



NYPTC BULLETIN

PRESIDENT'S CORNER

THE PTO DISCLOSURE RULES PROPOSAL

In March 1989, the Patent and Trademark Office published its proposal to substitute a new patent rule 1.57 for rule 1.56, and to amend several other rules relating to the duty of disclosure. Our Association filed a written statement and I testified before the PTO on June 22nd on these proposals. In this column I will describe the positions our Association took and how they were reached.

The subject of the proposed rules has been under consideration by our Patent and Trademark Office Affairs and Court Practice and Procedure subcommittees during the past two years. In May 1989, both subcommittees independently recommended opposing Rule 1.57. At its May 16, 1989 meeting, our 1988-89 Board of Directors adopted the following resolution:

"In view of the inability of the Patent and Trademark Office to change a legal standard established by the Court of Appeals for the Federal Circuit, this Association's position with regard to the proposed Rule 57 is that the Rule not be adopted."

A committee was appointed at that time to prepare a position statement in accordance with the Board's discussion. On June 15, 1989, the 1989-90 Board of Directors approved a detailed statement, portions of which comprise the remainder of this column.

The Association opposes the proposed Rule 1.57 duty of disclosure because it believes that a Patent and Trademark Office rule cannot change the standard of inequitable conduct which will be applied by the courts. Only legislation or court decisions can make such a change. As a

result, proposed Rule 1.57 is a likely trap for the unwary and would lead to further confusion in the law.

We note that the Patent and Trademark Office's withdrawal from determinations of inequitable conduct (1095 Official Gazette 16 (October 11, 1988)) places such determinations solely in the province of the courts. Proposed Rule 1.57(c) apparently is intended to state this policy in the rules. While we agree that the policy should be stated in the rules, we question whether the policy stated in proposed Rule 1.57(c)(1) regarding reissue applications is in compliance with the requirements of examining applications for entitlement to a patent under the law and error without any deceptive intention in 35 U.S.C. §131 and § 251(a).

We are also concerned that the proposed standard would not encourage disclosure, which is the primary purpose of the information disclosure rules. Instead, it appears likely to encourage amendments of claims to avoid prior art without disclosure to the examiner of that prior art, a practice said to be inequitable conduct in Federal Circuit *dictum*. *Argus Chemical Corp. v. Fibre Glass-Evercoat Co.*, 759 F.2d 10, 225 U.S.P.Q. 1100 (Fed. Cir. 1985).

The Association also opposes the attempt in proposed Rule 1.57 to permit a preissuance purge or cure of a failure to disclose, by stating that the duty is violated only if a patent issues with a claim which would be rendered invalid by the withheld information, because we do not believe such a change in decisional law can be accomplished by rule making. To suggest otherwise by rule may lead an applicant to misfortune in the courts by encouraging intentional withholding of prior art until late in application proceedings.

Our Association supports the clarification of procedures which will assure the consideration of applicants' disclosures by the PTO. We, therefore, have no objection in principle to the time of filing procedures and fees which would be established by the proposed amendments of Patent Rules 1.17, 1.97(b)-(h), 1.98 and 1.555, excluding the first sentence of 1.555(a). We take no position on the details of implementation in these proposed rules. We strongly encourage the Office to take all such administrative steps as are necessary to assure full consideration by the Examiner of all information disclosed.

John B. Pegram, President

CALENDAR OF EVENTS

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| August 3-9, 1989 | A.B.A. Section on Patent, Trademark & Copyright Law; Annual Meeting, Honolulu, HI |
| September, 1989 | P.L.I. Patent Bar Review Course, New York City |
| October 18-20, 1989 | A.I.P.L.A. Annual Meeting
Arlington, VA |
| November 10-12, 1989 | N.Y.P.T.C.L.A. C.I.E. Weekend Seminar at Mohonk Mountain House, New Paltz, NY |

INTELLECTUAL PROPERTY DEVELOPMENTS: TRADEMARKS

PART ONE OF A TWO
PART REPORT BY THE FOREIGN
TRADEMARK LAW AND PRACTICE
COMMITTEE

INTRODUCTION

In 1992, the EC plans to merge existing national markets into one market, "Fortress Europe." This development has serious economic implications for U.S. merchants and manufacturers. It also involves changes in the national laws of EC countries, particularly in the field of intellectual property law.

The member states of the EC endorsed the European Commission White Paper entitled "Completing the Internal Market" in 1985. This document contains hundreds of legislative proposals aimed at creating a single European Market by December 31, 1992. Among the proposed changes in national legislation are changes in national intellectual property laws to promote harmonization of such laws within the EC community, thereby, reducing non-tariff trade barriers. The effect of the proposed changes in intellectual property law and, in particular the trademark laws in EC member countries, is the subject of this paper.

In the area of trademark law, the White Paper proposed:

- (a) Harmonization of trademark laws within member states; and
- (b) The creation of a Community Trade Mark as opposed to the international trademark available under the Madrid Agreement for International Registration of Trade Marks.

THE TRADEMARK LAW DIRECTIVE

On December 15, 1987, the summarized minutes of the First Council's Secretariat of the First Directive for Harmonization of the National Trade Mark Laws was published. [First Council Directive to Ap-

proximate the Laws of the Member States relating to Trademarks (10396/87)]. The Harmonization Directive itself was published on February 11, 1989, in J.O.L. 40/11.2.891. The Member States have 18 (or 24) months from the date of publication to comply with the Directive, but in any event, all Member States must comply no later than December 28, 1991. The Trade Mark Laws Directive is a direct outcome of legislative changes proposed in the 1985 EC White Paper and provides guidelines pursuant to which individual EC Member States are to enact uniform trade mark legislation.

The Directive calls for the enactment of national legislation by member countries aimed at:

- (1) Reducing the divergence between national trade mark legislation in Member States;
- (2) Improving the free movement of goods and freedom to provide services with the Community;
- (3) Reducing barriers to competition through harmonization of national trade mark laws; and
- (4) Providing for co-existence of national trade mark laws with the community trade mark to facilitate the co-existence of both systems.

The Directive proposes uniform trade mark legislation in the following critical areas:

- (1) Conditions for obtaining and continuing to hold a registered trade mark;
- (2) Cancellation for non-use;
- (3) Uniform enforcement and protection of trade mark rights;
- (4) Establishment of likelihood of confusion as the test for infringement. [The ways in which likelihood of confusion may be established and burden of proof issues are left to national law.];
- (5) The recognition of laches/acquiescence as bars to a petition for invalidity of an application in the absence of a showing of bad faith on the part of the applicant.

The Directive does not, however, provide definitions of key terms such as "sign," "wide repute" and "due cause." Accordingly, there is some danger that national laws enacted based on the Directive will be subject to varying interpretations by local courts. Therefore, it can be anticipated that final harmonization will occur only after decisions by the Euro-

pean Court of Justice providing definitions of the currently undefined terms in the Directive.

The Trade Mark Laws Directive consists of sixteen (16) separate articles. The provisions of each article and likely impact on the national laws of EC member countries and U.S. companies operating in the EC are discussed in a series of reports prepared by the following members of the NYPTCLA Committee on Foreign Trade Mark Law and Practice:

Virginia R. Richard (Chairperson)

John R. Olsen

James L. Bikoff

George W. Cooper

Garó A. Partoyan

Thomas E. Spath

Joseph B. Taphorn

Clark W. Lackert

Submitted by Virginia R. Richard, Esq.

DIRECTIVE RELATING TO THE HARMONIZATION OF TRADEMARK LAWS ARTICLE 1

SCOPE

This Directive shall apply to every trade mark in respect of goods or services which is the subject of registration or of an application in a Member State for registration as an individual trade mark, [a collective mark or a guarantee or certification mark] or which is the subject of a registration or an application for registration in the Benelux Trade Mark Office or of an international registration having effect in a Member State.

COMMENTARY:

Article 1 defined the trade marks to which the Directive may apply. In addition to the usual "individual" trade marks, specific reference is made to service marks, collective, guarantee and certification marks, thereby covering the various types of marks capable of protection in Member State jurisdictions. Such marks, whether registered or subject to an application for registration in any Member State (including the Benelux Trade Mark Office for Benelux countries) or under an international convention effective in any Member State (such as the Madrid Agreement) and whether in respect of goods or

services, fall with the ambit of the Directive. The Article makes no mention of "associated" trade marks, to which special provisions apply in Ireland, the U.K. and, to a certain extent, Greece. These special provisions relate to assignment and non-use of trade marks and will be discussed in the context of the Article 10 relating to non-use.

Ireland and Greece are the only two Member States not to make provision for the registration of service marks in their respective jurisdictions. They will be required to introduce such provisions in order to fully implement the Directive.

Submitted by: John R. Olsen, Esq.

ARTICLE 2 SIGNS OF WHICH A TRADE MARK MAY CONSIST

A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings. Whereas the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, is absolute in the case of identity between the mark and the sign and goods or services; whereas the protection applies also in the case of similarity between the trade mark and the sign and the goods or services; whereas it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; whereas the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, or the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection; whereas the ways in which likelihood of confusion may be established, and, in particular, the onus of proof, are a matter for national procedural rules which are not prejudiced by this Directive; whereas it is important, for reasons of legal certainty and without inequitably prejudicing the in-

terests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a substantial length of time, unless the application for registration of the subsequent trade mark was made in bad faith.

COMMENTARY:

The Preamble to the Directive states that one of its objectives is to ensure that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States. Article 2 assists in this aim by defining what may constitute a trade mark.

Article 2 provides that any "sign" which is capable of being represented graphically may constitute a trade mark, provided that such a sign (the word "sign" is used throughout the Directive as a synonym for "trade mark") is "capable of distinguishing the goods or services of one undertaking from those of other undertakings." Whilst the trade mark laws of individual Member State are drafted less broadly, the exhaustive lists of devices and signs which normally appear in individual national statutes does not warrant such a general statement. For the sake of clarity, however, Article 2 provides, by way of an example, a list of "signs" falling within the general definition namely, words, including personal names, designs, letters, numerals and the shape of goods or of their packaging.

Of particular note is the recognition that the shape of a product or of its packaging is registerable, provided that it is capable of being represented graphically. Some Member States (for example, France, Benelux and Italy) already provide for trade marks to be registered in respect of the three-dimensional shape of any product or its "Get-Up" of packaging. Some Member States (for example, West Germany and the U.K.) only provide for registration of the two-dimensional representation of the shape of a product. In the U.K., the leading case in this regard is the COCA COLA case, where the U.K. Trade Mark Registry conceded that a line drawing of the fluted COCA COLA bottle was registerable, but, nevertheless, rejected applica-

tions for registration of the three-dimensional shape of the bottle as shown in the accompanying drawings. The Directive would appear to permit registration of the shape of the particular product itself. Member States with registration requirements similar to that of the U.K. will, therefore, have to relax their requirements to comply with this Directive.

Submitted by: John R. Olsen, Esq.

ARTICLE 3 GROUND FOR REFUSAL OR INVALIDITY

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

(a) signs which cannot constitute a trade mark;

(b) trade marks which are devoid of any distinctive character;

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

(e) signs which consist exclusively of
— the shape which results from the nature of the goods themselves, or
— the shape of goods which is necessary to obtain a technical result, or
— the shape which gives substantial value to the goods;

(f) trade marks which are contrary to public policy or to accepted principles of morality;

(g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

(h) trade marks which have not been authorized by the competent authorities and are to be refused or invalidated pursuant to Article 6 of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the "Paris Convention"

2. Any Member State may provide that a

trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that;

(a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark of the Member State concerned or of the Community;

(b) the trade mark covers a sign of high symbolic value, in particular a religious symbol;

(c) the trade mark includes badges, emblems and escutcheons other than those covered by Article 6 ter of the Paris Convention and which are of public interest, unless the consent of the appropriate authorities to its registration has been given in conformity with the legislation of the Member State;

(d) the application for registration of the trade mark was made in bad faith by the applicant.

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

4. Any Member State may provide that, by derogation from paragraph 1, 2 and 3, the grounds for refusal of registration or invalidity in force in that State prior to the date on which the provision necessary to comply with this Directive enter into force, shall apply to trade marks for which application has been made prior to that date.

COMMENTARY:

Article 3 covers a large number of conditions for the registerability and the continued registration of trade marks within the Member States. Most of these conditions are already recognized in the trade mark laws of the Member States, although the extent to which these have been developed varies. A major factor in the development of this Directive will therefore be the interpretation given by the European Court of Justice to such generally recognized, but variously interpreted, conditions.

Article 3(1) delineates conditions of registerability of stating what trade marks

will not be registered. This will include (a) "Signs which cannot constitute a trade mark," that is do not fall within the definition of Article 2, and also (b) "Trade marks which are devoid of any distinctive character." There is some overlap between (4) and (b) here, since the definition in Article 2 only covers signs "Capable of distinguishing."

Trade marks which are descriptive of the goods themselves (and therefore are not distinctive) are excluded from registerability in subparagraph (c). Distinctiveness is a generally recognized condition of registerability and the language used to define descriptiveness corresponds to the language used in Member States (e.g., France and Benelux) currently have less restrictive laws in this regard than that of the U.K. than other Member States which will have to be conformed to the Directive in due course. Further examples of "signs" which would be descriptive of goods and therefore unregistrable are given in sub-paragraph (o). These relate to situations where the sign denotes the shape of some particular goods, such shape being too closely connected with the nature of the goods themselves, the value of the goods or any technical result emanating therefrom.

Trade marks which are, or which through use have become, generic terms or signs, are also excluded from registration in subparagraph (d). Whilst generic objections to registerability are recognized in every Member State there is divergence on the question of whether the registration or trade marks which have become "generic" after registration should be declared invalid.

The Directive follows the current practices of most Member States by stating that such registrations may subsequently be declared invalid on proof of generic use. Member States such as France and Greece (and to a lesser extent Ireland and Italy) will, therefore, have to provide for such invalidation to comply with the Directive.

Further bars to registrations [subparagraphs (f), (g) and (h)] involve trade marks which are contrary to public policy or to excepted principles of morality, or which are deceptive in nature. Such bars are also generally recognized through the Member States.

In view of the large disparity between the laws of the Member States' on the registerability of national or historical symbols, Article 3(2) allows Member States to derogate from any duty to register trade marks where "signs" or high symbolic value or other badges, emblems and escutcheons are involved. Member States are also permitted to refuse or to invalidate any trade mark registration where the use of such trade mark may be prohibited pursuant to laws of that Member State unrelated to trade marks.

Further sections of Article 3 provide for registration of trade marks in circumstances where, prior to any application for registration, a trade mark has acquired a distinctive character (and is therefore registrable) through use rather than by virtue of any inherent characteristics.

Submitted by: John R. Olsen, Esq.

ARTICLE 4 FURTHER GROUNDS FOR REFUSAL OR INVALIDITY CONCERNING CONFLICTS WITH EARLIER RIGHTS

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid;

(a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied or is registered are identical with the goods or service for which the earlier trade mark is protected;

(b) if, because of its identity with, or similarity to, the earlier trade mark and the identity or similar of the goods or service covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark;

2. "Earlier trade marks" within the meaning of paragraphs 1 means:

(a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:

(i) community trade marks;

(ii) trade marks registered in the Member State or in the case of Belgium, Netherlands or Luxembourg, at the Bene-

lux Trade Mark Office;

(iii) trade marks registered under international arrangements which have effect in the Member State;

(b) community trade marks which validly claim seniority, in accordance with the registration on the community trade mark, from a trade mark referred to in (a) (ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse.

(c) applications for the trade marks referred to in (a) and (b), subject to their registration;

(d) trade marks which, on the date of application for registration of the trade mark, or where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well known in the Member State, in the sense in which the words "well known" are used in Article 6 bis of the Paris Convention;

3. A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trade mark within the meaning of paragraph 2 and is to be or has been registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.

4. Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(a) the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of paragraph 2 and is to be, or has been registered for goods or service which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark is of wide repute in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subse-

quent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;

(c) the use of the trade mark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and 4(b) and in particular:

- (i) a right to a name;
- (ii) a right of personal portrayal;
- (iii) a copyright;
- (iv) an industrial property right;

(d) the trade mark is identical with, or similar to, an earlier collective trade mark conferring a right which expired within a period of a maximum of three years preceding application;

(e) the trade mark is identical with, or similar to, an earlier guarantee or certification mark conferring a right which expired within a period preceding application the length of which is fixed by the Member State;

(f) the trade mark is identical with, or similar to, an earlier trade mark which was registered for identical or similar goods or services and conferred on them a right which has expired for failure to renew within a period of a maximum of two years preceding application, unless the proprietor of the earlier trade mark gave his agreement for the registration of the later mark or did not use his trade mark;

(g) the trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

5. Member States may permit that in appropriate circumstances registration need not be refused or the trade mark need not be declared invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark.

6. Any Member States may provide that, by derogation from paragraphs 1 to 5, the grounds for refusal of registration of invalidity in force in that State prior to the date on which the provisions necessary to comply with this Directive enter into force, shall apply to trade marks for which application has been made prior to that date.

COMMENTARY:

Article 4 provides that trade marks shall not be registered, or if registered, shall be declared invalid because:

(a) your mark is identical to a previously registered mark ("an earlier mark") and the mark is applied to goods or services that are identical with the goods or services which the earlier mark is applied, or,

(b) there is a likelihood of confusion due to the identity with or similarity to the earlier marks and the identity or similarity of the goods or services covered by the mark. (Paragraphs 1(a) and (b).)

Paragraph 3 provides that a mark shall not be registered or, if registered, shall be declared invalid, if it is not identical with, or similar to, an earlier mark, which has been registered for dissimilar goods or services to the later mark, where the earlier mark has a "reputation in the Community" and where the use of the later mark without "due cause" would take unfair advantage of, or be detrimental to the distinctive character of, or be detrimental to the distinctive character or repute of the earlier mark. Neither "reputation in the community" or "due cause" are defined terms in the Directive.

Thus, a critical question, not addressed in the Directive, is whether "wide repute" is synonymous with secondary meaning under U.S. trade mark law. Accordingly, there may be a period of uncertainty until the phrase "wide repute" is given meaning in the national courts of each of the Member States.

Paragraph 4 provides a mark shall not be registered if the mark is identical with, or similar to, an earlier mark and is registered for goods or services which are not similar to the earlier mark, where the earlier mark is of "wide repute" and use of the earlier mark without due cause would take unfair advantage, or be detrimental to, the distinctive character or repute of the earlier mark.

The phrase "without due cause" is not defined and is not a term familiar to U.S. practitioners. This terminology is also likely to give rise to a body of local law in each Member State.

The effect of Article 4 is to take dilution issues out of the courts and place them before national trade mark examiners in each Member State. It is likely to be extremely burdensome and time consuming for examiners to deal with such complex

issues during routine examination proceedings. One foreseeable result is that these provisions will not be enforced and dilution issues will be left to national courts of Member States for resolution.

Paragraph 5 of Article 4 provides that an earlier consent to the registration of the later trade mark is a defense. Predictability would be encouraged if consents to registration were required to be in writing. This provision has already been addressed by the Court of First Instance in Portugal in the case of *In re Hoescht*. The Portuguese trade mark office has long refused to consider consents to registration, in this case a consent was filed and the examiner rejected the application in question. On appeal the court held that as the Harmonization Directive called for acceptance of consents to register, the examiner should have considered the consent and allowed the application.

Submitted by: James L. Bikoff, Esq.

ARTICLE 5 RIGHTS CONFERRED BY A TRADE MARK

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to the distinctive character or the repute of the

trade mark.

3. The following, *inter alia*, may be prohibited under paragraphs 1 and 2:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

(d) using the sign on business papers and in advertising.

4. Where, under the law of a Member State, the use of a sign under the conditions referred to in 1(b) or 2 could not be prohibited before the date on which the provisions necessary to comply with this Directive entered into force in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purpose of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

COMMENTARY:

Article 5 sets forth in Sections 1-3 the statutory rights acquired through registration of a trade mark. Section 4 of Article 5 sets limits on those rights and Section 5 could be interpreted to be applicable both to registered marks and well-known, unregistered marks. Each section of Article 5 is discussed below.

Section 1 of Article 5 gives the owner of a registered trade mark [registered, that is, under the national law of a Member State that has harmonized its laws in accord with the Directive] exclusive rights, including the right to prevent (a) use "in the course of trade" of the identical mark for identical goods—seemingly unobjectionable—and (b) use of an identical or similar mark for identical or similar goods where there is likelihood of confusion "on the part of the public." One must assume this also means interested segments of the public, such as those technically competent within a particular industry, i.e., likelihood of confusion is not limited to the man in the

street. The subparagraph also mentions "likelihood of association" but the commentary indicates this was inserted on the representation of the Benelux members of the Commission and is wholly subsumed in "likelihood of confusion."

Section 2 goes well beyond the rights conferred upon an ordinary registrant to extent protection to owners of registered marks having a "reputation" in the Member State even when non-similar goods are involved. The provision says the good or services need not be similar. This raises the question of how dissimilar goods or services might be yet still permit prior registrants to invoke this paragraph? If a mark is registered for a certain product and used by another for a wholly unrelated service, may the latter be enjoined? What are the limits of "reputation"? Does Section 2 go far beyond the old theory of giving added protection to "Well Known", "notorious" or "World Famous" marks? How does one prove a "reputation" in a Member State? Can reputation be established based on the circulation of publications within the Member State containing advertisements featuring the mark without market place use on goods or services sold in that State? These questions and similar ones will have to be addressed by the courts in each Member State and, as such, predictability of outcome under this provision is likely to be difficult in the near term.

Section 3 provides examples of prohibited uses of registered marks. Subparagraph (a) prohibits affixing the "sign" to the goods or the packaging. Subparagraph (b) prohibits offering such goods, or services or, notably, even "stocking" goods bearing infringing marks. Subparagraph (c) prohibits "importing and exporting" goods bearing infringing marks. The latter provision could be a boon to anti-counterfeiters who hold a registration in one Member State but not elsewhere. Subparagraph (d) prohibits use of the "infringing" mark "on business papers and in advertising." There is some risk that this provision could be applied so broadly that fair use of another's mark in correspondence or in connection with the promotion of goods or services compatible with the goods or services covered by the registered mark might be barred (i.e., Microsoft software for use with IBM and Apple Computers.) However, Article 6 may dispel this particular

problem (see *infra*.)

Section 4 — This section limits the rights of a registrant claiming the benefits of harmonization. The registrant cannot prevent continued, pre-existing use of a mark that is not identical to, but merely "similar" to the registered mark and is not used for identical goods. This section appears to be unduly limiting. If, for example, the owner of a well-known mark is unable to prevent use on dissimilar goods before harmonization for any one of a variety of reasons (e.g., the mark is not yet in the "well known" class), will the owner be forever barred from preventing damage to his "reputation" and the "distinctive character" of his mark? Advanced in protection of trade marks should benefit owners against both the old and the new, when use of the junior mark does indeed damage the reputation or distinctive character of the senior mark.

Section 5 — The final provision in this Article amounts to an anti-dilution provision of the sort found in many state laws in the United States. It permits an injunction if already provided in national law against use of a mark "other than for purposes of distinguishing goods" where such use takes unfair advantage of or is detrimental to the repute of the mark. One comment comes immediately to mind — will such a provision — or, for that matter, existing provisions in national laws — enable trade mark owners to enjoin parodies and other example of innocent (or not so innocent) fun at the expense of the marks and their owners?

The new issues raised under Article 5 will require extensive review by local courts and the European Court of Justice before any semblance of harmony is reached on these points

Submitted by: George W. Cooper, Esq.

ARTICLE 6

LIMITATION OF THE EFFECTS OF A TRADE MARK

1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade,

(a) his own name or address;

(b) indication concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or

other characteristics of goods or services;

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories with honest practices in industrial or commercial matters.

2. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized.

COMMENTARY:

Article lists 3 exceptions to what could constitute "infringement of a proprietor's trade mark" under Article 5. In particular, Article 6 provides that third parties will be permitted to use another person's registered trade mark, in the course of trade, where this is "necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts." Most Member States (e.g., the U.K., Italy, Ireland and Greece) already recognize this third party right to a greater or lesser extent, although changes in the laws of certain others (e.g., West Germany and France) will be required in due course.

The second exception, namely that signs relating to the description of goods or services protected by a registered trade mark will not be published, is a reflection of the fact that, under Article 3, trade marks which are purely descriptive rather than distinctive are not registerable. Registered trade marks will not, therefore, be infringed by a subsequent unregistered mark which is purely descriptive.

The third exception confirms the rule in most Member States that a person is entitled to use his own name or address, even though such name or address has been registered as a trade mark.

This Article is uncontroversial and, in general, merely confirms the present position in most Member States.

Submitted by: John R. Olsen, Esq.

ARTICLE 7 EXHAUSTION OF THE RIGHTS CONFERRED BY A TRADE MARK

1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.

2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

COMMENTARY:

Article 7 confirms that the doctrine of "Exhaustion of Rights," as developed by the European Court of Justice in relation to Articles 30-36 Treaty of Rome and as already recognized to a certain extent by some Member States (e.g., U.K., Benelux and West Germany), will not be affected by the Directive. Article 7(1) prevents anyone from using rights as proprietor of a registered trade mark to prohibit the use of that trade mark by third parties in relation to goods put on the market in the Community under that trade mark "by the proprietor or with his consent." The wording used in Article 7(1) reflects the definition of the "Exhaustion of rights" principle as developed by the European Court of Justice in the *Deutsche Gramophone* and *Centrafarm* cases and it is assumed that the interpretation of "proprietor" and "consent" developed by the European Court of Justice will apply *mutatis mutandis* to this Article.

Article 7(2) provides an exception to the "Exhaustion of rights" principle where "legitimate reasons" exist and especially where "the condition of the goods is changed or impaired after they have been put on the market." It is unclear what is meant by "legitimate reasons" other than the example quoted. This inclusion of reference to change or impairment in the condition of goods reflects judicial developments at the national level, particularly in the U.K. in the *Colgate* case. On the more general question, however, one waits to see how the European Court of Justice will interpret and develop the concept of "legitimate reasons."

Submitted by: John R. Olsen, Esq.

ARTICLE 87 LICENSING

1. A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.
2. The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision on his licensing contract with regard to its duration, the form covered by the registration in which the trade mark may be used, the scope of the goods or services for which the license is granted, the territory in which the trade mark may be affixed or the quality of the goods manufactured or of the services provided by the licensee.

COMMENTARY:

Article 8 specifies the extent to which a proprietor of a registered trade mark may license the use of that trade mark.

Article 8(1) states in very broad terms that a trade mark in respect of goods or services may be licensed for the whole or part of the Member State of registration and on an exclusive or non-exclusive basis. These rights are unobjectionable and reflect the position in the various Member States. On the Community level, however, the European Court of Justice has held that Article 85(1) Treaty of Rome will apply to, and will therefore render void, provisions of exclusive trade mark licenses which give absolute territorial protection to the licensee, that is, where the licensee in one Member State is protected from the importation from any other Member State of goods bearing the trade mark in question and from that trade mark being applied in relation to goods put on the market by any other person (including the licensor) in that Member State.

Article 8(2) specifies provisions which may be included in a trade mark license and which may be enforced against a licensee. These cover the territory and form in which the trade mark may be used, the scope of the goods or services covered by the license, the standards of quality which must be achieved and the duration of the license. In view of the European Court of Justice's interpretation of Article 85(1) re-

ferred to above, no mention is made in Article 8(2) of provisions protecting the licensee from parallel imports or similar anti-competitive practices.

Procedural arrangements for the licensing of trade marks may vary in each Member State, particularly in the U.K. with its provisions relating to registered user agreements. However, the Directive does not appear to impinge upon these matters, particularly in view of the Preamble which expressly states that Member States should retain control in matters of procedure.

Submitted by: John R. Olsen, Esq.

ARTICLE 9 LIMITATION IN CONSEQUENCE OF ACQUIESCENCE

1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 4(2) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.

2. Any Member State may provide that paragraph 1 shall apply mutatis mutandis to the proprietor of an earlier trade mark referred to in Article 4(4)(a) or another earlier right referred to in Article 4(4)(b) or (c).

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark. ■

Part two of this paper will appear in the next Bulletin.

HIGHLIGHTS OF COMMITTEE REPORTS

by Gregory J. Battersby

ADMISSIONS COMMITTEE Martin E. Goldstein, Chairman

During the year, 37 applications for admission to the NYPTCLA were processed by the committee, 23 of which were processed to full approval.

A number of suggestions were solicited for increasing membership, including: contacting schools to offer complimentary lunches at luncheon meetings to students; advertising educational meetings in USTA and Copyright association publications. Other suggestions included: initiating a salary survey in the same manner as the AIPLA; push the Employment Committee; establish group trips for association members; and obtain group discounts for auto rentals, etc.

ANNUAL DINNER IN HONOR OF THE FEDERAL JUDICIARY COMMITTEE

Frank F. Scheck, Chairman

The committee oversaw the 67th Annual Dinner in Honor of the Federal Judiciary on March 31, 1989 in the Grand Ballroom and four auxiliary rooms of the Waldorf Astoria Hotel. Well over 2200 members and their guests were in attendance, including 108 honored guests. The featured speaker was Judge Wilfred Feinberg, formerly Chief Judge of the Second Circuit who made an eloquent and compelling justification for an immediate increase in the salaries of federal judges.

It appears that the dinner has virtually outgrown the capacity of the Waldorf Astoria and recommendations for coping with the problem will be made to the Board in the near future.

ANNUAL MEETING OF THE ASSOCIATION COMMITTEE

Peter Saxon, Chairman

The Annual Meeting of the Association was held on May 18, 1989 at the Grand Hyatt Hotel. The Speaker for the Dinner

following the meeting was Judge Nicker-son of the Eastern District of New York. To coordinate the presentation of the In-ventor of the Year Award, a joint meeting was held with the Public Information and Education Committee.

It is recommended that the Second Vice President consult with the Board at its June or September meeting to schedule the date of the 1990 Annual Meeting and finalize such plans.

ARBITRATION COMMITTEE

Thomas L. Creel, Chairman

The major committee activity was participating in the arrangements for a large seminar to be held at the Association of the Bar of the City of New York on November 9, 1989 tentatively entitled "Alternative Dispute Resolution of High Technology Disputes." This seminar will be cosponsored by the NYPTCLA, the City Bar Association, the American Arbitration Association and the Center for Public Resources.

CONTINUING LEGAL EDUCATION COMMITTEE

Edward V. Filardi, Chairman

The activities of the committee were devoted to essentially five projects described below. The 1988 fall CLE weekend was held at Mohonk Mountain House in New Paltz, New York. The Boston and New Jersey Patent Law Associations participated. The weekend was very well attended with 121 total attendees and made a profit of \$3,944.03. Based on this success, the 1989 fall CLE weekend is again planned for Mohonk for the same Veteran's Day Weekend (November 10-12, 1989).

On April 14, 1989, the Fifth Annual Joint Patent Law Seminar, cosponsored by the NYPTCLA, and the Connecticut, New Jersey and Philadelphia Patent Law Associations was held at the Penta Hotel in New York City. 201 were in attendance. The total profit for the seminar was \$6,123.89. Next year's seminar will be hosted by the New Jersey Patent Law Association.

A subcommittee chaired by Joseph Grindisi will review the CLE requirements of all states and intends to render a report for the benefit of association member.

COPYRIGHT COMMITTEE

Joseph B. Taphorn, Chairman

The Court Procedure & Practice subcommittee, chaired by Daniel Rosen, undertook a project to analyze cases related to the work-for-hire doctrine and a monograph is expected to be published shortly and distributed to Association members. The International Copyright Treaties and Foreign Laws subcommittee, chaired by Francis Morris, recommended that a discussion of the recent US adherence to the Berne Convention be included in the upcoming CLE Fall seminar at Mohonk.

Richard Danney, chairman of the Copyright Legislation and Copyright Office Affairs subcommittee, attended a meeting with the Copyright Office officials on March 16, 1989 and was provided an overview of upcoming changes in Copyright Office regulations and recommended legislation including a proposal to double Office fees. The subcommittee recommends further study of the fee increase proposal.

ECONOMIC MATTERS AFFECTING THE PROFESSION COMMITTEE

Eric C. Woglom, Chairman

The committee considered such economic matters as professional liability insurance, pensions, collections and out-of-state taxation of New York law firms by virtue of out-of-state offices or activities. The committee was happy to report that the cost of professional liability insurance actually declined last year.

EMPLOYMENT COMMITTEE

Patrick J. Walsh, Chairman

The committee maintains an active roster of prospective employers and employees for a period of four months. Committee business is conducted by telephone and mail and it cooperates with the employment committees of other Patent Law Associations by passing along resumés for specific employment requirements.

During the past year, the committee assisted 13 prospective employers including 4 executive recruiters. Approximately 21 applicants registered with the committee.

FOREIGN PATENT LAW & PRACTICE COMMITTEE

Jay L. Chaskin, Chairman

The committee considered three topics: a report on the WIPO December 1988 meeting in Geneva on the Harmonization of Patent Laws; new intellectual property publications directed to non-U.S. patent law and practice, reports of patent office court decisions and proposed regulations and judicial decisions; and status of US government efforts to identify countries that deny adequate and effective protection of intellectual property rights or deny fair and equitable market access to US businesses that rely on intellectual property rights.

FOREIGN TRADEMARK LAW & PRACTICE COMMITTEE

Virginia R. Richard, Chairman

The committee prepared a comprehensive report on the EC Harmonization Directive relative to Trademark Laws which is being reprinted in part in this and future issues of the Bulletin. It was recommended that this topic be added to the agenda at the Fall CLE meeting at Mohonk.

HARMONIZATION OF PATENT LAWS SPECIAL COMMITTEE

William J. Brunet, Chairman

This special committee forwarded to the Board of Directors a proposed Resolution which is directed to those parts of the proposed Harmonization Treaty scheduled for discussion at the WIPO session in Geneva in April, 1989. The Resolution favored continued participation by the US delegation in negotiations on the Harmonization of Certain Provisions in Laws for the Protection of Inventions and, in particular, supports certain propositions in connection with the current draft treaty to be discussed at the Sixth Session of the Committee of Experts at the International Bureau of WIPO in Geneva.

LEGAL AID COMMITTEE

Steven J. Baron, Chairman

There was one referral through the committee.

LICENSE TO PRACTICE COMMITTEE

Thomas M. Gibson, Chairman

The committee recommended to the NYPTCLA that the position of the association should continue to oppose certification of specialties in the law. The factors considered included the expense involved in administering a certification procedure, the burden on qualification as a specialist, the difficulty in defining the standard for qualification, the benefits of mandated continuing education and the relative absence of a problem cured by certification.

It was noted that the committee is functioning only as a watchdog and consideration should be given as to whether or not to dissolve the committee.

MEETINGS AND FORUMS COMMITTEE

Edward W. Bailey, Chairman

The committee arranged numerous working luncheons and dinners through the year. Guest speakers included the General Counsel of the FTC, a Commissioner from the ITC, a representative from the Customs Service, several US attorneys, a Swiss attorney, and an expert in surveys for use in trademark actions.

The committee plans an active program for next year and welcomes recommendations for speakers and topics of interest.

PUBLIC INFORMATION AND EDUCATION COMMITTEE

Julius Fisher, Chairman

The committee solicited nominations for Inventor of the Year Award and presented them to the Board of Directors. The Committee also responded favorably to a recommendation to develop an information kit for use by members of the Association in delivering lectures to selected groups. It is expected that further work in the preparation of such a kit will be completed during the upcoming year.

PUBLIC AND JUDICIAL PERSONNEL COMMITTEE

Joseph M. Fitzpatrick, Chairman

The committee formally recommended Douglas Henderson as a highly qualified candidate to become Judge of the US Court of Appeals for the Federal Circuit. Unfortunately Mr. Henderson has withdrawn his name from consideration. While other individuals were also considered, no formal recommendations were made.

Members of the committee expressed support for Commissioner Quigg to remain as Commissioner of Patents and Trademarks. In view of such support, no formal recommendations as to other candidates have been made.

The committee continues to seek out experienced patent attorneys for appointment to the Federal Circuit and will continue to make appropriate recommendations. It is their strong opinion that it should find and recommend an experienced trial judge for the Federal Circuit.

PUBLICATIONS COMMITTEE

Gregory J. Battersby, Chairman

The Bulletin has continued its expanded format with each issue containing a minimum of 8 pages. Regular features now include a more complete Calendar of Events, PTO Practice Updates, Foreign Practice Updates, Decisions of Interest and Legislative Developments. An Announcement section has now been adopted and it is hoped that this will be used by association members. Committee reports are now regularly printed and there has been further coordination with the Employment committee to use the Bulletin as a vehicle to announce job openings.

The Board has now approved limited advertising for the Bulletin and this was initiated with the May-June, 1989 issue.

The committee was successful in distributing the current issue of the Greenbook to association members in October, 1988, the earliest distribution of such publication in recent years. The Greenbook is now typeset on a Macintosh system to facilitate future issues. It is hoped that the 1989-1990 Greenbook will reach member's desks by the end of September, 1989.

UNITED STATES PATENT LAW AND PRACTICE COMMITTEE

Robert L. Baechtold, Chairman

Antitrust, FOIA and Trade Secrets Subcommittee

Nicholas L. Coch, Chairman

Due to a lack of volunteers, the subcommittee was unable to perform its function. The chairman did, however, review the Federal Circuit's 1988 decisions involving misuse and patent antitrust violations. No major decisions or significant changes in the law were located. There were, however, two antitrust decisions which may indicate the Court's predilection toward alleged antitrust violations.

Court Procedure and Practice Subcommittee

Lawrence Alaburda, Chairman

The subcommittee carefully studied the duty of disclosure set forth in the PTO's proposed Rule 57 from the viewpoint of the patent litigant. It concluded that the proposed rule conflicts substantially with the duty of disclosure and the judicial doctrine of inequitable conduct as presently construed by the Federal Circuit in three significant respects. Accordingly, it believes that proposed Rule 57 should be amended to match the Federal Circuit precedent. The subcommittee submitted to the Board of Directors a proposed resolution for submission to the Patent Office as part of any official commentary of our Association regarding the rule changes proposed by the PTO.

Legislation Subcommittee

David J. Mugford, Chairman

The subcommittee considered the old version of H.R. 4086 (introduced into the 100th Congress) which attempted to define fraud and inequitable conduct. This issue is moot since a new version has not been introduced into the 101st Congress and, most likely, will not be introduced during this term.

H.R. 469 and its companion S.270 state, in essence, that if one is accused of antitrust violation by reason of marketing or distribution of a product, the intellectual property right on the product shall not give

rise to a presumption of market power, economic power or monopoly power based on product uniqueness or product distinctiveness.

Congressman Kastenmeier reintroduced H.R. 4790 regarding Transgenic Animal Patents which allows transgenic farm animals to be protected by US Patent and also provides for a "farmers' exemption." The subcommittee recommended that the Board of Directors pass a resolution strongly opposing the farmers' exemption.

**Patent & Trademark Office Affairs
Subcommittee**

Theresa M. Gillis, Chairman

The subcommittee made specific comments directed to proposed PTO Rule 57. Included among its comments were that the rule should be amended to include an express reference to knowledge of the information, as well as its materiality; the "should have known" standard should be modified to a "but for gross negligence would have known" standard; the rule should clearly state that both facts of record and facts known to the designated individuals must be considered; and the 3 month period for filing foreign patent office search results should run from the date of receipt by the applicant of the report not from the date of mailing.. The subcommittee continued to express the concern that there will be two standards of candor (the PTO vs. the Federal Circuit) and that the standard governing disclosure to the PTO should be embodied in legislation and not by a PTO rule. A concern over the effective date of the Rule was also expressed.

**UNITED STATES TRADEMARK
LAW AND PRACTICE COMMITTEE**

Stanley J. Silberberg, Chairman

A revised Trademark Law will go into effect in November, 1989 and a brief summary of the law appeared in a recent Bulletin. The Committee is planning to hold a workshop/presentation for the 1989 Mohonk fall CLE meeting. Assistant Commissioner for Trademarks, Jeff Samuels, will speak at that meeting.

The committee considered and commented on the proposed revision to the Trademark Rules of Practice and the

Trademark manual of Examining Procedures. Also under consideration are proposed changes in practice before the TTAB as is the probable submission of a proposed resolution to the Board speaking to the issue of a disparity in trademark registration requirements between foreign and domestic applicants under the new law. ■

**REPORT ON WIPO
COMMITTEE OF
EXPERTS ON THE
HARMONIZATION
OF LAWS FOR THE
PROTECTION OF
INVENTIONS**

SIXTH SESSION

Geneva, April 24 to 28, 1989

by William J. Brunet

INTRODUCTION

The World Intellectual Property Association (WIPO) is in the process of drafting a treaty for harmonizing the patent laws of various countries. Currently, forty-four countries of the Paris Union are participating in this effort, along with nine observer states. In addition, a number of other inter-governmental organizations including General Agreement on Tariffs and Trade (GATT), the Commission of European Communities (EEC), the European Patent Office (EPO) and the Latin American Economic System (SELA), are also participating together with twenty-nine non-governmental groups, including the American Bar Association (ABA), the New York Patent, Trademark and Copyright Law Association (NYPTC), the American Intellectual Property Law Association (AIPLA) and the Intellectual Property Owners, Inc. (IPO).

The writer participated in the Sixth Session on behalf of NYPTC.

The following Articles and associated Rules of the draft treaty were discussed at the Sixth Session:

Article 105: Unity of Invention

Rule 105: Division of Application

Article 106: Publication of Application

Rule 106: Manner of Publication of Ap-

plications

Article 107: Time Limits for Search and Substantive Examination

Rule 107: Separate or Delayed Publication of Search Report

Article 108: Administrative Revocation of Patents (Post Grant Opposition)

Article 109: Restoration of the Right to Claim Priority

Article 110: Changes in Granted Patents

Rule 110: Manner of Publication of Changes in Granted Patents

Article 200: Patentable Inventions

Article 301: Several Applications in Respect of the Same Invention

Article 304: Determination of the Extent of Protection

Rule 304: Interpretation of Claims

Article 306: Maintenance Fees

Article 307: Provisional Protection

In addition, Article 308 (Privilege of Prior User), had been scheduled for discussion; but because of lack of time, discussion was deferred until the next session, which is set for November 1989.

SUMMARY OF THE DISCUSSIONS

Subject to reservations expressed by the United States regarding the need for an overall balanced package, and subject to redrafting to accommodate specific noted problems, there was general agreement regarding proposed Articles and Rules 105, 106, 200 and 301, dealing, respectively, with unity of invention, publication of applications, definitions relating to patentable inventions and several applications in respect of the same invention. It also appears that agreement will be reached in regard to proposed Articles 109, 306 and 307, dealing, respectively, with restoration of the right to claim priority, maintenance fees and provisional protection.

The most significant problems relate to Articles and Rules 107, 108, 110 and 304 which deal, respectively, with time limits for search and examination, prohibition of pre-grant oppositions and limiting the scope of administrative post-grant proceedings, broadening of granted patents (reissues) and determination of the extent of protection (claim interpretation). These matters and Article 308 (Privilege of Prior User) will be discussed in the next session scheduled for November 13-14, 1989.

The following is a summary of the discussions in the Sixth Session of each of the foregoing Articles and Rules.

ARTICLE 105: UNITY OF INVENTION

Summary of Article: A patent must relate to one invention or a group of inventions so linked as to form a "single inventive concept"; (i.e. corresponding technical features are present in each invention which define over the prior art.) Also, failure to comply with the requirement for unity of invention would not be a ground for invalidity or revocation of the patent.

Summary of Discussions: Most countries agreed in principle with the proposed draft of Article 105. However, a number of countries suggested that the definition of "single inventive concept" as well as a statement regarding two inventions in one claim should be transferred from Article 105 to Rule 105.

RULE 105: DIVISION OF APPLICATION

Summary of Rule: If lack of unity is found, the patent office would automatically select the first claims of the application for examination. Divisional applications may be filed for the other inventions without need to file additional priority documents. An Appendix to Rule 105 sets forth several specific examples showing how unity of invention questions should be resolved.

Summary of Discussions: Most countries agreed to proposed Rule 105. However, the Netherlands wanted it clearly limited to situations where a unity of invention objection had been made. Also, several delegations requested a better arrangement for ensuring that the applicant has adequate notice of the time for filing a divisional application.

ARTICLE 106: PUBLICATION OF APPLICATIONS

Summary of Article: An application would be published 18 months after its priority date, unless it is withdrawn or rejected prior to publication. A Contracting State could prohibit publication for reasons of national security, morality or public order.

Summary of Discussions: Most countries favored mandatory 18 month publication of applications. Some countries suggested that the Article provide clearer statements of the time limits and legal effects of "withdrawal," the type of "rejection" that would prevent publication, and whether publication would include recently added material in a C-I-P application.

RULE 106: MANNER OF PUBLICATION OF APPLICATIONS

Summary of Rule: Publication may be effected by putting at the disposal of any person, copies of the application in a form legible to the naked eye.

Summary of Discussions: Most countries agreed to Rule 106 but some said that agencies other than the Patent Office should be able to carry out publication and that publication should include forms other than paper, e.g. computer readable forms.

ARTICLE 107: TIME LIMITS FOR SEARCH AND EXAMINATION

Summary of Article: Patent offices in examining countries would be required to complete their search not later than eighteen months after filing. The search report would be published, if possible, with the application or at least within twenty-four months after filing.

Summary of Discussions: Most countries either disagreed with the requirement of time limits for search and examination or stated that they did not have the resources to meet those time limits.

RULE 107: SEPARATE OR DELAYED PUBLICATION OF SEARCH REPORT

Summary of Rule: Search reports must either be incorporated in the published application, or if published separately, must refer to the application's serial number and date of publication.

Summary of Discussions: There was no objection to proposed Rule 107.

ARTICLE 108: ADMINISTRATIVE REVOCATION OF PATENTS (Post Grant Opposition)

Summary of Article: This Article would prohibit pre-grant oppositions. Post-grant oppositions would have to be filed within three to nine months after grant and be based on invalidity or insufficient support for certain claims; and the requester would be given "full" opportunity to present arguments. Australia proposed that countries be given the option of providing for post-grant opposition or alternatively, a United States type reexamination.

Summary of Discussions: The United States supported the Australian proposal and added that pre-grant oppositions should not be permitted because they excessively delay issue of the patent. With a few exceptions, most notably Japan, most countries agreed with the United States position.

ARTICLE 109: RESTORATION OF THE RIGHT TO CLAIM PRIORITY

Summary of Article: Two alternatives (A and B) were discussed. Alternative A would allow an applicant to restore priority rights for an application filed up to two months after the priority deadline simply by paying a fee. Alternative B would allow restoration of priority rights only upon a showing that in spite of due care the application could not have been filed within the two-month period.

Summary of Discussions: The United States favored Alternative A but most other countries favored Alternative B.

ARTICLE 110: CORRECTION OF ISSUED PATENT

Summary of Article: Patents could be changed to restrict the scope of protection, clarify ambiguities or correct obvious mistakes or clerical errors. Any such changes must be recorded and published.

Summary of Discussions: Most countries agreed that changes in issued patents should be permitted to restrict claims but, not to broaden them. Most countries also stated that it should not be necessary to correct obvious clerical errors; and that changes to correct ambiguities would interfere with court interpretation. Only the

United States, Canada and Great Britain favored changes which broaden claims.

ARTICLE 200: PATENTABLE INVENTIONS

Summary of Article: The United Kingdom had proposed that there be agreement as to what constituted "Patentable Invention." The International Bureau of WIPO submitted for discussion proposed definitions of the terms "Invention," "Patentability," "Novelty," "Inventive Step" and "Industrial Applicability."

Summary of Discussions: The definition of "invention" was considered not to be necessary. Regarding the definition of "Patentability," the United States and several other delegations stated that "Patentability" should not be limited to inventions that are "industrially applicable" but should include all useful inventions. Regarding the definition of "Novelty," Japan proposed that the definition be left to individual countries, but most delegations agreed that there should be a common, agreed upon definition of "Novelty," as well as the terms "Inventive Step" and "Industrial Applicability." NYPTC proposed that "Novelty" be defined in relation to the *claim* of a patent or application rather than to the "invention," and that the prior art additionally should include anything put into commercial use prior to the grace period by the inventor or his assignee as well as anything derived by the named inventor from anyone not under an obligation to assign to him or to his assignee. NYPTC also proposed that the definition of "Inventive Step" be related in time to the priority date.

ARTICLE 301: SEVERAL APPLICATIONS IN RESPECT OF THE SAME INVENTION

Summary of Article: Where two or more applications have been filed for the same invention the application with the earliest priority date will prevail.

Summary of Discussions: The United States delegation emphasized that a first-to-file system would not be accepted by the United States unless it is part of a balanced overall package that contains changes in the laws of other countries beneficial to the United States. The practical use for Article

202 which accords a prior art effect to earlier filed applications. It was decided nevertheless to retain Article 301 in the Treaty.

ARTICLE 304: DETERMINATION OF THE EXTENT OF PROTECTION

Summary of Article: The extent of protection conferred by a patent would be determined by the claims of the patent, with due regard to the description and drawings.

Summary of Discussions: The United States and a number of other delegations proposed that Rule 304 (discussed below) be incorporated into Article 304 because of its fundamental importance. Most delegations agreed that the description and drawings should be used to determine the extent of protection only if necessary.

RULE 304: INTERPRETATION OF CLAIMS

Summary of Rule: This rule provides that claims cover equivalents of elements recited in the claims and that an equivalent element is one which functions in substantially the same manner and produces substantially the same result as that recited in the claim, unless it was expressly disclaimed by the patentee. The Rule also provides that: a patent should not be limited to cover only the examples and embodiments expressly disclosed; a claim to a combination shall not independently protect any subcombination; and a dependent claim shall not provide independent protection for any of its elements separately from the main claim. Reference in a claim to a drawing shall not limit the claim to the drawing and the abstract should not be taken into account in determining the scope of the claim.

Summary of Discussion: Japan and some other delegations took the position that an accused equivalent should not be an infringement unless it equivalence was obvious and could easily be substituted. The United States pointed out that equivalence and obviousness have nothing to do with each other and that an accused infringer should not be able to avoid infringement merely because he was able to obtain a separate patent on his own version. Also, the United States said that Rule 304 should incorporate its previous submission which

provided that infringement shall not be avoided merely because the accused infringement does not fulfill all the objects or provide all the advantages stated in the patent.

ARTICLE 306: MAINTENANCE FEES

Summary of Article: Maintenance fees would be payable annually after the fourth year from filing an application and would be due on the first day of the month following the month of the anniversary date. A grace period of six months would also be provided for late payment of maintenance fees.

Summary of Discussions: Most countries agreed that this Article is not a matter of great importance to the Treaty; nevertheless, it was generally agreed that maintenance fees should be payable from the third year after filing. The United States proposed that individual countries be given the option of requiring fees to be payable less often than annually.

ARTICLE 307: PROVISIONAL PROTECTION

Summary of Article: A published patent application would enjoy the same protection as if it were patented; but if a third party had made payments to the owner of the application and it did not issue with claims covering the third party's activities, restitution must be made. Also, if the patented claims are narrower than the application claims asserted against the third party, a corresponding part of the payments must be restituted. National law may provide that the third party must receive a written notice from the owner of the application; the application must be published in the language of the country; and compensation only may be recovered prior to grant.

Summary of Discussions: Most countries agreed that some compensation should be available to owners of published applications. Observer organizations from the United States agreed in principle to reasonable compensation but stated that no action should be brought until after grant of the patent. The observer organizations also stated that relief should be for damages (including, where appropriate, punitive damages) not less than a reasonable royalty

and should be limited to activities covered by claims in the application of a scope similar to claims in the granted patent. Also damages should be measured from the date on which the accused had actual knowledge of the published application in connection with the infringing activity. ■

NEWS FROM THE PTO

By George Kaplan

A Biotechnology Institute has been organized at the U.S. Patent and Trademark Office, with board members having been named to identify technology trends and enhance training of patent Examiners. The board members were nominated by professional organizations, government agencies, academic institutions, and others with a knowledge or interest in biotechnology, and members of the board include Reid G. Adler, an attorney in Washington, D.C.; Robert P. Barns of the American Society of Agronomy in Madison, Wisconsin; Robert A. Behrens of the San Diego Biotechnology Forum; Ivan P. Cooper, an attorney in Washington, D.C.; Kenneth Graziano of the Association of Biotechnology Companies, San Diego; Richard D. Godown of the Industrial Biotechnology Association in Washington, D.C.; Scott Harkonen of the University of California at San Francisco; Thomas Irving, an attorney in Washington, D.C.; David J. Mugford of the Schering-Plough Corporation in Kenilworth, New Jersey; Kate H. Murashige, an attorney in Menlo Park, California; Stephen Raines of Genentech, Inc. of San Francisco; Peter F. Sorter of Hoffman-LaRoche, Inc., Nutley, New Jersey; Howard C. Stanley of Mon-

santo Agricultural Company, St. Louis, Missouri; Estelle J. Tsvedos, of the American Cyanamide Company, Stamford, Connecticut; Rochelle Karen Saide, an attorney in New York City; Robert D. Weist, Amgen, Thousand Oaks, California; and Susan D. Wray of the University of Florida at Gainesville.

Members of the Biotechnology Institute representing government agencies include Louis A. Cohen, Alan M. Schechter and Dennis A. Benson of the National Institute of Health, and Jerome Miksche and Henry Schands of the U.S. Department of Agriculture. Patent and Trademark Office representatives include John E. Kittle, director of the Examining group which examines applications in the biotechnology field at the Patent and Trademark Office, and Richard J. McGarr, director of the Patent Academy.

The Biotechnology Institute was established by Donald J. Quigg, Assistant Secretary of Commerce and Commissioners of Patent and Trademarks, in cooperation with other agencies in the private sector, in order to help examiners keep up with new developments in the biotechnology fields. The first board meeting of the Biotechnology Institute was held at the Patent and Trademark Office on June 23, 1989.

The tremendous advance in biotechnology research in years has resulted in a flood of applications for patents at the Patent and Trademark Office. In order to cope with the greatly increased volume in applications, the Patent and Trademark Office has created a new examining group and hired a number of new Examiners.

A public hearing was held on June 29, 1989 at the U.S. Patent and Trademark Office, on proposed major changes that would

make it easier to apply for registration of trademarks. These proposed changes to the federal legislation law which are the most significant changes in more than 40 years include a dual system in which trademark applicants may apply for registration on the basis of a *bona fide* intent to commercially use a mark. Applications to the Federal government for registration presently can only be made if a mark has already been used to identify goods or services moving in interstate commerce. This particular route will continue to be available for obtaining trademark registration. Additionally, the term of a trademark registration will be reduced from 20 to 10 years under the proposed new rules, with applications for renewal at the end of this 10-year period having to be made.

An application based on "intent-to-use" will be examined and published for opposition in the *Trademark Official Gazette*, provided the mark meets the criteria for registration. Then, if there are no successful oppositions to the mark, the application will receive a notice of allowance. The Applicant will then have up to six months to file a statement at the Patent and Trademark Office verifying that the mark has been used, together with the prescribed fees and specimens showing use of the mark.

The mark will be registered upon examination and acceptance of the statement of use. If the Applicant does not file such a statement, then the application will become abandoned. Provisions have been made for extending the time for filing such a statement for use in six-month periods, up to a total of three years from the mailing of the notice of allowance. The new rules become effective November 16, 1989. ■



RECENT DECISIONS OF INTEREST

By Gregory J. Battersby

CONFUSION NECESSARY FOR TRADE DRESS INJUNCTION

The U.S. Court of Appeals for the Seventh Circuit, in *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, (C.A. 7) No. 88-1575, 2/27/89, overturned the U.S. district court's grant of a preliminary injunction barring sales of an exercise bicycle. Although there was a finding that the defendant had intentionally copied the trade dress of the plaintiff's bicycle, there was no showing of consumer confusion as a result. The court held that there is no presumption of confusion, even with intentional copying. The court also held that the totality of the circumstances must be considered before applying the consumer confusion test.

TRADEMARK NOT PROTECTABLE

The U.S. District Court for the Western District of Kentucky, in *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, (C.A. 6) No. 88-5025, 4/5/89, held that the trademark APPALACHIAN LOG STRUCTURES for "log cabin" type homes was not protectable. The mark was geographically descriptive and had not acquired secondary meaning.

NOTE: The following decision was reported by Mr. Frank J. Colucci, Esq.

LIKE/LOVE COMPARATIVE AD NOT UNFAIR COMPETITION

The U.S. District Court for the Southern District of New York in *Diversified Marketing, Inc. v. Estee Lauder, Inc.*, (S.D.N.Y.), No. 87 Civ. 7228 (SWK), 12/88, held that the use of the phrase "if you like [plaintiff's product] ... you'll love [defendant's product]" was not actionable.

Both parties manufactured boxed cosmetic sets. The "like/love" phrase appeared on the defendant's box and display cards. The court rejected plaintiff's contentions of unfair competition, holding that there were no false statements or likelihood

of confusion. The court also refused a state law claim of dilution, ruling that the plaintiff's mark was not being used generically, but was simply compared to the defendant's similar product, in a manner not likely to cause confusion.

LICENSE FOR COMPUTER VISUAL DISPLAYS LIMITED

The U.S. District Court for the Northern District of California, in *Apple Computer, Inc. v. Microsoft Corp.*, (N.D. Cal.) No. C-88-20149-WWS, 3/20/89, held that a license to use some elements of the plaintiff's computer visual displays was not a complete defense to infringement with respect to different versions of the programs and displays.

The defendant, for consideration, licensed visual elements of the plaintiff's displays for use in the first version of its program. A later version of the program incorporated improvements which made it more closely resemble the plaintiff's product. The plaintiff sued, claiming the later program to be an infringement.

The court refused to dismiss the action, ruling that the license applied only to the visual appearance of the product as it appeared at the time that it was licensed.

POSTER NOT UNFAIR COMPETITION

The U.S. Court of Appeals for the Seventh Circuit, in *Echo Travel, Inc. v. Travel Assoc., Inc.*, (C.A. 7) No. 87-2864, 3/20/89, held that the use of the same poster to promote Florida vacations by two different travel agencies was not unfair competition. The travel agencies had both obtained the poster from the same advertising agency. The court ruled that the poster had not acquired secondary meaning, so the use by the other agency was not confusing.

SPECIALTY PRODUCT NOT CONFIDENTIAL OR EXCLUSIVE

The U.S. District Court for the Eastern District of Pennsylvania in *Personal Touch, Inc. v. Lenox, Inc.*, Civ. A. No. 87-6331, 3/14/89, held that there was no duty of confidentiality or exclusivity between the manufacturer of commemorative china plates and the developer of the plates. The

defendant manufacturer produced a brochure offering the plate at a lower price than the developer. The court ruled that neither trade usage nor a contract provided a basis for damages against the defendant.

TRADE DRESS OF KNEE PADS PROTECTABLE

The U.S. District Court for the Northern District of California, in *STX, Inc. v. Trik Stik, Inc.*, (N.D. Cal.) No. 88-1765 FMS, 10/12/88, held that the manufacturer of knee pads used in skateboarding was entitled to an preliminary injunction against the sale of identical knee pads by a competitor. The evidence indicated that the particular appearance of the pad was non-functional, had acquired secondary meaning, and was likely to lead to confusion among consumers.

ATTORNEY'S FEES AWARDED FOR FRIVOLOUS COPYRIGHT LITIGATION

The U.S. District Court for the Southern District of New York in *Humphrey v. Columbia Records, a Div. of CBS, Inc.*, (S.D.N.Y.) No. 86 Civ. 6667 (RLC), 3/16/89, held that the prevailing parties in a copyright infringement action were entitled to receive attorney's fees incurred through the frivolous litigation of the plaintiff. The plaintiff forced the defendants to pursue substantial trial preparation expenses on what was clearly a baseless case. ■

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