

Patents—Potential Infringement in Foreign Country

Case No. 18-6

Facts:

Engineer A is a professional engineer who heads the product development division for ABC Pharmaceuticals in Country X. Country X has experienced a serious problem with infant deaths resulting from an infectious but curable disease. Many physicians in Country X have prescribed drugs to address this infant disease, but the supply of drugs in Country X is often of inferior quality. In past years, detecting low-quality pharmaceuticals required access to complex testing equipment, often unavailable in developing countries where this problem exists. However, the cost for the testing equipment has come down. Several pharmaceutical distribution companies in Country X purchase the testing equipment and produce effective medication for this infant disease. At the same time, ABC Pharmaceuticals decides to begin to manufacture Dylzian, an important and very effective life-saving drug for infants for use solely in Country X and assigned Engineer A the responsibility for the Dylzian manufacturing process. Dylzian is based on a patent from a drug manufactured by another pharmaceutical company, LMN Pharmaceuticals headquartered in another country, Country Y. The manufacture of Dylzian by ABC Pharmaceuticals violates the patent of LMN Pharmaceuticals under the laws of Country Y but does not violate the patent laws under the laws of Country X.

Question:

What are Engineer A's ethical obligations under the circumstances?

NSPE Code of Ethics References:

- Section II.1. - Engineers shall hold paramount the safety, health, and welfare of the public.*
- Section III.9. - Engineers shall give credit for engineering work to those to whom credit is due, and will recognize the proprietary interests of others.*
- Section III.9.c. - Engineers, before undertaking work for others in connection with which the engineer may make improvements, plans, designs, inventions, or other records that may justify copyrights or patents, should enter into a positive agreement regarding ownership.*

NSPE BER Case References: 68-1, 69-12, 74-11, 97-12, 99-13, 01-4

Discussion:

Among the key values provided by professional engineers in their practice is the intellectual property that they deliver to their employers and clients. In an increasingly shrinking world, this value is probably more important today than ever before. Professional engineers deserve the respect of the knowledge and expertise that they provide to their employers and clients. Likewise, professional engineers must respect the knowledge and expertise of others.

The BER has addressed issues relating to intellectual property in the past, including patent and copyright questions. The four earlier patent cases addressed by the BER (68-1, 69-12, 74-11, 01-4) related to the issues of nondisclosure to an employer, mandatory patent assignment, patent ownership in connection with an expert witness, and a dispute over the right to specify. This last case (01-4) is pertinent to the BER's consideration in the present case.

In BER Case 01-4, Engineer A, a structural engineer, designed structural systems for large developers on hotel projects. Developer B wanted to use a unique flooring system, but the system was patented by Inventor C, who is a professional engineer. Developer B contacted Attorney D, who told Developer B that Inventor C had a legitimate patent and recommended that Developer B negotiate with Inventor C to obtain a license for Inventor C's patent. Developer B entered into negotiations with Inventor C, but the negotiations failed. Thereafter, Developer B hired Attorney E, who reviewed the patent and indicated that he disagreed with Attorney D, and also indicated that, in his professional view, there was a genuine dispute as to the legitimacy of Inventor C's patent. Developer B told Engineer A that he wanted Engineer A to proceed with the project and have Engineer A specify the flooring system into the project's structural design.

In deciding that it would be unethical for Engineer A to specify the flooring system into the project's structural design until the patent and proprietary rights of Inventor C are resolved, the BER noted that under the facts in BER Case 01-4, Engineer A had an obligation to consider and balance various ethical considerations. Engineer A was placed in a particularly difficult position due to the conflicting opinions offered by Attorneys D and E concerning the legitimacy of Inventor C's flooring system patent rights. As a professional engineer, Engineer A could not be expected to make a competent professional judgment relating to competing legal rights between Inventor C's patent rights and Developer B. As indicated by the BER, patent questions are highly technical legal issues and engineers are generally not competent in these areas.

In BER Case 01-4, the BER went on to state that there are at least two potential courses of action that Engineer A could take under the facts. First, Engineer A could explore with Developer B the possibility of using an alternative flooring system on the project to avoid the possibility of infringing upon Inventor C's patent rights. Although Developer B was particularly interested in the unique flooring system patent claimed by Inventor C, an experienced structural engineer should be resourceful enough to explore other possible comparable alternatives. A second option would be for Engineer A to communicate the importance of Developer B and Inventor C resolving the patent issue to permit Engineer A to proceed with the work without the ethical and legal clouds hanging over this project. Developer B would obviously need to determine how important the unique flooring system is to the project's success and advise Engineer A.

Turning to the facts in the present case, while the circumstances and the stakes are somewhat different than those in BER Case 01-4, the BER believes that important and analogous principles can be found between these two cases. Much like in BER Case 01-4, in the present case, despite the legal ambiguities that existed between the rights of the potential patent owner and the party to whom Engineer A had a direct relationship—ABC Pharmaceuticals—here Engineer A had an ethical obligation to respect the intellectual property rights of LMN Pharmaceuticals and to take appropriate steps to address those rights. The NSPE Code of Ethics is clear regarding the engineer’s obligation to give credit for engineering work to those to whom credit is due and to recognize the proprietary rights of others. Such steps could include 1) seeking clarification and finalization of the patent rights of the parties—and if necessary encouraging ABC Pharmaceuticals to negotiate a patent licensing agreement for the sale of this important life-saving drug in Country X, 2) explore the potential for other life-saving drug options that could be tested using new drug quality testing equipment in Country X, or 3) determine whether a new ABC Pharmaceuticals product is in the company pipeline that could address the Country X health challenges.

In closing, the BER is not indifferent or insensitive to the critical issues involved in this case and can certainly sympathize with the health crisis concerns of those living in Country X. At the same time, it is through research, development, and the protection of intellectual property that pharmaceutical companies and other manufacturers can develop and market innovative and emerging pharmaceutical and other technologies to save and improve the lives of all people. Professional engineers must continue to play an increasingly important role in this important conversation.

Conclusion:

Engineer A had an ethical obligation to respect the intellectual property rights of LMN Pharmaceuticals and to take appropriate steps to address those rights. Such steps could include 1) seeking clarification and finalization of the patent rights of the parties—and if necessary encouraging ABC Pharmaceuticals to negotiate a patent licensing agreement for the sale of this important life-saving drug in Country X, 2) explore the potential for other life-saving drug options that could be tested using new drug quality testing equipment in Country X, or 3) determine whether a new ABC Pharmaceuticals product is in the company pipeline that could address the Country X health challenges.

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