THE NEW YORK PATENT LAW ASSOCIATION

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CHRISTMAS DINNER-DANCE

The Association's Annual Christmas Dinner-Dance will be held on Pearl Harbor Day, Friday evening, December 7, 1962, at the Hotel Pierre, Fifth Avenue and 61st Street. The Pierre was the scene of last year's gala affair. Ben Cutler's Orchestra will again furnish the music. Dress will be optional.

Cocktails (included in the price of the dinner) will be available at 6 p.m. Dinner and dancing will commence at 7:30 p.m. and the music will continue until 11:45. The cost of the dinner will be $10 per person or $20 for each couple. Members may reserve tables seating eight to ten persons.

Edward Halle, vice chairman of the Committee on Meetings and Forums, will be in charge of the affair and will be assisted by Paul M. Enlow and Robert D. Fier.

PATENT OFFICE ACADEMY OPENED

The Commissioner of Patents opened the new Patent Office Academy on November 9th and has appointed George Hyman, Jr., a career Patent Office employee, as its director. The Academy is located in the District National Building at 1406 G Street, N. W., Washington, D. C.

Three Years Training In Five Months. The Academy's Advanced Training Program is designed to bring new and recently employed patent examiners to a point of proficiency in a five-month period which normally required three or more years.

The first group of trainees will be limited to patent examiners who entered on duty in the Patent Office during the period September 1, 1961, to January 31, 1962, and subsequent classes will include new examiners who entered on duty in successive periods.

Academy Open To Industry Trainees. The Commissioner announced the opening of the program to trainees from industry and patent law offices. This important aspect of the program should eventually reduce the loss of the Office's experienced patent examiners.

MANAGEMENT SURVEY REPORT

The Senate Committee on the Judiciary 87th Congress has just issued the 1961-62 Management Survey of the Patent Office, which is available for sale by the Superintendent of Documents, U. S. Government Printing Office, price 45¢.

CALENDAR

Dec. 7th	Annual Christmas Dinner-Dance, Hotel Pierre, Fifth Avenue at 61st Street. Cocktails at 6 p.m., dinner at 7:30.
Jan. —	Second Forum Meeting.

VAN CISE SPEECH ON COMMON MARKET ANTITRUST LAW DRAWS LARGE AUDIENCE

At the dinner-meeting on October 31, the Association heard *Jerrold G. Van Cise* speak on *"The Common Market, Antitrust, and You."* Mr. Van Cise, a specialist in antitrust law and the author of several books on the subject, drew a capacity audience.

Two Sets of Rules. In approaching the new frontier of antitrust laws presented by the Common Market (European Economic Community), Mr. Van Cise recommended that the antitrust attorney adopt as his patron the two-headed Roman deity Janus, since he must look in two directions, not only towards the provisions of the U. S. antitrust laws, but also in the direction of the corresponding rules governing competition as set forth in Articles 85 and 86 of the Rome Treaty.

The speaker then discussed these two sets of laws under four main headings: I. When Foreign Antitrust Laws Apply. II. How Foreign Antitrust Laws are Enforced. III. What Should You do About Them? IV. Patents.

I. When Foreign Antitrust Laws Apply. Mr. Van Cise pointed out that the provisions of the Sherman Act and those of the Common Market both apply to contracts in restraint of trade. "The words are different, but the melody is the same."

As to jurisdiction, he pointed out that commerce between the U. S. and foreign countries is governed by the Sherman Act, and commerce between Common Market countries is governed by Article 85 of the Rome Treaty. He added that the antitrust laws would apply in one way or another to almost all businesses having any foreign ties, and that both horizontal and vertical restraints are recognized. Both sets of laws prohibit direct or indirect fixing of prices. The U. S. antitrust laws forbid the division of markets; similarly, the Common Market rules forbid market-sharing or the sharing of sources of supply.

In enforcing our antitrust laws, the speaker pointed out, we depend on rulings of the U. S. courts, which have adopted a "Rule of Reason" as a guide to how strictly the laws should be interpreted. The Common Market has a corresponding provision which declares the prohibitions of the rules inapplicable in cases where the practices "contribute to the improvement of the production or distribution of goods or to the promotion of technical or economic progress while reserving to users an equitable share in the profit resulting therefrom . . ." However, one must not go beyond the conditions necessary to set up an exempt situation, and there are still some violations that are unlawful per se. He likened the EEC antitrust exceptions to the ditty in PINAFORE which runs "Never, never? Well, hardly ever."

He indicated that it may be bad to control a substantial part of a field, but that neither U. S. nor Common Market law holds that size per se is bad.

An American firm can organize a subsidiary abroad

Continued on page 4

TITLE VS. LICENSE ISSUE SCHEDULED FOR NEW DEBATE

The subcommittee on Government Relations to Patents has held its first meeting of the fall. Hugh A. Chapin is the chairman of this committee.

H. R. 11088. The primary concern of this committee is the Daddario bill (H. R. 11088) and related matters. Of all the bills before the House of Representatives and the Senate, the Daddario bill is said to be the one which has been most favorably received by the patent profession and to indicate the concession that NASA is presumably going to make. Under this bill as previously proposed, NASA would grant a non-exclusive license to the contractor, which the committee considers to be a step in the right direction, away from the "title" policy.

Now that Congressman Daddario has been reelected, it is expected that he will reintroduce his bill and this committee suggests that another letter be sent from the NYPLA and that competent witnesses be obtained to give support to the bill. The committee would accordingly like to obtain the views of the members on the "pros" and "cons" of the "Title vs. License" policy issue. It is understood that the National Association of Manufacturers has issued a questionnaire to its members concerning H. R. 11088.

Statement of Principles. In this connection the committee draws attention to the *Statement of Principles for the Evaluation of Federal Government Patent Policy* previously printed in the BULLETIN, Vol. 1, No. 9, at page 4. A copy of this statement can be obtained by writing to the National Council of Patent Law Associations, 802 National Press Building, Washington 4, D. C.

The committee points out that the Government in many instances takes title to all data and know-how developed under a Government contract and that the technical data which the Government may take may be much more valuable than the patent rights.

Experience of Members Solicited. The committee will welcome information from the members as to their experience in negotiations with the Government concerning background data and know-how developed during the execution of a Government contract and their views regarding the equities in such matters.

REVIEW OF RECENT TRADEMARK CASES OF PARTICULAR INTEREST

On the assumption that many of our members who are not specialists in the trademark field would welcome a brief review of recent trademark cases of particular interest, a BULLETIN editor, who is himself a specialist in the field, has selected a number of outstanding cases for comment. Acknowledgments are made to Dr. Walter J. Derenberg whose comprehensive annual review of trademark litigation has been liberally drawn upon.

A Jury In Trademark Cases. It is unusual for a case in the trademark field to reach the Supreme Court. The one recent case to reach that Court does not deal with a substantive point of trademark law, but is of significance to trademark practitioners in reaffirming the established rule that a cause of action cognizable at law (breach of contract or trademark infringement) enables the defendant to demand a jury trial even though plaintiff's pleadings sought an equitable accounting, *Dairy Queen, Inc.* v. *Wood*, 369 US 469, 133 USPQ 294 (1962).

In other litigation involving the trademark "DAIRY QUEEN", the licensing provision in a franchise agreement was held to be valid under the Sherman and Clayton Acts and under the anti-trust laws of the State of Kansas, *Engbrecht* v. *Dairy Queen Co. of Mexico, Missouri*, 133 USPQ 505, 203 F Supp 714 (D Kan 1962).

Geographic Origin. Among other appellate decisions, the "ROQUEFORT" case, *Community of Roquefort* v. *William Faehndrich, Inc.*, 133 USPQ 633 (2d Cir. 1962) is of special interest. This Court granted a motion for a summary judgment preventing the use of the certification mark "ROQUEFORT" on blue cheese imported from Hungary and Italy. In upholding the property right in a geographical indication of origin, i.e., a product originating from the area known as Roquefort, our courts have recognized the principle of the so-called "Spanish Champagne" case decided in Great Britain, by giving judicial recognition to the pertinent provision of the Paris Union.

The interesting "DIOR" decision, *Societe Comptoir de l'Industrie Cotonniere, Etablissements Boussac* v. *Alexander Department Stores, Inc.*, 132 USPQ 475 (2d Cir. 1962) has already been discussed in the BULLETIN (Vol. 1, No. 7) in an article by Sidney A. Diamond.

Right of Territorial Expansion. An important decision was rendered in the Fourth Circuit in the "FOOD FAIR" case, *Food Fair Stores, Inc.* v. *Lakeland Grocery Corp.* 133 USPQ 127, 301 F 2d 156 (4th Cir. 1962) in which the Court of Appeals recognized the plaintiff's right to expand to other territories, with the result that the defendant's use of the plaintiff's trade name in Norfolk, Virginia, an area where the plaintiff had not operated a store previously, was enjoined.

The Court of Appeals in the Seventh Circuit, in a dispute involving a well known trademark derived from the family names of plaintiff and defendant, held that Fuller Products Co. may enjoin the use of "FULLER" for a vitamin food supplement and may recover actual damages although the equitable remedy of an accounting for profits was denied, *Fuller Products Co.* v. *Fuller Brush Co.*, 132 USPQ 479, 299 F 2d 722 (7th Cir. 1962).

Effect of Written Consent. A leading CCPA decision involved the mark "MERITO," In re *National Distillers & Chemical Corp.*, 132 USPQ 271, 297 F 2d 941 (1962). In this case an application for "MERITO" for rum was allowed over a prior registration for "MARQUES DEL MERITO" for wines, on the basis of a written consent from the prior registrant. This is expected to liberalize the practice before the Patent Office.

While a written consent in a country such as Sweden is conclusive on the Swedish Patent Office, resulting in the withdrawal of the citation, U. S. practice is now expected to become closer to the British practice in recognizing the persuasiveness of a written consent. It is a paradox, however, that a case which appears to bring our practice closer to British common law jurisdictions might never have arisen in these other countries in view of the association requirement of trademark acts in British practice countries. The case raises the issue whether the association requirement might not be a desirable amendment to the Lanham Act.

JUDGE ALMOND ASSUMES NEW DUTIES

Former Virginia Governor J. Lindsay Almond, Jr., was sworn in as a Judge of the U. S. Court of Customs and Patent Appeals on October 30th and sat for the first time in the week of November 5th, hearing both Patent Office and Customs Court appeals.

Interim Appointment. Judge Almond was nominated to the post by President Kennedy last April 16th and the comment was made at the time that his confirmation by the Senate might be slow because of his reported differences with Senator Harry F. Byrd. The Senate did fail to confirm the nomination and he was given an interim appointment after Congress adjourned, to run until the end of the next session of Congress.

Judge Almond has had extensive legal experience since his graduation from the University of Virginia, both as a jurist and before the bar, and served for many years as Attorney General of Virginia. However, the Patent Bar has not been entirely happy about his appointment.

Opposed by APLA. In commenting upon the nomination, John Rex Allen, President of the American Patent Law Association, said his Association "has no objection to Gov. Almond as a man and nothing but admiration for his accomplishments as a non-specialist lawyer, both on the bench and at the bar. However, the Court of Customs and Patent Appeals is a highly specialized court, requiring a higher degree of competence in scientific fields than any other. The Patent Office looks to the Court for guidance; it has been termed a sort of 'fountainhead of creative doctrine in the patent field.'"

Picture Credit—Giles S. Rich, Washington, D. C.

L to R, Associate Judge J. Lindsay Almond Jr., Mrs. Almond, and Chief Judge Eugene Worley, congratulating the new judge on the occasion of his swearing in at the Court of Customs and Patent Appeals, 30 October, 1962.

ROBERT BONYNGE

Robert Bonynge, a member of this Association since 1954, died at his summer home at Lake Waramaug, Conn. on September 29th. He was fifty-three years of age and lived in Montclair, New Jersey. Mr. Bonynge was a member of the firm of Nims, Martin, Halliday, Whitman & Bonynge and specialized in unfair competition and trademark matters. At the time of his death he was Chairman of the NYPLA copyright subcommittee on Practice and Procedure in the Courts. Surviving are his wife, two daughters, two sisters, and a brother.

TRADEMARK AGREEMENTS IN THE EEC IS SUBJECT OF ADDRESS BY DR. LADAS

Dr. Stephen P. Ladas opened the first forum meeting at the Hotel Picadilly on November 19, 1962, discussing the important subject matter of trademark agreements in the Common Market.

The subject matter was considered from three distinct approaches:

Assignments. The speaker reviewed the present law and practice of assignments in the six countries of the Common Market, under the Benelux Trademark Law which has just been signed by the three countries and under the proposed Common Market Trademark Convention. He pointed out that under the former, trademarks may be assigned without the good will, which simplifies the transfer of trademarks. Dr. Ladas believes that this position may also be adopted by the Convention.

Trademark Licensing. Trademark licensing was considered from the point of view of each of the six countries with particular reference to licensing in Italy, where exclusive licenses have been held valid but where validity of nonexclusive trademark licensing agreements is still in question. Dr. Ladas also drew attention to the situation in the Netherlands where the proprietor of the mark must use his mark before he licenses it or run the risk of the licensee becoming the owner of the mark by actual use of it.

Antitrust Impact. The impact of the Common Market Antitrust Law on trademark agreements was considered in relation to agreements having no contractual restrictions at all, but involving territorial allocation, which may be approved, and from the point of view of contractual restrictions, which can be bad. The analysis involved the usual clauses included in trademark license agreements such as quality control, ingredients, or raw material control, price control, sales and production control, which, subject to numerous other factors, can be good or bad. The speaker indicated that contract provisions imposing covenants not to contest the validity of the trademark, non-competition after termination of the agreement, and export control are objectionable and consideration should be given to removing such restrictive clauses from the agreements.

Dr. Ladas particularly considered exclusive distributor agreements and analyzed three different kinds of such agreements, namely, exclusive sales agency agreements, sole distribution agreements, and exclusive territorial agreements. He said that there is a strong feeling in the Common Market countries that exclusive distributor agreements can promote business, and referred to a recent communication of the EEC Commission published in the Official Journal of the Community on November 9, 1962, which took this view into account and which indicated that an official statement covering further exemptions in certain areas may be forthcoming from the Commission.

The speaker said that the date (February 1, 1963) for filing with the Commission contracts between two enterprises might be deferred.

Editor's Note—Since Dr. Ladas' address it has been reported that the EEC Commission has decided to propose a three-year exemption from its antitrust regulations for certain exclusive dealing agreements and for certain classes of patent licensing agreements. (The BULLETIN has been advised that the full address by Dr. Ladas will appear in the November issue of THE TRADEMARK REPORTER.)

Van Cise Speech on Common Market

Continued from page 1

and can direct that subsidiary to do certain things, such as fix prices. However, while the subsidiary can be *directed* by the parent to do certain things, the same things done under *agreement* between the parent and the subsidiary might be bad.

He suggested as a guiding rule *"Do in Rome what you have to do at home."*

II. How Foreign Antitrust Laws Are Enforced. Mr. Van Cise pointed out that in this country we require our government to prove that we are violating the law. In Europe, however, they put more faith in civil service, and the courts there are not likely to interfere with the ruling of an administrative body. Under the U. S. system, we sign a contract, put it away and let the Department of Justice dig it out, whereas the EEC requires the filing (notification) of such agreements and places high penalties on the failure to file.

Mr. Van Cise stated that the best thinking seems to be that the EEC Commission will eventually get into its files all the agreements that it is interested in.

Under the U. S. antitrust laws, punishment can include triple damages, divestiture, and even imprisonment. Under the EEC rules a fine is the only penalty, but where there is *negligence* or *intentional* violation the fine can be extremely severe.

III. What Should You Do About Them? Mr. Van Cise pointed out that no one at this time knows with certainty what to do, but suggested four basic principles to follow: examination, elimination, notification, and organization.

• **Examination.** Examination refers to carefully examining the agreement itself to see whether it really contains a restraint prohibited by either or both sets of laws. Mr. Van Cise said that if the client, in his licenses and agreements, is operating within his patent claims and his lawful patent rights, what he does is probably all right. A limitation on the operations of a licensee is not necessarily a restraint.

• **Elimination.** Mr. Van Cise said that if you are doubtful about your contracts, cut back on the agreements until you know what the rulings are going to be. He said it is *very important to show that you are neither negligent nor intentionally violating the law.* The EEC Commission is not interested in prosecuting the honest, bewildered person, but primarily those who are obviously flouting the law.

• **Notification.** The EEC Commission recognizes certain transactions as being exempt from the requirement for notification. Mr. Van Cise said *"if you are exempt, don't notify,"* adding the further advice, *"don't register until you know you have to."*

The speaker stated that if an agreement is dubious under the U. S. laws, it would also be dubious under the Common Market rules. Consequently, where certain restraints are considered necessary in an agreement and it is decided to notify the EEC, it may be desirable to notify the U. S. Department of Justice first, either formally or informally, in order to be able to better predict whether to expect difficulties under the EEC.

• **Organization.** Mr. Van Cise stressed the fact that after the dates which have been set for filing agreements, any new agreements written must be free of restraints, since there will thereafter no longer be any immunity under the law, in contrast to agreements filed before the deadlines. Patent agreements, he pointed out, are particularly vulnerable, since, if considered illegal or beyond the scope of the patent grant, they may be held null and void and royalties may be cut off under them; or if rights by cross-grant are provided for, the licensee may properly refuse to perform.

Companies with European employees may encounter particular problems in educating their employees to take the provisions seriously, because from their experiences in member states they have been accustomed to price fixing and other practices now forbidden under the EEC.

He said that firms and employees should avoid becoming entangled in bad trade-association practices, such as price-fixing. He urged that if files are shipped from Europe to this country that they be supervised, since innocent proposals or suggested courses of action in a letter could, for example, later be found and construed as evidence of intent by the Justice Department. He said that the Department of Justice is cooperating closely with the EEC, and it is likely that the contents of some agreements filed with the EEC will be made available to the Department of Justice.

IV. Patents. Mr. Van Cise said that clients in some areas might wish to take their chances with the Common Market antitrust laws, but he again stressed that those dealing in patents cannot afford to take risks.

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