

WE TAKE A POSITION ON THE NEW CELLER FEE BILL

ANNUAL BUSINESS MEETING

The Annual Business Meeting of The New York Patent Law Association will be held on Thursday, May 24th, at the Hotel Commodore, 42nd Street at Lexington Avenue. Richard A. Huettner, vice chairman of the Committee on Meetings and Forums, said that the Windsor Ballroom had been obtained.

The business meeting will begin at 5:00 p.m. As customary, the election of officers for the coming year will be held. This will be followed by summary committee reports, giving the highlights of the past year.

Cocktails will be served at the close of the business meeting at 6:30 p.m. and the dining room will be opened one hour later.

Following the dinner Theodore F. Brophy, vice president and general counsel of the General Telephone & Electronics Corporation, will discuss "Satellite Communications—A Legal and Administrative Challenge."

WHAT OTHERS ARE DOING

John T. Connor, President of Merck & Co., Inc., has been selected as the recipient of the 1962 Jefferson Medal of the New Jersey Patent Law Association. The award is being made to Mr. Connor, who is both a lawyer and an industrialist, for his ardent, militant, and effective advocacy of the United States Patent System. The presentation will be made at the Association's annual dinner, which will be held at the Robert Treat Hotel in Newark on May 10th. • • • The '62 Inventors Exposition of Fairfield County will be held at the State Armory in Stamford, Connecticut on May 16, 17, 18, and 19. The Inventors Marketing Council of Stamford and the Stamford Chamber of Commerce are sponsoring the exposition. It is described as a showcase and forum for business and industry and both industry and individual inventors are invited to present exhibits, displays, and demonstrations. There will be a nominal admission charge for the public. Inventors wishing to engage space should write to Edwin L. Neville, Exhibits Manager, 65 Bedford St., Stamford, Connecticut.

CALENDAR

- May 24th Annual May Business Meeting, Hotel Commodore. The business meeting will be held in the Windsor Ballroom starting at 5:00 p.m. It will be followed by cocktails and dinner. Theodore F. Brophy, will speak on Satellite Communications.
- June 15th 6th Annual Spring Outing and Dinner-Dance at the Knollwood Country Club, Elmsford, N. Y.

H. R. 10966 BACKED BY HODGES

Dear Congressman Celler:

The New York Patent Law Association does not intend to present testimony regarding the Patent Office fee bill but asks that the following statement of its position be considered at the hearing on that bill:

We are in accord with Sections 1, 2 and 3 of H.R. 10966. The increased fees they provide appear to be justified generally by the need for additional revenues to offset the increased cost of Patent Office operations. There is merit, too, in their encouragement of succinctness and brevity in patent applications, their recognition of the differential fee principle in requiring higher fees for applications which are normally more demanding of Patent Office services, and their discouragement of filing appeals for the purpose of delay.

We are opposed to Section 4 in its present form and are opposed to Sections 6 and 8, for these reasons:

Section 4. By the proposed amendment of U.S.C. 35, Section 151, the Commissioner is required to issue the patent at some indefinite time after the notice of allowance, regardless of whether the final fee is paid. This would have the effect of taking away from the applicant his present right to abandon the application after its allowance and thus rely on protection through continued secrecy of the invention rather than through the patent,—a choice which is important to his best interests in some instances, as when pertinent prior art is first brought to his attention after allowance of the application but before the patent would normally issue. It would also seriously impair his present right to file a "divisional" or a "continuation" application after allowance of the "parent" application, in order to present new claims or an improved disclosure in the light of newly acquired information. Finally, it would adversely affect the applicant's present right to await the final outcome of examination of his application in the United States Patent Office before incurring the expenses of filing corresponding patent applications in foreign countries.

We believe that the purposes underlying this provision can be accomplished in the main without these objectionable effects, by rewriting the first paragraph of the proposed new Section 151 to read as follows:

"If it appears that applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant, and after sixty days following such notice the Commissioner shall issue the patent unless, before expiration of said sixty days, the application is expressly abandoned by filing in the Patent Office a written declaration of abandonment signed by the applicant himself and the assignee of record, if any, and identifying the application. Before expiration of said sixty days following the notice of allowance, the applicant or his assignee of record may petition the Commissioner to defer issuance of the patent up to six months after such notice, upon a showing that earlier issuance might prejudice a right of the applicant or his assignee of record."

Continued on page 4

Washington Speakers Address The NYPLA Antitrust Meeting

At the antitrust meeting held on April 24th at the Hotel Roosevelt, the association heard two well-qualified speakers discuss the application of the antitrust laws to patent, trademark, and copyright situations.

The speakers were **Robert L. Wright** and **Marcus A. Hollabaugh**. Mr. Wright is the present First Assistant to the Assistant Attorney General in Charge of the Antitrust Division, Department of Justice. Mr. Hollabaugh is now in private practice. Both speakers formerly served as Chief Counsel of the Senate subcommittee on Patents, Trademarks, and Copyrights. Previously, Mr. Hollabaugh had been Chief of the Special Litigation Section of the Antitrust Division.

Justice Department Policy. Mr. Hollabaugh, who spoke first, discussed the Justice Department's present policy with respect to criminal and civil procedures in antitrust matters and reviewed the criminal penalties available. He also summarized the current status of bills affecting patents.

He stated that because of difficulties encountered in presenting complex patent-antitrust concepts to juries, the Antitrust Division for some years had reverted to civil cases. He pointed out, however, that the Division has more recently reversed its stand and is now inclined to bring indictments where the abuse of patents constitute the violation charged. Mr. Hollabaugh was of the opinion that the Antitrust Division would utilize criminal proceedings in cases where improper licenses had given manufacturers a tight control over prices and sales practices of the licensees. Encouraged by its success in the electrical cases, the Division is in the future likely to ask for jail sentences for the corporate officers and employees responsible for the violation.

Federal Trade Commission. The speaker said that in addition to the actions by the Department of Justice, the Federal Trade Commission has also started issuing complaints in matters of unfair competition involving patents.

Pending Bills. Mr. Hollabaugh pointed out that legislation is being considered which would greatly increase the penalty for Sherman Act violations. Others would fix a maximum fine for corporation and individual violators where there was price fixing or allocating or dividing markets or customers. Other bills would define the individual liability of directors, officers and agents of a corporation and increase the maximum fine which could be imposed. Mr. Hollabaugh was of the opinion that these bills would probably not pass Congress this session. Another bill, the Government Operation Bill (H.R. 8603), designed to prevent fraudulent identical bidding by Government contractors, might pass, he said.

A Civil Investigative Demand Bill (S. 167), would give the Antitrust Division the power, without the use of a Grand Jury, to require the production of documents in antitrust investigations. Mr. Hollabaugh predicted that this bill would probably be law before the end of this session of Congress.

Hearings have also been held on a "public notice" bill (H.R. 11015) and on a "maintenance fee" bill (H.R. 10966). The former would require that a copy of any interference settlement agreement be filed to provide public notice of settlements made between opposing parties in patent interferences. H.R. 10966 (see also page 1 of this issue) would set up a maintenance fee for patents, to become payable on the fifth, ninth and thirteenth anniversaries of the issue date of the patents.

These fees would total \$600. Both the "public notice" bill and the "maintenance fee" bill have the backing of the Administration and will be pushed through Congress, the speaker believes.

Among other pending bills discussed was the title bill (H.R. 1934, now H.R. 11088) to amend the NASA Act to require that each NASA research contract contain provisions that title to inventions made in its performance shall remain the property of the United States, subject only to the authority of the Administrator to waive title where it is in the public interest to do so.

Mr. Hollabaugh predicted that the compulsory licensing provisions of the Kefauver Drug bills would not be enacted into law, at least not in this session.

Patent Misuse. Mr. Wright, speaking as a current member of the Antitrust Division, stated that most of the patent abuses were coextensive with antitrust abuses.

Most corporations when they get into antitrust difficulties, he pointed out, do so because of the way they view, and deal with, patent rights. They are inclined to deviate from the classic or constitutional concept, which would treat each patent individually and reward the inventor in proportion to the commercial value of what he has invented.

Mr. Wright believes that this concept embodies what most laymen and judges and "outsiders" in general believe the Constitution intended with respect to the scope of the patent grant, even though contrary views are often expressed by those who must deal more directly and intimately with the complexities of patent problems. Mr. Wright feels that this is a good guide to keep in mind in determining whether patents have been misused in a given situation. Groups of patents should not be lumped together by their owners indiscriminately, he cautioned, without regard to their comparative value, whether in negotiating license agreements or in granting compensation to the inventors.

Civil Suits. Mr. Wright also said that in view of the proposed Civil Investigative Demand Bill there might be more civil rather than criminal prosecutions by the Department of Justice in future cases involving the misuse of patents.

NEW COUPON PLANNED FOR ORDERING PATENTS

While the new coupon for ordering patent copies will not be available for several months, the Patent Office is planning its use as another step toward speeding up delivery of the 25,000 patent copies now being ordered daily from "Box 9."

The format of the new coupon will include a perforated line dividing it into an upper part having space to insert the number of the patent copy desired and a lower part providing a self-addressed, gummed label for the envelope enclosing the patent copy.

New Design Standards Proposed

The Department of Commerce has cleared a draft of revised standards proposed as an aid to Design Patent Examiners. The draft now has been forwarded to the Civil Service Commission with a request that it be considered as soon as possible.

Comments from Members

Editor, NYPLA BULLETIN:

In Volume 1, No. 7 of the BULLETIN, Sidney A. Diamond, Esq. comments on the "Christian Dior" case in which the Second Circuit refused to enjoin a New York department store from using the trademark "Christian Dior" on low-priced copies of Dior originals. Mr. Diamond states that the "principal teaching of the Christian Dior case is that, absent falsity or misrepresentation, such use is not actionable."

While Mr. Diamond's conclusion may be correct with regard to the Federal viewpoint, it is submitted that Christian Dior would have prevailed under New York State law.

§2354 of the New York Penal Law broadly prohibits any use of another's trademark without consent. This statute is to be literally construed according to the recent decision in *Lanvin Parfums, Inc. v. Le Dans, Ltd.*, 129 USPQ 190, wherein the Court expressed its opposition to the Federal rule as enunciated in the *Prestonettes* case (*Prestonettes, Inc. v. Coty*, 264 USPQ 359 (1924)), i.e. the very decision on which the Federal Court based its holding in the Christian Dior case.

It is therefore likely that Christian Dior would have been successful if it had relied on its New York trademark rights and sued in a State Court. —David Toren

THE INTERNATIONAL CONVENTION AND THE NEW YORK WORLD'S FAIR

The International Patent and Trademark Association, which is the "U.S. Group" of the AIPPI (the International Association for the Protection of Industrial Property), proposes the revision of Article 11(1) of the Convention of Paris for the Protection of Industrial Property, generally referred to as the International Convention. The revision is suggested because the present Article is considered by some attorneys to be ambiguous and impractical.

Important to Fair Exhibitors. The purpose of the proposed revision is to remove a statutory bar to the issuance of a valid patent, utility model or industrial design as a result of any display of the invention or industrial design at an international exhibition, provided that an application is placed on file within a period of six months subsequent to the date of opening of the exhibition. The proposal is of interest at this time in view of the forthcoming New York World's Fair and the fair in Seattle this summer.

The present Article 11(1) reads as follows:

"11(1) The countries of the Union shall in conformity with their domestic law, grant temporary protection to patentable inventions, utility models, industrial designs, and trademarks, in respect of goods exhibited at official, or officially recognized international exhibitions held in the territory of one of them."

New Article 11(1). It is proposed to revise the Article so that it will read as follows:

"11(1) The countries of the Union undertake, by modification of their domestic law, where necessary, to remove as a bar to the issuance of a valid grant on a patentable invention, utility models, and industrial designs the disclosure of such subject matter at an international exhibition held in the territory of any country of the Union prior to the filing of an application for said grant, provided that the first filed application for the patent, registration of a utility model, or an industrial design, shall be made within six months after the date of opening of such international exhibition."

NEW FORMAT FOR O. G. DECISIONS

Interest having been expressed in the new format used in publishing the decisions in the Official Gazette of the Patent Office, the BULLETIN asked the Office for its comments.

Joseph Schimmel, Deputy Solicitor of the Patent Office, stated in his reply that there were four principal reasons for the new format:

First: The use of a single column for the body of the decision permits retention of the type for reuse when the bound volume of the Commissioner's Decisions is printed at the end of the year.

Second: The single column is believed to be easier to read than the double column which was used previously.

Third: Correlation between the syllabi in the bound volume and those in the individual O. G. leaflets is possible, since there is no further need to rely upon, or to be tied to, the syllabi used for the CCPA bound volumes.

Fourth: These changes will make it possible to have the bound volumes printed and ready for distribution at an earlier date.

PATENT OFFICE EXHIBIT AT GRAND CENTRAL STATION

The Patent Office exhibit at Grand Central Station was formally opened on Friday, March 23rd by the Honorable Horace B. Fay, Jr., Assistant Commissioner of Patents, and Mr. Isaac Fleischmann of the Personnel Division of the Patent Office.

The exhibit was sponsored by the U.S. Department of Commerce and included, in addition to the Commerce Department and Patent Office displays, a number of industrial exhibits. The NYPLA, through the Subcommittee on Exhibitions of its Committee on Public Information and Education, aided the Patent Office in setting up the exhibit.

Cyrus S. Hapgood, first vice president of the NYPLA, headed a delegation of twelve association members who attended the opening.



NYPLA MEMBERS AND OTHER GUESTS AT THE OPENING OF THE PATENT EXHIBIT

Left to right: Isaac Fleischmann, Henry W. Koster, Hon. Horace B. Fay, Jr., Lorimer P. Brooks, Wallace H. Martin, Richard L. Cannaday, John N. Cooper, Albert C. Johnston, John A. Reilly, Robert J. Sanders, Jr., Cyrus S. Hapgood, Ernest F. Marmorek, and Robert Osann.

Delivery of Amendments in Person

Under a new system now in operation in the Patent Office, an amendment filed in person may be taken directly to the division clerk. However, the amendment first must be taken to the Mail Room where it is stamped and a card attached, a duplicate of the card being retained in the Mail Room. Upon receipt of the amendment, the division clerk marks the card and returns it to the Mail Room.

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Continued from page 1

Sections 6 and 8. In our view, any benefits to be derived from the proposed maintenance fees are outweighed by their adverse effects and, moreover, are illusory.

The net amount of additional revenue they would provide to the Patent Office is speculative, particularly in view of the uncertainty as to the number of patents which would be allowed to lapse for non-payment of maintenance fees. Whatever this additional amount might be, it may in time be offset or more than offset by loss of revenue to the Internal Revenue Department as a result of premature lapsing of patents under the maintenance fee provisions. For example, many small or struggling corporations develop patentable products which they cannot produce or sell immediately. The development may come in the middle of a recession or at a time when the corporation itself is short of capital; or the product may be ahead of its time. Whatever the cause, the product is apt to be shelved. In these circumstances there is a serious risk that the patent maintenance fee will not be paid. Then later on, when conditions are more favorable for promoting the invention, the corporation is unwilling to risk the necessary capital investment because its patent protection has been forfeited, with consequent loss of taxable income which the invention might otherwise have produced.

We also question the arguments by proponents of maintenance fees that elimination of "dead wood" patents will be effected through non-payment of such fees. This elimination is not apt to occur in cases where the patent owner can easily pay these fees, unless the patented invention is proved conclusively to be valueless. Moreover, it is difficult to determine when a patent is of no value or is "dead wood". There have been many patents for inventions which did not attain commercial success until a decade or more after the patent grant. It is likely that the patent system would suffer more through forfeiture of patents of this type, due to incorrect predictions by patentees or their inability to pay the maintenance fees, than it would gain through elimination of patent rights which are truly "dead wood".

Other factors on which our view is based are the burdens involved to insure timely payment of maintenance fees by patentees, the risks of inadvertent non-

payment of these fees within the time allowed, and the discrimination against small corporations and indigent assignees with respect to fee deferrals.

Taking into account all of these considerations, we are opposed to the principle of maintenance fees, and the more so because it appears that their primary purpose is to increase Patent Office revenues to some arbitrary percentage well over 50% of its budget. We believe this to be an unfair burden on patent owners, who after all represent only a small number of those benefiting from the facilities of the Patent Office. Industry in general benefits by having readily available a vast central store of well classified technical information on which to base further technical advances. The general public benefits from the progress in the useful arts which is brought about through the workings of the patent system. This, indeed, is the basic reason for the existence of the Patent Office.

We believe, therefore, that the revenue derived through Patent Office fees from applicants and patentees, to constitute their fair share of the Patent Office budget, should be about 50% and certainly not more than 60% of that budget. If the fees proposed by Sections 1-3 of H.R. 10966 will not produce such revenue, the necessary additional amount should be provided by increasing these fees, especially the fee for issuance of a patent, rather than by imposing patent maintenance fees.

—CYRUS S. HAPGOOD, 1st Vice President

EDITOR'S NOTE: H.R. 10966 is a new bill which was introduced by Rep. Celler on March 28, 1962. The NYPLA has received a letter from Mr. Celler stating that the bill was introduced by him at the request of the Secretary of Commerce.

COPIES OF CONGRESSIONAL BILLS

In view of the seemingly endless flow of new legislation of importance to the patent lawyer and his clients, our members are reminded that copies of new bills can be obtained promptly and without charge by addressing a request to the Document Room of the Senate or the Document Room of the House of Representatives, as the case may be, the Capitol, Washington, D. C.

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