THE NEW YORK PATENT LAW ASSOCIATION

BULLETIN

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ANNUAL DINNER OF NYPLA IN HONOR OF THE FEDERAL JUDICIARY

The 60th Annual Dinner of the New York Patent Law Association in honor of the Federal Judiciary will be held on March 26, 1982 at the Waldorf-Astoria Hotel, commencing at 6:30 p.m.

We are privileged to have Hon. Jon O. Newman, United States Judge for the Second Circuit as our guest speaker.

We look forward to the usual fine attendance by our memberships and their guests.

President's Corner

In my last President's Corner, I reported on the position taken by the NYPLA Board opposing the "100% recovery" amendment to P.L. 96-517 proposed by the Administration and explained some of the reasons for this position. Since that time, Commissioner Mossinghoff has given speeches explaing and supporting the Administration's proposal to a number of groups (a report on his speech to a joint NYPLA/NJPLA meeting, appears elsewhere in this Bulletin). I have listened to the Commissioner's speech on three occasions and have tried to give his views the respectful attention to which they are entitled and have discussed this matter at length with leaders of APLA, the ABA-PTC Section and other groups. I remain convinced that the NYPLA position opposing "100% recovery" is correct. I am pleased that most other groups appear to share our position. While the opposition to "100% recovery" seems widespread, some of the opposition is to the concept rather than to the proposed fees, and there are a few who would accept fees of a magnitude which would recover 100% of PTO costs provided those fees were set by Congress. I do not believe that such a position is politically practical, and I fear that its success would be a victory of form over substance.

By the time these words are read, the President will have announced his FY1983 budget which will call for a substantial decrease in the public funds allocated to the PTO. NYPLA will join with APLA and others in efforts to seek a Congressional mandate for the additional public funds necessary for the PTO to function in an acceptable manner. These efforts should ultimately be successful but even if they are not this year, I believe that the harm to the PTO and our patent and trademark systems would be short term and reversible while the harm from acceptance of "100% recovery" would be long range and permanent.

COMMISSIONER MOSSINGHOFF ADDRESSES JOINT NYPLA/NJPLA DINNER ON PROPOSED PTO FEE INCREASES

Gerald J. Mossinghoff, Commissioner of Patents and Trademarks, addressed a joint dinner meeting of the New York Patent Law Association and New Jersey Patent Law Association on January 21, 1982. His subject was a briefing on the need for higher patent and trademark fees. After emphasizing the importance of the patent and trademark systems to the nation, the Commissioner set forth the Administration's four point plan to solve some of the problems facing these systems:

1) increased resources for the Patent and Trademark Office;

2) institution of patent reexamination;

3) establishment of Court of Appeals for the Federal Circuit to handle all patent appeals nationwide; and

4) enactment of Schmitt and Ertel bills permitting a contractor doing work for the federal government to retain commercial rights in its work product.

He then devoted the remainder of his briefing to the first point.

The Commissioner stressed the Administration's commitment to an improved PTO. Unlike other civilian agencies in the government which experienced 12% across-the-board budget cuts during FY1982, the Administration recommended a supplemental increase in the PTO budget of $4.8 million. The Senate Appropriations Committee will consider the PTO's request for these supplemental funds later this year.

Mossinghoff explained that the budgets for FY1982 through FY1985 were based on two plans for patents and trademarks. The patent plan ("Plan 18/87") is to achieve an average pendency of time of 18 months by FY1987. The trademark plan ("Plan 3/13") is to achieve a goal of three months to the first office action and 13 months to disposal. He cautioned that these plans can be accomplished only by eliminating the ever-increasing backlog in prosecution of applications which now stands at an average of 23 months for patent applications and 11 months for trademark applications. This will require the hiring of additional patent examiners and trademark attorneys, as well as the upgrading of the automation and data processing capabilities of the PTO. Since the budget is being cut, it is necessary to turn to fees collected by the PTO as a source for the revenue to implement these plans.

Mossinghoff then discussed the Administration's specific PTO budget recommendations for FY1983 through FY1985. These recommendations altered the fee recovery formulas in P.L. 96-517. The patent formula percentage of recovery of 25% of patent processing fees and later an additional 25% through maintenance fees would be raised to 50%/50%. The recovery ratio for trademark processing and design patent processing would be increased from 50% to 100%. Because the trademark operation would be self-supporting, the increased trademark fees would be made available solely for trademark operations.

The Commissioner explained that up until FY1982, the PTO had been funded solely through budgetary ap-

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Commissioner Mossinghoff—Continued from Page 1

propriations, and fees went into the general funds of the U.S. Treasury. However, starting in FY1983 only the public support portion of the PTO will be funded by appropriations. The balance of the "budget" will be made up of fees collected by the PTO. The appropriated portion of PTO funds for FY1983 through FY1985 will be substantially lower than in FY1982, and the Administration proposes to obtain the additional funds needed for the PTO from the increased fees resulting from an amended P.L. 96-517. Mossinghoff noted that during the period FY1983-FY1985 the fees under P.L. 96-517 would cover 43% of operating costs, while the increased fees under the proposed amendment to P.L. 96-517 would cover 58% of such costs. Between FY1986 and FY1996, when maintenance fees will be received for patents, the rate of recovery is projected to increase from 58% to 90% with an average recovery for the period of 72%.

In order to assure that the PTO fees remain available for these programs, the Commissioner announced that he had reached an agreement with the Office of Management and Budget to maintain all such fees in a revolving or reimbursement fund for use by the PTO. He expressed confidence for Congressional approval of this arrangement.

The Commissioner painted a bleak picture for the PTO if it is limited to the Administration's proposed PTO appropriations during the period FY1983-1985 and its fees under P.L. 96-517. The available funds for the PTO in FY1983 would be lower than the PTO budget for FY1981. By FY1987, he projected the average time of pendency for patent applications would be 55 months and by FY1985 disposition of trademark applications would be at a rate of 14 months for the first office action and 27 months for disposal. He further predicted that no new automation initiatives would be possible during the period FY1983 through FY1985 under the fees now authorized byP.L. 96-517. He noted that since the amendments to P.L. 96-517 provided for 100% recovery of trademark processing fees, the proposed budgets contain no appropriations for these operations. As a result, if the amendments are not enacted, it will be necessary to borrow money from the patent system to keep the trademark system operating. He feared that this would cause further deterioration of both systems.

Mossinghoff concluded by emphasizing that the Administration's recommended fees were essential to the continued vitality of the PTO. He explained that the increased fees would not keep up with raises in the salaries of patent examiners. He also pointed out that the fees are in line with those charged by other industrialized nations, and that the average cost recovery of 72% would be less than the 74% cost recovery sought by Congress in the last 1965 fee increase. Unless the increased fees are adopted, the Commissioner warned that the PTO operation would fall below even the present unacceptable level.

FROM MINUTES OF THE BOARD OF THE BOARD OF DIRECTORS MEETING OF THE NEW YORK PATENT LAW ASSOCIATION, INC. JANUARY 18, 1982

The minutes of the last Board meeting were approved.

Mr. Wyatt reported a slight profit had been made on the CLE meeting at the Concord Hotel.

Mr. Robin reported that Second Circuit Court of Appeals Judge Jon O. Newman had accepted his invitation to speak at the annual Judges Dinner. Letters of invitation to judges and other honored guests were to be mailed during the week of the Board Meeting. Various arrangements for the Judges Dinner were discussed including the suggestion of place cards on the dais.

Mr. Robin reported that the Association had been asked by the Assistant Commissioner for Trademarks Margaret M. Laurence, to forward recommendations of persons to be considered for the position of Chairman of the Trademark Trial and Appeal Board. The pay ceiling has recently been increased to $58,500. Candidates should have ability and credentials which would gain the respect of the present TTAB members.

Mr. Robin reported on the reply by the Commissioner of Patents to the Association's comments on the PTO proposals for amendment of the fee provisions of Public Law 96-517. A discussion of the PTO fee proposal status followed. Further information is expected when the Commissioner addresses the Association on January 21 and when the Administration announces its budget in early February. Mr. Robin reported USTA appears to favor an increase in trademark fees by statutory amendment rather than by permitting the PTO to set fees as provided by Public Law 96-517 and the proposed amendment.

The Association's committee structure was discussed. There was general agreement that future Presidents should consider the direct appointment of chairmen for the important subcommittees.

Mr. Robin asked for volunteers to consider the PTO's automation report and the comments on it by Martin Kalikow. The study will be discussed at the next Board meeting.

The Board discussed the PTO proposals for amendment of rules pertaining to reissue and reexamination published on November 10, 1981 at 46 Federal Register 55666 and on December 8, 1981 at 1013 O.G. 19. Written submissions by Mr. Pegram and Lawrence S. Pope of Mobay Chemical Corporation were considered. The Board considered the ten topics listed below and adopted the eight resolutions set forth without dissent:

(1) RESOLVED, that the Association opposes the PTO proposal to eliminate public announcements of reissue applications (Rule 1.11(b)).

(2) The Board was equally divided on the question of whether or not public access to reissue applications should be permitted without petition.

(3) RESOLVED, that the Association supports the elimination of consideration of so-called "no defect" reissue applications. (Rule 1.175(a)) (note resolution 10 below).

(4) RESOLVED, that the Association supports the PTO proposal to limit participation by protestors during examination, except that it does not consider a return postcard sufficient acknowledgement of receipt of a protest and requests that the PTO provide a formal acknowledgement of protests from the examining group.

(5) RESOLVED, that the Association supports the PTO proposal to provide for rejections and to permit appeals to the Board of Appeals in cases of failure to comply with the duty of disclosure, instead of striking applications without any right of appeal (Rules 1.56(d)(i) and 1.193(c)).

(6) The Board agreed, without dissent, not to take a position on the PTO's proposals for amendment to rules 1.565(b) & (d) and 1.570(e) regarding clarification of the interface between reissue examination and reexamination.

(7) RESOLVED, that the Association supports the PTO's proposal to draw attention to the significance of admissions in application and reexamination proceedings (Rule 1.106(c)).

(8) In its discussion of the foregoing resolution, the Board agreed that the caption of form PTO-1449

designating it as a "List of Prior Art Cited by Applicant", was unnecessary and might lead to an unintended admission that something an applicant disclosed in an effort to comply with patent rule 1.56 was in fact a part of the prior art. The Board therefore adopted the following further resolution:

RESOLVED, that the Association urges the PTO to change the caption of its form PTO-1440 to "Disclosure Statement", eliminating the reference to "prior art."

(9) RESOLVED, that the Association supports the PTO proposal to clarify the data of disclosure in reissue and reexmination proceedings (Rules 1.1751a), (b) §1.555).

10. In response to a concern expressed during the discussion of the last resolution, the Board adopted the following resolution:

RESOLVED, that the Association notes that patent rule 1.552(e) and the last sentence of proposed rule 1.555(d) provide that duty of disclosure questions will not be considered in reexamination proceedings, yet the opportunity to seek PTO consideration and correction of such an issue by reissue, as suggested in Rule 1.552(c), may not be available if "no-defect" reissue applications are eliminated; and expresses its concern over the entry in a patent's PTO record of a possible defect which cannot be cured in the PTO.

Mr. Pegram was designated to present the Association's views on the proposed rules to the PTO at the public hearing on February 4th.

FROM MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE NEW YORK PATENT LAW ASSOCIATION, INC. DECEMBER 15, 1981

Howard B. Barnaby, James L. Bikoff, William F. Dudine, Jr., and Philip Furgang attended as guests.

The minutes of the last Board meeting were distributed and accepted.

The Treasurer's report was distributed.

The first topic discussed was the PTO proposal for increased fees beyond those provided for in Public Law 96-517.

Messrs. Bikoff and Barnaby appeared to represent the views of the Committee on Trademark Law and Practice. Mr. Bikoff summarized that committee's report, saying that the committee recognized the need for some fee increase above the present level, opposes 100% recovery and strongly recommends that trademark fee income be applied only to the Trademark Operation.

Mr. Dudine, speaking for the Committee on Patent Law and Practice, said it was premature to comment on the details of the fee proposal, as he was awaiting a report of a subcommitee assigned to study the fee proposal.

The principal points discussed were

— the possibility that increased fees would be counterproductive, because of a resulting decrease in level of activity;

— whether trademark fee recovery should be limited to 50% in view of the public benefit from federal trademark registration;

— the possibility, which has been suggested by the PTO, that if the level of recovery were not increased to 100%, the PTO budget would be decreased by 12%;

— the fact that the PTO and Commerce Department represented to Congress last year that a first class job could be done in the PTO with the recovery level set by Public Law 96-517;

— the possibility that PTO receipts would be diverted, for example, elsewhere in the Commerce Department;

— the possible renewal of a campaign to make the PTO an independent agency as a means to control use of PTO receipts;

— the fact that we do not have access to the basic numbers underlying the PTO requests, and the numbers that we are given keep changing; and

— the problems of control over and auditing of PTO costs if recovery were 100%.

A resolution was unanimously adopted that the New York Patent Law Association opposes any amendment of P.L. 96-517 establishing higher fees until such time as the PTO and the Bar have had sufficient experience with the fees mandated by this law and their impact upon users; and that the New York Patent Law Association also urges the PTO to promptly project the fees which would be required by P.L. 96-517 as enacted, including maintenance fees, so that we can give them appropriate consideration.

Mr. Robin suggested further discussion of the fee proposals at the next meeting, including the questions of

— whether the costs of the Trademark Trial and Appeal Board and Board of Patent Interferences should be considered a public responsibility because they perform the role of judicial tribunals;

— maintenance fees; and

— the results of prior fee studies.

Following a discussion in which the Board generally favored the establishment of a committee, Mr. Robin announced that he would appoint a Special Committee on Peoples Republic of China Patents and Trademarks; that he would appoint Mr. Lee as chairman, and Maria Lin, Bernard Gerb, and representatives of the committees on foreign patent law and foreign trademark law, as members.

HAGUE CONVENTION ABOLISHES REQUIREMENT OF LEGALIZATION OF FOREIGN PUBLIC DOCUMENTS

Earlier this year, John P. Sinnott of American Standard, Inc., sent us a letter regarding the Hague convention which abolishes the requirement of legalization of foreign public documents. Unfortunately, we did not receive this letter in time for earlier publication, and we understand that a notice was issued in the December 1, 1981 issue of the Official Gazette regarding this matter.

Since the notice in the O.G. did not list the countries involved, we thought some of our readers might be interested in this list. These countries are: Austria, Belgium, Botswana, Cyprus, Fiji, France (and its territories), Federal Republic of West Germany, Hungary, Israel, Italy, Japan, Lesotho, Liechtenstein, Luxembourg, Malawi, Malta, Mauritius, Netherlands (and its territories), Portugal (and its territories), Seychelles, Spain, Surinam, Swaziland, Switzerland, Tonga, The United Kingdom (and its territories) and Yugoslavia.

OBITUARY

WILLIS H. TAYLOR, JR., for many years a member of the law firm of Pennie & Edmonds, died on January 2, 1982. He was eighty-seven years old.

Mr. Taylor was born in New York City on August 17, 1894. He attended high schools in Montclair and Hoboken, New Jersey, and graduated from Stevens Institute of Technology in 1916 with a bachelor's degree in Mechanical Engineering.

Mr. Taylor began his law studies at New York Law School in September, 1916 and was admitted to practice before the Patent Office in March, 1917. He continued his studies at New York Law School until April, 1917, when he was called to active duty in World War I. Mr. Taylor was commissioned a First Lieutenant in the U.S. Army Signal Corps, and became Chief of Personnel in the Corps' Eastern Department, located in New York City. His assignments included the recruitment of licensed amateur radio operators for service in the Corps.

From 1917 through 1918, Lieutenant Taylor served in France with the American Expeditionary Forces, where he was assigned to duty with the A.E.F. Chief Signal Officer in Chaumont, as Assistant Chief of the Radio Division. This Division was in charge of radio intelligence, intercept operations and radio communication networks on the Western Front. The operations of the Radio Division were successful in deciphering the German radio field code in March, 1918, during the attempted German breakthrough at Rheims. For his service with the Radio Division, Lieutenant Taylor was promoted to Captain in June 1918 and received a merit citation from General Pershing.

Following the Armistice in November 1918, Captain Taylor was assigned to prepare and file applications for patents covering improvements made by Signal Corps officers during their service with the A.E.F. Among the patent applications which he prepared and filed during this period were those of Major Edwin H. Armstrong for the superheterodyne receiver.

In February 1919, Mr. Taylor became an associate at Pennie & Edmonds (then known as Pennie, Davis, Marvin & Edmonds). He completed his law school education at Fordham University and was admitted to the New York State and Federal Court bars in 1920. He became a member of the firm in 1925.

During his long and distinguished career Mr. Taylor served as patent counsel for Major Armstrong in priority contests and litigations with Lee deForest from 1919 to 1924 involving the regenerative and oscillating circuit inventions. He also organized the Hazeltine Corporation and directed litigations which ultimately established the validity and infringement of Hazeltine's patents in the field of radio receivers. During the 1930's, Mr. Taylor was retained by the major motion picture companies in connection with patents on sound films.

Beginning in 1947, Mr. Taylor served as patent counsel for the Zenith Radio Corporation during that Company's ten-year contest with the Radio Corporation of America involving RCA's patents on television circuits and picture tubes.

Mr. Taylor is survived by two sons, Willis H. Taylor, III and William Davis Taylor. He joined the Association in 1922.

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