

THE NEW YORK PATENT LAW  
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BULLETIN

## DESIGN BILLS SUPPORTED

On December 12, 1963, the NYPLA telegraphed its support of the pending design registration bills to the Honorable Edwin E. Willis, who is Chairman of the Committee on Patents, Trademarks and Copyrights of the House Committee. The text of the telegraph is as follows:

"I am authorized by the Board of Governors of the New York Patent Law Association to advise you that the Association favors the pending Design Registration Bills HR 323, HR 769 and HR 5523.

"Ralph L. Chappell"

The Senate passed the *Hart-Wiley Talmadge Design Protection Bill S. 1884* on July 23, 1962 (see BULLETIN Vol. 2, No. 1).

Briefly, the Senate and House Bills each provide protection for an "original ornamental design of a useful article." Originality depends upon whether the design is "the independent creation of an author who did not copy it from another source." Infringement depends upon proof of copying. Protection commences when the design is made public and continues for five years with provision for one five year extension. Applications for registration must be filed within six months after design is made public. The statute of limitations is three years.

## ANNUAL DINNER DANCE STARTS HOLIDAY SEASON

The Annual Dinner Dance of the Association opened the Christmas holiday season on Friday, December 6th, 1963.

Cocktails, dinner and dancing were offered in the Hotel Pierre's Roof Garden. Cocktails and reception started at 6:00 P. M. and the reception area was quite crowded with everyone having a wonderful time. Dinner followed at 7:30 p.m.

The menu included a choice of Chicken Tetrazzini or Filet of Sole Amandine. The delightful dance music by the orchestra of Ben Cutler pleasantly complemented the dinner.

## NEW MEMBERS ELECTED

At the meeting of the Board of Governors held on December 18, 1963, the following persons were elected to active membership: Robert Bruce Brodie; Lucien G. Farron; Butron I. Levine; James J. Romano, Jr.; Edward Hatch Valance; John C. Vassil. Victor S. Beam and George P. Richards were elected to life membership.

## CALENDAR

Jan.—[To be announced]  
Feb.—Judicial Conference

## McCANN DISCUSSES CASES ON APPEAL AT FIRST NYPLA FORUM MEETING

Mr. Leo McCann, Chairman of the Patent Office Board of Appeals, was the guest speaker at the first forum meeting of the season which was held at the Hotel Piccadilly on November 26, 1963. The success of the meeting was indicated by the interest displayed by the audience throughout Mr. McCann's talk as well as by the numerous questions presented during the question period.

**Amendments After Appeal.** Mr. McCann emphasized the importance of exerting every effort on behalf of the client even after an appeal has been filed, pointing out that, even with the advent of compact prosecution, a major portion of the cases on appeal are settled prior to actual determination by the Board. For example, 1,086 appeals were filed in October, 1963. During this same month, 449 appealed cases were settled before the brief was filed. During this month also 133 cases were settled after the filing of the appellant's brief and 77 were settled even after filing of the Examiner's Answer. Thus, a total of 659 appealed cases were settled during a month when 1,086 appeals were filed. Mr. McCann pointed out that, strictly speaking, the cases settled were not the same cases filed during the month, but that the figures are nevertheless significant. Thus, a number corresponding to 60.7% of the number of appeals filed during October, 1963, were settled before the issue was decided by the Board. By way of correlation, the corresponding percentage for October, 1962, was 69%.

During the last two years, the Board of Appeals has reduced its backlog substantially, so that the time between the filing of an appeal and the hearing have been reduced from 30-36 months to about 10 months.

**Change in Location Significant.** Mr. McCann attributed the significant reduction in the Board of Appeals backlog to a number of factors including the change in location of the Board from the Commerce Building to the 18th and K NW location. This new location eliminates many distractions, such as interruptions by visiting attorneys, which interfered with the Board's operations when at the Commerce Building.

The speaker emphasized the desirability of attempting to settle appeal cases with the Examiner by pointing out that in about 70% of the appealed cases the Examiner is affirmed. This figure runs to about 65% in the mechanical and electrical cases. He indicated that an appellant had a 30% chance of getting some of his claims and only a 15% chance of getting all of his claims.

Mr. McCann emphasized that the Board of Appeals cannot enter amendments that have not been considered by the Examiner. Accordingly, every effort should be made to interview the Examiner and to present to him any amendment which the attorney feels will clarify the issues, particularly amendments which will present claim language which distinguishes structurally over the references.

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## **FTC ENJOINS GADGET CLUB**

The Gadget-Of-The-Month Club was a corporation which described itself as "the greatest gadget-gathering organization in the world, whose sole and exclusive business is the discovery, development, licensing, sampling, merchandising and marketing of new products of every nature, kind and description." The corporation had annual membership fees of \$20.00 and required the inventor to enter into a royalty sharing contract. The inventor would submit ideas.

**The Gadget Jury.** Each member who submitted an invention was told that the invention would be submitted to a Gadget Jury and received a progress report informing him that "It is the majority opinion of the Gadget Jury that your submission has merit, has interesting possibilities, and warrants further consideration by GMC." The FTC found as a fact that the Gadget Jury did not meet at all but that the entire operation was within the control of the principal of the corporation.

**Patent Services Offered.** The Commission also found

"The form letter that brought the news that the Gadget Jury was of a favorable attitude also stated that, 'This report must of necessity be a preliminary report at this time, because of the need of determining the patentability of your invention. . . . Accordingly, you are hereby requested to have a patent search made immediately. . . . P. S. If you wish to order the patent search thru GMC facilities at the special rate of \$15, please advise. . . . Patent Attorneys generally run from \$60. on up. Thus your GMC affiliation saves you \$45 or more in patent search costs alone.' "

It appears that a representation that the Club would pay 50 per cent of the costs of preparing patent applications was a prime consideration in the minds of those who contemplated membership. The Club's customer list comprised well over 200 names and the Club's fiscal records showed receipts in 1957 and 1958 in the neighborhood of \$20,000. The record was clear, the FTC said, that GMC was not successful in achieving commercialization of a member's invention.

The final order of the FTC required the Gadget-Of-The-Month Club to stop misrepresenting the nature and value of services it performs for inventors.

## **TRADEMARK SOCIETY IS FORMED BY EXAMINERS**

The trademark examiners in the United States Patent Office have formed an organization to "talk trademarks." The name of the organization will be the Trademark Society, Inc. Mr. J. H. Reiser, its President, noted that the Society will be similar in part to the Patent Office Society. A vital difference is that The Trademark Society will be concerned only with trademarks and trademark practice.

The Society will not attempt to duplicate the work of the United States Trademark Association. The Society will concentrate its interests in the field of federal practice. It also intends to study various aspects of intraoffice operations and to present the results of these studies together with recommendations for consideration.

Membership dues are \$2.50 per year. Applications for membership should be addressed to: J. H. Reiser, President, The Trademark Society, Inc., Suitland P. O. Box 16046, Washington, D. C. 20223

## **Court Finds Corporation Attorneys**

### **Are Engaged in General Practice**

Among the interesting cases of the past year was **Petitions of Jackson and Shields**, 187 Atl. 2d 536, decided by the Rhode Island Supreme Court.

The petitioners had been duly admitted to practice in other states and had practices there but one had served for a period of time as Assistant Secretary of the Navy and the other as a legal officer in the Navy. The Board of Bar Examiners denied their petitions for recommendation for admission to the Rhode Island Bar under a rule of court which provided for admission of out-of-state attorneys who have been ". . . engaged in active general practice of law therein for at least ten years out of the fifteen years immediately preceding filing of application for admission in this state."

The Court held for the petitioners, interpreting "active general practice" broadly and stating in part ". . . it makes no difference that such services are performed for natural or artificial persons or that such services are performed entirely in behalf of a single corporation or in the interest of one department of government. . . ." The Court also found that "active general practice" means ". . . a showing that the legal activities of the applicant were pursued on a full-time basis and constituted his regular business."

The petitions were returned to the Board of Bar Examiners for further consideration in the light of the opinion.

## **COMMON MARKET NOTIFICATION DATE EXTENDED**

January 1, 1967, has been designated as the date by which the Commission of the European Economic Community should be notified of agreements existing before March 13, 1962, which were exempt from notification under Article 4(2) of Regulation No. 17, in order to obtain modification privileges and avoid fines.

**Regulation Published.** According to Council Regulation No. 118/63 published on November 7, 1963, in the Official Journal No. 162, Article 7(2) of Regulation 17 was amended on November 5, 1963, to change the notification date of January 1, 1964, to the new date of January 1, 1967. The Commission announced that the previous date of January 1, 1964, did not afford sufficient time for enterprises to determine whether they should file.

In order to relate this to the earlier notification dates it should be recalled that agreements, decisions, and concerted practices involving only two parties had a filing date of February 1, 1963, whereas the notification date for agreements involving more than two parties was November 1, 1962.

**New Agreements Not Affected.** The deferring of this filing date does not affect new agreements requiring notification. These should be currently notified in order to obtain the available exemptions.

## **NATIONAL SCIENCE YOUTH PROGRAM OBSERVED**

During the month of October, the Patent Office joined 55 other national organizations and Government agencies in observing October as National Science Youth Month. In a continuing effort to inform the youth of our country and to encourage creativity and inventiveness, a kit of Patent Office publications has been mailed to 225 Science Club Directors calling attention to the Patent System.

# NYPLA SUBMITS RECOMMENDATIONS ON McCLELLAN BILL

On December 19, 1963, the NYPLA submitted detailed recommendations to Senator McClellan with respect to the McClellan Bill S. 1290. The NYPLA had previously registered its support of the basic objectives of this bill (BULLETIN, Vol. 3, No. 1). The text of our position is reprinted in full because of the special importance of this bill.

"Dear Senator McClellan:

"On July 15, 1963 we wrote you to advise of this Association's general endorsement of the objectives of McClellan Bill S. 1290 and to urge that hearings be held with respect to the Bill. Your acknowledging letter of July 19, 1963 invited our more specific suggestions with respect to the wording of the Bill. I am pleased to submit herewith our recommendations on this subject as prepared by the appropriate committee of the Association.

"I sincerely hope that the attached materials will be of assistance to you as work on S. 1290 goes forward."

—Ralph L. Chappell

**Report.** The specific suggestions were contained in the accompanying report:

## Suggestions of The New York Patent Law Association Respecting Bill S. 1290

In the McClellan Bill (S. 1290), the disposition of property rights in inventions made under Government contracts is determined primarily by Section 3—**CONTRACT REQUIREMENTS** and Section 4—**PROPRIETARY INTEREST OF THE UNITED STATES**. The structure of the Bill, as introduced, requires each contract for research and development activity to *reserve* to the United States not less than a nonexclusive, nontransferable, royalty-free license in any invention made for the performance of the contract and also to *reserve* additional property rights as may be determined *thereafter* in conformity with the criteria set out in Section 4.

Some revision of the structure of the Bill would appear desirable to render more definite the determination of the ultimate ownership of inventions made under Government sponsorship and to clarify in as many cases as possible the manner and time of such determination. It is believed that the Bill should provide for the following:

1. As is now provided in Section 3(b) (2), the Government should receive for the protection of the public interest an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of inventions made under contract throughout the world by or on behalf of the United States. Exceptions to this normal disposition of ownership should be recognized in such manner as to give a contractor an adequate basis at the time of contracting for forming a judgment as to the probable ultimate disposition of the title to invention resulting from the performance of the contract. Thus, under certain circumstances controlled primarily by the nature of the work contracted for, it should be possible to determine at the time of contracting those exceptional cases in which the United States may, by contract, acquire greater rights than the nonexclusive license referred to above.

2. Where, in accordance with criteria to be established, greater rights are acquired at the time of contracting, provision should be made for the waiver of such greater rights after an invention made under such a contract has been identified, in the event that the Government does not, in fact, require such greater rights.

3. In addition, with respect to all research and de-

velopment contracts other than those just mentioned, exceptions based upon the nature of the resulting inventions may be recognized in accordance with criteria to be applied after the specific inventions have been identified.

4. Wherever the Government acquires, either by contract of the type mentioned in (2.) above or by way of determination made after an invention has been identified, as provided in (3.) above, greater rights than the non-exclusive license referred to hereinbefore as the norm, nonexclusive, royalty-free licenses for the practice of the invention throughout the world should be available to all American Nationals, or if the possibility of royalty-bearing or other types of licenses from the Government must be accepted, the contractor who produced the invention should be given the same opportunity to acquire a license as any other applicant, subject, of course, to the provisions already in the Bill for compulsory licensing of the invention in the event that the contractor fails to put it to use.

Language believed appropriate to carry the above aims into effect appears below. In addition, in an attempt to protect the rights of the contractor in inventions as to which ownership becomes contested between the contractor and the United States under the declaration of "Taking" provided by the statute, certain changes in the language of Section 7 of S-1290 are also proposed below.

**Contract Requirements.** SEC. 3. (a) Whenever an executive agency enters into any contract in which any person is obligated to perform scientific or technological research, development or exploration activity, there shall be included in every contract provisions determined, under regulations which shall be promulgated by the head of that agency, to be effective to carry into effect the requirements of this Act.

(b) Each contract entered into by an executive agency shall contain provisions effective to—

(1) require the prompt and full disclosure to that agency of any invention made in the course of the performance of any obligation arising from that contract;

(2) acquire for the United States not less than an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice, throughout the world by or on behalf of the United States or by any foreign government pursuant to any treaty or other agreement with the Government of the United States, of each such invention;

(3) acquire for the United States such additional proprietary rights in any inventions made, or to be made, in the performance of any obligation arising from that contract as the head of that agency may determine in conformity with the provisions of Section 4 of this Act; and

(4) provide, in the case of the issuance to any person other than the head of that agency of a patent for any such invention, appropriate means whereby such agency head thereafter may require the owner of that patent to grant to other persons licenses for the practice of the invention described therein upon such reasonable terms and conditions as the agency may prescribe upon a determination made by such agency head, after affording the opportunity of a hearing to the owner of a patent, that (a) five years having expired since the issuance of that patent, the owner has not exerted substantial efforts to exploit the invention, (b) the patent has not been made available upon reasonable terms for licensing for practice by the public, and (c) the public

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# NYPLA SUBMITS RECOMMENDATIONS ON McCLELLAN BILL

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interest would be served by the issuance to other persons of licenses for the practice of that invention.

## Proprietary Interest of the United States. SEC 4.

(a) The acquisition for the United States of the irrevocable, nonexclusive, nontransferable, royalty-free license for the practice throughout the world by or on behalf of the United States or by any foreign government pursuant to any treaty with the United States of inventions conceived or first reduced to practice under the contract as provided in section 3(b) (2) of this Act shall, with the exceptions set forth in subsections (b) and (c) of this section 4, be sufficient to protect the equities of the contractor and the public interest in inventions made in the course of the performance of any obligations arising from that contract. However, subject to the provisions of subsections (b) and (c) of this section 4, the head of an executive agency may acquire on behalf of the United States proprietary interests greater than that specified in section 3(b) (2) of this Act.

(b) The head of an executive agency which enters into any contract of the kind defined in section 3(a) of this Act may, by contract, provide for the acquisition of greater rights than a nonexclusive license provided in section 4(a)—

(1) the end objective of the contract is the development of substances, processes or products intended for use directly by the general public as distinguished from use by the Government for governmental purposes, or

(2) the contract is for the operation of Government-owned facilities, or

(3) the contract is solely for the coordination and/or direction of the work of others, or

(4) the contract calls for research, development or exploration in a field in which the Government has been the sole or principal developer and the funds expended by the Government and/or the technical background supplied by the Government are large and current as contrasted with the corresponding contributions of those other than the Government.

Where at least one of the above criteria is established and at the time of contracting exception is made to section 4(a), the contract shall also provide for the waiver by the agency head of all rights in specific inventions so acquired by the Government, other than the nonexclusive license required by section 3(b) (2), if, when the inventions are identified, it appears that the Government does not require such greater rights in the particular invention involved.

(c) As to inventions arising in all contracts of the kind specified in section 3(a) and not falling within the criteria of section 4(b) hereof, the agency head may acquire for the United States greater rights than the nonexclusive license provided for in section 3(b) (2) only when the agency head establishes after an invention arising under the contract is identified as required in section 3(b) (1) hereof, in an invention report adequate for the purpose that at least one of the following conditions has been established—

(1) the making of the invention depended in substantial degree upon the prior or parallel cooperative work of other parties performed under Government contract, or

(2) the invention is one the use of which has been determined to be required to meet a standard imposed by Government regulation in furtherance of public

health or safety and no alternative is permitted by such regulation, or

(3) the invention is primarily applicable in the production or utilization of special nuclear material or atomic weapons.

## Interim Examination of Patent Applications.

SEC. 7(a) Whenever the head of an agency makes a declaration of "Taking" in accordance with the provisions of this Act, if he concludes that such invention may contain patentable subject matter, he shall file with the Commissioner of Patents a patent application covering said invention, even though such declaration of "Taking" has not become final as provided in section 6 of this Act. The Commissioner of Patents shall examine such application, but shall not issue any patent thereon until he has been notified by the head of the agency that such declaration has become final or that a final determination has been made that the United States is not entitled to proprietary interest greater than that provided in section 3(b) (2). The Commissioner of Patents shall proceed as provided in title 35, United States Code, except that nothing contained therein shall preclude a party who has successfully contested a declaration of "Taking" from exercising all rights with respect to the securing of a patent on such invention that said party would have enjoyed if there had been no declaration of "Taking" by the agency head and no action taken by the agency head, either in the preparation or prosecution of such application, shall be binding upon said party.

(b) In the event that the agency head files an application for patent in conformity with section 7(a), he shall at the request of the party who has seasonably contested the declaration of "Taking" as provided in section 5 hereof, permit such party, at his own expense and for his benefit and ownership, to file such applications for patent in foreign countries, other than those countries in which the agency head has determined to file such applications, as that party shall consider necessary to protect the invention.

(c) If, as to any foreign country in which a party has filed a patent application in accordance with section 7(b) hereof, the final determination shall be that the United States is entitled to a proprietary interest greater than that provided in section 3(b) (2) hereof, then the agency head shall reimburse such party for the reasonable expenses incurred in filing such patent application in such foreign country.

**Patents of the United States.** SEC. 8(b) Each agency head may grant licenses for the practice of any invention for which he holds a patent acquired under this Act on behalf of the United States. Such licenses—

(1) shall be granted under such terms and conditions as the agency head shall determine to be in the public interest;

(2) shall be granted to any American National for practice of the invention throughout the world;

(3) may be granted for the effective period of the patent or for a more limited period of time; and

(4) may be granted with or without the payment of a royalty to the United States.

(c) In any event the contractor who produced an invention a patent for which has been acquired by the agency head on behalf of the United States, shall have the opportunity to acquire a license for the practice of the invention under the same terms and conditions as any other applicant for such license.

## **Board Chairman Emphasizes Careful Preparation**

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He stressed that such amendments should not be mere fishing expeditions.

**The Brief.** The brief should comply with Rule 192 and should contain a concise explanation of the invention, a copy of the claims, and a request for oral hearing, if desired. The brief should be complete in itself except for references to affidavits or exhibits which are part of the file. In presenting his reasons why the Examiner should be reversed, the attorney should present the problem his client was trying to solve, discuss the prior art, describe his client's solution of the problem and point out the new and improved results obtained through the client's solution.

The brief should be clear, complete and concise. All pertinent portions of the references should be analyzed, including any pertinent portions not specifically relied on by the Examiner. The claims on appeal should be analyzed pointing out the structure not shown in the references and pointing out how this claimed structure contributes to the new and improved result. Mr. McCann stressed that it is not sufficient merely to point out differences between the claimed structure and the references. The broad claims should be analyzed as well as the specific claims.

The speaker emphasized that many times applications which disclose patentable subject matter are lost before the Board for failure to distinguish materially over the art, i.e., often the appellant's argument is more specific than his claims.

**Improperly Claimed Inventions.** In the situations where the attorney has failed to present claims which are properly distinguishable from the references, the Board is not able to allow these cases because (1) the claims must be given the broadest interpretation their language will support and (2) the Board cannot take amendments which would correct the defects in the claims. He suggested that the attorney should be sure that some claims are always amended after the Examiner presents new art.

This emphasizes the importance of presenting claims of different scope, not just broad claims, when going before the Board of Appeals. This further emphasizes the importance of settling word meanings by resort to the dictionary for example, before getting to the Board of Appeals.

**Minor Differences and Unobvious Results.** Suppose in a close case the Examiner admits of small differences of structure and the applicant relies on new and unobvious results as the basis for asserting patentability. In such instances, the record should contain affidavits and other proofs or tests to support the new and improved result alleged as the basis for the argument of unobviousness. Should the Examiner apply the references to the broad claims and use generalities in rejecting narrower claims, the applicant should point this out.

In the event of a rejection on a combination of references, the appellant should point out pertinent portions of the disclosures of such references which would either point away from the proposed combination or show lack of reason or suggestion for combining the references and should show any long standing need which existed for applicant's invention despite the availability of necessary materials.

**Answer Grounds of Rejection.** It is important that each and every ground of rejection should be answered

in the brief. If this is not done, the appeal will be dismissed. Beware especially of the situation where the Examiner adds new grounds of rejection in his Answer. The applicant could then ask for 60 days to amend and then petition if necessary.

Mr. McCann stressed that personalities have no place in an appeal brief. Differences of opinion should not become personal. If there is an abuse of discretion, the attorney should petition the Commissioner. The Board rules only on patentability.

The brief should not be overly long and should not be extended after the brief is completed, but make it as long as necessary to get in all the significant arguments. It should be both clear and concise as well as complete.

**Cite Pertinent Decisions.** Repetition and underlining for purposes of emphasis are in order. Needless repetition, however, should be avoided. Likewise, one should not set up straw men and should not cite unnecessary decisions. Only the most pertinent decisions should be cited and they should be applied to the facts of the case at bar.

Where an attorney refers to a scientific article in his brief, it is suggested that he provide a copy with the brief unless it is known to be available to the Board.

In the case of an amendment after appeal, be sure that the Examiner has entered the amendment, otherwise argue both the claims before and subsequent to the proposed amendment.

**Rejection By Board Under 196b.** When the Board of Appeals applies a new ground of rejection under Rule 196b the attorney can ask for reconsideration of the rejection by the Board. However, if the applicant wishes to show inoperativeness of the references, he must have the case reopened before the Primary Examiner.

A Petition for Reconsideration of the Board's decision should not be just a repeat of the original argument unless there is some fundamental error in the Board's decision and this has been pointed out.

**Oral Hearing.** Mr. McCann commented that the oral hearing does not ordinarily contribute materially to the appellant's chances for success since the Board relies mainly on the briefs in deciding appeals. The percentage of affirmance is about the same or slightly higher for "on brief" cases as compared with those which are the subject of oral hearing.

Mr. McCann nevertheless acknowledges that there is valid reason for oral hearings, as for example, when the Examiner has misinterpreted the appellant's brief in the Examiner's Answer or an explanation is needed.

In addition to the required request for oral hearing, the Board now requires confirmation of such requests in response to a notice sent to appellant prior to the hearing date. It was noted that in hardship cases, the Board will make allowances if the notice should slip by without confirmation. In any event, as a courtesy, he suggested that attorneys advise the Board if they do not plan to attend the oral hearing even if this information comes to their attention as late as a week prior to the hearing. This enables the Board to schedule additional cases in place of the cancelled appearance.

**Presentation At Oral Hearing.** The appellant should be fully prepared on the facts, references, and claims on appeal. He should present his case with sincerity and candor and should be prepared to answer questions.

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## **McCann Outlines Appeal Procedure**

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Attendance of the inventor with the attorney at the oral hearing can often lead to the waste of the appellant's valuable time. If the inventor does speak he should be warned of the 30 minute time limit and should be advised that he should avoid side issues and damaging admissions. The attorney may find it helpful in explaining his case to use enlarged prints, flow sheets, and diagrams.

**Mechanics of Oral Delivery.** The importance of using good public speaking techniques should be obvious. The speaker should get the Board's attention by an effective opening. He should not distract the attention of the Board and should avoid a dreary monotone. He should emphasize important points of his argument by appropriate techniques such as the use of gestures, pauses and so forth. He should avoid reading the entire argument from his brief and should face the Board squarely when presenting his case. It is acceptable to read specific parts of the brief, but Mr. McCann suggested that it is better not to appear at the oral hearing than to confine the presentation to a mere reading of the brief. Distracting activities such as looking at the ceiling, or floor or looking out the window and walking up and down should be avoided. The speaker demonstrated his point vividly by swinging his key chain to distract the audience.

In conclusion, Mr. McCann stated that as the client's attorney we should give encouragement to the inventor in prosecuting the case to a successful conclusion, i.e., not just obtain claims, but obtain for him the very best claim protection in view of the art. This view applies irrespective of the field of the invention and the best effort should be employed regardless of whether the invention appears to be a major breakthrough or a simple device.

### **HON. CHARLES E. CLARK**

Judge Charles E. Clark of the United States Court of Appeals for the Second Circuit died on December 12, 1963, at the age of 74.

Judge Clark was appointed to the court in 1939 after 10 years as dean of the Yale University Law School. In 1954, he became Chief Judge of the federal court, serving until 1959, when he reached the mandatory retirement age of 70. He then became an associate judge.

Judge Clark was described by his colleague, Chief Judge J. Edward Lumbard, as "the principal architect of the Federal rules of procedure who led the way of liberalizing the judicial process and making our court machinery more efficient, useful and inexpensive."

Judge Clark, a Republican, was active in Connecticut politics and served on several committees seeking to improve the state Government. He was a special assistant United States Attorney General in 1938, serving in the antitrust division.

Surviving are his widow, Dorothy E. Gregory Clark; a daughter, Sarah Ann Hall, a son, Charles E., a member of the Yale Law School faculty and two brothers, Samuel O. and Theodore.

The Commissioner of Patents' Annual Report for fiscal year 1963 is now available from the U. S. Government Printing Office, Washington, D. C. 20402. The price is 15 cents.

**Question and Answer Period.** Mr. McCann stated that a ground of rejection not repeated in the Examiner's Answer is deemed dropped by the Examiner. The Board adheres to this rule despite a contra holding in a decision of the Court of Customs and Patent Appeals.

He stated that all three members of the Board consider each case. The case is not assigned to a Board member until after the hearing, at which time one member takes it up then discusses his views with a second member. If the two agree, it is written up and presented to the third for his consideration. In any event, each member of the Board considers the case and each is free to disagree with his fellow Board members.



NYPLA Forum Meeting at Hotel Piccadilly, November 26, 1963. Left to right, Hulit L. Madinger; the speaker, Leo McCann; William R. Woodward; and S. C. Yuter.

### **REP. DADDARIO FILES FIRST REPORT**

An ambitious investigation has been outlined by the Honorable Emilio Q. Daddario, Chairman of the Subcommittee on Science, Research, and Development of the House Committee on Science and Astronautics in his report entitled "**Government and Science, No. 1, A Statement of Purpose.**" The Congressman states:

"Today, no great perception is required to understand the exploding importance of science and technology to the welfare of America, present and future. But Congress, which must make the broad policy decisions designed to implement our constitutional purpose and which additionally is charged with the duty of enhancing 'science and useful arts,' finds itself squarely faced with the many social, political, and economic side effects created by the current technological revolution."

He posed 20 questions which will be the subjects of study. Some of the more interesting questions are:

- Is the opinion and knowledge of the scientific community adequately brought to bear in the decision making process of the Federal Government, both in scientific matters as well as in public policy?
- What level of basic research should the country, and the Federal Government, support to assure the maintenance of leadership in the world?
- Should the Federal Government develop a more effective program of research and development in the fields of consumer goods and processes, considering the international problems and competition of the 1970's?

## RECENT CASES OF SPECIAL INTEREST

**Patent—Tax.** A taxpayer's claim, filed in 1958, for a refund of income taxes, paid in 1953, on royalties for the transfer of patent rights is barred by the three year statute of limitations, notwithstanding that a 1956 tax amendment, which treats such royalty payments as capital gains rather than ordinary income, was retroactive to 1950, *United States v. Zacks*, 11 L. Ed 2d 128 (1963). The Court's opinion was based on the lack of express Congressional provision for a special limitations period, while such express provision was found in other "retroactive" tax enactments. Only those who contested the tax payment within the limitation period can benefit from the Congressional act.

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**Trademark.** A valid trademark registration gives nation-wide constructive notice of claim of ownership as of its date of issuance, and a prior user may obtain concurrent use rights limited to the territory of its prior exclusive use, *Coastal Chemical Co., Inc. v. Dust-A-Way, Inc.*, 139 U. S. P. Q. 208 (Ass't Comm'r 1963). The first registrant's rights can be restricted only to the extent of the valid prior adverse use, and should otherwise retain its rights to the maximum geographical extent. The recommendation of the Trademark Trial and Appeal Board, that the first registrant be restricted to its area of use was overruled by Ass't Comm'r Fay.

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**Copyright.** Although the Copyright Act provides that an infringer pay the copyright proprietor such damages as he may have suffered "as well as all the profits the infringer shall have made", an alternative rather than a cumulative recovery is contemplated by the statute, *Peter Pan Fabrics, Inc. v. Jobela Fabrics, Inc.*, 139 USPQ 368 (S. D. N. Y. 1963) (dicta). Where the copyright holder's goods were sold to a higher priced trade than were the infringer's, there existed different and distinct markets for the goods, and it could not be assumed in assessing damages that the infringer's sales would have otherwise been made by the copyright holder.

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**Patent.** The patent infringement action venue statute, 28 USC § 1400(b), provides, in part, that such action may be brought where the defendant has committed acts of infringement and has a regular and established place of business. The "acts of infringement" for venue purposes are satisfied by actively inducing infringement and contributory infringement, as well as by making, using or selling the invention, *Dower Corp. v. Fisher Governor Co.*, 139 USPQ 268 (S. D. Texas 1963). When venue is challenged, the test used to determine whether an act of infringement has occurred within a district is less strict than that used when the case is tried on the merits.

## 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.

## In The Law Reviews

Several articles in the field of anti-trust law were printed during the last month. A thorough study of the degree of control which may be exercised in trademark licensing, without violating the anti-trust laws was published in an article entitled *Quality Control and Anti-trust Laws in Trademark Licensing*, 72 *Yale Law Review* 1171 (1963).

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The anti-trust rules in the European Economic Community were considered by Gerrit J. Linssen in an article entitled *The Application of Articles 85 and 86 of the Treaty in the Antitrust Structure of the European Common Market*, *Proceedings of the Fourth Annual Institute on Corporate Counsel Sponsored by Fordham University School of Law*, December 6th and 7th, 1962, pp. 30-45. The same author wrote on *The Antitrust Rules of the European Economic Community* in *Record of the Association of the Bar of the City of New York*, Vol. 18, No. 5, May, 1963, pp. 289-303. Finally, *The Rule of the Court of the European Communities in the Antitrust Structure of the Common Market* by Ernest Wolf appeared in 31 *Fordham Law Review* 621 (1963).

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The very important subject matter of the proposed European Trademark Convention, which is deemed to be secret, is the subject matter of an article by Eric D. Offner in the November, 1963, issue of "*La Propriete Industrielle*" and "*Industrial Property*" entitled "*Some Considerations on the Proposed European Trademark Convention*."

## HISTORY OF MACHINES IS BOOK TOPIC

The Life Science Library is producing and the Time Inc. Book Division is publishing a series of books dealing with science and technology. The series began in August, 1963. Mathematics, Matter and Energy have been published, and the fourth in this series entitled Machines will be released in January, 1964. Life's book traces the machine from the discovery of fire to the harnessing of nuclear power, from the invention of the wheel to the building of rockets to the moon and has a 12 page pictorial coverage of the Patent Office and the Patent System. "Machines" will not be available on a newsstand and can only be obtained through subscription. For information contact Miss Mary Potter, Publisher's Office, Life Book Division, Time & Life Building, New York, N. Y. 10020.

## TRADEMARK BRANCH SENDS CITED REGISTRATIONS

The Trademark Operation of the Patent Office is inaugurating an experiment to improve service. "Xerox" copies of registrations cited by the examiners are being included with the notice of rejection.

This will speed matters for both the Patent Office and the attorneys. Applicants will be able to respond immediately, rather than waiting for ordered copies of cited registrations to be received. The Patent Office will save time spent in pulling and mailing the requested copies. No time period is known to be set for evaluation of the experiment.

## BRIEFS FROM WASHINGTON

**H.R. 8190**—Willis. This is the Patent Office fee bill introduced by Representative Willis on August 21, 1963, and replaces his former **H.R. 7370** (see BULLETIN Vol. 3, No. 1). This bill, which would increase patent fees and institute a series of maintenance fees, *has now been approved* by the House Judiciary Committee.

## FAIR TO FEATURE INVENTIONS

A new World's Fair exhibit that will display the first international collection of hitherto-unknown inventions, ranging from a better mousetrap to an automobile engine that runs on a beam of light, will be unveiled at the Fair's opening next April 22nd.

An intensive search for these unknown inventions is now under way throughout the world, according to George DiMatteo, president of International Inventions, Inc., which is sponsoring the exhibit. He said:

"There are literally hundreds of thousands of inventions that remain only dreams of their creators simply because the inventors lacked the finances, the time, the specialized knowledge or the contacts to do anything about their original and potentially-beneficial efforts.

"We are utilizing every device to reach these inventors in every nation of the globe, through consulates, patent attorneys, newspapers, printed publications, advertising and direct mail."

"The exhibit will also serve as an international exchange for businessmen seeking new products. Here, under one roof, they will find patents of all types, each waiting for the right company, the right financing, the proper merchandising approach.

"We hope that something may yet be done via this exhibit for these inventors. Our purpose is to bring these previously-undisclosed efforts into the open. Anybody may write for further information to International Inventions in the Belgian Village at the Fair."

The better mousetrap and engine activated by a light beam are among the initial inventions submitted. A special advisory board will make the final selection of entries to be displayed.

## FTC ASSERTS BROAD REMEDIAL JURISDICTION IN PATENT CASE

The final order of the FTC involving the patents on tetracycline of American Cyanamid Company and chlortetracycline of Charles Pfizer, (Aureomycin) has been issued. This order:

- Requires compulsory licensing of the patents by each company;
- Sets a royalty rate at 2½% on sales;
- Requires know-how to be furnished to prospective licensees.

An opinion accompanying the final order was written by Commissioner A. Leon Higginbotham, Jr. This opinion stated the basis for the scope of the order:

"We have found that Cyanamid played a contributory part in inducing the Patent Office to issue a patent on tetracycline. It then compounded the deception it had used by accepting a license from Pfizer and sharing with Pfizer the benefit of the protective shield afforded by that patent."

FTC complaint counsel had asked for a more encompassing order requiring royalty-free compulsory licensing of all patents relating to tetracycline and Aureomycin and exclusion of present trade names. See BULLETIN, Vol. 3, No. 1. The Commission did not find sufficient evidence in the record to warrant an order of this scope.

**Enlarged powers.** The Commission specifically held that it had the authority to grant know-how and patent relief in order to open the tetracycline market to competition. The Commission could therefore issue injunctive type orders requiring a royalty bearing compulsory license which "is a far less harsh relief than is divestiture."

### Legal Laughs

Not too many decades ago all men of importance wore high wigs. Judges, especially dignified, wore larger and longer wigs. This custom survives in many countries including England. But, no matter how skillfully the wigs were made, the woolen "transformation" would frequently slip. Sometimes this made it temporarily difficult or even impossible to see clearly.

According to Webb B. Garrison, in his work *Why You Say It*, the shrewd lawyers who succeeded in tricking a judge laughingly bragged about "pulling the wool over his eyes." So, the phrase came to stand for any kind of deception.

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