THE NEW YORK PATENT LAW ASSOCIATION

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BRUMBAUGH ADDRESSES CITY BAR ON STANDARDS OF PATENTABILITY

On April 1, 1966, Granville M. Brumbaugh, a past president of the NYPLA, addressed The Association of the Bar of the City of New York on the topic **"The Standard of Patentability NOW,"** a discussion of the recent Supreme Court decisions on Section 103 of the patent statute.

The Decisions. Mr. Brumbaugh stated that the Court's aim in taking certiorari in these cases was to decide the nature of the test to be applied to the nonobvious criterion of Section 103 and to attempt to settle the conflict among both courts and commentators as to the intent of Section 103 that had flourished since the passage of the 1952 Act. This, he noted, was emphatically accomplished by the Court in recognizing that Section 103 was intended as a codification of the functional statement of the mode of determining that an invention, otherwise patentable, possessed the amount of advance necessary for the issuance of a patent first set forth in *Hotchkiss* v. *Greenwood* (1850) 11 Howard 248.

The Court, it was further stated, clearly recognized and sought to resolve the dialogue that had long continued over whether the standard of patentability had risen or fallen over the years; the Court declaring that there was one standard of patentability and it had remained unchanged notwithstanding language appearing in the *A & P* and *Cuno* cases and subsequent interpretations of such language. The purpose of Section 103 was not to set up a test of quality, but to require an inquiry as to the scope of the prior art and, in view of the prior art, a comparison of the advance of the invention with the skill of the man ordinarily skilled in the art.

Significant Points Recognized. Mr. Brumbaugh noted that, in arriving at its decisions, the Court had relied upon and reaffirmed the following precedents:

- The insufficiency as prior art of an inoperative device although such device is described in a printed publication.
- The relevancy, as aids in determining obviousness or nonobviousness, of the secondary considerations or

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CALENDAR

May 26, 1966—Annual Business Meeting, Commodore Hotel, 5:00 p.m. Cocktails 6:00 p.m. Dinner 6:45 p.m. Dinner speaker, Philip F. Zeidman, General Counsel, Small Business Administration.

June 24, 1966—Golf Outing.

OUR FOREIGN POLICY IS SUBJECT OF SORENSEN'S WALDORF ADDRESS

Theodore C. Sorensen, former Special Assistant to President Kennedy and now Counsel to Paul, Weiss, Rifkind, Wharton & Garrison, was the guest speaker at the 44th Annual Dinner of the New York Patent Law Association in Honor of Federal Judges on March 25, 1966, at the Waldorf Astoria Hotel. His topic was **"The Next Chapter in American Foreign Policy."**

Mr. Sorensen noted the increasing direct effects of United States foreign policy in normal every day living. World peace, of course, has an obvious effect on everyone. However, even in everyday patent activity, foreign policy is of some concern to the patent lawyer both as a citizen and as a patent lawyer. Times have changed since Thomas Jefferson first acted as a patent examiner in his capacity as Secretary of State. In the first year Thomas Jefferson reviewed the first of three patents which were filed. Today ninety thousand applications are filed a year and the Secretary of State has an infinite number of foreign policy problems.

International Patent Activity Noted. Aside from the overall complexity of foreign policy, the impact of national needs and the increasing interdependence of economic matters was pointed out. United States companies now file approximately 82,000 patent applications in foreign countries. And in connection with alleviating the balance of payments problem the policy of sharing United States industrial knowledge abroad is desirable.

From the small aspects of foreign policy planning involving international industrial property conventions and simplification of world-wide patent problems, Mr. Sorensen went on to discuss the broad outlines of recent chapters in American foreign policy.

Atomic Energy Chapter. The Atomic Energy Chapter began, broadly speaking, in 1945, with the development of the atomic bomb and the creation of the United Nations. It ended with the Cuban missile crisis which brought the world to a realization that nuclear war was unthinkable and led to gradual steps toward cooperation among the leading world powers. The Nuclear Test Ban Treaty, the hot line between Washington and Moscow and banning of mass weapons, and the beginning of exchanges of space information were illustrations of the end of this First Chapter.

The Problems Identified. This chapter ended with the identification of three problem areas:

1. the spread of nuclear weapons and the threat to European security;
2. the gap between rich and poor; and
3. the difficulty of establishing an organization having effective tools of peace.

Mr. Sorensen pointed out that European security was

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based upon the security or insecurity of Western and Eastern Europe; the division of Germany was at the heart of this insecurity. While very long-range policies must be formulated to foster European security, beginnings must be made in increasing the opening, so to speak, in the wall between Eastern and Western Europe. Policies must be evolved to prevent West Germany from demanding an independent nuclear force, which is relevant since any independent nuclear force in the hands of West Germany would foster European disunity.

SORENSEN (WITH COOPER) ATTENDS RECEPTION BEFORE HE TAKES HIS PLACE AT THE PODIUM

Red China. The emergence of Red China at the end of the first chapter with its attempts to exploit the gap between the rich and the poor nations is the most pressing problem. Mr. Sorensen noted the losses sustained during the first chapter included the spending of a trillion dollars on weapons when the United States as well as the world needed increased expenditures on health and welfare. While avoiding any reference to current foreign policy problems, Mr. Sorensen said that Red China is now undergoing a Stalinist phase of government; the United States must be prepared for the day of dialogue with Red China.

In recent years The New York Patent Law Association has been fortunate in having outstanding speakers at the Annual Dinner. In 1963 Justice Arthur H. Goldberg addressed the Association; in 1964 it was Dr. Edwin H. Land, President of Polaroid Corporation and in 1965, it was Dr. Harvey Brooks, Dean of Engineering and Applied Physics at Harvard University. The Committee is to be congratulated on its selection of speakers and its most recent good fortune in being able to secure Mr. Sorensen.

NYPLA ARBITRATION COMMITTEE WEIGHS TRADEMARK ARBITRATION

Third Session of Committee. At the third closed session of the NYPLA Committee on Arbitration, the interrelationships of Trademarks and Arbitration were discussed. Cameron K. Wehringer, Chairman, announced that the panel of experts from our Association was composed of John M. Calimafde, Rudolf Callmann, Francis J. Sullivan, and Stewart L. Whitman. The panel leaned, by majority view, to accepting arbitration for trademark problems.

As in the previous discussion concerning Patents and Arbitration, differences were expressed as to when each panelist would recommend arbitration to a client with a trademark problem. The panel members expressed the view that it would not change their thinking if the trademarks involved were foreign trademarks.

Report Will Appear in American Arbitration Journal. The recorded remarks have been edited by the panelists, as was done for the previous committee session. The verbatim report, as revised, is expected to appear in the current issue of The Arbitration Journal.

Patent Office Officials Urge Madrid Arrangement

The NYPLA Subcommittee on Foreign Trademarks was host recently to the Assistant Commissioner of Patents, Gerald D. O'Brien, and to David B. Allen of the Office of International Affairs of the United States Patent Office.

Commerce Department Apparently Favors Adherence. The representatives of the Department of Commerce submitted a long and detailed report on the benefits of possible United States adherence to the Madrid Arrangement. Mr. Allen's talk was supported by charts. He indicated that the Patent Office has not taken an official position but one may conclude that adherence is desired by the Department of Commerce since the talk listed only the apparent advantages of adherence without consideration of a single disadvantage.

Subcommittee Rejected Arrangement. The members of the Subcommittee on Foreign Trademarks, who at two previous committee meetings had overwhelmingly resolved that the United States should not adhere to the present text of the Madrid Arrangement, had the valuable opportunity to exchange views with the two officials of the Patent Office.

Book Review

"Japanese Court Decisions in Patent Infringement *Cases: 1955-63." By Dr. Koei Toyosaki. Published by the American Chamber of Commerce in Japan, Tokyo. 102 pp. $6.50.*

In many cases the success of a U. S. business venture in Japan depends on the strength of the patents on the technology or equipment involved.

The American Chamber of Commerce in Japan, realizing the need for some guidance in this field for foreign business enterprises, believed that a study of recent Japanese court decisions in patent infringement cases would provide a means of analyzing the similarities and differences between the views of Japanese courts and courts of other countries. Dr. Koei Toyosaki, Professor of Commercial and Industrial Property Law at Gakushuin University in Tokyo, was commissioned to prepare a digest of significant decisions rendered in patent infringement cases from 1955 to 1963. This publication is a translation of that digest.

DR. BOGSCH PRESENTS PLAN FOR A FUTURE WORLD PATENT INDEX

Bogsch Addresses NAM Patents Committee. Dr. Arpad Bogsch of the United International Bureau for the Protection of Intellectual Property ("BIRPI"), spoke before the National Association of Manufacturers Patents Committee on March 16, 1966, at the Harvard Club, regarding a world patent index. In attendance at the meeting were Gerald D. O'Brien, Assistant Commissioner of Patents, Ernest A. Faller, U. S. Patent Office, and Harold Pfeffer, General Secretary ICIREPAT.

The Bureau for the Protection of Intellectual Property in Geneva, Switzerland, together with the International Patent Institute at the Hague, Netherlands, proposes to establish an international service in cooperation with all of the patent offices in the world.

Computers Capable of Answering Basic Questions. It was indicated that a year's intensive study in cooperation with leading computer firms, including GE, IBM and UNIVAC, had shown that a data processing system capable of providing answers to the four questions hereafter enumerated is entirely feasible:

- Given a patent number or the serial number of a published patent application, list all patents or published patent applications claiming the same priority document.
- Given the name of an inventor or the name of a patentee, including an assignee, or given the name of an applicant of a published patent application, list all patents and published patent applications bearing that given name.
- Given a particular subject matter within the International Classification System, list all patents pertaining to related subject matter (i.e., classified together within a given subgroup).
- Given a particular patent or published patent application, indicate any change in the status of that patent or application (e.g., lapse for nonpayment of renewal fees, Notice of Opposition, etc.).

The idea for such a service originates with the "International Committee of Novelty Examining Patent Officers" of the Bureau for the Protection of Intellectual Property. The Bureau is an international organization which administers international treaties for the protection of industrial property rights including the Paris Convention Treaty. The International Patent Institute at the Hague, Netherlands, carries out novelty searches on patent applications on behalf of the countries adhering to the Treaty of the Hague of June 6, 1947, [Belgium, France, Luxemburg, Monaco, Morocco, Netherlands, Switzerland, Turkey, United Kingdom]. The Institute also conducts searches on behalf of private individuals and corporations.

Source of Information. The Institute plans to rely solely on the Official Gazettes of the various countries covered by the Index.

The following estimated costs are tentative. The cost of a single report would vary from $10 to $40. The price of an annual subscription (52 weekly issues) is indicated to be between $400 and $800. A "current awareness service," costing $20 to $40 per year, could be provided whereby the filings of corresponding patents, a change in the status of a patent and filings by the same applicant or patentee could be monitored. For a somewhat higher fee, i.e., $40 to $80 per year, one could monitor patents and published patent applications within a given subgroup.

Could Lead to World Patent System. The Index would facilitate complete and comparable searches in examining countries and could readily lead to a centralized examining system. Thus, although intended as a private institute, the Index could lead the way to a World Patent System.

Further information can be obtained from Mr. Ernest A. Faller of the United States Patent Office.

RECENT CASES OF SPECIAL INTEREST

Patents—Misuse. An exorbitant and unreasonable royalty to the industry with a corresponding raise of the manufacturer's and retailer's selling price of the patented machines constitutes patent misuse. **American Photocopy Equipment Company v. Rovico, Inc.,** 148 USPQ 631 (7th Cir. 1966). The patentee imposed a 6% royalty on the retail selling price which was equivalent to a 12% royalty on the manufacturer's (licensee's) selling price. The patent covered one-half of the licensed machine and, thus, the royalty imposed was 24% of the manufacturer's selling price of the licensed half of the machine. In addition to finding patent misuse the court held the foregoing to be a violation of the antitrust laws.

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Patents—Markings. Mismarking with a patent number is not sufficient to constitute a violation of 35 U. S. C. § 292 since that statute is penal in nature. **Lugash v. Santa Anita Manufacturing Corporation,** 148 USPQ 635 (S. D. Cal. 1965). The statute must be strictly construed and an intent to defraud is a prerequisite.

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Patents—Obviousness. It is not realistic to pick and choose from any one reference only so much of it as will support a given position to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill. **In re Lunsford,** 148 USPQ 721 (CCPA 1966). In so holding the CCPA followed the *John Deere* case, 148 USPQ 459 (U. S. Sup. Ct. 1966) which stated that the condition of nonobviousness "when followed realistically, will permit a more practical test of patentability." The CCPA also recognized the relevancy of the secondary considerations, such as commercial success, long felt but unsolved matters, etc. as being within the "realistic" approach.

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Patents—Privilege. Communications between a patent agent and his client are not privileged. **John A. Benckiser v. Hygrade Food Products,** 149 USPQ 28 (D. C. N. J. 1966). As in other fields of administrative law, communications between a client and an administrative practitioner, such as a certified public accountant, are not privileged. It is a *sine qua non* that the practitioner be an attorney admitted to practice before some court.

Another Attorney Registration Bill

A new bill has been introduced in the New York State Legislature which again would provide for the registration of attorneys with the Clerk of the Court of Appeals. The registration fee would be $15, and registrations would be renewed every two years upon the payment of an additional fee. The money so collected would go to a Lawyers Professional Practices Act Corporation, which would have the power to investigate complaints about the misconduct of attorneys and to prescribe disciplinary procedures.

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"sub-tests" such as disbelief of experts, the failure and rejection of the closest prior art, commercial success and the like.

- Reliance on the file history of the patent as an explanation of and at the same time a restriction on the nature and scope of the patented invention. In particular the Court was impressed by apparent inconsistencies between the positions taken by the patentees before the Patent Office and before the Court. Any assumption, however, that the Court had reversed its earlier decisions holding that a patentee need not fully appreciate the full scope of his invention, is not warranted since the Court's reference to "afterthought" was to a late expression of the vital element of the invention, not one of its possible uses or advantages.
- The construction of a particular claim in the light of the specification and the other claims of the patent.

Inference To Be Drawn. The appearance of these decisions, with their emphasis on the need for a more strenuous application by the Patent Office of the 1952 Act and, in particular Section 103, at the same time as the President's Commission is considering Patent Office examination procedures was noted by the speaker as possibly more than coincidence. The inference was drawn that the Court intended to warn that any recommendation relaxing the application of the statutory tests for patentability would be considered unconstitutional.

The catastrophic effect on patents issued under a relaxed examination procedure, of an ultimate holding of unconstitutionality some years after introduction of such procedure, was emphasized by Mr. Brumbaugh by noting that the thousands of such patents, rather than being presumed valid, would be presumed invalid until proven otherwise by a court of last resort.

New Rules and Laws Published

New editions of the *Patent Laws* and *Rules of Practice of The U. S. Patent Office in Patent Cases* have recently been published, incorporating all of the recent changes.

Copies may be obtained from The Government Printing Office in the usual manner.

INVENTION RIGHTS SUBJECT OF TALK BY ROBILLARD TO N. J. ASSOCIATION

Should Inventor, Employer, or Government Get Title? On March 17, 1966, Captain George N. Robillard, former Patent Counsel to the United States Navy and to NATO, and now in private practice in Washington, D. C., spoke before the New Jersey Patent Law Association, at a meeting in Newark. His subject was the rights to an invention as between the inventor, his employer and the Government.

Captain Robillard noted that the word "authors" in the Constitution has been interpreted to embrace corporate entities as well as private individuals and has resulted in relative simplification of the problem of authorship under the copyright laws. In contrast, the word "inventors", which has been construed to mean only persons, has given rise to a host of complexities in ascertaining the true inventors under the patent laws.

One solution offered by the speaker is to permit the filing of patent applications in the name of the owner, whether the owner be a corporation or an individual. Concomitant therewith should be the institution of various means of rewarding the individual or individuals responsible for an invention. Greater public recognition would be desirable.

Benefit to Society Should be Criterion. Captain Robillard emphasized the economic gain to be had from exploitation of a patent and that such a gain to society was the direct purpose of a patent. Therefore, the speaker concluded, title to patents should remain in the hands of those who will make such use of it as is most beneficial to society. A general policy on the part of the Government, or any of its agencies, to take title to all patents for inventions by its contractors is incongruous, in the speaker's mind, with the purpose of granting those patents in the first place.

FRANK J. WILLE

Frank J. Wille, a member of this Association since 1931, died on March 8, 1966, at his home in New Rochelle.

Mr. Wille was a graduate of City College and Fordham Law School and had only recently retired as an attorney for the Western Electric Company.

He is survived by his wife, a daughter and a son, Roland Frank Wille, the State Superintendent of Banks.

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