

VAN CISE TO DISCUSS COMMON MARKET ANTITRUST PROBLEMS

Richard A. Huettner, the chairman of the Committee on Meetings and Forums, has announced that the first meeting of the year will be held on **Wednesday, October 31, 1962**. The topic is one of great current interest, **"The Common Market, Antitrust, and You."** **Jerrold G. Van Cise**, a partner in Cahill, Gordon, Reindel and Ohl, will be the speaker. Included in his talk will be a comparison of the application of antitrust laws in the Common Market and in the United States.

Mr. Huettner said that the vice chairman in charge will be Edward Halle, who will be assisted by Ewan C. MacQueen and Donald P. Gillette.

The **Terrace Room of the Hotel Roosevelt** again has been selected for its convenient location. Cocktails at 5:30 p.m. and dinner at 6:30 p.m. will precede Mr. Van Cise's address. It is anticipated that the meeting will be over by 9:30 p.m.

In order to give the speaker an opportunity to answer questions most effectively, it has been suggested that, where possible, the questions be submitted to Mr. Huettner prior to the meeting.

CALENDAR

MAJOR FALL EVENTS

- Oct. 31st Common Market Antitrust Meeting, Terrace Room, Hotel Roosevelt. Cocktails at 5:30 and dinner at 6:30 p.m.
- Nov. — First Forum Meeting.
- Dec. 7th Annual Christmas Dinner-Dance, Hotel Pierre.

LOOKING INTO 1963

- Jan. — Second Forum Meeting.
- Feb. — Fourth Annual Judicial Conference.
- Mar. — Third Forum Meeting.
- Mar. 22nd Forty-first Annual Dinner in Honor of the Federal Judges. Waldorf Astoria Hotel.
- Apr. — Annual Antitrust Meeting.
- May 23rd Annual Business Meeting and Dinner.
- Jun. 14th Seventh Annual Spring Outing and Dinner-Dance, Knollwood Country Club, Elmsford, New York.

COPYRIGHTING OF GOVERNMENT PUBLICATIONS IS CHALLENGED

A respected group of newspaper editors and scholars have voiced their concern, following the Rickover incident, over the **increasing tendency to place copyright restrictions on the contents of government publications and documents**. This group maintains that anyone who has the legal right to copyright has the legal right to restrict and censor and that such restriction curtails the freedom of the press as guaranteed by the First Amendment.

The Statutes. They also maintain that such copyrighting violates Section 8, Title 17 USC which provides that:

"No copyright shall subsist . . . in any publication of the United States Government, or any reprint, in whole or in part thereof: . . ."

There are two other statutory provisions which are pertinent. The printing law in Section 58, Title 54 USC provides that:

"No publication reprinted from such stereotype or electrotype plates and no other Government publication shall be copied."

Section 8, Title 17 USC, however, contains a saving clause to the effect that:

"The publication or republication by the Government . . . of any material in which copyright is subsisting shall not be taken to cause any abridgement or annulment of the copyright. . . ."

These statutory provisions are discussed further in Study No. 33 of the studies prepared for the Senate Subcommittee on Patents, Trademarks and Copyrights entitled "Copyright In Government Publications" by Caruthers Berger, October, 1959.

Briefly, the decisions under these statutes recognize a distinction between official publications, and private publications of government employees which are not part of their official duties or do not relate to government policy.

Copyright Control and Censorship. The critics maintain, however, that there is a gray area between such official and non-official government publications. They also cite copyright restrictions on a score of official military histories which have been justified by General C. G. Dodge on the ground that "the works were copyrighted . . . to prevent quoting of material out of context." The group maintains that any attempt to control the manner and extent to which government information can be quoted by the press or by the public is censorship.

In the **Report of the Register of Copyrights** on the General Revision of the U.S. Copyright Law dated

HAPGOOD THE GUEST SPEAKER AT THE PRACTICING LAW INSTITUTE RECEPTION

The Practicing Law Institute honored the NYPLA by inviting its new president, **Cyrus S. Hapgood**, to discuss the NYPLA activities before the visiting lawyers at the informal get-together and reception which has become a feature of the PLI's July program.

The retiring chairman of the Patent, Trademark, and Copyright Section of the American Bar Association, **Joseph Gray Jackson**, was also on the platform in the Astor Ballroom and spoke briefly on the problems raised for the patent profession by the Kefauver Drug Bill hearings.

Importance of Making our Position Known. Mr. Hapgood, who was introduced by the veteran PLI Chairman, our own **Bill Navin**, stressed the great importance at this time of making known to Congress and to the Patent Office the views of the Patent Bar on pending legislation and proposed Patent Office reforms.

By way of illustration he highlighted the positions taken by the Association on important legislation during the past year, referring particularly to its activities in connection with the Kefauver Drug Bill, the Fee Bill, and the matter of Government patent policy as it concerns inventions made under Government contracts. The Association's position with respect to the relocation of the Patent Office and the jurisdictional problems which could be raised by such a move also were brought to the attention of the audience.

Patent Bar vs. Government. **Harold P. Seligson**, Director of the PLI, who followed Mr. Hapgood on the rostrum, made the intriguing suggestion that progress might be made in reaching an understanding on some of the critical current questions where the Patent Bar and the Government stand on opposite sides of the issue, by getting representatives of both groups together on the same platform where they could thrash out their differences in public. Mr. Seligson did not say who would be called in to arbitrate the issue if perchance neither side was willing to relinquish its position.



Speakers at P. L. I. Reception

Cyrus S. Hapgood, William J. Navin, Harold P. Seligson and Joseph Gray Jackson

YEARBOOK APPEARS IN NEW FORMAT

Some of you will have noticed that the Association's **1962 YEARBOOK** has a "new look." Printing styles, like cars and hat brims, do change and your Publications Committee decided that it was time to give the YEARBOOK a new format.

The big bold look in typography, which reached your favorite magazines during the last eighteen months or so, was introduced, new types were selected for clarity and ease in reading, and the publication was extensively restyled and the contents rearranged. Large section numbers have been placed in the margin so that by flicking the pages the individual sections can be quickly located. An index was provided at the end of the volume and two pages of pictures were added. By means of the postcard round-up, members' addresses were brought up-to-date and telephone numbers were added to make the volume more useful as a desk book.

DESIGN BILL PASSES SENATE

The Senate approved the **Hart-Wiley-Talmadge Design Protection Bill S. 1884** on July 23, 1962.

This bill would create a limited protection for original designs and makes only the deliberate infringer liable. The NYPLA had previously supported the bill during the subcommittee's hearings as previously reported in the BULLETIN for December 1961.

PROPOSED PATENT OFFICE BUDGET

The House Committee on Patent Office appropriations has reported the Patent Office budget for its 1963 fiscal year at \$25,860,000. This is a reduction of \$1,140,000 below the original budget estimate and \$1,940,000 below the amended estimate, but \$1,000,000 more than last year.

Government Copyrighting Challenged

Continued from page 1

July, 1961, page 133, the following recommendations were made:

"The general prohibition against copyright in 'publications of the U. S. Government' should be retained in the copyright statute, with that term being defined as meaning published works produced for the Government by its officers or employees. To avoid duplication and possible confusion, the similar prohibition in the Printing Law should be deleted.

"A central Government agency should be empowered to authorize exceptions to the general prohibition in special cases, and to authorize the exclusive licensing or transfer of Government-owned copyrights.

"The saving clause, preserving the copyright of a private owner when his work is published by the Government, should be clarified to assure copyright protection for the private owner of a previously unpublished work. The Government should be required to insert a copyright notice identifying privately owned material in documents published by it."

Helpful though they may be, it does not appear that the recommendations come to grips with the constitutional issue posed by the newspaper editors and scholars who have raised the issue.

NYPLA WRITES TO CONGRESS ON FEES, SETTLEMENTS, AND DECLARATIONS VS OATHS

Dear Senator McClellan:

As we have previously indicated to you in reply to your letter of August 24, 1962, it was not possible for a witness to appear on behalf of The New York Patent Law Association before your Subcommittee at the hearings on Tuesday, September 4. In lieu of a personal appearance, we submit the following comments which we hope will be helpful to you.

I might add that these comments in the main are similar to those which I submitted to Congressman Celler in commenting on H.R. 10966. I understand that in your hearings you will consider both the House version of the Fee Bill H.R. 10966 as well as the Senate version S. 2225. Accordingly, our present comments have been amplified to include appropriate comments on the differences between the two Bills.

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. In our view, H.R. 10966 is preferable to S. 2225 because the latter Bill omits higher fees for appeals that are considered by the Board, fees for disclaimers, revival of abandoned applications, extra fees for delayed payment of the final fee, and higher fees for recording assignments.

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. 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; since issuance

of the patent would automatically cut off the prosecution of it in the patent Office and foreclose the applicant from the further steps in the prosecution, between notice of allowance and payment of final fee, which are now enjoyed. Finally, it would tend to delay the prosecution of patent applications by encouraging applicants to retain unduly broad or informal claims in the case for the very purpose of preventing a premature and untimely issuance of the patent.

We believe that the provisions of Section 4 have no proper place in the present Bill which is directed to Patent Office fees. Section 4 deals with substantive rights of the applicant and should be considered separately as to whether there is any real need for it and whether any possible advantages are offset by disadvantages.

Section 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 have otherwise 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

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NYPLA WRITES TO CONGRESS

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fees, than it would gain through elimination of patent rights which are truly "dead wood".

Section 155(c) of S. 2225 and Section 155(f) of H.R. 10966 would permit an inventor or his heirs (but not assignees) to defer the first and second maintenance fees if the total benefit received by the inventor or any other party having any interest in the subject matter of the patent was less than the value of the amount of the fees. We have two strong objections to these provisions. In the first place, there is discrimination against small corporations and indigent assignees with respect to fee deferrals. In the second place, it will be too difficult in many instances to determine the amount of benefit received by the inventor so as to determine whether the fees may be deferred.

Other factors on which our view is based are the burdens involved to insure timely payment of maintenance fees by patentees and the risks of inadvertent non-payment of these fees within the time allowed.

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 1-6 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, President

Sept. 6, 1962

Dear Senator McClellan:

It was, unfortunately, impossible for a witness to appear on behalf of the New York Patent Law Association before your Subcommittee at the hearing on Tuesday, September 4, relating to the above identified bill [H. R. 12513]. In lieu of a personal appearance, we submit the following comments which we hope will be of assistance to the Sub-committee.

The Association is opposed to passage of H.R. 12513 because we do not believe that adequate evidence has

been presented to the Congress of the need for such legislation and also because we do not believe that the provisions of the bill would accomplish its intended purpose, viz., to "make it more difficult for patent applicants and owners to use an interference settlement agreement as a means of secretly violating the antitrust laws" (House Report No. 1983, page 1, 87th Congress, 2d Session).

Patent Interferences are proceedings instituted by the Patent Office *after* it has determined the existence of patentable subject matter common to the applications or patents of two or more parties. A private agreement settling such an interference does not result in the abdication by the Patent Office of its function of determining the existence of patentable invention, but merely facilitates the award of **priority** of invention (the winning party must yet satisfy the Patent Office that the subject matter is patentable to him) without the necessity of a long and arduous administrative proceeding. Such an agreement eases the burdens on an already overburdened Patent Office staff and permits the earlier grant of a patent with its concomitant disclosure to the public.

Improper interference settlement agreements are, under present law, made at the peril of the parties. If such an agreement results in an award of priority to one who is not the original inventor, the subsequent patent is invalid. If such an agreement is made pursuant to an illegal conspiracy or combination, the patent would be subject to a "misuse" defense and could not be enforced. Hence, whether or not a settlement agreement based on illegal activities is filed, the resulting patent would be unenforceable; and the factual circumstances could be determined in appropriate proceedings by the established rules of discovery.

The proposed legislation would tend to discourage private patent interference settlements, since, as noted below, parties would be reluctant to file agreements containing confidential information such as license royalty rates and other terms which would be available to competitors upon some unknown showing of "good cause". Rather, parties would tend to prosecute interferences to final decision, a time consuming procedure which is extremely expensive for the parties and the Patent Office as well as the public, since the grant of the patent is thereby delayed.

The hearings on H.R. 12513 did not evidence any substantial use of interference settlement agreements for the purpose of unlawfully restricting competition. Indeed, the only specific finally adjudicated instance of the misuse of such an agreement, referred to in the hearings and in the Report (House Report No. 1983) of the House Judiciary Committee, occurred in **Precision Instrument Manufacturing Co. et al v. Automotive Maintenance Machinery Co.**, 324 U.S. 806 (1945), in which the abuse in question, suppression of perjury, would not have been disclosed even were the agreement filed in accordance with H.R. 12513. Hence, in the absence of evidence showing a substantial need for the

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proposed legislation and in the light of its possible adverse effects on the salutary voluntary settlement of patent interferences, we submit enactment of the bill is unjustified.

We would also invite the Subcommittee's attention to the fact that interference settlement agreements are merely formal documents conceding priority of invention to another party, without necessarily setting forth the attendant circumstances from which they arise. Such agreements would not reveal the existence of improprieties, as indeed the agreement in the **Precision Instruments** case, supra, did not.

Passing to the particular provisions of H.R. 12513, we should like to raise specific objections to the bill's provisions (a) making the copy of the settlement agreement available "to any person on a showing of good cause", and (b) rendering any patent, of the agreeing parties, involved in the interference or issuing on an application involved in the interference, "permanently unenforceable".

The former provision, which we recognize was inserted to "preserve a degree of confidentiality of agreements" (House Report No. 1983, page 2), is unduly indefinite in requiring a showing of "good cause". Since there is a substantial danger that access to settlement agreements may be sought by private parties as a means to uncover legitimate trade secrets of the contracting parties, e.g., license royalty provisions, the "good cause" should be more particularly set out in the proposed legislation, as by requiring that there be pending litigation involving one or more of the parties to the agreement and the party seeking to inspect the same, relating to the interfering subject matter.

The second provision would render the involved patent of a party to the settlement agreement totally unenforceable if the party fails to file a copy of the agreement, even if such failure is inadvertent. The invalidity would extend to claimed subject matter in such patents which was not germane to the interference as well as to the interfering subject matter. We believe that it would be improper to declare patent claims directed to non-interfering subject matter unenforceable merely by reason of the failure to file a paper relating to the interference. This objection, we note, could be obviated by inserting, on page 2, line 7 of the draft of the bill, the words—as to the interfering subject matter—, after the word "unenforceable".

In summary, we are opposed to enactment of H.R. 12513, as we believe the necessity for its enactment and its suitability for accomplishing its stated purpose have not been satisfactorily demonstrated. Rather, we believe the bill, if enacted, would tend to discourage the private settlement of patent interferences and thus produce prolonged expensive proceedings which would be adverse to the interests of the interferants, the Patent Office and the general public. Secondly, we believe that particular provisions of the proposed bill would encourage "fishing expeditions" seeking to uncover and exploit legitimate

BRIEFS FROM WASHINGTON

The BULLETIN's Washington correspondent reports that the following bills have now become law:

- H.R. 5754 (Celler) and S. 2226 (McClellan), now P.L. 87-333, provides for priority based on a subsequently filed foreign application rather than only on the first filed foreign application.
- S. 1456, now P.L. 87-405, authorizes a new Assistant Secretary of Commerce in whose area of responsibility the Patent Office is included. The incumbent is J. Herbert Holloman.
- H.R. 7916 (Aspinall), H.R. 8816 (Fascell), and S. 2156 (Anderson et al) now are P.L. 87-295. This legislation relates to saline water research. It includes a patent provision which was suggested to the Senate Interior Committee of Senator Long, was incorporated in the Senate bill, and was adopted by the Senate-House conferees.
- H.R. 9118 (Morgan) and S. 2180 now form P.L. 87-297. This legislation relates to the Arms Control and Disarmament Agency and includes a patent provision requiring that *information* with respect to patents (rather than patent rights) be available to the general public.
- S. 1186 (P.L. 87-354) relating to trademarks has been passed. This law provides that when a quality mark is used indicating that an article is made in whole or in part from gold, silver, or an alloy, the registered trade-

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trade secrets of the contracting parties, and render unenforceable patent rights which may be wholly unrelated to the interference and the private settlement agreement thereof.

CYRUS S. HAPGOOD, President

Dear Senator McClellan:

The following is a statement of the position of The New York Patent Law Association on S. 2639, the Bill to permit the use of a written declaration in lieu of an oath in filing an application for patent or for registration of a trademark.

The Association is in favor of the Bill in view of the fact that it would assist the Patent Office in processing patent applications by simplifying the procedures in the Patent Office. It would also in many instances be an aid to inventors and attorneys by facilitating the execution of patent applications where no Notary Public is readily available.

It is also the Association's position that in view of the fact that the criminal code (18 U.S.C. 1001) provides criminal sanctions for filing false declarations with administrative agencies, including the Patent Office, an oath as such is not necessary.

CYRUS S. HAPGOOD, President

MEET OUR NEW PRESIDENT



Cyrus S. Hapgood
President

Born in Lynn, Massachusetts in 1912, **Cyrus S. Hapgood** (known to all his friends as "Cy") was graduated from the Massachusetts Institute of Technology in 1933, and from the Fordham University School of Law in 1936. From 1942 to 1945 he served as Head of the Patent Department of the Navy's Bureau of Ordinance and was discharged as a Lieutenant Commander. He is a member of The Association of the Bar of the City of New York and of the American

Patent Law Association.

Cy is a golfer and sailing enthusiast, the latter interest possibly stemming from his activities at M.I.T. where he was a member of the varsity crew.

In 1942 he married the former Mildred Mennen. The Hapgoods have a son, Cyrus S., Jr., age 16, and two daughters, Candra, 11 and Gay, 9. They make their home in Riverside, Connecticut.

NEW MEMBERS ELECTED

At a meeting of the Board of Governors of the NYPLA, held on July 31st, the following candidates were admitted to active membership: Francis H. Boos, Jr., Ralph M. Braunstein, Julian Falk, Keith E. Mullenger, and Thomas A. Wilson.

MEDINA ON THE PATENT OFFICE

Judge **Harold R. Medina** is being quoted by the Patent Office as stating (**134 USPQ 152**): "Moreover, while it seems to be popular nowadays to cry down the Patent Office, I should like to take this occasion to say that after several years as a District Judge, and over ten years of experience on this Court deciding patent cases, I think the Patent Office is doing a good job."

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WINNERS AT ANNUAL JUNE OUTING

A highly successful annual outing was held last June 15 at the Knollwood Country Club at Elmsford, New York. The dinner was well attended, with 131 members and guests present.

Sixty-one persons participated in the golf tournament which included the traditional Governor's Cup. The recipients of golf prizes are as follows:

1st low gross—18 holes	William C. Conner
2nd low gross—18 holes	Robert A. Noll
1st low net —18 holes	Henry M. Feyrer
2nd low net —18 holes	Thomas M. Marshall
low gross—36 holes	Maurice Klitzmann
low net —36 holes	John F. Hanifin
low gross—18 holes (Ladies)	Mrs. W. Philip Churchill
low gross—18 holes (Guests)	Kenneth Corn
low net —18 holes (Guests)	Milton Fox

BRIEFS FROM WASHINGTON

Continued from page 5

mark of the user must also be applied to the article in equal size.

No copyright bills have passed both Houses of Congress during this session.

Hearings were held on September 4th by Senator McClellan on the revised schedule of **Patent Office fees** set forth in H.R. 10966, on the House version of the **use of a declaration in lieu of an oath** (H.R. 12773, superseding H. R. 9315), and on **settlements in interferences** (H.R. 12513, which has passed the House). (See page 3 of this issue.)

The **drug bill** (S. 1552) passed the Senate on August 23rd with essentially all patent provisions eliminated. Senator Kefauver's attempt to add a compulsory licensing amendment ended in a 53 to 28 defeat.

On August 6th, Senator Keating introduced S. Res. 371 authorizing an **investigation of indirect costs of research** conducted by various government agencies.