in any technical information we put into the information library.

- oo Lab and RDEC personnel must protect proprietary and source selection sensitive information among the four FCS contractor teams.

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oo Labs and RDECs must ensure there are adequate personnel to comparably support the four FCS contractor teams. This may involve turning down work or doing less work if all teams cannot be comparably supported.

oo Labs and RDECs must ensure there are adequate personnel to support the FCS contractor teams and also to support the DARPA evaluation process, as needed.

oo It could represent a conflict of interest for the same personnel who perform CRADA work for the FCS contractors to evaluate resulting contractor proposals with DARPA.

oo Lab and RDEC personnel must ensure they take no action which could give an unfair competitive advantage or even give the appearance of giving an unfair competitive advantage to one of the four FCS contractor teams.

oo Lab and RDEC personnel must meet cost, schedule, and performance milestones established in the CRADAs.

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The Doctrine of Equivalents: Where It Has Been, Where It Is Now

By Hay Kyung Changⁱ

- b) Introduction
- c) Statutory Basis
- d) History as Revealed in Notable Decisions
- e) Current State
- f) Conclusion

g) Introduction

The claims of an issued patent are a description of the metes and bounds of the boundaries of the invention. They represent the agreement between the applicant and the Patent and Trademark Office as to the extent of the exclusive property rights granted to the inventor in his/her invention while serving to provide the public the precise basis on which to determine which activities or products do or do not infringe the patent. Thus, the claims of a patent serve two purposes: one, to set out the scope of rights granted to the inventor and two, to notify the public of the limits on those rights.

In the early days of the U. S. patent system when claims were not required to be a part of a patent application, courts considered the essential nature of an invention to decide if it was infringed by an accused device or process. If differences were deemed to be minor, then the accused device or process was declared to be infringing. This was totally unsatisfactory to competitors who never knew the limits around which to design their own products, thereby avoid infringement. Later, claims were required to be a part of a patent application to clearly point out the invention claimed by the inventor and thus fulfill the notice-to-public functionⁱⁱ. However, interpreting the scope of the invention by the literal language of the claims was revealed to be an unsatisfactory task. Human language being as imprecise as it is, it frequently failed to describe and claim the full extent of the inventor's contribution to the advancement of useful arts.

Therefore, relying on the literal language of the claims often deprived the inventor of entitlement to his full invention and enabled competitors to make insignificant modifications in a product to remove the product outside the stated claims to avoid infringement while retaining the benefits of the invention. Such literal construction of the claims gave form primacy over substance.

To reach a compromise between the two conflicting goals of the patent system, the doctrine of equivalents was developed by the courts. The motivation behind the doctrine is to give protection to the inventor when the accused device or process does not fall within the literal scope of a claim but which, nonetheless, meets each limitation of the claim by equivalence. The determination of what is considered “equivalent” is made based on the particular circumstances of the case. “Equivalence, in the patent law, is not the prisoner of a formula and is not an absolute to be considered in a vacuum. It does not require complete identity for every purpose and in every respect.”ⁱⁱⁱ Succinctly put, the doctrine is intended to prevent a fraud from being practiced on a patent.^{iv}

But this fraud can occur in favor of the patentee as well. When applied, the doctrine of equivalents enlarges the scope of protection afforded to the patentee beyond the literal language of the claims. In extreme cases, the enlargement may occur to such an extent as to eliminate, for all practical purposes, some limits placed on the invention by the claims. Such a rampant application of the doctrine is prevented by another judicially-created doctrine, that of prosecution history estoppel, also known as file-wrapper estoppel. Depending on the transactions between the applicant and the Patent and Trademark Office during the prosecution of the patent application, prosecution history estoppel may bar the application of the doctrine of equivalents to the issued patent. The difficult task is to strike a balance between the doctrines of equivalents and prosecution history estoppel so that the inventor is afforded due protection of his rights while competition and further development of useful arts are not stifled.

However, decisions in recent cases, most notably *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*^v, have greatly eroded the doctrine of equivalents by applying the prosecution history estoppel ruthlessly to any element of a claim that was amended during the prosecution for reasons relating to patentability or for any unexplained reasons. This has a tremendous effect of narrowing the scope of patent protection and causing shifts in the prosecution strategies. In addition, the court decisions invite a reasonable prosecutor to ask the obvious question: For what reason, other than patentability-related reasons, would one normally amend a claim during prosecution?

II. Statutory Basis

a) U. S. Constitution, Article 1, section 8, clause 8:

To promote the Progress of Science and useful Arts^{vi}, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries---

b) The Patent Act of 1790, the first Patent Act^{vii} required a written description and a drawing of the invention before a patent would be issued. There was no requirement for “claims.”

c) The Patent Act of 1836, which is considered to be the basis of the modern patent system, required for the first time that applicants “particularly specify and point out the part, improvement, or combination which he claims as his own invention or discovery.”^{viii} (emphasis added).

d) The Patent Act of 1870 required a description and claims to point out particularly and distinctly claim the applicant’s invention.

e) 1952 Patent Act, codified as 35 U. S. C. 100 et seq., requires the applicant to disclose the best mode contemplated by the inventor of carrying out his invention and to point out particularly and claim distinctly the subject matter which he regards as his invention.^{ix} The Act further allows claiming an

element of an invention in terms of the function performed by the element.

More specifically, 35 U. S. C. 112, paragraph 6 states:

*An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and **equivalents** thereof.*

III. History as Revealed in Notable Decisions

a) *Ross Winans, Plaintiff in Error v. Adam, Edward, and Talbot Denmead*, 56 U. S. 330; 14 L. Ed. 717; 15 HOW 330 (1853).

This pre-Civil War case is generally considered to be the progenitor of the doctrine of equivalents. The Winans patent was for an improvement in cars for transportation of coal. The Winans car took the form of a frustum of a cone, which allowed it to carry far more coal in proportion to its own weight than any other car in previous use while preserving its conical shape during the transportation. His claim was

making the body of a car --- in the form of a frustum of a cone --- whereby the force exerted by the weight of the load presses equally in all directions and does not tend to change the form thereof, so that every part resists its equal proportion---.^x

Defendants' coal-carrying car, constructed after the inspection of Winans' car, was in the form of an octagon. Except for the difference in their shape (i.e. Winans' was cylindrical and conical whereas Denmead's was octagonal pyramidal), the parties' cars were made of the same material and same thickness and accomplished the same purpose using the same physical principles. Winans brought a suit for patent infringement. The Court articulated four questions to be answered before determination could be made whether his patent was indeed infringed by the Defendants:

a. What is the device that embodies the patentee's invention?

- b. What mode of operation is introduced and employed by this device?
- c. What result is obtained?
- d. Does the claim cover the described mode of operation by which the result is obtained?^{xi}

Upon analysis of the description of Winan's invention as contained in the patent, the Court concluded that the substance of the invention was a new mode of operation (substantially equal pressure in all directions exerted by the entire load of coal) that yielded a new and useful result (carriage of greater quantity of coal than was feasible before) and that this new mode of operation was achieved by the conical shape of the coal-carrying car. The Court opined that the new mode of operation, not the conical form, was where the invention resided. Hence it was this new mode of operation that was protected by the patent in question.^{xii}

Construing the claiming language of the patent liberally in the interest of promoting the progress of the useful arts, the Court held that the conical shape was but one, perhaps the best, of the many embodiments of the protected mode of operation. Defendants' octagonal car accomplished substantially the same result in substantially the same manner. The inventor, being entitled to protect his entire invention, was assumed to have intended to claim all other forms that embodied his invention, unless there was evidence that he intended to disclaim some of those forms.^{xiii} Otherwise, in the opinion of the Court, an unscrupulous person could practice a patented invention with impudence by merely engaging a form that was not expressly claimed by the patent. Such easy copying, if considered to be non-infringing, would render the property of inventors worthless. The question as to whether the patent claim covered the described mode of operation by which the result was obtained was deemed fit for jury consideration.

The dissenting opinion, however, lamented that the enlargement of the scope of the patent protection beyond the limits of the claim was contrary to the Congressional intent in passing the 1836 Patent Act and detrimental to the advancement in the mechanical industry of the country,^{xiv} presumably by

discouraging investment and ingenuity in developing modifications and improvements.

- b) *General Electric Company v. Wabash Appliance Corporation*,
304 U. S. 363; 82 L. Ed. 1402 (1938).

This case invalidated product claims describing the invention purely in terms of function as unduly broadening the invention. The G. E. patent in question related to an improvement in tungsten filament for incandescent lamps, the improvement being aimed toward substantially decreasing “sagging” and “offsetting.” The patent contained product claims of which the following claim 25 is representative:

- c) *A filament for electric incandescent lamps or other devices, composed substantially of tungsten and made up mainly of a number of comparatively large grains of such size and contour as to prevent substantial sagging and offsetting during a normal or commercially useful life for such a lamp or other device.*

The Court declared such a claim “invalid on its face”^{xv} for its failure to make a sufficiently definite disclosure in compliance with the requirements of the then governing statute^{xvi} and for failing to particularly point out and distinctly claim the part or improvement which the inventor considered to be his own invention. A patent claim that did not contain any structural definition of the invention such as the grain’s size or contour, but described it only in terms of the function was deemed to fail for indefiniteness. If allowed to stand, it would extend the patent monopoly beyond the scope of the actual invention. Such a claim did not describe the limits of the monopoly asserted by it. With no limits clearly set forth, the Court worried that others’ inventiveness would be discouraged and the subject matter to be dedicated to the public upon expiration of the patent could not be determined with any certainty.^{xvii}

c) *Halliburton Oil Well Cementing Company v. Cranford P. Walker*,
329 U. S. 1; 91 L. Ed. 3 (1946).

Walker's patent was for a combination of old elements, improving upon a pre-existing machine by adding another element. The pre-existing machine was an apparatus for determining the distance between the top of an oil well and the non-flowing fluid surface by measuring the time required for pressure waves to move to and back from the fluid surface of an oil well. Walker's addition was a mechanical acoustical resonator that functioned as a sound filter to make the shoulder echo waves detected by the pre-existing apparatus more prominent on the graph and easier to count.

The contested claims of the Walker patent claimed the invention using the term "means" followed by a recital of function. These claims did not describe the physical structure of the acoustical resonator, its physical relation to the elements of the pre-existing apparatus or how it operates with the pre-existing apparatus to result in a new machine, for the Court opined that the term "machine" included a combination.^{xviii} Citing *Holland Furniture Co. v. Perkins Glue Co.*^{xix} and *General Electric Co. v. Wabash Appliance Corp.*, *supra*, the Court declared such claims to be invalid and in violation of the statutory requirement for clear description of product claims and claiming the invention with particularity, i.e. the claims failed to describe adequately the structure, mode and operation of the parts in the combination.^{xx} The Court opined the contested Walker claims were ambiguous and overly broad as to encompass the use of all devices now or yet-to-be-known which could accent waves. The claims provided no basis for determining what fell outside the claimed territory that included equivalents of the element added by Walker. These claims utterly failed their public-notice function and could not be allowed to stand. 35 U. S. C. section 112, paragraph 6 was enacted to reverse this ruling.^{xxi}

The Patent Act of 1952 containing a provision explicitly authorizing claims to be drafted in terms of the function performed by the invented element and

mandating construction of such claims to include equivalents of the element described in the specification,^{xxii} was a response to the *Halliburton* decision and indicates Congressional approval of the doctrine of equivalents.

d) *Graver Tank & Manufacturing Company, Inc. v. Linde Air Products Co.*
339 U. S. 605; 94 L. Ed. 1097 (1950).

This case looms large in the development of the doctrine of equivalents and in favor of it. At issue was whether four valid claims that specified magnesium calcium silicate in a welding flux were infringed by an accused flux that used manganese silicate, instead. It was clear that the accused flux did not fall within the literal description of the claims. The Court found, however, over a vigorous dissent, that the change in the accused flux was colorable only and that the doctrine of equivalents must apply in this case.

It is precisely when an accused device or composition falls outside the literal language of the claim that the doctrine of equivalents is considered in order to assure that the inventor is given the full range of protection afforded him by the claims. Otherwise, a copyist can make an insignificant change in one or more of the components and escape the reach of the law while fully enjoying the benefits of the invention. This would put form supreme over substance and render patentee's protection hollow and meaningless.

The Court contemplated the history of the doctrine of equivalents and its underlying equitable basis. It stated "if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form, or shape."^{xxiii} The principle was held applicable to chemical compositions as well as to mechanical devices. The Court extolled the wholesome virtue of the doctrine by saying how, in suitable cases, the doctrine can be used to defeat a patentee's claims of infringement. For instance, if an accused device or composition is so far changed that it achieves substantially the same result but in a significantly different way, then there is no

infringement even if the device or composition fall within the literal language of patentee's claims.

The actual determination of equivalency was deemed to be a question of fact for the jury which would consider several factors including the prior art, the purpose for which a component or ingredient is used in the patent, the function served by the component or ingredient and whether the substitution was within the ken of a person who was reasonably skilled in the art to which the patent pertains.^{xxiv}

e) *Pennwalt Corporation v. Durand-Wayland, Inc.*, 833 F. 2d 931 (1987).

Pennwalt had a patent on an invention for rapidly sorting fruit by color and weight. The claims at issue described the invention in means-plus-function language. Even though Pennwalt claimed that Durand's devices literally infringed its patent by performing sorting function, the Federal Circuit Court of Appeals found no literal infringement because certain functions that were recited in the Pennwalt claims were missing in the accused devices.

The Court of Appeals held that it was proper to look to the specifications for the description of the structure, material or acts performing the functions set forth in the claims to determine if the accused devices performed substantially similar functions using substantially the same structure, material or acts. It approved of the element-by-element comparison, done by the trial court, between the claimed functions and functions performed by the accused devices to see if each and every functional limitation was met by an equivalent function and finding no infringement by equivalency if fewer than all functional limitations were met. (The dissent strongly opposed this element-by-element comparison, insisting that determination of equivalency should be based on the invention as a whole.) One critical element of Pennwalt claims was a position-indicating means which limitation was added during the prosecution of the patent to render the invention patentable. The accused devices did not include any means for indicating the

position of the sorted objects. The Court said that since the position-indicating means was added as a limitation during the prosecution, Pennwalt could not later claim infringement by a device that did not include that limitation. To agree with Pennwalt would be tantamount to voiding the position-indicating means limitation and allowing Pennwalt to recapture subject matter given up during prosecution in exchange for patent protection.^{xxv} Thus earnestly began the erosion of the doctrine of equivalents by prosecution history estoppel.

IV. Current State – The Limiting Effect of Prosecution History Estoppel

d) *Warner-Jenkinson Company v. Hilton Davis Chemical Co.*,
117 S. Ct. 1040 (1997).

The dispute was between Hilton-Davis, a dye-manufacturing company that had a patent for dye purification process operating at a pH level approximately 6.0 to 9.0 and Warner-Jenkinson that used another dye purification process operating at a pH level of 5.0. The pH level range was added to Hilton-Davis claim during prosecution to overcome prior art covering a purification process operating at a pH above 9.0. No reason was evident for the addition of the lower pH limit.

The Court's opinion supported the majority holding of the Pennwalt decision that the doctrine of equivalents must be applied to the individual elements of the claim, not to the invention as a whole. This was viewed as a workable reconciliation between the two potentially conflicting aims of affording the inventor the full protection of his rights in his invention and protection of the public's interest in preserving the limitations placed on the scope of the inventor's claims.^{xxvi} Each element contained in a patent claim is deemed to be material to defining the invention, therefore element-by-element application of the doctrine of equivalents preserves the meaning of each of a claim's elements while avoiding the enlargement of the patent's scope and thereby causing the failure of their public notice function. Thus, if a patent claim is amended during prosecution to

overcome prior art or otherwise meet statutory requirements for patentability, then the amended element loses all equivalents by the application of the prosecution history estoppel. Usually, patentability-related amendments made during prosecution have the effect of narrowing the scope of the protection sought by the claim containing the amendments. Prosecution history estoppel bars the recapturing of any part of the patent's subject matter thusly given up during prosecution to narrow the scope sufficiently to render the claims patentable. If the patentee demonstrates that the amendment was unrelated to patentability, then the court must yet decide whether the reason given for the amendment is sufficient to overcome prosecution history estoppel so as to allow the application of the doctrine of equivalents to the amended claim element.

The burden is on the patentee to prove that an amendment was not related to patentability. Any unexplained amendment is assumed to have been made for reasons related to patentability.

The Court declared the doctrine of equivalents alive and well, with the proviso that prosecution history estoppel applies to bar equivalents of the elements that were added as a limitation during prosecution for reasons related to patentability. The estoppel was held applicable also to amendments for which there is no reason evident from the file or forthcoming from the patentee.

e) *Festo Corporation v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*,

234 F. 3d 558; 56 U. S. P. Q. 2d (BNA) 1865; 2000 U. S. App. LEXIS 29979

This landmark case, decided on November 29, 2000, severely tightened the grip of the prosecution history estoppel on the doctrine of equivalents.

Festo owned two patents (the "Stoll" patent and the "Carroll" patent) directed toward magnetically coupled rodless cylinders in which the claim elements involved in the infringement suit had been added during prosecution of one patent and re-examination of the other by amendments designed to narrow the scope of the claims.

On re-hearing the case *en banc* on remand from the U. S. Supreme Court, the U. S. Court of Appeals for the Federal Circuit asked four dispositive questions which, along with their answers, are briefly set out below:

- f) For the purposes of determining whether an amendment to a claim creates prosecution history estoppel, does the term “a substantial reason related to patentability,” as pronounced in *Warner-Jenkinson*, cover only those amendments made to overcome prior art under 35 U. S. C. 102 and 103 or any reason whatsoever affecting the issuance of a patent?

Holding: “Substantial reason related to patentability” is not limited to overcoming prior art under 35 U. S. C. 102 and 103 but also extends to any other reasons for meeting the statutory requirement for a patent. Thus any amendment narrowing the scope of a claim for any reason related to patentability invokes prosecution history estoppel as to the amended element.

- g) Under *Warner-Jenkinson*, does a “voluntary” amendment give rise to prosecution history estoppel?

Holding: Yes. No exception is made for “voluntary” amendment.

- h) If a claim amendment invokes prosecution history estoppel, what range of equivalents is available under the doctrine of equivalents for amended claim element?

Holding: No range of equivalents is available for the amended claim element.

- i) When no reason is given for the amendment, what range of equivalents?

Holding: Unexplained amendment also has no range of equivalents.

The patent-holder has the burden of establishing the reasons for the amendment. Silence is definitely not golden when trying to establish that reasons for amendments were not related to patentability.

- c) *Pioneer Magnetics, Inc. v. Micro Linear Corporation,*

2001 U. S. App. LEXIS 846 (January 23, 2001).

Pioneer Magnetics has a patent containing claims directed to circuitry suitable for receiving various levels of input voltage and, in response, producing a steady electrical current for another circuit. All four claims are combination claims and resulted from amending or canceling originally-filed claims during prosecution to overcome their initial rejections based on anticipation by prior art or indefiniteness. One of the claim elements involved a “multiplier” which, during prosecution, was amended to be a “switching analog multiplier” having the effect of narrowing the literal scope of the claim. Pioneer patent attorney who prosecuted the patent application declared that this particular amendment was made in inadvertence, not driven by any reasons related to patentability of the claim. Pioneer also alleged that prosecution history estoppel should not apply because the amendment was made voluntarily.

The court followed the rulings of *Warner-Jenkinson* and *Festo* to hold that any claim limitation added during prosecution for reasons related to patentability or for unexplained reasons invokes the prosecution history estoppel to bar the application of the doctrine of equivalents as to that limiting element. In other words, no legally-recognized equivalents exist for that amended claim element against which the patentee can claim infringement by equivalence.

To ascertain the prosecution history, the court considered only the record as revealed by the public record contained in the file wrapper and concluded that the prosecution history indicated that the amendment in question was due to issues of patentability.^{xxvii} Claims of inadvertence and voluntariness were dismissed as immaterial and not supported by the file wrapper.

j) *Litton Systems, Inc. v. Honeywell Inc.*,

2001 U. S. App. LEXIS 1529 (Feb 5, 2001).

Litton’s patent taught a process for making multiple layer optical films using

an ion beam. During re-issue proceedings, Litton narrowed the claims to limit the ion beam source to be only the Kaufman-type ion beam guns.

Since none of the accused methods utilized a “Kaufman-type ion beam source,” there was no literal infringement of the Litton patent. Further, the U. S. Court of Appeals for the Federal Circuit relied on the “complete bar rule” in *Festo* to declare “Litton is estopped from claiming any equivalents to the ‘Kaufman-type ion beam gun’ limitation in the disputed claims.”^{xxviii} (emphasis supplied.)

V. Conclusion

The latest in the string of cases to follow the *Festo* ruling is *Control Resources Inc. v. Delta Electronics Inc.* (D. Mass., No. 99-11892-WGY, 3/30/01). In it, the U. S. District Court for the District of Massachusetts held that an amendment made during prosecution to narrow the scope of the invention for reasons of patentability completely bars a finding of infringement under the doctrine of equivalents as to the amended element. This result holds even if there may be doubts as to whether the entire range of equivalents was surrendered during the prosecution.

Clearly, the days of liberal application of the doctrine of equivalents as under *Graver Tank* are long gone. Even the flexible bar approach of *Hughes Aircraft Co. v. United States*^{xxix} is done away with by *Festo* which declared it “unworkable.” The flexible bar approach allowed application of the doctrine of equivalents even after prosecution history estoppel was invoked against an amended claim element; the estoppel merely narrowed the available range of equivalence. *Festo* said that the flexible bar could not be relied upon to determine with certainty, before the appellate decision, the scope of subject matter given up by the amendment during prosecution. So, now a complete bar approach rules the day.

The doctrine of equivalents has been progressively narrowed over the years until recently, in *Festo* and subsequent cases, it has become little more than a literal infringement in sheep’s clothing. The all-elements rule, in combination with

the complete bar to applying the doctrine of equivalents raised by the prosecution history estoppel means that there is no infringement by equivalence of any claim that contains an amended element. Needless to say, unless an accused device or process employs all components or steps that are exactly the same as those of a patented claim, there is no literal infringement. As Mr. Justice Jackson stated, in delivering the majority opinion in *Graver Tank*, “[O]utright and forthright duplication is a dull and very rare type of infringement.”^{xxx}

While greatly reducing patent protection afforded by the doctrine of equivalents, prosecution history estoppel has much enhanced the public notice function of patent claims. All that one has to do successfully to design around a patented device to avoid infringement is study the prosecution history of the patent and determine which elements have been amended during the prosecution, then substitute other elements (even ones having equivalent functions) for those amended elements.

The recent pre-eminence of prosecution history estoppel will certainly mean higher costs of patent prosecution, if indeed an inventor still decides in favor of a patent rather than a trade secret. Significant changes in prosecution strategies are likely to follow. Under them, initial claims are bound to be more numerous and time-consuming to draft than before as well as narrower in scope. Patent prosecutors should traverse and argue Examiner’s rejections while avoiding amending the claims whenever possible and, when deemed advisable, make appeals from Examiner’s rejections. All of these redound to the detriment of inventors due to increased costs in terms of expenses and time, especially the individual and small-entity inventor.

ⁱ The author is a patent attorney serving with the U. S. Army Aviation and Missile Command at the Redstone Arsenal, Alabama.

ⁱⁱ The Patent Act of 1870.

ⁱⁱⁱ *Graver Tank & Manufacturing Company, Inc. v. Linde Air Products Company*, 339 U. S. 605, 608 (1950).

^{iv} *Id.* at 608.

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- ^v 234 F. 3d 558 (2000).
- ^{vi} According to Professor Paul Goldstein in *Copyright, Patent, Trademark and Related State Doctrines, Cases and Materials on the Law of Intellectual Property*-Revised Third Edition, (The Foundation Press, Inc., 1993) at page 20, study of the colonial usage and syntax indicates that in speaking of “Science” and “useful Arts” in clause 8, the framers of the Constitution meant the works of authors and inventors, respectively.
- ^{vii} The first Patent Act was administered by a commission headed by the Secretary of State, Thomas Jefferson, who also served as the first patent examiner.
- ^{viii} Patent Act of 1836, section 6.
- ^{ix} 35 U. S. C. 112.
- ^x *Ross Winans v. Denmead*, 14 L. Ed. 717 (1853).
- ^{xi} *Id.* at 720.
- ^{xii} *Id.* at 721.
- ^{xiii} *Id.* at 722.
- ^{xiv} *Id.* at 724.
- ^{xv} *General Electric* at 368.
- ^{xvi} Rev. Stat. Section 4888, 35 U. S. C. A. section 33.
- ^{xvii} *General Electric* at 369.
- ^{xviii} *Halliburton Oil Well Cementing Company v. Cranford P. Walker*, 91 L. Ed. 3, at 9, 10 (1946).
- ^{xix} 277 U. S. 245; 72 L. Ed. 868 (1928).
- ^{xx} *Halliburton* at 9.
- ^{xxi} *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F. 2d 931, 958 (1987).
- ^{xxii} 35 U. S. C. 112, para. 6.
- ^{xxiii} *Graver* at 608.
- ^{xxiv} *Graver* at 609.
- ^{xxv} *Pennwalt* at 938.
- ^{xxvi} *Warner-Jenkinson Co.*, at 1049.
- ^{xxvii} *Pioneer Magnetics* at page 9.
- ^{xxviii} *Litton* at page 10.
- ^{xxix} 717 F. 2d. 1351; 219 USPQ 473 (Fed. Cir. 1983).
- ^{xxx} *Graver* at 607.

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POINT PAPER

30 May 2001

SUBJECT: New Accessibility Requirements for Information Technology Purchases

FACTS:

- THE LAW REQUIRES ALL FEDERAL ELECTRONIC AND INFORMATION TECHNOLOGY WE PURCHASE TO BE ACCESSIBLE TO DISABLED EMPLOYEES.

Section 508 of the Rehabilitation Act was recently changed to require that all federal electronic and information technology developed, procured, maintained, or used after June 21, 2001 be comparably accessible to disabled employees as to able-bodied employees -- unless to do so would represent an “undue burden”.

“Undue burden” generally means that compliance would result in significant difficulty or expense.

To the extent there is an “undue burden”, the law requires that we document it and provide disabled employees an alternative means of access to the data or information.

- THE LAW APPLIES TO ALL FEDERAL ELECTRONIC AND INFORMATION TECHNOLOGY WE PURCHASE AFTER THE DEADLINE; HOWEVER IT DOES NOT APPLY TO NATIONAL SECURITY SYSTEMS.

“Federal electronic and information technology” includes computers and ancillary equipment, software, printers, fax machines, copy machines, telecommunications, web sites, and multi-media equipment and presentations.

It does not include national security systems or technology; systems that are an integral part of a weapons system; or systems that are critical to the direct fulfillment of the military mission. However, it does include routine administrative and business applications, even where those applications are directly related to the military mission.

In addition, it does not include contractor-purchased information technology that is incidental to the performance of a Government contract.

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- AFTER JUNE 21, 2001, DISABLED EMPLOYEES WILL BE ABLE TO SUE AGENCIES FOR NON-COMPLIANCE.

Disabled employees will be able bring suit against an agency for failure to make information technology comparably accessible. They may do this through an administrative complaint with the agency or through a private lawsuit in Federal District Court.

- THE FEDERAL ACQUISITION REGULATION IMPLEMENTS TECHNICAL COMPLIANCE STANDARDS.

The Federal Acquisition Regulation was changed on April 25, 2001 to implement technical compliance standards. Some highlights of the standards include:

A requirement that all computer work stations purchased after the deadline be compatible with “assistive devices” such as screen readers or refreshable Braille displays;

A requirement that all web pages be capable of being read by assistive devices through text equivalents of any images, icons, color-prompts, or image-based documents such as PDF files;

A requirement that all software purchased after the deadline be capable of being used through keystroke or voice-recognition commands, instead of mouse-only direction; and

A requirement that all training and other informational videos developed after the deadline be “close captioned” or “open captioned”.

- THE LAW ALSO REQUIRES THAT FEDERAL ELECTRONIC AND INFORMATION TECHNOLOGY BE ACCESSIBLE TO DISABLED MEMBERS OF THE PUBLIC.

The standards also apply to electronic and information technology which is intended for the public, such as web sites or information kiosks.

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- IMPLICATIONS FOR AMC:

Section 508 is not retroactive. This means we do not have to retrofit existing equipment or software.

All information technology we buy after the deadline must comply with the technical standards unless the purchase falls within one of the exceptions.

All new web sites and changes to existing web sites must comply with the technical standards after the deadline.

Existing web sites should comply with the technical standards by the deadline or as soon as possible, resources permitting. If resources are limited, webmasters should focus on the twenty most commonly accessed sites first.

Disabled employees and disabled members of the public can bring suit against the Army for non-compliant information technology we buy after the deadline.

Contractors may protest our information technology purchases after the deadline if the winning contractor's product does not comply with the technical standards.

AMC CIO has the lead to implement Section 508 within AMC. This will require coordination with AMCEE, AMCPE, AMCRDA, and AMCCC.

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**THE COPYRIGHT ACT,
as it relates to “works made for hire” and computer software**

The Copyright Act - “works made for hire”:

The Copyright Act of 1976, 17 USC 201(a), provides that copyright ownership vests initially in the author or authors of the work. A person who conceives an idea is not an author. 17 USC 102(b). As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection. The Act carves out an important exception, however, for “works made for hire.” If the work is a “work made for hire,” the employer or other person for whom the work was prepared is considered the author and owns the copyright, unless there is a written agreement to the contrary. 17 USC 201(b).

The Copyright Act defines a “work made for hire” as either “a work prepared by an employee within the scope of his or her employment” or one of certain works specially ordered or commissioned which by an express written agreement by the parties specifically states that the ordered or commissioned work is to be considered a “work made for hire.” 17 USC 101. Accordingly, a “work made for hire” arrangement requires that an employee prepare the work or that the work be specially commissioned with an express written agreement by the parties which specifically states that the work is to be “work made for hire.”

The Copyright Act further distinguishes works from “works made for hire” in the term or duration of copyright protection afforded to the author. 17 USC 302. For works created on or after January 1, 1978, the duration of the copyright is the life of the author plus 70 years after the author’s death, 17 USC 302(a), whereas for “works made for hire,” this term is 95 years from the year of its first publication or 120 years from the year of its creation, whichever expires first. 17 USC 302(c).

“Employee, Employment, Scope of Employment”:

The Copyright Act, 17 USC 201(a), does not define the terms “employee,” “employment,” or “scope of employment” and, consequently, the application of these terms is left to the courts. To determine whether a work is for hire under the Act, a court first should ascertain, using principles of the general common law of agency, whether the work was prepared by an employee or an independent contractor.

In determining whether a hired party is an employee under the general common law of agency, the court must consider the hiring party's right to control the manner and means by which the product is accomplished. Among other factors relevant to this inquiry are the skill required; the source of the instrumentalities and tools; the location of the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party's discretion over when and how long to work; the method of payment; the hired party's role in hiring and paying assistants; whether the work is

part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and the tax treatment of the hired party. No single factor is determinative.

Some of these factors will often have little or no significance in determining whether a party is an independent contractor or an employee in an infringement action pursuant to the Copyright Act, 17 USC 201. In contrast, there are some factors that will be significant in virtually every situation. These include: (1) the hiring party's right to control the manner and means of creation; (2) the skill required; (3) the provision of employee benefits; (4) the tax treatment of the hired party; and (5) whether the hiring party has the right to assign additional projects to the hired party. These factors will almost always be relevant and should be given more weight in the analysis, because they will usually be highly probative of the true nature of the employment relationship.

For an analysis of the distinction between who is the owner of a copyright as determined by the type of contribution made in the creation of the work, the distinction between employee versus independent contractor, and the agreement necessary to define a "work made for hire," see *BancTraining Video Systems v. First American Corp.*, 21 U.S.P.Q.2D 2014 (1992).

Computer Programs:

One of the fundamentals of copyright law is that a copyright does not protect an idea, but only the expression of the idea. 17 USC 102(b) codifies the idea/expression distinction. This idea/expression dichotomy applies to computer programs. Thus, in general, the portions of a computer program that are ideas are nonprotectable, and the portions that represent expression may be protected. Infringement is shown by a substantial similarity of protectable expression, not just an overall similarity between the works. Separating idea from expression, then, is one of the basic parts of a substantial similarity analysis.

In a copyright infringement action, a plaintiff may prove defendant's copying either by direct evidence or, as is most often the case, by showing that the defendant had access to the plaintiff's copyrighted work, and defendant's work is substantially similar to the plaintiff's copyrighted material. These two types of circumstantial evidence of infringement are accepted because direct evidence of copying is rarely available.

For an analysis of "work made for hire" and the distinction between employee versus independent contractor in an action brought for copyright infringement of a computer program developed by the employee while employed and who later left his employment to continue independent development of that program, see *MacLean Assoc., Inc. v. Wm. M. Mercer-Meidinger-Hansen, Inc.*, 21 U.S.P.Q.2D 1345 (1991). It should be noted that in the court's analysis of the issue relating to whether the employee's work was "work made for hire," the court indicated that the computer software developed by the employee did not fall within any of the nine categories of "specially ordered or commissioned" works enumerated in 17 USC 101(2), nor was there any written agreement between the parties that the software was such a work.

Accordingly, if the computer software was to be considered a “work made for hire,” it had to result from an employee-employer relationship.

In the related case of *Avtec Systems, Incorporated v. Jeffrey G. Peiffer; Kisak-Kisak, Incorporated; Paul F. Kisak*, 38 U.S.P.Q.2D 1922 (1995), the employee, while working at home, developed a computer software program in an area somewhat similar to that of his scope of employment, at times brought copies to his place of employment to work on, demonstrated the program to his employer, incorporated suggestions made by his employer and a fellow employee, demonstrated the program to potential customers of his employer and received a bonus from his employer for his development. The employer, not being interested in the program, arranged for the employee to market his program through another company, which he did, resulting in the generation of substantial gross revenues, with the employee receiving half. Thereafter, the employer registered for a copyright, the employee left, and the employer filed a complaint against the employee and the other company alleging copyright infringement and other assorted causes of action.

Referring to the Copyright Act, the court indicated that copyright ownership of a work is presumed to vest in its author, “the person who translates an idea into a fixed, tangible expression,” unless that person's employer can establish, the burden being on the employer, that it is a “work made for hire.” Additionally, if a work is one made for hire, the employer for whom it was prepared is considered the author and is presumed to own the copyright. The work-for-hire exception is overridden only by a clear writing, signed by the parties, that reserves authorship rights to the employee. In the case at hand, no such writing existed. The employer can show that a work is a “work made for hire” by establishing that it was (1) created by an employee (2) acting within the scope of the employment relationship.

Noting that the copyright statute does not define “scope of employment,” the court indicated that it was the intent of Congress to incorporate common law agency principles into the copyright statute. Citing the Restatement (Second) of Agency, the court further indicated that to find that the creation of the program was within the scope of the employee’s employment, the employer had to show that (1) the work was of the type for which the employee was hired to perform; (2) the employee’s creation of the program occurred “substantially within the authorized time and space limits” of his job; and (3) was “actuated, at least in part, by a purpose to serve” the employer’s interests. In this instance, the first element was indisputably satisfied. Accordingly, the decision rested on the facts relating to the second and third elements. Reviewing the facts, the court then held that the employee owned the copyright and required the employer to withdraw its copyright application.

The Point of Contact for this subject in the CECOM Legal Office is Mr. Raymond Ross, (732) 532-9792; DSN 992-9792.

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POINT PAPER

11 May 2001

SUBJECT: What You Should Know About the Berry Amendment

PURPOSE: To provide information regarding Berry Amendment limitations on the procurement of clothing and related items

FACTS:

- There are numerous laws regarding the acquisition of foreign supplies, services, and construction materials. One such law is the Berry Amendment.
- The Berry Amendment applies only to DOD and has been included in DOD appropriations acts since 1941. As implemented in the DFARS, it generally restricts DOD's expenditure of funds for supplies consisting in whole or in part of certain articles and items not grown or produced in the United States or its possessions.
- The restrictions apply to food; clothing; tents, tarpaulins, or covers; cotton and other natural fiber products, or wool; woven silk or woven silk blends; spun silk yarn for cartridge cloth; synthetic fabric or coated synthetic fabric; canvas products; individual equipment manufactured from or containing any of the listed fibers, yarns, fabrics, or materials; certain specialty metals; and hand or measuring tools.
- Unless a specific exception applies, contracting officers must apply the Berry Amendment to actions at or above the simplified acquisition threshold.
- The Berry Amendment can be waived when the Agency's Secretary determines that the supplies cannot be acquired when needed in a satisfactory quality and sufficient quantity grown or produced in the United States or its possessions at U.S. market prices. The Secretary of the Army delegated to the ASA(ALT) the power to make the necessary determination that would result in the waiver of the Berry Amendment restrictions. See AFARS 25.7002. On 1 May 2001, the Secretary of Defense rescinded all redelegations.
- Therefore, all waiver determinations require approval by the Secretary of the Army.
- There is language in the legislative history of the Berry Amendment indicating that Congress intended for Defense agencies to exercise extreme caution in granting waivers, a fact that has been noted by the GAO. See Canadian Commercial Corporation/Freeze-

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Dry Foods, Ltd., B-266207, February 5, 1996, 96-1 CPD 38; Dash Engineering, Inc.;
Engineered Fabrics Corp.--Recon., B-246304.12; B-246304.13, September 27, 1993,
93-2 CPD 184.

- The recent controversy over the procurement of the new Army Black Beret illustrates some of the pitfalls associated with waivers of the Berry Amendment restrictions. In that case, there was insufficient capacity among domestic beret manufacturers to meet the Army Chief of Staff's requirement that all soldiers be issued the new berets by June 14, 2001. DLA (the procuring agency) obtained a Berry Amendment waiver so that some of the requirement could be obtained from manufacturers outside of the United States. One of the foreign manufacturers (a British company) has a factory in China, and many of the berets destined for the Army were being manufactured there. When this fact became public, Congress questioned the propriety of the Berry Amendment waiver. The House Small Business Committee held hearings questioning the its propriety.
- In the wake of the beret procurement controversy, it appears that, in the foreseeable future, Congress will scrutinize Berry Amendment waivers much more carefully than it has in the past.

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Impact of Source Control Drawings on Competition

Public Law (P.L.) 98-369, The Competition in Contracting Act (CICA) of 1984, requires procurements for property and services to be obtained on the basis of full and open competition. There are seven exceptions to this requirement identified in Part 6 of the Federal Acquisition Regulation (FAR) which generally requires the preparation of a Justification and Approval (J&A) if the procurement is to be conducted without full and open competition. Occasionally, when J&As are submitted for review, the principal justification cited is that only one company is listed on the source control drawing (SCD) and, therefore, that source is the only source qualified to provide the item. This situation has led to the question: Is listing a single firm on a SCD a proper basis for sole source? The statutory and regulatory guidance associated with qualification provisions for SCDs, particularly as these relate to CICA, must be understood in order to accurately answer this question.

Title XII of P.L. 98-525, The Defense Procurement Reform Act of 1984, established the requirement for the Secretary of Defense to reform Department of Defense procurement practices relating to replenishment parts. Consistent with this requirement, it also established an additional requirement for the head of a defense agency to provide written justification when establishing qualification standards that a potential contractor or product would have to meet, including the costs such contractor might incur to qualify. (FAR 9.201 defines a qualification requirement as a Government requirement for testing or other quality assurance demonstration that must be completed **before** award of a contract.) P.L. 98-525 further ~~further~~ states that an agency head need not delay a procurement in order to permit a company to demonstrate its ability to meet the qualification standards. It does, however, require such agency head to solicit additional sources of supply, and pay the qualifying costs of a potential supplier that is a small business concern if fewer than two manufacturers qualify.

FAR 9.202(a)(1) provides the regulatory implementation consistent with P.L. 98-525, and establishes that the head of an agency, or designee, must prepare a written justification before establishing a qualification requirement. This justification must address: (1) the need for establishing the qualification requirement, and why it must be demonstrated before award; (2) an estimate of likely testing and evaluation costs; and (3) identification of all requirements that a potential offeror must satisfy to become qualified. Only the least restrictive requirements necessary to meet the Government's purposes may be specified. FAR 9.202(b) enables the Head of the Contracting Activity to waive the FAR 9.202(a)(1) requirement, after considering any comments from the Competition Advocate, when the agency activity responsible for establishing the qualification requirement has made a determination that it is unreasonable to specify the standards for qualification which a prospective offeror must satisfy.

Appendix B of MIL-STD 100G, Department of Defense Standard Practice For Engineering Drawings, dated 9 June 1997, addresses qualification provisions for SCDs. It states that qualification provisions for SCDs are required by P.L. 98-525. It defines a SCD as follows:

“A source control drawing provides an engineering description and acceptance criteria for purchased items that require design activity imposed qualification testing and provides performance, installation and interchangeability specific characteristics required for critical applications. It includes a list of approved manufacturers, the manufacturers’ item identifications, and acceptance criteria for items which are interchangeable in specific applications. The SCD establishes item identification for the controlled item(s). The approved items and sources listed on the SCD are the only acceptable items and sources.”

A SCD is only used when it has been determined that no other procurement approach will enable the Government to obtain the required products, two or more manufacturers are able and willing to qualify as sources of supply (single source SCDs require specific approval from the Government design activity), test facilities and resources are available to establish and maintain the qualified sources of supply, and the costs of qualification are justified by the Government’s needs.

The intent of establishing a qualification requirement is to enable the Government to identify products of requisite quality, reliability, or safety through testing prior to, and independent of, award of a contract. Such pre-testing is in recognition of a complexity of performance requirements and sensitivity of design or end item application that render it impractical to rely on first article and/or acceptance testing.

When establishing a new SCD, or developing additional sources for a SCD, publication of the Government’s intent is required in the Commerce Business Daily, and manufacturers known to be interested in submitting products for qualification are also to be contacted. Additionally, known related trade associations are notified in order to effect widespread publicity.

The listing of a manufacturer as a source of supply on a SCD signifies only that, at the time of examination or test, the manufacturer could make a product that met the drawing requirements. Inclusion of a source of supply on a drawing does not relieve a contractor of its contractual obligations to deliver products that comply with the drawing requirements, guarantee acceptability of products delivered under a contract, nor constitute a waiver of any requirement for inspection.

Based on a review of the above-cited statutory and regulatory guidance, it is clear that qualification requirements shall only be used when absolutely necessary, that appropriate written justifications are required, and that affirmative actions must be taken to obtain multiple qualified sources to enable competition. Similarly, SCDs should cite multiple sources, except when appropriately justified.

In conclusion, the mere listing of a single source on a SCD is not in and of itself a basis for a sole source acquisition. The Government needs to take appropriate steps in accordance with FAR 9.202 to justify any qualification requirements, and then provide industry an opportunity to meet these requirements. Consequently, the initial review of a proposed sole source

acquisition justified on the basis of only a single firm listed on a SCD must determine if the appropriate approvals in accordance with FAR 9.202 have been obtained. If the required approvals have not been obtained, then reliance on the fact that there is a single source listed on the SCD would not be an appropriate basis to support a sole source acquisition strategy. If the required approvals have been obtained, the sole source justification should describe the circumstances that require the establishment of a qualification requirement, and the actions taken in an attempt to qualify more than one source.

The Point of Contact for this subject in the CECOM Legal Office is Mr. Guy Rayner, (732) 532-5059, DSN 992-5059.

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SUBJECT: Reporting Environmental Issues and Enforcement Actions

PURPOSE: To provide information regarding HQ AMC policy on reporting environmental issues

DISCUSSION:

- On 6 April 2001, the AMC CG signed memorandum emphasizing the importance of communicating significant environmental issues to HQ AMC. In particular, commanders must promptly report environmental issues that have potential for generating public, media, regulatory, or congressional interest.
- The memorandum also included the AMC Communication, Reporting, and Coordination Guidelines. These guidelines make it clear that the environmental offices are responsible for reporting environmental enforcement actions (ENFS) and the legal offices are responsible for coordinating environmental agreements.
- The AMC guidelines require prompt reporting of all ENFs (24 hours for ENFs involving a fine and 48 hours for all other ENFs). Additional guidance on reporting procedures is available in the AMC Memorandum dated 18 September 2000, Subject: Reporting Enforcement Actions.
- The AMC guidance also outlines procedures for coordination environmental agreements. The key concepts are that installations should work closely with higher headquarters through the entire negotiation process and Army Environmental Law Division is required to approval all environmental agreements (ENF and non-ENF agreements).

CONCLUSION:

- AMC installations are generally doing a good job of reporting significant environmental issues. We need to continue these efforts to ensure that the Army leadership is aware of environmental issues and avoid "surprises" at all levels of command.

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AMCCC (27)

POINT PAPER

1 May 2001

SUBJECT: Transitional Counseling and Post-Government Employment Restrictions

PURPOSE: Provide information on the restrictions applicable to USAMC personnel when seeking employment, and in subsequent non-Federal employment.

FACTS:

- **Seeking Employment.** Once an employee begins to seek employment, he or she is disqualified from participating in any official matter that affects the financial interests of the company where seeking employment.
 - Seeking employment begins upon sending a resume, or even with a telephonic or other contact with an expression of interest in future employment, unless one of the parties unequivocally rejects the contact.
 - If the prospective employer is a USAMC contractor, the AMC employee probably should issue a written notice of the disqualification.
 - If the prospective employer is a bidder or offeror in a competitive procurement in which the AMC employee is participating (*e.g.*, the employee wrote the statement of work, reviewed and approved the statement of work, or is on the source selection evaluation board), the procurement integrity law requires the AMC employee to give a special notice, even if he or she has no intention of pursuing the contact.
- **In Transition.**
 - General officers and members of the Senior Executive Service (SES) must file their termination financial disclosure report (SF 278) not later than 30 days after date of retirement. As applicable, report signing bonuses or money earned from new employer before date of retirement on Schedule A, the date that an understanding was reached about future employment on Schedule C.II., and the position taken with new employer on Schedule D.I.
 - If employee files a financial disclosure report and intends to engage in employment during terminal (transition) leave with an Army contractor, he or she needs the written approval of his or her supervisor.
 - During terminal (transition) leave, a criminal law prohibits officers or employees from representing any non-Federal entity before the Federal Government, or even from assisting a non-Federal party in prosecuting a claim against the Federal Government.

AMCCC

SUBJECT: Job Hunting and Post-Government Employment Restrictions

- **Post-Government Employment.**
 - Former senior officials (general officers and SES Level V and higher civilians) have a one-year cooling off period:
 - ✓ For one year they may not attempt to influence official action in the agency in which they served in their last year on behalf of a non-Federal party;
 - ✓ For one year, they may not advise and assist a foreign government to help influence a Federal action (not just in their formal agencies).
 - The procurement integrity law restricts a former agency official from accepting compensation from a contractor for one year after the official held one of the following positions with respect to a contract exceeding \$10 million: procuring contracting officer, source selection authority, member of source selection evaluation board, chief of a financial or technical evaluation team, administrative contracting officer, program manager, or deputy program manager.
 - The procurement integrity law restricts a former agency official from accepting compensation from a contractor for one year after the official personally made one of the following decisions: to award a contract, subcontract, task order or deliver order exceeding \$10 million; to establish overhead or other rates exceeding \$10 million; to approve contract payments exceeding \$10 million; or to pay or settle a claim for more than \$10 million.
 - An officer or employee may not ever represent a non-Federal party back to the Government concerning a particular matter involving a specific party (e.g., contract, task order, delivery order, investigation, audit, etc.) in which he or she participated personally and substantially.
 - An officer or employee may not represent a non-Federal party back to the Government for two years concerning a particular matter involving a specific party which was pending under his or her official responsibility during the last year of Federal employment.
- **Ethics advice and counsel** are available to assist employees make the transition in compliance with the applicable laws and regulations. AMC employees should seek this advice and counsel *before* they send their first resume.

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AMCCC (27)

POINT PAPER

1 May 2001

SUBJECT: Meetings Attended by Support Contractors' Employees

PURPOSE: To provide information, perspective and recommendations for when employees of support contractors attend AMC meetings.

FACTS:

- There are laws, including criminal laws, regulations and restricted rights agreements that govern the use and release of nonpublic information. The general principle concerning transmittal of nonpublic information to other Federal employees is "need to know."
- However, there is an additional principle as to whether we release nonpublic information to employees of our support contractors for such tasks as graphics preparation, database management, study and analysis, and briefings. The contractor's employees might well have a "need to know" to perform the contract task, but we must also have the "right to release" the information. For example:
 - If the information is a trade secret, relates to a business process, or involves confidential financial information that was provided to us by an outside source with the expectation that it be kept confidential, we may not release it to a contractor employee without risking violation of a criminal statute.
 - If the information is technical data, source code or other intellectual property belonging to an outside source, we may not release it to a contractor employee unless we have obtained the right to do so from the outside source, or subject ourselves to serious monetary claims.
- Even if there is a "need to know" and we either own the nonpublic information or otherwise have permission to release it to our support contractor, we still may not want to do so if this will create an organizational conflict of interest that will disqualify the contractor from competing for a future requirement.
- Never host a meeting without knowing who is participating, including those taking notes and providing audio-visual support. If contractor personnel will attend, know their employer. Think about whether nonpublic information will likely be, or could be, discussed. What kind of nonpublic information?

AMCCC

SUBJECT: Meetings Attended by Support Contractors' Employees

- Ensure that we have the right to release the nonpublic information. If not, get permission. If permission is not forthcoming, then the contractor employees may not attend.
- If we have the right to release the information, consider whether the release of the information will unacceptably compromise a future competition by creating an organizational conflict of interest.
- If we have the right to release the nonpublic information, ensure that the support contract and/or task order have specific requirements on the contractor and its employees to protect and not exploit nonpublic information, and that all terms have been complied with, *e.g.*, the contractor employees have signed nondisclosure agreements (even if not specifically required by the contract or task order, we still might want to have nondisclosure agreements signed by the employees (after consultation with the contracting officer)).
- If we anticipate that outside organizations will bring contractor support and we otherwise have the right to release nonpublic information to them, make sure that the other organizations understand the nature of the information that will be released so that they can ensure the appropriateness of their contract support participation. Request their assurance that their contracts and/or task orders include specific requirements on their contractors and their employees to protect and not exploit nonpublic information. Request a copy of their contractor employees' signed nondisclosure agreements.
- The *Standards of Ethical Conduct* rules that prohibit Federal employees from misusing their position, to include not exploiting nonpublic information, do not apply to contractor employees. In addition, the conflicts of interest laws and regulations that restrict Federal employee conduct, do not apply to contractor employee conduct with one exception (the law against bribery). However, the law that protects source selection and bid and proposal information (procurement integrity law) during the conduct of a procurement, and the privacy act do apply to both Federal employees and contractor employees.

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1. The AMC / LEXIS-NEXIS web page with “**Quick Links.**” Access by going to <http://www.lexis-nexis.com/amc>. “**Quick Links**” are shortcuts to the most popular sources used by AMC personnel nationwide
2. Print case law in **dual column** right from *lexis.com* to your attached printer. You can also download, fax or email results
3. **Shepard's**, a LEXIS-NEXIS exclusive, updates everyday and offers five **Case Law Signals** to help you immediately identify valid case law
 - a. The Red Stop Sign  – indicates strong negative references are available about your case (e.g. Reversed, Overruled, Questioned, Opinion Withdrawn, etc.)
 - b. The Yellow Caution Sign  – indicates possible negative treatment is available about your case (e.g. Criticized or Distinguished) and/or appellate history is listed
 - c. The Green Plus Sign  – indicates only positive analysis codes are available about your case (e.g. Affirmed or Followed)
 - d. The Blue Circle with the “A”  – indicates that only neutral analysis codes are available about your case (e.g. Explained, Harmonized, Cited in Dissenting Opinion) and/or prior history is available
 - e. The Blue Circle with the “I”  – indicates there are no analysis codes associated with the cited references
4. **Case Summaries** are being placed at the heading of all substantive case law and include:
 - d. **Procedural Posture** – explains how the court got the case
 - e. **Overview** – gives details about the case itself
 - f. **Outcome** – what this court did with the case
5. **Term Mode Browsing** - allows you to jump from “key term” to ”key term,” while in the full text of the document
6. **Core Terms** – a list of the most relevant terms & phrases from the case as written by the court to quickly to determine if case is on point
7. **ECLIPSE** – the “Electronic Clipping Service” automatically tracks issues by updating any saved search and forwarding new documents to your email
8. **TOC view**– use this viewing format in the USCS or CFR to display the table of contents with links to all surrounding sections
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