



PRESIDENT'S
CORNER

In the last *Bulletin*, I wrote about civility and how it seemed to have eroded over the years in the practice of law. A committee appointed by Chief Judge Judith Kaye has just addressed this issue, among many others, involving our profession. If the committee's recommendations are adopted, and it is sure many, if not most of them, will be, it will substantially change the way we practice intellectual property law. Most of these can be implemented by Judge Kaye herself, without any legislation.

The committee was headed by Louis Carco, a prominent lawyer here in New York City. It spent two years investigating the interactions between lawyers and their clients. The committee was formed because Judge Kaye was concerned about the seemingly increasing distrust of lawyers by clients and the friction between clients and lawyers. (Whatever happened to the lawyer as a trusted counselor?) The Committee on the Profession and the Courts made recommendations in four main areas: general professionalism of lawyers; client satisfaction; attorney discipline and Court management.

Judge Kaye has said she will accept comments from the profession and the public for 90 days. Our Association will provide input to ensure that specific requirements affecting intellectual property lawyers will not be overlooked. If you have any specific areas you believe should be addressed, please let me know. I urge you all to consider how these new rules should be implemented.

Some of the main recommendations affecting our practice are:

Engagement letters. In all cases where fees are likely to be above \$1000, engagement letters will be required. While these will no doubt be welcomed by clients and lawyers alike, since a written record will

exist as to what work was to be done, it will add another layer of rules and possible controversy later. What happens if an engagement letter is provided, but the relationship evolves and different types of work are undertaken for the client? Is a new letter required for each new matter? If there is no letter, is there a presumption that the client did not agree to the representation undertaken? Will these largely become another piece of unread and not understood paper, like those provided at a house closing purporting to protect the purchaser's rights?

Mandatory engagement letters have been required in matrimonial matters for several years in New York. My conversations with matrimonial lawyers is generally positive about these letters. For example, they have actually led to decreased inquiries to the lawyers. One matrimonial lawyer told me that his engagement letters describe in detail the various steps which the client will have to take before getting a final divorce and approximately when each will occur. His telephone calls from clients such as "What's the notice of a pre-trial? I thought nothing further was going to happen until



trial!" have decreased and for those that do occur, the engagement letters have actually helped reduce friction. Rather than a client charging "you never told me that," the lawyer has been able to say "look in the letter, it's all explained there."

Mandatory Arbitration of All Fee Disputes. A major source of friction has been misunderstandings about what a lawyer was supposed to do and how much it would cost. The committee recommended that all fee disputes go to mandatory arbitration. (Whatever happened to the right of trial by jury?)

CALENDAR OF EVENTS

December 5-7, 1995

ABA-IP Section, Advanced Intellectual Property Litigation Techniques, Crystal Gateway Marriott, Arlington, Virginia

December 15, 1995

NYIPLA Luncheon Meeting "Damages in Patent Cases," David Haas of IPC, Cornell Club, New York City

January 19, 1996

NYIPLA Luncheon Meeting "Patent Litigation - Including the *Marionan*, *Hilton-Davis* and *Rite-Hite* Cases," Michael Pantulliano of Roger Wells, Cornell Club, New York City

January 20-24, 1996

ABA-IP Section, Mid-Winter Meeting, Loew's Ventana Canyon Resort, Tucson, Arizona

March 22, 1996

NYIPLA Annual Dinner in Honor of the Federal Judiciary, Waldorf-Astoria, New York City

If this becomes mandatory, shouldn't there be special panels of arbitrators who are experts in intellectual property? Shouldn't arbitrators be knowledgeable about the normal practices and charges in the particular specialist area in which the representation arose? If so, who will the arbitrators be in an intellectual property dispute? Do we want lawyers from one firm passing on the appropriateness of charges of another intellectual property firm?

Continuing Legal Education. Thereport recommends continuing legal education ("CLE") for all lawyers. We should be sure that the requirements provide enough flexibility so that intellectual property specialists will be able to take meaningful courses:

We should also be alert to ensure that there are no bureaucratic rules which will needlessly affect our own CLE programs, such as the monthly luncheon series. We want to be sure that our Association CLE programs qualify for the mandatory credits. For example, when mandatory CLE was previously proposed several years ago, there was to be a requirement that every CLE course participant had to have a desk. This was apparently an attempt to ensure that the course was in fact "educational," rather than merely a professional meeting or discussion. The requirement for a desk would exclude many of our programs, for no good reason. A desk does not an educational event make. Furthermore, the committee recommends requiring all new lawyers to take mentoring programs and internships that emphasize practical skills. Our firms and corporations may have to establish in-house tutoring which will be monitored by the State Bar.

Lawyer Discipline. The committee recommends public access to disciplinary proceedings. This would end the long-time procedure in New York of conducting such investigations in secret. This has historically been done to protect the reputation of lawyers until a violation was found because a professional's reputation was at stake. A majority of other states have open records during the investigation, once formal probable cause has been found.

As mentioned earlier, please let me know your thoughts on these or any other of the committee's recommendations.

- Thomas L. Creel

PATENT DEVELOPMENTS IN JAPAN

by John B. Pegram

The 1995 meeting of the U.S. Bar/ Japan Patent Office Liaison Council is scheduled in Tokyo on November 9, 1995. We will report on that meeting in future issues of the *Bulletin*.

One of the recent changes in Japanese patent practice which has been influenced by the Council is the formalization of the interview procedure. In anticipation of the November meeting, the JPO has circulated an outline in English of the "Implementing Guidelines for Interview," effective August 1, 1995. A full English translation of the Guidelines is being prepared by the JPO. The outline follows.

INTRODUCTION

Under the 1993-Revised Patent Law, new procedures for amendments to the specification or the drawings have been introduced ("Restriction on Amendments after Final Notice for Rejection," etc.), and it is necessary for applicants to make appropriate response to notice for rejection. Therefore, it is important to make use of interviews positively and to develop mutual understandings between the examiners and the applicants. These Guidelines clarify the interview procedures and make it easy for applicants to respond appropriately.

BASIC CONCEPT

Promoting Utilization of Interviews

The examiner should positively respond to a request from an applicant (or attorney) for an interview so as to contribute to a prompt and appropriate examination. The Guidelines clarify the following:

- (a) how to make a request for interview,
- (b) procedures which the applicant (attorney) should apply in the interview, and
- (c) how the examiner behaves in the interview.

Chances for interview are extended.

The interview can also be made in the term between examiner's decision of rejection and "ZENCHI" examination (reexamination prior to appeal examination).

Transparency of Interviews

The contents and results of discussion in the interview should be recorded and stored for public inspection. The transparency of interviews is ensured in the process of examination. When an examiner communicates with an applicant (attorney) by telephone, facsimile, etc., relevant records should be maintained and offered for public inspection.

Efficient Practice of Interviews

An applicant should study and arrange the points of problems before the interview, and if necessary, give materials in the interview. (See 3(5)).

MODIFICATION OF PRIOR PRACTICE

The Definition of "Interview"

"Interview" in these guidelines means the interview including opinions on patentability by the applicant. Mere practical connection between the examiner and the applicant, or mere technical explanation about the claimed invention doesn't correspond to "Interview."

Communications through telephone, facsimile, etc. including opinions on patentability correspond to "Interview." And in these cases, relevant records should be retained and offered for public inspection.

Terms

"Interview" can be held in the following terms:

- (a) the term between request for examination and examiner's decision of rejection or granting a patent, and
- (b) the term between examiner's decision of rejection and termination of "zenchi" examination.

Examiner's Behavior

The examiner should positively respond to a request from the applicant (or

attorney) for "Interview," provided it contributes to a quick and accurate examination.

Participants in the Interview

It is important that participants be responsive to the examiner. They are expected:

- (a) to have sufficient knowledge of patent procedures;
- (b) to have sufficient technical knowledge of the claimed invention; and
- (c) to be able to precisely indicate the applicant's intention concerning the disposal of the application.

Participants, for the most part, are expected to be the patent attorneys entrusted by the applicant. They can be accompanied by inventors, staffs in charge or translators, if necessary.

Materials Used in "Interview"

An applicant can give materials in the interview to make the process efficient. The materials can include documents explaining the claimed invention, differences between the claimed invention and prior arts, ground for the amendments, etc. They can also include video tapes (VHS type which should be applicable to NTSC broadcasting form). The materials used in the "interview" are offered for public inspection the same as records of interviews.

Amendments Proposed

The applicant can propose an amendment in the interview. When an examiner is proposed to exchange opinions about the amendment, he should make suggestions on the amendment to contribute to a quick and accurate examination. But, if the examination requires an additional prior art search for making suggestion, the examiner does not have to express his opinions. ■

NEWS FROM THE BOARD OF DIRECTORS

by William H. Dippert

The Board of Directors met on June 13, 1995. Thomas Creel presided. Reading of the minutes of the May 17, 1995 meeting was waived. Upon motion the minutes were unanimously approved.

Gregory Battersby presented the Treasurer's Report, about which he commented that the Association's balance is less than last year, primarily due to dues notices being sent out late. He will check with Horizon Conference regarding bills for disbursements in connection with the Judges' Dinner. The Treasurer's Report was approved unanimously.

Mr. Creel commented on the Association's tradition of strong and active committees. He indicated that the committee chairs had been invited to lunch to discuss their plans for the year as well as to honor their efforts and contributions. Mr. Creel then focused the meeting on the individual committee chairs, who had the following comments:

John Sinnott, Chair of the Committee on Foreign Patent Law and Practice, indicated that his committee would be tracking changes concerning TRIPS. In addition, he mentioned the forthcoming EPO Program on pharmacological and biotechnology practice.

Edward Vassallo, Chair of the Committee on Continuing Legal Education, mentioned the proposed weekday CLE Programs scheduled this fall at Fordham University. The preference is for a mock trial or similar program.

Angelo Notaro, Chair of the Committee on Design Protection, indicated that his committee would be monitoring design patent legislation and reporting to the Board. Also, he expects the committee to look into evidentiary considerations such as the standard for design patent infringement.

Brian Poissant, Chair of the Committee on Economic Matters Affecting the Profession, indicated that the effort to make a long-term disability insurance program available to the membership appears to be

successful. In addition, his committee will monitor LLP developments, especially with regard to the tax ramifications, and report to the Board. One other project his committee may consider is the ramifications for intellectual property firms in giving opinions in connection with IPO's. Mr. Creel suggested that a luncheon meeting concerning LLP's might be of interest.

Edward Steen, Chair of the Committee on Employment, commented that his committee has 24 resumes on file and that there had been 10 inquiries. He intends to confer with Mr. Battersby to discuss running notices in the *Bulletin*. Also, it was mentioned that one limitation of his committee's activities is that the employment service is on a non-confidential basis.

Carlos Dennis, Chair of the Committee on Incentives for Innovation, indicated that his committee plans to compare how other countries compensate inventors and to explore low-cost ways for getting protection for simple inventions.

Steven Bosses, Chair of the Committee on Litigation Practice and Procedure, reported that Justice Judith Kaye had asked whether our Association wishes to testify on the state of the N.Y. State Courts. He indicated that he doesn't think our Association can offer meaningful insights concerning the State Courts since we rarely practice in them. After extensive discussion it was agreed that Mr. Bosses should reserve the opportunity to make comments and to solicit input from others in the Association in preparing comments. Also, it was suggested that the Association and/or his committee consider continuation of a project involving interviews of jurors in patent cases.

Albert Robin, Chair of the Committee on Professional Ethics and Grievances, reported that there is one matter remaining from last year. Also, he mentioned that one issue to be considered is whether the Association should even have a committee to consider grievances.

Kenneth Madsen, Chair of the Committee on Public and Judicial Personnel, commented that the courts have been quiet in terms of personnel, although Judge Nies has indicated that she is stepping down. There was discussion concerning a person with an intellectual property background to replace Judge Nies. Mr. Creel suggested that the Association should push for a patent attorney to be considered at the District

Court level as well. After further discussion, Mr. Creel asked Mr. Madsen and Mr. Bleeker to consider ways to propose candidates with intellectual property backgrounds.

Theresa Gillis, Chair of the Committee on U.S. Patent Law and Practice, commented that there are many unfinished issues, such as the 17-year versus 20-year situation. Her committee will continue to monitor relevant legislation and PTO activities.

With regard to next year's annual meeting, Howard Barnaby was asked to consider the Yale Club as a possible location. The evening of Thursday, May 16, 1996, was mentioned. Also, Mr. Barnaby will, to the extent possible, attempt to discern what functions other organizations may have scheduled in that time frame.

Mr. Creel indicated that he will talk to Ed Vassallo concerning the possibility of running a PCT program.

There was discussion of whether to participate in the petition for certiorari in the *Markman* case. It was agreed to maintain the Association's prior position, namely, that it would be best to revisit this when, and if, certiorari is granted.

filed its final report this past September. In response to that report, Senator Orin Hatch (R-Utah) and Representative Carlos Moorehead (R-Calif.) have recently introduced bills (S. 1284 and H.R. 2441 respectively) which incorporate some of the suggestions of the working group.

The bills would amend Section 1063 of the copyright law to specify that the right of public distribution applies to transmission of copies. Therefore, a copy of a computer program from one computer to ten other computers without permission of the copyright owner would be copyright infringement. The bill also contains a provision that would prohibit the importation, manufacture or distribution of any device or product whose primary purpose or effect is to deactivate technological protections which prevent or inhibit the violation of exclusive rights under the copyright law. The bill provides both civil and criminal remedies for violations for circumventing copyright protection. The bill would provide for a copyright management information section for on-line works which identified the author of the work, the copyright owner, terms and conditions for uses of the work.

S. 1284 and H.R. 2441 have been referred to the Senate and House Judiciary Committees.

PATENTS

Medical and Diagnostic Procedures

The U.S. Patent Office may grant patents on medical and diagnostic procedures. For instance, a method of making self-sealing incisions during cataract surgery would qualify for patent protection. Patents on medical procedures have not been routinely applied for, perhaps because the medical profession has not sought them and because they could be difficult to enforce against infringers. A bill (S. 1334) currently pending in the Senate would amend the patent law to exclude patients, physicians and other licensed health care practitioners from infringement liability of a method or process for performing surgical or medical procedures or making a medical diagnosis.

The bill was recently introduced by Senator William Frist (R Tenn.) in response to concerns that the threat of patent in-

fringement in the area of medical and surgical procedures could limit the ability of doctors to use the most up-to-date procedures. In particular, Senator Frist cited the recent lawsuit by Dr. Samuel Pallin, an Arizona ophthalmic surgeon, who sued a Dartmouth medical school professor of ophthalmology for patent infringement on a patent that claimed a technique for stitchless cataract surgery. In introducing the bill, Senator Frist noted that more than 80 countries prohibit the issuance of medical method patents.

Another bill with similar provisions is pending in the House (H.R. 1127).

Biotechnological Process Patents

Bills have been pending and extensive hearings have been held in the House and Senate for almost five years that would change the patent law with respect to the patentability of biotechnological processes. The President recently signed a consensus bill on this issue.

The bills address the patentability of biological processes that use a novel and unobvious starting material. At one time, these bills were not limited to biotechnology but could have applied to all processes. In order to understand how this change came about, a brief history of these bills is in order.

The bills originated with members of the biotechnology industry who lobbied for legislation that would effectively overrule the Federal Circuit's decision in *In re Durden*, 763 F.2d 1046 (Fed. Cir. 1985). That case involved claims to novel compounds, a novel starting material and an allegedly novel process of making the novel compounds. The PTO issued the applicant patents claiming a novel oxime compound and a novel insecticidal carbamate compound. Claims also were issued for a novel oxime compound starting material used in the process of making the compounds. The PTO, however, rejected the applicant's claim to a novel process of making the novel carbamate products from the novel oxime starting materials on obviousness grounds. The Board of Appeals affirmed that decision.

The issue submitted to the Federal Circuit was whether a chemical process for making a product, otherwise obvious, is patentable because either or both the spe-

PENDING LEGISLATION

by Edward P. Kelly

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The Information Highway

The Working Group on Intellectual Property Rights of the Information Infrastructure Task Force has been conducting hearings over the past two years to determine whether revisions to the U.S. intellectual property laws are needed in view of the use of on-line services, i.e., bulletin boards. The group, chaired by Bruce Lehman, Assistant Secretary of Congress and Commissioner of Patents and Trademarks, recently

AN OPEN LETTER TO ASSOCIATION MEMBERS

1996 INVENTOR OF THE YEAR

The presentation of the Inventor of the Year Award affords the Association an excellent opportunity to extend recognition to an individual who, because of his or her inventive talents, has made worthwhile contributions to society. The person selected should have received patents for his or her invention(s), and by such invention(s), benefited the patent system and society.

This year, the award will be presented at the Association's annual meeting and dinner to be held on May 16, 1996 in New York City.

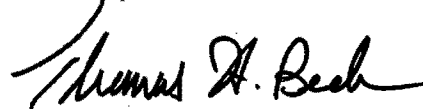
I encourage each practitioner, each firm, and each corporate counsel to nominate one or more candidates for consideration. This program cannot be successful without the participation of the Association members in solo, firm, and corporate practice.

The Inventor of the Year Award enables our Association to extend recognition to a deserving individual and provides good publicity for the Association, the patent system generally, and the practice of intellectual property law.

A nomination form for submitting recommended candidates is attached. Additional copies may be obtained by contacting me. Please forward your nominations no later than March 15, 1996.

Thank you.

Cordially,



Thomas H. Beck
Chairman, Committee on Public
Information and Education
(212) 758-2400

NOMINATION FORM FOR INVENTOR OF THE YEAR - 1996

Instructions: You may nominate as many individuals as you wish. Please provide one form for each nominee (joint nominations are acceptable). Please submit twelve (12) copies of all papers, including this form, that you wish to be considered by the Awards Panel. A nominee must: have one or more issued patents (the patent(s) relied on should not be the subject of pending litigation); be favorably disposed to the patent system; and be respected by his or her professional peers. The award is made in recognition of an inventor's lifetime contributions. The nominee should be prepared to attend the NYIPLA annual meeting to be held on May 16, 1996 in New York City.

1. Nominee: _____
Address: _____
Tel. No.: _____
 2. Identify invention(s) forming the basis of the Nomination:

 3. List, by number and inventor, the United States Patent(s) with respect to the above invention(s): _____

 4. Set forth any known litigation, interference, or other proceeding that involves or has involved the foregoing inventions or patents, and the result: _____

 5. Nominator: _____
Address: _____
Tel. No.: _____
- Signature: _____ Date: _____

Please provide a summary of the nominee's contributions which form the basis of this Nomination, and of any recognition of the nominee's contributions accorded by his or her peers.

Please add any additional information you believe the Awards Panel will find helpful. Material submitted will not be returned. Please forward the Nomination by March 15, 1996, to Thomas H. Beck, Fitzpatrick, Cella, Harper & Scinto, 277 Park Avenue, New York, New York 10172. Telephone number (212) 758-2400.

cific starting material employed and the product obtained are novel. The Federal Circuit affirmed the Board of Appeals stating that the novelty of either the starting material or final compound or both do not necessarily render a process of making the compound patentable. In the Federal Circuit's view, the process claim would be subject to an ordinary obviousness analysis.

Although *In re Durden* involved a chemical process, the biotechnology industry seized upon it as having detrimental effects on biotechnology. Critics of *In re Durden* stated that the decision would mean that the PTO would allow claims for processes of making biochemical products where the starting material is novel but an otherwise known process is used to make the final product. The biotechnology industry considered that result unfair. The industry believed that significant investments in biotechnological processes should be protected. The industry also pointed out that patents are granted in Europe and Japan on biotechnological processes that would be rejected in the PTO.

The biotechnology industry had also complained about the ITC's inability to bar the importation of drug products manufactured abroad through the use of a biochemical intermediate protected by a U.S. patent. Section 337 allows the ITC to exclude products manufactured abroad by a process patented in the United States. In *In the Matter of Certain Recombinant Erythropoietin*, No. 337 TA-281 (1989), Amgen held a patent claiming recombinant DNA sequences, vectors and host cells used to produce the product EPO. The patent did not claim the EPO product. When Amgen sought to exclude an EPO product manufactured in Japan through the use of Amgen's patented host cell, the ITC refused to bar the importation of the drug. The ITC held that it lacked jurisdiction over the complaint because Amgen did not have any process claims. The ITC rejected Amgen's argument that although it did not have any "traditional process claims," the claims were drawn to "living, dynamic host cells that covered both the cells and intracellular processes."

At one time, the bills introduced to solve these problems were not limited to biotechnological processes but would have covered all processes. Due to objections

from industries outside of biotechnology, the focus then shifted to bills which were industry specific. The bill submitted to the President for signature amends Section 103(b) (1) of the patent statute to prohibit rejection of a process claim for biotechnological processes using or resulting in a composition of matter that is novel and non-obvious on two conditions:

(1) the product and process claims are in the same application and have the same filing date, and

(2) the product and process claims were owned by the same person when they were invented.

Where separate patents are issued on the process and composition of matter, the patent on the composition of matter expires on the same day as the patent on the process.

BILL TO CONTROL THE INVENTION MARKETING INDUSTRY

Companies that claim that they will "bring your invention to industry" recently became the subject of legislation in the House and Senate. Senator Joseph Lieberman (D-Conn) recently introduced a bill (S 909) that would attempt to regulate the invention marketing industry. Under the bill, the invention marketing firms would have to enroll annually with the PTO. The bill contains provisions whereby the PTO would have the authority to suspend a firm for misconduct and monitor complaints. During hearing on the bill in House Subcommittee on Courts and Intellectual Property, one witness, Robert Lougher of the Inventors Awareness Group, supported the bill to the extent that it would be controlled by the Federal Trade Commission rather than the PTO. He believes that the burden should not fall to the PTO, which is funded by user funder fees. ■

RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

PATENTS

The United States Court of Appeals for the Federal Circuit in *King Instruments Corporation v. Luciano Perego and Tapematic*, 91 Civ. 1125 (Fed. Cir. 1995) (en banc), expanded *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1358, 35 USPQ2d 1065 (Fed. Cir. 1995) (en banc), to situations where the patentee does not have a competing good entailing the product on the market. In *Rite-Hite*, decided a month before *King Instruments*, the Court awarded damages to the plaintiff based on lost trade in its goods which competed with the infringing goods. *Rite-Hite*, however, placed on the market a version of the patented device; *King Instruments* did not. The district court having found that "but for" *Tapematic's* infringing activities, *King* would have sold more of its competing product. The court also considered that *King's* competing product did not embody the subject matter of the infringed patent. The district court, however, found reason to redress the plaintiff's injury despite the fact that *King* chose not to make or sell an embodiment of the patent in suit.

Three patents were in suit in *King Instrument*, originally brought in the United States District Court for the District of Massachusetts. The district court found that *Tapematic* did not infringe two of the patents but awarded damages for infringement of the third. Oral argument on the cross-appeals was heard August 5, 1991. On January 13, 1994, the Federal Circuit decided *sua sponte* to consider this appeal en banc. The Court then deferred action on this appeal pending en banc resolution of *Rite-Hite Corp. v. Kelley Co.* which was decided on June 15, 1995. On July 10, the Court returned the present appeal to this panel for disposition in accordance with *Rite-Hite*.

The court in *King Instruments* interpreted *Rite-Hite* to hold that "a patent owner who has suffered lost profits is entitled to lost profits damages regardless of whether

the patent owner has made, used, or sold the patented device." *King Instruments* at 8. The Court cited the seminal patent infringement section of U.S. patent law as underlying its decision, i.e., a patent confers "the right to exclude others from making, using or selling the invention." 35 U.S.C. §154(a) (1). Title 35 redresses an infringement of the patent right by "award[ing] the claimant damages adequate to compensate for the infringement." 35 U.S.C. §284 (1988). The Court interpreted these sections broadly enough to entail any injury as long as it resulted from the infringement. "Though this section sets a lower limit of a reasonable royalty on the amount of recovery, it mandates an amount 'adequate to compensate for the infringement.'" *King Instruments* at 9. The Court stated that the 1946 amendment to the Patent Act guarantees complete compensation for the damages from infringement.

In its discussion of policy, the Court stressed that a patentee is awarded a patent in consideration for disclosure of a patentable invention. Nowhere in the act is a patent owner obliged to actually make, use or sell the patented article in order to gain patent protection. The encouragement of investment-based risk is the fundamental purpose of the act and is based directly on the right to exclude. As an incentive for innovation, the act attempts to ensure this result by deterring infringers and allowing recoupment of market value lost when deterrence fails. The Court looked to the market to dictate the incentives, saying "this court should not presume to determine how a patentee should maximize its reward for investing in innovation." *Id.* at 14.

The dissent stressed that this decision is a broad extension of *Rite-Hite*, which itself over-extended both legislative intent and Supreme Court precedent. Judge Nies, in dissent, pointed to cases clearly holding a requirement of market participation in the patented article as a prerequisite for lost profit damages.

TRADEMARKS

The U.S. Court of Appeals for the Federal Circuit in *O-M Bread, Inc. v. United States Olympic Committee*, CAFC No. 94113 (Fed. Cir. 1995), held that the grandfathered right to continue using

"Olympic" and "Olympic Meal" for bakery products under Section 110(a) and (c) of the Amateur Sports Act of 1978 does not extend to the registration of a new mark "Olympic Kids" for bakery products.

The plaintiff O.M Bread, Inc. in 1938 registered the trademark "Olympic" for bakery products, including bread. A statute in 1950, entitled "An Act to Incorporate the United States Olympic Association" later consolidated and gave exclusive rights in the word "Olympic" to the predecessor of the United States Olympic Committee (USOC). The statute, however, allowed that the rights were subject to the "grandfather" rights of prior users, e.g., O.M Bread. That is, the Amateur Sports Act of 1978 granted the USOC certain exclusive rights to use of the word "Olympic," subject to the grandfather clause of Section 110(a) of the Act. Under this section, an actual user of the word "Olympic" prior to September 21, 1950, may continue to use it, as may assignors of actual users.

In 1979, O-M Bread registered the mark "Olympic Meal," which it had used for bread and other bakery products since 1947. The grandfathered use of "Olympic Meal," assured the registration of the mark by the USPTO. However, in 1991 when the plaintiff filed an intent to use application for bakery goods and assigned its mark and the application to Roush Products Co. Inc., the USOC opposed the registration.

The plaintiff submitted that its authorization to use the mark containing the word Olympic extended to the proposed use of "Olympic Kids." It also pointed out that "Kids" is descriptive of the target users and is not subject to any rights of the USOC. The Federal Circuit agreed with the Board's decision that sections 110(a) and (c) of the 1978 Act were to secure to USOC the commercial and promotional rights to all then-unencumbered uses of "Olympic" marks subject to the Act.

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The U.S. District Court for the Southern District of New York in *Productivity Software International Inc. v. Healthcare Technologies Inc.*, No. 93 Civ. 5949 (SDNY 1995), held that the non-literal elements in the screen displays of software that automatically expand typed abbreviations into related words or phrases were not infringed

by a competitor's similar program. It allowed for a narrow copyright protection for the program's screen display.

In 1987, plaintiff Productivity Software International Inc. (PSI) developed a computer program called "Productivity Plus" or PRD+ that expanded typed abbreviations into proper words or phrases. Defendant Healthcare Technologies Inc. marketed a similar text replacement program called "Shortcut." PSI filed suit against Healthcare and others (collectively, Healthcare), alleging that the defendant's program infringed the non-literal elements of PSI's copyright in PRD+. Healthcare moved for summary judgment on PSI's copyright claim.

The Court employed the "abstraction-filtration-comparison" test, set out in *Computer Associates Int'l. v. Altai Inc.*, 982 F.2d 693, to determine whether copyrightable non-literal elements of PSI's program were infringed by the defendant's program. Using this test, the Court dissected the structure of the PSI program and isolated each level of abstraction. The plaintiff's program, at its most abstract level, was described as allowing typists to increase their efficiency by typing shortened forms of words and phrases which are then automatically expanded into corresponding long forms.

At the next level of abstraction, the program was said to allow a user to search for and view short forms and their corresponding long forms using the "Menu Screen." It also allowed for editing the short and long forms using the "Edit Screen."

The Court stated that the abstraction of non-literal elements of a computer program reveals a "spectrum" of copyrightable material. Simple forms consisting of only copyrightable ideas are at one end of this spectrum while at the other end are high expressions such as those found in some computerized video games. PSI's program was held to be closer to a simple form which is entitled to only a narrow range of copyright protection. The Court, employing the filtration theory, held that PSI's abstraction of PRD+ could not be protected by copyright.

The other non-literal elements in the PRD+ Main Menu Screen were also found unprotectable. The limited logical alternatives for menu bar placement on a com-

puter screen — the top and the bottom — do not permit the plaintiff to protect its placement of the bar at the top, the court determined. In a cursor scroll through addition, the Court found that the use of a cursor scroll through the entries was controlled by the program environment which constrains the type of navigational tools available.

The Court also found that PSI did not identify any non-literal elements of the PRD+ Edit Screen which are protected by copyright. The defendants' program, the Court noted, contained features that were not included in PRD+, such as pull-down menus, context-sensitive help and an auto-search mode. Hence, it was reasoned no

fact-finder could find substantial similarity between the two programs based on their functions.

The defendants' motion for summary judgment on the copyright claim was granted, and the plaintiff's claim was dismissed.

Announcing the

WILLIAM C. CONNER INTELLECTUAL PROPERTY WRITING COMPETITION FOR 1996

sponsored by

**THE NEW YORK INTELLECTUAL PROPERTY
LAW ASSOCIATION**

Awards to be presented in May 1996 at the Yale Club
New York, New York
at the NYIPLA Annual Meeting/Dinner

The Winner will receive a cash award of \$1,000.
The Runner-up will receive a cash award of \$500.

The competition is open to students currently enrolled in a full time (day or night) J.D. program. The subject matter must be directed to one of the traditional subject areas of intellectual property, i.e., patents, trademarks, copyrights, trade secrets, unfair trade, and antitrust. Entries must be submitted by March 15, 1996 to the address given below.

For a copy of the rules of the competition, call or write to:

Thomas H. Beck, Esq.
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