THE NEW YORK PATENT LAW ASSOCIATION

BULLETIN

VOL. 2 No. 7 APRIL 1963

DISTRICT COURT JUDGES TYLER AND McLEAN SPEAK AT ANNUAL JUDICIAL CONFERENCE

The Fourth Annual Judicial Conference of the NYPLA was held at the Hotel Roosevelt on February 26, 1963. The Honorable Harold R. Tyler, Jr. and the Honorable Edward C. McLean, both of whom are District Court Judges of the U. S. District Court S. D. N. Y., spoke on matters of practical interest to lawyers handling patent matters in the federal courts. William C. Conner, vice chairman, Committee on Meetings, presided.

Although neither of the judges has had extensive experience with patents in his relatively short tenure of about five months on the bench, nevertheless the comments of the judges were drawn from prior experience as trial lawyers, as now seen through the eyes of a Federal District Judge. This combination of trial experience and a relatively new judicial viewpoint resulted in an interesting presentation of problems facing the trial lawyer and the judge in patent cases.

The audience demonstrated a genuine interest in the program presented by the judges. Many questions were asked from the floor and continuing informal discussions with the judges took place during the reception and dinner following the formal meeting.

Discovery, Interrogatories, and Depositions. Judge McLean prefaced his talk by stating that he had no experience with patents in the five months or so in which he had served on the bench. He nevertheless chose a subject of interest to the Patent Bar, namely discovery, interrogatories, and depositions. Judge McLean observed that a great deal of time appears to be wasted in the preparation of papers in such proceedings. However, the judge acknowledged the iceberg theory, namely, that much spade work may be necessary to get that "one" answer. It was his observation that much of the time might be better spent analyzing the issues and working up the testimony.

The Pre-trial Examiner Program now in effect in the Federal Courts was also discussed by Judge McLean. In his view the program has been successful and the number of cases pending has been reduced by 1300 in the past year. He indicated, however, that this program was not working out well in the case of patent matters because neither the judges nor the examiners had time to go into the cases in sufficient detail. He suggested that perhaps special rules were needed for patent cases.

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CALENDAR

Apr. 30	Antitrust Meeting at Hotel Roosevelt at 5:45 p.m., with dinner at 7:15. Robert A. Bicks will be the speaker.
May 23	Annual Business Meeting.

Justice Goldberg Speaks at NYPLA Annual Dinner

On Friday evening, March 22, 1963, United States Supreme Court Justice Arthur J. Goldberg addressed an impressive gathering of lawyers, judges and their guests in the Grand Ballroom of the Waldorf-Astoria Hotel. The occasion was the 41st annual dinner of the New York Patent Law Association in honor of the Federal Judges.

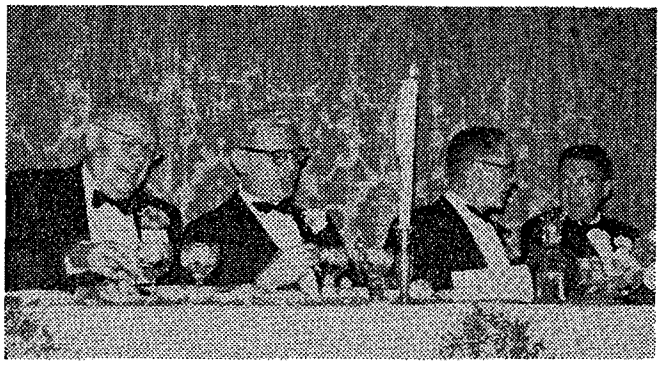
Limitations of Judicial Power. The attributes of our judicial system, Justice Goldberg said, occupy an unprecedented parallel because of the dictates of the Constitution. To illustrate this point, he said that the courts have the power to adjudicate acts of Congress and even to interpret and define some of the limitations on the courts' own power.

Despite these broad powers, there are important acts which are beyond the power of the courts:

- the courts cannot make war,
- the courts cannot make peace, a goal to which we all aspire,
- the courts cannot cure unemployment, and
- one of the most important limitations of the courts is that they cannot safeguard and defend the Constitution and its principles if the people do not want it.

Old Concepts Important. It is interesting to note that the business of the U. S. Supreme Court reflects what is happening in other courts. For example, the high court is returning, more and more, to old concepts. It used to be that the rights of individuals were the most important, but this gave way to a theory that more important public rights must supercede private rights.

This theory had the ascendency for a time, but today the trend is to a reassertion of individual rights. The individual's right to privacy is provided for in our Constitution which made it a fundamental part of our society. It is now apparent that the right to privacy has not become so merged in our corporate society that it has become irretrievably lost.



Ralph L. Chappell, Hon. Arthur J. Goldberg, Cyrus S. Hapgood, and Hon. David L. Ladd.

JUDGES SPEAK AT CONFERENCE

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To Educate General Lawyers. Judge Tyler discussed the lack of understanding between general trial attorneys and patent lawyers working together on a given case. With a view toward improving this situation, the judge proposed that the Association might consider initiating a program directed to educating general lawyers in patent matters so that they might work more effectively with patent counsel.

Judge Tyler discussed his own experience as a trial lawyer working with patent counsel and recalled situations wherein a lack of understanding existed between the trial counsel and patent counsel.

Alhough Judge Tyler's talk was concerned with the lack of understanding between patent counsel and general trial counsel, nevertheless, in his view, the Patent Bar in general presents well prepared briefs and other papers which are perhaps better written than the average.

SPEAK UP MAN!

The BULLETIN invites the submission of letters, articles, or comments, dealing with the affairs of the NYPLA or with matters of general interest to patent, trademark, or copyright practitioners. Within the broad range of our membership, we know there are attorneys with special information, skills, or viewpoints who could contribute much of interest and value to their fellow members, and the BULLETIN would welcome their contributions.

MORE ON PRIVILEGE

Another decision involving the attorney-client privilege was added to the recent flurry of cases reported in the March issue of the BULLETIN, this time by a Federal District Court in Wisconsin. The court, in *Paper Converting Machine Co., Inc.* v. *FMC Corp.*, 136 USPQ 549 (decided Feb. 5, 1963), held that house patent counsel is entitled to the privilege even though not admitted to the bar of the state in which he was employed, providing the other requirements for asserting the privilege are met.

In this respect, the Wisconsin court adopted the general rules governing applicability of privilege set down in *U. S.* v. *United Shoe Machinery Corp.*, 85 USPQ 5, and also the specific holding in *Zenith Radio Corp.* v. *R.C.A.*, 101 USPQ 316, that initial office preparatory determinations of patentability were not privileged.

The decision makes no reference to the Radiant Burners case (*Radiant Burners* v. *A.G.A.*, 207 F. Supp. 771, 209 F. Supp. 321), and the right of a corporation to assert the privilege apparently was not in dispute.

RESPONSE TO THE PATENT AID POSITIONS EXCEEDS EXPECTATIONS

The Patent Aid position which was announced just a short time ago on January 29, 1963, and which was reported by the BULLETIN, Vol. 2, No. 6, appears to have aroused considerable interest. The Patent Office already has received seven hundred applications from people all over the United States, and it is likely that the response will exceed a thousand. The closing date for receiving applications is April 12th.

CANON 35 REAFFIRMED

Another hot subject on which the Bar and the publicity people have been feuding for some years has been temporarily set to rest. The ABA has confirmed its position against the use of photography, broadcasting, or television in or from the court room.

A Recommended Standard. The House of Delegates of the ABA at its recent New Orleans meeting voted to retain its Canon 35 with but minor changes. The position taken by the ABA is not binding but is merely a recommended standard of judicial conduct. One of the country's leading news letters has stated its belief that the recommendation will be overruled in a matter of a few years by weight of public opinion.

The ABA sponsors point out that the press, radio, and TV representatives can all attend a trial and report the proceedings over their respective media. The committee reporting on the Canon made a very effective plea for keeping equipment out of the court room when it said ". . . the very presence in the court room of various photographic and sound devices, with operators working under the intensely competitive pressures of their craft, tend to cause distractions and are disruptive of the judicial atmosphere in which trials should be conducted. We feel that a serious doubt exists that a fair trial can be guaranteed if Canon 35 is relaxed. . . ."

The so-called *"Colorado Rule"*, which would leave the question of barring photography and broadcasting to the individual judge, was voted down. On this point the committee stated: "The right to a fair trial does not belong to the trial judge to dispense or curtail as he sees fit." A country-wide ruling is necessary, as the committee sees it, to protect the individual judge from pressures to open his court that would otherwise surround him where a matter of sensational public interest was involved.

A Trial Is Not a Circus. The ABA's position on the issue involved is pointedly expressed in the statement: "It is a misconception of the media representatives that the right of a public trial requires throwing open the courtroom as if the main purpose of the trial is to satisfy the curiosity of a vast unseen audience."

The canon, as approved in New Orleans, reads as follows:

CANON 35

Improper Publicizing of Court Proceedings

"Proceedings in court shall be conducted with fitting dignity and decorum. The taking of photographs in the court room, during sessions of the court or recesses between sessions, and the broadcasting or televising of court proceedings, detract from the essential dignity of the proceedings, distract participants and witnesses in giving testimony, and create misconceptions with respect thereto in the mind of the public and should not be permitted.

"Provided, that this restriction shall not apply to the broadcasting or televising, under the supervision of the court, of such portions of naturalization proceedings (other than the interrogation of applicants) as are designed and carried out exclusively as a ceremony for the purpose of publicly demonstrating in an impressive manner the essential dignity and the serious nature of naturalization."

The overhauling of a discarded fish canning machine and the modification thereof to pack a different size can was held to be an infringement of the patent on the machine in *Leuschner* v. *Kuther*, 136 USPQ 332 (9th Cir, 1963). The Court decided that changing the machine to enable it to pack smaller cans went beyond a purchaser's right to repair the machine to keep it fit for use and was an act which the patent owner could prevent. Such change was, in fact, the second creation of the patented entity. A line of cases holding that the identity of an invention is not changed by a mere variation in size was disregarded.

A choreographic musical composition in the musical play "Gypsy" satirizing "strip teasers" was held not entitled to common law copyright protection, since it did not tend to promote the progress of science and the useful arts, *Dane* v. *M & N Co.*, 136 USPQ 426 (Sup. Ct. N. Y., 1963). Though a performance may be amusing and entertaining, the Court stated, it must also elevate, cultivate, inform or improve the moral or intellectual natures of the audience to qualify as copyrightable subject matter.

A special master's award of more than five million dollars in a patent infringement and misappropriation of trade secrets suit was affirmed by the District Court in *Carter Products, Inc.* v. *Colgate-Palmolive Co.*, 136 USPQ 348 (D. C. Md, 1963). The rule applied was that where trade secrets add to but do not create the entire commercial value of the products which embody them, the plaintiff will recover all profits unless the defendant can introduce a method of properly apportioning the value due to each component. The allowance of royalties for patent infringement of up to 10% of defendant's net profit was also included in the award, which appears to be one of the largest ever granted in an industrial property case.

The placement in interstate commerce of deceptively imitative packages was held an act sufficient to support a claim under the Lanham Act in *Federal-Mogul-Bower Bearings, Inc.* v. *Azoff*, 136 USPQ 500 (6th Cir, 1963). The District Court had dismissed a complaint which charged that defendant has marketed in interstate commerce packages and containers of automotive parts which imitated the packages and containers of plaintiff, thereby falsely representing that they were plaintiff's goods. The 6th Circuit, in reversing the lower court, held that a valid claim was made out under section 43(a) of the Lanham Act, 15 USCA 1125(a). As used in this section, the phrase "false designation of origin" was not limited to geographical origin but included source of manufacture; nor need "technical" trademarks be involved. Rather, this section of the Act fashioned a new federal remedy against unfair competition relating to deceptive and misleading identification of source of manufacture.

A. B. A. Notes Ethical Restrictions on Combined Patent and General Law Firms

The Professional Ethics Committee of the American Bar Association has rendered the following informal opinion, reported in the March 1963 issue of the A.B.A. Journal:

"Where only one of two partners is qualified as a patent lawyer, it is improper for the firm name to be followed by the words 'Patent Lawyer' on the letterhead, but the name of the qualified individual may be followed by these words. Also it is improper for a lawyer who is the partner of a patent attorney to conduct a business for the development and marketing of patents."

BILL IN CONGRESS TO CHANGE LAW ON UNFAIR COMPETITION

On March 7, 1963, Congressman Lindsay introduced a Bill, *H.R. 4651*, on Unfair Commercial Activities, and Senator Javits introduced the identical text in the Senate on the same date as *S. 1038*. The purpose of the Bill is to provide civil remedies to persons deceived by unfair activities in or affecting commerce and is a revised version of Mr. Lindsay's Bills on the same subject submitted in the previous two sessions of Congress.

The Bill was drafted by the Committee on Trademarks and Unfair Competition of The Association of the Bar of the City of New York and, in its previous form, was endorsed by The New York Patent Law Association.

The proposed legislation is designed to establish uniform federal rules of fair practice in all forms of commercial activity. These rules will be enforceable in the federal courts by any person who is damaged, or likely to be damaged, by the unfair act or practice, provided of course, that the commerce affected is within the proper scope of congressional regulations under the Constitution.

PUBLICATION OF PATENT APPLICATIONS PROPOSED

Representative Roosevelt introduced a bill (H.R. 3561) on February 7, 1963, which would amend title 35 of the U. S. Code to provide:

> "At the request of the applicant or owner, pending applications for patents may, upon payment of the required fee, be printed and published by the Commissioner in accordance with such regulations and under such conditions as he may prescribe."

The bill provides a $15.00 fee for each application for which a publication request is made within 30 days after filing. The fee is $30.00 if such request is made 31 or more days after filing.

Presumably, this legislation will be welcomed by those researchers who at times prefer to protect their position by making a public disclosure of a new development rather than prosecute it to issue.

BALDWIN GUILD

Baldwin Guild died recently after a long illness. Mr. Guild, a Hastings, New York resident, was born in East Orange, New Jersey, 66 years ago. He attended Stevens Institute of Technology and graduated from New York Law School. He had been associated with Pennie, Edmonds, Morton, Barrows & Taylor since 1924.

Mr. Guild was active in the NYPLA and in community affairs. Surviving are his wife, son, and sister.

Publication Note—

The proceedings in observance of the 125th Anniversary of the Patent Office entitled "125th Anniversary of the U. S. Patent Act of 1836" is now available from the Superintendent of Documents, Government Printing Office, Washington, D. C., price $1.50 a copy.

REVIEW

Cartel and Monopoly in Modern Law *is the title of a recently published report on supranational and national European and American Law, presented to the International Conference on Restraints of Competition at Frankfurt on Main, June 1960. It is edited by Institut fuer ausiaendisches und internationales Wirtschaftsrecht an der Johann-Wolfgang-Goethe-Universitaet, Frankfurt, in cooperation with Institute for International and Foreign Trade Law of the Georgetown University Law Center, Washington, D. C., Verlag C. F. Mueller, Karlsruhe.*

The entire field of restraints on competition, national and international, is covered in this two-volume work which includes the papers presented at an international conference organized by the Institute for Foreign and International Economic Law, held at Frankfurt on Main, Germany in June 1960. The Frankfurt conference, a continuation of a similar conference held in 1958 at the University of Chicago, was attended by lawyers, judges, government officials from economic ministries, antitrust enforcement agencies, officials of trade associations, representatives of international organizations, and professors of law and of economics from all over Western Europe, North America, and Japan.

The two volume work constitutes a timely, exhaustive and valuable reference work in the field of antimonopoly law. For information concerning copies, communications may be addressed to the Georgetown University Law Center, Washington, D. C.

PATENT SEARCHES CONSIDERED IN MANAGEMENT REVIEW ARTICLE

In the February, 1963, issue of Management Review, Peter C. Reid has written an informative article entitled *"The Research You Shouldn't Be Doing: How the Patent Office Can Cut Your R & D Costs."* He refers to a number of alert companies who have discovered that the use of Patent Office facilities as a research tool can save thousands of dollars in R & D costs.

One executive was quoted as saying "For a company watching its R & D costs, starting from scratch is uneconomical—an engineer might work hard and long at something he could have gotten from a patent in fifteen minutes. Patents are hard to beat as sources of up-to-date information on applied arts."

It is now being recognized that the constant study of patents of competitors by the R & D people is a challenge that often forces them to come up with something better. One executive jokingly told his patent counsel "You know, when I retire, I'm going to form a company that will do nothing but file suits against you for patent infringement so the boys in R & D will have to think of better ways of doing things."

LABOR AND PATENT LAW MEET IN NEW SENATE STUDY "THE LAW OF EMPLOYED INVENTORS IN EUROPE"

The Senate Subcommittee on Patents, Trademarks and Copyrights recently released the above study (No. 30) prepared by Dr. Fredrik Neumeyer. According to the author, the rise of this new field of law is connected closely with the increase of industrialization and the many related social problems often encountered in labor law. In general, this type of law requires the employer to compensate an employee-inventor when and if the employer takes over the invention and uses it.

The political appeal of "employed inventor" laws, particularly their attractiveness to workmen and engineers, was perceived a generation or more ago. Although not the first instance of such action, special legislation designed for popular acceptance was introduced during the Nazi regime under Hitler, who supported such laws (Dr. Neumeyer quotes interestingly from "Mein Kampf"). Dr. Neumeyer writes that "Upon reviewing Nazi legislation after the downfall of the regime in 1945, the democratic German legislature was confronted with the somewhat unusual situation that it could not 'turn back the clock' in this part of the legislation because of its obviously social features favoring the labor sector in important respects." (See BULLETIN Vol. 1, No. 5)

According to the foreword by Senator McClellan, the ultimate question presented by this study is:

> *"Should steps be taken to restore the patent system, in at least some measure, to its traditional role of rewarding the inventor, in order the better to carry out the constitutional objective of 'promoting the progress of science and useful arts'?"*

The question asked by Senator McClellan merits the consideration of the Patent Bar.

BULLETIN

of The New York Patent Law Association

90 Broad Street, New York 4, New York

Volume 2. April 1963 Number 7.

The BULLETIN is published monthly (except in July, August, and September) for the members of The New York Patent Law Association. Correspondence may be directed to The Editor-in-Chief, Room 1711, 135 East 42nd Street, New York 17, N. Y.