



## THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

# BULLETIN

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### PRESIDENT'S CORNER



You get a gavel when you become President of our Association. This has been true as long as I can remember. There are twenty past Presidents. This means that my gavel is the seventy-first. But the inscription on my gavel is different. It says The New York Intellectual Property Law Association.

That's right. As many of you already know, we changed our name at our Annual Meeting last May. I know that "a rose is a rose is a rose . . . ." And I know that the phrase "intellectual property" is now the "in" name for associations like ours — promoting at least one speaker to refer to us "as a bunch of smart property lawyers." But I believe it is also a great opportunity to re-examine our mission — to consider what we have done best in the past and what we can best do in the future.

This Association was started in 1922. A principal reason was to get better pay for underpaid patent examiners. We helped to get the better salaries, and we have since done a lot of other things that we can be proud of. Notably, this includes the outstanding work of two of our former presidents in drafting the Patent Act of 1952.

Reflecting on this reminds me once more that — just as all roads lead to Rome most (quite possibly all) of our Association's important contributions lead from the work product of our committees.

It is in this context, and after substantial discussion with a number of our most active members, that I am pleased to name the following as the chairs of our committees for the next year:

#### COMMITTEE ON ADMISSIONS

Michael J. Kelly

#### COMMITTEE ON ALTERNATIVE DISPUTE RESOLUTION

Charles P. Baker

#### COMMITTEE ON THE ANNUAL DINNER IN HONOR OF THE FEDERAL JUDICIARY

Thomas L. Creel

#### COMMITTEE ON THE ANNUAL MEETING OF THE ASSOCIATION

Martin E. Goldstein

#### COMMITTEE ON ANTITRUST, INEQUITABLE CONDUCT AND MISUSE

John E. Daniel

#### COMMITTEE ON CONTINUING LEGAL EDUCATION

Edward E. Vassallo

#### COMMITTEE ON COPYRIGHTS

Marilyn Smith Dawkins

#### COMMITTEE ON DESIGN PROTECTION

Lloyd McAulay

#### COMMITTEE ON ECONOMIC MATTERS AFFECTING THE PROFESSION

Brian M. Poissant

#### COMMITTEE ON EMPLOYMENT

Richard L. DeLucia

#### COMMITTEE ON FOREIGN PATENT LAW AND PRACTICE

Michael N. Meller

#### COMMITTEE ON FOREIGN TRADEMARK LAW AND PRACTICE

John R. Olsen

#### COMMITTEE ON HARMONIZATION OF PATENT LAWS

David Weild, III

#### HOST COMMITTEE

Edward V. Filardi

#### COMMITTEE ON LEGISLATIVE OVERSIGHT AND AMICUS BRIEFS

Vincent N. Palladino

## CALENDAR OF EVENTS

Sept. 30-Oct. 1, 1993

American Law Institute-American Bar Association  
Course of Study "Trial of a Patent Case," Embassy  
Suites Hotel, Chicago, Illinois

Sept. 30-Oct. 2, 1993

Houston Intellectual Property Association,  
University of Houston Intellectual Property Law  
Institute, San Luis Hotel, Galveston, Texas

October 17-20, 1993

Licensing Executive Society, LES U.S.A./Canada  
Annual Meeting, Westin St. Francis Hotel,  
San Francisco, California

**COMMITTEE ON LICENSE TO  
PRACTICE REQUIREMENTS**

Dale L. Carlson

**COMMITTEE ON LITIGATION  
PRACTICE AND PROCEDURE**

Robert Neuner

**COMMITTEE ON MEETINGS AND  
FORUMS**

Marilyn Brogan

**NOMINATING COMMITTEE**

Andrea Ryan

**COMMITTEE ON PAST  
PRESIDENTS**

Peter Saxon

**COMMITTEE ON PROFESSIONAL  
ETHICS AND GRIEVANCES**

Alfred P. Ewert

**COMMITTEE ON PUBLIC AND  
JUDICIAL PERSONNEL**

Kenneth E. Madsen

**COMMITTEE ON PUBLIC  
INFORMATION AND EDUCATION**

Thomas H. Beck

**COMMITTEE ON PUBLICATIONS**

Gregory J. Battersby

**COMMITTEE ON TRADE SECRET  
LAW AND PRACTICE**

Melvin C. Garner

**COMMITTEE ON U.S. PATENT  
LAW AND PRACTICE**

Theresa M. Gillis

**COMMITTEE ON U.S. TRADEMARK  
LAW AND PRACTICE**

Edward J. Handler, III

We have already had a very successful organizational meeting with these key people which generated a number of topics to be addressed by our committees during the forthcoming year. We are now populating the committees with people who have expressed interest in participating.

But it is not too late for you to give us *your* thoughts. So please feel free to drop me a note to let me know what *you* think we should be doing — particularly if you would

like to help. (It is unnecessary, however, to repeat what you have already told us when filling in your committee preference form.)

One last word. Having served as a Board Member and Vice President for several years, I have witnessed first hand the enormous contributions of our past Presidents. It is a particular privilege to follow in the footsteps of Andrea Ryan — and a pleasure to reiterate what I said at the Annual Meeting, "Thanks, Andrea, for a job well done."

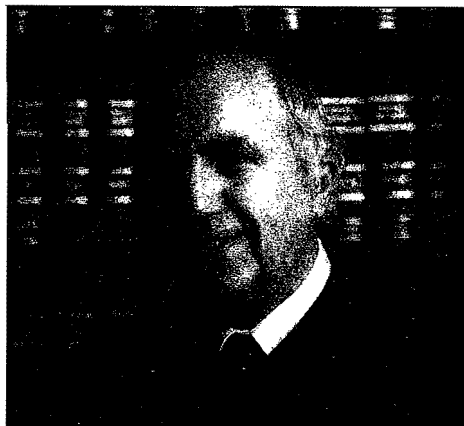
— William J. Gilbreth

## THOUGHTS ON INTELLECTUAL PROPERTY CASES IN THE COURTROOM

### AN INTERVIEW WITH JUDGE ROBERT J. WARD

by Marylee Jenkins

The Honorable Robert J. Ward  
Senior Judge  
United States District Court,  
Southern District of New York



**Appointed:** 1972 by President Nixon  
**Born:** January 31, 1926;  
New York, NY  
**Education:** Harvard University, S.B., 1945  
LL.B., 1949  
**Military Service:** Lt. (j.g.), U.S. Naval  
Reserve, 1944-46  
**Private Practice:** New York City 1949-51;  
Aranow, Brodsky, Bohlinger, Benetar and  
Einhorn, New York City 1949-51 (Specialty:  
Litigation)  
**Government Positions:** Assistant District  
Attorney, New York County, 1951-55; As-  
sistant U.S. Attorney, Southern District of  
New York, 1956-61.  
**Hobbies:** Stamp Collecting; Travel  
**Last Non-legal Book Read:** "Then The  
Americans Came" by Martha Hess  
**Family:** Spouse — Florence; Children —  
Laura A. and Carolyn

During the past twenty-one years, Judge Robert J. Ward has presided over more than twenty intellectual property cases, including a case involving copyright infringement of the film, "A Nightmare on Elm Street," a patent infringement case involving a dental anchoring pin and a trademark infringement case involving the name "BAYER." In addition, he has lectured at many seminars and meetings throughout the country on how to litigate intellectual property cases, particularly in the areas of copyright and trademark law.

**QUESTION:** Having adjudicated a variety of intellectual property cases, do you find there are any differences in the way attorneys who specialize in intellectual property law and attorneys who are "general" litigators litigate an intellectual property case?

**ANSWER:** As in any other area, the quality of the lawyering varies. From my point of view, as a general proposition, the amount of work and preparation that is done on intellectual property cases, particularly in the patent area, is substantial. One example is *Fairfax Dental v. Sterling Optical*,<sup>1</sup> filed in 1985. In that case, a two-piece, frictionally-fitted dental anchoring device was alleged to have infringed a patent for a similar device made from one piece of stainless steel wire. Eventually, the parties came up with an agreed statement of facts, and the matter was resolved without a trial. The attorneys came in and presented oral argument. I then asked

questions, indicating my views at that time, and thereafter rendered my decision.

A patent case is generally accorded more weight than most other types of cases in the federal courts' case weight statistics. It probably comes close to antitrust, and some other aspects of what I will characterize as complex civil litigation. The attorneys who specialize tend to be totally consumed by the litigation, perhaps more so than most litigators. They spend a considerable amount of time, again, perhaps more than the average, on discovery. The ultimate aim, I believe, is to get as much information as possible, and if the case is not disposed of by a settlement or on a motion, then the trial generally entails a great deal of effort. I remember several patent cases where each party presented voluminous exhibit books.

Patent attorneys generally deal with each other in a professional manner. I have little criticism with regard to that aspect of the lawyering. Sometimes there will be disputes which the parties find difficult to resolve, and they bring them to the court. Such disputes, I believe, could generally be resolved by a little more give and take. I think all of this makes patent litigation, in particular, costly. And that's a matter of concern to me. As a judge you only have a certain amount of time to devote to a particular case, and you don't want to overdo in one area and short change in another. I have enjoyed the patent cases I have had although I don't think I would have wanted to have a substantially greater number of them.

I have also very much enjoyed copyright and trademark litigation. One of the trials that I remember was *Roy Export v. CBS*, where the jury and I viewed five full length Charlie Chaplin films — "The Kid," "City Lights," "The Circus," "Modern Times" and "The Great Dictator." My recollection is that brief scenes from all of these films were utilized by CBS in a retrospective, which was aired following Chaplin's death. That was not only a very well tried case, but a very entertaining one as well.

Trademark cases also lend themselves more to litigation between attorneys who are not necessarily specialists, as patent lawyers are. You will find people who are general litigators trying that type of litigation. A good example is *Sterling Drug v.*

*Bayer*.<sup>2</sup> The attorneys on the case were general litigators from the Paul Weiss and Cravath firms, and they would have been equally at home, I think, in corporate or securities litigation.

Copyright cases vary. I recall *Fayard v. Henry Holt*,<sup>3</sup> a case in which I granted summary judgment. The attorney who prevailed is now a colleague of mine, Judge McKenna, and I would suggest that he probably was a general litigator who handled this interesting piece of litigation.

**QUESTION:** Do you find that "general" litigators have an advantage over attorneys who specialize in intellectual property law because of more general trial experience?

**ANSWER:** I think general litigators make a more persuasive and interesting presentation. I don't want to emphasize the persuasive aspect of it, but I think the court's interest is enhanced by experienced general litigators. They are more sensitive, perhaps, to what interests the finder of fact. It was never the quality of the work or the effort. The quality was always there and the effort was always there, but to a certain extent, perhaps, the attorneys who exclusively litigate patent cases are focused more, and therefore, judges like myself who are generalists, tend to believe that they make less interesting presentations.

**QUESTION:** What recommendations or suggestions do you have for intellectual property attorneys, particularly patent attorneys, that would assist in their trial preparation and improve their presentation at trial?

**ANSWER:** Perhaps as firms get larger, and litigation departments develop, there can be increased cross-fertilization between litigators who are specialists and those who are not. My own feeling is that it is probably unnecessary to suggest to experienced trial lawyers that they go to court to see a successful general litigator, but there are points that they can pick up, and if attorneys don't want to go to court, there are taped presentations which may be helpful. The idea, I think, is to make the presentation more interesting, and the arguments more understandable and more readily accepted. It's a matter of communicating.

**QUESTION:** When you say "more interesting," would, for example, computer graphics, charts, etc., add to an attorney's presentation in the courtroom?

**ANSWER:** I think that's a good example. Again, in *Sterling Drug v. Bayer*,<sup>4</sup> which I tried two years ago, the attorneys made very good use of slides, blowups and graphics of one kind or another. It was an excellent way to present the case, because the trier of fact could focus on a particular matter. In the patent field, counsel have used models and drawings. Sometimes, though, the exhibits are a little too complicated and sophisticated. It's important to focus on the claims, but thought should always be given to your audience, so that the trier of fact can fully understand what counsel is trying to prove. I think if the level of teaching is above the audience's ability to comprehend, there is the danger of losing the audience. It's important to work at a level where your audience understands what you are trying to teach. I guess it goes back to education generally. If the student understands what the teacher is trying to explain, the student is going to learn the subject and do better.

**QUESTION:** Computers are being used more frequently in the courtroom for retrieving pertinent documentary evidence or testimony as well as for presenting three dimensional graphic visualizations. Is this practice common in your courtroom or is it still infrequently utilized?

**ANSWER:** We are getting to that. I can't say that I am focused at the moment on any utilization of computers in patent cases, or copyright or trademark cases. Last year I had a four month criminal case, and everything was on disks. During the jury's deliberations, notes were sent out. The jury wanted certain testimony or references within this very substantial transcript of thousands of pages. Through computer technology, we were able to respond to the notes reasonably accurately and reasonably promptly. When the jury was considering one of the last of the defendants, they asked for every reference in the record to "Little Tone" and "Tony." "Little Tone" was not too difficult. However, "Tony" was a name that was common to a number of people. We were able to search through

maybe five, six thousand pages of transcript in a matter of a couple of hours and send in to the jury, or read to the jury, all of the references that they wanted, which I think is an effective use of computer technology.

**QUESTION:** So do you believe that using computers in the courtroom is beneficial?

**ANSWER:** I think so. Also, of course, it should help the attorneys considerably with the summations in a jury case, so that the summations will be accurate. The worst thing you want to do is say something to a jury and then have the jury seek something in the record and find that you didn't explain the matter in an accurate and correct fashion.

I think that you really have to focus on matters that are most significant and not try to gather more on the plate than the trier of fact is able to absorb. Trying to put everything on the plate often leaves the trier of fact in the case with a mild case of indigestion.

**QUESTION:** How can judges, attorneys and juries work more efficiently together in intellectual property cases?

**ANSWER:** Since the trial is an educational process and the jury deliberations are perhaps the most significant part of the process, I am a firm believer in making available to the jury whatever is appropriate and I try to respond to the jury's requests promptly. I usually am able to obtain the agreement of counsel when the jury wants testimony, and the testimony is particularly lengthy, to send in the transcript so that the jurors can study it rather than be brought back into the courtroom, for the fairly tedious reading of testimony. In addition to testimony, of course, the jurors are entitled to see the exhibits. All of the exhibits received in evidence are sent in, with a few exceptions. And finally, I have sent the charge in, in one of two forms: either in transcript form, or on tape, so the jurors can read or listen to the charge. The tape goes in with an index, the jurors can turn to counter 23, for example, if they want to rehear the instruction on burden of proof, counter 50 if they want to hear some explanation with regard to likelihood of confusion, and so on.

After a jury trial a few years ago, one of

the longest cases I have tried, I was thanking the jury, and I inquired if, during the jury's deliberations, we had given them all the material that they wanted. I had sent in, I think, two copies of the charge, and the jurors said that they would be very appreciative the next time if each juror could have his or her own copy, so that the charge could be studied by each juror.

There are other things that we are doing and have done from time to time. In patent cases, I think juror note-taking may be helpful. I discourage it in simple cases because I want the jurors to concentrate on the testimony and watch and listen to the witnesses carefully. Some judges have tried permitting jurors to ask questions. I have not encouraged that. On occasion, a juror will put up his or her hand and say "Judge, I have a question." My practice has always been to stop, have the juror separately write on a piece of paper what his or her question is, and then take the matter up with the lawyers. Sometimes the question relates to something that is going to be reached later, sometimes the question relates to something that would be inadmissible, and we try to deal with the matter appropriately.

The whole idea here is to communicate. We had a president several years ago, who was a great communicator. I think a good trial lawyer has to be a good communicator. What we have talked about here has been the education of the trier of fact—that is giving the fact finder information which is required to intelligently decide the case—and presenting it in an understandable form, whether it be by the spoken word or by graphic presentation.

#### ENDNOTES

<sup>1</sup> *Fairfax Dental (Ireland) Ltd. v. Sterling Optical Corp.*, 808 F. Supp. 326 (S.D.N.Y. 1992).

<sup>2</sup> *Sterling Drug Inc. v. Bayer AG*, 792 F. Supp. 1357 (S.D.N.Y. 1992).

<sup>3</sup> *Fayard v. Henry Holt & Co., Inc.*, 726 F. Supp. 438 (S.D.N.Y. 1989).

<sup>4</sup> *Sterling Drug Inc.*, 792 F. Supp. at 1357.

## NEWS FROM THE BOARD OF DIRECTORS

by William H. Dippert

The Board of Directors met on May 20, 1993. William Gilbreth, who presided, welcomed new Board members and Past Presidents. In addition, he provided a list of meetings of the Board of Directors for the 1993-1994 year, and he advised that he would invite Committee Chairs to the June 15 meeting.

Howard Barnaby provided the Treasurer's Report. He stated that there is a large bank balance due to receipts for the Host Committee function as well as profits left from the recent joint meeting.

Edward Filardi reported that the Association will be sending a check to the United Nations as a deposit for the Host Committee function. Also, his Committee will be following up with certain firms and corporations for the balance of contributions that have been requested.

Mr. Gilbreth led discussion concerning what the mission of the Association should be in the 1990's. In particular, he solicited comments from the Past Presidents, who shared their thoughts. John Pegram felt that the Association should take an active role in any CLE requirements that may be imposed by the State Bar. Karl Jorda suggested that the admission of foreign associates should be addressed. Further, he thought the Association should be active in issues such as harmonization. Al Johnston felt that the Association should avoid duplication of activities of the ABA patent section and the AIPLA and that the Association should concentrate on the differences between these organizations and our Association. Further, he felt the Association should continue to provide input on judicial selection.

John Tramontine suggested that the Association should have two primary functions: first, education and enlightenment concerning legal issues, and second, continued and increased national impact by continuing development of contacts with Congressional staff. Berj Terzian echoed some of Mr. Tramontine's comments by

suggesting that the Association should establish liaisons with several governmental bodies, including the NIH.

Andrea Ryan cautioned that the Association shouldn't lose sight of its basic goals and that the Association can't be all things to all people. Peter Saxon recommended that the Association should also try to establish ties in Washington. He particularly would like to see the Association more involved in court reform.

A list of applicants for membership was provided to the Board. A motion to approve the applicants for membership passed unanimously. In a discussion of new business, Mr. Gilbreth mentioned that the Association needs an archive for historical materials. He will bring this subject up for further discussion at a later time. ■

## PENDING LEGISLATION

by Edward P. Kelly

### COPYRIGHTS

#### Sports Broadcasts

The copyright law currently affords the copyright owner the exclusive right in certain instances to perform the work publicly. See 17 U.S.C. § 106. However, a bar or restaurant showing a copyrighted sports event on television does not constitute infringement because of the exception provided by § 110(5) of the Copyright Act. That provision provides an exception to infringement when an establishment presents the copyrighted broadcasts over a television of a kind commonly used in private homes. A court has held, however, that a satellite dish is not the kind of television used in private homes and therefore does not fall under the exception to infringement. See *National Football League v. McBee and Bruno's, Inc.* 792 F.2d 726 (8th Cir. 1986). In the case of a satellite dish, the bar owner would have to receive the permission of the copyright owner.

Representative William O. Lapinski (D-Ill.) sees a problem with that approach because the copyright owners, who are professional sports franchises, apparently are requesting unreasonable royalty fees. Rep. Lapinski recently introduced a bill (H.R. 1988) that would resolve this problem. Under the bill, all public places that provide TV broadcasts of sports games would be exempt from infringement as long as a reasonable fee was paid to the copyright owner. The fee would be established by the Copyright Royalty Tribunal and therefore the permission granted to the bar owner would essentially be a compulsory license.

### Digital Sound Recordings

The copyright law currently does not afford the producer of a sound recording, i.e., a record company, the exclusive right to perform the copyrighted work publicly. The copyright in the sound recording is separate from the copyright in the musical composition recorded. The musical composition does enjoy an exclusive public performance right. Radio stations broadcasting songs, therefore, have no obligation to pay a royalty to the producer of the sound recording but do pay royalties to performing rights societies for use of the musical composition.

The issue of whether sound recordings should enjoy the same right as musical compositions has been debated in the past. The debate recently resurfaced as a result of an emerging technology in digital audio transmission. Technology has been developed that will allow a consumer to subscribe to a digital audio service which will allow the consumer to call up and record CD quality sound recordings. Representative William Hughes (D-NJ) recently introduced a bill (H.R. 2576) that would amend 17 U.S.C. § 106 to provide an exclusive right in the case of sound recordings to perform the copyrighted work publicly by means of a digital transmission. A corresponding amendment would be made to the definitions section of the Copyright Act. See 17 U.S.C. § 102. Digital transmission would be defined as "a communication of the performance by any device or process whereby sounds in a digital format are received beyond the place from which they are sent."

### Film Labeling

Bills have been introduced in recent years that would require that films that have been materially altered, for example colorized, be labeled with a statement regarding the alteration. These bills initially surfaced at the time that the United States acceded to the Berne Convention. The Berne Convention affords an author of a copyrighted work moral rights to claim authorship and to prevent the destruction or alteration of the work. At the time that the U.S. acceded to the Convention, amendments to the Copyright Act were considered but no specific amendments were made to afford such rights because Congress determined that the U.S. laws already conformed to Berne requirements. Senator Allen Simpson (R-Wyo.) recently introduced a new bill (S. 1181) that would require film labeling. Senator Simpson's bill would amend 15 U.S.C. § 1125 (Section 43 of the Lanham Act) to require a copy of a materially altered film to bear a label indicating the nature of the alterations and any objections of the authors of the film. Under the bill, film distributors would have to make a good faith effort to notify the authors of the intended alterations and determine if there were any objections.

### TAX CONSEQUENCES OF BUSINESS ACQUISITIONS

The acquisition of an entire business usually involves the purchase of both tangible (buildings, inventory) and intangible (patents, copyrights, trademarks, goodwill) assets. For the buyer, the IRS currently provides an amortization deduction for acquired intangible assets if they have an identifiable value separate from goodwill and a determinable useful life. Under current law, goodwill, and in most instances trademarks and tradenames, are not depreciable because they are deemed to have an indeterminable useful life. Acquired patents and copyrights, however, are depreciable if they are assigned an identifiable value in the course of the transaction. Generally, the value of copyrights and patents cannot be amortized when they are acquired in a bulk transfer of business assets.

The buyer's primary incentive is to maximize the amount of the purchase price allocated to allowable depreciable intan-

gible assets, thereby resulting in more depreciation deductions to reduce taxable income over the life of the assets. The nature of this tax treatment has led to disputes over the type of intangible assets acquired as well as disputes over the amount of the purchase price attributable to particular intangible assets.

Bills have been introduced in the House and Senate that would resolve these controversies by simplifying the amortization rules when a business is acquired. The bills allow amortization of acquired intangible assets such as goodwill, trademarks, patents and copyrights acquired in a bulk transfer over a single 14-year period. The provisions of these bills are not contained in the Omnibus Budget Reconciliation Bill of 1993 (S. 1134) pending in the Senate. A similar bill is pending in the House (H.R. 2264). The Senate version, however, is different from the House bill in that it would only allow amortization of 75% of the adjusted basis of the property. The House bill allows amortization of the entire adjusted basis. The Senate bill also provides special rules for the acquisition of computer software businesses. The Senate Budget Committee recently approved S. 1134.

### JOINT PRODUCTION AGREEMENTS

We have been reporting for a number of years regarding a bill that would encourage companies to enter into joint production agreements in the same manner that previously enacted legislation encouraged joint research and development agreements. In 1984, Congress passed a bill that provided that joint R&D ventures challenged as antitrust violations must be judicially reviewed under a rule of reason analysis under the antitrust laws. A court could not, therefore, find that a joint R&D venture was a *per se* violation of the antitrust laws. The potential liability of joint R&D ventures is also limited to actual damages and attorneys' fees. There are no treble damages.

Bills pending in the House and Senate over the last several years would grant the same benefits to joint production ventures. The President recently signed H.R. 1313 into law which now places joint production agreements on the same footing as joint

research and development agreements. The bill only applies when (1) the principal facilities for such production are located in the United States or its territories and (2) each person who controls the venture is a United States person or foreign person from a country whose law affords antitrust treatment no less favorable to United States persons than to such countries' domestic persons with respect to participation in joint ventures for production.

## RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

### TRADEMARKS

The United States Court of Appeals for the Eighth Circuit in *Master Distributors, Inc. v. Pako Corp.*, (8th Cir. No. 92-1345 Feb. 17, 1993), held that a specific shade of color is protectable under trademark law. Master Distributors, Inc. (MDI) manufactures leader splicing tape for use in photographic film processing. The leader tape is dyed blue and sold under the registered trademark "BLUE MAX." Pako Corp. is the parent corporation of Pakor, Inc. (hereinafter collectively "PI"). PI distributed MDI's BLUE MAX tape until 1991 at which time PI started selling a blue leader tape under the name "PAKOR BLUE."

MDI sued PI alleging infringement of the BLUE MAX trademark and of its common law rights in the color blue. The district court, persuaded by the dissent in *In re Owens-Corning Fiberglass Corp.*, 774 F.2d 1116 (Fed. Cir. 1985), and the Seventh Circuit's decision in *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990), summarily held that trademark protection may not be extended to cover color alone, and even if it would, recovery in this case would be precluded by the color depletion theory.

The Eighth Circuit reversed. For pur-

poses of the appeal, the court assumed: 1) that the color of leader splicing tape does not affect its function; 2) MDI can establish secondary meaning in the blue color of its tape; and 3) an infringing tape would confuse or mislead consumers. Thus, the issues on appeal were narrowed to whether color alone can be afforded trademark protection and if so, whether the district court properly applied the color depletion theory in this case.

The Eighth Circuit began its opinion with a synopsis of the relevant cases. *A. Leschen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, (201 U.S. 166 1906), is cited for the proposition that the United States Supreme Court has never expressly denied the possibility that color can be protected as a trademark stating:

[t]he Court noted that 'a trademark could not be claimed of a rope, the entire surface of which was colored,' but also stated that it might have sustained the registration if the plaintiff's claimed trademark was restricted to one specific color, such as red.

*Master Distributors*, 986 F.2d at 221. The Eighth Circuit then stated that its own holding in *Deere & Co. v. Farmhand, Inc.*, 721 F.2d 253 did not establish a *per se* rule against protecting color as a trademark because in that case the district court found that the specific shade of green used on John Deere vehicles was functional.

### Split In The Circuits

The Eighth Circuit decision comes on the heels of two decisions which are at odds with each other. The first decision handed down by the Federal Circuit Court of Appeals allowed Owens-Corning to register the color pink as a trademark for fibrous glass insulation in *In re Owens-Corning Fiberglass Corp.*, 774 F.2d 1116 (Fed. Cir. 1985). The other decision which squarely decided the color issue is *NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990). In *NutraSweet*, the Court affirmed the district court's holding that color alone not be protected.

The Eighth Circuit was not persuaded by the *NutraSweet* decision:

We are not persuaded by the three traditional arguments against protection — the color depletion theory, shade confusion, and the functionality doctrine. Nor are we impressed



by the argument that 'consistency and predictability' require a *per se* prohibition against trademark protection for color alone. We believe that not allowing manufacturers to protect color marks when all the traditional requirements have been met will actually promote inconsistency and confusion.

Proponents of the color depletion theory assert that there are only a few possible colors a manufacturer can choose for a product, and allowing one manufacturer to monopolize one color 'in all of its shades' will inhibit competition. . . . We agree that allowing a manufacturer to monopolize red, in all of its shades, would deplete the color choices available to other market participants. Allowing a manufacturer who has met all the normal requirements for obtaining trademark protection to protect a specific shade of color, however, is another. . . . More importantly, a manufacturer's mere use of a certain color will not automatically grant it proprietary rights — the manufacturer must establish all the normal requirements for trademark protection, including secondary meaning. Until secondary meaning has been established in every distinguishable shade of color and in no color at all, a highly improbable situation, there will always be an option available to a new market entrant.

Although protecting particular shades of color may result in some shade confusion problems, we agree that 'deciding likelihood of confusion among color shades . . . is no more difficult or subtle than deciding likelihood of confusion where words or marks are involved.' . . . Further, as with any technical issue, expert witnesses are available to testify regarding the similarity of the colors at issue. The final traditional argument — the functionality doctrine — provides that if color is essential to the utility of a product or is the natural color of the product, then no party may acquire exclusive trademark rights in that feature of color. . . . The majority in *Owens-Corning* recognized that, '[a]s applied to goods serves a primarily utilitarian purpose it is not subject to protection as a trademark.' . . . [t]he functionality doctrine, therefore, is not inconsistent with protection of some color trademarks. (citations omitted)

## PATENTS — REISSUE

The Federal Circuit has held that under 35 U.S.C. 251, the Commissioner of Patents and Trademarks cannot reissue a patent after its term has expired. *In re Morgan*, (Fed. Cir. No. 92-1278 Mar. 17, 1993).

In August 1975, Morgan was granted U.S. Patent No. 3,900,645 relating to a "Scored Adhesive Laminate." Beginning in 1977 Morgan filed the first of four reissue applications. During an appeal of the fourth reissue application the '645 patent expired. The PTO moved to dismiss the

appeal arguing that the case is moot insofar as there is no unexpired term for which it can reissue the patent.

Morgan argued that 35 U.S.C. §251 should be liberally construed in light of the remedial nature of the statute. Morgan contended that reissue applications should be treated like reexaminations in as much as 37 CFR 1.510(a) allows an applicant to "at any time during the period of enforceability of a patent" file for reexamination. Thus, Morgan was asking the Federal Circuit to interpret §251 to provide for reissue of a patent for its enforceable "unexpired term."

The Court was not persuaded by Morgan's arguments:

Morgan's interpretation of section 251 is expressly contrary to the plain and unambiguous language of that section. Congress has provided clear language in section 251 and we cannot rewrite the statute. The fact that the intent of the reissue provision is remedial does not permit avoidance of plain statutory language. While the statute does not expressly require termination of a reissue proceeding when a patent expires, that is an inevitable concomitant of the provision that the patent can no longer be reissued. Morgan cited *In re Papst-Motoren*, 1 USPQ2d 1655 (Bd. Pa. App. Int. 1986), to illustrate that the Board conducts reexamination proceedings after expiration of a patent. This may be so, but is it not relevant to a reissue case, since the plain language of section 251 controls, it is reissue, not reexamination, that is before us. The Board's holding in a reexamination case is not inconsistent with the Commissioner's motion to dismiss in this reissue case.

## COPYRIGHTS — LOADING SOFTWARE INTO "RAM"

In *MAI Systems Corp. v. Peak Computer, Inc.*, (9th Cir. No. 92-55363 Apr. 7, 1993), the Ninth Circuit Court of Appeals held that loading software into a computer's random access memory (RAM) creates a copy fixed in a tangible medium of expression and therefore can constitute a copyright infringement.

MAI makes computer systems and designs the operating systems software, which enables application programs to be run. Peak Computer, Inc. (PCI) provides computer repair and maintenance services to, among others, owners of MAI computer systems. In performing its services PCI turns on the MAI computers which causes

the MAI operating system to be down loaded into the computer's RAM, which when the computer is turned off, is erased.

While acknowledging that no cases have held that copying software into RAM creates a "copy" under the Copyright Act, the Ninth Circuit stated that it is generally accepted that loading a program into a computer creates such a copy and cited *Vault Corp. v. Quaid Software Ltd.*, 297 F.2d 255 (5th Cir. 1988); 2 *Nimmer on Copyright* 8.08 (1983). The Court stated that although these authorities do not specifically state that a copy is created when a program is loaded into RAM, such a copy is created under the Copyright Act because once in RAM the program can be "perceived, reproduced, or otherwise communicated."

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