THE NEW YORK PATENT, TRADEMARK AND COPYRIGHT LAW ASSOCIATION

NYPTC BULLETIN

Volume 32 | January/February 1992 | Number 3

PRESIDENT'S CORNER

I am pleased to note that the Association has now sent its response to the Advisory Commission for Patent Law Reform in which we provided our comments and recommendations regarding each of the 13 topics the Advisory Commission believes may be ripe for reform. After receiving detailed comments and recommendations from our Patent Law, Harmonization, Trade Secret, Copyright and Litigation Committees and after reviewing the comments of individual Association members, a comprehensive proposed response was published in the Bulletin. After your comments to the proposed response were received, the Report was appropriately revised and forwarded to the Advisory Commission. I would like to thank all the members of the NYPTC Task Force and those members who responded to our requests for comments for their kind cooperation.

John R. Olsen, Chair, and Virginia R. Richard, Board Liaison of the Committee on Foreign Trademark Law and Practice, attended the WIPO Working Group Meeting on the Madrid Protocol (trademark harmonization) in Geneva on November 11-18, 1991. Our representatives met with Jeff Samuels and Lyn Beresford of the U.S. Patent and Trademark Office and with the USTA representative each day to review the joint US/NYPTC positions in order to present a united front on issues affecting U.S. interests. Our representatives were frequently asked to comment on issues which arose during the course of the proceedings by Dr. Arpad Bogsch of WIPO. As a result of the deliberations it was agreed, inter alia, that the U.S. bona fide intent-to-use to use requirement was to be the standard. English and French were agreed upon as working languages. The U.S. Patent and Trademark Office advised us that the United States would not sign the Madrid Protocol in the absence of widespread U.S. support. Accordingly, both WIPO and the USPTO asked that we continue our participation at future meetings. A detailed report of the initial agreements reached is available from your Association, upon request.

John B. Pegram represented the NYPTC at the US/Bar JPO Liaison Council Meeting in Tokyo, Japan. Over 25 members of the Japanese Patent Office, including their Commissioner, participated. An informal discussion of patent law harmonization took place, and the Japanese Commissioner indicated a willingness to make changes as part of a global harmonization package. The Japanese reported on their progress in expediting examination of applications and using former Examiners and outside organizations for searching.

An explanation of their proposed "paperless" patent system was provided to the participants. The JPO discussed newly adopted provisions relating to service mark registrations and the international classification of marks. The Japanese multiple claim practice guidelines were circulated and discussed, as well as their present opposition practice and their willingness to change from a pre-grant to a post-grant opposition as part of a harmonization package. Other proposals for filing and expediting foreign applications in the JPO were discussed. The next meeting of the Liaison Council will be held in the U.S. in 1992.

PROPOSED CHANGES TO FEDERAL RULES

Your Association has studied the proposed changes to the Federal Rules of Civil Procedure and Evidence, especially those relating to voluntary disclosure, to limiting of depositions and interrogatories, and to preparing and exchanging reports on expert witnesses. After careful consideration by the Litigation Practice and Procedure Committee and the Board of Directors, a report was sent to the U.S. Advisory Committee on Civil Rules, now considering comments to such proposed rule changes. Your Association did not favor voluntary discovery in complex intellectual property cases, since that procedure has been practiced, with largely unsatisfactory results, in England. The Association also did not favor limitation of the number and length of depositions, as well as limiting interrogatories to specific numbers of subparts. It was believed that since intellectual property litigation is complex, limiting parties to an arbitrary number of depositions and interrogatories would not serve anyone's best interests. We would like to see better control by the courts over discovery matters, especially in promptly hearing and deciding discovery motions in complex cases.

The National Inventors Hall of Fame

CALENDAR OF EVENTS

January 28, 1992	NYPTC Luncheon Meeting; Scott Brown "Year-End Biotech Litigation Update" Cornell Club
May 3-6, 1992	United States Trademark Association, Annual Meeting, Toronto, Canada
May 13-15, 1992	American Intellectual Property Law Association, Spring Meeting, Minneapolis Marriott City Center

has begun a fund-raising campaign to establish a new home for the Hall of Fame called "Inventure Place" in Akron, Ohio. "Inventure Place" is an ambitious undertaking and is said to require a proposed expenditure of $47 million, including $26.7 million for a building, $8 million for exhibits and $8 million for an endowment. The Hall of Fame would provide, inter alia, educational programs bearing on creativity and inventiveness and act as a showcase for exhibits demonstrating various technologies. The Akron community and the State of Ohio have already raised over $10 million. The Patent Bar has been asked to raise $3 million over the next five years. The remaining funds are to come from the corporate and other sectors.

To achieve that goal our Association has been asked to help in obtaining local pledges amounting to about $350,000 to be paid over a period of five years. The Board of Directors has heard several representatives of the National Inventors Hall of Fame discuss such proposals. As the next step, we have asked that group to provide us with a speaker who can address our membership at a luncheon meeting to be conducted in the near future. In view of the magnitude of the proposed fund-raising effort, the Board will very carefully review the fund-raising proposals made and will report to the membership at an appropriate time.

CLE WEEKEND A SUCCESS

The Continuing Legal Education Weekend at the Harrison Conference Center in Southbury, Connecticut was an unqualified success. Judge William C. Connor, aided by moderator Nicholas M. Cannella, led a very spirited panel roundtable presentation directed to resolving complex issues raised during a hypothetical patent litigation. The panel used the vehicle of conferences between outside and inside attorneys and the court to develop the issues and to present opposing viewpoints. After the presentation, the moderator asked probing questions of each of the participants in an effort to fully investigate their thought processes relative to each of the issues presented. Judge Robert Ward discussed key issues in the trial of a trademark case, including survey evidence. Federal Circuit Judge Randall Rader moderated a discussion on the ramifications of the Supreme Court's *Feist* (copyright) decision, which was well received by all.

CLE Chairman Edward E. Vassallo and coordinator Scott Reed orchestrated a very entertaining and informative weekend which was capped by a dinner dance Saturday night. In addition, each of the "polar bear" golfers who participated in the golf tournament received an appropriate trophy. The Board has agreed that the next CLE meeting will be held in September 1992 at a resort providing a full package of first rate meeting facilities, dining and sports.

The November and December NYPTC luncheon meetings were very successful. About 120 persons attended the November meeting and 90 persons attended the December meeting. Lisle Deinard spoke on the Webster dictionary case at the November meeting and Terry Barrett spoke on the proposed changes to the Federal Rules on Civil Procedure and Evidence at the December meeting.

As part of our effort to provide a more comprehensive mailing of dues notices, Secretary Bill Dippert has generated a list of firms or companies having five or more Association members. Such firms and their total NYPTC membership include: Pennie & Edmonds - 77; Kenyon & Kenyon - 75; Fish & Neave - 42; Morgan & Finnegan - 35; Fitzpatrick, Cella, Harper & Scinto - 29; Darby & Darby - 25; Davis, Hoxie, Faithfull & Hapgood - 21; Curtis, Morris & Safford 14; Brumbaugh, Graves, Donohue & Raymond - 14; Cooper & Dunham -14; Kane, Dalsimer, Sullivan, Levy, Eisele, & Richard - 13; and Blum, Kaplan - 13.

- Peter Saxon

NEWS FROM THE BOARD OF DIRECTORS

by William H. Dippert

The Board of Directors met on October 22, 1991. Howard Barnaby provided a list of members who had not paid 1990-1991 dues. He indicated that letters will be sent out to those on the list to provide 30 days notice to pay these dues.

John Olson, Chairman of the Foreign Trademark Practice Committee (FTPC), reported on the Working Group — Madrid Protocol. The fourth meeting of this group will be held November 11-18, 1991, in Geneva, and Mr. Olson met with the FTPC to work up recommendations for positions by the U.S. at the Madrid Protocol. Mr. Olson related that there are areas of difficulty concerning trademarks for U.S. companies. Such areas include double examination, descriptions of goods, requirements concerning depiction of color, applicants' proof of use upon renewal, assignment with or without good will, and limits on fees.

Mr. Goldstein led a discussion of expanding the category of those eligible to be active members in the Association. The subject was put over for consideration at the next meeting.

Mr. Scheck reported on the NCIPLA meeting. Mr. Scheck reported the Commissioner's comments that another fee increase is likely. It is expected that total fees may amount to approximately $6,000 over the length of a patent. In addition, Mr. Scheck reported the Commissioner's comments that revisions to Rule 56 should not result in extra work for patent examiners.

Also, Mr. Scheck reported that although the NCIPLA tries to present a non-involved posture, it has been suggested that the NCIPLA should put pressure on Congress to enact or annul certain laws, for example, a law to remove the state exemption from patent infringement. Materials would be distributed to local associations, and, if there is enough support, the NCIPLA would mount lobbying efforts for intended new legislature or to support bills that are likely to die without such support.

Mr. Saxon reported on the U.S. Patent Law Committee's efforts regarding Rule 56. He identified different individuals who testified at a hearing on October 8 and discussed the content of their respective comments. Mr. Saxon commented that the Commissioner seemed to be pushing to amend Rule 56 or other applicable rules to strike applications for fraud on the Patent Office. Mr. Saxon does not think additional comments regarding changes to Rule 56 are necessary at this time. He did comment that his remarks on behalf of the Association at

the hearing seemed to be well received.

Mr. Saxon led a discussion concerning the NIH filing of a broadly worded patent application concerning genetic codes, reporting that Charlie Van Horn of the Patent Office indicated that such a patent application may run into problems with the utility requirements of the patent law. Mr. Saxon also reported that Tom Weisner of NIH had indicated that the NIH application may be published, whereupon the Association could comment upon it.

Mr. Filardi reported that the Host Committee is continuing its preparations for one or more functions for the ABA/PTC section meeting in 1993 and welcomed suggestions.

Mr. Saxon reported that he has received almost all reports concerning the Task Force Study Advisory Committee on Patent Law Reform. A formal report should be distributed before the next Board meeting.

Mr. Saxon led a discussion concerning changes to the Federal Rules, particularly Rules 26, 30, and 11. Proposed changes, the purpose of which is to reduce discovery, should be coming from the Association's relevant committee. Mr. Goldstein commented that the trend seemed toward fewer interrogatories and reduction of the number and length of depositions.

With regard to the Supreme Court admission program, Mr. Barnaby reported that there have been 30 applications so far. A notice will be published in the next Bulletin to invite additional individuals to apply for the remaining openings. ■

PENDING LEGISLATION

by Edward P. Kelly

Several bills introduced last year continue to be considered in the 103rd Congress. A biotechnology bill that would amend the law relating to process claims has been the subject of House and Senate hearings. Copyright bills relating to government created software and automatic renewal of copyrighted works also are being considered. A PTO authorization bill passed prior to the close of the 102nd Congress increased the cost of doing business in the PTO.

PATENTS

Biotechnology and Process Patents

For the past two years, some members of the biotechnology industry have lobbied for legislation that would effectively overrule the Federal Circuit's decision in *In re Durden*, 763 F.2d 1046 (Fed. Cir. 1985). That case involved claims to novel compounds, a novel starting material and an allegedly novel process of making the novel compounds. The PTO issued the applicant patents claiming a novel oxime compound and a novel insecticidal carbamate compound. Claims also were issued for a novel oxime compound starting material used in the process of making the compounds. The PTO, however, rejected the applicant's claim to a novel process of making the novel carbamate products from the novel oxime starting materials on obviousness grounds. The Board of Appeals affirmed that decision.

The issue submitted to the Federal Circuit was whether a chemical process for making a product, otherwise obvious, is patentable because either or both the specific starting material employed and the product obtained are novel. The Federal Circuit affirmed the Board of Appeals stating that the novelty of either the starting material or final compound or both do not necessarily render a process of making the compound patentable. In the Federal Circuit's view, the process claim would be subject to an ordinary obviousness analysis.

Although *In re Durden* involved a chemical process, the biotechnology industry seized upon it as having detrimental effects on biotechnology. Critics of *In re Durden* state that the decision may mean that the PTO will not allow claims for processes of making biochemical products where the starting material is novel but an otherwise known process is used to make the final product. The biotechnology industry considers that result unfair. The industry believes that significant investments in biotechnological processes should be protected. The industry also points out that patents are granted in Europe and Japan on biotechnological processes that would be rejected in the PTO.

The biotechnology industry has also complained about the ITC's inability to bar the importation of drug products manufactured abroad through the use of a biochemical intermediate protected by a U.S. patent. Section 337 allows the ITC to exclude products manufactured abroad by a process patented in the United States. In *In the Matter of Certain Recombinant Erythroprotein*, No. 337 TA-281 (1989), Amgen held a patent claiming recombinant DNA sequences, vectors and host cells used to produce the product EPO. The patent did not claim the EPO product. Amgen sought to exclude an EPO product manufactured in Japan through the use of Amgen's patented host cell. The ITC however, refused to bar the importation of the drug EPO based upon Amgen's complaint holding that it lacked jurisdiction over the complaint because Amgen did not have any process claims. The ITC rejected Amgen's argument that although it did not have any "traditional process claims," the claims were drawn to "living, dynamic host cells that covered both the cells and intracellular processes."

A bill introduced last year by Representative Rick Boucher (D.-Va.) and Carlos Moorehead (D.-Ca.) responded to these biotechnology industry concerns. The "Biotechnology Patent Protection Act of 1990" (H.R. 3957) would have amended Section 103 of the patent law to provide that "a process of making a product shall not be considered obvious under this section if an essential material used in the process is novel under Section 102 and otherwise nonobvious under Section 103." The bill also would have altered the results in Section 337 cases by amending the Section to allow the ITC to exclude imported products that "are made, produced or processed under, or by means of, the use of a biotechnological material . . . covered by a valid and enforceable United States patent." Section 271 (h) of the patent law also would have been amended under H.R. 3956 to allow recovery in the District Court. Senator DeConcini (D.-Ariz.) had introduced an identical bill (S. 2326) in the Senate.

Rep. Boucher later replaced H.R. 3957 with a bill (H.R. 1417) that limited the legislative remedy to an amendment of Section 103 while eliminating the provisions expanding ITC and district court jurisdiction. Senator DeConcini then intro-

duced an identical bill (S. 654). Both bills would have provided the following new subsection (c) to 35 U.S.C. 103:

> When a process of making or using a machine, manufacture, or composition of matter is sought to be patented in the same application as such machine, manufacture, or composition of matter, such process shall not be considered as obvious under this Section if such machine, manufacture or composition of matter is novel under Section 102 and nonobvious under this section. If the patentability of such process depends upon such machine, manufacture or composition of matter then a single patent shall issue on the application.

The Senate Subcommittee later approved an amended bill substantially similar to S. 654. Under the amended bill, however, the process claims and the machine, manufacture or composition of matter claims may be in different patents as long as they are owned by the same person and set to expire on the same date. The amended version of S. 654 also contains a Section 2 entitled "Presumption Of Validity" that would add the following sentence to 35 U.S.C. 282:

> A claim issued under the provisions of Section 103(c) of this title on a process of making or using a machine, manufacture, or composition of matter shall not be held invalid under Section 103 of this title solely because the machine, manufacture or composition of matter is determined to lack novelty under Section 102 of this title or to be obvious under Section 103 of this title.

The Senate Judiciary Committee recently approved S. 654.

The House held hearings on H.R. 1417 last November. Representatives of the Industrial Biotechnology Association, the Pharmaceutical Manufacturers Association, Genentech and Amgen continued to support the bill. As the bill now stands, however, its effect on process claims would reach far outside the biotech area. Representatives of Intellectual Property Owners Inc. (IPO) and the American Bar Association's Section on Patent Trademark and Copyright Law have opposed the bill on that ground as well as on the ground that it would adopt an unprecedented per se rule of patentability for certain process claims. The IPO's position is that H.R. 1417 is not needed, particularly in light of the Federal Circuit's more recent decision in *In re Pleuddemann*, 15 USPQ2d 1738 (Fed. Cir. 1990). In that case, the Federal Circuit reversed a Board of Appeal's decision that refused to issue a claim to a method of using a novel starting material to make a novel product. In doing so, the Federal Circuit reaffirmed the distinction between process of making claims and method of using claims, stating that compounds and their uses are but different aspects of, or ways of looking at, the same invention.

Patent Term Extensions For University Patents and Other Interests

The patent law currently provides for *one* extension of the patent term for up to five years for drug products (human and animal), and medical devices, food additives or color additives subject to regulations under the Federal Food, Drug, and Cosmetic Act. See 35 U.S.C. 156. The term extension is intended to compensate for delays associated with FDA approval. In enacting the 1984 Act, Congress apparently assumed that any particular patent would cover only one drug. In a rare case, however, one patent might actually encompass two or more separate drugs that each require a full, separate and independent review by the FDA. This situation could arise within university research departments that focus on fundamental research leading to landmark inventions. In the event that a patentable invention covered more than one drug however, under current law, a second extension would not be available for the later developed drug.

Senator Dennis DeConcini would like to change that, at least with respect to patents obtained by universities. He recently introduced a bill (S. 2130) that would amend 35 U.S.C. 156 to permit separate patent extensions for universities for each product under a patent that is subject to full regulatory review and approval. In introducing his bill, Senator DeConcini noted that there are special considerations present within universities that justify his amendment. According to Senator DeConcini, university researchers engage in basic conceptual research and often publish their work for the benefit of the scientific community. Due to publication, patent applications must be filed early — in some cases, too early for the inventor to fully appreciate all commercial embodiments. A fuller appreciation may have permitted the inventor to file separate patent applications. When these universities attempt to find private companies to invest money in developing additional commercial embodiments, these companies balk if one extension has already been granted on the patent. The amendment, however, would not result in an extension on top of an extension. For instance, a patent due to expire in 1994 could not be extended beyond 1999. However, more than one separate drug under that patent could receive an extension.

Three other private patent term extension bills are still pending in Congress. Senator John Glenn (D.-Ohio) introduced a bill (S. 1506) on behalf of The Procter & Gamble Company that would add ten years to the term of four patents covering the fat substitute Olestra. S. 526 introduced on behalf of U.S. Bioscience by Senator Strom Thurmon (R.-S.C.) would add ten years to the patent covering the anti-radiation drug WR-2721. Another bill introduced by Senator Carl Levin (D.-Mich.) on behalf of Upjohn Co., seeks a 53-month extension for the patent covering the anti-inflammatory drug Ansaid.

PTO Authorization Bill

A PTO authorization bill (H.R. 3531) enacted last December increased the PTO filing fees for patents, trademarks and copyrights as of December 16, 1991. The increased fees stem from the requirement to reduce the deficit as set forth in the Omnibus Budget Reconciliation Act of 1990. The 50 percent subsidy for small entities has been retained.

COPYRIGHTS

Government Created Software

The works of the U.S. government are not eligible for copyright protection under current law, although the government may acquire copyrights by assignment (See 17 U.S.C. 105). This rule as applied to computer software created solely by federal employees or in conjunction with private industry has had detrimental economic effects. Critics of the rule contend that foreign countries have had widespread access to federally created software through public libraries and that the U.S. has lost billions of dollars due to the failure to protect

AN OPEN LETTER TO ASSOCIATION MEMBERS

The presentation of the Inventor of the Year Award affords the Association an excellent opportunity to extend recognition to an individual who, because of his or her inventive talents, has made worthwhile contributions to society. The person selected should have received patents for his or her invention(s), and by such invention(s), benefited the patent system.

This year the award will be presented at the Association's annual meeting and dinner to be held in May 1992 in New York City.

There is hardly a member of the Association who could not think of a person worthy of this award. I encourage each practitioner, each firm, and each corporate counsel to nominate one or more candidates for consideration.

The Inventor of the Year Award not only enables our Association to extend recognition to a deserving individual but it promotes good publicity for the Association, the patent system generally, and the practice of intellectual property law.

This program cannot be successful without the participation of the Association members in solo, firm, and corporate practice.

A nomination form for submitting recommended candidates is attached. Additional copies may be obtained by contacting the undersigned. Please forward your nominations no later than March 20, 1992.

Thank you.

Cordially,

Wayne M. Kennard
Chairman, Committee on Public
Information and Education
(212) 425-7200

NOMINATION FORM FOR INVENTOR OF THE YEAR — 1992

Instructions: You may nominate as many individuals as you wish. Please provide one form for each nominee (joint nominations are acceptable). Please submit three (3) copies of all papers, including this form, that you wish to be considered by the Awards Panel. An acceptable nominee must: have one or more issued patents; have no restrictions that will prevent him or her from being able to attend the awards presentation at the NYPTCLA annual meeting and dinner in May 1992; must be favorably disposed to the patent system; and must be respected by his or her professional peers. The award is made in recognition of an inventor's lifetime contributions.

1. Nominee: _____
   Address: _____
   _____
   Telephone: _____

2. Identify invention(s) forming the basis of the Nomination:
   _____
   _____

3. List, by number and inventor, the United States Patent(s) with respect to the above invention(s): _____
   _____
   _____

4. Set forth any known litigation, interference, or other proceeding that involves or has involved the foregoing inventions or patents, and the result: _____
   _____

5. Nominator: _____
   Address: _____
   Telephone: _____

   Signature: _____ Date: _____

Please set forth on an attached separate sheet, a typed, single spaced statement, suitable for reproduction, that embodies the significance of the nominee's contributions which form the basis of this Nomination.

Please add any additional information you believe the Award's Panel will find helpful (three copies of each). Material submitted will not be returned. Please forward the Nomination by March 20, 1992, to Wayne M. Kennard, Kenyon & Kenyon, 1 Broadway, New York, New York 10004. Telephone (212) 425-7200

government software. Private firms also are often unwilling to enter joint software research and development programs with the government if they know that the federal government will not be able to license its rights to them or that they will not be able to obtain copyright protection in a joint work with the government.

The current situation with respect to computer software stands in stark contrast to that of patents. In 1986, Congress amended the Stevenson-Wydler Technology Innovation Act to expressly provide for the licensing of government patents to companies involved in cooperative research and development agreements with the government. (See 15 U.S.C. 3701). Representative Constance Morella (R.-Md.) introduced the bill (H.R. 191) last year that would have amended the Stevenson-Wydler Act to authorize federal agencies, on behalf of the United States, to obtain a copyright in computer software prepared in whole or in part by employees of the United States government in the course of work under a cooperative research and development agreement. Senator John Rockefeller introduced an identical bill (S. 1581) in the Senate.

Both the Administration and the Copyright Office expressed support for both the House and Senate bills during subcommittee hearings held last year. Representatives of the Administration testified that the bill would eliminate the current inconsistency that allows copyright protection for software developed by employees working in a government-owned, contractor-operated laboratory but denies copyright created in a government-owned, government-operated laboratory. Opposition to the bills came from the American Civil Liberties Union and the Information Industry Association (IIA) on the ground that the bills would restrict access to information contained in government databases.

Prior to the close of the 102nd Congress, the House Subcommittee on Technology and Competitiveness approved a revised version of H.R. 191. The revised bill places the authorizing language in Section 105 of the Copyright Act rather than in the Stevenson-Wydler Act. The revised bill also accommodates those groups who opposed the bill on the ground that it could give the government ownership over information contained in computer databases that is currently in the public domain. The definition of computer programs in the Stevenson-Wydler Act has been limited to exclude data, databases and database retrieval programs.

The Senate Committee on Commerce, Science and Transportation approved S. 1581 last December. The Senate bill, however, does not contain a limitation on the definition of computer software.

Digital Audio Tape Recording

Digital Audio Tape (DAT) recorders are capable of recording the signals encoded in a compact disc. DAT copies made from the disc (or DAT copies of the disc) have the same quality as the original recording, regardless of whether they are the first or the thousandth generation. Some perceive DAT as an unprecedented opportunity for copyright infringement.

The advent of conventional blank tape (analog) cassettes ten years ago also presented opportunities for unauthorized copyright. But when copies of analog tapes were made from copies, quality progressively deteriorated, unlike the case with DAT. While the electronics industry looked forward to the distribution of DAT machines in the U.S., the U.S. recording industry feared and resisted the importation of DAT machines on the ground that unlimited and uncompensated copyright would ruin their business. The recording industry's efforts to prevent the importation of DAT machines ultimately failed.

Technology is available, however, that can prevent unlimited digital copying. The technology is known as the Serial Copy Management System (SCMS). It allows first generation digital copies to be made from compact discs, pre-recorded DAT cassettes or digital broadcasts, while preventing further digital to digital copies. Legislation introduced last year in the House (H.R. 4096, Waxman (D.-Ca.) and Senate (S. 2358, DeConcini (D.-Ariz.)) would have required that all DAT recorders sold in the U.S. be equipped with a SCMS. This would have allowed a home DAT owner to make first generation copies of a compact disc but would have prevented additional copying. The Electronics Industry Association and the Recording Industry Association of America supported that legislation because it prevented serial copying. The Senate never adopted the legislation, in part because certain members of the recording industry, such as the Songwriters Guild of America, would not support a bill that did not provide any type of royalty for the first copy made by a DAT machine.

Two years ago, Senator DeConcini requested that the various interested members of the electronics industry and the music industry work together to find a solution to the problem. The various industry members to this dispute reached an agreement last July on the sale of DAT machines in the U.S. The agreement would allow the sale of DAT machines equipped with SCMS, confirm that the private, noncommercial taping of both analog and digital material is permissible under the copyright law and provide a royalty on the sale of DAT machines. The royalty would be distributed among songwriters, music publishers, record artists and record companies by the Copyright Royalty Tribunal.

In response to this consensus, Senator DeConcini and Representative Jack Brooks (D.-Tex) introduced bills in the Senate (S. 1623) and House (H.R. 3204) that would codify the agreement. The "Home Recording Act of 1991" would add a new chapter 10 to the Copyright Statute. The bill provides for the assessment, collection and distribution of royalties. The bill also provides remedies for violations of the royalty and SCMS requirements. The remedies include statutory damages, actual damages and attorney's fees as well as injunctions and the destruction of violating products.

The Senate bill received unanimous approval during hearings in the Senate Subcommittee on Patents, Copyrights and Trademarks and the Senate Judiciary Committee recently approved S. 1623.

Renewal of Pre-1978 Works

The copyright in works created prior to January 1, 1978 falls under the 1909 Act and subsists for 28 years. These copyrights can be renewed for an additional 47 years if the applicant files a renewal application with the Copyright Office within a year of the expiration of the original term. A failure to file the renewal application has serious consequences. If the renewal is not filed, the work falls into the public domain. Works created after January 1, 1978 are not required to be renewed.

Congress had a chance to eliminate this technical requirement for pre-1978 works when it overhauled the Copyright Statute in 1976. Congress chose not to, however, because, at the time, opponents argued that elimination of the renewal provision for pre-1978 works could upset existing contracts. Critics of the renewal provisions, however, have continued to argue that it is a technical requirement unknown to many authors who risk losing copyright through their own ignorance or neglect. The Senate report to the 1976 Copyright Law Revision characterized the renewal provision as "one of the worst features of the present copyright law" and a "substantial burden and expense that resulted in incalculable amounts of unproductive work and in some cases the inadvertent and unjust loss of copyright."

Senator DeConcini (D.-Ariz.) introduced a bill (S. 756) last spring that would have eliminated the renewal provision for the pre-1978 works. The bill would provide for automatic renewal of these works. Renewal applications would be accepted and encouraged on a voluntary basis but would not be a condition to a 47-year extension. A bill with similar provisions is pending in the House as part of an omnibus bill (2372) including provisions relating to the National Film Preservation Board.

The House Subcommittee on Intellectual Property and Judicial Administration held hearings on the copyright renewal provisions last summer. Industry representatives including the Songwriters Guild of America strongly supported passage of the bill on the grounds that it would prevent inadvertent forfeiture of rights and is consistent with the principles of the Berne Convention. The counterpart bill in the Senate has received a favorable reception.

The House recently approved an amendment to the bill that would encourage registration of these copyrights. The amendment would make registration in the first term of the copyright a condition to recovery of statutory damages and attorney's fees. Works falling under the 1909 Act currently have no such requirement.

Elimination of Copyright Office Reporting Requirements

Section 108 of the Copyright law allows libraries and archives to provide copies of copyrighted works to students and scholars under certain specified circumstances. The Copyright Act currently requires the Copyright Office to report to Congress every five years regarding the extent to which Section 108 has achieved the intended balancing of the rights of authors and those of users. Since the enactment of the law in 1976, the Copyright Office has filed two reports. In both instances those reports indicated that the law is working. Representative Jack Brooks (D.-Tex.) recently introduced a bill (H.R. 1612) that would eliminate the reporting requirement. According to Representative William Hughes eliminating the third report would save taxpayers several hundred thousand dollars.

TRADEMARKS

Consumer Protection Legislation

A bill introduced last year by Senator Paul Simon (D.-Ill.) (S. 2087), and recently reintroduced would prohibit the use of the names "Visiting Nurse Association," "Visiting Nurse Service," "VNA" and "VNS." These names are perceived as trading off traditional visiting nurse associations or services. According to Senator Simon, the non-traditional nurses associations siphon off patients from the traditional associations through the use of these names. As a result, the non-traditional associations obtain patients who are insured for services leaving traditional associations with the task of serving only the uninsured poor.

S. 2087 has been referred to the Senate Judiciary Committee.

GATT NEGOTIATIONS

For the past five and a half years GATT members have been involved in the Uruguay round of negotiations aimed at updating the treaty. TRIPS Trade Related Aspects of Intellectual Property) is one of the 15 negotiating groups within GATT. The TRIPS group is addressing the impact of intellectual property laws on international trade.

The TRIPS negotiations are attempting to reach a consensus of at least minimum levels of protection for intellectual property. Some proposals called for at least a 20 year term for patent protection, a first to file patent system and copyright protection for industrial designs. The first to file patent system, however, was omitted from the most recent negotiating draft. If a TRIPS agreement is reached, the U.S. intellectual property laws will need to be amended accordingly.

Both the House and Senate acted last year to renew the Administration's authority to negotiate a trade agreement through GATT on a fast track basis. The fast track authority means that any trade agreement proposed by the U.S. trade representative must be accepted or vetoed by Congress without amendments.

Progress on reaching a TRIPS consensus has been stalled by the failure to reach accords in other negotiating groups. Specifically, the EC has refused to agree to a TRIPS proposal due to a disagreement over liberalizing agricultural trade. A further TRIPS negotiation was scheduled to begin in mid-January. The U.S. Trade Representative Carla Hills recently expressed optimism that the next TRIPS negotiation would be successful because the U.S. trade representatives had finally endorsed an agricultural proposal. Obtaining Congressional approval for GATT agreements is another matter. Certain farm organizations, led by Representative David Obey (D.-Wis.), have already expressed opposition to the current agricultural proposal. ■

RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

TRADEMARKS - SECONDARY MEANING

The Second Circuit refused to adopt the doctrine of secondary meaning in the making recently, in *Lang v. Retirement Living Publications Co.*, 43 BNAPTCJ 91 (2d Cir. Dec. 5, 1991). Plaintiff, in 1985, formed "New Choices Press," which published one book and cassette tapes dealing with the development of charisma. Defen-

dant, in 1988, renamed a newly acquired magazine "New Choices For the Best Years." Although defendant's magazine's phone number had not yet been published in the telephone directory, plaintiff received over 400 erroneous phone calls from people trying to reach defendant's magazine.

The Second Circuit affirmed the district court's decision not to enjoin the defendant from using "New Choices For The Best Years" as the title of its magazine. In doing so, the Second Circuit, citing the Federal Circuit's decision in *Cicena Ltd. v. Columbia Telecommunications Group*, 900 F.2d 1546 (Fed. Cir. 1990), summarily declined to adopt the doctrine of "secondary meaning in the making."

PATENTS - OBVIOUSNESS

The district court in *Ryko Manufacturing Co. v. Nu-Star, Inc.*, 43 BNAPTCJ 120 (Fed. Cir. Dec. 12, 1991) granted Nu-Star's motion for summary judgment that Ryko's patent was invalid for obviousness. In doing so, the district court determined that the only difference between claim 7 of Ryko's patent, which describes a keypad entry system for a car wash, and the prior art was the substitution of an electronic keypad for a mechanical coin box. On appeal Ryko claimed that the district court committed reversible error by improperly focusing on only one element of the claimed invention citing *W.L. Gore & Associates v. Gorlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983).

The Federal Circuit rejected this argument and affirmed the district court stating:

> *Gore* simply requires the court to evaluate the claim as a whole and not to unduly focus on one facet of the claimed invention. However, *Graham* instructs the court to ascertain the principal differences between the patented claim and the prior art. In evaluating claim seven as a whole, the district court found only one difference disclosed by claim seven that was not taught by the prior art: the supplantation of other car wash system activation devices with an electronic keypad activation device. When analyzing a patent claim for obviousness, the claim should be considered as a whole, but the differences between the claim and the prior art need to be identified to place the obviousness analysis into proper perspective.

PATENTS - BEST MODE

The non-disclosure by a patentee of a manufacturing technique by which a commercial embodiment is made does not automatically result in a best mode violation. *Wahl Instruments, Inc. v. Acvious, Inc.*, 43 BNAPTCJ 131 (Fed. Cir. Dec, 19, 1991).

The district court found that plaintiff's patent disclosed a method of making the patented egg timer, but failed to disclose the best technique for manufacturing the egg timer known by the inventor. The district court granted Acvious' summary judgment motion citing *Dana Corp. v. IPC, Ltd.*, 860 F.2d 415 (Fed. Cir. 1988) for the proposition that a reference to the skill in the art does not satisfy the best mode requirement. In reversing the district court, the Federal Circuit stated:

> Under our case law, there is no mechanical rule that a best mode violation occurs because the inventor failed to disclose particular manufacturing procedures beyond the information sufficient for enablement. One must look at the scope of the invention, the skill in the art, the evidence as to the inventor's belief, and all of the circumstances in order to evaluate whether the inventor's failure to disclose particulars of manufacture gives rise to an inference that he concealed information which one of ordinary skill in the art would not know.

The district court here read *Dana* overly broadly. As subsequently explained in *Chemcast Corp. v. Arco Indus. Corp.*, 913 F2d 923, 16 USPQ2d 1033 (CA FC 1990), the best mode inquiry is to be answered, as it always has been, in the context of those skilled in the art. However, merely because a technique is generally known in the art, as in *Dana*, does not eliminate a best mode defect. As indicated, the *Dana* inventor thought, i.e., "contemplated" that, the particular undisclosed old method of treatment was necessary to his invention and affected how well it worked.

PATENTS - DOCTRINE OF EQUIVALENTS

A judgment notwithstanding the verdict was affirmed in *Malta v. Schulmerich Carillons, Inc.*, 43 BNAPTCJ 175 (Fed. Cir. Jan. 2, 1992) since the patentee did not explain both *why* the overall function, way and result of the accused device are substantially the same as those of the claimed device and *why* specific features of the accused device are the equivalents of a claimed limitation.

Plaintiff obtained a patent on a improvement to hand bells used by musicians. The improvement enabled the user to quickly adjust the loudness of the bell while being played. The patentee claimed "at least three opposed pairs of surface portions wherein each of said pairs has a different degree of hardness" and "a plurality of striking battons positioned in opposed pairs around the outer periphery."

The accused device was an on-the-fly adjustable hand bell with pairs of opposed striking surfaces of different hardness due to fell coverings and/or slots or holes formed in a hard rubber clapper.

The district court granted defendants' motion for JNOV after the jury found the patent valid and infringed. On appeal, plaintiff asserted that the district court erroneously required the substantiation of all these aspects of equivalency under *Graver Tank* for each claim limitation.

The Federal Circuit stated it was error to require a comparison of function/way/result as a way of showing that the accused device is the substantial equivalent to a claim, since it is not the sole means of showing equivalency.

However, the court believing it was harmless error stated:

> This court in *Lear Siegler*, following *Nestier*, held that a patentee must prove substantial identity as to each of the function, way, and result prongs of the doctrine of equivalents. . . . As the court noted in *Lear Siegler*, such proof is necessary to prevent the jury from being "put to sea without guiding charts," and from determining infringement by simply comparing the claimed invention and the accused device "as to overall similarity" . . .
>
> Malta's brief to this court discusses the above testimony at great length, explaining how this testimony informs the jury of the function, way, and result achieved by the accused device. However, what is clearly lacking in that testimony is a sufficient explanation of both why the overall function, way, and result of the accused device are substantially the same as those of the claimed device and why the plastic/slotted plastic/felt arrangement is the equivalent of the claimed buttons limitations.

In a stinging 31 page dissent, Judge Newman warned that:

> [T]he majority has invoked a new requirement of proof of equivalency: proof of not only function, way and result, but also proof of "why."

■

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The New York Patent, Trademark and Copyright Law Association,Inc.
January/February 1992
Volume 32 Number 3

The BULLETIN is published periodically for the members of the New York Patent, Trademark and Copyright Law Association. Annual Non-Member Subscription is $15.00/yr. Single copies $2.00. Correspondence may be directed to the Bulletin Editor, Gregory J. Battersby, P.O. Box 1311, Three Landmark Square, Stamford, CT 06904-1311. Telephone No. (203) 324-2828.