



THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

BULLETIN

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PRESIDENT'S CORNER

Last year, both in the President's Corner and at the annual dinner in honor of the Federal Judiciary, my predecessor referred to that dinner as the "penultimate 75th anniversary celebration." This is my penultimate column as President of the Association and, of course, follows the celebration of that dinner, as well as, from a more substantive standpoint, our combined CLE program with the Connecticut, New Jersey and Philadelphia Intellectual Property Law Associations.

As every President for the last several years has been able to state, our annual dinner in honor of the Federal Judiciary attracted more guests than ever before (2,800), attracted an unprecedented number of honored guests (163) including 111 Federal Judges, and continues to be the largest affair held at the Waldorf each year. This dinner, and its trappings, are known far and wide.

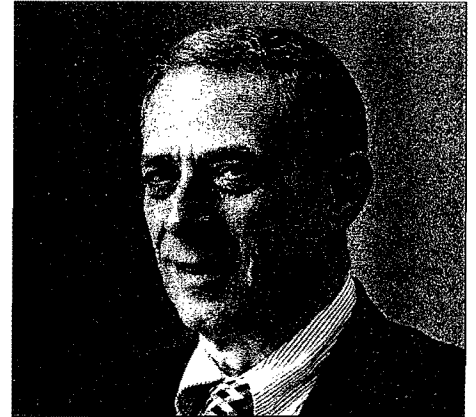
This year's dinner, of course, was particularly significant because it was the celebration of our 75th anniversary. In honor of that anniversary, we were privileged to have as our speakers two past Presidents of the Association who have ascended to the Federal bench, Honorable Giles Sutherland Rich of the United States Court of Appeals for the Federal Circuit, and Honorable William C. Conner, Senior District Judge of the United States District Court for the Southern District of New York. We also had the benefit of a history of the Association for which we owe our thanks to Pat Razzano, Art Tenzer and Greg Battersby.

As has been pointed out by many of our Presidents, this overwhelming social event is not our *raison d'être*. For example, by the time you receive this message, we will have completed another very successful continuing legal education program. Not only are thanks due to our present Committee for

setting up and running this event, but, as with many continuing functions, this year's Committee was able to "stand on the shoulders of those who preceded them" to assure the continuity of the effectiveness of this program.

As a further indication of our substantive involvement, the United States Patent and Trademark Office has established a Public Advisory Committee for trademark affairs. Our Association has been selected as one of the groups to participate on this Committee. Our representative will be the Chair of our Committee on U.S. Trademark Law and Practice, Eric Prager. I'm sure he would be happy to hear from you with any issues you feel should be discussed by the group.

Some months ago, Judge Judith Kaye of the New York Court of Appeals requested the help of Associations, including ours, in a "law in the schools program." Through the efforts of our Public Information and Education Committee, including its chair, Mark Abate, we have made arrangements to participate in this program through the New York County Lawyers Association. Those interested in participating in what usually proves to be a very rewarding experience, should contact Mark.



The last item which I would like to comment on in this issue of the *Bulletin* seems, in the words of Yogi Berra, to be "deja vu all over again." It is a subject on which I have commented before in one of these columns. For several years, Congress in its budgeting process has acted to divert funds from the United States Patent and Trademark Office to general purposes. Fortunately, until this year, those efforts were always resisted, at least in part, by the administration. This year, in an attempt to balance the budget, the *administration* has recommended an even greater diversion than has existed in the past. The Board of Directors agreed to a very strong opposi-

CALENDAR OF EVENTS

April 18-19, 1997

Franklin Pierce Law Center, "Basic Patent Treaty Conference Seminar" Franklin Pierce Law Center, Concord, NH

April 30-May 2, 1997

American Intellectual Property Law Association, Spring Meeting, San Antonio Marriott Rivercenter, San Antonio, TX

May 3-7, 1997

International Trademark Association Annual Meeting, San Antonio Marriott Rivercenter, San Antonio, TX

tion to this "skimming," and I have written a letter to each of New York State's Senators and to each of the Representatives south of Newburgh or Poughkeepsie (which basically defines our membership area) to resist this budgeting approach. Since the budget has not yet been approved, individual letters from you, or your employers or clients, should strongly be considered. The larger the chorus opposed to this approach, the better our chances of defeating it.

— *Martin E. Goldstein*

NEWS FROM THE BOARD OF DIRECTORS

by John F. Sweeney

The Board of Directors met at The Yale Club on Tuesday, January 14, 1997. President Martin Goldstein presided. The Treasurer's Report was circulated and approved by the Board.

Mr. Goldstein reported that the speakers for the Judges' Dinner will be the Honorable William C. Conner, Senior District Judge for the Southern District of New York, and the Honorable Giles Sutherland Rich, United States Circuit Judge for the United States Court of Appeals for the Federal Circuit. At the request of Judge Rich, his law clerks will be invited to the dinner as guests. Arrangements have been made to greet Judge Rich when he arrives in New York by train at Penn Station and to escort Judge Rich and the law clerk with whom he will be traveling to the Waldorf.

The Board authorized Mr. Goldstein to choose appropriate gifts for Judge Rich and Judge Conner in commemoration of their long service on the bench and as members of the Association and, in particular, in commemoration of the Association's 75th anniversary.

Howard Barnaby reported on the proposal of Peak Performance to act as the Association's Executive Director and the fees that would be involved. After some discussion of the issue, a consensus was reached by the Board that at the present time there is no need for the appointment of an Executive Director.

Michael Kelly reported that he is preparing a new membership application form. John Sweeney was asked to check the Minutes of the Annual Meeting of 1996 to determine whether or not changes in the by-laws were necessary and/or were made to conform to the proposal for relaxing membership requirements reflected in the proposed new membership application form.

Herbert Schwartz, on behalf of the committee studying the Association's overall committee structure, summarized preliminary recommendations for changes to the committee structure. The changes included specifying a term of three years for each committee chair, the dropping of certain committees, the merging of some committees and the addition of others. The Board asked Mr. Schwartz to prepare a formal written proposal to implement the changes that are being proposed.

Mr. Goldstein reported that permission has been given to the Practising Law Institute to use the Association's mailing list by supplying the pertinent materials to Webster-Martin Letter Service, which provides mass-mailing services for the Association.

Mr. Goldstein informed the Board that Tom Beck will, on behalf of the Federal Litigation Committee, report on the subject of engagement letters.

Mr. Battersby reported that he was in touch with a vendor that could set up a website on the Internet for the Association for approximately \$4,500. It was agreed that Mr. Battersby would arrange to have a website demonstration made to the Board at a convenient time.

Upon motion by Mr. Battersby, seconded by Mr. Barnaby, the meeting was adjourned at 2:00 p.m.

PENDING LEGISLATION

by Edward P. Kelly

PATENTS

PTO Surcharge Fees

The Patent and Trademark Office is funded solely through fees collected during the prosecution of patents and trademarks. Taxpayer support for the PTO ended in 1990 with the passage of the Omnibus Budget Reconciliation Act. The fees that are in excess of the PTO's operating budget for a particular year are placed on the surcharge account.

Congress has the authority to use the excess monies in the surcharge account for unrelated government programs, including programs that are already taxpayer supported. Congress has invoked this authority several times, including the diversion of more than \$54 million in PTO user fees in the past year. Rep. Howard Coble (R.N.C.) recently introduced a bill (H.R. 673) that would put an end to the discretionary spending by Congress of funds generated by PTO user fees. In introducing the bill, Rep. Coble referenced several shortcomings of the Patent Office which he attributed to the fact that the user fees are not finding their way back to the Patent Office. In particular, he noted that the electronic filing of patent applications has been postponed indefinitely. He also noted that the PTO has canceled all plans for hiring patent examiners this year.

The bill would change the law so that all fees generated by the Patent Office would be used for the Patent Office.

Omnibus Patent Bill

An Omnibus Patent bill containing many provisions that were introduced last year was reintroduced in the House by Rep. Coble (H.R. 400). The Omnibus Bill contains a variety of legislation, including an amendment to Section 122 of Title 35 which would provide for publication of patent applications 18 months after filing. The Omnibus Bill also addresses a prior user

infringement defense to persons who independently developed patentable technology prior to the time of the filing of a patent application. H.R. 400 also includes legislation that would run the Patent and Trademark Office as a government corporation.

COPYRIGHTS

Music Licensing

Several bills have been pending in recent years that would attempt to assert more control over the music licensing organizations such as ASCAP, BMI and SESAC. In particular, the music users in the industry have been unsatisfied with the blanket licensing policies of these organizations and the rates set by these organizations. Sen. Strom Thurmond (R. SC) recently introduced the Fairness in Music Licensing Act of 1997 (S.28) which contains certain revisions to music licensing practices. The bill establishes binding arbitration in a dispute between the music user and licensing company. Presently, disputes are determined by a "rate court."

The bill would also create an infringement exception for landlords and convention organizers, who could be held liable for infringing public performance by the tenants or exhibitors at conventions based upon the landlords or convention organiz-

ers ability to control the premises. S. 28 has been referred to the Judiciary Committee.

Copyright Extension

The copyright term in the U.S. for certain works is the life of the author plus 50 years. Several years ago, the European Union approved a directive that established a copyright term which is the life of the author plus 70 years. Several bills have been introduced in Congress which would bring U.S. law into conformity with the European Union law. A bill recently introduced by Rep. Elton Gallegly (R. Cal.) (H.R. 604) would increase the U.S. copyright term by 20 years to harmonize U.S. law with the European Union.

TRADEMARKS

Madrid Protocol

Bills have been pending for several years that would bring the United States into the Madrid Protocol. The Madrid Protocol consists of 12 countries which honor a single filing system for trademark applications. A bill (H.R. 567) recently introduced by Rep. Howard Coble (R. NC) would have the United States accede to the Madrid Protocol. The benefit of being a member of the Madrid Protocol would be

that a United States company could file a single trademark application and obtain trademark protection in 12 countries.

There has never been any fundamental opposition to the Madrid Protocol. Yet, the United States never acceded to the Protocol because the State Department objected to the voting rights among the members of the Protocol. In particular, each member country had one vote and the European Union had a separate vote. This voting system has been the only barrier to the United States' succession to the Madrid Protocol. ■

ANNOUNCEMENT:

*John A. Reilly has funded a
visiting professorship in
intellectual property at
Harvard Law School.
It is hoped that classes will
begin this fall semester.*

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. For inclusion in the file, please submit resumes with covering letters to any member of the committee. Resumes are retained for about one year.

If a member of the Association wishes to review the file, the committee will provide copies of the entire current crop of resumes. Particular field requests are not honored. It is the responsibility of the requestor to directly contact the candidate. There are no fees for these services.

The committee does not honor requests or submissions from recruitment firms.

Respectfully submitted,

Edward A. Steen, Chairman
Stephen W. Feingold
Gabriel Katona

RECENT DECISIONS OF INTEREST

by Thomas A. O'Rourke

DOCTRINE OF EQUIVALENTS: THE HILTON DAVIS CASE

In *Warner Jenkinson Company, Inc. v. Hilton Davis Co.*, 1997 U.S. Lexis 1476 (Decided March 3, 1997) the Supreme Court was invited to speak the death of the doctrine of equivalents. The Court, with Justice Thomas writing the unanimous opinion, declined this invitation. Recognizing the confusion in the application of the doctrine, evidenced by the Federal Circuit's significant difficulties in deciding this case, the Court has endeavored to clarify the proper scope of the doctrine.

Both parties in this action manufacture dyes from which impurities must be removed. U.S. Patent No. 4,560,746 ('746 patent) discloses a process which removed these impurities through ultrafiltration. Hilton Davis owns the '746 patent and, in 1991, sued Warner Jenkinson for infringement of the patent.

The '746 patent is an improvement in the ultrafiltration process involving the passing of dye through a porous membrane under a hydrostatic pressure of approximately 200 to 400 p.s.i.g. at a pH from approximately 6.0 to 9.0, resulting in the removal of impurities from the dye. No pH value was specified in the original application. The 9.0 upper limit was added to distinguish a previous patent. The parties disagree over why the 6.0 lower limit was added.

Warner Jenkinson's ultrafiltration process uses pressures of 200 to 500 p.s.i.g. and a pH of 5.0. Hilton Davis admitted before the trial that there was no literal infringement of the '473 patent. The doctrine of equivalents issue was sent to the jury. Warner Jenkinson objected to this, arguing that the doctrine was an equitable one to be applied by the court. The jury found infringement under the doctrine of equivalents and awarded damages. The District Court entered a permanent injunc-

tion prohibiting Warner Jenkinson from practicing ultrafiltration below 500 p.s.i.g. and below 9.01 pH. The CAFC, in what Justice Thomas called a fractured opinion, affirmed the lower court.

The dissenters in the CAFC viewed the doctrine of equivalents as allowing an improper expansion of a patentee's claims. Such an allowance was seen as contrary to the CAFC's numerous holdings that the claims define the invention and give notice to the public of the patent's limits.

At the outset the Court rejected Warner Jenkinson's argument that the doctrine of equivalents did not survive the 1952 revision of the Patent Act. Even though *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605 (1950), was decided two years prior to this revision, the same arguments were rejected by the Court with regard to the 1870 Patent Act. The Court held that the 1952 Act is not materially different from the 1870 Act with regard to claiming, reissue and the role of the PTO, upon which Warner Jenkinson's arguments rest. Therefore, no basis existed for the Court to overrule *Graver Tank*.

THE SUPREME COURT RULING

Justice Thomas also recognized, however, that the concerns of the dissenters below regarding the doctrine of equivalents being used to expand patent claims unduly were well-founded. The doctrine of equivalents, when applied broadly, conflicts with the definitional and public notice functions of the statutory claiming requirements. The challenge before the Court was to reconcile these two diverging precedent lines. The Court chose to follow the advice of the late Judge Nies of the CAFC in order to accomplish this.

Judge Nies wrote in a dissent to the CAFC *en banc* opinion:

[A] distinction can be drawn that is not too esoteric between substitution of an equivalent for a component in an invention and enlarging the metes and bounds of the invention beyond what is claimed. . . . Where a claim to an invention is expressed as a combination of elements, as here, 'equivalents' in the sobriquet 'Doctrine of Equivalents' refers to the equivalency of an element or part of the

invention with one that is substituted in the accused product or process." 62 F.3d 1512, 1573-74 (Nies, J., dissenting) (emphasis in original)

The Supreme Court adopted this compromise, stating that the doctrine of equivalents must be applied to individual elements of the claim, not to the invention as a whole. This rule is necessary, according to the Court, to assure that the application of the doctrine is not allowed such broad play as to effectively eliminate an element from a claim. The Court expressed confidence that this rule will allow the doctrine of equivalence to carry out its primary function adequately without vitiating the central function of the claims themselves.

FILE WRAPPER ESTOPPEL

In moving on to the well-established limit on non-literal infringement, i.e., file wrapper estoppel, the Court established another important rule sure to have significant ramifications. Warner Jenkinson argued, as defendants often do, that any limitation added to a claim during prosecution, regardless of the reason for said disclaimer, precludes use of the doctrine of equivalents to recapture the subject matter forsaken by the limitation. The Court, not surprisingly, refused to institute such a bright line rule which would substantially limit the usefulness of the doctrine which they had just finished clarifying.

The Court also refused to make a ruling opposite to the bright line rule above, i.e., limitations which do not appear to have been added to avoid a prior art reference are automatically immune from file wrapper estoppel. Instead, the Court provided a burden based on the idea that claims serve a definitional and notice function. The Court began with a presumption that the PTO had a substantial reason related to patentability for including the limiting element added by the amendment. The patent holder then has the burden to establish a reason for the amendment, other than patentability, in order to avoid file wrapper estoppel. The Court remanded this case so that this procedure could be carried out.

Despite the fact that respondent's brief and numerous *amici* devoted substantial attention to whether application of the doc-

trine of equivalents is a task for the judge or for the jury, the Court refused to decide the issue. The reason given was that the Petitioner refers to it only in passing, and resolution of the question was not necessary to decide the question presented. The Court recognized that the CAFC held that the question was for the jury to decide and that

there was ample support in prior decisions for that ruling.

Finally, the Court dodged another issue by refusing to choose between the *Graver Tank* function/way/result test for equivalency and the new insubstantial differences test. The Court made the common sense decision that different linguistic frame

works may be more applicable in different situations, and left it up to the CAFC to refine the tests as it sees fit.

Although not as important, perhaps, as the recent *Markman* decision, it is very likely that *Warner Jenkinson v. Hilton Davis* will have a significant impact on patent law for years to come.

The Board of Directors of
THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION, INC.

Cordially Invites You to Join Us in Honoring

*The 1997 Inventor of the Year &
The 1997 Conner Writing Competition Winner*

Guest Speaker:
Profession Diane L. Zimmerman
New York University School of Law

To be held in conjunction with the Annual Meeting of the Association
and the Installation of New Officers.

The 21st Day of May 1997
Business Meeting – 5:00 P.M.
Cocktails – 6:00 P.M.
Dinner and Awards – 7:00 P.M.

Yale Club
50 Vanderbilt Avenue (44th Street)
New York, New York

Members: \$70.00 Non-Members: \$80.00
Tickets Purchased at Door – \$10 Extra

PLEASE RETURN ENCLOSED R.S.V.P. BY 9 MAY 1997

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Name(s) _____ Firm _____

Announcing
The Thirteenth Annual Joint Seminar Program

PATENT PRACTICE UPDATE

Due to the continuing popularity of their seminars on updates of patent practice, The Connecticut Patent Law Association, The New Jersey Intellectual Property Law Association, The New York Intellectual Property Law Association and The Philadelphia Patent Law Association are pleased again to present a one-day program featuring four panels of experts discussing recent developments in the law which all patent practitioners need to know.

Our panel of experts will discuss recent developments in: U.S. Patent Office Practice
Litigation; Pharmaceutical and Biotechnology; Foreign and International Practice;
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A valuable reference text is included in the registration fee.

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April 9, 1997

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

\$125 Registration Fee

(This fee includes a luncheon, bus transportation to Penn Station and all seminar materials.)

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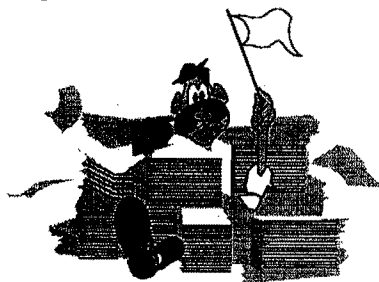
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Experienced patent attorney (biotechnology/chemical) seeking overflow work. Diverse practice includes prosecution, validity/infringement analysis, agreement drafting and negotiation. References available. C. A. O'Gorman, 1858 Pleasantville Road, Briarcliff Manor, New York. Tel. (914) 923-3520.

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.

Darby & Darby, 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. Patent litigation experience would be a plus. Compensation and benefits will be commensurate with demonstrated ability. Interested candidates should send their resumes and writing samples to Leslie Brittmann, 805 Third Avenue, 27th Floor, New York, NY 10022. All submissions will be kept in the strictest confidence.

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A Primer on Technology Licensing

*"gives clarity and order to the complex and difficult issues in technology licensing
... this is a comprehensive guide to technical and sophisticated issues."*

— KIM E. ROSENFELD, ATTORNEY, BIRMINGHAM, ALABAMA

In today's economy, patents and technology play a key role in the development and execution of a successful business strategy. Companies need to form cooperative and strategic alliances in order to commercialize their valuable technology assets. **A Primer On Technology Licensing** is written for the business executive and the licensing attorney, explaining the ins and outs of technology transfer. In an easy-to-read and organized fashion, the authors take the reader through the basic elements of a technology license negotiation and agreement, from intellectual property protection and the definitions of "licensing in" and "licensing out" through the valuation process and negotiation phases to the administration of the licensing program. The Appendices are packed with forms, agreements and references that the corporate executive and licensing attorney will turn to again and again, including: A Directory of Technology Management Consultants; Sample Consulting Agreement; Sample Confidential Disclosure Agreement; Sample Option Agreement; Sample Patent License Agreement (with Annotations); Sample Patent and Technology License Agreement (Hybrid).

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