

## *Madrid Arrangement Opposed*

**Resolution by Committee.** The Subcommittee on Foreign Trademarks overwhelmingly resolved after two committee meetings that the United States should not adhere to the present text of the Madrid Arrangement.

The principal argument for adherence is to enable United States nationals to obtain registrations in twenty-one foreign countries by filing two trademark applications. This constitutes a substantial saving in costs.

Other proponents for adherence to the Madrid Arrangement have expressed an additional reason, namely that this would enhance economic cooperation, provide for exchange of products, and encourage trade.

**Advantages Outweighed.** The opponents of adherence to the Madrid Arrangement have argued that of the twenty-one countries party to the Madrid Arrangement, there are only eight or nine countries of substantial interest for American applicants; that regional trademark plans such as the Benelux Trademark Bill and the Common Market Trademark Convention will reduce the number of filings as the bilateral treaty between Italy and France has already done; that the basic disadvantage to the present text and the Nice revision stems from the fact that American nationals must use their trademark prior to filing while foreign nationals could extend their registrations without use prior to filing in the other member countries of the Convention; and that the administration of international trademarks in the United States Patent Office would clutter up our Register and make it more difficult to obtain trademark registrations in the United States.

Finally, opponents to adherence to the Madrid Arrangement take the position that American companies having a bona fide business establishment in one of the member states or having a related company can already obtain an international registration without assuming the disadvantages of adherence to the Madrid Arrangement.

## *Patent Office Units Move*

The Trademark Examining Operation, The Board of Appeals, and The Board of Patent Interferences recently moved from The Disc Building, 18th and K Streets, N. W., to new quarters in The Longfellow Building, 1741 Rhode Island Avenue, N. W. (near Connecticut Avenue), Washington, D. C.

### CALENDAR

Apr. 27, 1966—Annual Judicial Conference,  
Roosevelt Hotel.

May 26, 1966—Annual Meeting, Hotel Commodore.

## NYPLA REPORT TO THE COMMISSION IS SUBJECT OF FEBRUARY MEETING

The February 1966 dinner meeting of The New York Patent Law Association was devoted entirely to a discussion by the Special Committee of their Report to the President's Commission on the Patent System (see BULLETIN, Vol. 4, No. 7; Vol. 5, No. 1; and Vol. 5, No. 4). A question and answer period followed.

The President of the Association, John M. Cooper, called on Albert C. Johnston, chairman and W. Houston Kenyon, Jr., vice-chairman of the Special Committee to lead off the discussion. After reviewing the background of the appointment of the Special Committee, Mr. Kenyon, in turn, called on different members of the Committee to discuss the various proposals contained in the report.

**The First Proposal.** John R. Shipman discussed the Report's first proposal, that "After the applicant's initial response to an official action citing the prior art, patent applications found properly to set forth novel subject-matter shall be published and shall not thereafter be taken up for full examination and allowance until such action is requested by any person."

This proposal contemplates only novelty and formal examinations in the first stage. The applicant could, within a certain time, limit the claims against the cited prior art and correct any informalities. The application would then be published as a *provisional patent* upon payment of a fee. No infringement action may be brought on a provisional patent. However, damages would accrue from the date of publication of the provisional patent. Information could thereupon be submitted by any person to the Patent Office, which would then be available to the public. It is contemplated that any person may request a full examination (i.e. including non-obviousness) upon payment of a fee.

After full examination, a *confirmed patent* would be issued, on which an infringement action may be brought. The advantages of this procedure were outlined by Mr. Shipman and appear in the text of the Committee's report.

**Elimination of Interferences.** The Committee's second proposal is that "All interferences in the Patent Office be abolished and that subsequent court action on the issue of priority be sharply curtailed." The Committee was convinced that this bold step was necessary to reduce or eliminate the expense, delay, complexity and incompleteness of present day interference practices. These deficiencies impair the effectiveness of the patent system, and give cause for adverse criticism of the patent system.

Although interferences would be abolished in the Patent Office, a junior party may still bring an interference action against a senior party in the CCPA and if more evidence or testimony is required, a trial commissioner may be appointed. The CCPA would be given full

# REPORT TO COMMISSION IS DISCUSSED AT MEETING

Continued from page 1

jurisdiction to effectuate these purposes. Furthermore, non-assertion or contest of an interference in the CCPA would not bar future assertion of invalidity of the patent.

**Change in Statutory Bar.** The third proposal of the Committee is that "Publications describing the invention which are not published by or derived from the inventor shall bar applications filed thereafter." The advantages of this proposal would be that one may safely publish an invention without having to worry about a subsequent party "swearing back" of the publication date, and obtaining a patent thereon. Also, it would bring the U. S. system in conformance with most foreign patent systems.

The fourth proposal, which was reported on by Daniel P. Chernoff, is that "The special jurisdiction of the district courts now provided in 35 U. S. C. §§ 145 and 146 be abolished and that the statutes covering proceedings in the Courts of Customs and Patent Appeals to review decisions of the Patent Office be amended to provide for simplified appeal procedures and for the consideration of additional evidence if desired". This would eliminate the duality of review in patent cases. The CCPA could admit new evidence and appoint trial commissioners. Thus, more uniformity of Patent Office practices would be gained. However, the Committee was against recommending that the CCPA be given jurisdiction to handle all patent suits since many of them involve non-patent issues.

**Inventors' Problems.** The individual and employed inventors were thought by the Committee, as noted by C. Cornell Remsen, Jr., not to require any special legislation at this time. The employee inventor can easily change jobs if he is dissatisfied. The previously discussed proposals would take care of the individual inventor since his most pressing problem is finances. In order to assist him in developing his invention, it was thought that the Department of Commerce's present activities are adequate. The Committee also discussed a system of awarding inventor's certificates without examinations, but this was decided against.

**Questions from the Floor.** Much interest was expressed over Proposal No. 1 of the report. One member questioned what would happen if an applicant did not comply with the formal requirements or did not distinguish the claims of his application from the cited art. Also, was it possible for a provisional patentee to amend his application? Mr. Shipman answered that non-compliance with formal requirements would, as is presently the case, lead to a final rejection. If the claims were not

amended to avoid the cited art, either a final rejection could be given, or the claim could be published but would be invalid. Furthermore, Allen G. Weise, a committee member, replied that a provisional patentee may amend his application at any time after the publication but before the granting of the confirmed patent. William R. Woodward, also a committee member, added that the provisional patent could be amended even though a full examination was not requested.

Another member questioned whether it was not prejudicial to an applicant to have his application published, scrutinized by the public and then required to be re-examined. William J. Barnes, of the committee, thought that the new proposal would place a burden on the applicant, but that it would not be an undue burden. One must consider the purpose of the patent law, which is to advance the arts and sciences. As the patent system is presently constituted, a patent may not be published for three to four years. This does not disseminate knowledge quickly enough to be of any practical use in many cases. If the new proposal were to enable faster publication, then the patent system would be accomplishing its purpose. An inventor is only entitled to a

monopoly if the purpose of a patent system is attained.

**Time Savings Questioned.** Would any time be saved by splitting off the novelty examination from the obviousness examination and what was the Committee's reasons for proposing this dual examination system, queried a member. Mr. Kenyon replied that experience has shown that the most involved and time-consuming examinations are those involving Sec. 103 (i.e. obviousness) and thus examining initially only under Sec. 102 (i.e. novelty) would probably substantially reduce the work load of the examiners and hasten publication and dissemination of information. Mr. Johnston also replied that this splitting of the novelty and obviousness examinations would bring the most facts to bear on the examination with the least expense.

The question of broadening claims after publication was raised. Mr. Kenyon replied that this possibility was not considered and thus is left open for further study. It was then proposed by Mr. Woodward that the same rule as applied to the case of reissues should apply; that is, for a period of two years, a patentee would be able to broaden his claims. The member commented that we should harmonize the U. S. patent law with the patent laws of the other countries and not permit the broadening of the claims after publication.

In reply to a question on whether novelty examinations would permit a combination of references, Mr. Johnston replied that normally only one reference would be cited but that if two or more references were related

Continued on page 3



SPEAKERS AT FEBRUARY 16TH DINNER

W. R. Woodward

W. H. Kenyon, Jr.

J. R. Shipman

D. P. Chernoff

C. C. Remsen, Jr.

# REPORT TO COMMISSION IS DISCUSSED AT MEETING

Continued from page 2

to each other, the combination could also be cited.

The contemplated role of a senior board in fully examining the applications in the second phase was questioned. Mr. Kenyon replied that the purpose in having a senior board for the full examination was to give the confirmed patent a higher presumption or status of validity.

One member asked whether any particular period was contemplated within which to request a complete examination. Mr. Kenyon replied that none was contemplated by the Committee.

Asked whether any special rules were contemplated on the question of utility in chemical patents, Mr. Shipman replied that it was difficult to generalize this point mainly because the chemical division of the Patent Office always seems to set up its own rules. It was thought that this point could be best covered when the details of a new patent law are being drafted in Congress.

On the second proposal, one member asked whether anything would be saved by placing the interference in the CCPA and who would pay for the trial commissioners. Mr. Kenyon replied that the United States has always paid for trial commissioners and there would be no reason for their not continuing the practice in this case. Furthermore, he said that it was thought by the Committee, based on experiences in the Court of Claims, that very few interference cases would actually reach the CCPA. Thus, substantial savings in time and effort of the Examining Corps would be produced.

**"The Third Proposal"**, one member commented, "may trap the unwary." He thought that a later publication, published prior to filing of an application, would bar the first publisher from obtaining a patent. Mr. Shipman thought that this was correct; as long as the second publication did not derive from the inventor of the first publication, the first inventor would be barred from obtaining a patent. If an inventor desires a patent, he should file an application as soon as possible rather than waiting until a second publication induces him to action. There would be no question that the second publisher could not obtain a patent.

Along the same line, one member asked the Committee's definition of a defensive patent. Mr. Kenyon said that this was a difficult question and that he did not believe that it could be answered in a reasonable length of time.

Mr. Johnston attempted to answer this question by saying that the third proposal would enable an inventor to protect himself defensively by earlier publication. He would not have to worry about another subsequent invention "swearing back" of his publication date as is now possible under Rule 131, and obtaining a patent on the published invention.

Proposal No. 4 and the parts of the report regarding the individual and employed inventors, did not elicit any questions or comments from the membership. However, other miscellaneous questions were asked by members, such as whether an assignee could be an applicant, whether a patentee could give notice of infringement without having a confirmed patent and whether the question of continuation was considered by the Committee. It appears that the Committee did not consider the question of continuations or the question of whether an assignee could be an applicant as is the case in foreign countries. It was thought by the Committee that the provisional patentee could give notice of an infringement without having a confirmed patent.

**Opposition Voiced.** It was apparent that some members were not entirely satisfied with the proposals. One member asked whether the Committee had the benefit of any surveys and opinions of experts. Mr. Kenyon replied that the Committee had acted on the basis of its own judgment and experience. Another member asked whether the Board of Governors considered polling the members of the Association on the various proposals contained in the report. President Cooper replied that there was insufficient time to poll the members and still meet the dead-line set by the President's Commission. However, he indicated that if there had been more time, a referendum on this subject would have been seriously considered. It was pointed out that the report was submitted to the President's Commission under the signature of the Board of Governors. No assertion was made by the Board of Governors that the members of the Association had voted on the proposals. President Cooper also pointed out that individual members who wish to submit their own ideas to the Commission are in a position to do so; in fact such communications are being requested by the Commission. (See page 7 of this issue.)

An informal poll clearly indicated that a majority of those present approved the report, but it also showed that a substantial number of members questioned one or more positions taken in the report.

## MONACAN TRADEMARK LOOPHOLE

Taking advantage of Monacan trademark law, Dr. Robert S. Aries and two companies under his control recently registered in that country upwards of 300 trademarks owned in the United States by leading American companies. Many of the registrations were practically household words. The registration of these trademarks was made possible by the fact that there are no requirements to use a trademark prior to filing of trademark applications in Monaco.

A large number of these registrations have since been voluntarily cancelled, but it is not known whether Dr. Aries received any consideration for the withdrawal.

It is understood that a civil judgment has been rendered against Dr. Aries in the United States for theft of trade secrets and that he has been indicted in the United States and Switzerland on similar charges.

## CONTINUATION PRACTICE REVISED

A procedural change recently announced by Commissioner Brenner and now in effect substantially simplifies the filing of continuation applications. If the drawings and specifications of the new application are to be identical with those of a pending application of the same applicant, and if the claims are to be directed to the same invention as that prosecuted in the pending application, the application papers of the earlier case, other than the claims, may be used for the new case. This apparently includes the drawing and oath.

The continuation application need consist merely of a request that the earlier application papers be used, a new set of claims, and the appropriate filing fee based on the new claims. A new serial number and filing date will be accorded the continuation application which will enjoy the effective filing date of the original case (see 824 O.G. 1).

Editor, NYPLA BULLETIN:

I studied with a great deal of interest the Association's proposals which were submitted to the President's Commission on December 15, 1965 and the commentary on the committee work in the Bulletin for January, 1966. I feel quite strongly that proposals 1 and 3 relative to the patent examination procedure if put into effect would be detrimental in the drug and chemical fields in which I practice. I have, therefore, transmitted a critique containing my views on these proposals to the President's Commission.

PRESIDENT'S COMMISSION ON THE  
PATENT SYSTEM

CRITIQUE OF CERTAIN PROPOSALS OF THE NEW  
YORK PATENT LAW ASSOCIATION SUBMITTED BY  
DR. R. E. CARNANHAN OF MEAD JOHNSON  
& COMPANY

*Proposal No. 1* deals with a form of deferred examination which would have patent applications published after a preliminary examination as to novelty and form only. My concern falls into two parts.

*Criticism A.—Speculative filing would be encouraged.*—In my opinion the proposed requirements are not sufficiently stringent in the drug and chemical field to serve the system well. The practice proposed is similar to that followed in England where obviousness is not a ground for rejection of a patent application by the Patent Office. Since mere novelty is a rather easy requirement to meet, this practice can result in the publication of patent applications relating to rather trivial changes of existing inventions. This in fact does occur in the U. K., although the stringent attitude of the British courts tends to limit the practice.

The filing of speculative disclosures would be encouraged if obviousness were removed as a criterion for publication. The applicant would have an almost unlimited period to develop data as to patentability, and there would be a temptation to file on speculative grounds since the application might strike an area sensitive to a potential purchaser of the application. If not, applicant's only loss would be his rather nominal expenses in filing a poorly considered patent application. On the other hand, legitimate research organizations would be harassed by the prospect of such published applications becoming patents, and instances would, no doubt arise where applicants with no intention or means for bringing their inventions to fruition might extort royalty payments from legitimate, well-organized and funded institutions.

*Criticism B.—Infringement evaluation would be less certain.*—A critical task of the laboratory researcher is to direct his work into channels which are not only novel but which are not blocked by the patents of other parties. Sometimes a research program has for its object to design around the patents of a competitor. This is one of the conceded benefits of our patent system. In advising as to matters of this type, one of the duties of the patent counsel is to guess what the courts might do with a patent claim which appears to cross a research channel. This is always a difficult task even under the present system, where the patent application has already undergone a thorough examination as to novelty and obviousness by the Patent Office. The new system would

impose a two-stage barrier to evaluation since it would be necessary to guess not only what the courts might do with the patent, but also what the patent examiner might do with the application. Decisions on matters of this sort at the early formative stages in research could not await termination of proceedings before the Patent Office according to the Proposal.

*Recommendation.—Require Applicant to Make "Prima Facie" Showing as to Non-obviousness.*—

At least limited consideration as to obviousness should be given before publication of the patent application is approved. Where close art is located in the novelty search, the examiner might require the applicant to file evidence and arguments tending to show that the invention is not obvious before approving publication. This would not impose any substantial additional burden on the examiner if only cursory reconsideration prior to subsequent approval of publication were required. Applicant's data would then be available for all to see in evaluating the application. Such procedure, it is believed, might discourage the filing of many speculative patent applications and would foster the inclusion of information bearing on the merits of the invention *vis-a-vis* the prior art in the patent application as filed.

*Proposal No. 3* would abolish the right of an inventor to apply for a patent on his invention if independently created and published by another prior to the time of his application.

In actual practice, the right to apply for a patent following publication by another party is of great importance to the conservative filing of patent applications. If this right were removed, it would be necessary for active research organizations to file many more patent applications to protect not only their active projects but also their preliminary leads, whose potential importance has not yet been defined.

In the drug field from five to seven years of development is necessary before a new product can be marketed. This period includes extensive animal toxicity study and human clinical evaluation, and does not commence until after one to three years of preliminary research following the original discovery. The preliminary research stage is occupied with laboratory pharmacologic evaluation and chemical work needed to define the invention to a point where development can start. Removal of the one-year grace period for the filing of patent applications would require applying for a patent as soon as the preliminary lead occurs. The result would be the filing of a great many additional patent applications of a fragmentary nature.

It is not unusual for a publication of another on a closely related subject or even the same subject to appear when conducting research in a crowded field of investigation. The fear of being scooped is ever present. In those instances where publication by another does occur, it is important that one interested in carrying forth development of the invention have the right to apply for a patent if he is a prior inventor. If this right were removed, publication of the invention by another would be the death knell for the research project, and it is likely that the public would be denied development of important inventions.

*Recommendation.—Maintain the Present Provision Permitting the Filing of Patent Applications After Publica-*

Continued on page 5

The decisions recently handed down by The Supreme Court and reported elsewhere in these pages are significant for two reasons. Perhaps of primary importance is that they lay to rest the fourteen year controversy over whether Section 103 was new law or merely a codification of prior judicial precedents. The Court has unequivocally adopted the latter view, harkening back to the 1850 case of *Hotchkiss v. Greenwood*, and noting that although Section 103 "places emphasis on an inquiry into obviousness, the general level of innovation necessary to sustain patentability remains the same."

We are thus, relative to the 1952 Act, more or less where we came in, still faced with the task of defining that elusive prerequisite of patentability—invention. It should be somewhat comforting, especially to the practitioners of longer years, to know that while the external trappings are changing with the pressures of expediency, the underlying principles of our patent law are holding firm.

In its somewhat unusual presentation, the Court traces the history of our patent system from its Constitutional origins to the 1952 codification, noting specifically the establishment of the President's Commission on the Patent System. This portion of the opinion is the second reason for its importance and requires the closest scrutiny, for it may very well embody the Court's viewpoint as to the bounds within which the Commission is empowered to act. The following language from the opinion bears repeating:

" . . . it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is—for all practical purposes—to debilitate the patent system. We have observed a notorious difference between the standards applied by the Patent Office and by the courts . . . this is itself a compelling reason for the Commissioner to strictly adhere to the 1952 Act as interpreted here. This would, we believe, not only expedite disposition but bring about a closer concurrence between administrative and judicial precedent."

and in a following footnote referring to the President's Commission:

"It is hoped that its studies may develop more efficient administrative procedures and techniques that will further expedite dispositions and at the same time insure the strict application of appropriate tests of patentability."

In the view of The Supreme Court, the Patent Office bears a large part of the responsibility of carrying out the Constitutional command of securing to inventors the exclusive right to their discoveries. This would suggest then, that any proposed changes in the Patent Office function should be viewed in this context as well as in the light of their ability to ease the burden of administering the patent system.

Continued from page 4

tion.—

The true effect of Proposal No. 3 would be destructive of the diligent prosecution of research. Those interested in developing an invention so that it will be available for use by the public seek patents before publishing. Defensive publications are destructive in that they are intended to negate patentability. Furthermore, the publishers of technical journals are already overburdened

## RECENT CASES OF SPECIAL INTEREST

**Copyright-Damages.** A network broadcast an infringing telecast of "Ethan Frome" over 162 stations, each of which telecast the program to its own specific audience. Almost all of the stations showed the program simultaneously, and the total viewing audience was over 17 million people. 17 U. S. C. 101(b), the Copyright Act damages section, provides that for this type of infringement, the minimum damages are \$250 for each infringement. *Held*, that the simultaneous telecast was a single infringement, to which the \$250 minimum applied, **Davis v. E. I. du Pont De Nemours & Co.**, 148 USPQ 329 (S. D. N. Y. 1966).

**Patents-Infringement.** There can be no infringement of the claims of a patent, which claims are directed to a combination of elements, by the individual manufacture and sale of each individual element without the assembly of the elements. The manufacture and sale in this country of parts for an apparatus to be assembled and erected outside the territorial limits of the United States is not an infringement, **Hewitt-Robins, Inc. v. Link-Belt Co.**, 148 USPQ 530 (N. D. Ill. 1966). 35 U. S. C. § 271 states that infringement constitutes making, selling or using another's invention within the United States. The manufacture and sale of components for assembly abroad, where the components were not assembled together, tested or placed in operable relationship within the United States, does not amount to a 'practice' of the invention within this country.

**Trademarks-Confusing Similarity.** The owner of the trademarks "Pinch" for Scotch whisky and the three-sided "Pinch" bottle sought a preliminary injunction against an alleged infringement by whisky-colored after shave lotion in a similar "Pinch" bottle and bubble bath called "Pinchy" in a similar "Pinch" bottle. *Held*, motion denied, **Haig & Haig, Ltd. v. Maradel Products**, 148 USPQ 375 (S. D. N. Y. 1966). Although the similarity between the appearance of the parties' products is strong, the plaintiff's mark is weak when applied solely to its bottle. The bottle, when not filled with whisky, would not seem to be the plaintiff's forever. The fact that the defendant copied the plaintiff's format is not conclusive of whether there was an intent that the public believe that Haig & Haig produced the bubble bath liquid and the after shave lotion. Whether the public would be misled is a matter of proof for trial, and can not be determined on affidavits. Plaintiff also makes a claim under the New York anti-dilution statute. However, if this statute were construed to enable a court to grant a preliminary injunction for the pirating of good will alone, in the absence of confusion as to source of goods, the statute would run afoul of the Supreme Court *Sears and Compco* cases.

with material awaiting publication, and backlogs of 6 mo. to 1 yr. are common. Many inventions that comprise suitable subject matter for patent applications do not meet the exacting requirements of theoretical impact and completeness of detail maintained by the major technical journals. Much material that appears in patents would never appear in a technical journal.

February, 1966

—R. E. CARNAHAN

## SUPREME COURT HANDS DOWN DECISIONS IN § 103 CASES

On February 21, 1966, the U. S. Supreme Court handed down the long awaited decisions in three cases involving The Court's first interpretation of § 103 of the 1952 Patent Act (see BULLETIN Vol. 4 No. 8).

**Cases Involved.** The Court (in opinions written by Justice Clark), in applying the test of "nonobviousness" of § 103, unanimously found the patents invalid in *Graham et al. v. John Deere Company of Kansas City et al.; Calmar, Inc. & Colgate-Palmolive Company v. Cook Chemical Company* and found the patent valid in *United States v. Bert N. Adams et al.* by a 7 to 1 decision, 148 USPQ 459, 479. Justice Fortas took no part in any of the cases and Justice Stewart took no part in *Graham v. Deere*. Justice White dissented without opinion to the holding of validity in the *Adams* case.

Mr. Justice Clark, who had not previously been identified with any particular position regarding the patent system, found that § 103 was intended by Congress to codify the earlier cases which, in addition to the requirements of novelty and utility, had applied the third test that the innovation must be "nonobvious to one skilled in the art" as first set forth by the Supreme Court in *Hotchkiss v. Greenwood* 11 How. 248 (1850). The opinions further stated, notwithstanding the construction placed by many on the *A & P* and *Cuno* decisions, that the level of innovation required to sustain patentability has always remained the same and has not increased or become more stringent in recent years. The Court did recognize, however, that in view of the increasing level of technological advancement, it has become increasingly more difficult to meet the test of nonobviousness.

**Historical Background.** Beginning with the Constitutional grant to Congress "To promote the Progress of . . . useful Arts, by securing for Limited Times to . . . Inventors, the exclusive Right to their . . . Discoveries" the Court traced the historical recognition of the limitation imposed with this grant that patentable innovation must promote the progress of useful arts. It reaffirmed that this standard, expressed in the Constitution and discussed by Justice Douglas in *Cuno Engineering Corp. v. Automatic Devices Corp.* (1941) 314 U. S. 84, cannot be ignored by Congress in its statutory implementation of the power granted by the Constitution nor by the courts in applying or interpreting the statute.

**1952 Act.** The Court expressly rejected the contentions of many, including Judge Learned Hand in *Lyon v. Bausch & Lomb Optical Co.* (2 Cir. 1955) 106 USPQ 1, that Congress in enacting § 103, intended "to sweep away the judicial precedents" and the further contention that Congress intended to lower the level of patentability. The Court stated:

"We believe that this legislative history, as well as other sources, show that the revision was not intended by Congress to change the general level of patentable invention. We conclude that the section was intended merely as a codification of judicial precedents embracing the *Hotchkiss* condition, with congressional directions that inquiries into the obviousness of the subject matter sought to be patented are a prerequisite to patentability."

**Tests of Patentability.** Recognizing that patent validity is ultimately a question of law, the Court noted that the finding of the "§ 103 condition" lends itself to several basic factual inquiries including:

## NEW KEOGH BILL WOULD BOOST PENSIONS FOR PROFESSIONALS

Representative Keogh, co-author of the 1962 Self-Employed Individuals Retirement Act (P. L. 87-792), has introduced a new bill H. R. 10 (same number as the original bill) that would make tax deductible *all* contributions to a self-employed person's pension plan. Under the present law only 10% of a person's self-employment income or \$2,500, whichever is less, can be contributed to a pension plan in a single year, and only 50% of that contribution is deductible.

By the new bill, these limits would be raised but would be non-discriminatory because the employer-manager could increase his contributions under a formula that would not discriminate against any of his employees.

It has been estimated that only a small number out of a possible seven million are covered by such plans. Responsive to proddings from complaints that limitations in the 1962 Act cause this disparity, Congress is going to take a new and serious look at some of the revisions that have been proposed.

- The scope and content of the prior art.
- Differences between the prior art and the claims at issue.
- The level of ordinary skill in the art. It was also stated that the well known "sub-tests" of commercial success, long felt but unsolved needs, failure of others, etc. "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented . . ." and "as indicia of obviousness or nonobviousness . . . [they] may have relevancy."

Justice Clark, while suggesting that if the courts conform to its requirements uniformity will result, nevertheless recognized that there will be difficulties in applying the nonobviousness test which should, however, be amendable to case by case development.

**Role of the Patent Office.** The Court took particular notice of the obligation of the Patent Office to maintain its "primary responsibility for sifting out unpatentable material" and that there presently existed a great disparity between the standards applied by the Patent Office and the courts. One suggestion by the Court was a greater inquiry by the Patent Office into the requirements of § 103.

The opinions noted the impending recommendations to be made by the President's Commission and hoped that its studies may develop more efficient Patent Office procedures which at the same time insure the strict application of the appropriate tests of patentability.

**The Patents Involved.** Applying the test of non-obviousness, the Court found that the combinations of old elements forming a plow spring clamp apparatus (*Graham* case) and a plastic finger sprayer hold-down lid (*Calmar* case) were within the ordinary skill of the art, once the defects in the prior art devices were recognized.

The battery claimed by the patent held valid in the *Adams* case, was noted by the Court to have unexpected characteristics, to have far surpassed the then state of the battery art and to operate contrary to prior teachings in the art. These and other factors including the disbelief of noted experts in the battery art when it was first presented to them, caused the Court to find the patent valid as claiming an innovation that was unobvious (§ 103) as well as novel (§ 102) and useful (§ 101).

## FOREIGN TRADEMARKS IS THE SUBJECT OF TALKS BY OFFNER

Eric D. Offner, a member of the NYPLA, recently addressed the American Management Association and the New Jersey Patent Law Association on the subject of "Recent International Trademark Developments." The two talks were directed towards the recent changes in the French Law, the Benelux Trademark Convention, the Common Market Treaty and other regional plans including the Madrid Arrangement.

**The French Act.** In reviewing the French Trademark Law which came into effect on August 1, 1965, Mr. Offner pointed out that the important change introduced by the French Law is that trademark rights, which were previously acquired by use, are now acquired primarily by registration. Unregistered trademarks will no longer be protected in France, although well-known trademarks within the meaning of Article 6bis of the Paris Union Convention will be protectable without registration. Trademark applicants can claim the rights acquired by use of their trademarks in France if these applications are filed prior to August 1, 1968.

The new term for registration will be ten years and trademark registrations will be renewable for ten years. Trademark assignments and license agreements must be in writing and should be recorded.

**Benelux Trademark Convention.** The Netherlands has ratified the Benelux Treaty which was introduced before the Luxembourg Parliament on June 26, 1965, and before the Belgian Parliament on October 21, 1965. The Benelux Convention introduces the international classification of goods and services; provides for a ten-year term for registration; and will considerably ease the assignment and licensing provisions which are exceedingly stringent under the present law in Belgium.

**Common Market Treaty.** Mr. Offner reviewed in detail the 166 articles of the Common Market Trademark Convention. Trademark rights will be derived primarily by registration and there will be no requirement to use a mark prior to filing of the application. The term for a Common Market registration and the renewal term will be ten years, following a consistent decimal system as new laws are being introduced.

The international classification of goods will be in force and an opposition procedure will be available. It is expected that Common Market trademark registrations will obtain incontestability after a five-year term.

**The Madrid Arrangement.** Mr. Offner reminded his audiences that the Assistant Commissioner of Patents requested, as long ago as August 11, 1965, that various interested groups advise on the desirability of the United States adhering to the Madrid Arrangement. Mr. Offner reviewed the Treaty and concluded that it would not be desirable for the United States to adhere to this Convention.

The speaker indicated that American nationals are placed in a competitive disadvantage to all other nationals of the Madrid Arrangement since no other country party to the Madrid Arrangement requires applicants to use a mark prior to the filing of the application, requires applicants to restrict the specification to the exact goods on which the mark is used, and has an abandonment provision on the ground of non-use for two consecutive years.

The extension of approximately 14,000 international

## JOHN HAYWARD

John B. Hayward, of Washington, D. C., a life member of the NYPLA, died on February 12, 1966, at the age of 91.

He graduated from Harvard College in 1896 and Harvard Law School in 1902. A long time legal adviser to IBM in patent matters Mr. Hayward was also a close personal associate of the late Thomas J. Watson. Mr. Hayward also did patent work for the late Charles Kettering on the automobile self starter and the Wright Brothers in a variety of developments in aviation.

Mr. Hayward is survived by his wife.

## FREDERICK BREITENFELD

Frederick Breitenfeld, a member of the firm of Breitenfeld & Levine and a well known author on trademark matters passed away on February 8, 1966, at the age of 67. Mr. Breitenfeld was on the editorial board of the United States Trademark Association and was active in the trademark activities of the NYPLA of which he had been a member since 1928.

A graduate of Stevens Institute of Technology in 1920 and Columbia University Law School in 1924, Mr. Breitenfeld has been active in Stevens alumni activities for over 35 years.

Mr. Breitenfeld is survived by his wife, a son and daughter, and a sister.

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### *New Suggestions are Invited By the President's Commission*

According to a notice published in the Federal Register of January 29, 1966, 31 F. R. 1222, the President's Commission on the Patent System is continuing to receive for consideration any criticisms and/or suggestions from the public which may be of assistance to the Commission in its study. Communications may be addressed to:

President's Commission  
on the Patent System  
U. S. Department of Commerce  
Washington, D. C. 20230

A preliminary report by the Commission is due in April 1966, with the final report presently scheduled for October of this year.

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trademark registrations per year to the United States would create serious problems to American companies seeking registration.

**General Conclusions.** Mr. Offner suggested that the following trends offer trademark owners the best means for adequate world-wide trademark protection:

"The recognition of the acquisition of trademark rights by use, as well as by registration; statutory recognition of service marks; freedom from restriction of assignments and licenses provided there is no deception of the public; provisions for incontestability of registrations; broad statutory provisions against unfair trade practices; and similar legislative changes which are likely to gain world-wide acceptance and which will lead to useful harmonization and unification of the laws of industrial property."

## LEGISLATION TO REVISE JAPANESE PATENT LAWS UNDER CONSIDERATION

A bill to revise the Japanese Patent Laws, which was drafted by an Ad Hoc Committee of the Japanese Patent Office, is presently pending before the Japanese Diet. Action on the bill is expected early this year. The proposed revisions are aimed at reducing the backlog of patent applications presently in the Patent Office and speeding up the examination and publication of patent applications.

**Publication Provided For.** Opening an application for public inspection three years after the first filing date unless the application had been previously published would be one major revision proposed under the pending bill. After the opening for public inspection, the public may offer information regarding pertinent prior art, which must be considered then by the examiner. The opening of an application for public inspection is a concept presently employed in the Dutch Patent Law. The right of the public to offer information on pertinent prior art is a concept similar to the present opposition proceeding which will be retained under the pending bill.

Another change would make an earlier filed copending Japanese patent application *prior art* as of the *filing date* of the application when cited against a subsequently filed application of the same applicant. Previously such a first filed application was considered a prior right which only required distinguishing of the claims of the second application from the claims of the first application. Under the proposed revision, the claim of the second application must be distinguished patentably over the disclosure of the first filed application.

**Utility Models.** The utility model registration would be changed considerably; its term would be reduced from ten years to three years, and the novelty examination requirement will be eliminated. This change would convert the utility model from its present form to one which would be on the order of a German Gebrauchsmuster.

It is also proposed that the applicant be required to report the progress of the prosecution of the same application in other countries. There seems to be a trend in many foreign countries, such as Holland, to require such reports.

Amongst the other proposed changes, is the elimination of final rejections based only on formal objections, and another would enable an examiner to reject opposi-

## HAS THE G. E. CASE BEEN REAFFIRMED BY SUPREME COURT'S HUCK DECISION?

The recent four to four *per curiam* decision of the Supreme Court in the case of *United States v. Huck Manufacturing Co.* 147 USPQ 404 (opinion below 140 USPQ 544) (1965) was the subject of a recent address by Dennis G. Lyons, of the District of Columbia Bar, before the Association of the Bar of the City of New York.

**The Holding.** Mr. Lyons in a review of the trial and briefing of the case noted that the lower court decision, affirmed by the split decision, had held that a patentee could set the prices of its sole licensee's products without violating the antitrust laws.

Mr. Lyons stressed, however, that, aside from the obvious limitations of a split decision, the very narrowness of the fact situation before the Court would preclude interpretation of the decision as a broad endorsement of the rule expressed by the Supreme Court in *United States v. General Electric Company* 272 U. S. 479 (1926) and subsequently interpreted as allowing a patentee to set his licensee's prices for the licensed products.

The *Huck* case involved only one licensee under one patent whose license was exclusive for only a short (two year) period and whose prices were set for only the same period. In addition, there was no resale price maintenance and no evidence of market dominance.

**The Prognosis.** Mr. Lyons stated that with the apparent intent of the Justice Department to inject itself more and more into the patent picture, another test of the *G. E.* doctrine can be expected and, depending on the facts of the next case, the prognosis for the continued existence of the doctrine, at least in its present form, is not good.

tions which obviously lack merit without first requiring an answer by the applicant. A further change would restrict the correction of an application after a certain period (about six months) and prohibit the insertion of new matter.

Considerable opposition to many of these changes has been raised by the Japanese Attorneys' Association and the smaller Japanese companies.

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