



# THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

# BULLETIN

Volume 36

May/June 1996

Number 5

## PRESIDENT'S CORNER

This is the last time I have the privilege to address you as President of the Association. Such events often lead to reflection, which I do here.

Reflecting upon how times have changed from when I started in "patent law" in the early 1960s, I see that patent law has now become intellectual property law; it has come from a backwater of the legal profession to one of its hottest areas; and it has come from the position where it was largely known only to specialists in the field to where intellectual property is front-page stuff, e.g., the recent trade disputes with China. We have come from routinely resolving patent infringement litigation before a judge to mainly doing that before juries; from practicing mainly in the United States to the global economy; from having a single secretary to each lawyer to having very few secretaries, with most lawyers operating on computers, etc.

All of this change, and much more, leads to a reflection as to whether we as attorneys, as members of the bar, as members of our firms or corporations and as members of this Association have changed with the times. Certainly the good should be kept and the bad or passé discarded.

I have addressed some of these concerns in previous columns. As to civility between ourselves, we can make a difference if we try. To "nudge" us in that direction, the Section of Litigation of the ABA has endorsed civility standards for attorneys. Recently, it has taken these one step further by promulgating "civility pledges" for clients and law firms.

The Section is now asking clients and law firms to sign the pledge. Why not start with the intellectual property bar? The client and law firm pledges are set forth as follows:

### CLIENT CIVILITY PLEDGE:

As a client and retainer of attorneys, the undersigned hereby declares that every lawyer who represents our interest is expected to abide by the Guidelines for Conduct of the Section of Litigation of the American Bar Association. We recognize that overly aggressive litigation tactics and incivility among lawyers bring disrespect to the legal system and the role of the lawyer, increase the cost of resolving disputes, and do not advance legitimate interests.

We further pledge to use our best efforts to assure that all our employees recognize the foregoing Guidelines and do not put lawyers or others retained by us in a position that would compromise their ability to meet the Guidelines for Conduct.

### LAW FIRM/EMPLOYER CIVILITY PLEDGE:

As an employer (e.g., law firm, law enforcement agency, regulatory body, governmental agency) of attorneys, we hereby declare that every lawyer who is



employed by or associated with us is expected to abide by the Guidelines for conduct of the Section of Litigation of the American Bar Association. We recognize that overly aggressive litigation tactics and incivility among lawyers bring disrespect to the legal system and the role of the lawyer, increase the cost of resolving disputes, and do not advance legitimate interests.

We further pledge to use our best efforts to assure that all our employees recognize the foregoing guidelines and do not put lawyers or others employed by us in

## CALENDAR OF EVENTS

July 22-26, 1996

Franklin Pierce Law Center, Fifth Annual Advanced Elicensing Institute, Franklin Pierce Law Center Campus, Concord, New Hampshire

August 2-7, 1996

ABA-IPR Section, Annual Meeting, The Hyatt Regency Grand Cypress, Orlando, Florida

Sept. 29-Oct. 2, 1996

Elicensing Executive Society (LES) (USA and Canada) Annual Meeting, El Conquistador, Pinar del Río, Puerto Rico

a position that would compromise their ability to meet the Guidelines for Conduct.

For more information, contact:

Donald B. Hilliker  
 McDermott, Will & Emery  
 227 W. Monroe Street, Suite 5200  
 Chicago, Illinois 60606  
 (312) 984-7610

An offshoot of the civility question is our obligation to the court and opposing parties in litigation. Should Rule 11 actually be required? Shouldn't we as officers of the court comport ourselves in a manner consistent with our duties as officers of the court without having to be legislated?

How do we resolve disputes? Should we have juries decide our patent infringement controversies worth millions of dollars, which can lead to injunctions closing whole businesses or portions of businesses? Should ADR be used more? What types of judges should be appointed to the Federal Circuit Court of Appeals?

How should our patents be obtained? Should the Patent and Trademark Office continue to be part of the Department of Commerce or should it be a separate, private corporation? Commissioner Lehman has recently described the PTO in business world terms. In talking about the 1997 budget, he discussed projected "sales" to "customers" who place "orders." Have we investigated the models sufficiently in other

countries where there are private aspects of the Patent and Trademark Office, such as Canada, Australia, etc.? Have we established our procedures for obtaining patents in such a way that we are serving the scientific community? Are our attorneys' fees too high? Are our Patent and Trademark Office fees too high? Recently there was an interesting survey which is set forth below. It shows that our attorneys' fees are among the highest in the world, whereas our fees at the government level are not as high, compared to other Patent and Trademark agencies. As combined, however, are our fees so high now as to actually discourage innovation?

Neither I or anyone else has all of the right answers for these questions. We all, however, should be involved with exploring the proper answers. Our Association will continue to be in the forefront of addressing these issues.

On a personal note, I thank all of you for your participation this year, and for the opportunity to serve as your president. Our Association operates in the finest sense of *pro bono publico*. Each of you is important. All of our activities are by volunteers. We have no paid staff.

Finally, my best wishes to Marty Goldstein as he leads the Association into its 75th year. I personally look forward to participating actively as we move into our fourth quarter century.

- Thomas L. Creel

# INTELLECTUAL PROPERTY NEWS ON THE INTERNET

by Marylee Jenkins

The following sites available online offer a wide variety of news and information on each particular office and provide an excellent source of information on patents and trademarks for the intellectual property practitioner.

**U.S. Patent and Trademark Office**  
 (<http://www.uspto.gov>)

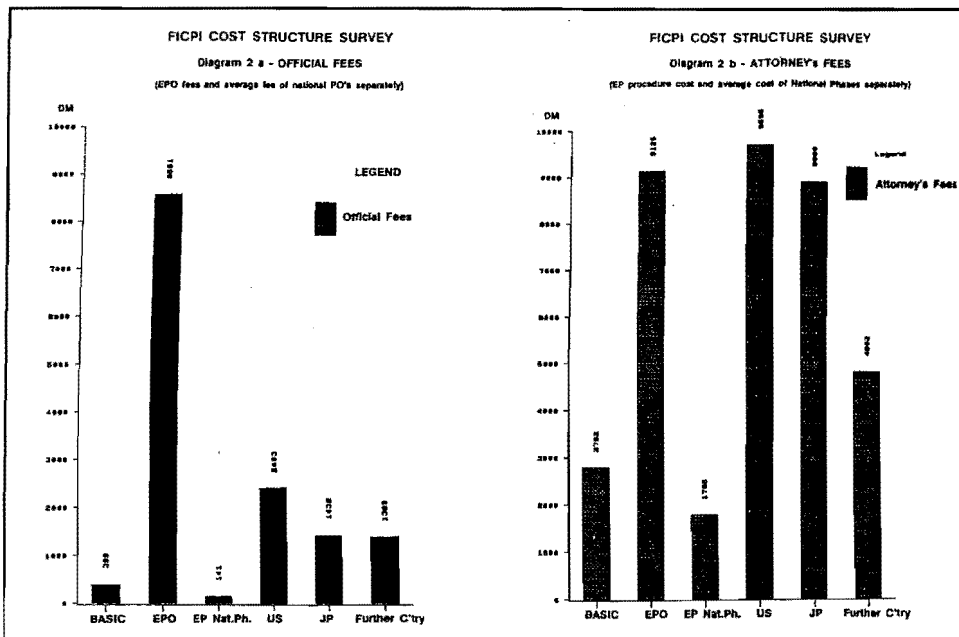
The U.S. Patent and Trademark Office ("USPTO") site is extremely informative and provides the latest news from the USPTO. At the site, one can search the AIDS patent database and U.S. Patent Bibliographic data, obtain information on how to order copies of patents and trademarks directly from the USPTO as well as obtain PCT information and download PCT forms online.

**European Patent Office**  
 (<http://www.epo.co.at/epo/>)

The European Patent Office ("EPO") site is also worth visiting and provides the latest EPO patent information news, general information about the EPO, its member states, various EPO publications, online information on European patent applications and a list of upcoming international conferences and exhibits.

**Australian Industrial Property Organisation**  
 (<http://www.aipo.gov.au>)

The Australian Industrial Property Organisation ("AIPO") site uses text and colorful icons to present information on Australian patents, trade marks and designs. Also available online is an overview of the AIPO and its services, information on searching AIPO online databases, application costs, fun data on interesting patents, designs and trade marks and statistics of Australian applications.



**Canadian Intellectual Property Office**  
(<http://info.ic.gc.ca/ic-data/marketplace/cipo/>)

The Canadian Intellectual Property Office ("CIPO") site is available in either English or French and provides information on Canadian patents, trade-marks, copyrights, industrial designs and integrated circuit topographies. The site permits users to obtain the latest Office news, learn about products and services available from the Office as well as contact the CIPO with general questions or comments.

**Intellectual Property Department —  
Hong Kong Government**  
(<http://pluto.houston.com.hk:80/hkgipd/>)

The Intellectual Property Department — Hong Kong Government site, available in either English or Chinese, uses colorful graphics and text to provide information on the Department. The site has an Intellectual Property Department News Desk for presenting the latest Department news, a cartoon section, a navigation map for finding one's way around the site, study resources and a reading room for finding out more about intellectual property protection, registration and enforcement in Hong Kong.

**Japanese Patent office**  
(<http://www.jpo-miti.go.jp/>)

The Japanese Patent Office ("JPO") site is available in either English or Japanese. It presents an overview of the JPO, its organizational structure as well as a map and directions to the Office. Japanese patent abstracts, a schedule of fees and statistics concerning applications and requests for examination are also available online.

**New Zealand Patent Office**  
(<http://www.govt.nz/ps/min/com/patent/>)

The New Zealand Patent Office ("NZP") site has general information on the Office, New Zealand patent applications, trade marks and design registrations. The NZP site also has a fact sheet on the requirements and procedure for taking the New Zealand patent attorney examination.

**Swedish Patent and Registration Office**  
(<http://www.prv.se/prveng/front.htm>)

The Swedish Patent and Registration Office ("SPRO") site offers both Swedish and English pages and provides general information on the Office, its location, patents and trademarks. At the site, one can also find information on InterPat, a searching, monitoring and copy delivery service provided by the SPRO.

**Austrian Patent and Trademark Office**  
(<http://www.ping.at/patent/index.htm>)

**National Institute of Industrial  
Property (Brazil) — Instituto Nacional  
da Propriedade Industrial**  
(<http://www.bdt.org.br/bdt/inpi/>)

**Spanish Patent and Trademark Office  
— Oficina Espanola de Patentes y  
Marcas**  
(<http://www.eunet.es/InterStand/patentes/index.html>)

**United Kingdom Patent office**  
(<http://www.netwales.co.uk/ptoffice/index.htm>)

The Austrian Patent and Trademark Office ("APTO"), the National Institute of Industrial Property (Brazil) ("NIIP"), the Spanish Patent and Trademark office ("SPTO") and the United Kingdom Patent Office ("UKPO"), each has its own Web site. Each site provides general information on the respective office as well as patent and trademark information with respect to that country. The APTO site is available in German, the NIIP site is available in Portuguese and the SPTO is available in Spanish.

## PENDING LEGISLATION

*by Edward P. Kelly*

### JOINT R&D BY PRIVATE INDUSTRY AND FEDERAL LABORATORIES

The President recently signed into law legislation that had been pending for several years relating to the relative rights of federal laboratories and private companies who jointly conduct research through cooperative research and development agreements (CRADAs) under the Stevenson-Wydler Act (15 U.S.C. 3710). The "National Technology Transfer and Technology Act of 1995" incorporates several provisions of bills that have been introduced to correct certain perceived problems with CRADAs.

The new law gives more incentive to private industries to participate in joint research with federal laboratories and more incentive to inventors who work for the government in those laboratories. For instance, under the old Stevenson-Wydler Act, the federal laboratory had the option of claiming ownership of technology jointly developed. Private industry viewed this as an impediment to their investment. Under the new law, the private sector partner now has the option of taking an exclusive license for a field of use for the technology jointly developed. The government will have a paid-up, revocable license under jointly developed technology as well as march-in rights if the private sector does not commercialize the jointly developed technology or if the licensee is not manufacturing in the U.S. The bill also provides that government inventors will receive the first \$2,000 of income if the invention is commercialized and a fifteen percent annual royalty.

### DEVELOPMENT OF PHARMACEUTICAL DRUGS

Congress passed legislation in 1984 intended to strike a balance between the manufacturers of brand name pharmaceutical drugs who obtain patents on new drugs

and the manufacturers who later supply low cost generic alternatives when those patents expire. The Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Act") benefited brand name manufacturers by extending the patent term for certain pharmaceuticals for up to five years to compensate for delays associated with review in the FDA. (See 35 U.S.C. § 156). On the other hand, the legislation eliminated the expensive FDA application testing procedures (ANDA) for generic manufacturers of brand name drugs who entered the market when the patent on the brand name drug expired. The legislation also freed the generic manufacturer from liability for patent infringement for experimental use of the patented drug to comply with the mandated FDA testing requirement in preparation for commercial sale after the expiration of the patent — as long as the ANDA application was not submitted for the purpose of obtaining approval prior to the expiration of the patent.

The Senate Judiciary Committee recently held hearings to determine whether the policies of the Hatch-Waxman Act were meeting their goals and whether there should be modifications to the law. The original sponsor of the bill, Senator Orin Hatch (R-Utah), concluded that modifications to the law are not needed. Representatives of the Generic Pharmaceutical Industry Association agreed. The call for change came from the brand name pharmaceutical industry (Pharmaceutical Research and Manufacturers Association) which spends the research and development funds for the patented drugs. These companies believe that they are not able to recover their investment research and development in the drugs. According to the Pharmaceutical Research and Manufacturers' Association, it cost \$100 million to develop a new drug in 1984 but costs \$500 million to develop a patented drug today.

### **GATT LOOPHOLE FOR PHARMACEUTICAL DRUGS**

A bill is pending in the Senate which would attempt to close what some perceive as a loophole or drafting error in the GATT legislation passed last year. The problem relates to the interplay between the 1984 legislation (the "Hatch-Waxman Act") granting certain rights to the manufacturers

of patented brand name pharmaceuticals and the later manufacturers who sell generic drugs subsequent to the expiration of the brand name patent, and the provisions of GATT which transitionally extended the term of certain patents in the U.S.

Under the 1984 legislation, generic manufacturers were relieved of the burdensome requirements of drug applications (ANDA) for premarket approval of generic drugs. On the other hand, these drug applications were not allowed to be submitted prior to the expiration of the patent covering the brand name drug. The GATT legislation passed last year revised the patent term to twenty years from the date of filing. However, there is a transitional extension of the term for patents filed prior to the effective date of GATT. For those patents, the term is the greater of seventeen years from the grant or twenty years from the filing date. The GATT legislation also limited the remedies available for infringements that resulted from the extension period. Infringements during the extension period are limited to the remedy of equitable remuneration and no injunctions, damages, or attorneys' fees are available. The alleged loophole in the GATT legislation eliminating certain remedies relates to the fact that the remedy limitation does not include the remedy available to brand name drug manufacturers under 35 U.S.C. 271 E(4). Therefore, if a generic manufacturer submitted an ANDA to the FDA prior to the expiration of the patent, under a GATT extension period, the brand name manufacturer could sue for infringement and would not be limited to equitable remuneration. The bill (S. 1277), introduced by Senator Hank Brown (R-Colorado), would close the alleged loophole to permit generic drug manufacturers to submit their applications according to the pre-GATT patent expiration dates and would limit recovery to equitable remuneration.

### **TRADEMARK DILUTION**

The President recently signed into law a bill (H.R. 1295) which would amend the Lanham Act to protect certain famous trademarks from dilution. Dilution is the blurring or tarnishment of a well-known mark by another's use of a similar or identical mark. Dilution usually occurs in those instances where the allegedly infringing mark

is used on a dissimilar goods or services. For many years, dilution was protected solely under state law. By providing a cause of action for dilution under the Lanham Act, litigants no longer have to rely on state laws, which may only be enforceable within the territorial boundaries of a single state.

### **TRADEMARK RESTRICTIONS ON NAMES OF PROFESSIONAL SPORTS TEAMS**

Should the names of certain sports teams which have been associated with a particular city for many years become the property of the city when the team leaves? A bill recently introduced in the Senate by Senator John Glen (D-Ohio) would restrict the right of a departing team to carry the name to a new city. Under the bill, the mark would be reserved to the community from which the team left until the expiration of the mark or until the community advised the league that no professional sports team would be using the registered mark. In order for the provision to apply, the professional sports team must have been located in the city for a period of at least ten years. The bill has been criticized as unconstitutional as a violation of the prohibition against the taking of private property. It also has been criticized as inconsistent with trademark law which does not allow the separation of the name and the goodwill of the business. Additionally, the existence of the mark during a period of time when it is not in use would also be inconsistent with trademark law, which generally holds that marks that are not used fall into abandonment. Senator Glen's bill would only affect teams relocating after the date of enactment of the bill.

### **COPYRIGHTED MUSIC BROADCASTS**

The copyright law affords the copyright owner the exclusive right, in certain instances, to perform the work publicly (See 17 U.S.C. § 106). Therefore, under current law, music licensing organizations such as ASCAP and BMI are potentially permitted to collect fees from bar and restaurant owners as well as any type of commercial establishment which plays music over a radio or a television — even as background music. There is currently, how-

ever, an exception in the copyright law which provides that no fee is owed if the music is transmitted on a receiving apparatus of kind commonly used in private homes such as a television set — unless a fee is charged or the transmission is further transmitted to the public. 17 U.S.C. 110(5).

The small businesses which may be subject to these fees have complained in recent years and bills have been introduced in the House and Senate which would limit their liability for payments to the performing rights societies. The main concern of the small businesses is that there is an alleged inequity in negotiations with the music licensing companies who assessed the fees. According to Senator Hank Brown, two or three licensing companies control almost all the music available and any small business contesting the fee charged would have to spend more money litigating the fee in a New York court.

Several bills are currently pending which would address this problem. A bill (S.1628) introduced recently by Senator Brown (R-Colorado) would amend Section 110(5) of the copyright law to exempt establishments which meet certain criteria. An establishment which is less than 5,000 square feet and does only a certain level of business under Small Business Administration Standards and has ten or fewer loudspeakers would be exempt from royalty fees. The bill would also establish arbitration of fee disputes as an alternate to the rate set by the music licensing companies. ■

## IN MEMORIAM — MARK H. SPARROW

Mark H. Sparrow, a partner at the New York office of Graham & James, LLP, died on May 14, 1996 at the age of sixty after a sudden illness.

Mark Sparrow received his law degree (J.D. 1960 and LL.M., 1965) from New York University School of Law. In 1960,

he joined his father, Maxwell E. Sparrow, a patent attorney, to form the firm of Sparrow and Sparrow. After his father's death, Mark became a partner of Jacobs & Jacobs P.C. He followed the Jacobs & Jacobs intellectual property practice to Rosenman & Colin and thence to Graham & James.

Mr. Sparrow was admitted to practice before the four United States District Courts in New York, all thirteen United States Courts of Appeal, the United States Claims Court and the United States Supreme Court. He was also registered to practice before the United States and Canadian Patent and Trademark Offices.

Mr. Sparrow was an active participant in bar associations. He was a member of the New York Intellectual Property Law Association, the American Intellectual Property Law Association, the New York State Bar Association, Trial Lawyers Section and Intellectual Properties Committee, the American Bar Association, Litigation and Patent, Trademark and Copyright Law Sections, and Judicial Administration Division, as well as various other U.S. and international patent and trademark associations and the Federal Bar Council. He was a Fellow of the American Bar Foundation.

Mr. Sparrow was a patent, trademark and copyright litigator and an expert in trademark prosecution. He appeared numerous times before the TTAB, the Second Circuit Court of Appeals and the Court of Appeals for the Federal Circuit. During his all too brief career, he litigated many notable patent, trademark and copyright cases. He was highly regarded by his colleagues, clients and adversaries and enjoyed the highest reputation for moral character. ■

Mark Sparrow is survived by his wife, Kathy Sparrow, and his children, Michael and Wendy Sparrow. ■

## RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

### PATENTS

#### The *Markman* Case

In *Markman v. Westview Instruments*, 1996 U.S. Lexis 2804 (April 23, 1996), a unanimous Supreme Court decided unequivocally that the construction of a patent, including terms of art within its claims, is exclusively within the province of the court. The Court affirmed the CAFC, which had upheld the district court's directed verdict of non-infringement based on its construction of the patent, despite a finding of infringement by the jury.

Markman brought an action against Westview, among others, alleging infringement of his U.S. Reissue Patent No. 33,054 for "Inventory Control and Reporting System for Drycleaning Stores." This system monitored and reported status, location and movement of articles of clothing during dry-cleaning operations by use of a keyboard, data processor and bar code system. Westview's system also used a keyboard, data processor and bar code system but merely enabled the operator to list charges for the dry-cleaning services and other receivables data. Part of the dispute hinged on interpretation of the term "inventory" found in Claim 1 of Markman's patent. Claim 1 stated that Markman's product could "maintain an inventory total" as well as "detect and localize spurious additions to inventory."

The jury found infringement of Markman's patent. The trial court then granted Westview's deferred motion for judgment as a matter of law based on the judge's construction of the patent. The trial court held that a system would not infringe Markman's patent unless it was capable of tracking articles of clothing throughout the cleaning process and reporting on their status and location. Since Westview's system was not capable of doing this, the trial court held that Westview did not infringe the patent.

Markman's appeal argued it was an error for the judge to substitute its construction of the claim term "inventory" for the construction the jury had presumably given it. The CAFC rejected this argument holding interpretation of claim terms to be the exclusive province of the court.

Justice Souter, delivering the opinion of the Court, followed the Court's longstanding adherence to the Seventh Amendment's "historical test." The first question the Court must ask is whether the cause of action would have been tried at law at the time of the Founding, i.e., 1791, or is at least analogous to one that was. If the action in question belongs in the law category, the second question is whether the particular trial decision must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791.

The first question is easily disposed of by the Court. According to the Court, "there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago." *Id.* at \*13.

The second question, whether an issue within a jury trial is itself necessarily a jury issue essential to preserve the Seventh Amendment right to a jury's resolution of the ultimate dispute, is the much more difficult one and its answer consumes the vast majority of the Court's decision. This question, it has repeatedly been said by the Court, "must depend on whether the jury must shoulder this responsibility as necessary to preserve the substance of the common-law right of trial by jury. Only those incidents which are regarded as fundamental, as inherent in and of the essence of the system of trial by jury, are placed beyond the reach of the legislature." (citations omitted; interior quotations omitted) *Id.* at \*14. The soundest course in making such distinctions, when available, is to classify a "mongrel practice (like construing a term of art following receipt of evidence)." *Id.* at \*15, by using a historical method like the one used to decide whether an infringement action was one of law. Where no precise antecedent exists, the modern practice may be compared to allocations of issues to court or jury about which we do know.

The Court found that nothing in the nature of a claim had appeared as of 1791 in either British or U.S. patent practice. The

Court noted that "the mere smattering of patent cases that we have from this period shows no established jury practice sufficient to support an argument by analogy that today's construction of a claim should be a guaranteed jury issue." (footnote omitted) *Id.* at \*17. In fact, during this time, judges ordinarily construed written documents. When examples of practices surrounding specifications finally do begin to appear, it was the judge who construed the patent. The contention that juries generally had interpretive responsibilities regarding patents during the 18th Century was held by the Court to be false.

The Court concluded from this review that the common law practice at the time of the Founding did not result in application of the Seventh Amendment to construction of a patent claim. The Court held it must therefore look elsewhere to allocate responsibility for claim construction between the court or jury. "Elsewhere" turned out to be existing precedent, the relative interpretive skills of judges and juries and the statutory policies which ought to be furthered by the allocation.

The Court looked first at existing precedent. Markman relied primarily on two cases for his contention that Supreme Court precedent favored the jury receiving evidence of the meaning of patent terms. These were *Bischoff v. Wethered*, 9 Wall. 812 (1870) and *Tucker v. Spalding*, 13 Wall. 453 (1872). The Court rejected Markman's argument, holding that these cases do not show juries deciding claim construction but rather juries deciding factual issues as to whether a physical object produced by the patent was identical to the infringing object. The Court relied instead on treatises written subsequent to *Bischoff* and *Tucker*, A. Walker, *PATENT LAWS*, (3d ed. 1895) and 2 W. Robinson, *LAW OF PATENTS* (1890), which put the cases in their proper roles and went on to attribute the duty of construction of patent claims completely to the judge. The proper Supreme Court precedent laid out in *Winans v. Denmead*, 15 How. 330, 338 (1854), was quoted by the Court:

The two elements of a simple patent case, construing the patent and determining whether infringement occurred, were characterized by the former patent practitioner, Justice Curtis. "The first is a question of law, to be determined by the court, construing the letters patent,

and the description of the invention and specification of claim annexed to them. The second is a question of fact, to be submitted to a jury." *Winans v. Denmead*, 15 How., at 338 (footnote omitted). *Markman* at \*26.

Again, neither *Bischoff* nor *Tucker* undercuts Justice Curtis's authority, as is properly reflected in the Walker and Robinson treatises. The Court went on to discuss the superior position of judges over juries in the ability to find the acquired meaning of patent terms. The Court held that patent construction in particular requires "special training and practice," that the judge is more likely to give a proper interpretation to the claims and that the judge is, therefore, more likely to be right than a jury. *Id.* at \*33. The Court stressed that this was the understanding a century and a half ago and has been made even more true since that time by the growing complexity of technology and claiming of inventions.

Finally, the Court discussed the importance of uniformity in the treatment of patents. The advantages gained by the public in encouragement of innovation, assurance of dedication of the patent to the public and the patentee knowing the scope of his claims, all favor uniformity in construction. Congress recognized the importance of uniformity in patent law and created the CAFC to encourage it. Uniformity is best served in most cases by having the judge construe the claims of the patent and submit said construction to the jury.

With this decision the Supreme Court has, hopefully, cleared up a question which has haunted students and experienced practitioners for decades: is claim construction primarily a question of law or fact, or is it primarily a mixture, to be determined by the facts of the case? It is a question of law, to be determined exclusively by the judge.

### *In re Brouwer*

In *In re Brouwer*, 37 USPQ2d 1663 (CAFC 1996), the Court of Appeals for the Federal Circuit held that a claimed process is not rendered obvious by the mere fact that the process uses general scientific principles or the mere possibility that the process could be modified to lead to the claimed process when there was no suggestion in the cited art to make the modification.

Brouwer and Van De Vonderwort (collectively, Brouwer) filed a patent application (Ser. No. 98,154) that recited a process of making a new and non-obviousness sulfoalkylated resin catalyst. The examiner rejected claims 8 through 27 in light of the combined teaching of two references: (1) a 1965 article by Distler and (2) Morrison & Boyd's 1983 book, *ORGANIC CHEMISTRY*. The Board of Patent Appeals and Interferences affirmed the examiner's rejection by reasoning that one desiring to make the non-obvious resin resulting from the process recited in claim 8 would know, on the basis of Distler, how to make it.

The Court stated that the test of obviousness requires one to compare the claim's "subject matter as a whole" with the prior art "to which said subject matter pertains." Applying the statutory test of obviousness, the Court concluded that Brouwer's process invention was not *prima facie* obvious. According to the Court:

Although the prior art references the examiner cited teach a generic chemical reaction of a compound containing an active methylene group with an ester of vinylsulfonic acid, we have made clear that "[t]he mere fact that a device or process utilizes a known scientific principle does not alone make that device or process obvious." *Id.* at 1666.

The Court went on to hold:

Moreover, the mere possibility that one of the esters or the active methylene group-containing compounds disclosed in Distler could be modified or replaced such that its use would lead to the specific sulfoalkylated resin recited in claim 8 does not make the process recited in claim 8 obvious 'unless the prior art suggested the desirability of [such] a modification' or replacement.

Thus, the Court reversed the rejection of claims 8 through 27 as an incorrect conclusion reached by incorrect methodology.

## LANHAM ACT

### *Goldsmith v. Polygram Diversified Ventures Inc.*

In *Goldsmith v. Polygram Diversified Ventures Inc.*, 37 USPQ2d 1321 (S.D.N.Y.

1995), the District Court for the Southern District of New York dismissed plaintiffs' Lanham Act claim since the conduct at issue did not constitute commercial advertising or promotion.

Plaintiffs Lynn Goldsmith ("Goldsmith") and Lynn Goldsmith, Inc. ("LGI") brought an action for unfair competition in violation of Section 43(a) (1)(b) of the Lanham Act, and related state claims. Goldsmith alleged that she was given a press pass with "all access" photograph credentials to the Woodstock '94 music festival. After the Festival, Goldsmith entered into an agreement with Rizzoli International Publishers to publish a book of Goldsmith's work at Woodstock '94. The defendants Woodstock Ventures and Polygram Diversified Ventures were the co-owners of the rights in the Woodstock '94 music festival. After learning about Goldsmith's plans to publish a book, Polygram sent a letter to Rizzoli (the "Dossick letter") that threatened legal action against Rizzoli if it were to publish Goldsmith's book. After receiving this letter, Rizzoli was unwilling to risk a lawsuit and canceled the project.

The defendant's initial argument for dismissing the Lanham Act claim was that the Dossick letter sent by hand from one New York office to another did not implicate interstate commerce.

The Court disagreed and stated that even local activity which substantially affects interstate commerce falls under the Lanham Act's jurisdiction. The Court held: "Assuming that the representations in the Dossick letter are false and misleading, which we must while addressing a motion to dismiss, there is little question that these representations exacted a substantial toll on plaintiffs' interstate business by persuading Rizzoli not to publish Goldsmith's book on Woodstock." *Id.* at 1324.

The defendant's also contended that the Dossick letter was not "commercial advertising or promotion" as required by the Lanham Act. The Court applied the four elements discussed in *Gordon & Breach Science Publishers S.A. v. American Institute of Physics*, 859 F.Supp. 1521, 1534-35, to determine whether the defendants' representations constituted "commercial advertising or promotion."

To constitute "commercial advertising or promotion" under this analysis, the representations must be:

(1) commercial speech; (2) by a defendant who is in commercial competition with plaintiff; (3) for the purpose of influencing consumers to buy defendant's goods, or services. While the representations need not be made in a 'classic advertising campaign,' but may consist instead of more informal types of 'promotion' the representations (4) must be disseminated sufficiently to the relevant purchasing public to constitute 'advertising' or 'promotion' within that industry. *Id.* at 1325.

The Court concluded that the complaint did not allege sufficient dissemination of the statements to meet the requirements of the Lanham Act. According to the Court:

A single communication, without any allegation that it was part of a pattern or campaign to penetrate more of the relevant market is insufficient. Otherwise, the statutory phrase 'commercial advertising or promotion' is devoid of meaning. Only if Congress had considerably broadened the reach of the statute, for instance by use of the term 'commercial speech' or 'commercial communication,' would it have covered the conduct alleged here. *Id.* at 1325.

Thus, the Court granted the defendants' motion to dismiss the Lanham Act action. In addition, the Court declined to exercise supplemental jurisdiction on the remaining state claims, and thus, dismissed the action for lack of jurisdiction. ■

## CLASSIFIED ADVERTISEMENTS

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**Former NYC Assistant Corporation Counsel**, 6 years litigation and trial experience, Berklee College of Music graduate seeks associate position practicing intellectual property law. References available. Tel. (718) 768-6272.

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May/June 1996  
 Volume 26 Number 5

The BULLETIN is published periodically for the members of The New York Intellectual Property Law Association. Annual Non-Member Subscription is \$15.00. Single copies \$2.00. Correspondence may be directed to the Bulletin Editor, Gregory J. Battersby, P.O. Box 1511, Chase Landmark Square, Stamford, CT 06904-1511. Telephone No. (203) 324-2828.

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