



## THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

# BULLETIN

Volume 35

September/October 1994

Number 1

### PRESIDENT'S CORNER

Our Association's plans for our first joint international CLE weekend this October at The Sagamore in Lake George are now completed. The program will be held with The Patent and Trademark Institute of Canada and will deal with many current patent, antitrust and NAFTA issues. The program promises to be very informative and provides an opportunity to meet in a beautiful setting with our Canadian colleagues. I hope you will all support this program.

In spite of summer vacation, the work of the Association continued this summer. As most of you know, Commissioner Lehman conducted a public hearing on the question of whether the current standard of obviousness should be changed. Our Committee on U.S. Patent Law and Practice, through the efforts of Chairperson Theresa M. Gillis, prepared an extensive statement responding to the various issues the Commissioner wanted discussed. The draft statement was reviewed and revised by the Board of Directors and I presented it at the hearing.

The Commissioner gave our Association the honor of speaking first at the hearing because of our historical relationship to the 1952 Act's codification of the obviousness standard through the efforts of our former President, Judge Giles Rich.

The views of our Association on the standard of obviousness were echoed by almost every other speaker at the hearing. A summary of our statement follows:

"The New York Intellectual Property Law Association. Our Association was organized in 1922 and one of its principal purposes was to be of assistance to your Office. We have long been interested in the improvement of our nation's patent laws.

Indeed, our Association, through the efforts of Past President Judge Giles Rich, played a leading role in the codification of the Patent Law in 1952 and specifically in the standard of non-obviousness expressed in 35 U.S.C. § 103. Therefore, our Association has both a historical and professional interest in the standard of non-obviousness to be used in both patent prosecution and patent enforcement.

Basically, we believe that the same standard of non-obviousness should apply in both patent prosecution and patent enforcement. Further, we believe that the public is best served if the standard is high enough to ensure that patents covering obvious advances are not issued. We also believe that the current statement of the standard of non-obviousness under 35 U.S.C. § 103 is both appropriate and workable. Indeed, the standards of non-obviousness and patentability applied under our current law are higher than that of almost all countries of the world.

To the extent there may be concerns regarding the standard of non-obviousness, we believe new patent legislation would be the appropriate vehicle for resolving them



only if it is established that those concerns cannot be addressed by implementing improved quality control and examining procedures in the United States Patent and Trademark Office and/or through case-by-case development of judicial precedent.

Since 1952, the non-obviousness of inventions has been measured according to the standard set forth in 35 U.S.C. § 103. For almost thirty years, the Supreme Court interpretation of § 103 in *Graham v. John Deere & Co.*, 383 U.S. 1 (1966) has served to guide the Patent and Trademark Office and the courts in their application of § 103.

### CALENDAR OF EVENTS

October 27-29, 1994

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

November 3-4, 1994

"Biotechnology From Research to Product," sponsored by Law Seminars International, Governor Morris Hotel, Morristown, New Jersey

November 17-18, 1994

"Third Annual Intellectual Property Litigation in Technology Cases: Trial Advocacy Institute," sponsored by Prentice Hall Law & Business, Stouffer Stanford Court Hotel, San Francisco, California

Throughout the years, the language of § 103, and the Supreme Court's guidance, have afforded both the Patent and Trademark Office and the courts the flexibility necessary to adapt the non-obviousness standard to changes in existing technologies and the advent of new technologies.

The creation of the Federal Circuit in 1983 provided a forum designed to ensure greater uniformity — both among courts enforcing patents and between those courts and the Patent and Trademark Office — to the actual application of the statutory definition of non-obviousness. Since that time, the Federal Circuit has applied the non-obviousness standard to numerous inventions in disparate technologies, some old and some new. Each case has been driven by the factual inquiries implicit in § 103 and explicitly delineated in *Graham v. John Deere*. Those cases now define a substantial body of law which provides valuable guidance to practitioners and the public as to the parameters of patentability in this country. Moreover, we should not lose sight of the fact that the standards defined in the current law have helped bring our country to the forefront of technological development in almost every field of scientific and practical development.

The Federal Register notice notes that some critics are concerned that the Federal Circuit has changed the *Graham v. John Deere* standard. Specifically, the notice states that some critics contend that the Federal Circuit has changed *Graham v. John Deere* by permitting a non-obviousness finding to be based on commercial success even though the invention appears obvious in light of the prior art. This specific criticism is inconsistent with the Federal Circuit's express acknowledgment that secondary considerations — specifically, commercial success — alone will not suffice to make a claimed invention non-obvious where the primary considerations do not support non-obviousness. See, e.g., *Merck & Co., Inc. v. Biocraft Laboratories, Inc.*, 874 F.2d 804, 809 fn. (Fed. Cir. 1989); see also, *Ryke Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 719 (Fed. Cir. 1991).

The notice also appears to reflect concern about differences in the non-obviousness standard as applied in the Patent and Trademark Office and in the Federal Circuit. Given that the Patent and Trademark Office and each of its examining groups are

governed by Federal Circuit precedent, this problem, if it in fact exists, ought to be correctable by the Patent and Trademark Office's administration and by improved examination procedures. It would not appear to be a basis for a change in the legislated standard of non-obviousness.

The issue raised in the notice concerning the means by which obviousness must be shown by the Patent and Trademark Office and the manner in which that showing can be refuted likewise appears to be an administrative issue, not an issue requiring legislation concerning the standard of obviousness.

It is the opinion of the Board of Directors of the NYIPLA that any legislative change in the non-obviousness standard should be approached with caution and from a fully informed vantage point. To that end, the soundness of the reasons being proffered for suggesting a legislative change in the non-obviousness standard must be carefully evaluated. Obviousness is a fact-driven issue which has been the subject of much judicial debate for many years. There simply is no "bright-line" test that can be applied like a mathematical formula in every case. If different standards were to be considered for different fields of technology, how could one reasonably distinguish between technologies? Where does chemistry end and biotechnology begin, or where does electronics end and computers begin? For these reasons, we believe that the defined *standard* of non-obviousness should be uniform across all fields of technology. Just as the jurisdiction of the CAFC applies to all cases arising under 35 U.S.C., the same standard of non-obviousness should apply to all patentable inventions under 35 U.S.C.

As with all fact-based issues, the pendulum has swung back and forth as the courts have struggled to promote the progress of science and the useful arts by limiting the award and enforcement of patents to those which cover non-obvious inventions. A change in the non-obviousness standard that has been developed over the last forty years (or a variation of the standard from one field of technology to another) could well engender increased doubts among industry and the public as to what is and is not a valid patent. Undoubtedly, increased litigation will be spawned to test the application of any new or variable stan-

dard in different factual contexts, creating even further uncertainty for everyone involved in the patent system. That uncertainty, in our view, would hinder industrial and technological progress in this country in all areas of technology far beyond any concerns that arise from application of the *current* standard.

The NYIPLA suggests that a decision whether to propose legislation to introduce a new, more rigorous non-obviousness standard should not be made without an in-depth analysis of (i) the economic effect of patents issued under current standards on industrial and technological progress in the United States and (ii) the application of the current non-obviousness standard by the Federal Circuit. If there is concrete evidence (not just vague "concerns") to substantiate the view that the current non-obviousness standard is impeding industrial and technological progress and/or that the Federal Circuit is incapable of applying the existing standard properly, the NYIPLA believes legislation should be crafted to address only the specific substantiated weaknesses of the present non-obviousness standard.

The NYIPLA also respectfully suggests that the Patent and Trademark Office (i) should implement procedures to ensure that all examining groups are properly and uniformly applying the non-obviousness standard consistent with controlling Federal Circuit precedent and (ii) improve both its reference resources and examiner training in the areas of biotechnology and computer programs.

Uniformity of application of the non-obviousness standard between the Patent and Trademark Office and the courts and within the Patent and Trademark Office can best be achieved through administrative procedures designed to ensure that all examining groups follow controlling Federal Circuit precedent."

— Pasquale A. Razzano

# JAPANESE PATENT DEVELOPMENTS

by John B. Pegram

## U.S. — JAPAN LETTER AGREEMENT

In an August 1994 exchange of letters between Secretary of Commerce Ronald H. Brown and Japanese Ambassador Takakazu, the U.S. and Japanese Patent Offices committed to revise their patent systems, seeking legislative changes where necessary.

### Actions To Be Taken By The JPO

**1. Revised Opposition System.** By April 1, 1995, in order to institute a revised opposition system by January 1, 1996, the JPO is to introduce legislation to revise the opposition system. Under the revised system, oppositions are to take place only after the grant of a patent. Multiple oppositions in the revised system are to be consolidated and addressed in a single proceeding to minimize the time spent during opposition.

**2. Accelerated Examination.** By January 1, 1996, the JPO is to institute a revised system of accelerated examination. In the revised accelerated examination system: (i) the JPO is to allow an applicant who has filed a patent application before a foreign national or regional industrial property office to request accelerated examination for a corresponding patent application filed in the JPO; (ii) applications are to be processed to grant or abandonment within 36 months from the date of the request for accelerated examination; (iii) the JPO may require the applicant to submit a copy of a search report, issued by the above-mentioned national or regional industrial property office separately from or associated with its first substantive action on the merits; and (iv) a fee, not to exceed the fee for filing an application, may be charged in addition to the normal fee for requesting examination but no working requirement is to be imposed.

**3. Compulsory Licenses.** Other than to remedy a practice determined after judicial or administrative process to be anti-competitive or to permit public non-com-

mercial use, after July 1, 1995, the JPO is not to render an arbitration decision ordering a dependent patent compulsory license to be granted.

### Actions To Be Taken By The USPTO

**1. 18 Month Publication.** By September 30, 1994, in order to institute an "early publication" system by January 1, 1996, the USPTO is to introduce legislation to make applications publicly available 18 months after the filing date of the earliest filed application, a reference to which is made under 35 USC 119, 120, 121 or 365.

The USPTO is to make publicly available all applications, filed after January 1, 1996, as soon as possible after the expiration of 18 months from the filing date or, where priority is claimed under 35 USC 119, 120, 121 or 365, from the earliest priority date. The drawing, specification, including claims, and bibliographic information of the application are to be made available to the public. Applications that are no longer pending and applications subject to secrecy orders are not to be made publicly available.

**2. Reexamination.** By August 1, 1994, in order to institute revised reexamination procedures by January 1, 1996, the USPTO

is to introduce legislation to revise current reexamination procedures. The new reexamination procedures are to expand the grounds for requesting reexamination to include compliance with all aspects of 35 USC 112 except for the best mode requirement. The new reexamination procedures are also to expand the opportunity for third parties to participate in any examiner interviews and to submit written comments on the patent owner's response to any action in the patent under reexamination.

**3. Compulsory Licenses.** Other than to remedy a practice determined after judicial or administrative process to be anti-competitive or to permit public non-commercial use, after July 1, 1995, the USPTO is not to grant a dependent patent compulsory license.

### ADDITIONAL REPRESENTATIVE

Each of the member associations of the U.S. Bar/Japanese Patent Office Liaison Council is entitled to have two representatives. I am pleased that William J. Brunet of Fitzpatrick, Cella, Harper & Scinto will be joining me this year as NYIPLA's second representative. Bill will be a valuable addition to the Council.

## NOTICE FROM THE COMMITTEE ON EMPLOYMENT

The Committee on Employment maintains a non-confidential file of unsolicited resumes of members and non-members seeking employment opportunities. Applicants wishing to be included in this file should submit resumes with covering letters to any member of the committee. Resumes are retained for at least nine months.

If a member of the Association wishes to review the file, the Committee will provide copies of the entire current crop of resumes. At this time, particular field requests cannot be honored. It is up to the requestor to contact the candidate.

There is no fee for these services. However, the Committee will not honor requests or submissions from recruitment firms.

The Employment Committee will be running short opportunities available listings in the *Bulletin* for member law firms and corporate departments seeking candidates. Any firm interested in placing such a listing should contact one of the undersigned Committee members. The Committee will entertain suggestions in this matter.

Respectfully submitted,

Edward A. Steen, Chairman, Employment Committee  
Kimberly K. Adams  
Julie Blackburn  
William F. Lawrence  
James Markarian  
David J. Mugford  
Scott E. Thompson

## NEWS FROM THE BOARD OF DIRECTORS

*by William H. Dippert*

The Board of Directors met on June 27, 1994. Mr. Razzano presided.

Reading of the minutes of the May 26, 1994 and the Treasurer's Report were postponed until the September, 1994 meeting.

John Daniel, Chair of the Antitrust Committee, led discussion concerning a proposed letter to Richard Gilbert of the Justice Department, in response to a request from the Justice Department. There was general approval of the proposed letter. Mr. Razzano commented that the letter was deliberately intended to be somewhat general for the purpose of letting the Justice Department know that the Association is interested in having its views considered. Various comments were made, particularly about any relationship between the subject

addressed in the letter and possible changes in the patent law, for example, with regard to first to invent.

Mr. Razzano indicated that he would ask the Antitrust Committee to review the letter and related materials and to prepare a revised draft application to be circulated to Board members.

Ms. Gillis led discussion concerning the request by the Patent Office for comments concerning the standards of obviousness. She indicated that the Association could testify on July 20 or 21 or put comments in by the end of August, or both. If the Association does choose to testify, notice to the Patent Office must be given by July 8. There was extensive discussion concerning changes to the standards of obviousness and whether the Association should testify, provide comment, or both.

With regard to new business, Mr. Razzano mentioned that Judge Wood, via Mr. Creel, had asked whether the Association would prepare a report regarding the effectiveness of juries in complex litigation. Mr. Razzano suggested that this be referred to the Litigation Committee.

Mr. Gilbreth reported the results of a survey Horizon had conducted of the honored guests at the March, 1994 Judges Dinner. According to the survey, the judges preferred the collective introduction/applause procedure. The judges also liked the brunch held the morning after the dinner. Further, Mr. Gilbreth indicated that we will have to address the elevator problem that caused delayed seating in the main ballroom.

Mr. Razzano asked that Mr. Goldstein, Mr. Creel and Howard Barnaby join him in meeting with Horizon to discuss a long-term contract. Also, the Waldorf-Astoria wants a three-year agreement with regard to room reservations, to which Mr. Razzano believes the Association should agree.

Mr. Goldstein and Mr. Prager reported on the Annual Dinner, which ran about a \$3000 deficit. This deficit was primarily due to 26 guests from area law schools. Mr. Gilbreth suggested that Michael Isaacs of Horizon be asked to review the Grand Hyatt's bill and contract. ■

### Law Seminars International

*presents*

## **"Biotechnology From Research to Product"**

November 3 and 4, 1994  
at The Governor Morris Hotel  
Morristown, New Jersey

"Biotechnology From Research to Product" is a comprehensive two-day national conference examining current issue in intellectual property protection, litigation and financing of biotechnology for lawyers, executives and managers of biotechnology and pharmaceutical companies; government, university and agency officials.

Law Seminars International has assembled a distinguished panel of national experts with extensive experience in biotechnology issues to provide current and concise information on topics like patents, licensing, CREDA's, litigation, contractual agreements and financing.

To register, call Law Seminars International  
at (800) 854-8009.

## BOOK REVIEWS OF INTEREST

*by Gregory J. Battersby*

### **PATENT TRADEMARK AND COPYRIGHT LAWS**

Edited by Jeffrey M. Samuels

This is a one-volume, softbound work which is the only comprehensive reference for all of the intellectual property laws collected from Title 15, 17 and 35 of the U.S. Code, as well as some of the Constitutional provisions which relate to intellectual property. The book contains full legislative references to all statutory changes over the life of a section of a law.

This book has become the standard desk reference book for all intellectual property practitioners. It is available from BNA Books, P.O. Box 6036, Rockville, MD 20850-9914 for \$60.

### **FEDERAL CIVIL RULES HANDBOOK**

*by Steven Baicker-McKee et al.*

This is a one-volume, softbound work which contains the Federal Rules of Civil Procedure followed by the authors' comments and practice pointers on jurisdiction and venue, individual rules and appeals. In addition, a timetable for lawyers in civil cases is provided, as well as the Federal Rules of Evidence.

This is an excellent reference tool for the federal litigator. The comments provided by the authors are practical and insightful. The work is available from West Publishing Group, P.O. Box 64779, St. Paul, MN 55164-0779.

### **THE LAWYER'S DESK GUIDE TO LEGAL MALPRACTICE**

*by the American Bar Association*

This is a one-volume, softbound work which is intended to serve as a malpractice prevention and insurance guide for lawyers, law firms and insurers. It provides practice resources for lawyers to use in their every day practices and offers a model to state bars and insurers wishing to establish malpractice prevention programs. It is

broken out into three sections: What Every Lawyer Should Know; Malpractice Prevention — The Heart of the Matter; and Legal Malpractice Insurance — Making Dollars and Sense of It. It contains checklists for claim proofing one's practice and for legal malpractice insurance.

It is difficult to imagine any attorney not having this work in his or her library. It is available from the American Bar Association, 750 North Lake Shore Drive, Chicago, IL 60611-4497 for \$75.

### **BENNETT'S GUIDE TO JURY SELECTION AND TRIAL DYNAMICS**

*by Cathy E. Bennett and  
Robert B. Hirschorn*

This is a one-volume, hardbound work with a companion softbound appendix volume which is intended to assist the litigator in the jury selection process. The work assists the attorney in the proper use of jury and trial consultants and then specifically advises on how to deal with issues such as voir dire, survey, jury investigation, body language and non-verbal communication.

This is clearly the best work on the subject and is must reading for any attorney who must try a case before a jury. It is available from West Publishing Group, P.O. Box 64779, St. Paul, MN 55164-0779.

### **TRADEMARK LAW HANDBOOK 1994 — VOLUME ONE**

*by Anthony L. Fletcher and  
David J. Kera*

This is a one-volume, softbound work published yearly by the International Trademark Association. It is a summary of the decisions of note in both ex parte and inter parties cases involving trademark issues from the Court of Appeals for the Federal Circuit, the Trademark Trial and Appeal Board, the Commissioner of Patents and Trademarks and various district courts.

This work has been published since 1980 and is an invaluable reference for the trademark practitioner. It is available from the International Trademark Association (INTA), 1133 Avenue of the Americas, New York, New York 10036-6710.

### **THE COMMERCIAL LAW OF INTELLECTUAL PROPERTY**

*by Peter A. Alces and Harold F. See*

This is a one-volume, hardbound work which combines the elements of commercial law with intellectual property principles. It aims to reveal commercial law to the intellectual property lawyer and intellectual property law to the commercial lawyer. The work provides an overview of the various elements of intellectual property law; sales and leases involving intellectual property and application of sales and lease law to intellectual property.

This is an excellent and timely treatment of this very important issue. It is available from Little Brown and Company, 34 Beacon Street, Boston, MA 02108-1493.

### **THE ROYALTY RATE REPORT FOR THE PHARMACEUTICAL AND BIOTECHNOLOGY INDUSTRIES**

*and*

### **THE ROYALTY RATE REPORT FOR THE MEDICAL PRODUCTS INDUSTRY**

*by Intellectual Property Research  
Associates*

These are looseleaf-bound works which contain the key business points and details of actual license agreements and joint ventures for a particular field. The works specifically identify the particular product being licensed, the licensor and licensee, the royalty rate or fee charged, and a summary of the deal. In addition, they contain articles on pricing methods for intellectual property agreements, an analysis of market-derived royalties and an investment analysis and royalty rates.

There is no better way to determine what to charge as compensation for a particular property than to see what others charged for similar properties and these are the only books of their kind which share that information. These titles are available from Intellectual Property Research Associates, 1004 Buckingham Way, Yardley, PA 19067 (215) 428-1163 for a total cost of \$1,125. ■

## RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

### PATENTS

In *Reebok Int'l Ltd. v. J. Baker, Inc.*, No. 94-1145 (Fed. Cir. Aug. 15, 1994), decided August 15, 1994, the Court of Appeals for the Federal Circuit held that a motion for a preliminary injunction may be denied even where the trial court has made no finding on the movant's likelihood of success if the non-movant presents sufficient evidence to rebut the movant's case of irreparable harm.

The *Reebok* case concerned Reebok's U.S. Design Patent No. 341,931 ("the '931 patent") on a shoe upper design. Reebok brought suit against the defendant J. Baker, Inc., and moved for a preliminary injunction.

In support of its motion, Reebok explained that in November, 1992, it began manufacturing its "Shaq I" athletic shoe under the '931 design patent. Reebok then undertook an extensive advertising campaign for the shoe. Meanwhile, in July, 1993 J. Baker began manufacturing and selling its Olympian model shoe. Reebok's '931 design patent issued in December 1993, and thereafter Reebok sued J. Baker. Both parties later ceased production of the shoes, and Reebok also ceased its advertising campaign.

The district court first considered the four factors under case law that a movant must establish in order to obtain a preliminary injunction;

- (1) a reasonable likelihood of success on the merits;
- (2) irreparable harm;
- (3) the balance of hardships tipping in movant's favor; and
- (4) an adverse impact on the public interest.

The district court denied the motion, and made no findings on the likelihood of success factor.

On appeal, the CAFC first commented that a party cannot be granted a preliminary injunction without a finding by the district court that there is both a reasonable likeli-

hood of success on the merits and that there is irreparable harm. However, in order to deny a preliminary injunction, it is sufficient that the district court find that the movant has not established one of the four factors.

The CAFC went on to note that in determining whether a party is entitled to a preliminary injunction, a district court should generally make findings on both the irreparable harm factor and the likelihood of success factor. The CAFC commented that this approach "is preferable for reasons of judicial economy and greatly aids appellate review ..." Nevertheless, the CAFC held that a district court may deny a motion for a preliminary injunction even if it makes no finding regarding the movant's likelihood of success on the merits if it finds the non-movant has rebutted the presumption of irreparable harm.

The CAFC concluded that Reebok had failed to show that the district court abused its discretion by denying the preliminary injunction, and affirmed the decision of the district court.

In *The Beachcombers International, Inc. v. Wilde Wood Creative Products, Inc.*, 31 USPQ 2d 1653 (Fed. Cir. 1994), the CAFC issued a ruling on the scope of the "public use" bar under 35 U.S.C. §102(b). The *Beachcombers* case concerned a liquid kaleidoscope manufactured by the plaintiff, Beachcombers International, Inc. (BI), under U.S. Patent No. 4,740,046 ("the '046 patent"). BI, the exclusive licensee of the '046 patent, sued the defendant Wilde Wood Creative Products, Inc. (WWCP), the manufacturer of an "Illusion" kaleidoscope, for infringement of the '046 patent. The "Illusion" kaleidoscope was itself manufactured under another patent, owned by WWCP. After a trial, a jury ruled for WWCP and concluded that six of the claims of the '046 patent were invalid as anticipated, obvious and indefinite. BI moved for judgment as a matter of law and for a new trial, and both motions were denied. BI appealed from these orders. *See id.* at 1655.

In its findings on the issue of anticipation, the jury had concluded that a prototype of BI's patented kaleidoscope was in public use more than one year before the filing date of the patent application. The public use involved a demonstration given by the designer of the device at a party in order to obtain some feedback on the de-

vice. Testimony at trial indicated that several people at the party handled the device, and none of them had been asked to maintain confidentiality.

On appeal to the CAFC, BI argued that there was insufficient evidence to support a finding of public use. BI relied in part on the decision in *Moleculon Research Corp. v. CBS, Inc.*, 783 F.2d 1261 (Fed. Cir. 1986). The CAFC rejected BI's argument, however, and affirmed. The CAFC distinguished *Moleculon* on the grounds that in the case "the inventor at all times retained control over the use of the device as well as over the distribution of information concerning it." *Id.* at 1657. The CAFC also noted that in this case, there was evidence to support the jury's finding that the designer had not retained control of the invention, nor of the dissemination of information about the invention, during the party. The Court stated as follows:

Here, there was evidence upon which the jury could have reasonably concluded that the [designer] did not retain control over the use of the device and the future dissemination of information about it—[the designer's] testimony that her purpose in demonstrating the device at her party was to generate discussion and garner feedback, that she never imposed any secrecy or confidentiality obligations, and [another witness's] testimony to the effect that she did not believe she was subject to any secrecy or confidentiality restrictions—notwithstanding the closeness and ongoing nature of Bennett's relationship with her guests. *Id.* at 1658.

### TRADEMARKS

In *Anheuser-Busch, Inc. v. Balducci Publications*, 31 USPQ 2d 1296 (8th Cir. 1994), the U.S. Court of Appeals for the Eighth Circuit reversed a district court finding of non-infringement of a trademark brought against the publisher of an advertisement parody.

The plaintiff, Anheuser-Busch, is the manufacturer of Michelob Dry beer. Anheuser Busch marketed the beer under the trademarks "Michelob," "Michelob Dry," the A & Eagle design and the phrase "One Taste and You'll Drink It Dry."

The defendant Balducci published *Snicker*, a humor magazine. The back cover of *Snicker's* April 1989 issue contained a parody of a Michelob advertisement using the term "Michelob Oily®" and the phrase "One Taste and You'll Drink It Oily." It

also featured a design similar to Michelob's trademarked A & Eagle design. The back cover contained small text describing it as an editorial and commenting on oil pollution in the ocean. *See id.* at 1297-98.

After the issue was released, Anheuser-Busch sued Balducci for trademark infringement, unfair competition and trademark dilution under state law. Anheuser-Busch sought a preliminary injunction. The district court denied the injunction on the grounds that there was no likelihood of confusion. The court also dismissed Anheuser-Busch's anti-dilution claim. *See id.* at 1298-99.

On appeal, the Eighth Circuit reversed. The Court found that the Anheuser-Busch trademarks were strong, and that Balducci used them on the back cover of a magazine, a place where advertisements are often located. The Court noted that Balducci "carefully designed the fictitious ad to appear as authentic as possible," and also used a ® symbol." *Id.* at 1300. The Court also reviewed survey evidence, which indicated actual confusion, and concluded that "[t]here is a distinct possibility, accepted by the district court, 'that a superficial observer might believe that the ad parody was approved by Anheuser-Busch.'" *Id.*

The Court then considered whether Balducci's parody was protected by the First Amendment. Balducci argued that its parody was editorial in nature, since it commented on a recent oil spill and on industrial pollution in general. The Court concluded that there was no absolute First Amendment protection of editorial parodies, although the Court added that "a parody contained in an obvious editorial context is less likely to confuse, and thus, more deserving of protection than those displayed on a product." *Id.* at 1301. The Court found that Balducci's ad caused confusion to consumers as to its origin and sponsorship, and stated that "the confusion is wholly unnecessary to Balducci's stated purpose." *Id.* The Court further commented that:

[b]y using an obvious disclaimer, positioning the parody in a less-confusing location, altering the protected marks in a meaningful way, or doing some collection of the above, Balducci could have conveyed its message with substantially less risk of consumer confusion. *Id.*

The Court concluded that the First Amendment placed no bar on the application of the Lanham Act in this case.

The Court also reinstated the anti-dilution claims against Balducci, rejecting Balducci's arguments that the First Amendment barred this claim. *See id.* at 1302-03.

### LANHAM ACT

In *Cleary v. News Corp.*, No. 92-55697 (9th Cir. Aug. 1, 1994), the Court of Appeals for the Ninth Circuit held that a claim of misattribution of literary work under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125 (a), requires proof of "bodily appropriation." The case involved the plaintiff, Cleary, who had been retained by the defendant, News Corp., on a "work for hire" basis pursuant to a 1965 agreement to revise *Robert's Rules of Order*. Cleary was listed on the title pages of the 1970 and 1980 editions, but his name was omitted from the title page of the 1990 edition. There was no express provision in the 1965 agreement requiring that Cleary be listed as an author. Nevertheless, Cleary sued, alleging that News Corp. had misattributed his work product by omitting his name from the title page of the 1990 edition.

In support of his argument, Cleary contended that the 1990 version of *Robert's Rule of Order* was essentially identical to the 1970 version. News Corp., however, argued that the 1990 version was very different than prior versions. The district

court granted summary judgment to News Corp., under Section 201 (b) of the Copyright Act. The Court found that under the statute, all work product created under a work for hire agreement is the property of the employer unless there is a contrary provision in the agreement.

On appeal to the Ninth Circuit, Cleary asserted that Section 43(a) of the Lanham Act protects against misattribution. Cleary contended that News Corp.'s removal of his name from the title page of *Robert's Rule of Order* after 20 years amounted to "reverse passing off," or the mislabeling of a product to disguise the contribution of a creator. Cleary argued that the "work for hire agreement" should not prevent him from being able to assert his rights against misattribution.

In affirming the district court's decision and rejecting Cleary's arguments, the Court did not rule on the issue of whether a party can raise a misattribution claim for work performed under a work for hire agreement. The Court did not reach that issue, instead finding that Cleary had not established his claim of "reverse passing off." Citing *Harper House Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197 (9th Cir. 1989), the Court ruled that in copyright cases, the "bodily appropriation" of a work requires either the copying or the unauthorized use of substantially the entire work. The Court concluded that in this case, the 1990 edition was "more than a slight modification of the 1970 edition."

### HESLIN & ROTHENBERG, P.C.

ALBANY, New York Intellectual Property Law firm  
seeks registered patent practitioners, minimum two years  
prosecution experience in electrical/computer science arts and  
biotechnology; also a registered patent attorney with two years  
general IP experience.

Heslin & Rothenberg, P.C., 5 Columbia Circle, Albany, New  
York 12203-5160, Attn, Managing Partner.

## CLASSIFIED ADVERTISEMENTS

**Growing Syracuse Patent Law Firm** is seeking a registered patent attorney with at least three years experience and capable of unsupervised patent and trademark prosecution. Please respond in writing to Barney Molldrem, Trapani & Molldrem, 333 East Onondaga Street, Syracuse, NY 13202. Please include issued patents and undergraduate transcript(s).

**Small intellectual property firm**, Empire State Building, 350 Fifth Avenue, New York, has one window office for rent (approx. 9 x 13) in new suite facing north and west, federal library, conference room, receptionist. Contact Robert Stoll or Joe Previto, 736-0290.

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

**No More Blind Dates.** Let DocketMinder teach your computer to calculate Due Dates, warning you about weekends, Federal holidays, and your own reserved dates. Docketing software by a patent & trademark lawyer for patent & trademark lawyers: Due Dates automatically generated for recurring situations like Office Actions. Flexible, multi-level reporter. Automatic audit. Easy to use, easy to learn, easy to pay for. Individual copies \$100; multi-copy license available. FREE DEMO DISK. Grass Roots Software, P.O. Box 17900, Suite 180, Glendale, Wisconsin 53217 (414) 274-9178

The New York Intellectual Property  
Law Association, Inc.  
Telephone (212) 697-4028  
Telefax (212) 682-9648

September/October 1994  
Volume 35 Number 1

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

### Officers Of The Association 1994 - 1995

President: Pasquale A. Razzano; President-Elect: Thomas L. Creel; 1st Vice President: Martin E. Goldstein; 2nd Vice President: Edward V. Filardi; Treasurer: Howard B. Barnaby; Secretary: William H. Dippert; Immediate Past President: William J. Gilbreth.

Committee on Publications: Chairman and Bulletin/Greenbook Editor: Gregory J. Battersby.

### Editorial Staff

Marylee Jenkins; Serle Ian Mosoff; Thomas A. O'Rourke; Lisa Pieroni; Henry Sacco; Charles J. Zeller.

The views expressed in The BULLETIN are the views of the author except where Board of Directors Approval is expressly indicated. Copyright © 1994 The New York Intellectual Property Law Association, Inc.

*All Rights Reserved*

## Subscribe to *The Licensing Journal*® and Receive a Free Mont Blanc Pen!

Each issue of *The Licensing Journal* includes regular columns covering developments in every major market of licensing including character and personality; entertainment; technology; franchising; multimedia; sports and collegiate; toy and fashion authored by experts in their respective fields. The *Journal* also includes regular columns dedicated to the practical aspects of licensing that apply to all licensing markets, covering topics like valuation, royalty rates, counterfeiting, auditing and taxation. This, in addition to the regular full-length articles providing in-depth coverage of topics of interest to the industry.

For a limited time, *The Licensing Journal* is offering a special gift to new subscribers — a Mont Blanc pen! Simply check off the box for an 18 month subscription. We will then send you your first issue along with an invoice. Simply return that invoice with your payment within fifteen (15) days and we will ship you, absolutely free, a beautiful Mont Blanc Meisterstück 164 ballpoint pen — a \$135 retail value!

☐ **YES**, please enter my 18 month subscription to *The Licensing Journal* for the price of \$349 (\$399 foreign). I understand I will receive my first issue along with an invoice. If I pay and return the invoice to *The Licensing Journal* within 15 days, I will receive a Mont Blanc pen, shipped to the address below free of charge.

Name \_\_\_\_\_ Firm \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Country \_\_\_\_\_ Telephone \_\_\_\_\_

Mail to: *The Licensing Journal*  
P.O. Box 1169, Stamford, CT 06904-1169  
Phone: (203) 358-0848 or fax (203) 348-2720