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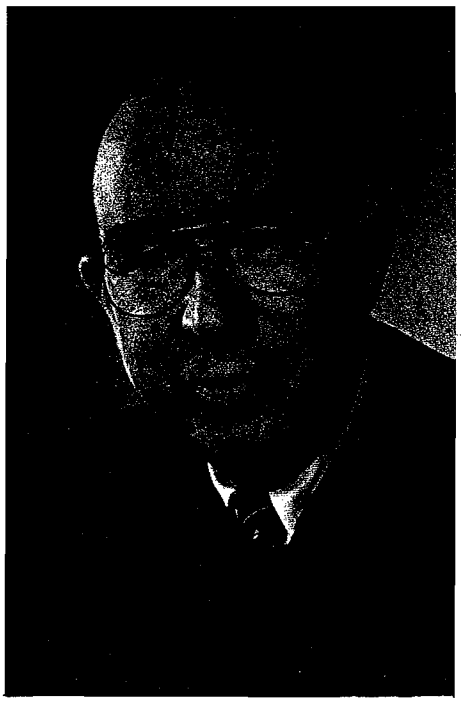
Chief Judge Feinberg Addresses the Sixty-First Annual Judge's Dinner

Chief Judge Wilfred Feinberg of the United States Court of Appeals for the Second Circuit was the featured speaker at the annual dinner honoring the federal judiciary held on March 25, 1983. Judge Feinberg suggested the need for a continued generalist tradition in the federal judiciary and raised some questions about the increasing calls for specialized courts. Citing the staggering increases in the dockets of federal courts, he questioned the need for an appellate court to be established to screen cases for the Supreme Court or for national courts of appeal or national specialty courts. He considered such measures to be "radical" in nature, and proffered instead a more "incremental" approach to the problem.

Judge Feinberg considered the creation of new specialized courts to be a drastic alternative which could make undesirable inroads into the generalist traditions of the federal courts. He also expressed concern that such specialized courts were a danger at a time when many are seeking to erode the independence of the judiciary. He hypothecized that a new court specializing exclusively in criminal cases might become unduly politicized due to battling special interest groups.

Judge Feinberg offered the following less-drastic changes for solving the courts' problems:

- instead of creating a new appellate court to screen certiorari petitions to the Supreme Court, create panels of three justices to review petitions with the vote of any one sufficient to result in a nine-judge review;
- Congressional action to eliminate any remaining obligatory jurisdiction of the Supreme Court;
- increase the votes necessary to grant a certiorari petition from four to five;
- reduce the workloads of all federal courts by shortening the length of opinions and



Chief Judge Feinberg

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NOTICE OF ANNUAL MEETING

The 1983 Annual Meeting of the New York Patent Law Association will be held at the Grand Hyatt Hotel, New York, on Thursday, May 26, 1983, at 5:00 p.m. for the following purposes:

1. To hear the reports of the President, Officers and Committee Chairmen concerning the activities of the Association during the year;
2. To elect the First Vice-President (President-Elect), Second Vice-President, Secretary, Treasurer, three directors, and nominating committee;
3. To vote on a proposal for a change of the Association's name to THE NEW YORK PATENT, TRADEMARK AND COPYRIGHT LAW ASSOCIATION, INC.
4. To vote on the enclosed proposals to amend Article III, sections 2 and 9 of the Bylaws regarding Honorary Members and Election of Members.
5. To transact such other business as may come before the Meeting.

NYPLA Committee on Public and Judicial Personnel Seeks Participation from Members in Filling CAFC Vacancies

Now that the Court of Appeals for the Federal Circuit is in place and operating, the qualifications and quality of the personnel which this Court attracts becomes important to all of us who practice in the intellectual property area.

Although the make-up of the present Court includes 12 judges, only two of the judges now sitting have had any patent

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Chief Wilfred Feinberg
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publishing fewer concurring opinions;

- limit ability of federal government to relitigate issues lost on appeal;
- legislative solution by Congress to significant conflicts in statutory interpretation by the courts; and
- determine whether the number of actual inter-circuit conflicts really necessitates the creation of national specialized courts.

Judge Feinberg cited a study which placed most of the inter-circuit conflicts in the areas of patents and taxation. He acknowledged that a real problem had existed in the patent area due to the "disgraceful forum shopping" caused by the inconsistencies among the circuit courts in sustaining or invalidating patents. He recognized that the new Court of Appeals for the Federal Circuit was properly given exclusive jurisdiction to hear all appeals in patent infringement litigation.

Judge Feinberg also conceded that a national court of appeals might be necessary for tax cases where many conflicts also exist. He recognized that in the tax field certainty in planning is of more than usual importance.

Other than these two areas, Judge Feinberg said there should be a powerful presumption against creating new specialized courts in the absence of strong evidence in their favor. Even in the face of such evidence, he thought it preferable that less drastic means of solving a problem be tried first. He concluded that the ultimate answer will be to limit the number of cases reaching the federal courts. However, he suggested following some of his recommended approaches before making more monumental changes in the judicial system.

Inside-Outside Counsel Relationships:
An Inside View

Paul D. Carmichael, Corporate Patent Counsel for IBM Corporation, was the featured speaker at a well-attended meeting of The New York Patent Law Association held in February at The Hyatt Regency Hotel. Mr. Carmichael spoke on "Inside - Outside Counsel Relationships — As Viewed From The Standpoint Of Inside Counsel".

Much attention has been focused on the relationship between "In-House" attorneys and their "Outside" counsel, especially in litigation involving patent issues. Mr. Carmichael attributes the attention primarily to the escalating cost of outside counsel fees and the inability to control legal costs, particularly during litigation.

Among the intellectual property legal services which outside counsel historically provides to a corporation are:

1. litigation;
2. opinion work, particularly related to patent validity and infringement matters;
3. specialized areas where the in-house department has limited or no capability; and
4. invention protection, including application preparation and prosecution.

Mr. Carmichael noted that although inside counsel is generally more familiar with the fact situation and the business interests involved, outside counsel is necessary to provide a detached, independent opinion on particular legal issues, as well as the requisite litigation expertise.

One of the most difficult problems facing inside counsel is controlling the costs of litigation, which in the patent area regularly exceed several million dollars and almost always exceed the original cost projections. Mr. Carmichael suggests that both inside and outside counsel should be able to do a better job of effectively estimating the true cost of litigation. More accurate projections would service the business interests of the client so that litigation decisions can be more effectively made.

Many of the clients feel that patent lawyers employ a "foot in the door" approach to litigation costs, i.e., once the case begins, the client is forced to follow if through to the end, regardless of low original cost projections. Some corporations have responded by forming litigation groups to handle the vast majority of significant patent litigation, while other litigation activities, such as responding to third-party discovery requests and trademark matters will probably more frequently be handled by inside counsel in the future.

Many corporations have established permanent or ad hoc litigation support groups to do much of the work previously assigned to associates and para professionals in outside firms. By so doing, these corporations have successfully reduced the staggering costs of associates' time in litigation, as well as related activities such as time consuming document production and document review. As a result, Mr. Carmichael predicts this trend to increase in the future based on the conclusion that such work can be done better and more efficiently within the corporation.

Cost effectiveness seems to be the item of primary concern and it is essential that the resources of both the client and outside counsel be applied in the most efficient manner. Management of the litigation is becoming more and more the joint responsibility of both inside and outside counsel. Cost factors have forced inside counsel to become familiar with and advise their clients on alternative methods of resolving disputes such as arbitration and mini-trials. Mr. Carmichael urges outside counsel to consider fully these alternatives as well.

Another area of involvement by outside intellectual property counsel is opinion work concerning validity and infringement issues. Mr. Carmichael projects an increase in activity for outside counsel in this area because of the desire to isolate the client from liability for increased damages for willful and wanton infringement.

The third area of involvement of outside counsel is where the inside lawyers lack the necessary background or experience. Although Mr. Carmichael agrees that this type of work will continue, he predicts

that more and more companies will acquire the requisite capability in-house as the cost of legal services continues to outpace the rise in internal legal costs.

The final area of attention which Mr. Carmichael addressed was the invention protection area, including the preparation and prosecution of patent applications. It was noted that clients are taking a more pragmatic approach to invention protection, i.e., they are attempting to decide more carefully what should and should not be protected on the basis of minimum business need. As a result, many inside patent departments have been substantially reduced or eliminated. Another factor relating to an overall reduction of in-house patent prosecution activity is the proliferation of acquisitions and consolidation. It was therefore concluded that while the in-house patent prosecution work load has been reduced, the overall volume of work placed with outside counsel has remained the same and may even increase in the future.

In summation Mr. Carmichael called for closer cooperation between inside and outside counsel in order to provide the quality legal advice and counsel to which the clients are entitled.

NYCLA To Hold Word Processing Seminar

The New York County Lawyers Association has announced that a word processing seminar will be held on Tuesday, May 24, 1983 from 5:30 - 10:00 p.m. at the Vista International Hotel, 3 World Trade Center. The seminar is sponsored by the NYCLA Committee on Word Processing, Information, Handling, Computers and Legal Research.

This free seminar is intended to introduce lawyers to the benefits of word processing in small law offices and provide equipment demonstrations by leading vendors of text-editing machines. A complimentary kit of materials containing product materials will be distributed at the seminar.

NYPLA members wishing to register or obtain further information should contact Willoughby Ann Walshe, Word Processing Seminar Coordinator, 240 E. 32nd Street, Suite 3-A, New York, New York 10016, (212) 689-4411.

Oliver P. Howes Addresses NYPLA Luncheon on Monopoly Decision

NYPLA members and guests at a March 31, 1983 luncheon meeting were treated to a "ringside" analysis of the infamous Monopoly decision (*Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.*) by Oliver P. Howes, one of the attorneys who had represented General Mills. Mr. Howes began by disagreeing with those who claim there should be no need for alarm. He suggested at the very least that the impact of the decision should be considered in litigation within the Ninth Circuit.

Howes then offered a brief history of the *Monopoly* case. He characterized the initial trial as having involved a classic case of trademark infringement in which there was evidence of actual confusion in the minds of Parker Brothers' customers and retailers. He also contended that the surveys in that trial were carefully designed to produce accurate data.

In the first appeal, Howes conceded that the Ninth Circuit correctly stated the law on the issue of genericness, i.e., whether the MONOPOLY mark primarily identified product or producer. However, he then condemned the Court's purchaser motivation test as being both contrary to existing principles of trademark law and incapable of measuring the genericness of a mark.

Upon remand by the Ninth Circuit, Anti-Monopoly ran a survey patterned on the appellate decision which was designed to test the motivation of purchasers of the MONOPOLY board game. When asked whether they wanted a MONOPOLY game primarily because they liked Parker Brothers products or primarily because they were interested in playing MONOPOLY and did not much care who made it, 65% of those surveyed chose the latter response.

Parker Brothers ran a survey based on the survey in the TEFLON case which was designed to determine what a brand name means to a purchaser vis-a-vis the common descriptive name for the product. Parker Brothers also ran a survey which was intended to show the absurdity of Anti-Monopoly's purchaser motivation survey. That survey substituted the TIDE trademark for the MONOPOLY mark and produced a 68% response of purchases based on a desire for TIDE detergent.

Howes maintained his position as to the absurdity of the purchaser motivation test. Since the test determines only whether a purchaser has an immediate need for a product instead of a fondness for the manufacturer of that product, he suggested that it can never reach the fundamental question of how the purchaser perceives the mark in question. He also observed that the Court's test ignored the long-standing legal principles that a product's source can be anonymous and that a trademark can identify both product and producer without becoming generic.

Mr. Howes offered the following as possible responses to the *Monopoly* decision. He did not think it necessary to change the traditional rules on proper trademark usage. For example, he saw no need to adopt a rule forever associating a company name and trademark since the Court never raised this in its decision. He saw difficulty in formulating specific uses which might withstand the Ninth Circuit test, since he considered the decision to be the first in which a trademark was declared to be a common descriptive name even though it was never used in that manner.

Howes did suggest that the word "brand" might be used in conjunction with a mark. He also thought that a house mark could be used in proximity to a trademark, but not as an immediate prefix to the mark. Also suggested was use of a common descriptive product name in conjunction with the mark and avoidance of words similar to the mark, e.g. "monopolist." Since single-product marks remain particularly vulnerable under the Ninth Circuit decision, he stated that use of the mark on closely-related products should be considered.

CAFC Vacancies

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experience prior to going on the bench. Even though the Court has jurisdiction of matters outside the patent area, it is important to all of us that the Court contain a representative number of judges who have patent experience if we are to get the uniformity and soundness in federal and appellate patent cases that this new Court promises.

There is at present one vacancy on this Court. In considering people for this vacancy, as well as other vacancies which will occur in the future, all of us should take an active interest in doing what he or she can to see that a reasonable number of places on this Court are filled with practitioners who have experience in the patent area. Suggestions or inquiries can be directed to the Committee on Public and Judicial Personnel, Kenneth E. Madsen, chairman, c/o Kenyon & Kenyon, 1 Broadway, New York, New York 10004.

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