



THE NEW YORK PATENT, TRADEMARK AND COPYRIGHT LAW ASSOCIATION

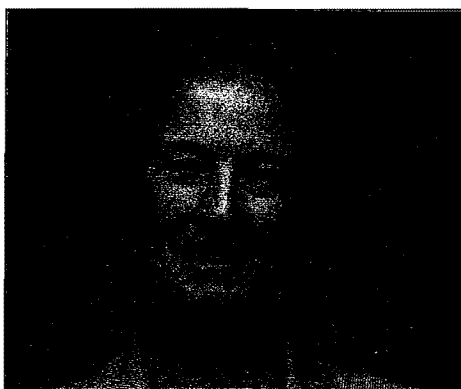
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PRESIDENT'S CORNER



It is hard to believe that this is the ultimate column I will write as President of this Association. By the time this column appears, my term as President will be almost over. The Judges' Dinner and the Patent Harmonization Seminar will be just memories. If the events go according to current plans and statistics, we will have hosted the largest crowd ever at the Judges' Dinner and educated practitioners on the pros and cons of patent harmonization. One week before the Judges' Dinner we had acceptances from over 100 federal judges, and Mayor Koch promises to be entertaining and informative.

Although we have been advised that the Diplomatic Conference on Patent Harmonization has been postponed until a U.S. Commissioner of Patents and Trademarks is appointed, the harmonization debates helped us educate our membership on the issues to be addressed when that conference is actually convened.

During what remains of my term we hope to (1) finish the fund raising and planning for hosting the renamed ABA, Section of Intellectual Property Law in August, 1993, (2) endorse our former President, John Pegram for a position on the Court of Appeals for the Federal Circuit (3)

present a resolution to the membership to change the Association name to the New York Intellectual Property Law Association, Inc., and (4) host the annual joint patent seminar on April 20, 1993 at the Grand Hyatt.

The Association name change will be voted on at the annual meeting which is scheduled for Thursday, May 20, 1993. The speaker at the annual meeting dinner will be Lans Liebman, Dean of Columbia Law School. At the annual meeting we will

also host our past presidents, present the inventor of the year award and announce the winner of the Connor Intellectual Property Law Writing Competition. Since much of the focus for the annual meeting is on law schools, you might consider inviting some of this year's summer associates from local law schools to attend the dinner with your firm or corporation.

— M. Andrea Ryan

CALENDAR OF EVENTS

April 4-6, 1993

ABA-PTCS: Patent, Trademark and Copyright Law: Litigation and Corporate Practice. Los Angeles, California

April 13-16, 1993

Association of Biotechnology Companies: 7th International Biotechnology Meeting & Exhibition and the Fifth Annual ABC Council of Biotechnology Centers Meeting. Research Triangle Park, North Carolina.

April 19-21, 1993

Patent Resources Group: Designing Around Patents, PCT, Patent Licensing, Chemical Patents and Patent Interference. Hilton Head Island, South Carolina

April 20, 1993

The Ninth Annual Joint Seminar Program Patent Practice Update, sponsored by the NYPTC and Connecticut, Philadelphia and New Jersey Patent Law Associations. Grand Hyatt Hotel, New York City.

April 25-28, 1993

World Computer Law Congress 1993: Putting the Pieces Together: Coping with the Business, Legal and Marketing Issues of International Trade. San Diego, California

April 28-30, 1993

AIPLA: Spring-Statel Meeting, Four Seasons Hotel. Austin, Texas

THE MADRID PROTOCOL: PROS AND CONS OF ADHERENCE BY THE UNITED STATES

by Virginia R. Richard

I. INTRODUCTION

The United States is currently not a member of any international trademark registration system. This means that U.S. trademark owners must file trademark applications in each individual country in which registration is sought.

Over the years, the U.S. has considered membership in the Madrid Agreement which provides for international registration of trademarks. However, certain provisions of the Madrid Agreement were considered disadvantageous to U.S. trademark owners so membership was not pursued.

On June 17, 1989, the members of the Madrid Agreement adopted a Protocol which contains modifications to the Agreement designed to encourage membership in an international trademark filing system by non-members of the Madrid Agreement, such as the United States, Canada, the United Kingdom and Japan.

Since 1989, the World Intellectual Property Organization (WIPO) has held a series of meetings to develop regulations and forms acceptable for use under the Protocol by current member states of the Madrid Agreement¹, as well as prospective member states of the Madrid Protocol.

A delegation from the United States Patent and Trademark Office (U.S.P.T.O.), led by Jeffrey Samuels, Assistant Commissioner of Patents, has actively participated in these meetings and achieved substantial modifications to the Protocol regulations and forms to accommodate U.S. adherence to the Madrid Protocol. For example, the Madrid Protocol regulations were modified, at U.S. insistence, to require a foreign applicant desiring extension of an international application or registration to the U.S. to file a U.S. Declaration of *Bona Fide*

Intent to Use and to state that it believes itself to be the owner of the mark for which registration is desired.

During the most recent of these meetings in October 1992, the Madrid Protocol regulations and forms were substantially agreed upon. One more meeting may be required to finalize all details before the regulations and forms are in condition for submission to the General Assembly of the Madrid Agreement for approval.

The Protocol has been signed by the following member countries of the Madrid Agreement: Austria, Germany, Monaco, Romania, Belgium, Hungary, Mongolia, Spain, Dem. People's Republic of Korea, Italy, Morocco, Switzerland, Egypt, Liechtenstein, Netherlands, Yugoslavia, France, Luxembourg, Portugal and the Soviet Union. The following states which are not party to the Madrid Agreement have signed the Protocol: Denmark, Senegal, Finland, Sweden, Greece, United Kingdom and Ireland.

So far, Spain is the only member of the Madrid Agreement to ratify the Protocol.

The Protocol will enter into force after deposit with the Director General of WIPO of four instruments of ratification among which, at least one must be an instrument of a country party to the Agreement and one an instrument of ratification of a country not party to that Agreement. WIPO makes no forecasts as to the expected date of entry into force of the Protocol but estimates that it is unlikely to enter into force before mid-1994.

The U.S. Patent and Trademark Office has indicated its support of U.S. adherence to the Madrid Protocol by submitting draft legislation to Congress which provides for amendment of the Trademark Act of 1946 as amended by the Trademark Law Revision Act of 1988 (The Lanham Act) and the rules thereunder to the minimum extent required for United States adherence to the Madrid Protocol. The bill was introduced on October 3, 1992 and was accompanied by a Statement of Purpose and Need prepared by the U.S. Patent and Trademark Office. The bill and Statement of Purpose and Need are set forth in Appendices I and II to this article (as an insert to this *Bulletin*). As there was no action on the bill in the last session of Congress, the bill must be re-introduced in this session. Senator deConcini's office has indicated some inter-

est in sponsoring this bill. As Clinton appointees in the Commerce Department and U.S.P.T.O. have not yet had a chance to review the bill or its background, it is unlikely that an administration-sponsored bill relating to the Madrid Protocol will be introduced in this session of Congress.

In order to fully understand the implications of adherence to the Madrid Protocol by the United States, it is necessary to briefly review the history, purpose and application process under the Madrid Agreement and the modifications to that process embodied in the Madrid Protocol.

II. MADRID AGREEMENT — INTERNATIONAL TRADEMARK REGISTRATION

The Paris Convention of 1883 was the first attempt by trademark owners to achieve uniform treatment and rights on an international basis. The Madrid Agreement of 1891 grew out of the Paris Convention. Only parties to the Paris Convention may join the Madrid Agreement. Currently, over one hundred (100) countries are members of the Paris Convention (see Appendix III for List of Paris Convention members) and twenty-nine countries have joined the Madrid Agreement. The Madrid Agreement achieved only limited success largely because its member states were small in number and did not include industrial giants such as the U.S., U.K. and Japan.

The Madrid Agreement provides for the "international" registration of trademarks among member countries. The registration process itself is administered by the World Intellectual Property Organization (WIPO) in Geneva, Switzerland.

The procedure for obtaining an "international" registration under the Madrid Agreement involves filing a single application (in French) based upon an existing national registration in the applicant's country of origin. The application designates the countries to which the application is to be extended. One filing fee is paid to WIPO at the time of filing. WIPO then transmits applications to the member states designated by the applicant.

WIPO examines applications only for compliance with its own regulations. It does not examine applications for compliance with the individual national laws of the countries designated in the application.

Designated member states then examine the application under national law and have a period of twelve (12) months in which to reject the application. Replies to refusals to register must be made by the applicant or his agent to the national office of the designated country issuing the refusal.

Marks registered in designated countries pursuant to this procedure are subject to national laws, except as to payment and filing of renewal fees and recordation of changes of ownership, status or territorial extensions which are also handled by WIPO. An international registration may be renewed indefinitely for successive twenty (20) year periods. Publication of an international registration is made in *Les Marques Internationales* which is published weekly by WIPO.

Marks registered on the international register remain dependent on the continued existence of a valid home registration for a period of five (5) years. If the home registration is canceled for any reason during that period, the registrations in the designated countries also cease to exist. This provision, known as "central attack," is among the most controversial areas of the Madrid Agreement and a primary reason for non-adherence to the Agreement by Japan, the U.S. and the U.K.

After five (5) years, the international registration may be attacked only under the individual national laws of the designated countries. Invalidation pursuant to national law may occur at any time.

The limitations of the Madrid Agreement in terms of scope of membership, need for an issued home registration and central attack caused WIPO to develop a proposal for an amendment to the Madrid Agreement which addressed these issues and provided a streamlined method for truly international registration of trademarks. The result of these efforts was the Madrid Protocol of 1989.

III. MADRID PROTOCOL — WHAT'S IN IT FOR U.S. TRADEMARK OWNERS

The Madrid Protocol applies only to non-member states of the Madrid Agreement. The Madrid Protocol appears to provide the following benefits for U.S. applicants:

1. An international registration may be obtained based upon a home country application or registration. The filing procedures have been simplified and the international application may be filed in French or English.

2. The "central attack" provision of the Madrid Agreement has been modified so that if a home registration is successfully attacked during the five (5) year period after registration, dependent registrations in the designated countries can be converted to national applications by filing within three (3) months of the date on which the international registration was canceled (Article 9), and the applications in the designated countries retain their effective filing dates.

3. The term of registration of an international registration under the Protocol is ten (10) years renewable for successive ten (10) year periods.

4. U.S. trademark owners may file a single application in the U.S. and designate any Madrid Agreement or Protocol member countries as countries to which the application is to be extended.

5. Payment of a single filing fee and preparation of a single application should result in significant savings in legal service fees, at least in the initial stages of the application process. A single renewal fee is also filed thus eliminating service fees associated with renewals in individual countries.

6. The advance in international harmonization of trademark filing procedures embodied in the Madrid Protocol could be followed by further harmonization of national laws by member states.

7. A single assignment can be filed at WIPO for an international registration thereby greatly reducing fees associated with trademark acquisition and transfer.

8. Implementation of the Protocol will not require amendments to existing provisions of the Lanham Act.

IV. PROPOSED LANHAM ACT AMENDMENT TO IMPLEMENT THE MADRID PROTOCOL

The U.S.P.T.O. drafted bill which was introduced to Congress in October 1992 is designed to implement the provisions of the Madrid Protocol by amending the Lanham Act to include a new title after Section 51 entitled: "Title XII The Madrid Protocol."

Section 61 of the bill provides for the filing of an international application with the U.S.P.T.O. which will then examine the application and certify it to WIPO. All fees will be paid to the U.S.P.T.O.

Under Section 66, a request for extension of protection of an international registration to the United States by a Madrid Agreement or Protocol member is effective *only* if accompanied by a Declaration of *Bona Fide* Intention to Use the mark in commerce verified by the applicant or holder of the international registration.

Under Section 66(b), filing of a request for extension of protection shall constitute use of the mark (Section 7(c)) as of the earliest of the following:

1. international registration date or date of request for extension if made subsequent to the international registration date; or,
2. date claimed pursuant to Section 67 of the Act.

All international applications will be subject to U.S. Patent & Trademark Office examination and will be published for opposition in the Official Gazette of the U.S. Patent and Trademark Office (Section 68).

If extension of an international registration is granted, the U.S.P.T.O. will issue a certificate of extension of protection under Section 69 and such an extension of protection shall have the same effect and validity as a registration on the Principal Register and the holder of an international registration with extension to the U.S. shall have the same rights and remedies as an owner of a registration on the Principal Register. The owner of an international registration extended to the U.S. must file an Affidavit of Use (Section 71).

V. DISADVANTAGES OF U.S. ADHERENCE TO THE MADRID PROTOCOL

Critics of the Madrid Protocol claim that U.S. adherence will impact adversely on the operations of the U.S.P.T.O. in that:

1. Foreign applications are likely to increase, creating examination delays and increasing costs to U.S. taxpayers.
2. The projected increase in U.S.P.T.O. workload is likely to increase the number of initial rejections, thus increasing costs to applicants.
3. The projected increase in foregoing

and domestic applications is likely to deplete the supply of available marks.

In addition, the following purported disadvantages to U.S. applicants have been claimed:

1. U.S. applicants may be disadvantaged since the strict U.S. examination process is likely to delay home country registration for U.S. applicants, while foreign applicants from countries with no examination process will obtain registrations more quickly and with less expense.

2. Rights obtained through individual national registrations are not vulnerable to central attack, as are international registrations within the five (5) year period after home country registration.

3. Clearing marks for use in the U.S. and abroad may become more difficult as marks registered under the Protocol may have extremely broad goods specifications in certain designated countries while not in others, such as the U.S.

Many of the disadvantages to adherence mentioned above with respect to possible U.S.P.T.O. overload and cost considerations appear to be addressed by the U.S.P.T.O.'s wholehearted support of the Protocol (see Appendix II).

The concerns expressed relating to mark depletion and alleged advantages to foreign applicants appear to be unfounded. Certainly, mark depletion has not occurred as a result of foreign intent to use filings in the U.S., nor does it appear from the provisions of the Protocol itself or the regulations thereunder that foreign applicants have any material advantage over U.S. applicants, either in the U.S. or abroad. Applications in each designated country are examined pursuant to national law, regardless of the existence of a registration in the home country.

ENDNOTES

1 The following countries are members of the Madrid Agreement: Algeria, Austria, Belgium, Bulgaria, China, Cuba, Czechoslovakia, Korea (North), Egypt, France, Germany, Hungary, Italy, Liechtenstein, Luxembourg, Monaco, Mongolia, Morocco, Netherlands, Poland, Portugal, Romania, Russia, San Marino, Spain, Sudan, Switzerland, Vietnam and Yugoslavia.

NEWS FROM THE BOARD OF DIRECTORS

by William H. Dippert

The Board of Directors met on December 15, 1992, and Andrea Ryan presided.

Howard Barnaby distributed the Treasurer's Report. He commented that the Association's bank balance is fairly healthy although it is less than last year at this time since CLE Weekend expenses were just paid and certain payments have already been paid in connection with the 1993 Judges Dinner.

Mr. Barnaby also provided a brief report concerning the finances for the Judges Dinner. According to a profit and loss statement furnished by Horizon, the Association netted approximately \$24,000 from the 1992 Judges Dinner. After discussion it was unanimously agreed that the ticket prices for the 1993 Judges Dinner should be increased \$5.00 in each category.

Edward Vassallo reported on behalf of the CLE Committee, particularly with regard to the CLE Weekend in Princeton, New Jersey. Thirty-eight persons attended, of which 26 were Association members, down from 52 attendees, 48 members, for the 1991 CLE Weekend. The 1992 program lost about \$3000.

Mr. Vassallo had several recommendations, which were as follows:

1. Rescheduling to November, rather than September;
2. Relocation to a more northerly location;
3. More promotion, for example, through the *Bulletin*;
4. Distribution of a questionnaire to the membership to determine preferences for timing, location, topics, and speakers; and
5. More written materials, especially for compliance with any applicable state CLE requirements.

Discussion followed Mr. Vassallo's recommendations. Mr. Smith and Mr. Mugford each indicated that it was worth continuing the CLE Weekend program regardless of the slight loss. Others suggested that Mohawk, Manhattan, or

Montauk be considered as locations. Ms. Ryan commented that October is a difficult month to schedule a CLE Weekend because of conflicts with annual programs of other associations.

Upon motion the Board unanimously agreed to continue the CLE Weekend program. Mr. Vassallo was asked to return at a future meeting with some proposals.

Mr. Vassallo also reported on a joint meeting with the NJPLA, CPLA, and PPLA scheduled for April 20, 1993. The program is being structured around a projected \$125 admission fee, and hotels other than the Penta are being considered. With regard to general topic areas, New York was assigned litigation and licensing. Mr. Vassallo will provide additional reports in the future.

Ms. Ryan commented that a speaker for the 1993 Judges Dinner has not yet been found. Discussion followed concerning possible alternatives, including any past or present politicians.

Mr. Dippert led discussion concerning use of the Association mailing list. Upon motion the Board decided that the Association mailing list labels could be provided directly to Association members for non-commercial purposes. One Board member opposed the motion.

Mr. Creel led discussion concerning the 1993 Annual Meeting. It was suggested that either the inventor's acceptance speech be limited or that the featured speaker be deleted. There was no resolution on this point.

Five applicants for membership were approved by unanimous vote.

With regard to new business, Ms. Ryan reported that the Assistant Commissioner of Patents has resigned, as is customary with a change of administration. There was brief discussion of whom the Association might support for Commissioner, with no position taken.

The Board of Directors met on January 12, 1993, and Andrea Ryan presided. Howard Barnaby distributed the Treasurer's Report. He commented that the Association's bank balance is up due to checks received in connection with the 1993 Host Committee function and recent luncheon functions.

Mr. Barnaby distributed a list of individuals who have not paid 1991 to 1993 dues. He will be sending additional notices to each of these individuals, and, subject to

DRAFT LEGISLATION FOR U.S. ADHERENCE TO THE MADRID PROTOCOL

(APPENDIX I)

A BILL

To implement the provisions of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress Assembled.

Section 1. Short Title

This Act may be cited as the "Act to Implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks."

Section 2. Reference to the Trademark Act of 1946

Except as otherwise expressly provided, whenever in this Act a reference is made to a section or other provision, the reference shall be considered to be made to a section or other provision of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provision of certain international conventions, and for other purposes," approved July 5, 1946, as amended (15 U.S.C. 1051 et seq.) (commonly referred to as the "Trademark Act of 1946").

Section 3. Provisions to Implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks

The Trademark Act of 1946 is amended by adding after Section 51 the following title:

TITLE XII — THE MADRID PROTOCOL

"SEC. 60 In the construction of this Title, unless the contrary is plainly apparent from the context:

Madrid Protocol. The term "Madrid Protocol" means the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid on June 27, 1989;

Basic Application. The term "basic application" means the application for the registration of a mark that has been filed with the Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark;

Basic Registration. The term "basic registration" means the registration of a mark that has been effected by the Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark;

Contracting Party. The term "Contracting Party" means any country or inter-governmental organization party to the Madrid Protocol;

Declaration of Bona Fide Intention to Use the Mark in Commerce. The term "declaration of bona fide intention to use the mark in commerce" means a declaration signed by the applicant for, or holder of, an international registration seeking extension of protection to the United States and containing a statement that the applicant or holder has a bona fide intention to use the mark in commerce and the person making the declaration believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the declaration, to be entitled to use the mark in commerce, and that no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive.

Holder of the International Registration. The term "holder of the international registration" means the natural or juristic person in whose name the international registration is recorded in the International Register;

International Application. The term "international application" means an application for international registration filed under the Madrid Protocol;

International Bureau. The term "International Bureau" means the International Bureau of the World Intellectual Property Organization;

International Register. The term "International Register" means the official collection of data concerning international registrations maintained by the International Bureau, which data the Madrid Protocol or its implementing Regulations require or permit to be recorded, regardless of the medium which contains such data;

International Registration. The term "international registration" means the registration of a mark effected under the Madrid Protocol;

International Registration Date. The term "international registration date" means the date assigned to the international registration by the International Bureau.

Office of Origin. The term "office of origin" means the Office with which a basic application was filed or a basic registration was effected;

Opposition Period. The term "opposition period" means the time allowed for filing an opposition in the Patent and Trademark Office, including any extension of time granted under section 13 of this Act.

International Applications Based on United States Applications or Registrations

"SEC. 61 The owner of an application for registration of a mark pending before the Patent and Trademark Office, or the owner of a United States registration, may file an international application by submitting to the Patent and Trademark Office a written application in such form as may be prescribed by the Commissioner together with the prescribed fees.

Certification of the International Application

"SEC. 62 Upon the filing of an application for international registration and payment of the prescribed fees, the Commissioner shall examine the international application for the purpose of certifying that the particulars appearing in the international application correspond to the particulars appearing in the basic application or registration at the time of certi-

fication. Upon examination and certification of the international application, the Commissioner shall transmit the international application to the International Bureau.

Restriction, Abandonment, Cancellation, or Expiration of a Basic Application or Basic Registration

"SEC. 63 The Commissioner shall notify the International Bureau whenever a basic application or basic registration has been restricted, abandoned, canceled or has expired with respect to some or all of the goods and services listed in the international registration:

- (1) within five years from the international registration date, or
- (2) more than five years from the international registration date if the restriction, abandonment or cancellation of the basic application or basic registration resulted from an action that began before the end of the five-year period.

Request for Extension of Protection Subsequent to International Registration

"SEC. 64 The holder of an international registration based upon a United States application or registration may request an extension of protection of its international registration by filing such a request:

- (1) directly with the International Bureau, or
- (2) with the Patent and Trademark Office for transmittal to the International Bureau, provided that the request is in such form as may be prescribed by the Commissioner and contains the prescribed transmittal fee.

Extension of Protection of an International Registration to the United States Under the Madrid Protocol

"SEC. 65(a) Subject to the provisions of section 68, the holder of an international registration shall be entitled to the benefits of extension of protection of that international registration to the United States to the extent necessary to give effect to any provision of the Madrid Protocol.

- (b) The protection resulting from an

international registration shall not extend to the United States if the Patent and Trademark Office is the office of origin.

Effect of Filing a Request for Extension of Protection of an International Registration to the United States

"SEC. 66(a) A request for extension of protection of an international registration transmitted to the Patent and Trademark Office by the International Bureau shall be deemed to be properly filed in the United States: *Provided*, that such a request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce verified by the applicant for, or holder of, the international registration.

(b) Unless extension of protection is refused under section 68 of this Act, the proper filing of the request for extension of protection shall constitute constructive use of the mark, conferring the same rights as those specified in subsection (c) of section 7 of this Act, as of the earliest of the following:

- (1) the international registration date, if the request for extension of protection was filed in the international application, or the date of recordal of the request for extension of protection on the International Register, if the request for extension of protection was made subsequent to the international registration date, or
- (2) the date claimed pursuant to section 67 of this Act.

Right of Priority Under Article 4 of the Paris Convention for Protection of Industrial Property — Request for Extension of Protection to the United States

"SEC. 67 The holder of an international registration with an extension of protection to the United States shall be entitled to the benefits of a right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property: *Provided*, that the international registration contained a claim of priority, and

- (1) the international application contained a request for extension of protection to the United States, or
- (2) the date of recordal of the request

for extension of protection to the United States is not later than six months after the date of the first regular national filing or a subsequent application, within the meaning of Article 4(A)(3) or 4(C)(4) of the Paris Convention for the Protection of Industrial Property.

Examination and Opposition — Request for Extension of Protection

"SEC. 68(a)(1) Except where inconsistent with this Title, a request for extension of protection shall be considered to be properly filed and shall be examined as an application for registration on the Principal Register under this Act, and if on such examination it shall appear that the applicant is entitled to extension of protection, the Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office.

(2) Subject to the provisions of subsection (c) of this section, a request for extension of protection shall be subject to opposition. Unless successfully opposed, the request for extension of protection shall not be refused.

(3) Extension of protection shall not be refused under this section on the ground that the mark has not been used in commerce.

(4) Extension of protection shall be refused to any mark not registrable on the Principal Register.

Notification of Refusal

(b) If, under subsection (a)(1) or (a)(2), a request for extension of protection is refused, the Commissioner shall declare in a notification of refusal that protection cannot be granted, together with a statement of all grounds.

(c)(1) Within eighteen months from the date on which a notification of a request for extension of protection is sent to the Patent and Trademark Office by the International Bureau, the Commissioner shall notify the International Bureau of each of the following, as appropriate:

- (A) a refusal based on an examination
- (B) a refusal based on the filing of an opposition
- (C) the possibility that an opposition may be filed after 18 months.
- (2) If the Commissioner has sent a notification of the possibility of opposi-

tion under subsection (c)(1)(C), then the Commissioner shall notify the International Bureau of the refusal together with a statement of all the grounds for opposition within seven months of the beginning of the opposition period or within one month of the end of the opposition period, whichever is sooner.

(3) No additional grounds for refusal may be notified to the International Bureau by the Commissioner after the expiration of the time periods set forth in subsections (c)(1) or (c)(2).

(4) Where a notification is not sent to the International Bureau within the time periods set forth in subsection (c)(1) or (c)(2), the request for extension of protection shall not be refused and the Commissioner shall issue a certificate of extension of protection.

(d) In responding to a notification of refusal, the holder of the international registration shall designate, by written document filed in the Patent and Trademark Office, the name and address of some person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person, or mailing to that person, a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, such notice or process may be served upon the Commissioner.

Effect of Extension of Protection

"SEC. 69(a) Unless extension of protection is refused under section 68 of this Act, a certificate of extension of protection shall be issued and notice of such certificate of extension of protection shall be published in the Official Gazette of the Patent and Trademark Office.

(b) Except where inconsistent with this Title, from the date of issuance of a certificate of extension of protection:

(1) such extension of protection shall have the same effect and validity as a registration on the Principal Register, and

(2) the holder of the international registration shall have the same rights and remedies as the owner of a registration on the Principal Register.

Dependence of Extension of Protection to the United States on the Underlying International Registration

"SEC. 70(a) If the International Bureau notifies the Patent and Trademark Office of the cancellation of an international registration in respect of all or some of the goods and services listed in the international registration, the Commissioner shall cancel any extension of protection to the United States in respect of said goods and services as of the date on which the international registration was canceled.

(b) If the International Bureau does not renew an international registration, the corresponding extension of protection to the United States shall cease to be valid as of the date of the expiration of the international registration.

Transformation of an Extension of Protection into a United States Application

(c) The holder of an international registration canceled in whole or in part by the International Bureau at the request of the office of origin, under Article 6(4) of the Madrid Protocol, may file an application, under section 1 or 44 of this Act, for the registration of the same mark for any of the canceled goods and services contained within the extension of protection. Such an application shall be treated as if it had been filed on the international registration date or the date of recordal of the extension of protection with the International Bureau, whichever pertains, and, if the extension of protection enjoyed priority under section 67 of this Title, shall enjoy the same priority. Such application must be filed not later than three months from the date on which the international registration was canceled, in whole or in part, and must comply with all the requirements of this Act which pertain to any application filed pursuant to sections 1 or 44.

Affidavits of Use in Commerce for Extension of Protection

"SEC. 71(a) An extension of protection, for which a certificate of extension of protection has issued under section 69 of this Act, shall remain in force for the term of the international registration upon

which it is based: *Provided*, that the extension of protection of any mark shall be canceled by the Commissioner

(1) at the end of six years following the date on which the certificate of extension of protection was issued by the Commissioner, unless within one year next preceding the expiration of such six years the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with the prescribed fee, and

(2) at the end of ten years following the date on which the certificate of extension of protection was issued by the Commissioner, and at the end of every ten-year period thereafter, unless:

(A) within six months next preceding the expiration of each ten-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with the prescribed fee, or

(B) within three months following the expiration of each ten-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with the prescribed fee and the additional prescribed fee.

(b) The affidavit shall set forth those goods or services recited in the extension of protection on or in connection with which the mark is in use in commerce and the holder of the international registration shall attach to the affidavit a specimen or facsimile showing current use of the mark in commerce, or shall set forth that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of extension of protection.

Assignment of an Extension of Protection

"SEC. 72 An extension of protection may be assigned, together with the goodwill associated with the mark, only to a person who is a national of, is domiciled in, or has a real and effective industrial or commercial establishment in either a Contracting Party or in a State member of an intergovernmental organization that is a Contracting Party.

Incontestability

"SEC. 73 The period of continuous use prescribed under section 15 of this Act may begin no earlier than the date of the issuance, under section 69 of this Act, of the certificate of extension of protection by the Commissioner."

Section 4. Effective Date.

This Act shall take effect upon entry into force of the Madrid Protocol in respect to the United States.

STATEMENT OF PURPOSE AND NEED BY THE U.S.P.T.O.

SECTION BY SECTION ANALYSIS OF THE PROPOSED AMENDMENTS TO THE TRADEMARK ACT OF 1946 AS AMENDED IN ORDER TO IMPLEMENT THE MADRID PROTOCOL

(APPENDIX II)

The purpose of this proposal is to introduce into law the provisions necessary to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol).

The Madrid Agreement Concerning the International Registration of Marks (1891), revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979 (Madrid Agreement), establishes an international trademark registration system that is administered by the International Bureau of the World Intellectual Property Organization (International Bureau).

On June 27, 1989, the States party to the Madrid Agreement concluded a Protocol, which was signed by 27 of the 29 States party to the Madrid Union. The

Protocol will establish an international trademark registration system which is independent of, but parallel to, the Madrid Agreement. The Protocol is not in force yet. Article 14(4)(a) of the Protocol provides for entry into force of the Protocol three months after ratification, acceptance, approval or accession by four States or organizations, as provided therein. To date, only Spain has deposited its instrument of ratification.

The United States has never belonged to an international trademark registration system, but has considered it in the past because of the trade advantages such a system would offer. Trademarks, representing the good will of a business and identifying its products and services, are among the most valuable assets of a business. In most countries other than the United States, trademark rights are obtained only by registration. One major obstacle to the international protection of trademarks is the difficulty and cost of obtaining and maintaining a registration in each and every country.

In the late 1960's the United States considered joining the Madrid Agreement, but concluded it contained provisions disadvantageous to U.S. trademark owners and unworkable under existing law. Specifically, the following provisions of the Madrid Agreement were considered undesirable by the United States:

(1) the requirement that the international application be based on a country of origin registration (Given the long pendency of applications in the U.S. at that time and the requirement for use of a trademark prior to filing, this requirement would have required the U.S. trademark owner to wait beyond a reasonably prudent time before seeking registration internationally under the Madrid Agreement.);

(2) the provision called "central attack," which results in the cancellation of all international registrations if the country of origin registration is canceled in the first five years;

(3) the requirement that the application be in the French language;

(4) the provision for a maximum 12 month period within which a country could refuse to effect the international registration (This was a problem because, at that time, pendency of applications in the United States was substantially more than 12 months.); and

(5) the provision designating low filing and renewal fees for the national

office, which were less than the comparable national fees in the United States.

The Protocol exists independently of, and contains significant modifications to, the Madrid Agreement. In relation to the above-stated concerns, the Protocol provides:

(1) in addition to a country of origin registration, a country of origin application may be the basis of an international application (Because a trademark owner may now file an application in the United States based upon a bona fide intention to use a mark, protection could be sought internationally at an early stage in the development of the trademark.);

(2) if the basis of an international registration is extinguished during its first five years, the registration may be converted into a national application in a designated country, and retain its original effective filing date;

(3) the working languages, determined by the proposed regulations, are English and French;

(4) member countries may have up to 18 months to refuse to effect an international registration, with an additional 7 months from the beginning of an opposition period (Over the past few years, the average pendency of trademark applications in the United States Patent and Trademark Office (USPTO) has been between 12 and 15 months, with an initial notification of refusal usually within 3 months.);

(5) a member country may charge the equivalent of its national filing and renewal fees, diminished only by any savings resulting from the international procedure.

When it enters into force, the Protocol will provide a trademark registration filing system that will permit a U.S. trademark owner to file for registration in any number of member countries by filing a single standardized application, in English, with U.S. currency, in the USPTO. Registration may be obtained without obtaining a local agent and without filing an application in each country. Equally important, under the Protocol, renewal of a trademark registration in each country may be made by the filing of a single request with a single fee.

From the perspective of a U.S. trademark owner, an applicant for, or the owner of, a U.S. registration will be able to file with the USPTO an application for international registration along with a request that the international registration be ef-

ANNOUNCING THE NINTH ANNUAL JOINT SEMINAR PROGRAM

PATENT

PRACTICE

UPDATE

DUE TO THE CONTINUING POPULARITY OF THEIR SEMINARS ON UPDATES OF PATENT PRACTICE, THE NEW YORK PATENT, TRADEMARK & COPYRIGHT LAW AND PHILADELPHIA, NEW JERSEY, AND CONNECTICUT PATENT LAW ASSOCIATIONS ARE PLEASED AGAIN TO PRESENT A ONE-DAY PROGRAM FEATURING FIVE PANELS OF EXPERTS DISCUSSING RECENT DEVELOPMENTS IN THE LAW WHICH ALL PATENT PRACTITIONERS WILL NEED TO KNOW. OUR PANELS OF EXPERTS WILL DISCUSS RECENT DEVELOPMENTS IN U.S. PATENT OFFICE PRACTICE, PATENT LITIGATION, PHARMACEUTICAL AND BIOTECHNOLOGY DEVELOPMENTS, FOREIGN AND INTERNATIONAL PRACTICE, AND LICENSING AND UNFAIR COMPETITION. A VALUABLE REFERENCE TEXT IS INCLUDED IN THE REGISTRATION FEE.

Sponsored By

*New York Patent, Trademark & Copyright Law Association
(Host Association)*

Connecticut Patent Law Association

Philadelphia Patent Law Association

New Jersey Patent Law Association

April 20, 1993

Grand Hyatt Hotel

*Grand Central Station
42nd Street and Park Avenue*

9:15 a.m to 5:00 p.m.

\$125 Registration Fee

(This Fee includes a Luncheon, Bus Transportation to/from Penn Station and all Seminar Materials)

(A \$15 late registration fee will be added to the price of admission if you register at the door)

RESERVATION FORM

PATENT PRACTICE UPDATE
Robert E. Rigby, Jr., Esq.
Fitzpatrick, Cella, Harper & Scinto
277 Park Avenue
New York, New York 10172

Enclosed is a reservation check for \$ _____ payable to
the "NYPTCLA" for _____ attendees at \$125.00 each.

Name (please print)

Firm or Company

fectured in at least one country other than the U.S. (The international registration may not be effected in the country of origin.) The USPTO will certify that the particulars in the international application correspond to those in the underlying U.S. application or registration and forward the international application to the International Bureau. A foreigner may obtain protection in the U.S. by following the same procedure in their country of origin and specifying the U.S. as a country in which they are seeking protection.

The International Bureau will issue the international registration and, if all filing requirements are met, publish the mark in the International Gazette. The International Bureau will then forward the request for extension of the international registration to the countries specified by the applicant for examination under national law. The international registration alone has no legal effect. It is the extension of the international registration to a particular country that has legal effect.

The USPTO will examine a request for extension of protection of the mark in the international registration to the U.S. in the same manner, and pursuant to the same requirements, as a nationally-filed application. Following successful examination by the USPTO, the mark will be published for opposition. If no opposition is filed or is successful, the Commissioner of Patents and Trademarks will issue a certificate of extension of protec-

tion, which will have the same effect and validity as a U.S. registration on the Principal Register. The Protocol requires the national office to notify the International Bureau of all refusals within a specified period of time. Whenever the USPTO fails to transmit refusals to the International Bureau within specified time periods, the U.S. must recognize a request for extension of protection by issuing a certificate of extension of protection.

An extension of protection to additional countries may be requested at any time during the life of the international registration. An international registration, along with all of its extensions to member countries, regardless of when each extension was obtained, is renewable every ten years from the date of the international registration, upon payment of a fee to the International Bureau. Additionally, the U.S. may impose its affidavit of continued use requirements upon those extensions of international registrations to the U.S. (The owner of an international registration seeking extension of protection to the U.S. would not have to use its mark in commerce before issuance of a certificate of extension of protection.)

If an international registration is canceled as to all or some of the goods or services within five years of its registration date at the request of the Office of origin, pursuant to the Protocol, the USPTO will cancel an attendant extension of protection to the same extent. The

holder may file, within three months of the cancellation of the international registration, an application for the same mark in relation to the canceled goods or services. This application will obtain as a filing date the date of the international registration or, if later, the date of the recordal of the extension of protection to the U.S.

Often, U.S. businesses experience difficulties effecting valid assignments of their marks internationally due to the burdensome administrative requirements for recordation of an assignment in many countries. These difficulties can hinder the normal transfer of business assets. The Protocol will permit a trademark owner to record the assignment of a trademark registration in all designated countries upon the payment of a single fee and the filing of one document.

This proposal adds a new Title to the Trademark Act of 1946, as amended (Pub. L. 79-489, Chapter 540, July 5, 1946, 60 Stat. 427, as amended by Pub. L. 100-667, Sec. 135, November 16, 1988, 102 Stat. 3948) (Lanham Act), which contains the basic statutory provisions necessary to implement the Protocol. This proposed new Title parallels the existing provisions of the Lanham Act regarding examination and registration maintenance practices, and rights and remedies, to the extent possible under the Protocol. It is not necessary to make any amendments to the existing provisions of the Lanham Act in order to implement the Protocol.

INTERNATIONAL CONVENTION (MEMBERS)

(APPENDIX III)

Paris Convention of March 20, 1883, effective July 7, 1884

Revised at Brussels, December 14, 1900; at Washington, June 2, 1911; at The Hague, November 6, 1925; at London, June 2, 1934; at Lisbon, October 31, 1958; at Stockholm, July 14, 1967; and amended in 1979.

Countries listed below are bound by the Stockholm Text (app. C1(d)) unless annotated with a symbol or number. Annotations are at the end of this Table.

Member	From
Algeria	March 1, 1966
Argentina (3)	February 10, 1967
Australia	October 10, 1925
Austria	January 1, 1909
Bahamas (3)	October 20, 1967
Bangladesh (4)	March 3, 1991
Barbados	March 12, 1985
Belgium	July 7, 1884
Benin	January 10, 1967

Member	From
Brazil (1)	July 7, 1884
Bulgaria	June 13, 1921
Burkina Faso	November 19, 1963
Burundi	September 3, 1977
Cameroun	May 10, 1964
Canada (2)	September 1, 1923
Central African Republic	November 19, 1963
Chad	November 19, 1963
China	March 19, 1985

Member	From
Congo	September 2, 1963
Cuba	November 17, 1904
Cyprus	January 17, 1966
Czechoslovakia	October 5, 1919
Denmark and Faroe Islands	October 1, 1894
°Dominican Republic	July 11, 1890
Egypt	July 1, 1951
Finland	September 20, 1921
France (including Overseas Departments and Territories	July 7, 1884
Gabon	February 29, 1964
Gambia	January 21, 1992
Germany (East)	May 1, 1903
Germany (West)	May 1, 1903
Ghana	September 28, 1976
Greece	October 2, 1924
Guinea	February 5, 1982
Guinea-Bissau	June 28, 1988
Haiti	July 1, 1958
Holy See	September 29, 1960
Hungary	January 1, 1909
Iceland (2)	May 5, 1962
Indonesia (2)	October 1, 1888
†Iran	December 16, 1959
Iraq	January 24, 1976
Ireland	December 4, 1925
Israel	September 12, 1933
Italy	July 7, 1884
Ivory Coast	October 23, 1963
Japan	July 15, 1899
Jordan	July 17, 1972
Kenya	June 14, 1965
Korea (North)	June 10, 1980
Korea (South)	May 4, 1980
Lebanon (2)	September 1, 1924
Lesotho (4)	September 28, 1989
Libya	September 28, 1976
Liechtenstein	July 14, 1933
Luxembourg	June 30, 1922
Madagascar	December 21, 1963
Malawi	July 6, 1964
Malaysia	January 1, 1989
Mali	March 1, 1983
Malta (3)	October 20, 1967
Mauritania	April 11, 1965
Mauritius	September 24, 1976

° Countries bound by the Hague Agreement

† Countries bound by the Lisbon Text.

* Countries bound by the Act of London.

Member	From
Mexico	September 7, 1903
Monaco	April 29, 1956
Mongolia	April 21, 1985
Morocco	July 30, 1917
Netherlands	July 7, 1884
Aruba	July 1, 1890
Netherlands Antilles	July 1, 1890
New Zealand (2)	September 7, 1891
Niger	July 5, 1964
†Nigeria	September 2, 1963
Norway	July 1, 1885
Philippines (3)	September 27, 1965
Poland	November 10, 1919
Portugal with Azores and Madira	July 7, 1884
Romania	October 6, 1920
Rwanda	March 1, 1984
San Marino	March 4, 1960
Senegal	December 21, 1963
South Africa	December 1, 1947
Spain	July 7, 1884
Sri Lanka (2)	December 29, 1952
*Sudan	January 16, 1984
Suriname	July 1, 1890
Sweden	July 1, 1885
Switzerland	July 7, 1884
Syria	September 1, 1924
Tanzania (3)	January 1, 1938
Togo	September 10, 1967
Trinidad and Tobago	May 14, 1908
Tunisia	July 7, 1884
Turkey (2)	October 10, 1925
Uganda	June 14, 1965
Union of Soviet Socialist Rep.	July 1, 1965
United Kingdom	July 7, 1884
Hong Kong	November 16, 1977
Isle of Man	October 29, 1983
United States of America (including Guam, Puerto Rico, American Samoa, Virgin Islands) ..	May 30, 1887
Uruguay	March 18, 1967
Vietnam	March 8, 1949
Yugoslavia	February 26, 1921
Zaire	January 31, 1975
Zambia (3)	April 6, 1965
Zimbabwe	April 18, 1980

(1) Acceptance of the Stockholm Act articles 13 to 30, and Hague text articles 1 to 12.

(2) Acceptance of the Stockholm Act articles 13 to 30, and London text articles 1 to 12.

(3) Acceptance of the Stockholm Act articles 13 to 30, and Lisbon text articles 1 to 12.

(4) Not bound by article 28(1).

Board approval, the names of individuals who do not respond to these notices will be removed from the Association mailing list.

There was brief discussion concerning one individual who objected to paying 1991-1992 dues. He hadn't intended to be a member during 1991-1992, although he never notified the Association and received all Association mailings. Mr. Barnaby will advise the individual that the Board will not waive his dues.

Ms. Ryan led discussion concerning candidates for the Commissioner of Patents and Trademarks. She indicated that while earlier there appeared to be only two candidates, there now are three additional candidates: Meg Bouller, who is active in the AIPLA; Philip Hampton, a senior associate at Kenyon & Kenyon and Sheila F. Anthony, the wife of a former Congressman from Arkansas. Although there was general agreement that since the Association has already written in support of Robert Armitage, nothing further should be done, Ms. Ryan agreed, at Mr. Smith's suggestion, to refer this matter to the appropriate committee for follow-up.

Mr. Filardi reported on the 1993 Host Committee activities. More specifically, he reported that the ABA will not be able to provide tickets to the reception for Association members and that we will have to supply our own tickets. With regard to solicitations to corporations and firms, the response has been good. Two firms that sent in more than requested will be contacted about refunds.

Mr. Filardi indicated that there are plans to have background music at the reception, which will be arranged in March. Further, with regard to the boat trip around Manhattan scheduled for Sunday, August 8, there will probably be a mailing on this to Association members.

Pat Razzano confirmed that the Honorable Edward I. Koch has been selected as the speaker for the 1993 Judges Dinner. Ticket prices were set. There was discussion as to whether there should be a large banner behind the dais at the Judges Dinner, as has been done at other functions by other associations, in contrast to the discreet, tasteful plaque that is presently used. It was agreed that there would be no banner.

Mr. Razzano reported that invitations would be going out shortly. In addition, Mr. Barnaby commented that he had received a

second invoice from Horizon but he would delay payment until funds begin to be received in connection with the dinner.

John Pegram reported about the U.S. Bar/JPO Liaison Council report. He passed out extensive materials, copies of which are available from the Secretary. Mr. Pegram was very enthusiastic about the receptiveness of the Japanese patent and trademark officials to input from the United States. He feels that they are much more positive and flexible about making the Japanese patent and trademark operation more efficient and responsive. He commented that he, Len Mackie, and Sam Helfgott have all made significant contributions in this respect and that the NYPTC has also had impact. Mr. Pegram also commented that the Japanese patent officials are adding additional examiners and are even using outside searching agents.

Ms. Ryan led discussion concerning a request by Phil Swain, a former clerk to Judge Rich, to support an effort to have Judge Rich awarded an ABA Medal. Several people commented that such medals are rarely awarded to practicing attorneys or sitting judges, and they questioned whether it would be futile to make such an effort at this time. Ms. Ryan indicated that she will talk to Mr. Swain about this. In addition, Mr. Gilbreth indicated that he would check with Judge Rich about archiving any historical materials the judge may have.

Ms. Ryan led discussion concerning the Harmonization Program scheduled prior to the Judges Dinner. A draft brochure was distributed, and changes and corrections were suggested.

There was a brief discussion of consensor technology and whether it may be used in conjunction with the Harmonization Program in March. Ms. Ryan commented that although from her experience consensor technology is very nice, it is very expensive. Ms. Ryan will follow up to see whether the consensor technology could be provided at a reduced price.

Life Membership for John Reilly was discussed, and it was agreed that he was a proper candidate. Upon motion Mr. Reilly was unanimously elected to Life Membership.

With regard to new business, John Pegram announced that he is a candidate for an opening on the Court of Appeals for

the Federal Circuit. He presented his curriculum vitae and requested support from the Association. After discussion it was agreed that Ms. Ryan would refer this to the appropriate committee for consideration. ■

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 an animal whose germ cells contain genetic material originally derived from an animal other than its parent. The 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 that can be studied in a laboratory. In 1988, the PTO stated that it intended to grant additional patents on animal patent applications that met the conditions of patentability. Indeed, the PTO granted three additional patents last December on mice that will be used in biotechnology research.

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. In each year since 1988, Senator Mark Hatfield (R-Ore.) has introduced bills that would place a 5-year moratorium on animal patents. None of those bills were enacted into law.

Senator Hatfield recently introduced another animal patenting bill (S.387) call-

ing for a two-year moratorium on the granting of animal patents. Senator Hatfield introduced the bill during hearings on legislation to re-authorize the National Institute of Health, which is undertaking gene research. The moratorium would last, according to Senator Hatfield, until "a suitable structure for evaluating the ethical, environmental and economic considerations of such patents can be found."

COPYRIGHTS

Omnibus Bills

Omnibus copyright bills (S. 373 and H.R. 897) recently introduced by Senator Dennis DeConcini (R-Ariz.) and Representative William Hughes (D-N.J.), respectively address the elimination of mandatory copyright registration, the Copyright Royalty Tribunal and the apparent confusion with respect to perfecting security interests in copyrights.

Elimination of Mandatory Registration Requirements

The Berne Convention is a multilateral international treaty among certain nations whose member countries agree to afford each others' citizens certain reciprocal rights of copyright protection. At the time that the United States joined the Berne Convention, U.S. copyright law provided that a suit for copyright infringement could not be instituted until registration was made to the Copyright Office. (See 17 U.S.C. 411(a)). Section 412 of the copyright law also provided that, subject to certain exceptions, no award for statutory damages or attorney's fees could be made for infringements of copyright in unpublished works commenced prior to the effective date of registration.

Congress amended certain of the U.S. copyright laws to bring them into compliance with the principles of the Berne Convention. Sections 411(a) and 412 both received scrutiny as provisions that stood as potentially unacceptable "formalities" that affected substantive copyright protection. Eventually, Congress revised Section 411(a) to carve out an exception to registration for Berne Convention works whose country of origin is not the U.S. Registration is not mandatory for those authors.

Congress ultimately made no revision to Section 412. The revision to Section 411(a), however, created an anomalous situation where U.S. authors were less favorably treated than foreign authors.

The provisions contained in S. 373 would end that anomaly by repealing Section 411(a). The bill would also repeal Section 412. In introducing the bills, Representative Hughes pointed out that in certain cases, even authors who are aware of the statutory benefits of registration cannot get their works registered. For instance, photographers often find it difficult to comply with the statutory requirements.

Both bills have been referred to the Senate Judiciary Committee.

Elimination of Copyright Royalty Tribunal

S.373 also contains provisions that would eliminate the Copyright Royalty Tribunal. That Tribunal currently sets royalty rates and oversees the distribution of royalties paid under the compulsory licensing provisions of the Copyright Act. Under the bill, these duties would be handed over to the Register of Copyrights. In those cases in which the royalty rates were undisputed, the Register of Copyrights would simply distribute the royalties. In those cases where royalty rates are disputed, the Register of Copyrights would appoint a three-arbitor panel to resolve the dispute. The resolution of the dispute would be subject to review by the Register of Copyrights and an appeal of the Register's decision could be taken to the U.S. Court of Appeals. According to Senator DeConcini, the elimination of the Tribunal is a cost-cutting measure in keeping with the policy of the new Administration that will save not only on salaries, but also will put the cost of disputes on the disputing parties who will pay for the cost of the arbitration panels.

Security Interests in Copyright

In recent years, a person taking a security interest in a copyright as collateral for a loan would be well-advised to record that interest in the Copyright Office as well as recording it under the relevant State Uniform Commercial Code. This is because recent case law has held that the provisions

of the Copyright Statute preempt the relevant UCC Statutes for perfecting security interests. S.373 contains provisions that would eliminate federal preemption in this area and allow businesses to obtain secured creditors' rights by complying with their relevant state UCC Statutes. The bill would also relieve the increase in the recordation of transfers in the Copyright Office caused by the court decisions. ■

RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

COPYRIGHTS — IMPROPER APPROPRIATION

In *Denker v. Uhry* 45 PTCJ 297 (DC SNY 1992) the District Court for the Southern District of New York held that in spite of an admission of copying, the similarities between the screenplay "Driving Miss Daisy" and the stage play "Horowitz and Mrs. Washington" were insufficient to establish improper appropriation, and therefore defendant's work does not infringe plaintiff's stage play.

Plaintiff originally published "Horowitz and Mrs. Washington" as a novel and later rewrote the book to be a stage play. The play is a depiction of the relationship between an elderly, bigoted Jewish man (Horowitz) who suffers a stroke and hires a black woman (Mrs. Washington) as a physical therapist. Initially, Horowitz is horrified at the prospect of having a black aid, but eventually he capitulates and the two become friends.

Defendant's screenplay depicts the 25 year relationship between an elderly, refined, Jewish woman (Miss Daisy) and a black man (Hoke Coleburn), who was hired to be her chauffeur after she crashed her car. Initially, Miss Daisy, because of her strong will and desire for indepen-

dence, ignores Hoke but eventually the two become the best of friends.

Denker filed a copyright infringement suit against Uhry and others who were involved in the production and distribution of the play and film versions of "Driving Miss Daisy." Uhry moved for summary judgment.

In order to establish infringement, Denker was required to prove ownership of a valid copyright, which was conceded by Uhry, as well as copying. Proof of copying required both evidence that the copyrighted work was used as a source of material and evidence that the copying was extensive enough to constitute improper appropriation.

Defendant concedes that Denker's work was used as a source of material, but argued that the second prong of the test was not met and therefore moved for summary judgment. Denker's attempt to introduce expert testimony on the issue of improper appropriation was rejected by the court. The court stated that because substantial similarity is judged by the spontaneous response of the ordinary lay observer, expert analysis and dissection are irrelevant. Judge Mukasey stated:

The [expert's] proffered testimony does not deal with survey evidence or other material that might gauge the response of the lay reader. . . . Although expert testimony may point out similarities that prove actual copying, copying has been conceded for the purpose of this motion In any event, when improper appropriation only is at issue, in works such as these, expert testimony, such as that introduced by plaintiff, is irrelevant.

Denker argued that under *Arnstein v. Porter*, 154 F.2d 464 (2d Cir. 1964) no summary judgment on improper appropriation may issue "if there is the slightest doubt as to the facts." The court responded by noting that the Second Circuit has repudiated that standard and has held that summary judgment on the issue of improper appropriation is warranted if the similarity involves only non-copyrighted elements of plaintiff's work or if no reasonable jury could find the work substantially similar.

Judge Mukasey admitted that there were some similarities at an initial abstract level, in that both works are about elderly, white Jewish individuals who require the assistance of black helpers and after initial resistance developed a friendship. Beyond

this however, the works are markedly dissimilar in theme, total concept, feel, plot and characters.

PATENTS — EXPERIMENTAL USE AND THE ON-SALE BAR

In *Paragon Podiatry Laboratory Inc. v. KLM Laboratories Inc.*, 45 PTCJ 271 (Fed. Cir. 1992) the U.S. Court of Appeals for the Federal Circuit held that an inventor's intent that sales were experimental does not avoid the on-sale bar to patentability since the experimental use exception requires that customers be made aware of the experiment.

Paragon Podiatry Laboratory Inc. brought suit against KLM Laboratory Inc. for infringement of its patent on a low profile functional orthotic (U.S. 4,686,993). The district court granted KLM's summary judgment motion on its declaratory judgment counterclaim that the '993 patent was invalid under the on sale bar and that the patent was unenforceable for inequitable conduct. Paragon appealed.

Paragon admitted advertising and selling the Omniflex functional orthotic devices which included all the elements of the '993 patent claims. However, Paragon argued that an inventor's affidavit it submitted raised a genuine material fact as to whether the sales were permissible under the experimental use exception to the on-sale bar. The court rejected that argument, saying:

The fact that an inventor had an intent to experiment in making the sale need not be overcome or disputed to invoke the statutory bar. Such intent is merely a fact to be taken into account in resolving the ultimate legal question. . . . [T]he expression by an inventor of his subjective intent to experiment, particularly after institution of litigation is generally of minimal value. Further, we have held that the assertion of experimental sales, at a minimum, requires that customers must be aware of the experimentation.

The court pointed out that Paragon represented to its customers that the Omniflex was the culmination of its research, evidencing a lack of knowledge on the part of its customers that this was an experimental device. The court held that the combination of evidence set forth by KLM was sufficient to prevail on its on-sale bar invalidity counterclaim as a matter of law.

TRADEMARKS — FAIR USE

In *National Football League Properties Inc. v. Playoff Corp.*, 45 PTCJ 271 (D.C. N.Texas 1992), the District Court for the Northern District of Texas held that football trading cards showing NFL players wearing their uniforms and helmets in actual game settings infringed NFL Trademarks and did not qualify for the fair use defense.

Plaintiff (NFLP) is the exclusive licensing representative for NFL Trademark. NFLP also licenses the names, likenesses and personal data of some NFL players. The NFL Players Association licenses the names, likenesses and personal data of other players.

Defendant had obtained a license from the Players Association to use such information on trading cards. It also had approached the NFLP for the same kind of license as well as a license to use the NFL logos. When the NFLP declined, defendant changed the appearance of the cards by removing the NFL logo and team names and adding disclaimers to the packaging. NFLP sued Playoff for trademark infringement and violations of §43(a) of the Lanham Act.

The court first dismissed the likelihood of confusion, applying the "digits of confusion" criteria under *Sewco Inc. v. Shell Oil Co.* 207 USPQ 278 (5th Cir. 1980). The court found that the NFL marks are strong and have acquired secondary meaning. The court also found that the parties produce substantially similar trading cards which are advertised in the same media and distributed through the same retail outlets.

The Court concluded that Playoff's actions revealed no ill intent to appropriate NFLP's marks. The Court said that Playoff's reaction in changing the design of their cards upon NFLP's refusal to license was not consistent with an intent to appropriate, but rather an intent to identify depicted players in their working environment.

However, the court rejected defendant's claim of fair use, pointing out that this defense is available only when the suit involves a descriptive term and the term is used as a description rather than as a trademark. Because the marks involved here are more fanciful or arbitrary than descriptive, the defense is unavailable.

The Court declined to adopt the rationale set forth in *New Kids on the Block v. New America Publishing* 23 USPQ 1534

(9th Cir. 1992). The *New Kids* court applied a three-point test to determine whether a commercial user is entitled to a fair use defense for descriptive purposes. First, the product or service must be one not readily identifiable without use of the mark; second, only so much of the mark may be used as is reasonably necessary to identify the product or service; third the user must do nothing that would suggest sponsorship or endorsement by the owner of the mark.

Judge Kendall recognized the conclusions in the instant case could be problematic and that perhaps the *New Kid* tests should apply, stating:

This conclusion is troubling, though, because it does not follow that fanciful marks—even marks that do not operate to convey meaning through language, the colors and shapes on a football uniform, for instance—cannot be used descriptively and for the purpose of identification. . . . Although the Court notes that Defendant could fulfill the *New Kids* test, and that the rationale underlying the decision is attractive, it is for the Fifth Circuit and not this Court to adopt or not holding or rationale, or both.

The Court also rejected Defendant's argument that the First Amendment was a bar to NFLP's action, in that the cards contained newsworthy information. Judge Kendall said such an argument would "al-

low the First Amendment to swallow trademark infringement law in one gulp." Unlike purchases of a magazine, which are purchased for newsworthy information, purchases of trading cards are not primarily motivated by the newsworthiness of the information contained on the card.

The Court concluded that Playoff's First Amendment defense does not militate against a finding of substantial likelihood of success on the merits.

ANNOUNCEMENTS

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