

SUPREME COURT PATENT DECISIONS

On December 6, 1965, the United States Supreme Court rendered its decisions in the case of **United States v. Huck Manufacturing Company, et al.**, and the case of **Walker Process Equipment, Inc. v. Food Machinery And Chemical Corporation**. The Court also handed down its decision in the case of **Haseltine Research, Inc., et al v. Brenner Comr. Pats.** on December 8, 1965.

GE Precedent on Retail Price Maintenance Sustained. The *Huck case* was an appeal by the plaintiff, the United States, from a lower court decision dismissing its complaint against the Huck Manufacturing Company and Townsend Company for violation of the Sherman Act. Huck had an agreement with its licensee, Townsend, not to license others under two metal fastening device patents if Townsend would maintain resale prices established by Huck on the patented devices (see 137 USPQ 39, 140 USPQ 544, and 144 USPQ 781). The Supreme Court decision, reported at 147 USPQ 404 (1965), took the form of a *per curiam* affirmation, by an equally divided Court, of the lower court decision dismissing the United States' complaint, thus in effect sustaining the 1926 General Electric case.

Fraudulently Obtained Patent. The *Food Machinery and Chemical Corporation case* (147 USPQ 404) required the disposition by the Court of an appeal from the dismissal of the allegedly infringing Walker Process Equipment Company's counterclaim in a patent infringement suit brought by Food Machinery. The counterclaim in question sought the recovery of treble damages under Section 4 of the Clayton Act on the basis that the maintenance and enforcement of a patent procured by fraud on the Patent Office constituted a violation of Section 2 of the Sherman Act (see 142 USPQ 192, 144 USPQ 781, and BULLETIN Vol. 5, No. 2).

In this case, Justice Clark, speaking for the Court, reversed the dismissal of the counterclaim, holding that the enforcement of a fraudulently procured patent, carried on with knowledge of the fraud, may constitute a violation of Section 2 of the Sherman Act if the other elements necessary to such violation are also present. In such event, the Court found that the treble damages provisions of Section 4 of the Clayton Act would be available to the injured party.

Counterclaim Did Not Seek Annulment of Patent. The Court, in its opinion, took special care to note

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CALENDAR

Feb. 16th—Meeting on NYPLA suggestions to President's Commission, at Hotel Roosevelt. Reception 5:30 p.m., dinner 6:30 p.m.

Mar. 25th—Annual Dinner in Honor of the Judiciary, at Waldorf-Astoria.

REPORT TO COMMISSION

TOPIC ON FEBRUARY 16

A meeting of the NYPLA will be held on February 16, 1966, at the Hotel Roosevelt to discuss the Final Report prepared by a Special Committee of the NYPLA and submitted to the President's Commission on the Patent System. Vice Chairman Houston Kenyon, Jr. will be the moderator with members of the Special Committee present to answer questions from the membership. A copy of the Final Report together with notice of the February meeting were sent to the membership on December 19, 1965.

President's Commission on the Patent System. On August 18, 1965, Dr. Harry H. Ransom, chairman of the President's Commission on the Patent System, asked President Cooper of The New York Patent Law Association to provide the Commission with suggestions, criticisms, or ideas that the Association felt might assist the Commission in the performance of its mission. The Commission's "mission", as stated in the Executive Order creating it, was to "recommend to the President steps to ensure that the patent system will be more effective in serving the public interest in view of the complex and rapidly changing technology of our time." The Commission was asked to give its attention "to the degree to which the patent system currently serves our national needs and international goals", to identify "any aspects of the system which may need change", to devise "possible improvements" in the system, and to recommend "legislation deemed essential to strengthen" the patent system including its "relationship to international and foreign patent systems, inventive activity and the administration of the system."

Appointment of Special Committee of the NYPLA. Upon receipt of Chairman Ransom's letter, President Cooper appointed a Special Committee to formulate the Association's response. The Committee was under the chairmanship of Albert C. Johnston, 1st vice president of the Association, and the vice chairman was W. Houston Kenyon, Jr., a former president of the Association. The members of the Committee consisted of the chairmen of the Association's committees or subcommittees on Patent Law and Practice, Practice and Procedure in the Courts, Patent Law Revision, Patent Office Affairs and Practice, Government Relations to Patents, Patent Contracts other than Government, Foreign Patents and Trademarks and Foreign Patents. (BULLETIN, Oct. 1965)

The first meeting of the Special Committee was held on October 22, 1965. Approximately ten meetings followed, the last being held on December 10, 1965. There was virtually full attendance of the Committee at each of these meetings, each of which lasted for several hours.

Areas of Investigation. At an early stage the Special

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Editorial

Regardless of what one's opinions are on the merits of the proposals submitted on behalf of the Association to the President's Commission on the Patent System, the special committee appointed by President Cooper is to be commended for its efforts. The committee's approach of concentrating on a few important areas instead of trying to cover the field was salutary.

No doubt the committee and the Board of Governors recognize that the positions taken in the report are controversial. But this is all to the good, for it is essential that we all become intimately concerned with the future course of the patent system and a little stimulus will be of help. Whatever their nature, changes now appear inevitable and when the Commission turns in its final report a flurry of legislative proposals can be expected. It behooves us to be ready for these proposals, and to be informed sufficiently to render critical judgment at the proper time.

The February meeting of the Association will be devoted to a discussion of the special committee's report and will provide an excellent opportunity to "get on board." Everyone should attend. We also believe that every member should be afforded the opportunity to express his own views and to be aware of those of his fellow members, and these pages provide a perfect medium for that purpose. We would welcome your comments.

Comments from Members

Editor, NYPLA BULLETIN:

The present practice with respect to time for response to final rejections in patent applications is not entirely satisfactory. The practice is to set a shortened time of three months for response, and even the previous shortened time of four months has created frequent administrative problems, both on the part of attorneys and on the part of the Patent Office, with respect to extensions of time and whether or not to take appeals (the fee for which is now \$50.00).

A proposal has been made to the Commissioner of Patents that in the case of a final Office action wherein a shortened statutory period for reply is set and an Amendment Under Rule 116 is submitted, the time for response by way of appeal to the final rejection should be extended either to a period of six months from the date of the final rejection or to a period of two months from the date of the Examiner's response to the amendment, whichever is shorter.

It is believed that this proposal, if adopted, would minimize many practical difficulties of communication between patent attorney and client, and between patent attorney and Examiner.

—RICHARD W. BLUM

NYPLA REPORT TO THE PRESIDENT'S COMMISSION TO BE DISCUSSED AT THE FEBRUARY MEETING

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Committee decided to recommend that the comments to be submitted to the President's Commission should be limited to three areas considered to be of paramount importance: examination procedure, adjudication in the courts, and the rights of individual inventors. The Committee also made two policy decisions: (1) it would not shrink from proposals it deemed necessary merely because they were novel or sweeping, and (2) it would take an unambiguous position for or against each proposal considered worthy of discussion and avoid suggesting merely that the President's Commission "study" or "consider" something.

The procedure which was followed in formulating the Committee's Report was to assign each of the three selected main topics to a subcommittee for study and preliminary report. The subject of examination procedure was delegated to Messrs. Kelton, Shipman, and Weise; that of adjudication in the Courts to Messrs. Barnes, Chernoff, and Woodward; that of the rights of inventors to Messrs. Johnston and Remsen. Each of these canvassed the respective Association committee of which he was chairman or subchairman, and brought up for consideration the consensus of the thinking and views of his committee. These were threshed out in detail by the full Committee. As agreement was reached on special topics, a draft of language to appear in a report was circulated and became the subject of sentence-by-sentence discussion at a succeeding meeting. Amended drafts were circulated and discussed until concurrence of the entire Committee on the language to be used was reached.

The Special Committee was unanimous upon every point except one. While unanimously agreed that interferences in the Patent Office should be abolished, it was

equally divided between those who favored abolition of interferences in the Courts and, on the other hand, those who favored the limited interference procedure in the Courts which now appears in the Final Report.

Adoption of Final Report by the Board of Governors. The recommendations of the Special Committee came before the Board of Governors December 13, 1965. Every member of the Board of Governors was present (except Mr. Nolte who was ill), together with most of the members of the Special Committee. The conclusions of the Report, including the issue on which the Special Committee was divided, were discussed at length. The Board of Governors voted to adopt the report including the proposal for interference procedures in the Courts which now appears under *Proposal No. 2* of the Report.

The Report was drawn up under some pressure because of informal advice from Washington that any comments offered by our Association would have to be in the Commission's hand by about December 15, 1965, in order to be considered. The shortness of time made a general Association referendum or special meeting out of the question. The choice for the Board of Governors was either to advise Dr. Ransom that the views of this Association could not be ascertained within the limited time available, or else to transmit to him a consensus of the views of the Board and of its Special Committee, deferring to an early date a meeting of the entire Association to debate the proposals so advanced. The latter course seemed the obvious choice.

In a statement to the BULLETIN, Mr. Kenyon expressed the belief that the proposals forwarded by the Board of Governors and the Special Committee in the Final Report merit the consideration of all members of The New York Patent Law Association.

THE BOARD OF GOVERNORS

The Board of Governors met on December 13, 1965. The Board approved for membership eight attorneys whose names were presented by the **Committee on Membership**. • • • The **Committee on Meetings** reported an unusually fine attendance at both the dinner for the Commissioner and at the Forum dinner dealing with patent tax problems. The committee also reported informally on the rising cost of meetings, indicating that over the past five years hotel costs alone had increased 20-30%.

The principal business of the meeting was the consideration of the proposed report containing suggestions to the **President's Commission on the Patent System** as prepared by the NYPLA special committee designated for that purpose, which committee was represented at the meeting by Albert C. Johnston, W. Houston Kenyon, Jr., William J. Barnes, Daniel P. Chernoff, and John R. Shipman. After a review of the proposed report (which the Board members had previously studied) and a lengthy discussion of various phases of it, a number of changes were agreed upon between the committee and the Board. The Board then approved the report as amended, and arranged for the mailing of copies to members of the Association.

Mr. Halle of the Committee on Meetings announced that the **February dinner-meeting** would be devoted to a consideration of the report.

ANNUAL DINNER-DANCE A FESTIVE OCCASION



Over 200 NYPLA members and their guests filled the Hotel Pierre's Roof Garden to capacity on the occasion of the Association's Annual Dinner-Dance, December 3, 1965.

Cocktails, dinner, and dancing to the music of the Ben Cutler orchestra was the program for the event. With rhythms ranging from waltz to watusi, the dance floor was kept occupied for the entire evening. The festivities were thoroughly enjoyed by all.

EDMUND QUINCY MOSES

Edmund Quincy Moses of Ossining, New York died on December 31, 1965, at the age of 83 after a long illness. He was a member of the firm of Moses, McGlew and Toren, and had been a member of this Association since 1922. He was a graduate of Harvard College and held bachelor and master of patent law degrees from George Washington University. He is survived by his wife, three children, two grandchildren, and two brothers.

RECENT CASES OF SPECIAL INTEREST

Trademark-Ownership. A licensee-importer of goods bearing a certain trademark under a letter license agreement terminable at the will of the licensor has no rights of ownership in the mark under which he may register the mark as his own, **Spencer v. VDO Instruments, Ltd.**, 147 USPQ 380 (6th Cir. 1965). The plaintiff registered the mark *Sum Log* for a combined speedometer and mileage recorder, and sued the defendant for trademark infringement. The District Court granted the defendant's motion for summary judgment, on the ground that the plaintiff had no interest in the mark except under a letter sales agreement granting plaintiff exclusive sales rights "so long as we are satisfied with your sales result." The 6th Circuit agreed that there was no material issue of fact and consequently summary judgment was proper. Plaintiff, under the license terminable at will, was not the owner of the mark within the meaning of 15 USC § 1051 and had no interest sufficient to enable him to register the mark.

Patent-Joint Inventors. One of two joint inventors executed a patent application in behalf of himself and his coinventor who was deceased at the time of execution. At the time of execution, no legal representative had been appointed for the deceased coinventor. The Patent Office refused to grant as the filing date, the date on which the papers were received in the Office. On petition, it was held that 35 USC §§ 116 and 117 could be combined to permit the granting of the filing date requested, **In re Schwartz and Paul**, 147 USPQ 394 (Comm'r 1960). § 117 provides that a legal representative of a deceased inventor may make application for a patent in the place of the inventor. § 116 provides that a joint inventor may make application in behalf of himself and the other coinventor, when the latter "cannot be found or reached after diligent effort." The Commissioner stated that these requirements for these sections are met, where when the application is filed, no legal representative has as yet been appointed, and the legal representative executed the application as soon as he was appointed. Failure to grant the date would have deprived the American application of its Convention date.

Unfair Competition. A state court action by a newspaper against a radio station to enjoin the radio station from appropriation of the newspaper's news stories is not a claim exclusively within the jurisdiction of the federal courts and is not barred by the U. S. Supreme Court **Sears, Roebuck** case, **Pottstown Publishing Co. v. Pottstown Broadcasting Co.**, 147 USPQ 414 (ED Pa 1955). A claim that the radio station has pirated news items gathered by the newspaper is a violation of a property right and a claim for unfair competition within the jurisdiction of the state courts. The **Sears, Roebuck** case can be distinguished because it dealt with patents, not copyrights, because it dealt with copying and not, as here, appropriation and because the defendant's conduct is unconscionable and was condemned by the Supreme Court in the **INS v. AP** case.

NEW MEMBERS VOTED IN BY THE BOARD OF GOVERNORS

The following new members were approved by the Board of Governors at its meeting of December 13th: James A. Curley, Arthur T. Fattibene, Alvin Fross, Leonard Kean, John W. Routh, Herbert F. Schwartz, Camil P. Spieccens, and J. Donald Tierney.

NEW SUPREME COURT DECISIONS

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that the counterclaim in question did not directly seek the annulment of the fraudulently procured patent (thus making inapplicable the general rule that only the United States may successfully maintain an action to cancel or annul a patent), but rather, sought only to establish that since the respondent, Food Machinery, knowingly obtained the patent by fraud, it was not entitled to the benefit of the limited exception to the prohibitions of Section 2 of the Sherman Act, and was thus answerable under both the Sherman Act, and in treble damages under Section 4 of the Clayton Act, to parties injured by its monopolistic action.

The opinion further indicates that since Walker counterclaimed under the Clayton Act rather than the patent laws, the interest in protecting a patentee from ". . . innumerable vexatious suits to set aside his patent . . ." through the invocation of the equitable powers of the Court, could not be used to frustrate the assertion of rights conferred upon Walker by the antitrust laws.

Prior Art Under 35 USC 103. The *Hazeltine Research, Inc.* case involved the question of whether the disclosure of an application for patent pending before the Patent Office, but never made public, at the time another application for patent is filed, constitutes "prior art" under 35 USC 103 with regard to the other application.

The examiner had rejected claims of an application assigned to Hazeltine as unpatentable over the combined disclosures of two patents, under the provisions of 35 USC 103. One of the patents had issued long before the filing date of the Hazeltine application and was admittedly part of the "prior art," and the other was pending before the Patent Office at the time the Hazeltine application was filed, issuing into a patent 43 days thereafter. The rejection was affirmed (see 140 USPQ 444, 143 USPQ 337, and 145 USPQ 743).

Patent Application Becomes Part of Prior Art When Filed. In its unanimous opinion, delivered by Mr. Justice Black and reported at 147 USPQ 429 (1965), the Court affirmed the prior decisions, holding that the disclosure of a patent application pending before the Patent Office becomes "prior art," as the term is used in 35 USC 103, at the time the application is filed, without regard to whether or not the disclosure has been made public.

"UTILITY" DISCUSSED AT NJPLA

At the regularly scheduled meeting of the New Jersey Patent Law Association on November 18, 1965, Ellsworth Mosher, of the District of Columbia bar, discussed the topic, **Utility Under 35 USC 101**. Mr. Mosher's discussion centered around the *In re Manson* case which is presently before the Supreme Court on the issue of utility.

Manson Case. The Manson case arose when an applicant for a patent attempted to copy process claims from an issued patent in order to initiate an interference. Since the filing date of the applicant (Manson) was subsequent to that of the patentee, he was required to establish a prima facie case by means of an affidavit under Rule 204(b). Several affidavits were filed; however, the examiner, and then the Board of Appeals, found them deficient since they failed to show knowledge of the utility of the product produced by the process being claimed. The Board was reversed by the C. C. P. A. which held that the affidavits were sufficient. The Court reasoned that a process is patentable if it is shown to produce a known product, and that it is not necessary to show a utility for the product resulting from the claimed process.

Appeal to Supreme Court. The decision of the C. C. P. A. was appealed to the Supreme Court which accepted the case for review. The Justice Department argued in its brief that a monopoly should not be granted on a process which produces a product without known utility. On oral argument the Justice Department took an even stronger position and argued the inadvisability of allowing a patent to issue on a process which produces a useless product.

The appeal to the Supreme Court raised a corollary issue in this case, i.e. whether the Supreme Court has jurisdiction to review decisions of the C. C. P. A. The Justice Department strongly argued the affirmative on this issue. Oral argument in the Manson case was heard on November 17, and the Supreme Court's forthcoming decision will be of interest on both issues.

Justice Story's Definition. In reply to a question concerning the definition of "utility," Mr. Mosher quoted Justice Story in *Lowell v. Lewis*, 15 Fed Cas. 1018 (1917) who stated: "All that the law requires is that the invention should not be frivolous or injurious to the well-being, good policy, or sound morals of society. . . . If it be not extensively useful it will silently sink into contempt and disregard."

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