



DIRECTORS  
ROUNDTABLE

# WORLD RECOGNITION of DISTINGUISHED GENERAL COUNSEL

GUEST OF HONOR:

**Deborah P. Majoras**

Chief Legal Officer & Secretary of Procter & Gamble



## THE SPEAKERS



**Deborah Majoras**

*Chief Legal Officer & Secretary  
of Procter & Gamble*



**Kurt Wimmer**

*Partner, Covington  
& Burling LLP*



**Paul Ulrich**

*Partner, Dinsmore  
& Shohl LLP*



**Harold Weinberger**

*Partner, Kramer Levin Naftalis  
& Frankel LLP*

## TO THE READER:

General Counsel are more important than ever in history. Boards of Directors look increasingly to them to enhance financial and business strategy, compliance, and integrity of corporate operations. In recognition of our distinguished Guest of Honor's personal accomplishments in her career and her leadership in the profession, we are honoring Deborah Majoras, Chief Legal Officer & Secretary of Procter & Gamble. Her address will focus on the role of the General Counsel and the Legal Department in corporate compliance, in an era of increased regulation and scrutiny. The Panelists' additional topics include privacy and data security; patents; advertising litigation; and government investigations.

The Directors Roundtable is a civic group which organizes the preeminent worldwide programming for Directors and their advisors, including General Counsel.

**Jack Friedman**  
**Directors Roundtable**  
**Chairman & Moderator**



**Deborah P. Majoras**  
*Chief Legal Officer and  
Secretary, P&G*



Deborah Platt Majoras was recently appointed Chief Legal Officer & Secretary for The Procter & Gamble Company, which she joined in 2008. In that position, she oversees a legal department that includes 320 lawyers around the globe and is responsible for the broad scope of legal functions for all of P&G and its 127,000 employees. From 2004–2008, she served as Chairman of the Federal Trade Commission, where she focused on ensuring data security and protecting consumers from emerging frauds, such as identity theft and spyware, and served as co-chair of the President’s Identity Theft Task Force. She also worked to implement sound antitrust policy regarding intellectual property, increase the efficiency and transparency of the merger review process, and strengthen cooperation among antitrust agencies around the world. Prior to the FTC, she served as Principal Deputy Assistant Attorney General at the Department of Justice Antitrust Division. From law school she clerked in federal

court in D.C., after which she joined Jones Day in 1991, where she ultimately became a partner in the firm’s antitrust practice. Deborah is the recipient of the International Association of Privacy Professionals’ 2007 Privacy Leadership Award and RSA’s 2007 Award for Excellence in the Field of Public Policy. In 2006, *SC Magazine* named her one of the Top Five Influential IT Security Thinkers, and *Washingtonian* magazine listed her among the “100 Most Powerful Women in Washington.”

Today, she serves as Co-Chair of the U.S. Chamber of Commerce International Competition Policy Working Group and as an advisor to the International Competition Network. She also serves on the Boards of the Cincinnati Legal Aid Society, the Georgetown Law Corporate Counsel Institute, Cincinnati Playhouse in the Park, and Westminster College, from which she has a B.A. She earned her J.D. from the University of Virginia.



to think about getting to market through the eyes of our businesspeople, right? They want to get the product from here, R&D, through design, and so forth, out to the marketplace. Let's try to support them in their work by thinking about this more holistically." So we're actually combining forces now and trying to be less siloed, and having teams of people who work in beauty care or whatever, who can say, "Okay, we have to get this product to market. What are all of the things we need to deal with, with claims in advertising being one of them?"

**HAROLD WEINBERGER:** Let me just add that the notion that somebody comes to you an hour before and says, "Can we launch this ad," is certainly not reality with this company. I live with those documents that are created when they are considering the ad, and it does start early, with the R&D process, and it's completely and fully documented.

Usually, in terms of outside lawyers, we get the ad when the ad is done. We don't get them in advance. Once in a blue moon, we get consulted about an ad before it airs, or in the case of the *Crest® Whitestrips* case, it was aired for two days, when the woman is talking with the paint on her mouth and says, "How can it whiten if it washes away?" We were

able to change that, because that implies that the Colgate product doesn't work at all, to "how well can it whiten." When we talked to the jury after, that may have made the difference in winning the case.

But the kind of vetting that's done at major companies — is probably hard for people here to imagine. It's really very, very thorough.

**DEBORAH MAJORAS:** Yes.

**JACK FRIEDMAN:** This is fascinating, the idea that potentially every comma, every word, every action that a company takes, in theory, can have a legal ramification. It's just unbelievable.

**DEBORAH MAJORAS:** The other interesting thing to me is it really does vary by country, and by culture. For example, comparative advertising, which someone with a competition background, like mine, thinks is the greatest thing in the world, right? Outside the United States, a lot of governments and a lot of people think that competition is completely dirty and inappropriate, and you're not supposed to do it. So we have this outside the U.S., where we go round and round.

**HAROLD WEINBERGER:** I actually had a federal judge in Kansas tell me that it was illegal!

**DEBORAH MAJORAS:** Yes, even in the U.S.!

**STEVEN TYRRELL:** First Amendment!

**DEBORAH MAJORAS:** So you have to take those things into account, too.

**JACK FRIEDMAN:** Our next speaker is Paul Ulrich from Dinsmore & Shohl.

**PAUL ULRICH:** Thanks, Jack.

**JACK FRIEDMAN:** By the way, I want to say that Deborah and Paul have come in from Cincinnati, and we have some from New York here, so we have the national picture with this panel.

**PAUL ULRICH:** First off, on behalf of myself and on behalf of my colleagues at Dinsmore & Shohl, I would like to congratulate Deborah. It's truly an honor for me to be here, and we have had a longstanding relationship with Procter & Gamble — not quite as far back as Mr. Procter and Mr. Gamble, but it's been a long relationship! I can truly attest that The Procter &



Gamble Company is filled with world-class professionals, and it is an honor for me to be here today and to work with them on a daily basis.

What I wanted to talk to you about is patent law, and how it relates to the increased scrutiny and regulation that Deborah was speaking about in her remarks.

As you can imagine and Deborah mentioned, Procter & Gamble has a global presence. They have hundreds of brands, and within those hundreds of brands, hundreds of products and derivatives of those products. Then, within each of those product lines, Procter & Gamble may have one, maybe two, maybe ten patents covering the products themselves, or different nuances and/or parts of those products. Thus, if you could see it, Procter & Gamble's brands, products, and patents form an expansive network that branches out into a spider web of interrelated products and patents.

Having said that, then you have not only the U.S. to worry about, but also a global patent system out there that is not harmonized. Unfortunately, the U.S. in many

respects is the oddball when it comes to harmonization with the rest of the globe.

Therefore, I thought it would be fairly relevant here to speak on what the U.S. is trying to do to enact patent reform.

The 112th Congress, as we all know, has just started, and the question is whether they are going to try to enact comprehensive patent reform, as the 111th Congress tried to do but failed, or whether Congress will attempt to enact reform via piecemeal legislation — you know, taking small, little bites at the different provisions that they want to try to reform.

Actually, they've already proposed H.R. 243, and it's directed to false marking. What is false marking, and how does that impact a company like The Procter & Gamble Company? The current false marking statute and the way it's been interpreted by the Federal Circuit in the *Bon Tool* case, reads that if a patent owner falsely or improperly marks his/her products with a patent number, a third party, including one that has incurred no injury or harm from this improper patent marking, may sue the patent owner and recover \$500 per article out in the market. In a very simplified example, I could look at a product that Procter & Gamble has on the market, do some diligence and say, "Oh, look at this — there's a patent marked on this product, and it's no longer covering that patent," or, "Look, this patent has expired and they still have it on the product." Without having incurred an injury from this mis-marking, I could sue Procter & Gamble \$500 per article. As you can imagine, the class action attorneys — hopefully there are no class action attorneys in here right now — have jumped on this. I don't know how many of these cases have been filed against The Procter & Gamble Company, but I do know that within a short span of time last year, over 600 class action lawsuits were filed against companies.

It's a serious matter, because just tracking all those patents is a huge deal for a company like Procter & Gamble, as well as

the outside counsel that work with those patents.

House Resolution 243 is looking at changing the current law and requiring a competitive injury. So, to bring a suit, a party would have to at least show that they have incurred a competitive injury by the alleged false marking. Additionally, the \$500 will be an aggregate recovery, not per article.

As you can see, this is a key piece of legislation that has already been introduced in the House. False marking reform was included in the past Patent Reform Act that was pending before the 111th Congress, but that bill was loaded in with a bunch of other provisions, which I'll talk about here in a few minutes.

Speaking on the overall patent reform, Senator Leahy, the Chairman of the Senate Judiciary Committee announced that among his top priorities is the Patent Reform Act. He also has stated that he spoke with the incoming leader of the House Judiciary Committee, Representative Smith, and that both of them have agreed that patent reform is sorely needed. Thus, it does appear that the 112th Congress is going to try to tackle patent reform again. Now, we'll see if they're successful or not.

In the 111th Congress, there were two bills directed to patent reform: Senate Bill 515 and House Resolution 1260. I've provided high-level summaries of each of these in your packets. But like I mentioned, both stalled in the 111th Congress.

Let's take a closer look at a few of the key provisions that were in these bills. First, there was a "First Inventor to File" provision, which would change our current law from a "First to Invent" system to a "First Inventor to File" system. At a real high level, Europe and most other countries are a "First Inventor to File" system. In such a system it essentially becomes a race to be the first to file the patent at the Patent Office because the first to file is considered the inventor of such technology. In contrast,

in the U.S.’ “First to Invent” system, even though one may be the first to have filed his/her patent, one may be found to not be the first to have invented such technology. Changing to a “First Inventor to File” system would help the U.S. harmonize with the rest of the world. This would obviously help companies like Procter & Gamble, and its attorneys, in that its attorneys would have one less jurisdictional nuance out there in the global patent landscape.

Second, the bills included a provision directed to assignee filing. What does this mean? In other jurisdictions — such as, for example, in Europe and applications filed via the Patent Cooperation Treaty — a company can file a patent application in the name of the company, rather than in the name of the inventors as is currently done in the U.S. In the U.S., a company must file a patent application in the name of the inventors, and then, through the recordation of assignments at the U.S. Patent and Trademark Office, have the pending application changed into the name of the company.

Why is that a problem? Well, a company may have hundreds of inventors — in Procter & Gamble’s case, thousands of inventors — and thus by the time an application may get filed, those inventors may have moved on to different roles within the company or even left the company, which creates some difficulties in the patent filing process. Enabling companies to file a patent in the company name simplifies things.

Third, both the House and Senate bills included provisions to reform current and add new post-grant review proceedings that would be available to third parties wanting to challenge an issued patent. Specifically, the proposed provisions would have eliminated the current *inter partes* reexamination proceeding and installed a revised *inter partes* review proceeding. Moreover, this section of the bills added a post grant review proceeding similar to an opposition proceeding found in Europe.

Fourth, the bills included provisions directed to third party prior art submissions, enabling a third party to submit to the U.S. Patent Office prior art that the third party deems is material to patentability.

Both the post grant review proceeding and the third party prior art submission provisions were directed to reducing the number of invalid patents that have been allowed by the U.S. Patent Office, which has been an increasing concern by companies.

Fifth, the bills contained provisions directed to damages within a patent infringement suit. In particular, these provisions increased the trial court’s “Gatekeeper” function with respect to what type of damage theories, analysis and calculations would be allowed as evidence and thus admissible. This was probably the most controversial aspect of the bills and thus no agreement was ever reached. However, the courts appear to be tackling this aspect of patent reform and thus damage provisions may be left out of any new patent reform bill introduced in the 112th Congress. For example, in *Lucent Technologies, Inc. v. Gateway, Inc.*, the court held that the calculation used for damages must have a legally sufficient evidentiary basis.

Sixth, willful damages were addressed. The proposed Patent Reform Act would have required a jury, in order to find willful infringement, to find the infringement was “objectively reckless.” The standard was defined as, “The infringer acted contrary to an objectively high likelihood that actions of the infringer constituted infringement of the patent, and the risk was known or so obvious that the risk should have been known to the infringer.” The sponsors of the bills contended that this was just a mere codification of *In re Seagate Technology LLC*’s “objective recklessness” standard.

Finally, the bills included provisions, although slightly different than the current H.R. 243, directed to curbing the tidal wave of false marking suits as I previously mentioned.

Only time will tell whether the 112th Congress will be more successful than predecessors in tackling patent reform. I would like to now turn to a few of the more significant cases relating to increased scrutiny in the procurement of patents.

Inequitable conduct during the procurement of a patent is one such aspect of which the Federal Circuit has performed a deeper review. *McKesson* was a case where the court found inequitable conduct for a practitioner, where he failed to cite office action rejections from related applications in a co-pending application, although the related applications were generally cited in the co-pending application’s prosecution proceedings. Generally, a patent prosecuting attorney, and anyone involved in the patent process have a requirement, a duty of candor to the Patent Office; i.e., a duty to disclose any information that would be material to patentability. What the court found here was that although the patent attorney cited that, “There’s these related applications out there and here they are,” he failed to cite office action rejections from these related applications wherein the Patent Office examiner had rejected the claims of these patent applications. Additionally, when the examiner finds that the examination is completed and the patent application is ready to issue as a patent, the examiner issues a Notice of Allowance to the patent owner. In *McKesson*, the examiner had allowed the claims of one of the related applications and thus issued a Notice of Allowance, but the patent attorney failed to turn around and cite this Notice of Allowance in the co-pending application that was at issue in this case.

The court found these actions as constituting inequitable conduct, despite the fact that the same examiner was examining both the co-pending application as well as the related applications. One would think that with the same examiner examining the applications and the applications identified to the examiner as being related; it would be enough for the attorney to cite, in the current application at issue, the existence



of the other related application(s), and in those related cases, to cite the existence of *this* current application.

This holding is significant, when a company such as, for example, The Procter & Gamble Company, is trying to manage and track and get a handle on all the patent applications in its spider web of inter-related applications, as well as all the allowances and rejections issuing from these applications.

So, in response, you, as a patent practitioner, patent owner, and/or inventor, have to implement standard operating procedures designed to track all of these related applications, track all the rejections from these applications, and track all the Notices of Allowances; to communicate with each other; to communicate with the attorneys in-house; to communicate with the attorneys that are outside counsel dealing with these cases; and to ensure that you have the proper systems in place to manage and track all of the related applications.

The *Therasense* case is a follow-on case to *McKesson* at the Federal Circuit that has since been vacated and an *en banc* hearing has been ordered. Generally, the court in *Therasense* found inequitable conduct by the

attorney prosecuting their patent application, because this patent attorney failed to cite contrary arguments he had made in a related application in a foreign country. So, the court has made it explicit that even statements outside the U.S., if contrary to statements or representations you have made in the U.S., are material information and must be cited.

Now, as I mentioned, *Therasense* has been vacated, so we're not sure yet what the Federal Circuit is going to do with it. It does appear that they are going to take a long review of the whole inequitable conduct standard in patent cases, and hopefully revise and clarify it. As you can see, patent law is not a static area of the law, and we, as patent attorneys, get a bad reputation many times as being boring. This shows that we've got a lot going on, and we're interesting people!

Anyway, what can you do about all these changes in this active legal environment of patent law? One of the things is stay abreast of these changes. We must educate ourselves, and our clients, of these changes. But more importantly, patent prosecution in particular is a very procedural area of the law. Thus, you have to ensure that your systems, your practices and your standard operating procedures are up to date, are

aligned with the current changes in the law, and then make sure you communicate these changes and work with your in-house counterparts to ensure that *their* systems and our systems are inter-cooperative, because if you make changes but they don't, or they make changes and we don't, the systems won't align, and something's going to fall through the cracks.

**JACK FRIEDMAN:** The comment you made reminds me of a famous securities case that was tried in the 1960s. The leading treatise was by Professor Loss at Harvard Law School. He was the guest witness for one side before an incredibly famous federal judge. The judge leaned forward and said, "Professor Loss, everything you said today contradicts what you put in your famous treatise." Loss replied, "Judge, I think more clearly when I'm being paid!"

Our final speaker, Kurt Wimmer of Covington & Burling, has a very interesting topic. Thank you.

**KURT WIMMER:** Thanks, Jack. I'd like to join my colleagues in congratulating Deborah. It's really a privilege to be able to work with you and your team, and Procter & Gamble is an extraordinary company.

I'm going to talk about an area of law that brings us back full circle to where we started. It's an area of law that Deborah had a lot to do with the development of: the law of privacy.

Privacy, data protection and data security, if you go back a few years, was a relatively stable and straightforward compliance issue for general counsel. You'd look at state law, usually using some sort of a chart like this one, you would also look at federal law in your own sector-specific area, and, of course, you would look at what the FTC had done. You'd look at what the EU has done, whatever countries you're working in in Europe have done, and if there are other countries in Asia or South America where you're doing business, you'd look there as well, of course.



**Paul Ulrich**

*Partner, Dinsmore & Shohl*

**Dinsmore & Shohl**  
ATTORNEYS LLP

Paul is a Partner in the Dayton office of Dinsmore & Shohl. He is a member of the firm's expanding worldwide intellectual property practice, which has met client demands with the hire of 11 IP attorneys since 2009 and boasts 40 full-time IP attorneys firm-wide.

Paul's practice focuses on patent preparation and prosecution; opinion work on infringement, market clearance, validity, and patentability; licensing; IP due diligence for M&A; and client counseling in all intellectual property matters. His experience is concentrated in mechanical, electro-mechanical, light-chemical, business methods, Internet-related areas, and software. Paul's practice includes extensive experience in design patent preparation, prosecution, and opinion work.

A sample of Paul's experience includes: serving as a lead partner in preparation and prosecution work for The Procter & Gamble Company; negotiating on behalf of a major Studio Theme Park, which resulted in a seven-figure patent infringement settlement; performing infringement and validity patent analysis on energy technologies for a *Fortune* 100 company; acting as Chief Patent Counsel for multiple companies; and managing and providing counsel regarding trademark portfolios for multiple companies.

Prior to becoming an attorney, he held management positions in engineering, regulatory, operations, and customer service with a *Fortune* 500 gas and electric utility, including managing an organization of 400 union and management employees.

## Dinsmore & Shohl

Dinsmore & Shohl is one of the largest law firms in the nation, ranking in the *Am Law* 200 and *National Law Journal* 250. The firm currently boasts 11 offices in four states throughout the Midwest, including a presence in Washington D.C.

Our more than 450 attorneys represent numerous public and private employers, including *Fortune* 500 companies, in matters throughout the country. Dinsmore & Shohl's clients include leading businesses

operating internationally, across the nation, throughout the region and locally.

In recent years, several mergers have helped fuel Dinsmore & Shohl's growth. The firm has added depth to its corporate and tax practices through a merger with Chernesky, Heyman & Kress, P.L.L. in Dayton, OH. The firm's Columbus, OH office tripled in size with the addition of attorneys departing Buckingham, Doolittle & Burroughs, LLP. More recently, Woodward, Hobson & Fulton, L.L.P. merged with Dinsmore & Shohl, significantly expanding the firm's presence in Kentucky.

Dinsmore & Shohl serves clients across a broad range of industries, including chemicals, communications, construction, education, energy, financial services, government, healthcare, hospitality, insurance, life sciences, manufacturing, media, natural resources, pharmaceuticals, real estate, retail, technology, and transportation. Our attorneys are committed to providing clients with efficient, cost-effective and comprehensive solutions to today's complex legal and business issues. More information is available at [www.dinslaw.com](http://www.dinslaw.com).