



PRESIDENT'S CORNER

Driving 700 roundtrip miles for a college family weekend provides lots of time for thought. I'm not sure what normal people think about during such long drives. My thoughts turned to harmonization. What does it mean? What does it really mean?

It's a great label. "Harmonization." That brings to mind beautiful music, sweeping vistas, graceful architecture, ying and yang, all that sort of stuff. In this sense, who could possibly oppose the harmonization of our patent laws with those of other developed nations?

But the present administration seems to be saying, Wait a minute. Let's pause. Let's listen. Let's ask for something of value in return for any concessions others ask of us. Let's first do this in key *bilateral* discussions, starting with the Japanese — and only then resume the multilateral dialogue.

I think our Association should support this approach. Although I continue to see intrinsic value in harmonization, I believe we should subject it to a risk/reward analysis. And I believe we should do so in the context of the other trade issues so critically important to our nation's global competitiveness.

What's my point? My point is that, notwithstanding its philosophical attractiveness, I am convinced that harmonization makes sense only if it can be justified on economic terms. So I support an approach to harmonization as a *negotiation*. (I'm reminded of the ubiquitous airplane magazine ad — to the effect that you don't necessarily get what's "fair" in life, you get what you negotiate.)

Take first to file versus first to invent. We've had a first to invent system for two hundred years. Some even argue that first to invent is a constitutional imperative.¹

Although I find unpersuasive the argument that first to file is unconstitutional, I'm reluctant to change our first to invent system unless, on balance, we get something of value in exchange. Something of real value.

But I have not yet heard an *economic* case for switching to a first to file system. I assume that there will be economies of scale for at least those companies that file patent applications on a worldwide basis. But will first to file have any impact on innovation? Will it have any impact on our international competitiveness? Will it have any impact on administrative costs? Most important, what *quid pro quo* can we reasonably expect to receive from others if we agree to such a fundamental change? What *really* are the consequences of a change to first to file?

Here, I have a suggestion. Our Association had an excellent debate on key harmonization issues last March. I remember being informed that the Canadian experi-

ence with first to file is going well. I'd like to learn more about the Canadian experience — as well as the experiences of other countries that have now converted to a first to file system. (I expect that a Canadian case study would be particularly enlightening.)

I'd also like to hear more from the good economists (the ones who reason so well, and are so difficult to cross-examine at trial). I remember being fascinated, in a law school seminar, by the patent/antitrust views of such economists as Carl Kaysen. He made sense. His responses to questions were clear and persuasive. I'd welcome a similar economic analysis of harmonization (again, in the context of global trade issues).

But first I'd like to hear from you. The PTO has solicited comments on the key harmonization issues.² Written remarks must be submitted by October 29. As a practical matter, this means that our Board should consider a draft at our October 21

CALENDAR OF EVENTS

October 17-20, 1993

LES (USA & Canada) Annual Meeting,
The Westin St. Francis, San Francisco, California

October 22, 1993

NYIPLA Luncheon Meeting, "Insiders Advice on
Dealing with the U.S. Customs Service" Speaker:
Susan Wilson, U.S. Customs Service, Intellectual
Property Rights Division. The Cornell Club, NYC

October 28-30, 1993

AIPLA Annual Meeting, J.W. Marriott,
Washington, DC

November 3-7, 1993

The Franklin Pierce Law Center ADR in
Intellectual Property and Commercial Disputes
Series, "Mediation of Intellectual Property and
Commercial Disputes" Franklin Pierce Law Center,
Concord, NH

meeting. And, even if we don't go to "full harmonization" (i.e., first to file), it seems to me that the harmonization debate gives us an opportunity to change key provisions in our patent laws — just to make them better.

We are already working on a draft of the Association's remarks. Before we finalize them, however, I'd like to know whether at least the following views are representative of those most of you have reached thus far:

- First, harmonization, itself, is a laudable goal.

- Second, even if we don't go to a first to file system, we should take advantage of the debate to enact changes that are clearly desirable. (I believe, for example, that it would be desirable to measure the term of protection from the filing date of the application.)

- If we are to go to a first to file system, however, I believe that we need an economic analysis showing either that the benefits outweigh those of first to invent or that, on balance, the *quid pro quo* we receive for such a fundamental change will make us more competitive in the global market.

My perception is that this is consistent with the approach of the present administration. So I'd like to have our Association support their initiatives. Please let me know, however, whether or not you agree with the views I express here — by fax to me at 212/596-9090, if possible.

I look forward to hearing from you.

— William J. Gilbreth

¹ "The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries" (U.S. Const., Art. I, § 8, Cl. 8).

² See, e.g., Federal Register Notice of August 20, 1993.

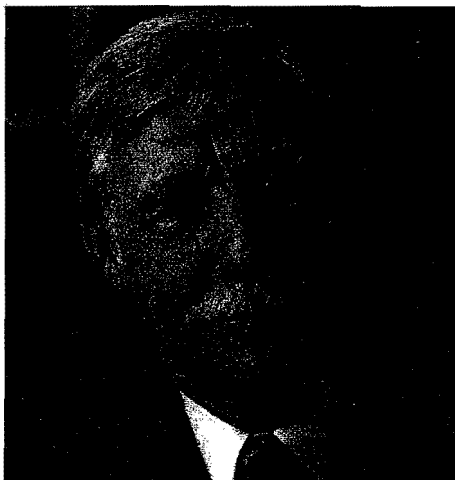
NYIPLA AND FORDHAM UNIVERSITY SCHOOL OF LAW CO-SPONSOR CLE PROGRAM

by Edward E. Vassallo

The New York Intellectual Property Law Association and Fordham University School of Law will co-sponsor an intellectual property law program at the beautiful Lincoln Center campus of Fordham Law School. The program will take place on November 11, 1993 and will feature Judges Robert W. Sweet and John F. Keenan, District Court Judges of the Southern District of New York, as well as an outstanding group of intellectual property lawyers from the United States and Europe.

Unlike in the past, when the NYIPLA CLE program was conducted in a bucolic setting during two morning sessions over a fall weekend, this year the program will take place in Manhattan, and will be an "all day" affair.

Registration and a continental breakfast will start at 8:30 a.m. The morning program then will commence at 9:00 a.m. and will run until about 12:30 p.m. Lunch in the Law School's atrium will follow. The afternoon session will run until 5:00 p.m., when a two hour cocktail party will take place in the Law School Atrium.



The Hon. Robert W. Sweet

Photo by Faye Ellman

The morning session will consist of two mock trial/hearings, at least one of which will involve direct and cross-examination of "live" witnesses, and argument to the presiding judges. Judge Sweet will preside over the trademark case, which will focus on trademark and trademark damages issues.

Charles LaPolla of Ostrolenk, Faber, Gerb & Soffen and Pasquale Razzano of Fitzpatrick, Cella, Harper & Scinto will represent the parties.



The Hon. John F. Keenan

Judge Keenan will preside over the patent trial/hearing, which will involve utility and design patent as well as licensing, misuse, antitrust and breach of contract issues. John Sweeney of Morgan & Finnegan and John Murnane of Brumbaugh, Graves, Donohue & Raymond will represent the parties. Each of these mock trial/hearings will take approximately 1 1/2 hours. Attendees will receive the fact patterns for them upon registration.

The afternoon program will involve 8 separate presentations, including two esteemed lawyers from the European Community, who will apply Community Law to the issues raised during the morning trials/hearings. Richard Lettstrom of the Dahls Patentyrå firm of Stockholm, Sweden will discuss the patent case, and Raymond Black of S.J. Berwin & Co. of London, England will address issues raised in the trademark case. The afternoon session will continue with a presentation by Dr. Jacob Jacobi, a Professor of Behavioral Psychology from New York University, discussing the Do's and Don'ts of Consumer Surveys offered to prove a likelihood of confusion under the

Lanham Act. Fordham's own Associate Dean and Professor Georgene Vairo will discuss the proposed Amendments to the Federal Rules of Civil Procedure which may take effect on December 1, 1993.

Charles Bradley of Davis Hoxie Faithfull & Hapgood and Edward Filardi of White and Case will then present two perspectives on patent claims. Charles will discuss claim drafting from the eye of the litigator, and Ed will show how to prove infringement/non-infringement of claims at trial.

Margaret Pierri of Fish and Neave will discuss the status of product-by-process claims and which of two recent Federal Circuit decisions is (or should be) the law — *Scripps Clinic v. Genentech, Inc.*, 927 F.2d 1565 (Fed. Cir. 1991), or *Atlantic Thermoplastics v. Faytex Corp.*, 970 F.2d 834 (Fed. Cir. 1992). Finally, a speaker to be announced will discuss NAFTA and its potential impact on intellectual property laws of the United States. An announcement and application form are included in this *Bulletin*. ■

NEWS FROM THE BOARD OF DIRECTORS

by William H. Dippert

The Board of Directors met at The Harvard Club on June 15, 1993. Mr. Gilbreth presided.

Mr. Gilbreth welcomed the Board Members and the Committee Chairs and thanked them for attending the luncheon meeting. The reading of the minutes of the May 20, 1993 meeting was waived. Upon motion the minutes were unanimously approved.

Howard Barnaby provided the Treasurer's Report. He indicated there is a large bank balance due to receipts for the

Host Committee function. Also, Mr. Barnaby indicated that he would be sending out dues notices shortly. Upon motion the Treasurer's Report was approved.

In addition, Mr. Barnaby reported with regard to developments concerning the Association's name change and the possibility of a telephone listing for the Association. The Association's new name has been searched and accepted by the State of New York. With regard to telephone listing, there are three options: (1) a tie-line to Horizon's office in New Jersey; (2) a New York City telephone listing with voice mail or an answering machine that provides the names and telephone numbers of the Association's officers; and (3) a New York City listing with voice mail or an answering machine to take messages that would be monitored. After discussion the Board agreed that option number (3) with an answering machine seemed best. The Board authorized Mr. Barnaby to talk to New York Telephone Co. and to have appropriate equipment installed in his office.

The Committee Chairs reported the following.

With regard to the Committee on Admissions, Mr. Gilbreth led a brief discussion concerning student membership. The Board agreed with Mr. Gilbreth's suggestion that the requirement that student memberships be sponsored by two members is burdensome since students usually don't know members. He suggested this be waived for student members.

Mr. Creel suggested that an Alternative Dispute Resolution program be held in conjunction with next year's Judges Dinner. There was discussion as to which day such a seminar might be held. Mr. Brunet recommended Thursday.

The Board approved the concept of having such an ADR program. Mr. Creel will follow up on this.

John Daniel reported that there was a recent case concerning exceptions to the Noerr-Pennington doctrine, which the Antitrust committee will follow. His committee will also follow (1) how RICO has been used in past cases and (2) 35 U.S.C. § 271(d).

Edward Vassallo reported on activities expected for the Continuing Legal Education Committee. He recounted experiences at recent CLE Weekend activities, including last year's program at Princeton, New Jersey. In the ensuing discussion Dale

Carlson opined that there is a place for a CLE weekend, regardless of the small attendance. There was specific discussion as to whether a CLE program should be held in the city or outside the city, as in the past. The vote was 12 for having a program in the city, 9 for a traditional location. Mr. Vassallo recommended that a survey of the membership be conducted.

Brian Poissant reported on activities of the Economic Matters Committee. He indicated that this Committee will continue to investigate disability insurance and also study statements concerning patent matters that are required by accountants. Another issue to be considered concerns patent due diligence opinions and whether a firm's insurance will cover liability for such an opinion. Mr. Gilbreth suggested that the Association compare its disability insurance program with the one sponsored by the New York City Lawyer's Association.

Also, Mr. Gilbreth indicated that the Foreign Trademark and Practice Committee will be following up on the Madrid Protocol.

David Weild, III reported that the Harmonization Committee will follow up on harmonization efforts, which are on hold at the moment due to the change of administration.

With regard to the Host Committee function, Ed Filardi reported that there were sufficient contributions to cover the cost of the program.

With regard to the License to Practice Requirements Committee, Dale Carlson reported that there is still an issue concerning the admission of foreign practitioners. Mr. Gilbreth suggested that this be scheduled as a separate agenda item.

Marilyn Brogan reported that eight luncheon meetings are planned for the 1993-94 year at the Cornell Club. Prices will be held at the same level as in 1992-93. She indicated that the Cornell Club's location and practical topics had resulted in good attendance. She welcomed suggestions for topics for the next year.

With regard to the Committee on Public and Judicial Personnel, Mr. Gilbreth intends to ask the Committee to study the question of whether the Association should specifically endorse a candidate or merely indicate that a candidate is qualified or not qualified.

Gregory Battersby indicated a Sep-

tember publication date for the *Greenbook*. In addition, he recommended that a third publication for committee reports, etc., be considered. Mr. Battersby will report on this subject at the September meeting. Furthermore, in response to a question from Mr. Gilbreth concerning fax numbers in the *Greenbook*, Mr. Battersby indicated that his Committee is trying to include that information.

Melvin Garner reported that the Committee on Trade Secret Law and Practice plans to see how the Uniform Trade Secret Act has worked in other jurisdictions. The Committee will then consider making a recommendation as to whether the Uniform Trade Secret Act should be followed in New York.

Teresa Gillis indicated that the U.S. Patent Law and Practice Committee does not presently have an agenda. Mr. Gilbreth suggested that Ms. Gillis contact Commissioner Lehman to see if he would like input.

Edward Handler reported that last year's Committee on U.S. Trademark Law and Practice made assignments concerning a handbook for judges. This project is to be continued this year. Mr. Gilbreth mentioned a similar book concerning patents that was well received.

Mr. Gilbreth again thanked everyone for coming and then indicated that a roster of Committee members will be circulated in the near future.

as well as certain "law review" type articles on various intellectual property law topics.

The Publications Committee is proposing that various attorneys and/or law firms take responsibility for each of the update sections.

The Publications Committee has established the following outline for the *NYIPLA Annual*:

I. The Year in Review

- Patent Law
- Trademark Law
- Copyright Law
- Unfair Competition and Right of Publicity
- Computer Law
- Foreign Practice
 - a. Patents
 - b. Trademarks
 - c. Copyright
- Federal IP Litigation Practice (Procedural Issues)
- Antitrust Law
- Licensing

II. Selected Articles on Intellectual Property Law Topics

III. Pending Intellectual Property Legislation

IV. Selected Committee Reports

V. Judge William Conner Writing Competition Award Winning Articles

The Publications Committee is also requesting that Committee Chairs submit their Committee reports for publication in the *Annual*.

If you or your firm is interested in authoring a section in the *NYIPLA Annual*, please contact Gregory Battersby at (203) 324-2828.

AUTHORS NEEDED

TO WRITE ARTICLES
ON INTELLECTUAL
PROPERTY LAW
DEVELOPMENTS
FOR THE
NYIPLA ANNUAL

For More Information,
Contact Greg Battersby
(203)324-2828

AUTHORS NEEDED FOR PUBLICATION OF NYIPLA ANNUAL

At the September 22, 1993 meeting of the NYIPLA Board of Directors, the Board approved the publication of a new NYIPLA *Intellectual Property Annual*. The publication will include "update" sections on the latest developments in each of the areas of intellectual property law during the past year

CHIEF PATENT COUNSEL

Growing, global specialty chemical company based in Fairfield County with major Westchester County R&D facility seeks experienced, results-oriented patent counsel located in this area to provide and oversee the provision of intellectual property legal services world-wide. The successful candidate will have at least seven years' experience, good business sense and strong inter-personal skills, with a background in organic chemistry, a track record of successful patent prosecutions and broad technical intellectual property skills, including familiarity with international patent procedures and maintenance systems. Send your resume in confidence to:

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NYIPLA 1993-1994 LUNCHEON MEETING SCHEDULE

For your convenience, here is the schedule of the dates for our luncheon meetings for the 1993-1994 season:

Friday, October 22, 1993
Friday, November 19, 1993
Friday, December 17, 1993
Friday, January 21, 1994
Friday, February 18, 1994
Friday, March 18, 1994
Friday, April 15, 1994
Friday, May 20, 1994

All luncheons are scheduled for noon at the Cornell Club, 6 E. 44th Street, New York, New York.

For the upcoming year, the Committee on Meetings and Forums is planning a series of speakers on various topics including some practical "how to" programs, which have been very popular with the AIPLA membership.

The Committee encourages all members to invite their non-member colleagues to attend the NYIPLA luncheons — attendance is not limited to members of the Association.

If anyone has any suggestions for specific topics or speakers, or any other comments or questions, please do not hesitate to telephone the Committee on Meetings and Forums Chair, Marilyn Matthes Brogan, at (212) 840-3333.

BOOK REVIEWS OF INTEREST

by Gregory J. Battersby

PATENT LAW IN BIOTECHNOLOGY, CHEMICALS AND PHARMACEUTICALS

by Harold C. Wegner

This is a one volume, hardbound work which is specifically directed to businessmen, scientists and international and domestic patent practitioners having a central interest in patents relating to biotechnology and chemical patenting in the United States.

The work discusses trade secrets, an overview of the patent system, the Paris Convention and other treaties, patent protection strategies, drafting the patent application, patent-eligible subject matter, novelty and anticipation, the first to invent system, priority based on earlier applications, interferences, the basis for patentability, types of claims and international considerations.

This is a worthwhile book for the businessman or scientist who requires a basic working knowledge for patent protection in these fields. It is available from Stockton Press, 257 Park Avenue South, New York, New York 10010.

INTELLECTUAL PROPERTY IN THE EX-SOVIET UNION REPUBLICS

*by David L. Garrison and
Ludmila Gans*

This is a one volume, looseleaf bound work which will eventually be joined by a second volume currently in preparation. This work was primarily written by Russian patent professionals and relates specifically to the intellectual property practice in Russia and several of the other ex-Soviet Union republics.

The work is divided into two parts and not only provides the reader with an overview of the relevant laws in each country, but also provides a reprint of the four major intellectual property statutes presently enacted and in force in the Russian Federa-

tion. The work is printed in both Russian and English so that it can be used as a research tool for the serious scholar and practitioner who may wish to evaluate the statutes in their official language.

This is the only work of its kind and is a must for anyone who has a reason to learn about patent practice in the ex-Soviet Union. The publisher has advised us that Volume II, when published, will include articles on intellectual property law and practice in the Baltic States, Ukraine, Georgia, Kazakhstan and Belarus. Vol. I is currently available from Skaya Publishing, Inc., 2001 Sixth Avenue, Ste. 3300, Seattle, WA 98121-2522.

NEW YORK LITIGATION CHECKLISTS

by Lawyers Cooperative

This is a two volume, looseleaf bound work which contains checklists for use by the New York attorney involved in a variety of litigations. The work is divided into various sections by practice types including general practice, corporate/business; family, probate/trust; real property; and personal injury/damages. Of particular note are the sections on agency contracts and product liability.

This is a good starting point for developing litigation papers. It is available from Lawyers Cooperative Publishing, Aqueduct Building, Rochester, New York.

THE LAW OF CHEMICAL AND PHARMACEUTICAL INVENTION

by Jerome Rosenstock

This is a one volume, looseleaf bound work which is intended to be a clearly and succinctly presented text focused on the concepts and principles of patent law for chemical and pharmaceutical inventions with a minimal historical perspective.

The book addresses such issues as fundamentals and protection eligibility; requirements for patent protection; enforcement of patent rights; infringement defenses; non-infringements; invalidity and unenforceability.

This work lives up to its claim. It is a clear and succinct work which singularly and completely addresses the topic. It is

available from Little Brown and Company,
34 Beacon Street, Boston, MA 02108-1493.
Telephone (800) 759-0190.

SCOTT ON COMPUTER LAW, SECOND EDITION

by Michael D. Scott

This is a two volume, looseleaf bound work which was written for two audiences: the computer industry executive and the computer or intellectual property attorney.

Volume I focuses exclusively on intellectual property rights as they relate to hardware, software, semiconductor chips and databases. Topics include computer law, introduction to software protection, copyright protection, patent protection, semiconductor chip protection and trade secret protection. Volume II examines commercial transactions in computer products and services and also addresses related issues such as tort liability, constitutional rights, criminal law and evidence.

This is clearly the definitive work on computer law and is a must for every intellectual property law and computer attorney's library. It is available from Prentice Hall Law and Business, 270 Sylvan Avenue, Englewood Cliffs, NJ 07632. Telephone (800) 223-0231.

PATENT, TRADEMARK AND COPYRIGHT LAWS, 1993 EDITION

edited by Jeffrey M. Samuels

This one volume, softcover work contains all of the statutes relating to patents, trademarks, copyrights and technology transfer in a single volume. It also contains other statutes of interest to the intellectual property attorney as well as full legislative references.

This is clearly the definitive deskbook for all intellectual property attorneys. It is available from BNA Books, P.O. Box 6036, Rockville, MD 20850-9914 for the cost of \$60. Telephone (800) 372-1033.

WORLDWIDE TRADEMARK TRANSFERS

edited by Susan Barbieri Montgomery

This is a one volume, looseleaf work prepared under the auspices of the International Trademark Association. Trademark law varies from country to country and transfers of trademarks often take place internationally.

The work provides information, on a country-by-country basis, (for over forty countries) on assignment practice and procedure as well as goodwill or business asset transfer requirements, brand valuation, security interests in marks, taxation of transfers, bankruptcy considerations and merger and acquisition laws. The book also provides all applicable assignment forms and translations of pertinent statutes.

This work is invaluable for all intellectual property attorneys who are faced with assigning international trademarks. It is available from Clark Boardman Callaghan, 2 Corporate Drive, Cranbury, New Jersey 08512.

MODERN INTELLECTUAL PROPERTY, SECOND EDITION

by Michael A. Epstein

This is a one volume, looseleaf bound work which is the second edition of this popular work. It is intended to provide integrated coverage of trade secret, copyright, trademark and patent considerations; the law of ideas and the law of non-competition agreements.

Topics covered include the rights of a trade secret owner, protecting trade secrets under the criminal laws, trade secret litigation, copyright law, patent law, the protection of ideas, trademark law, non-competition agreements, protecting computer software, protecting biotechnology, ownership of employee inventions and designing an information protection system.

This is a valuable one volume handbook for the attorney who needs a reference concerning intellectual property law. It is available from Prentice Hall Law and Business, 270 Sylvan Avenue, Englewood Cliffs, NJ 07632 for \$95. Telephone (800) 223-0231.

RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

TRADEMARKS

The United States Court of Appeals for the Second Circuit in *Paddington Corp. v. Attiki Importers and Distributors Inc.*, 2nd Cir. No. 92-7348, June 17, 1993 held that the strength of a trade dress in a likelihood of confusion analysis does not depend on the presence of secondary meaning, but instead flows from its distinctiveness.

Paddington Corp., the U.S. importer and distributor of "No. 12 Ouzo" sued Attiki Importer and Distributors Inc. for trademark and trade dress infringement in violation of Section 43(a) of the Lanham Act, 15 USC 1125 (a), and for unfair competition, trademark dilution and deceptive acts under state law, after Attiki began importing Ouzo in bottles closely resembling Paddington's bottles.

The district court held that Paddington failed to prove that its trade dress and trademark had acquired secondary meaning, and that there was no likelihood of confusion between the trade dress or the marks.

The Second Circuit reversed, basing its decision on the ruling in *Two Pesos Inc. v. Taco Cabana Inc.*, 112 S Ct. 2753 (U.S. Sup. Ct. 1992), where the Supreme Court held that "secondary meaning need not be shown where the trade dress is inherently distinctive." The Second Circuit decided that the crucial question under the Lanham Act is "whether the trade dress is capable of identifying a particular source of the product, not whether it has realized that capability."

The Second Circuit stated that the trademark categories set out in *Abercrombie & Fitch Co. v. Hunting World Inc.*, 527 F2d 4 (2nd Cir. 1976) to determine if a mark is generic, descriptive, suggestive or arbitrary should equally apply to trade dresses, a point on which the *Two Pesos* decision was silent.

The Second Circuit stated that "the elements that comprise trade dresses in-

clude commonly-used lettering styles, geometric shapes, colors, or descriptive elements." The court warned not to view these elements individually when determining distinctiveness, rather: "If the overall dress is arbitrary, fanciful or suggestive, it is inherently distinctive despite its incorporation of generic or descriptive elements."

The Court concluded that the overall appearance of Paddington's Ouzo bottle was selected "from an almost limitless array of patterns, colors and designs." As a result, the court stated: "The trade dress is undeniably arbitrary, and therefore inherently distinctive and protectable under the Lanham Act without reference to secondary meaning."

The Second Circuit held that the district court erred in ruling that Paddington's trade dress was weak without proof of secondary meaning. Instead of depending on secondary meaning, the mark strength will depend on whether it will indicate a product's source to the consumer:

It was clear error for the district court to find that the trade dress was weak based solely on the lack of secondary meaning. Based on the record before us, trade dress clearly is arbitrary and fanciful and would appear to a consumer to be intended to identify the origin of the product and therefore it is a strong mark.

LANHAM ACT

The United States Court of Appeals for the Second Circuit held in *Villeroy & Boch Keramische Werke K.G. v. THC Systems Inc.*, 2nd Cir. No. 93-7081, July 15, 1993, that the "aesthetic functionality" analysis in *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952) does not automatically hold the design of hotel china as per se functional and thus unprotectable.

Villeroy & Boch (V&B) sued THC Systems Inc. (THC) under section 43(a) of the Lanham Act, 15 USC 1125(a) for producing a china basket for use in hotels and restaurants confusingly similar to V&B's china "basket" pattern used in homes and restaurants. V&B also claimed unfair competition and trademark dilution under New York Law.

The district court utilized the "important ingredient" test set forth in *Pagliero* and summarily decided that V&B's basket design was functional and thus ineligible for federal or state law protection. The

Ninth Circuit in *Pagliero* utilized an aesthetic functionality analysis which views a design as functional and not protectable if the design is "an important ingredient in the commercial success of the product." However, designs that are an "arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality" are fully protected.

The Second Circuit concluded that the district court was incorrect in strictly adhering to the *Pagliero* analysis. Instead, the Second Circuit viewed precedent and stated:

In *Wallace*, this circuit specifically rejected the per se *Pagliero* rule in favor of a general analysis of whether the 'use of [a design] feature is necessary for effective competition.'

In a sensible exposition of the purposes of intellectual property law, the *Wallace* court noted that '[b]y allowing the copying of an exact design without any evidence of market foreclosure, the *Pagliero* test discourages both originators and later competitors from developing pleasing designs.' (citation omitted).

The Second Circuit stated that the district court was incorrect in suggesting that THC needed to copy the "basket" design to compete in the market for hotel china. As a result, the Second Circuit held that the design of hotel china is not per se functional and thus is protectable.

PATENTS

The United States Court of Appeals for the Federal Circuit has concluded that determining whether a shop right has been acquired by an employer requires considering the totality of the circumstances under the principles of equity and fairness. *McElmurry v. Arkansas Power & Light Co.*, (Fed. Cir. No. 92-1246, June 16, 1993).

In 1982, Harold Bowman, a consultant for Arkansas Power and Light Co. (AP&L) designed an improved system for detecting the level of fly ash collected in precipitator hoppers. While assisting with the installation of electronic precipitators at one of AP&L's Electric Stations, Bowman formed White Rivers Technology, Inc. (WRT) with McElmurry in November of 1982. AP&L contracted with WRT to begin installing level detectors. In February 1983, Bowman applied for a patent on his system and

assigned the patent rights to WRT. After AP&L awarded the contract to a different bidder, McElmurry and WRT sued AP&L for patent infringement.

The district court granted summary judgment for AP&L, under a "shop right" since Bowman's level detector was developed at AP&L at their expense.

The Federal Circuit affirmed the decision but also recognized that the analysis utilized by courts in determining whether a "shop right" exists is not consistent. A "shop right" is a common law right that enables an employer to use an invention patented by an employee free of charge and free of liability for infringement. However, courts do not agree as to the circumstances which warrant a "shop right." As a result, the Federal Circuit determined that the proper method for determining whether a "shop right" exists is to look at the totality of the circumstances under the principles of equity and fairness:

In such an analysis, one should look to such features as the circumstances surrounding the development of the patented invention and the inventor's activities respecting that invention, once developed, to determine whether equity and fairness demand that the employer be allowed to use that invention in his business. A factually driven analysis such as this ensures that the principles of equity and fairness underlying the "shop right" rule are considered. Because this is exactly the type of analysis that the district court used to reach its decision, we see no error in the district court's analysis justifying reversal.

CLASSIFIED ADVERTISEMENTS

Nilsson, Wurst & Green, a progressive intellectual property law firm with major U.S. and foreign corporate clientele, invites exceptional patent attorneys to join its growing practice. Successful candidates will have a degree in electrical engineering, physics or a related technical field and substantial experience in patent prosecution and/or litigation. Compensation and benefits will be at the higher competitive levels. Interested candidates should send their resumes and writing samples to Robert A. Green, 707 Wilshire Blvd., 32nd Floor, Los Angeles, CA 90017. All submissions will be kept in the strictest confidence.

Translation into idiomatic US English on disk or by modem. Applications, registrations, references, and in-

structions from German and other languages. Electrical, mechanical, and chemical engineering, biotechnology, pharmaceuticals, and foodstuffs. Thomas J. Snow, 1140 Avenue of the Americas, New York, NY 11036-5803. Tel. (212) 391-0520. Fax (212) 382-0949.

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