



## THE NEW YORK PATENT, TRADEMARK AND COPYRIGHT LAW ASSOCIATION

# NYPTC BULLETIN

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### PRESIDENT'S CORNER

This is my first President's Corner and I am looking forward to a busy and productive year. The new Association year has already begun. In June, the NYPTC sponsored a group admission to the United States Supreme Court in Washington D.C. Your Treasurer, Howard Barnaby, made the arrangements which included a dinner for the group on Sunday night. Former NYPTC president, Al Robin, made the motion for the admission of members of our Association to the Court. The group included two associate members from California and several members brought their families to event.

The committee assignments are complete and we have a strong core of workers to accomplish the many tasks that I know will come our way this year. We already have some projects which I want to outline briefly.

We will begin our committee year at a CLE weekend at the Nassau Inn in Princeton, New Jersey, September 11-13, 1992. The CLE Committee, chaired by Ed Vassallo, is planning an interesting program and the early September date should provide good weather for tennis, golf and visiting Princeton. We hope to start the weekend on Friday with a golf tournament. The September board meeting will be held on Friday afternoon. All committee chairs are invited to attend and to outline their plans for the new year.

At the annual dinner on May 21, 1992 our guest speaker, Judge Alfred Wolin, from the U.S. District Court for the District of New Jersey, gave us an excellent suggestion for a committee project. He believes more should be done outside the confines of a specific case to educate federal district court judges in the principles of intellectual property law. He suggested

that we investigate what is being done to aid judges in learning about intellectual property and to make that information and/or service available to the federal judiciary. I am asking the Committee on Incentives for Innovation chaired by Tom Spath and the Committee on Public Information and Education chaired by Wayne Kennard to make this project a priority for this year.

There is a proposal gaining support to make the United States Patent and Trademark Office an independent agency similar to the U.S. Post Office. Since this is a change that could dramatically affect the day-to-day work of our profession, we will be carefully monitoring that proposal. I will ask the Committee on U.S. Patent Law and Practice chaired by Theresa Gillis and past board member, Stanley Silverberg as a member of that committee to look into that proposal and make recommendations to the Board.

In writing this first President's Corner, it also occurs to me that I have a pet project for this year. There is only one thing I don't like about this Association—its name. I agreed originally that the name should be changed from the New York Patent Law Association in order to reflect

the wider professional interests and practices of our members, but I disagree that the solution was to adopt the cumbersome, long tongue twister, the "New York Patent, Trademark and Copyright Law Association." At the time I favored the increasingly popular but then a bit avant garde term "Intellectual Property." Now, with usage and the passage of time, the term "Intellectual Property" has almost become a household word and has been widely adopted and used to describe our profession. I propose that the Committee on License to Practice Requirements make a recommendation to the Board for modifying or changing the name of our Association. Anyone who has had to speak on behalf of the Association knows how difficult it is to manage the name "New York Patent, Trademark and Copyright Law Association."

There are a variety of other projects, including whether we should admit foreign patent and trademark agents into our Association, which we will be addressing this year. I look forward to working with everyone this year.

—M. Andrea Ryan

### CALENDAR OF EVENTS

September 15-16, 1992

Franklin Pierce Law Center Fifth Annual Intellectual Property Litigation Series, "Patent Litigation: Tactics and Tools," Four Seasons Hotel, Boston, MA

October 2-4, 1992

Pacific Industrial Property Association (PIPA), 22nd International Congress, Rochester Plaza Hotel, Rochester, NY

October 17-19, 1992

American Intellectual Property Law Association, Annual Meeting, Marriott Crystal Gateway, Arlington, VA

# HIGHLIGHTS OF COMMITTEE REPORTS

## Committee on Admissions

*Michael J. Kelly, Chair*

This year, the Association admitted 46 new members. Virtually all of the new applicants were from New York State and were engaged in private practice. Only three individuals who applied for membership were engaged in corporate law practice, two from New York and one from Connecticut. Nearly two thirds of the new applicants had been admitted to the bar for three years or less. The Admissions Committee has also begun to consider the admission of U.S. and foreign patent agents for membership without the privileges of voting or holding office. The Committee feels that incorporating such individuals practicing in the intellectual property area would be beneficial to all members. With respect to admissions procedures, it was suggested that in lieu of an endorsement by members of the organization, a submission of a certificate of good standing from the jurisdiction(s) where the applicant is admitted be substituted. Student membership was also encouraged by the proposal that student dues not exceed one half of active dues members, and in fact, be considerably less than one half, in order to increase early association of student members.

## Alternative Dispute Resolution Committee

*David W. Plant, Chair*

During this past year, the ADR Committee considered how best to enlarge on and disseminate information collected from the 1990-1991 poll. To date, the ADR Committee has not resolved this matter.

## Antitrust, Inequitable Conduct and Misuse Committee

*John E. Daniel, Chair*

During the past year, the Committee on Antitrust, Inequitable Conduct and Misuse met several times. The principal activity was responding to the Association's

request for comments and recommendations for presentation to the Advisory Commission on Patent Law Reform. The Committee reviewed and provided written commentary to the Association on the following topics: 1) patent unenforceability based on patent misuse and 2) licensee challenges to patent validity. Committee meetings were also held to discuss current developments relating to patent misuse and 35 U.S.C. 271(d)(4) and (5), in particular. The Committee also has considered attempts to apply the Racketeer Influenced and Corrupt Organizations Act ("RICO") to intellectual property disputes.

## Committee on Copyrights

*John F. Sweeney, Chair*

The Committee on Copyrights considered and researched the inquiry posed by the U.S. Commerce Department's Advisory Commission on Patent Law Reform which included questions regarding computer-related inventions and especially the patent/copyright interface for the protection of intellectual property relating to computers. The Committee then submitted its recommendations to the Association, and ultimately the recommendations were incorporated into the Association's final submission to the Advisory Commission. The Committee on Copyrights also considered the Copyright Office's request for comments in connection with its scheduled Public Hearing to reconsider its 1988 requirement that "digitized typeface" be disclaimed from computer programs in order to obtain copyright registration. After researching the issue, the Committee recommended that the disclaimer requirement be revoked. The Copyright Office eventually did revoke this disclaimer requirement on February 21, 1992.

Since November 1991, the Copyright Committee has been considering all bills pending before Congress relating to copyright laws. These include bills proposing amendment to the fair use provisions with regard to unpublished works (S. 1035, HR. 4412) and those which would permit federal agencies to secure copyrights for computer software authored or co-authored by government employees under cooperative research and development agreements with private industry (S. 1581, HR. 191). A letter setting forth the Committee's views

that there is no need to adopt S. 1035 and HR. 4412 is presently being prepared and will be delivered shortly to the President of the Association.

## Committee on Design Protection

*Lloyd McAulay, Chair*

The Committee on Design Protection held several meetings to consider the proposed bill H.R. 1790. Committee members expressed concern as to whether or not the bill should be broad enough to cover repair and replacement parts. Consequently, the Committee decided to prepare and circulate a questionnaire to the membership to find out how members feel about the proposed statute. Although there have been hearings on H.R. 1790, it appears that there will be no action on it during this session of Congress.

## Committee on Economic Matters Affecting the Profession

*Brian M. Poissant, Chair*

Committee activities this year were limited to consideration of a Long-Term Disability Insurance Plan to be offered to individual members of the Association. The disability plan was submitted by Rand Rasmussen of Rand Insurance in Riverside, Connecticut. The proposed plan was submitted to the Committee and the consensus was that in order to make an informed recommendation to the membership, the Committee should seek comment from someone knowledgeable about disability insurance. Brian Poissant, Chair, located such a person and the Committee is now waiting for his comment in order to formulate a recommendation to the Board of Directors.

## Committee on Employment

*Thomas A. O'Rourke, Chair*

Over the past year, the Employment Committee received numerous inquiries from employers seeking to contact suitable candidates with resumes on file with the Committee. The Committee also received a great number of resumes from eligible candidates requesting their resume be kept on file so that they may be considered for any employment opportunities the Committee became aware of. During the coming year, the Employment Committee plans to

establish a liaison with the Connecticut and New Jersey Patent Law Association Committees in order to give members access to greater geographic area. This will also increase the pool of eligible candidates and allow the membership to choose from a wider range of positions and candidates.

#### **Committee on Foreign Patent Law and Practice**

*Michael N. Meller, Chair*

The Committee met on September 26, 1991 to discuss the developments in Europe and Japan with respect to patent law, as well as the ongoing responsibility for the Committee's input to the Patent Harmonization Committee. On February 21, 1992, Michael Meller, Chair, attended the Trilateral Users Meeting in Tokyo, where harmonization issues were discussed between the three patent offices; however, the users were not asked any meaningful input. The Japanese Patent Office did indicate that they are planning to implement changes including a post-grant opposition system and permission to file an application in languages other than Japanese with a translation following within two to three months.

#### **Committee on Foreign Trademark Law and Practice**

*John Olsen, Chair*

This year, the Foreign Trademark Law and Practice Committee concentrated on developments in connection with the proposed Madrid Protocol and is in the final stages of preparing a briefing note on the Protocol for publication in the *Bulletin*. The Protocol is an initiative of the World Intellectual Property Organization (WIPO) to provide a simpler administrative means for many countries to register marks without the perceived drawbacks of the current Madrid Arrangement. Two representatives of the Committee, Virginia Richard and John Olsen, went to Geneva in November 1992 for a meeting convened by WIPO to discuss progress on the draft agreement. WIPO has called for another meeting in October 1992 to discuss, inter alia, the forms to be used in connection with the utilization of the Madrid Protocol system. One of the significant developments over the last year has been that the Association was given representation status at the WIPO

Committee elevating its profile in the world industrial property community.

#### **Committee on Harmonization of Patent Laws**

*William J. Brunet, Chair*

The Committee prepared for and sent two of its members, Michael Meller and William Brunet, to represent the NYPTC at the first half of a Diplomatic Conference on the proposed patent harmonization treaty in June of 1991. A report on the Diplomatic Conference was submitted to the President and Board of Directors. The interventions made on behalf of the NYPTC at the Diplomatic Conference are indicated in the official records of the Conference. The Committee also studied several sections of the preliminary draft from the Advisory Commission on Patent Law Reform. Its recommendations were incorporated in a position paper submitted by the President of the Association to the Commission. The Committee will be considering pending legislation relating to patent law harmonization and will be following further progress of the proposed harmonization treaty in the coming year.

#### **Committee on Incentives for Innovation**

*Alfred P. Ewert, Chair*

The Committee on Incentives for Innovation considered doing a survey of large corporations throughout the United States to determine what incentive programs are currently utilized. This work will be continued next year with a view toward obtaining an overview of current practices nationwide.

#### **Committee on Legal Aid**

*Jeffrey I.D. Lewis, Chair*

The Legal Aid Committee was essentially inactive for the year 1991-1992.

#### **Committee on Legislative Oversight**

*Leonard B. Mackey, John B. Pegram, Co-Chairs*

The Legislative Oversight Committee contributed to developing an Association response to the U.S. Advisory Commission on Patent Law Reform. Expediency dictated that President Peter Saxon coordinate

the inputs from the Association Committees who contributed to Association response. Consequently, it is the Committee's recommendation that if this Committee is to continue, it should be chaired by a Board member, since communication with substantive Committees is difficult and time-consuming and needs to be expedited by a Board member who can coordinate Association response.

#### **Committee on License to Practice Requirements**

*Dale L. Carlson, Chair*

The Committee on License to Practice Requirements made several recommendations to the Board of Directors in support of the admission of non-lawyer affiliates to observership status in the Association. Particular attention was given to non-lawyer foreign affiliates in view of the Association's growing role with respect to harmonization and other international intellectual property developments. The Committee also considered a proposal for the consideration of computer science as a recognized major for admission to the Patent Bar Exam. The Committee recommended further study of this matter.

#### **Committee on Litigation Practice and Procedure**

*Berj A. Terzian, Chair*

The Litigation Practice and Procedure Committee provided comments on several proposals for reform of the U.S. patent laws and for accession to procedures proposed by WIPO for international patent law harmonization. Such comments were transmitted in summary form to the Association's President by Berj Terzian, Chair, or in some instances, directly by members of the Committee.

#### **Committee on Meetings and Forums**

*William F. Lawrence, Chair*

The 1991-92 year was very successful for the Meetings and Forums Committee. The Committee conducted a joint dinner meeting with the New Jersey Patent Law Association in September 1991 and eight monthly luncheon meetings from October through May. Topics covered in the luncheons included advice on dealing with

patent examiners; trade dress infringement; amendments to the federal discovery rules; biotechnology litigation; differences between obvious to try and motivation tests; evaluation of comparative advertising claims and a recent doctrine of equivalents decision by the CAFC.

#### **Committee on Professional Ethics and Grievances**

*Albert Robin, Chair*

The Committee was neither requested nor required to take any action during the 1992-1993 year on matters within the scope of its duties under Section 5 of Article VI of the Bylaws of the Association. At Peter Saxon's request, the Committee considered the report and recommendations on the ABA Model Code of Judicial Conduct prepared by the New York Bar Association Committee on Professional Ethics. The Committee then drafted a letter to be sent by President Saxon to the State Bar Association commenting on the revised Model Code of Judicial Conduct and the report and recommendations. The Committee also considered suggested changes in the Association's Bylaws which would 1) eliminate the requirement that candidates for membership be proposed by two members, 2) establish a new class of foreign patent agent members and 3) admit U.S. patent agents as affiliate members and reported to the President thereon.

#### **Committee on Public and Judicial Personnel**

*Herbert F. Schwartz, Chair*

During the past year, the Committee on Public and Judicial Personnel considered possible candidates for the two openings in the Court of Appeals for the Federal Circuit. On March 1, 1992, the President nominated Alvin Schall for one of those openings. It is not yet clear whether he will make it through the confirmation process prior to the Presidential election this fall.

#### **Committee on Public Information and Education**

*Wayne M. Kennard, Chair*

The Committee on Public Information and Education was very active during this past year. It was the duty of this Committee

to choose the Inventor of the Year for the Association, and Charles D. Kelman was selected for his work in ophthalmology. The Committee also made efforts to contact local newspapers and other media that would be interested in news about or articles from the Association. As a result, the Association can now send articles and introductory letters for print. The Committee also submitted a proposal to the Board of Directors for changes to the Bylaws to make law student membership easier. Lastly, the Committee successfully completed the first William C. Conner Writing Competition. The 1991-1992 winner is Lana Fleishman from Cornell Law School for her paper "The Empire Strikes Back: The Influences of the U.S. Motion Picture Industry on the Future of C.I.S. Copyright Law."

#### **Committee on Publications**

*Gregory J. Battersby, Chair*

The Publications Committee completed another active year during 1991-1992. The NYPTC Greenbook was distributed to all members in October 1991. The book was the largest ever and totaled about 270 pages. Expansion of the *Bulletin* continued. Features which continued this year included a regular column on the Board of Directors meetings by Bill Dippert, a column on Recent Decisions of Interest by Tom O'Rourke, and articles on Pending Legislation by Ed Kelly and David Lee. The Committee also received Peter Saxon's President's Corner articles on a regular basis. Space advertising in the *Bulletin* was virtually nonexistent for the year, although a number of classified advertisements and announcements were run. A greater effort will be made next year by the Committee to expand the advertising in the *Bulletin* further.

#### **Committee on United States Patent Law and Practice**

*John D. Murnane, Chair*

On March 26, 1992 the U.S. Patent Law and Practice Committee submitted to the President comments concerning the five recommendations of the Advisory Commission on Patent Law Reform, specifically: 1) deleting the Best Mode Requirement from 35 U.S.C. § 112; 2) permitting, under certain circumstances, a third party prior user to raise an equitable defense of

prior use in response to a charge of patent infringement (assuming the U.S. patent system changes to first-to-file); 3) permitting a third party requestor broad participation in a reexamination proceeding and permitting Rule 112 violations to be considered during reexamination; 4) changing the *In re Hilmer* rule by permitting a foreign-originated application to serve as prior art from its foreign priority date for either novelty or novelty and obviousness purposes and 5) permitting assignee filing, providing an appropriate declaration is filed by the inventors during prosecution.

On October 1, 1991 the Committee also submitted to the President comments on the Materiality Standard in Proposed Rule 56 and on two topics which were then under consideration by the Commission: computer related inventions and PTO funding and fee structure.

#### **Committee on United States Trademark Law and Practice**

*Edward J. Handler, III, Chair*

The U.S. Trademark Law and Practice Committee's primary responsibilities this past year consisted of working with other committees, primarily the Foreign Trademark Committee. The Committee worked closely with the Foreign Trademark Committee Chair, John Olsen, in preparing the report regarding the Madrid Protocol.

## **THE EIGHTH ANNUAL JOINT PATENT SEMINAR**

*by John G. Costa*

The Eighth Annual Joint Patent Seminar was held at the Ramada Inn in New York City on April 28, 1992. The day was divided into five sessions: Foreign and International Practice; Biotechnology and Pharmaceuticals; U.S. Patent and Trademark Office Practice; Litigation and Licensing and Technology Transfer.

## FOREIGN AND INTERNATIONAL PRACTICE

Mr. William Habelt of United Technologies presented a PCT practice update. The Patent Cooperation Treaty has been revised and the effective date of the amended rules is July 1, 1992. Mr. Habelt noted that United States residents could use the PCT in a cost effective manner. Under PCT Chapter I, for payment of a single fee, a filing date can be secured in each of the contracting states or regions. Furthermore, the search report usually is completed early enough to allow the applicant to evaluate "the breadth of claim coverage likely to be attained" and to decide, before incurring any translation expenses, national fees or agent fees, whether or not it is worth the expense of continuing forward.

Under PCT Chapter II, an applicant who elects international preliminary examination (IPE) and pays the requisite fees within 19 months of the priority date delays entry into the national phase until the 30th month, and is better able to evaluate the commercial value of the invention. As the U.S. practitioner may prosecute the application through the IPE stage, agents' fees are avoided until entering the national or regional stage. An unfavorable IPE report is detrimental.

Charles Costello of American Cyanamid gave practical pointers on patenting in the European Community. He noted, for example, that in the European Patent Office (EPO), in biotechnology applications, the applicant can make claims for secondary industrial uses that are not medical or scientific. The EPO has provisions for accelerated prosecution and is trying to streamline its operations electronically. When faced with a First Action-Final Decision, the request for an oral proceeding can allow claims to be amended. Booklets on how to get a European patent are available from the EPO in Munich as well as at PRG in Washington, DC and the Franklin Pierce Law Center in Concord, NH.

Dr. Gerhard Hermann of Vossius & Partners in Munich spoke of the uncertainties of patenting in Eastern Europe. With regard to the states of the former Soviet Union, patents currently can be obtained only in Russia. A preliminary agreement on intellectual property has been reached in the Commonwealth of Independent States

but has not yet been ratified. It is advisable to file in Russia and, when possible, in other economically important states such as the Ukraine, Byelorussia and Kazakhstan. It is not possible to predict whether intellectual property rights will be enforceable in Eastern Europe in the near future. Dr. Hermann also reminded the audience that patents issued in Germany on or after October 3, 1990, are valid in the unified Germany, whereas those issued prior to that date are only valid in East Germany or West Germany.

Charles Krukiel of E.I. du Pont presented a Pacific Rim update. Although the countries of the Pacific Rim are changing their laws to assimilate with those of the United States, it remains difficult to find high profile decisions. As a practical matter, he believes one should review the costs involved in a given venture with a view towards reducing costs. Thus, in order to justify the expense of obtaining patents outside the United States, one has to look at the enforceability of those patents in terms of the sophistication of the local courts and bar. In his experience, the only patents in the Pacific Rim with a "high practical value" are those obtained in Australia.

William Brunet gave a status report on harmonization initiatives. In particular, he reported on the status and effects of the proposed Patent Harmonization Act of 1992. These proposals included provisions to grant patents to those who are first to file for a term of twenty years from the date of filing. Patent applications would be published automatically within 18-24 months of filing, and assignees would have the right to file patent applications. If such a law is passed, it is expected that other provisions would be included, such as an accelerated exam to protect those who fail to obtain patents from losing their trade secrets. As noted by Mr. Brunet, the United States' willingness to change certain of its patent law provisions is dependent upon other countries' willingness to change agricultural subsidies and tariffs. Thus, the exact form that any harmonization treaty will take is yet to be determined.

## BIOTECHNOLOGY AND PHARMACEUTICALS

Emily Evans of Fish & Neave presented a paper on the patenting of higher

life forms. The first animal patent, 4,736,866, popularly known as the "Harvard mouse patent" was issued in April, 1992. To date, the Patent Office has successfully defended its decision to issue animal patents, and based on the opinion in *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920, 18 USPQ2d 1677 (Fed. Cir. 1991) it appears that the Court of Appeals for the Federal Circuit would uphold the validity of animal patents. However, Congressional action could limit the scope of animal patents. Bills have been proposed for an animal patent infringement exception for farmers and for a moratorium on the granting of animal patents.

A paper of Brian Coggio from Pennie & Edmonds was presented which reviewed the procedural context of *E.I. du Pont de Nemours & Co. v. Cetus Corp.*, 19 USPQ2d 1174 (N.D. Cal 1990). In this case the PTO had reexamined and upheld the claims of the patents in question before the case proceeded at trial. The court then noted that a patent which survives reexamination has a heightened presumption of validity and the party challenging the patent then has to satisfy a higher burden of proof.

A second issue questioned whether a National Science Foundation grant proposal constitutes a printed publication. The Court noted that the proposal in question was filed and indexed with the NSF and available upon request under the Freedom of Information Act (FOIA). As noted by Mr. Coggio, however, "under current regulations governing requests for NSF records under FOIA, 45 C.F.R. §612.8(a)(4)(i), NSF grant applications are not available to the public prior to award."

Herbert Jervis, from SmithKline Beecham, listed "Herb's Helpful Hints." The inventor provides the best mode and it should still be the best mode at the time of filing. Depositing early, especially in a first to file system, has low downside risks as experimentation has not been completed. Depositing is only one way of satisfying §112, but if the inventor chooses not to file he or she must have the requisite quantitative/qualitative data for use. Care must be exercised when no publicly available source of material exists. If this is the case, then the inventor must deposit.

Mary Krinsky from St. Onge Steward Johnston & Reens presented an historical summary of the controversy surrounding



the Burroughs Wellcome patents for AZT. AZT was first prepared in 1963. In 1988, the National Cancer Institute (NCI) began screening agents for activity against HIV. Subsequent experimentation at NCI and Duke revealed that a compound supplied by Burroughs Wellcome, coded compound S, had activity against HIV. Burroughs knew the identity of the compound but evidence of activity against HIV came from the NCI. Using this evidence, Burroughs filed patent applications for the use of AZT in the treatment of AIDS in the United Kingdom and the United States. The National Institutes of Health (NIH) granted a non-exclusive patent license to Barr Laboratories to market AZT as a treatment for HIV, claiming that the NIH has an interest in AZT-related patents due to the contributions of NIH scientists. Burroughs Wellcome sued and the case, *Burroughs Wellcome Co. v. Barr Laboratories* is scheduled for trial in May 1993.

Richard DeLucia and Joseph Kirk, Jr. of Kenyon & Kenyon explored the question of chemical nonobviousness. The case of *Imperial Chemical Industries v. Danbury Pharmacal, Inc.*, 777 F.Supp. 330 (D.Del. 1991) was used to illustrate that, even in a pro-patent environment, commercial success and copying were insufficient to overcome a case of structural obviousness. As the speaker pointed out, "where the structure of the patented article is a variation on known structures, the objective indicia of nonobviousness becomes more influential . . . (and) are often most helpful in correcting the distortions of hindsight." But, the courts give different weight to secondary considerations of nonobviousness. In particular, despite the commercial success and desire of competitors to imitate Imperial's products, the Court focused on the chemical similarities of those products to the prior art and found the differences to be insignificant and ruled in favor of Danbury.

Lisa Raines of the Industrial Biotechnology Association discussed the controversy surrounding the NIH's recent patent application for DNA fragments. The NIH appears to be motivated by the fact that if it fails to file prior to publishing results, it may lose all foreign patent rights. On the other hand, there is the risk that companies will interrupt their research projects and concentrate more on patenting as many sequences as possible rather than completing full gene identification. And, perhaps most concern-

ing, international cooperation on the human genome project may be compromised. Notably, it is uncertain whether or not these gene fragments are patentable.

## U.S. PATENT AND TRADEMARK OFFICE PRACTICE

Anthony Zupcic presented an interference practice update. The most significant recent developments relate to how and when to introduce evidence on non-priority issues. Evidence must be introduced during the preliminary motion period and made of record under 37 C.F.R. §1.682 or §1.672 during a testimony period in order to be considered at the final hearing. If necessary, a motion for a testimony period must be filed in order to introduce the evidence relied upon during the preliminary motion period.

Peter Emanuel from GE/RCA presented a paper on the procedural aspects of the new U.S. duty of disclosure rules for applications having foreign counterparts. The rules "systemize formerly unclear and inconsistently followed practices. They do not alter the broader duty of candor and good faith." New Rule 56 abandons the "reasonable examiner" standard for what is material and now specifies that "information is material to patentability when . . . (1) it establishes . . . a prima facie case of unpatentability of a claim; or (2) it refutes, or is inconsistent with a position the applicant takes . . ." Thus, references cited in opposition might be material and should be disclosed if they are. Rules 97 and 98 govern the method of disclosure. The only way to have information considered during the pendency of a patent application is to file an information disclosure statement (IDS). A significant aspect of the rule changes "is the establishment of rigid time periods during which, and corresponding conditions under which, the Patent Office will consider information." Those time periods and conditions are set forth in §1.97 and §1.313.

Mr. Emanuel emphasized that foreign agents be given specific instructions so as to "minimize otherwise avoidable procedures and costs." In particular, it should be noted that U.S. applicants are required to inform the USPTO of any prior art cited in a communication from a foreign patent office, that such communications should be accompanied by translations when not in English, that translations of opposition statements

should be kept separate from other communications, and that original-language versions of each reference should be sent. In addition, all materials from foreign agent should be received early enough to allow the timely submission of an IDS to the USPTO within three months of the date of communication from the foreign patent office. As the mailing date of communication from the foreign patent office is crucial, explanations should be included when mailing dates are not apparent. The foreign agent's comments should be kept separate from the foreign patent office communication.

Charles Quinn of Dann, Dorfman, Herrell & Skillman spoke of the use of reexamination in litigation. Though not widely used "reexamination poses interesting options when a litigant has prior printed art which is closer to the claim(s) than prior art considered by the patent examiner issuing the patent." In court, there is a presumption of validity of the patent and any challenge must be supported by clear and convincing evidence, whereas in a reexamination there is no such presumption of validity and the burden of proof is by a preponderance of the evidence. Reexamination is substantially less costly than infringement litigation. The early filing of a reexamination request provides a court with the PTO's view of prior art which was not considered during prosecution.

Thomas Spath of Davis Hoxie Faithful & Hapgood discussed the use of commercial success in establishing patentability. "Under current PTO practice . . . the examiner must consider and analyze submissions of evidence of commercial success in resolving issues of obviousness." However, a connection, or nexus, must be established between that commercial success and the claims in order to avoid rejection under §103.

Mr. Spath noted that, in *Ex Parte Remark*, 15 USPQ2d (BNA) 1498, 1502 (Bd. Pat. App. & Inter. 1990), the Board undertook an unusually detailed and critical analysis of a declaration submitted by the applicant to rebut the prima facie case of obviousness raised by the examiner in rejecting the application under §103. Practitioners who contemplate submitting evidence of commercial success should review this case carefully. Mr. Spath concluded by noting that the time and expense of substantiating commercial success could be sub-

June 10, 1992

Dear NYPTC Member:

We are writing to advise you that The Board Room Club of New York has agreed to extend privileges to The New York Patent, Trademark and Copyright Law Association effective Tuesday, September 1, 1992.

Located on the 41st Floor in The Bankers Trust building at 280 Park Avenue, many of you are familiar with The Board Room Club and we know that all will enjoy its cuisine, service and comfort level.

The Club is open for Breakfast, Luncheon and Dinner Monday through Friday and welcomes the membership of the Patent Law Association.

Members of the Association are encouraged to make reservations in advance in order that a House account may be set up so that charges incurred will in turn be charged to you on a monthly basis.

The Club also provides facilities for private functions and reservations can be made by calling the Banquet Office at (212) 687-5858.

We believe that this arrangement will be welcomed by the Patent Law membership and we look forward to seeing you at The Board Room's fine facilities.

Sincerely yours,

J. Richard Edmondson, President  
The Board Room Club

stantial and should be balanced against the potential value of the patent.

Peter Butch of Lerner, David, Littenberg, Krumholz & Mentlik spoke of the developments in the law of best mode. Recent CAFC decisions have consistently applied the analysis set forth in *Chemcast Corp. v. Arco Indus. Corp.*, 913 F.2d 923, 16 USPQ2d 1033 (Fed. Cir. 1990) to issues of best mode. Now, one must determine not only whether or not a better mode known by the inventor at the time the application was filed was omitted from the specification, but also, whether or not the disclosure of the specification was adequate to enable one skilled in the art to practice the best mode, given the scope of the claimed invention and the level of skill in the art. In the field of biotechnology:

complete disclosure of all critical features will not always guarantee the satisfactory practice of the best mode. Under these circumstances, the fact that the inventor has not concealed any features enabling the practice of the best mode is deemed sufficient to establish that the best mode disclosure requirements have been met.

## LITIGATION

Marta Delsignore of Brumbaugh, Graves, Donohue & Raymond presented an update on the new federal rules of evidence and civil procedure. In particular, she noted that the amendment of Rule 15 was significant. A new provision, Rule 15(c)(1), allows for relation back of the amended pleading whenever it is permitted by the law that provides the statute of limitations applicable to the action. Rule 15(c)(3), intended to change the result obtained in *Schiavone v. Fortune*, 477 U.S. 21, 106 S.Ct. 2379 (1986), was revised to provide for relation back of an amendment changing the party or naming the party against whom a claim is asserted if the party received notice of the institution of the action within the period provided by Rule 4(j) for service of the summons and complaint.

Michael Stuart of Cohen, Pontani, Lieberman & Pavane spoke on the effect of consent judgments on subsequent litigation. In *Foster v. Halco Mfg. Co. Inc.*, 947 F.2d 469, 20 USPQ2d 1241 (Fed. Cir. 1991), the Court of Appeals for the Federal Circuit noted that, since a consent judgment asserted to preclude a challenge to a patent's validity from a different claim of infringement must be narrowly construed, there is no

conflict between the policy of *res judicata*, which encourages voluntary settlement by barring subsequent challenges to a patent, and the policy of *Lear v. Adkins*, 395 U.S. 653, 162 USPQ 1 (1969) which allows challenges to the validity of a patent. Thus, parties which enter into a consent judgment can preclude all future challenges to the validity of a patent by the alleged infringing party, if so provided by the terms of the consent judgment. Patentees are well advised to be very specific while alleged infringers may prefer to be vague in terms of the consent judgment.

Martin Faigus of Caesar, Rivise, Bernstein, Cohen & Pokotilow, Ltd. presented a paper on the use of expert witnesses. Discovery of the identity and opinions of experts who are only casually contacted but not hired cannot be obtained. Discovery of the facts known to or opinions held by consulting experts, not hired to testify, can be obtained only under "exceptional circumstances" whereby the party seeking discovery cannot obtain that information by other means. Facts known to and opinions of experts hired to testify at trial are discoverable. A court appointed, independent expert "can be an excellent vehicle to protect highly sensitive trade secret information involved in a lawsuit."

The combined effect of Rules 703 and 705 of the Federal Rules of Evidence:

is to permit an expert to formulate an opinion from the information and facts which are not admissible into evidence, and then to give his or her testimony without actually identifying the underlying facts and data, unless, of course, the court orders otherwise.

subject, of course, to cross examination. The practitioner performing the cross examination should go into the underlying basis of the expert's opinion.

William Speranza spoke of the power of summary judgment in patent litigation:

The ultimate power of the summary judgment motion will always reside in its ability to secure a case-dispositive judgment without need for trial and, in many circumstances, at an early enough stage in the case to result in significant cost savings.

In a patent infringement case, a "no evidence" motion for summary judgment of non-infringement places a burden on the patentee to demonstrate that every limitation set forth in the patent claim is found in

the accused product exactly or by a substantial equivalent. "If the patentee's proofs are deficient regarding even one limitation of the claim, the alleged infringer is entitled to judgment; all other facts, disputed or not, are legally immaterial in such circumstances."

Summary judgment motions can force the non-movant to present his theory and evidence on the issue. Failure to yield enough information is risky enough to force a windfall of information to come forth.

Wesley Whitmyer of St. Onge Steward Johnston & Reens spoke on the patentability of means-plus-function claims. The PTO has announced that it will ignore CAFC precedent in *In re Bond*, 910 F.2d 831 (Fed. Cir. 1990) which would require the PTO to apply the last paragraph of 35 U.S.C. § 112 to patentability determinations of means-plus-function claims. The PTO supports its position by relying on a passage of *In re Lundberg*, 244 F.2d 543 (C.C.P.A. 1957) which reads: "Limitations in the specification may not be relied upon to impart patentability to an otherwise unpatentable claim." Mr. Whitmyer noted, however, that, in *Application of Knowlton*, 481 F.2d 1357 (C.C.P.A. 1973), the PTO is required "to examine means-plus-function claims in terms of structure disclosed in the specification." As the PTO will require applicants to functionally distinguish a reference, the practitioner must take care to not unnecessarily limit his claim and create a potential prosecution history estoppel.

Until the conflict between the PTO and the CAFC is resolved, the practitioner may wish to attempt to avoid confrontation by (1) not using functional expressions to claim desired results, (2) drafting functional expressions which are linked to, or implicitly incorporate, the structure disclosed for the means or other structure claimed, (3) using dependent claims with progressively more detailed expressions and (4) using hybrid means expressions which incorporate essential portions of the structure disclosed in the means term.

John Linderman of McCormick, Paulding & Huber spoke on defending against a personal charge of inequitable conduct. If a charge of inequitable conduct holds, a patent is held invalid. Thus, an infringer, even a willful one, has little to lose by making the charge of inequitable conduct. The practitioner, on the other hand, "has the patent, his personal reputation and



the relationship with his client all on the line." Even though the burden is on the infringer to prove by clear and convincing evidence that the prior art was both material and intentionally withheld, the charge is a serious one and should not be taken lightly. Fortunately, the practitioner is in a good position to have all the facts at his disposal. As the final determination will be based on the facts, it behooves the practitioner to "be intimately familiar with all the details surrounding the preparation and prosecution of the patent . . . so that you can respond to almost any question presented."

### LICENSING AND TECHNOLOGY TRANSFER

C. Frederick Koenig III of Volpe and Koenig spoke on special concerns in software licensing. Computer viruses have had a major impact, not all negative, on the computer industry. Many users now opt to obtain authorized copies of computer programs with the expectation that the software publisher will stand behind his product. "This expectation and associated safeguards should be addressed in licensing the software product." As long as the damage caused by viruses can be controlled, there will be respect for the legal rights of software proprietors.

Gregory Battersby of Grimes and Battersby presented a checklist for structuring joint venture agreements. Joint ventures allow the parties to divide the financial risks. Among the special considerations to be addressed are: who has the right to make expenditures and create obligations and who retains the property developed upon termination of the agreement. Currently, antitrust challenges to joint venture research and development ventures are judged by a "rule of reason" standard. This standard may soon be extended to joint production ventures as well.

Frank Morris of Pennie & Edmonds considered the patentability of computer programs. The decision in *Arrhythmia Research Technology, Inc. v. Corazonix Corp.*, \_\_\_F.2d\_\_\_, 1992 WL 45435 (Fed. Cir.) was analyzed. It was determined that the process claims did not describe a law of nature, a natural phenomenon or abstract idea but rather "an otherwise statutory process whose mathematical procedures are applied to physical process steps." Mr. Morris concluded that the opinions of Judge Newman and Judge Rader together "should assure

statutory subject matter for any computer program—whether claimed as process or apparatus—that is directed to a specific application."

Harold Einhorn of Exxon gave pointers on drafting arbitration provisions in license agreements. Since 1982, disputes relating to patent validity or infringement may be arbitrated under the Federal Arbitration Act. Mr. Einhorn reminded the audience that an arbitrator may consider all defenses and that the award is final and binding unless the parties agree to modify the award if a future judicial determination of invalidity is made. The United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards has simplified the enforcement procedures for arbitration clauses in international commercial agreements.

Philip Johnson of Woodcock Washburn Kurtz Mackiewicz and Norris concluded the seminar by speaking about current issues in university-industry joint ventures. Mr. Johnson presented an outline of the topics to be considered when drafting and negotiating such agreements and emphasized the special considerations needed in dealing with start-up licensees and university founded start-ups.

## NEWS FROM THE BOARD OF DIRECTORS

*by William H. Dippert*

The Board of Directors met on May 21, 1992. Howard Barnaby gave the Treasurer's Report. A motion to accept the Treasurer's Report passed unanimously.

Dale Carlson reported the efforts of the Committee on Practice Requirements to consider whether patent agents should be admitted to membership in the Association. More specifically, he reported that the Committee favored admitting patent agents to affiliate or observer status in the Association. This would apply to foreign and U.S. patent agents.

Although the issue of admission of foreign patents was tabled for the moment, it may be the subject of further discussion at subsequent Board meetings.

Steve Bosses reported a recent request to file an amicus brief, followed by discussion among the attendees. Upon motion the request for an amicus brief was denied.

Ms. Ryan led discussion concerning whether the Board should support any of the known candidates for the vacant position of Commissioner of Patents and Trademarks. There was discussion of some of the positions and/or qualifications of both Michael Kirk and Douglas Comer. The consensus of the Board was not to take a position at this time.

## PENDING LEGISLATION

*by Edward P. Kelly*

### PATENTS

#### Animal Patenting

The PTO granted the first patent on a transgenic animal (a mouse) in 1988. A transgenic animal is created by inserting a gene into the animal embryo. The new gene does not change the basic nature of the animal but does create a new trait, such as resistance to a particular disease. The PTO has stated that it intends to grant additional patents on animals that meet the conditions of patentability.

Numerous bills have been introduced since 1988 that would either formally recognize the PTO's authority to grant patents on transgenic animals or would seek to place a moratorium on the granting of these patents. Former Representative Robert Kastenmeier introduced a bill several years ago that would have recognized the PTO's authority to grant animal patents. The bill contained certain infringement exemptions for animals used for research and on farms. At the same time Senator Mark Hatfield (R-Ore.) introduced bills that would place a 5-year moratorium

on animal patents. None of these bills were enacted into law.

A bill recently introduced on animal patenting calls for a 5-year moratorium and is identical to the last of Senator Hatfield's moratorium bills. The bill (H.R. 4989) introduced by Representative Benjamin Cardin (D-Md.) would provide that no animal shall be patented until the commercialization and release of such animal has been subjected to a federal review process to impose environmental health and safety, economic and ethical standards. According to Representative Cardin, there are over 160 patent applications on animals pending in the PTO. Cardin stated that Congress, not the PTO, should make the decision whether patents should be extended to animals.

### Patent Harmonization

The harmonization of certain nation's patent laws has been discussed and negotiated in two venues in recent years—the World Intellectual Property Organization (WIPO) and the trade negotiations involved in the General Agreement on Tariffs and Trade (GATT). GATT is a multilateral treaty that defines fair trade among its 108-member nations and settles disputes.

The PTO recently charted an Advisory Commission on Patent Law Reform to advise the Secretary of Commerce on necessary changes to the U.S. patent laws, should the U.S. decide to harmonize its laws with other nations. The Commission has recommended that the U.S. convert to a first-to-file rather than a first-to-invent system, but only as part of a harmonization agreement with other countries.

Two bills are currently pending in the Senate (S.2605, DeConcini, D-Ariz.) and House (H.R.4978 Hughes D-N.J.) that would harmonize U.S. patent laws with that of other countries. The bills provide for a first-to-file system with a 20-year patent term and publication of a patent 18 months after filing. The bill also provides for prior user rights. A prior user right is the right of a person to continue using an invention he independently developed prior to the issuance of a patent on that invention to another. The House and Senate recently held joint hearings on the bills. Commissioner of Patents, Harry Manbeck, supported the bill not only on the condition that harmonization be adopted by other members of WIPO. The

AIPLA also supported the bills and supported a 20-year patent term regardless of the success of harmonization negotiations. A representative of the National Association of Manufacturers voiced support for prior user rights. These rights would allow a U.S. manufacturer using a secret process to continue to use that process without infringement liability to a subsequent patentee. Representatives of the Association of University Technology Managers pointed out that if prior user rights could not be transferred, they would be of no use to universities that typically transfer technology rather than use it to produce a product.

### Private Patent Term Extensions

The patent law currently provides for an 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. Patents covering products that do not fall within the foregoing categories ordinarily would not be eligible for term extension unless Congress passed a private relief bill extending the patent term. A patentee seeking an extension of more than five years also would have to seek private relief. Congress last granted private relief in 1988 when it granted an extension for Warner Lambert's anti-cholesterol drug Lipid.

Three private patent term extension bills were introduced in Congress in the past year. 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 (three current and one expired) patents covering the fat substitute Olestra. The Senate Subcommittee on Patents, Copyrights and Trademarks recently approved a bill that would extend the three unexpired Olestra patents until December 31, 1997, but grant no extension for the fourth patent that expired in 1988. S. 526 introduced on behalf of U.S. Bioscience by Senator 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 Ansaad. The Senate Sub-

committee approved a bill that would provide a 24-month extension for the Ansaad patent.

In taking up these patent term extension bills, the House Subcommittee on Intellectual Property and Judicial Administration proposed new legislation that would establish standards for consideration of future patent extension bills. The bill (currently unnumbered) provides that any bill providing for a patent term extension should not be approved by Congress unless the delay in the approval process was beyond the patent holder's control and directly caused by governmental misconduct. Governmental misconduct would include both intentionally deceitful activities as well as the grossly negligent performance of governmental duties. The governmental misconduct must have caused a substantial inequity to the patent holder who, without an extension, would suffer material harm directly attributable to the delay in the approval process. Expired patents would be extended only under the most compelling circumstances.

### State Immunity

In recent years, several circuit and district courts have held states immune from liability under the Eleventh Amendment for infringement of federal intellectual property laws. See e.g., *Richard Anderson Photography v. Redford University*, 853 F.2d 114 (4 Cir. 1988) (copyright); *Chew v. California*, 13 USPQ2d 1393 (Fed.Cir.1990)(patent); *Woelffer v. Happy States of America*, 626 F. Supp. 489 (N.D.Ill. 1985) (1990) (trademark). Those decisions that held a state immune from copyright infringement were effectively overruled by legislation passed last year. The Copyright Remedy Clarification Act amended the Copyright Statute to explicitly state Congress' intent that states are not immune from liability for copyright infringement under the Eleventh Amendment.

The problem of state immunity from patent and trademark infringement, however, still exists. It also exists in theory for infringement of works protected by the Plant Variety Protection Act. The Act provides protection for breeders of novel varieties of living plants that are produced by using seeds. To date, there have been no reported cases of infringement actions brought against a state under the Act.

Bills were introduced last year in both the House (H.R. 3886) and Senate (S. 2193)

that would eliminate state immunity for patent infringement. Those bills provided that all patent infringement remedies including treble damages and attorneys' fees for willful infringement would be available against a state.

Senator DeConcini (D.-Ariz.) introduced two bills (S.758 and S.759) earlier this year that would eliminate state immunity for patent infringement, trademark actions brought under the Lanham Act and actions brought under the Plant Variety Protection Act. The Senate Subcommittee on Patents, Copyrights and Trademarks in approving S. 758 and S. 759 considered, but rejected, an amendment submitted by Senator Charles Grassley (R.-Iowa) earlier this year. The amendment would have limited those instances in which a party could recover attorney's fees and limited relief under the bills to actual damages. Recovery of attorney's fees would only be allowed in suits brought by businesses with not more than 500 employees, tax exempt organizations and individuals with a net worth of not more than \$1 million. Senator Grassley had previously attempted, albeit unsuccessfully, to add these restrictions to the Copyright Remedy Clarification Act that abrogated state immunity for copyright infringement. The Senate Judiciary Committee subsequently approved S. 758 and S. 759 on a voice vote without any amendments.

The full Senate recently passed both S.758 and S.759. There are no bills currently pending in the House that address state immunity for patent infringement.

## COPYRIGHT

### Fair Use by News Clipping Services

Commercial services that monitor broadcast local and national news programs and then sell broadcast clippings to their clients have proliferated in recent years. Some courts have not been receptive to a fair use defense when these services have been charged by the broadcast news media with copyright infringement. In *Pacific and Southern Co. v. Duncan* 744 F.2d 1990 (Ill. 1984), the Eleventh Circuit rejected the fair use defense asserted by a defendant that videotaped portions of news programs and sold the tapes. That decision stressed the commercial nature of the use. The

Court in *Georgia Television Co. v. T.V. News*, 19 USPQ2d 1372 (D.C.N.Ga. 1991) also rejected the fair use doctrine in a similar case. In 1991, however, the Eleventh Circuit held, in a case involving broadcast clippings, that the District Court should fully consider the fair use defense. *Cable News-Network v. Video Monitoring Services of America*, F.2d (11 Cir. 1991). In that case the Eleventh Circuit panel stated:

[i]n a society where the free flow of an access to ideas is mandated by the first amendment, it would be particularly pernicious to allow the news media, cloaked in the first amendment, to thwart such access and to control such flow under the title of a copyright owner.

The Eleventh Circuit's panel decision was later reversed upon rehearing en banc.

Last year, Senator Orin Hatch (R.-Utah) introduced a bill (S. 3229) that would have amended Section 107 of the Copyright Statute to add the monitoring of news reporting as one of the purposes of fair use. The bill would have amended the first paragraph of Section 107 by adding "or monitoring news reporting programming" after the words "news reporting."

Senator Hatch later reintroduced an identical bill. In introducing the bill, Senator Hatch analyzed broadcast monitoring under the four factors set out in § 107 and concluded that news monitoring is an activity that Congress intended the fair use doctrine to protect. The most critical factor cited by Senator Hatch was the fact that broadcast monitoring does not diminish the incentives of broadcasters to create news programming. According to Senator Hatch, producing news programming and providing news monitoring services are not the same business. Senator Hatch further stated that the fact that broadcast monitors charge a fee for their services does not diminish the application of the fair use doctrine because the commercial nature of the work is only one factor to be considered. The Senate Subcommittee on Patents, Copyrights and Trademarks recently held hearings on Senator Hatch's bill. In defending his bill, Senator Hatch stressed that fair use of broadcast news by services would allow slandered persons to learn the source and content of slanders committed against them. Representatives of The International Association of Broadcast Monitors and The Public Relations Society of

America also urged support for the bill on the ground that the client's of these services cannot readily obtain the video clips from broadcasters themselves. The Copyright Office opposed Senator Hatch's bill. Ralph Oman, Registrar of Copyrights, testified against the bill on the ground that the broadcast news monitors use of the video clippings would not constitute a fair use. ■

## RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

### COPYRIGHT - IDEA/EXPRESSION

In *Computer Associates International, Inc. v. Altai, Inc.*, Docket Nos. 91-7893, 91-7935 (2d Cir. 6/22/92), the United States Court of Appeals for the Second Circuit, in a case of first impression, rejected the *Whelan* approach to separating idea from expression in the non-literal aspects of a computer program.

Computer Associates International ("CA") developed a computer program called ADAPTER that allows other CA programs to run, without modification, on any one of three IBM operating systems. Altai successfully recruited a CA employee, Arney, to assist Altai in developing a program that would compete with CA. Unknown to Altai management, Arney copied part of CA's ADAPTER program in Altai's program, named Oscar 3.4. Altai management first learned of the copying when CA brought suit.

Altai then developed a new version of the software, Oscar 3.5, excising and re-writing the portion that had been copied.

The trial court found that Oscar 3.4 infringed CA's ADAPTER and awarded \$364,444 in damages. However the trial court found that the later version, Oscar 3.5 did not infringe ADAPTER. CA appealed the decision, arguing that the trial court failed to take into account Altai's copying

of non-literal aspects of ADAPTER in Oscar 3.5. In addition, CA argued that the Oscar 3.5 program was substantially similar to the ADAPTER program.

On appeal, the United States Court of Appeals for the Second Circuit affirmed. The Court first rejected the *Whelan* approach to separating idea from expression, stating that it "relies too heavily on metaphysical distinctions and does not place enough emphasis on practical considerations." The Court also noted that *Whelan's* approach of equating a program's overall purpose with the program's idea was "descriptively inadequate" because it failed to recognize that a computer program can be made up of multiple subroutines, each having its own idea.

The Court then set forth a three-step procedure to be used when determining whether the non-literal elements of two computer programs are substantially similar. The first step is to dissect the allegedly infringed work and isolate each level of abstraction. The Court found the following description helpful as a guide:

At the lowest level of abstraction, a computer program may be thought of in its entirety as a set of individual instructions organized into a hierarchy of modules. At a higher level of abstraction, the instructions in the lowest-level modules may be replaced conceptually by the functions of those modules. At progressively higher levels of abstraction, the functions of higher-level modules conceptually replace the implementations of these modules in terms of lower-level modules and instructions, until finally, one is left with nothing but the ultimate function of the program. . . . A program has structure at every level of abstraction at which it is viewed. At low levels of abstraction, a program's structure may be quite complex; at the highest level it is trivial.

*Id.* at 29-30 (quoting Note, *Idea, Process, or Protected Expression?: Determining the Scope of Copyright Protection of the Structure of Computer Programs*, 88 Mich. L. Rev. 866, 867-73 (1990)).

The second step is filtration. Structural elements at each level are examined:

to determine whether their particular inclusion at that level was "idea" or was dictated by considerations of efficiency, so as to be necessarily incidental to that idea; required by factors external to the program itself; or taken from the public domain and hence is non-protectable expression.

Regarding elements dictated by effi-

ciency, the Court noted "the more efficient a set of modules are, the more closely they approximate the idea or process embodied in that particular aspect of the program's structure." The final step is to compare the elements remaining after filtration. Those elements represent the protectable expression in the non-literal aspects of the program.

### LANHAM ACT—SECONDARY MEANING

In *Jolly Good Industries, Inc. v. Elegra Inc.*, 690 F. Supp. 227, 9 USPQ2d 1534 (S.D.N.Y. 1988), the Court used the doctrine of "secondary meaning in the making" to justify granting a preliminary injunction preventing defendant from copying plaintiff's trade dress. However, in *Laureyssens v. Idea Group, Inc.*, 44 BNAPTCJ 97 (2d Cir. 1992), the United States Court of Appeals for the Second Circuit rejected the doctrine, stating it was inimical to the purpose of the secondary meaning requirement.

Laureyssens designed puzzles described as "flat to cube" puzzles. The puzzle pieces have notches along the edges and can be assembled into either a flat rectangle or a cube. The puzzles are available in six colors.

Idea Group Inc., ("IGI"), copied the design of Laureyssens' puzzle and began marketing the copies. Laureyssens became aware of the IGI's copies and demanded cessation of marketing and production of the puzzle. Following Laureyssens' demand, IGI altered the design of the puzzle slightly to avoid literal copying.

Laureyssens sought an injunction to prevent sales of the IGI puzzle. The district court granted a preliminary injunction based on trade dress infringement. The Court found that while Laureyssens had not established intentional copying or actual secondary meaning, a serious question existed as to whether the doctrine of secondary meaning in the making would protect the trade dress.

The doctrine of secondary meaning in the making has been defined as follows:

[a] Lanham Act claim may be based on the theory that, where secondary meaning is "in the making" but not yet fully developed, a trademark or trade dress will be protected against intentional, deliberate attempts to capitalize on a distinctive product.

*Cicena Ltd. v. Columbia Telecommunications Group*, 900 F.2d 1546 (Fed. Cir. 1990) (and cases cited therein).

On appeal, the United States Court of Appeals for the Second Circuit vacated the preliminary injunction, concluding that the doctrine of secondary meaning in the making should not be recognized under Section 43(a) of the Lanham Act. The Court gave two reasons based on the language of the statute for its conclusion:

First, the statute prohibits only the use of any "word, term, name, symbol, or device, or any combination thereof" or "false designation of origin" which is likely to cause confusion, mistake, or deception as to the "origin, sponsorship, or approval" of goods. Where there is not actual secondary meaning in a trade dress, the purchasing public simply does not associate the trade dress with a particular producer. Therefore, a subsequent producer who adopts an imitating trade dress will not cause confusion, mistake, or deception as to the "origin, sponsorship, or approval" of the goods. Second, a junior producer's use of imitating trade dress bears no "false designation of origin" because, in the absence of secondary meaning in the senior producer's trade dress, the imitating trade dress suggests no particular origin to the consuming public.

Furthermore, the Court noted, the doctrine of secondary meaning is inimical to the purpose of the secondary meaning requirement. The secondary meaning requirement ensures that a legitimate property right exists to be protected.

The Court went on to state that the purchasing public must associate a distinctive trade dress with its producer before a competitor's freedom to copy will be limited by trademark law. To allow a doctrine of secondary meaning in the making would unnecessarily constrain a competitor's freedom to copy by affording protection before the purchasing public associates a trade dress with its sponsor.

### PATENTS - OBVIOUSNESS

In *In re Clay*, 44 BNAPTCJ 151 (Fed. Cir. 1992) the Court of Appeals for the Federal Circuit, reversing a decision by the Board of Patent Appeals and Interferences, held that a combination of two patents did not render an invention obvious when one of the patents was non-analogous prior art.

Clay applied for a patent on a process for storing hydrocarbon liquids in storage

tanks where a "dead volume" exists between the bottom of the tank and the tank's outlet port. Clay's process filled the dead volume with a solution that gels after being placed in the dead volume.

The Examiner rejected the claims for obviousness under 35 U.S.C. 103. The Examiner decided that the combination of two patents, the Sydansk patent (4,683,949) and the Hetherington patent (4,664,294) rendered Clay's process obvious. Sydansk discloses a process for improving oil production using a gel to reduce the permeability of hydrocarbon bearing natural formations. Hetherington discloses an apparatus for displacing liquid in the dead space of a storage tank using a flexible membrane bladder. The Board of Patent Appeals and Interferences affirmed the examiner's rejection. Clay appealed, arguing that Sydansk was a non-analogous act.

The Federal Circuit agreed with Clay, stating that Sydansk was neither in the same field of endeavor, nor pertinent to the problem to be solved. Regarding field of endeavor, the Court stated:

The PTO argues that Sydansk and Clay's inventions are part of a common endeavor "maximizing withdrawal of petroleum stored in petroleum reservoirs." However, Sydansk cannot be considered to be within Clay's field of endeavor merely because both relate to the petroleum industry. Sydansk teaches the use of a gel in unconfined and irregular volumes within generally underground natural oil-bearing formations to channel flow in

a desired direction; Clay teaches the introduction of gel to the confined dead volume of a man-made storage tank. The Sydansk process operates in extreme conditions, with petroleum formation temperatures as high as 115°C and at significant well bore pressures; Clay's process apparently operates at ambient temperatures and atmospheric pressure. Clay's field of endeavor is the storage of refined hydrocarbons. The field of endeavor of Sydansk's invention, on the other hand, is the extraction of crude petroleum. The Board clearly erred in considering Sydansk to be within the same field of endeavor as Clay's.

## ANNOUNCEMENTS

**Anderson Kill Olick & Oshinsky, P.C.** is pleased to announce the acquisition by its Intellectual Property and Technology Law group of David Toren and the law firm of Toren, McGeedy & Associates. Anderson Kill will continue to provide legal services concerning all aspects of intellectual property and technology law, including patents, trademarks, copyrights, mask works, trade secrets, trade dress, unfair competition and product counterfeiting. David Toren, Klaus Stoffel and Friedrich Kueffner will be joining currently existing members of Anderson Kill's Intellectual Property Group including David A. Einhorn, Shahan Islam and Raj Mehra. Offices are located at 666 Third Avenue, New York, New York 10017. Telephone (212) 850-0700.

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