



THE NEW YORK PATENT, TRADEMARK AND  
COPYRIGHT LAW ASSOCIATION

# NYPTC BULLETIN

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## Course Offered on Biotechnology

The Pennsylvania State University Biotechnology Institute and the University of Rochester School of Medicine and Dentistry Office are offering a one week course titled "The New Biotechnology: Science Principles and Industrial Applications". The course will be held from August 4-8 at University Park, Pennsylvania, Tuition

is \$1,000. For further information, contact:

Biotechnology Office  
Box 672  
University of Rochester School of  
Medicine and Dentistry  
Rochester, N.Y. 14642  
(216) 275-8291

## NYPTC Luncheon Meeting Hears Lecture On Injunctive Relief

Herb Schwartz of Fish & Neave, who was trial counsel for Polaroid Corporation in the recent *Polaroid v. Kodak* litigation, recently spoke at a luncheon meeting of the Association on developments in injunctive relief in patent infringement litigation.

Schwartz began the discussion with the observation that prior to the creation of the Court of Appeals for the Federal Circuit (CAFC), although permanent injunctions in patent infringement suits after trial on the merits were usually granted, this did not always occur. He gave as an example *Foster v. AMF*, 492 F.2d 1317, 1324 (2 Cir. 1974), cert. denied 419 U.S. 833 (1974), in which the Second Circuit affirmed the District Court's denial of injunctive relief when the plaintiff did not practice his invention. He also mentioned *Royal-McBee Corp. v. Smith-Corona Marchant, Inc.*, 295 F.2d 1 (2 Cir. 1961), in which the Second Circuit declined to grant an injunction when there was a short time left in the life of the patent.

Schwartz said that when an injunction was granted, a defendant could usually succeed in having the Court stay it pending appeal, if a suitable bond was posted.

Schwartz explained that shortly after it was created, the CAFC decided *Smith International v. Hughes Tool*, 718 F.2d 1573 (Fed. Cir. 1983), cert. denied 464 U.S. 996 (1983) which spawned changes in these areas. In *Smith*, the CAFC affirmed the grant of a preliminary injunction and said that "where validity and infringement have been clearly established . . . immediate irreparable harm is presumed." (718 F.2d at 1581).

Schwartz said that this led to greater availability of permanent injunctive relief in patent infringement cases. For example, in *In re Cole Patent Litigation*, 606 F.Supp. 45, 47-48 (D.Del. 1984), Judge Stapleton, relying on the *Smith* rationale, entered a permanent injunction when only three months were left to run on the life of the patent. And

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The  
Boston Patent Law Association  
New York Patent, Trademark and  
Copyright Law Association, Inc.

and

Connecticut Patent Law Association

Invite You

to

A Joint Seminar:

**Intellectual Property Law and  
Practice in the 1980's —  
Developments of the Early and  
Mid 80's and a Look Toward  
the Late 80's**

September 19-21, 1986

Dunfey's Hyannis Hotel, Hyannis  
(Cape Cod), MA

Watch your mail for further details.

For additional information, call  
Lawrence Green or Steve Henry at  
617-426-6131.

## Reminder: Third Annual Foot Race

Jog over to the Third Annual NYPTC Foot Race in Central Park at 7PM on Tuesday, August 5, 1986. This is a team competition (5 men, 3 women or 2 +2 co-ed), under the sponsorship of the Manufacturers' Hanover Corporate Challenge. NYPTC will compete for the Manie Hanie prizes and for NYPTC trophies for the 3 team categories and best men, women & masters (over 40) lawyers. Please notify Jim Gould at Morgan & Finnegan (212) 758-4800 so that an NYPTC team roster can be made.

## LECTURE

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in *Windsurfing Intern. Inc. v. AMF, Inc.*, 782 F.2d 995 (Fed. Cir. 1986), the CAFC reversed the denial of a permanent injunction as to a small manufacturer and said that "[o]ne who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business so elected." (782 F.2d at 1003, n. 12).

Schwartz went on to discuss the effect of *Smith* on staying injunctions pending appeal. He said that early in 1985 three District Courts, also relying on *Smith*, refused to stay injunctions pending appeal. The first of these was *Shiley, Inc. v. Bentley Laboratories, Inc.*, 601 F.Supp. 964 (C.D.Cal. 1985), in which a 6-month transition period was allowed. The second was *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 225 U.S.P.Q. 1022; 225 U.S.P.Q. 968 (S.D.N.Y. 1985), in which the defendant was given a 30-day period in which to seek a stay in the Court of Appeals. The third was *Crucible, Inc. v. Stora Kopparbergs Bergslags AB*, 226 U.S.P.Q. 842 (W.D.Pa. 1985). Rule 8 motions seeking stays were filed in the CAFC in both *Shiley* and *S.C. Johnson*. The CAFC, in each case, declined to stay the injunction pending its decision on the appeal. (See *Shiley*, 228 U.S.P.Q. 543, 544 (Fed. Cir. 1986); *Johnson* was unreported).

Schwartz then discussed the recent case of *Polaroid v. Kodak* with this background in mind. In September 1985, District Judge Zobel of the District of Massachusetts held seven Polaroid patents not invalid and infringed by Kodak. 228 U.S.P.Q. 305 (D.Mass. 1985), affirmed No. 86-604, slip op. (Fed. Cir. April 25, 1986). Five of those seven patents were unexpired. In October 1985, the District Court entered a Judgment which included an injunction against further infringement, and declined to stay the injunction pending appeal. The court ruled that the injunction would be effective three months later, i.e., on January 9, 1986.

Schwartz noted that in *Polaroid* as well as in *Shiley*, *Johnson* and *Crucible*, the District Courts, relying on the rationale of *Smith*, sanctioned for patent matters the same test for stays of injunction which had been used in other litigated matters (e.g., trademarks, copyrights, etc.), i.e.,

"(a) [T]he applicant must make a strong showing that he is likely to succeed on the merits of the appeal;

(b) the applicant must establish that unless a stay is granted he will suffer irreparable injury;

(c) no substantial harm will come to other interested parties; and

(d) a stay would do no harm to the public interest."

In November 1985, Kodak made a Rule 8 motion in the CAFC seeking a stay of the injunction. The CAFC, early in December 1985, referred this Rule 8 motion to the panel already assigned to hear the appeal merits and set an accelerated briefing schedule for the month of December with oral argument on the merits of the appeal to be on January 6, 1986. On January 7, one day after oral argument, the CAFC declined to stay the injunction pending its decision on the appeal. On January 8 the Supreme Court did the same. On January 9 the injunction became effective and Kodak exited the amateur instant photography business.

Schwartz commented that the recent CAFC and District Court decisions might well have an impact on future patent litigation. He suggested that the statutory presumption of validity (35 U.S.C. § 282), after being bolstered by a

trial on the merits, will have a greater effect as the Courts will tend to be more inclined to have any future risk fall on the infringer by not staying an injunction, rather than on the patentee during the pendency of the appeal. He noted that this will tend to make decisions after a trial on the merits in favor of the patentee more significant in terms of their immediacy of impact. He noted that this also might well lead to more frequently expedited appeals. For example, the motion to stay in *Polaroid* was not denied until after the appeal was fully briefed and argued on the merits on an expedited basis.

Schwartz also discussed the possibility that these trends might well have a greater impact on the availability of preliminary injunctive relief. He mentioned in that connection the recent case of *Atlas Powder Co. v. Ireco Chemicals*, 227 U.S.P.Q. 289, 292 (Fed. Cir. 1985), where the Court upheld the District Court's grant of a preliminary injunction on a "clear showing" of validity and infringement and rejected the argument that the patentee must prove validity and infringement "beyond question" before a preliminary injunction will issue.

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## Deputy Director of WIPO Addresses NYPTC Luncheon

Klaus Pfanner, Deputy Director General of the World Intellectual Property Organization (WIPO), addressed a luncheon meeting of the Association last winter. In addition to providing the attendees with detailed information concerning WIPO and the filing and processing of patent applications pursuant to the Patent Cooperation Treaty (PCT), Dr. Pfanner also discussed timely issues of interest, including issues relative to international protection of new technologies and WIPO's attempts to achieve greater similarity among industrial property laws throughout the world.

### General Overview of WIPO

Dr. Pfanner began with a brief description of what WIPO is and what it does. He noted that WIPO now includes 113 sovereign states, not including an additional 14 countries which participate in some WIPO treaties but are not technically members of the Organization. WIPO is governed by a General

Assembly consisting of members from these countries which are party to the Paris Convention or the Berne Convention. The United States is represented in the WIPO General Assembly as a signatory to the Paris Convention.

Dr. Pfanner then explained the interrelationship between WIPO and the United Nations. WIPO, like organizations such as the World Bank, the IMF and GATT, is a so-called specialized UN agency, virtually independent of the UN, having its own budget, programs and leadership. WIPO, as a specialized agency, does, however, agree generally to follow the same rules respecting staff salaries and similar administrative matters as other UN organizations. Dr. Pfanner stressed that WIPO received no orders or directives from the UN.

The yearly budget of WIPO, approximately \$22,000,000., comes half from member states and half from users of the PCT and the Madrid and Hague

international trademark and industrial designs registration systems. Dr. Pfanner reported that the United States contributes approximately 2% of the total budget of WIPO.

Quoting the WIPO constitution, Dr. Pfanner described the objective of WIPO as "to promote the protection of intellectual property throughout the world through cooperation among States." Within the definition of intellectual property Dr. Pfanner included "the protection of inventions, trademarks, trade names, appellations of origin, indications of source, industrial designs, and . . . all subjects of copyright." Dr. Pfanner also stated that the protection against unfair competition was included in the WIPO mandate.

Dr. Pfanner stated that WIPO is taking a particular interest in advising developing countries with regard to the implementation of intellectual property laws and the administration of such laws. He noted the extensive assistance WIPO recently gave to the People's Republic of China in connection with that nation's overhaul of its trademark law and adoption of a ground-breaking patent law. WIPO provided courses, seminars and related training to government officials and others with regard to China's new intellectual property laws.

On the treaty front, Dr. Pfanner noted that more than one dozen treaties have been established pursuant to activities of member states to the Paris and Berne Conventions. These treaties are administered by WIPO and are directed to the protection of intellectual property in international relations.

### **Areas of Topical Interest**

After completing his general background remarks on WIPO, Dr. Pfanner briefly discussed what he called questions of topical interest. First, Dr. Pfanner noted that WIPO is currently working on a draft multilateral treaty on the protection of integrated circuit designs and products. WIPO hopes to submit a revised draft on such a treaty to a diplomatic conference for adoption sometime this summer.

Second, Dr. Pfanner mentioned WIPO's concern with the protection of the developing area of biotechnology, particularly gene technology. Dr. Pfanner described the key issue as "whether and to what extent new rules are needed to protect new technology in the field of biology and, in particular, whether the possibility of granting patents for certain biotechnological inventions (processes and products) should no longer be excluded (from patent protection)." Dr.

Pfanner said that WIPO hopes to make specific proposals in this area such that "internationally harmonized solutions" could be enacted.

Dr. Pfanner characterized the worldwide "harmonization" of industrial property laws as a WIPO priority. Defining harmonization as "efforts to achieve more similarity among national and regional industrial property laws," Dr. Pfanner mentioned specific areas where a WIPO Committee of Experts on the Harmonization of Certain Provisions in Laws for the Protection of Inventions has focused its attention. The Committee of Experts is considering the issue of a grace period for inventors prior to the filing of a patent application, a provision present in United States law but not provided for in the patent laws of many countries throughout the world. Other issues addressed by the Committee of Experts in its mid-1985 meeting included the naming of inventors in patent applications, obtaining a priority filing date from a patent application filed in a different country, creating uniformity in claim drafting, defining the concept of the unity of invention, the protection of products produced from patent processes, and the novelty effect of a prior application. Calling the drive for harmonization a program "designed to make international protection simpler," Dr. Pfanner strongly encouraged NYPTC members to contribute substantively to WIPO's on-going harmonization analyses. Dr. Pfanner stated that one form of such a contribution would be proposals identifying "where harmonization would be particularly helpful" to the Association practitioner.

### **Patent Cooperation Treaty**

The second half of Dr. Pfanner's presentation included a fairly detailed analysis of the PCT, its history, its procedure, and the advantages for United States patent attorneys in using the PCT. In conjunction with this presentation on the PCT, Dr. Pfanner provided each luncheon attendee with an 11-page document entitled "The Patent Cooperation Treaty (PCT) and its Advantages for Applicants in the United States of America." This document provides a step-by-step primer to PCT practice.

### **History of PCT**

Describing the PCT as based "on an initiative from the United States," Dr. Pfanner labeled the PCT as an attempt "to simplify and render more economical the obtaining of protection for

inventions where protection is sought in several countries." Dr. Pfanner noted that PCT membership has grown dramatically to 39 contracting states in the eight years since the first international application was filed. Members include what Dr. Pfanner described as "market economy" countries such as the United States, Japan and numerous European States and "planned economy" countries such as the U.S.S.R., Hungary and Bulgaria. Developing countries include Brazil and the Republic of Korea. Dr. Pfanner expressed an earnest hope that three important countries not yet PCT members, Canada, Spain and the People's Republic of China, would take the necessary steps to join the PCT soon.

### **Chapter II procedure of the PCT**

Dr. Pfanner, after providing a description of that portion of the so-called international phase of the PCT patent application with which United States patent attorneys are familiar, including the obtaining of an international search report, then proceeded to explain the so-called Chapter II PCT procedure of the international phase. This procedure takes its name from its location in Chapter II of the Patent Cooperation Treaty itself. The United States does not accede to the Chapter II procedure, and Dr. Pfanner expressed his hope that the United States Congress would permit United States participation in the Chapter II procedure.

One major advantage of the Chapter II procedure, according to Dr. Pfanner, is that it allows a PCT applicant to delay entering the national phase of the PCT process a full 30 months from the priority

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## **Judge Rich to Speak at Columbia University**

Judge Giles Rich will give the inaugural lecture of the Jules Silver Program in Law, Science and Technology. The lecture is to be held on Wednesday, September 24, 1986 at 4:15 p.m. in The Joseph M. Proskauer Auditorium at Columbia Law School. The title of Judge Rich's lecture is "Intellectual Property Law and the Federal Circuit".

## DEPUTY DIRECTOR

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filing date, provided the applicant demands international preliminary examination (IPE) before the expiration of the 19th month from the priority date. Dr. Pfanner noted that this 30-month provision only came into effect in January 1985.

The second advantage for an applicant under the Chapter II procedure is that the applicant can review the IPE prior to expending additional funds in the national phase. Further, Dr. Pfanner noted that the IPE, unlike the international search report, is not made public and is transmitted only to the

applicant and those national patent offices in which the applicant has elected to file a national application.

Dr. Pfanner concluded his remarks on the PCT by referring the luncheon attendees to four studies on the PCT published in the June 1985 WIPO publication *Industrial Property*.

During a brief question and answer session following his presentation, Dr. Pfanner acknowledged that the WIPO goal of harmonization of industrial property laws was a commitment by WIPO to an upgrading of the protection provided by such laws. Dr. Pfanner also said that harmonization further involves making such laws more effective.

In response to a question regarding how

national patent offices view the quality of the IPE, Dr. Pfanner stated that not enough data has been gathered to form a considered judgment, and that a "few more years" will be needed in order to evaluate the true value of the IPE.

Dr. Pfanner also thanked the NYPTC for the donation of a painting to WIPO, which WIPO considers "a particular sign of friendship." Dr. Pfanner stressed the "special relationship" the NYPTC has with WIPO, and asked that members of the Association help in WIPO's efforts to harmonize conflicting industrial property laws world-wide.

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