



November/December 1998

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President's Corner

This October saw the re-introduction of the Fall CLE Weekend. Sixty NYIPLA members, together with their families and guests, spent a weekend of fun and frolic amidst the fall foliage in the Catskills. The educational program was truly outstanding, and the relaxed atmosphere of the Nevele Hotel provided an enjoyable social dimension to the program.

The weekend began with the NYIPLA Golf Tournament, chaired by Marylee Jenkins. Top honors went to John Daniel for men's low gross, Marylee Jenkins for women's low gross and to Al Robin and Leon Bechet who tied for men's low net.

The Saturday program was moderated by Marylee Jenkins. It opened with a panel discussion by Ed Filardi, John Kidd and Andrea Ryan as to the interface between in-house and outside counsel. This was followed with presentations by Tom Meloro on antitrust licensing issues and by David Kane and Marc Schechter on hot topics in trademark and copyright law. John Pegram provided an informative presentation on international patent issues. Marty Goldstein and John Murnane then offered a panel discussion on prosecuting patent and trademark applications in a litigious society, after which Commissioner Bruce Lehman filled in the audience on the latest news from the PTO. (My appreciation to Susan McHale for arranging for Mr. Lehman's attendance.) The program concluded with an interesting address from Chief Judge Thomas P. Griesa enumerating the reasons why IP litigants should choose the Southern District of New York as their forum and pledging the co-operation of the Court throughout the litigation process. Judge Griesa has agreed to provide the text of his address for publication in a future *Bulletin*.

The attendees had an opportunity to discuss other judicial matters with Judge Miriam Goldman Cedarbaum and Judge Gerard J. Goettel at the Saturday evening reception. The Sunday program was moderated by Anthony Giaccio, who also has my appreciation for arranging for the participation of the three judges. Judge Cedarbaum participated in the Sunday program in a presentation with Herb Schwartz on summary judgment in patent infringement litigation, while Judge Goettel appeared on a panel with Brian Poissant and Al Robin discussing preliminary injunctions in patent and trademark infringement actions. John Olsen presented a talk on the treatment of famous trademarks in the European Union. The program ended with a unique opportunity to attend a mock Markman hearing. John Sweeney and Bruce Wexler did an outstanding job in presenting their arguments for claim construction to a three-judge panel comprised of Judges Cedarbaum, Goettel and Griesa. Each of the judges complimented the attorneys for

their lucid presentations, but expressed concern about understanding technical claim language and in conveying their construction of such technical concepts to a jury. Judge Cedarbaum expressed an interest in using a court-appointed expert in Markman hearings.

The success of the CLE weekend comes at an opportune time with the advent of mandatory CLE in New York. The CLE committee is seeking CLE approval for the 1998 weekend program, which can be used by attendees to fulfill their CLE requirements in 1999. During the October 20 Board of Directors meeting, CLE Committee Chair, Ira Levy, was asked to begin looking at venues for a 1999 CLE weekend. Consideration is also being given to seeking co-sponsorship by the Philadelphia, New Jersey, Connecticut or Boston intellectual property law associations. Ira Levy will also be seeking CLE approval for other Association CLE events as well as our monthly luncheon meetings.

The proposed CLE Rules provide a number of ways in which to fulfill CLE requirements. In addition to attending the traditional live CLE programs, CLE credit is available for preparing for and speaking at a program, for researching and writing an article and even for approved taped and CD-ROM educational programs. We are also attempting to determine whether CLE credit will be available for preparing substantive committee reports as well as written and live testimony at congressional and administrative PTO hearings. Ira Levy will be preparing a report for the *Bulletin* with details on the different CLE opportunities available to NYIPLA members.

And so, the age of mandatory CLE is now upon us in New York. I am proud that the NYIPLA has always been an educational resource for its members. My hope is that we can expand upon those traditions to meet the growing CLE requirements of our members. This will mean adapting our programs to assure that they contain the proper breakdown of areas of concentration, such as the four hours of ethical considerations. Our CLE Committee should also be available to assist members in gaining CLE approval for other pertinent NYIPLA activities. Because of the added substantive responsibilities that are being undertaken by the CLE Committee, I have begun to explore the possibility of retaining the services of an agency to provide executive director services to the Association on an as-needed basis. For example, the agency will select and negotiate with hotels for CLE weekends, arrange for advertising and publicity of CLE events and oversee registration for these events. Of course, the success of these CLE expansion efforts will come only with the co-operation and support of Association members and their companies and firms. As the NYIPLA undertakes the obligation to meet the CLE requirements of its members, I would ask our members to take full advantage of the opportunities provided for all of you. As always, I welcome your comments and suggestions on how the Association can better serve your CLE needs. Under the able leadership of Herb Schwartz next year and our future presidents, I am confident that the NYIPLA will continue to meet the CLE needs of its members, whether at a CLE weekend program, a week-day program in New York City or any number of evolving methods of providing CLE-approved programs. Hats off to all those who participated in this fall's CLE weekend. I look forward to seeing you at the 1999 program.

Report On Commissioner's Ad Hoc Committee Meeting On Patent Policy And Projects

by Frederick J. Dorchak

The Commissioner's Ad Hoc Committee on Patent Policy and Projects met on October 5, 1998 at the Patent and Trademark Office. Summarized below are the highlights of that meeting.

CURRENT STATUS OF EFFORTS AT THE BOARD OF APPEALS AND INTERFERENCES TO REDUCE PENDENCY OF PATENT APPEALS/INTERFERENCES

Monthly reports regarding the disposition of appeals will again be published in the Official Gazette,

starting with the October 27, 1998 OG which reports on dispositions of appeals through August 1998.

The PTO Board of Appeals and Interferences reported that in Fiscal Year 1998, the Board had received just under 3800 new appeals and had disposed of just under 4100, including 858 remands, for a reduction of 300 cases from the current backlog of 8900 cases. The Board noted that reduction of the backlog of pending cases had a considerable way to go. At a reduction of 300 cases per year, it would take thirty years to eliminate the current backlog. Accordingly, the PTO has instituted a program to hire more Administrative Patent Judges and continues to take steps to reduce the number of appeals. For example, internal PTO appeal conferences can reduce by as much as one-third the number of appeals, and the PTO Examining Corps has made a significant effort to reduce the number of appeals using such conferences. In past years, the number of new appeals was 4,000-5,000; this year, the PTO hopes to reduce the number of new appeals to 3,200-3,600. The new proposed rule package (October 5, 1998 Federal Register) provides for an appeal conference if the applicant requests it and pays a fee.

Concern was expressed at the meeting that telephone status inquiries to the Board went unanswered. The PTO advised that a program was already in place where responses to such inquiries should be made. However, because concern continued to be expressed, the PTO has asked that all telephone inquiries be directed to Craig Feinberg (703-308-9797) at the Board of Appeals, and he will deal with the issues on a high priority.

In general, the status of appeals is as follows:

- Design cases: almost current
- Mechanical cases: now hearing cases in latter half of Fiscal Year 1997
- Electrical cases: now hearing Fiscal Year 1996 cases
- Chemical (other than biotech): now hearing cases in Fiscal Year 1996
- Biotech cases: Pre-Fiscal Year 1996 cases pending

The PTO's goal is to reach a "manageable" level of a six-month inventory of appeals pending before the Board. Currently, the Board has 43 Administrative Patent Judges, and the PTO is trying to bring on sixteen more APJs. Historically, the PTO has drawn the APJs from the ranks, but the PTO hopes to get some APJs from outside the PTO.

PURPOSE AND AGENDA OF NOVEMBER 19-20, 1998 MEETING IN TOKYO WITH OFFICIALS OF JPO, EPO, KPO AND CPO

On November 19-20, 1998, an International Patent Appeal Symposium will take place in Tokyo to review the background history of the appeal systems in various countries, to exchange information about the various appeal processes, and to consider how to improve appeals. Representatives from government agencies, intergovernment agencies, academia, and users will attend. In general, nongovernmental organizations such as bar associations have not been invited; however, a few members from such organizations are speakers.

CHARGING LARGE ENTITY FILING FEE WHEN INCOMPLETE APPLICATION IS FILED BY A SMALL ENTITY

Concern was expressed over improper PTO debitures with respect to filing fees. In the past, filing fees for an application filed as a small entity but which lacked the formal papers were not debited until the final deadline for responding to the Missing Parts notice had passed. However, in the last year or so, it was reported that filing receipts (in some cases) were sent showing that large entity fees were debited, sometimes before the Missing Parts notice was even sent out. Other applications, however, were processed as before.

The PTO explained that except in continuation applications, its current policy is to charge the large entity fee if the applicant has not submitted a verified small entity statement. In continuation applications, the

applicant does not need to submit a new statement. The PTO acknowledged, however, that a "training" issue existed as to the proper debiting of the filing fee for a continuation application.

If a large entity fee has been incorrectly paid, the applicant has two months from the date of payment to request a refund. For payments by check, the date of payment is the date of receipt of the check. For payments by deposit account, the date of payment is the date of actual debiting of the account by the PTO.

The PTO's basis for charging a deposit account for a large entity when an incomplete application is filed without declaration, filing fee and small entity status declaration is that an applicant is presumed to be a large entity until proven otherwise.

STATUS OF BACKLOG OF REQUESTS FOR REFUNDS IN PTO REFUND BRANCH

The PTO Office of Finance acknowledged the existence of a "small" increase in the amount of refunds requested and attributed this increase primarily to the increase in patent filings. The PTO is addressing the backlog of requests by directing additional resources to correct the problem. Applicants can call the Refund Branch or Angela Drummond or Blair Staley at (703) 305-8051 to check status of Requests for Refunds.

REEXAMINATION GUIDELINES PUBLISHED IN THE OFFICIAL GAZETTE

The PTO has received eight to ten comments on the interim reexamination guidelines, and specifically acknowledged with appreciation the comments received from the NYIPLA Committee on Patent Law and Practice. The PTO is reviewing the interim guidelines in light of these comments and the recent Federal Circuit decisions, including *In re Hiniker Co.*, and will issue revised guidelines after that review is completed. Comments should be sent to John M. Whealan (703) 308-6621 as Kevin T. Kramer now works in Geneva for the IPO.

CERTIFIED COPIES OF APPLICATION FILES FOR PRIORITY PURPOSES IN OTHER COUNTRIES ARE NOT BEING PROVIDED TIMELY, IF AT ALL

The PTO acknowledged processing delays due to the relocation in late March and early April of the Office of Public Records from the North Tower in the southern part of Crystal City to a facility in the northern end of Crystal City. An October 6, 1998 Official Gazette Notice sets forth the status of certification services.

Wesley H. Gewehr, Administrator for Information Dissemination at the PTO, distributed a hand-out at the meeting summarizing the status of providing certified copies. As of September 1998, the PTO is reaching 70-80% of its goal in filling orders for certified copies, despite the backlog of orders resulting from the relocation.

As part of the move, the PTO has realigned the workload, eliminated duplication, and increased production capacity. On average, the PTO is providing 750 certified copies per day. The vast majority of these requests are easy to fill because of the Patent Image Capture System the PTO has instituted, but a small percentage is extremely hard to fill. The PTO assured those at the meeting that when time is short, the PTO will pull out all the stops to meet the deadline.

The PTO also plans to publish in the Official Gazette a "cost order" procedure for obtaining certified copies when time is short. The PTO will get the certified copy but at a price to be negotiated on an *ad hoc* basis for the particular order. This procedure is separate from the current "special order" procedure, whereby for a set price, certified copies are provided within seven days as opposed to seventeen days for regular requests. Currently, fewer people are asking for such special orders because the PTO has been handling regular requests expeditiously. For example, in August 1998, an expedited certified patent application as filed took six days to get put in the mail whereas a regular certified patent application as filed took ten days.

HOW IS PTO DEALING WITH MISSING PATENTS IN PUBLIC SEARCH ROOM FILES

The PTO has instituted a "green sheet" system to deal with missing patents in the Public Search Room files. Anyone who notices that a patent is missing from one of the "shoes" can fill out a "green sheet" indicating the missing patent and within three to five days, a new patent is placed in the shoe. In the last Fiscal Year, the PTO replaced 1500 patents via the green sheet system. The PTO has no funding for staffers to maintain the file integrity in other ways. Reportedly, the cost of maintaining file integrity was in excess of \$1 million when the PTO discontinued having staffers maintain the Public Search Room files in 1990.

The problems in the Public Search Room files will have less significance when issued patents are placed on line via the Internet. Patent text should be on line in November, 1998 and images should be on line in March, 1999.

PTO WEBSITE

Concern was expressed at the meeting that the USPTO web site was being operated in a user-unfriendly manner. Two handouts were distributed at the meeting regarding the PTO home page and the current automated response. The PTO is not set up to handle e-mail. The autoresponder tries to give some direction to people who e-mail.

PATENTS ON THE INTERNET: SCOPE OF PATENTS TO BE MADE AVAILABLE AND PATENTS ON USCD COMPUTER CENTER SUPERCOMPUTERS

As stated previously, Internet access to patents January 1, 1976 to date is scheduled to open in November of 1998. Prior to 1976, the format for patents was not uniform; accordingly, January 1, 1976 was chosen for the initial date range for placing the patents on line. The Computer Center at San Diego was considered as a potential source for the Internet patent project. However, as the San Diego Computer Center was established as a research center and was not prepared to move into production, the PTO did not select it as the Internet patent source. The data the San Diego center has is on loan and is incomplete. When the research project is ended, San Diego will return the data to the PTO.

The Internet patent text host is DataWare in Albany, New York. The data will be linked, and one accessing the PTO Web Page will be switched automatically to the DataWare patent text database. The data is fielded data. A user can put in a value in a field (for example, patent number) and get matches. In addition, the full text is keyword searchable.

In March 1999, the PTO is opening up the document imaging database which is now being built. The full text is not downloadable in the sense that multiple patents may not be downloaded to a disk; however, users will be able to print patents on a page-by-page basis using a normal browser print function. A working model of the system is currently up and running and is accessible through the PTO's home page.

The PTO is planning to make the text and images available on the date of issue. Vendors have expressed concern that this feature will impact on their commercial products which take a couple of days from issue for patents to be made available. The PTO notes, however, that issue day data is already available from some vendors.

INCREASING UNAVAILABILITY OF PATENT FILES

Concern was expressed that requests for patent files are being declined with an increasing frequency on the ground that the patent file was lost.

The PTO advised that each week approximately 3,000 files are ordered from the warehouse and between twenty and twenty-five requests for searches are made. In general, the PTO does not see an increase in the

number of missing files. However, the PTO did note that because it had lost its lease in the larger of its two storage warehouses, an eighteen-hour/day, seven-day/week effort has been underway since mid-July and will go on for another two months, which slows things down. Also, the PTO has been sending ten-year-old patent files which are still quite active to the Federal Records Center which houses files of other governmental agencies.

The new warehouse the PTO has acquired is almost double the size of the existing facilities, so no further files will be sent to the Federal Records Center. In addition, the PTO has made an arrangement whereby PTO requests will be handled by a separate person at the Federal Records Center instead of having these requests placed in line with requests made for passports, State Department files, and other users of the facility.

When a file is considered "lost" by the PALM system, the PTO's goal is to locate the file in thirty days. About fifty percent of the "lost" files are found by the system whenever the file is moved. After thirty days, the PTO sends a notice advising of the termination of the search. The requester may then ask for a reconstruction. The file remains flagged as lost, however, until it turns up.

The PTO has hired a new contractor for file storage. Part of the contract involves a wall-to-wall inventory of every file in the facilities, which will capture misfiled files. In 2002, the PTO hopes to have an electronic file wrapper which will reduce, if not eliminate, current problems with missing files.

PCT TELEPHONE ASSISTANCE

There is a PTO telephone number (703-308-3257) which is answered by a machine. The recording identifies it as the "PCT Help Desk." Call-back requests placed on the answering machine, however, reportedly were not being returned. The PTO expressed dismay that calls were not being returned. The PTO receives about 70 calls a day and is now trying to pick up the phone directly, or to return calls that day or the next business day.

The voice message on the answering machine advises that the PTO will try to answer the call-back request within two hours, unless the call comes in after 3:30 p.m., in which case the call will be answered the next business day. Callers who do not receive an answer in twenty-four hours should call Carol Bidwell (703) 308-6455.

SLOWNESS OF INITIATION OF RESUMED PROSECUTION AFTER A REVERSAL BY THE BOARD

Concern was expressed that resumed prosecution after a reversal by the Board was initiated at a snail's pace. The PTO advised that once a case is decided by the Board, if a possibility of Court review exists, the case is held for three months (two months for appeal and one month for mail delays). Accordingly, the Examining Corps does not get the file back until three months after the decision, at which time the case goes on the Examiner's docket report. Within six to eight weeks thereafter, there should be an action. If no Court review is possible, the case goes back immediately to the Examining Corps, and the six to eight week period begins at that time.

CPA REQUESTS

Concern was expressed that CPA requests were not being matched with the file. As a result, Notices of Abandonment were being mailed and it has taken several months to get the application back on track. In response, the PTO distributed a handout concerning Continued Prosecution Application Practice, which appears on the PTO Web site. In general, the PTO pulls a case as abandoned six months and twenty-one days after a response is due. An applicant who waits until the six-month date to file a CPA is advised to call and let the Examiner know that a CPA is coming. CPAs are processed in the Examining Groups, not the OIPE, so it is important to hand-deliver or fax these papers there. The PTO will acknowledge receipt of CPAs sent in by facsimile if the PTO's transmittal form is used.

Any ambiguity in a paper filed as to whether it is a CPA will be treated as a CPA and an abandonment of the parent.

FACSIMILES TO THE PTO

Concern was expressed that papers faxed to PTO Groups are misplaced, and sending duplicate copies compounds the delay when the file must be pulled to be matched with the original papers. The PTO advised that it has a number of facsimile machines throughout the PTO, approximately one machine for every two or three art units (there are about 200 art units). In addition, the PTO has a centralized facsimile area. Formal facsimiles are supposed to go through the central facsimile area, and informal facsimiles are supposed to go to the other facsimile machines.

Because of the problem with incoming facsimiles, the PTO has retained a contractor to pick up facsimiles and deliver them in order to improve service. The PTO reported that the results of a customer survey received in the last two weeks listed the problem of processing facsimiles as a serious concern. The PTO is also considering implementing e-mail for both formal and informal submissions. The PTO discourages duplicates of papers sent by facsimile. There is no need to mail in a duplicate of papers sent in by facsimile.

TELEPHONE NUMBERS IN OFFICE ACTIONS

A number of Examiners reportedly omit their telephone numbers from the end of their Office Actions, and instead put the number of the receptionist, resulting in wasted time and delays. The PTO advised that PTO policy requires the Examiner to give his or her telephone number at the end of an Office Action. If no telephone number appears, the PTO recommends advising the SPE.

TELEPHONE USE BY EXAMINERS

Concern was expressed that Examiners increasingly do not return telephone calls, and if they are out, their messages are not monitored and are not attended to. The PTO advised that it has targeted this item as one of four customer service items to improve. The PTO now has a policy to return all phone calls within twenty-four hours and has hired a contractor to call PTO personnel *incognito* in an effort to find out where the problems are. The PTO also advised that the recent customer survey complimented the PTO on the use of telephones by Examiners in handling matters expeditiously.

FILING RECEIPTS

Concern was expressed that requests for corrected filing receipts fail to be acted on in a timely manner. The PTO advised that it is working on deploying a "PACE" system in the next two to three months that will eliminate the need to take a case from the Examiner in order to correct a filing receipt. The system is operational in Groups 1600 and 2800 now, and prompt responses should be seen in those Groups.

The PTO also advised that if a case has a Missing Parts notice, PTO policy is not to make a correction to the filing receipt until the Missing Parts notice is responded to. In such cases, the PTO recommends sending in filing receipt correction requests with the response to the Missing Parts notice.

There is no longer a need to send in \$25.00 for a corrected filing receipt when responding to a Notice of Missing Parts. A corrected filing receipt will come automatically.

The recent PTO customer survey listed filing receipts as the number one problem in the PTO, and the PTO is making every effort to correct the problem by better training. In December 1997, it took 140 days for issuance of a filing receipt. Now, it takes thirty days.

LISTING OF LAPSED PATENTS

The PTO reported that it has corrected the problems in the listing of patents (particularly those issued in 1994) which have lapsed because of the failure to pay the maintenance fee. The September 15 and 22, 1998 OGs have the correct listings of lapsed 1994 patents.

FORMAL DRAWINGS

Formal drawings submitted at the time of or after paying the issue fee are reportedly mishandled/misplaced with alarming frequency. The PTO explained that the publications branch has been under stress because of the large number of patents printed this year (150,000) as compared to the number printed two years ago (100,000). Sixty percent of all allowed cases receive the formal drawings after the Notice of Allowance.

As of April 1, 1998, the PTO had 20,000 unmatched drawings. Currently, the PTO has 8,000 unmatched drawings and hopes to have that number down to 3,500 in the next few months. The PTO will call if it does not have the formal drawings and is about to abandon the case.

The PTO is averaging sixteen weeks to printing from payment of the issue fee. Call Rolf Hille at (703) 306-3431 to find out the status of a patent that has not issued for a long time after issue fee payment.

The PTO is also redesigning the publications group so that by July 1999, patents will issue four weeks from issue fee payment. A new process has been instituted whereby the printing contractor will review formal drawings to speed up bottlenecks. Once the goal of four weeks from issue fee payment is reached, the amount of time to get papers into the file after Notice of Allowance will be greatly curtailed.

INFORMATION DISCLOSURE STATEMENTS

In September 1998, the PTO put into the PALM system a flag that will not allow a case to go to issue until an Information Disclosure Statement filed after Notice of Allowance or other Rule 312 paper has been looked at.

STATUS TELEPHONE LINE

A suggestion was made that attorneys of record should have a "status line" to afford them telephone computer "read-only" access to records of their applications on the PALM system using "secret" PIN numbers. The PTO advised that it is planning to institute this system with a pilot program scheduled for March 1999 and a full program scheduled for June 1999.

The attorney will be able to pull up from the PALM system the same information an Examiner can. A PIN number will be assigned to each registered attorney with periodic renewal certifications required to ensure that authorization to access a file remains current. The PTO will not keep track of who searches the patent system.

SEARCHING FOR PATENTEES IN THE OG

It was suggested that the ever thickening List of Patentees in the weekly OGs be improved by adding the first and last entries, or their first and last two or three letters, on the tops of opposing pages to facilitate searching for names of patentees. The PTO is instituting this suggestion.

NOTES OF AD HOC COMMITTEE MEETINGS

The PTO announced the institution of a pilot program whereby the PTO would prepare and distribute notes of Ad Hoc Committee meetings. As of this writing, no notes have been received from the PTO.

by *Melvin C. Garner*

The Board of Directors met at the Yale Club on Tuesday, October 20, 1998. President Howard Barnaby presided. Ira J. Levy of the Continuing Legal Education Committee, Bruce M. Wexler of the Legislative Oversight and Amicus Briefs Committee and Mark J. Abate of the Public Information Education and Awards Committee were in attendance at the request of the board.

The minutes of the Board Meeting of September 15, 1998 were presented by Secretary Melvin Garner. After making minor typographical corrections, the minutes were approved.

The report of the Treasurer dated September 30, 1998, was presented by John Murnane. Mr. Murnane noted that while it appears from the report that the organization has \$6,000 less than the same period last year, this report does not reflect \$30,000 in receipts which had not yet been deposited. It also does not reflect \$19,000 in expenses. As a result, the Association is approximately \$6,000 ahead of where it was last year. Mr. Murnane reported that a \$10,000 down-payment had been made towards the Judge's Dinner for next year and that the CLE Weekend had brought in proceeds of approximately \$26,000. In response to a question, Mr. Murnane noted that the payment of \$2,800 to the Elite Group on September 22, 1997 was for security at the Judge's Dinner. On a motion, which was seconded, the Treasurer's report was accepted.

A discussion was held as to whether everyone on the Association's mailing list had paid dues, and whether there is a way to track this. Thomas O'Rourke and Mr. Murnane reported that they are working on the issue. They will also attempt to keep member addresses current and to include e-mail as part of the addresses indicated in the *Greenbook*.

Mr. Barnaby reported that the CLE Weekend Program was a success. In particular, the panels of speakers were excellent and included many past presidents of the Association, three Federal Judges and Commissioner Lehman. There were 64 registered participants. Mr. Barnaby recommended that the CLE Weekend be attempted again next year. He also noted that attendance may be higher next year because of the new rules in New York State for CLE. Edward Filiardi questioned the need to include the past presidents as speakers for next year's event. Mr. Barnaby stated that he had included them this year as a way of assuring the successful introduction of the CLE Weekend.

Mr. Abate was asked to speak about proposed CLE rules. He stated that his committee was working on seeing to it that the Association becomes an accredited provider of CLE. He also assumed that the Association would want to be in a position to help member firms become accredited providers. He noted that the areas of professional practice listed in the proposed rules do not include intellectual property, and that some attempt should be made to correct this. He also raised concerns about the state's ability to manage the new CLE requirements because of the small staff devoted to this activity. He was encouraged to continue with his work. John Sweeney stated that the Association should attempt to get an intellectual property attorney on the board of 16 volunteers who are managing CLE in New York State. Mr. Abate stated that the forms for having the Association become a CLE provider are to be mailed within a week. The committee expects that there will be a brochure that summarizes the rules and record keeping necessary to satisfy the CLE requirements. Questions were raised as to whether the luncheon meetings of the Association would qualify for CLE credit, and whether there were some changes that would have to be made to the format for that purpose. Questions were also raised as to whether work on the NYIPLA Annual committee reports would qualify for CLE credits. Charles Baker also questioned whether CLE credits would be available for work on amicus briefs, as well as for letters to Congress and testimony before Congress. Mr. Barnaby also suggested that the Association could establish a lending library of tapes, CD-ROMS and other materials to help firms and members meet CLE requirements.

Mr. Levy thanked Anthony Giaccio and Mr. Barnaby for their work in putting on the CLE Weekend program. Further discussion was held concerning whether to continue with an additional CLE Weekend next year, and whether half-day programs in New York City would be a preferable additions or

alternatives. Mr. Barnaby noted that a half-day meeting on trademark revisions a number of years ago was very successful and that perhaps meetings held from about 4-7 p.m. would attract a large attendance.

Herbert Schwartz noted that the attendance at the CLE Weekend was composed of 1/3 officers, 1/3 members encouraged to attend by their firms and 1/3 members with a general interest in the topics discussed. He questioned whether this truly represented a successful weekend. He noted that Washington State and Oregon have a CLE Weekend which is held at a more attractive place and attracts a greater numbers of attendees. Mr. Schwartz asked whether a better location could be found for next year's CLE Weekend. A discussion was held about whether shortening the weekend would attract more people. This could be accomplished by eliminating some of the social activities. John Daniel stated that he believes the social aspect of the weekend was a feature that improved attendance, but that it did not have to take up as much time as it did. Edward Vassallo and Theresa Gillis also said that a program that takes up the entire weekend is a problem and suggested that reducing the amount of time for the program would be an improvement. It was suggested that a Friday/Saturday weekend with a half-day of substantive work on Friday and all day Saturday might be a better structure. Mr. Schwartz stated that the general consensus seemed to be that the Association should commit to a CLE Weekend for next year which is two days in length and held at a better location. These suggestions will be considered by the CLE Committee, which will make a subsequent proposal.

Mr. Barnaby reported that Star Consulting Inc., the company which manages the Judge's Dinner, has proposed that it take an active role in managing other aspects of the Association and act as an executive director. Star Consulting proposed that it handle the details for next year's CLE Weekend. It was decided to further investigate this with Star Consulting. Mr. Garner suggested that they could also handle the mailing list and collection of dues.

Bruce Wexler reported that other associations, such as the ABA IP Section and AIPLA, have congressional monitors that provide up-to-the-minute information concerning legislative activities relating to intellectual property. He has been in touch with Hayden Gregory about providing these services to the Association. Correspondence with respect to this proposal was distributed with the announcement of the meeting. The cost would be \$1,000 per month. After discussing the merits of the proposal, it was decided that the Association should try this service for six months.

The remaining agenda items were postponed until the next meeting and the meeting was adjourned at 2:00 p.m.

Pending Legislation

by Edward P. Kelly

PATENTS

Patent Reform Bill

The Patent Reform Bill (S.507), which contained a variety of changes to the U.S. Patent laws and a proposal to make the Patent and Trademark Office ("PTO") a government corporation, will not become law this year. The bill, stalled by opposition earlier this year, was stalled again when Senator Orrin Hatch (R-Utah) failed in an attempt to add it as an amendment to pending bankruptcy legislation.

The reform bill contained several measures. The bill at one time provided for: (i) publication of patents eighteen months after filing; (ii) an expanded role for third parties in reexamination proceedings; (iii) a prior use defense to patent infringement; (iv) patent term restoration for administrative delays; and (v) the creation of a corporation to run the PTO and a ban against using patent fees generated by the PTO to reduce the general government deficit. The House version (H.R. 400) eventually eliminated the provisions

regarding reexamination, but the bill passed the House in April 1997. Senate approval followed shortly in May 1997, but the bill has been stalled since, most recently by opposition from small business and small inventors who want Congress to hold hearings regarding the impact of eighteen-month publication on the small inventor. Meanwhile, Hatch's most recent amendment included a new section that would amend 35 U.S.C 102 (g) to provide that a patent will not issue if the "invention was made in a NAFTA or WTO country by an interfering applicant who had not abandoned, suppressed, or concealed it, and who is otherwise entitled to a patent."

In a development related to the diversion of PTO Revenue used to reduce the budget, President Clinton recently signed into law a bill (HR 4328) which diverts \$71 million of PTO user fees to the general treasury. The original proposal would have diverted \$16 million.

Plant Patents

The U.S. Patent law provides that a patent may be granted for asexually produced plant varieties and that the patent right excludes others from asexually reproducing the plant. 35 U.S.C. 106. This protection has proved inadequate to stop growers from asexually reproducing the patented plant outside the U.S. and exporting the products harvested from the plant to the U.S. The Plant Variety Protection Act, amended in 1994 to close this loophole, covered first generation hybrids and harvested parts of those plants. A bill (H.R. 1197) has now been introduced that would further seal the loophole in the patent law: The bill would amend section 163 to prohibit others from asexually reproducing the plant, or any of its parts, or from importing the plant so reproduced, or any parts thereof, into the U.S.

TRADEMARKS

Product Codes

Another bill, a trademark anti-counterfeiting bill, also will not become law this year at least not in its present form. The House recently rejected the "Trademark Anticounterfeiting Act of 1998." This bill would have provided civil and criminal remedies prohibiting the removal of product identification codes as used by original manufacturers. The product codes contain information regarding the age of a product and date and place of manufacture. In some instances, such codes have been removed, and in other instances fake codes have been applied to pass off a fake product as the genuine article. However, opposition to this bill developed early on from Michael Forbes (R-N.Y.) and Charles Schumer (D-N.Y.) (now Senator Schumer) because, according to Rep. Forbes, the language of the bill is broad enough to prohibit legal sales of products by discount distributors. According to Forbes, the bill could stop the sale of gray market goods, which has been held a valid right, and also indirectly allow manufacturers to engage in resale price maintenance which is illegal under the antitrust laws.

Trademark Law Treaty

A bill has been pending in Congress that would conform U.S. Trademark Law to the Trademark Law Treaty previously signed by thirty-five countries, including the U.S. The treaty attempts to harmonize the trademark law of the various members to simplify registration procedures, the maintenance of trademarks and assignment requirements. Congress recently cleared the bill for White House signature. The bill will benefit small businesses by making it less costly to file trademarks in foreign countries. The bill also eliminates certain legalization requirements for filing documents associated with trademarks, which should reduce the cost of proceeding in a foreign country. Technical amendments to U.S. trademark law would be required to adhere to the Treaty.

Domain Name Study

The registration of a domain name with Network Solutions can be a valuable asset to a company seeking to use the Internet to sell its products. Conflicts inevitably erupt between companies which own federal trademark registrations and companies which enter the market for the first time with a domain name

similar or identical to a registered mark or a mark in common law use. Network Solutions has attempted to deal with that problem in the past few years. Now the Senate Judiciary Committee has passed a bill (S.1727) that would provide for a study of the effect of issuing new top level domain names on trademark protection. For instance, .com and .gov are top level domain names. The study would consider the impact of yet another level of the domain names.

COPYRIGHTS

The United States became a signatory to two copyright treaties under the World Intellectual Property Organization in 1996. Shortly thereafter, the House and Senate held hearings on bills intended to implement the U.S. obligations under the treaty. The result of those hearings is the "Digital Millennium Copyright Act" (H.R. 2281) which was recently passed to the President for signature. Since the U.S. has long afforded rather liberal protection for copyrights, the implementation legislation did not focus on affording minimum standards of protection for copyrights. One of the key elements of the bill, however, relates to those who would attempt to circumvent anti-copying technology that has been installed on computer networks to prevent unauthorized copying. The bill adds a new chapter 12 to Title 17. The bill will prohibit the sale of circumvention devices. The bill also contains a section defining the parameters of liability for online service providers. A provider which acts as a mere conduit of information will not be liable for infringement.

The bill also includes legislation previously introduced that would grant protection for the original designs of boat hulls. This legislation is obviously industry-specific. Legislation that would protect original creative designs of all useful articles had been introduced over the last fifteen years but never came to fruition. This legislation would have protected industrial designs that did not qualify for protection under the copyright, patent or trademark law. Many industries opposed this legislation because it would be nearly impossible to provide replacement parts for certain goods without infringing an industrial design. These bills have now been whittled down to the boat industry only.

Recent Decisions of Interest

By Thomas A. O'Rourke

PATENTS

Scope of "Consisting Essentially of"

In *PPG Industries, Inc. vs. Guardian Industries Corp.*, 97-1513 (Fed. Cir. Oct. 1, 1998) (Bryson, C.J.), the patent in suit involved a type of glass composition used to produce tinted automobile windows. The claims of the patent used the language "consisting essentially of." PPG contended that the District Court improperly construed the term. Before addressing the interpretation given the claims by the district court, the Federal Circuit defined "consisting essentially of" as follows:

Typically, 'consisting essentially of' precedes a list of ingredients in a composition claim or a series of steps in a process claim. By using the term 'consisting essentially of,' the drafter signals that the invention necessarily includes the listed ingredients and is open to unlisted ingredients that do not materially affect the basic and novel properties of the invention. A 'consisting essentially of' claim occupies a middle ground between closed claims that are written in a 'consisting of' format and fully open claims that are drafted in a 'comprising' format.

PPG argued that the district court, as part of its claim construction responsibilities, should have also determined what amount of iron sulfide in the composition constituted a material effect on the basic and novel characteristics of the claimed glass. The Federal Circuit rejected this argument and concluded that

the determination whether the presence of a material not identified in the claim created a material effect was for the jury and not the district court as part of its Markman responsibilities. The Federal Circuit stated:

Claims are often drafted using terminology that is not as precise or specific as it might be. As long as the result complies with the statutory requirement to 'particularly point out and distinctly claim the subject matter which the applicant regards as his invention,' 35 U.S.C. § 112, para. 2, that practice is permissible. That does not mean, however, that a court, under the rubric of claim construction, may give a claim whatever additional precision or specificity is necessary to facilitate a comparison between the claim and the accused product. Rather, after the court has defined the claim with whatever specificity and precision is warranted by the language of the claim and the evidence bearing on the proper construction, the task of determining whether the construed claim reads on the accused product is for the finder of fact.

The burden of defining what a material change was in the first instance was placed squarely on PPG as the Court of Appeals decided that PPG could have defined the scope of the phrase "consisting essentially of" by making clear in the specification what it regarded as constituting a material change in the basic and novel characteristics of the invention.

Prosecution History Estoppel

In *EMI Group v. Intel Corporation*, 97-1137 (Fed. Cir. Sept. 29, 1998)(Newman, C.J.), a patent infringement action, the Federal Circuit initially addressed the issue of whether the doctrine of equivalents could be used to cover the defendant's addition of a step in a process claim. Rejecting the defendant's argument that it could not, the Court concluded that "equivalency is not defeated by using an additional step to achieve what the patentee does in one step."

Another issue before the court was whether certain statements made by the attorney constituted prosecution history estoppel. Specifically, the attorney, in discussing the prior art, stated:

[A]pplicant considers that the rejections of claims on the basis of *Steinmaier* or *Stoffel* in combination with *Cohen* are infirm because these references do not suggest the use of differential thermal growth with a high differential rate to form a device according to claim 1. Further, none of the prior art suggests combining such differential thermal growth with anisotropic etching for this purpose. Third, none of the prior art is seen to suggest the combination of such differential thermal growth with such anisotropic etching combined with the self-alignment of contacts.

The Federal Circuit concluded that the emphasis by the attorney on the differential thermal growth constituted prosecution history estoppel and precluded the claims from covering any implant masks that were not thermally grown, including composite dielectric masks.

On-Sale Bar

In *C. R. Bard, Inc. v. M3 Systems, Inc.*, 96-1165 (Fed. Cir. Sept. 30, 1998)(Newman, Meyer, and Byron, C.J.), a severely fragmented panel affirmed a jury verdict of patent invalidity on the ground of an on-sale bar even though the two judges in the majority on this issue could not agree on what acts of the patent owner created the invalidating bar. The court also affirmed the jury's verdict of an antitrust violation by the patent owner. The damage award was remanded to the district court for recalculation.

The three judges did agree on several issues, however. For example, on the issue of claim construction, the court rejected M3's argument that the patent was anticipated because the preamble failed to refer to an external automatic cocking mechanism that distinguished the claimed biopsy gum from the prior art. The Court reasoned: "the preamble simply states the intended use or purpose of the invention...Such a preamble usually does not limit the scope of the claim unless the preamble provides antecedents for

ensuing claim terms and limits the claim accordingly."

Because the preamble provided such antecedents by reciting the portion and structure of the gun housing into which the needles fit, the Court concluded that the claim was not anticipated even though the preamble did not contain details of the integrated mechanical locking structure.

Similarly, on the issue of obviousness, the Federal Circuit concluded that the prior art of record did not render the claims invalid because there was no suggestion to make the combination of prior art relied on by the defendant in support of its invalidity argument. The court stated: "No prior art provided a teaching or suggestion or motivation that a needle assembly should be made with the structure shown and claimed in the '056 patent. Absent this essential evidentiary component of an obviousness holding, as a matter of law the verdicts of invalidity on that ground can not stand."

The jury also found improper inventorship. The Court of Appeals, after analyzing the facts, rejected the jury verdict and held that correction of inventorship during reissue was proper because there was no deceptive intent in the original naming of inventors and there was no "clear and convincing evidence" that the wrong inventors were named in the reissue patent.

The Federal Circuit also rejected the argument that the patent owner had an obligation to bring a broadening reissue application as soon as it realized the claims were too narrow and that it was improper to wait until the end of the statutory period. As long as the broad claims were presented within the two-year period required by statute, the reissue was timely according to the Federal Circuit: "M3 Systems also argues that the error in failing to claim the needles should have been corrected sooner. The reissue statute sets a two-year time limit for filing a broadening reissue application. This requirement was met. There is no requirement that a patentee act earlier rather than later during the two-year window established by statute."

Turning to the on-sale issue, the court was severely divided on what activity constituted placing the invention on sale. In her dissent, Judge Newman concluded there was no sale that would bar a patent. Judge Bryson believed that the sale of 250 needles prior to the critical date placed the invention on sale and that the experimental use exception was not applicable under the facts to relieve the patent owner of the consequences of that sale. Judge Meyer, on the other hand, relied upon a sales brochure that described a device that covered the patented product and correspondence relating to the brochure sent to a doctor in Alabama prior to the critical date. Thus, although the court could not agree on what conduct constituted an on-sale bar, the patent was nevertheless held invalid.

Judges Bryson and Meyer also agreed that there was an antitrust violation in Bard's modification of its biopsy gun to prevent its competitors' non-infringing, flangeless needles from being used in Bard's guns. The Court of Appeals affirmed the jury verdict that there was a relevant product market for replacement needles for fully automated reusable biopsy guns, that Bard had monopoly power in that market, and that it had acquired or maintained its monopoly power in that market through restrictive or exclusionary conduct.

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