



September/October 1998

- [President's Corner](#)
 - [News From the Board of Directors](#)
 - [Pending Legislation](#)
 - [Recent Decisions of Interest](#)
 - [Calendar of Events](#)
-

President's Corner

The Committee of Past Presidents held its annual dinner meeting on September 10, 1998. The dinner and meeting arrangements were made by Ed Filardi, immediate past president. Martin Goldstein presided over the meeting as committee chair. The other officers and I were privileged to be invited to attend. There is a wealth of talent, history and tradition in this group. Our Association should, and will, take advantage of this valuable resource.

The past presidents at the meeting expressed an interest in lending their expertise to the Association Committees. Last May, I had suggested that we consider appointing a past president liaison to NYIPLA committees in addition to the Board liaison. Given the enthusiastic response of our past presidents, I plan to contact them and begin the process of making committee assignments. It is my hope that this will lead to increased communication between Committee chairs and our past presidents.

The past presidents also saw a need to maintain, if not increase, the educational opportunities offered in our CLE programs. They were pleased to see the re-introduction of the CLE weekend, as well as the participation of a number of the past presidents in the program. They predicted that interest in CLE programs will increase with the advent of mandatory CLE requirements in New York on December 31, 1998 and urged the NYIPLA to take the initiative in offering CLE programs to meet member needs. For example, since New York will require four hours of CLE relating to ethics, the expectation is that the Association will consider presenting programs that include this topic.

We also explored the need to reflect on the Association as it moves (notice I did not say drifts) into the next century. I proposed that the past presidents consider preparing a "five year plan" that would be presented to the Board of Directors in May, 1999. The report could consider such topics as committee structure and participation, CLE programs, educational and mentoring programs, publications, the need for an executive director and membership. Marty Goldstein will prepare and distribute a form to the past presidents seeking their views on these and other topics. Al Robin has agreed to assemble the responses into a report for presentation to the Board of Directors. Relying on the collective experience of our past presidents in this manner to shape the future makes eminently good sense.

The past presidents also expressed concern that we continue to stress substantive involvement in the Association. I echo those sentiments. The NYIPLA has enjoyed a position at the forefront of regional bar

associations, taking an active role in national and world intellectual property issues. Thus, appointment to the Board of Directors or a committee chair is not just an honorary title. This group has a leadership responsibility to provide positive momentum to the Association. I look forward to working with the Board liaisons and committee chairs to make things happen. We will have held a joint meeting of the Board and Committee chairs on September 15. I hope to report to you next time on the projects planned for the coming year.

I am pleased that our committees continue to respond to what is starting out to be a very productive year. Bruce Wexler and the Legislative Oversight and Amicus Brief Committee considered and offered recommendations on a request for an amicus brief in support of a petition for writ of certiorari to the Supreme Court. It was recommended that the Association not file an amicus brief.

Fred Dorchak and the Committee on Patent Law and Practice was asked to review interim PTO regulations concerning disclosure in biotech patent applications and the scope of review of prior art in re-examination proceedings. The Committee prepared two letters commenting on the regulations that were presented to the Board of Directors and submitted them to the PTO on September 14, 1998. My thanks to Fred Dorchak and his Committee members for their prompt and efficient handling of this matter.

By the time you read this column, the Association will hopefully have held a successful CLE weekend in the Catskills. I look forward to reporting on what promises to be a tremendous program. Meanwhile, I continue to welcome your comments and suggestions for the coming year.

If you have any concerns or suggestions during the coming year, please contact me by phone (212-682-9640), fax (212-682-9648) or e-mail (hbarnaby@rbd-law.com).

News From the Board of Directors

by Melvin C. Garner

The Board of Directors met at the Yale Club on Tuesday, September 15, 1998. President Howard Barnaby presided. Many of the Association's committee chairpersons, or their designees, were in attendance at the request of the Board in order to present the first committee status reports.

The minutes of the Annual Meeting and Board Meeting of May 21, 1998 were presented. There being no corrections, the minutes were approved. John Murnane presented the report of the Treasurer, which included written Treasurer's Reports for the periods ending May 31st, June 30th, July 31st and August 31st, 1998. The Association, as of July, had more money than at the same period last year. The last page of the August report indicates an income of \$315,718.00 from the Judges' Dinner, which is more than last year. Thus, Mr. Murnane reported that the Association has a healthy financial situation, but it needs to be careful in its spending. Mr. Barnaby noted that the Association should consider using some of this money to sponsor continuing legal education programs. Upon motion, the Treasurer's Report was accepted.

Mr. Barnaby presented the President's Report. In his report, he referred to the schedule of meetings of the Board of Directors for 1998 and 1999 which was previously distributed to board members. He also noted that near the end of Edward Filiardi's term as President, it was decided that some token of appreciation should be given to retiring board members and that a similar expression of thanks be given to Greg Battersby. This was accomplished by sending Letters of Appreciation and plaques to Mr. Battersby, Brian M. Poissant and Marilyn M. Brogan. Copies of the letters and the plaques were previously distributed to the Board.

Mr. Barnaby announced that Judge Joseph M. McLaughlin of the Court of Appeals for the Second Circuit had been invited to be the speaker at this year's Judge's Dinner and that he had accepted. A copy of Judge McLaughlin's letter of acceptance was previously distributed to the Board.

Mr. Barnaby also reported on the Past President's Dinner. At this dinner it was decided that a questionnaire would be sent to the past presidents to see if they would be willing to serve as liaisons to any of the Association's committees. Also, the past presidents agreed to form a Year 2000 Committee to collect their thoughts on the future of the Association and perhaps draft a five-year plan. Al Robin agreed to compile a report to be presented to the Board of Directors by May of 1999.

Mr. Barnaby asked the various committee chairpersons in attendance to present the Board with the agenda for their committees for the upcoming year. Melvin Garner circulated written agendas received from the following committees: Committee on Computers, Entertainment Law and Media; Committee on Economic Matters Affecting the Profession; Committee on Harmonization of Patent Laws; Committee on Legislative Oversight and Amicus Briefs; Committee on License to Practice Requirements; Committee on Membership; Committee on Patent Law and Practice; and Committee on Trade Secret Law and Practice.

The following are summaries of the status reports presented at the meeting.

Committee on Alternate Dispute Resolution

Jeffrey A. Schwab reported that his committee had not yet had a meeting and were in the process of creating an agenda. They particularly want to create a format for alternative dispute resolution which takes real world experiences into consideration. They will solicit thoughts on how the procedure would work and produce a final report by the end of the year.

Committee on the Annual Dinner in Honor of the Federal Judiciary

John Sweeney reported that he will review plans for the dinner with Horizon in October.

Committee on the Annual Meeting of the Association

Robert Neuner reported that the committee had not yet undertaken plans for the annual meeting.

Committee on Computers, Environmental Law and Media

John M. Delehanty reported that the committee had a meeting scheduled for October 16th. They plan to consider intellectual property issues arising out of electronic media.

Committee on Consonance and Harmonization in the Profession (Young Lawyers Committee)

Leon Bechet stated that his committee has planned a number of evening events for young lawyers, which would include panels of speakers. Some of the event topics would be on the Internet and new media. In addition, the committee intends to have a U.S. Supreme Court swearing in ceremony for young lawyers. Mr. Barnaby questioned whether subsidies to the committee in putting on these events have been helpful. Mr. Bechet stated that, by reducing the price for events, the subsidies have certainly increased the attendance. Mary Lee Jenkins, former chair of this committee, stated that the subsidies served the purpose of increasing involvement of young lawyers, helping to bring them into the Association and expose them to other opportunities the Association can provide.

Committee on Continuing Legal Education

Anthony Giaccio provided a committee report in the absence of Ira Levy. He noted that the CLE Weekend for October 2nd through the 4th would include three judges from the Southern District of New York, namely Judges Griesa, Cedarbaum and Goettel. He encouraged those in attendance to confirm reservations for hotel accommodations because there are a limited number of rooms.

Committee on Design Patents (Protection)

John Olivo reported that the committee had not yet had any meetings. He stated that a design protection report was being prepared.

Committee on Economic Matters Affecting the Profession

Meyer Gross reported that the committee was investigating new malpractice insurance carriers. The committee is also investigating policies that cover sexual harassment expenses. Mr. Gross reported that the committee was also going to survey the fees and charges that various New York City firms make for various IP projects. The final topic on their agenda is a consideration of the value of patent and trademark information put on the Internet by the U.S. Patent and Trademark Office.

Committee on the Harmonization of Patent Law

Robert Mayer stated that the committee was preparing a reaction to WIPO's revision of the patent law treaty. The committee has provided comments to the Board and to the PTO on those revisions. Also, one member of the committee is going to Geneva, Switzerland for the next WIPO meeting.

Committee on Legislative Oversight and Amicus Briefs

Bruce Wexler stated that the committee had a meeting planned for September 9th. Last year the committee filed a brief in the *In re Zurko* case, in which the court adopted the clearly erroneous standard for review of decisions by the PTO Board of Patent Appeals and Interferences. A petition for certiorari has been filed and the committee is examining whether to file an amicus brief in the U.S. Supreme Court. John Daniel noted that a petition for certiorari had been filed in the *NobelPharma* case, and Mr. Wexler said the committee would look into that. Mr. Wexler further stated that the committee intended to draft a set of official procedures for handling third party requests to file amicus briefs. This could include a requirement that in any request the other side be given a copy of the request. The committee is also looking at current legislation. Mr. Barnaby stated that this committee should refer substantive legislative matters to the appropriate committees for consideration.

Committee on Litigation Practice and Procedure

Thomas Beck reported that the committee had not yet had a meeting. However, they are expected to continue their consideration of an Inn Of Court on intellectual property issues. The difficulty is identifying judges to participate. Mr. Barnaby questioned the degree of interest in the Association for such an activity. Mr. Beck stated that the Board seemed to want to investigate it. In addition, the committee is studying litigation cost reduction strategies and an award for courtesy and civility in litigation.

Committee on Meetings and Forums

Mary Lee Jenkins presented a report in the absence of committee chair Paul Garrity. She noted that the committee had its first meeting in August and was in the process of developing various programs. Some of the topics include copyright, the meditag issue on the Internet and insurance.

Committee on Membership

John Olivo presented the report as a substitute for chair Rory Radding. The committee has noted that there are major firms which now have intellectual property groups. The committee will make an effort to get these new IP groups to participate in the Association. Further, the committee is going to focus on the larger intellectual property firms with low membership interest to see if their attorneys are interested in joining the Association. As part of this, the committee hopes to prepare an introductory package of materials for new members which explains the great reasons for joining the association. After a discussion, it was decided that a letter from an officer of the Association should be sent to new members along with a copy of the Greenbook, the Annual, and a list of committees and contacts. Thomas O'Rourke stated that he would have extra Greenbooks and Annuals printed for this purpose.

Committee on Patent Law and Practice

Frederick Dorchak reported that the committee was commenting on PTO interim guidelines regarding written disclosures. The committee is also participating in the Commissioner's Ad Hoc Committee considering best mode requirements.

Committee on Public and Judicial Personnel

William Dippert reported that the committee was trying to focus on local efforts to get an intellectual property attorney appointed to the bench. There are currently five vacancies in the Southern District of New York and the committee is looking for someone to sponsor.

Committee on Publications

Thomas O'Rourke reported that the Greenbook proofs have been received. The committee is also lining up authors for the Annual. The committee is publishing the Bulletin every other month and intend to improve the Association's website. Mr. O'Rourke also stated that his committee may publish the reports of the various committees at the end of the year.

Committee on Trademark Law and Practice

Eric Prager reported that the committee had met to discuss the year's objectives. They are continuing to develop a position on domain names. Part of this work is reflected in an article published in the Bulletin by Steve Quigley. He also reported that WIPO has taken up the issue of the trademark effect on domain names and had requested comments. A new issue for the committee is the state of trademark law governing grey market goods and a survey of trademark damages in the Second Circuit. Further, the committee is going to do an analysis of trademark clearance letters. Mr. Barnaby questioned whether the domain names issue might be a good topic for a new CLE program. Ms. Jenkins replied that a representative of WIPO had been invited to speak at a luncheon meeting on the topic.

There being no old business or new business for consideration, the meeting was adjourned.

Pending Legislation

by Edward P. Kelly

TRADEMARKS

Trademark Treaty Harmonization Bill

There are eleven countries, including the United States, which signed an international trademark law treaty in 1996. The purpose of the international treaty is to harmonize the laws of various countries and eliminate certain restrictive formalities in obtaining and maintaining trademarks. For instance, some countries require legalization of documents before filing or assigning trademarks. The treaty would require the elimination of this formality. Each country would have to revise its trademark law to adhere to the provisions of the trademark law treaty. In the case of the United States, this would not entail extensive revisions to the Lanham Act because the United States trademark law is already largely compatible with the provisions set forth under the treaty. However, even the minor amendments now being considered to harmonize U.S. law with the treaty would affect current practice before the United States Trademark Office .

An implementation bill (S. 2193) recently approved by the Senate Judiciary Committee would amend the Lanham Act to harmonize U.S. law with the Treaty.

The bill would make the following revisions:

- The bill would amend Section 44(e) of the Lanham Act (the section which states that a trademark application may be based solely on the existence of a foreign registration (to provide that a certified copy of the foreign registration need not be submitted at the time of filing. Under current law, an applicant basing an application solely on a foreign registration must submit a certified copy of the foreign registration and a certified English translation thereof with the application in order to obtain a filing date. The requirement that a certified copy of the foreign registration be provided is prohibited under the treaty. For practitioners, this would eliminate the situation where the filing of an application is delayed while waiting for receipt of the certified copy of the foreign registration.
- The trademark law currently requires an applicant to state the manner in which the mark is used or intended to be used in the case of an application under 15 U.S.C. 1051(b). The treaty provides that this information need not be provided. This requirement would be eliminated.
- The bill would eliminate the requirement that a change of ownership can only be recorded in the Assignment Division by submission of the underlying assignment document. Under the new bill, the change of ownership would be able to be recorded without submission of the assignment document.
- The new bill also would affect the revival of applications. The current rule in the Trademark Office is that failure to respond to an office action results in the abandonment of the application unless the applicant can show an "unavoidable delay." That standard would be replaced under the treaty to an "unintentional failure" to respond.
- Finally, the provisions regarding renewal of marks would also be amended. Under current practice, a mark may be renewed up to three months after expiration. That period would be extended to six months. The time in which a renewal application could be filed would be amended to one year prior to the renewal date. A renewal application currently must be executed within six months of the renewal date.

The bill has been approved by the Senate Judiciary Committee.

Protection For Product ID Codes

The House Judiciary Committee recently approved a bill (H.R. 3891) that would prohibit unauthorized alterations of product ID codes. A product ID code is information carried on a consumer product in the form of letters, symbols, marks and dates that allows a manufacturer to later determine certain information about the date and place of manufacture of a product after it has been sold into the stream of commerce. Counterfeiters have apparently been able to decode these product codes and thereby either divert shipments or pass off expired products. The bill would permit decoding for economic purposes as opposed to the decoding laws that are now on the books which relate only to a criminal intent. The bill would prohibit the alteration or removal of product identification codes on goods sold in interstate and foreign commerce. The U.S. Customs Office also would be authorized to keep decoded goods out of the country. The critical discussions in the House Judiciary Committee related to the impact of the bill on drug chain discounters. These distributors sell products at a discount sometimes remove original labels. In their view, the bill would curtail their level of distribution. The bill was subsequently amended so that it did not prohibit repackaging for resale. The bill does, however, require that the original manufacturer's codes not be removed.

PATENTS

Omnibus Bill/PTO As Government Corporation

An omnibus bill (S.507) containing several patent reforms and a proposal that would convert the PTO into a government corporation has been debated in the House and Senate. The Senate bill would create the PTO as a government corporation run by a Director appointed by the President. Among the patent reforms are provisions that would amend the patent laws to provide a prior use defense to persons who independently developed patented technology prior to the filing of an application. Now Ross Perot has

been heard on these issues. Mr. Perot opposes the provisions of the bill relating to the organization of the PTO to the extent that the bill would add more Examiners to the PTO, but limit technical training available to Examiners.

Among the proposed reforms in the omnibus bill is a section that would amend § 273 of the patent statute to assert a defense to patent infringement if a defendant had, acting in good faith, commercially used the subject matter in the U.S. before the effective date of the patent. "Commercially used" means use in the U.S. in commerce whether or not the subject matter at issue is acceptable to or otherwise known to the public. "Use in commerce" means any actual sale or commercial transfer.

There is also a special exception for subject matter that cannot be commercialized without significant investment of time and money. In that case, a person shall be deemed to have commercially used the subject matter if, "(A) before the effective filing date of the patent, the person reduced the subject matter to practice in the U.S., completed a significant portion of the total investment necessary to commercially use the subject matter and made a commercial transaction in the United States in connection with the preparation to use the subject matter and (B) after the effective filing date of the patent, diligently completed the remainder of the activities and investments necessary to commercially use the subject matter and promptly began commercial use of the subject matter." While a literal reading of the bill indicates that the use or reduction to practice must occur before the effective filing date of the patent, the bill is not that broad. A later section of the bill entitled "one year limitation" provides that the defense provided by the bill is only available if the use or reduction to practice occurred more than one year prior to the effective date of the patent.

The bill would specifically add a section stating that the defense does not constitute a general license but only applies to subject matter claimed in the patent that the person asserting the defense had commercially used before the effective filing date. Mr. Perot opposes the prior use portion of the bill on the ground that it is unconstitutional in view of the patent grant provided for in the U.S. Constitution.

The other provisions of the omnibus bill relate to the re-examination proceedings and publications of patents 18 months after filing.

Re-examination Proceedings

The patent statute currently provides that a third party may request re-examination of a patent. However, the third-party's participation currently does not go beyond the initial request for re-examination and a reply to the patent owner's statement in response to the request for re-examination. For instance, amendment made to claims during re-examination may not be addressed by the third-party which requested re-examination.

The Omnibus Bill would make certain amendments to the re-examination statute and give a third-party a greater role in influencing the outcome of the re-examination. The final version of the House bill debated last Spring deleted the provisions regarding re-examination. The bill would allow the third-party requestor to not only comment on the patent owner's response to re-examination, but also to address the issues raised in the Patent Office during the re-examination procedure. The basis for re-examination would also be expanded to include compliance with Section 112 of the patent statute. A third-party requestor would also be able to file an appeal of the examiner's final decision with the Board of Patent Appeals and Interferences. Supporters of the Bill argue that expanded re-examination proceedings could replace expensive litigation.

Publication of U.S. Patent Applications

The United States converted to a patent term which expires twenty years from the filing date as part of its accession to the GATT treaty. Many of the countries that are signatories to the GATT treaty publish patent applications eighteen months after they are filed. The U.S., however, currently does not publish patent applications prior to issue of the patent. The Omnibus Bill would bring the U.S. into conformity with those

countries that do provide for publication eighteen months after filing. The published application would be considered prior art under § 102(e) of the patent statute.

The publication provisions were the most disputed of the Omnibus Bill when the House held hearings last Spring. Opponents of early publications argued that publication in the U.S. prior to issuance of the patent hurts small businesses because it provides large corporations with an opportunity to steal and use inventions prior to the time a patent is issued.

The Omnibus bill now gives the applicant (not filing abroad (the right to choose whether the application will be published eighteen months after filing. Those applicants which choose publication would be able to receive a reasonable royalty from infringers calculated from the date of publication. S. 507 was to be presented to a full vote of the Senate in mid-September.

Recent Decisions of Interest

By Thomas A. O'Rourke

Patents

Patents

Personal Jurisdiction Over Patentee in D.J. Action For Invalidity

In *Graphic Controls Corporation v. Utah Medical Products, Inc.*, 97-1551 (Fed. Cir. July 23, 1998), a declaratory judgment action seeking a declaration of patent invalidity, the defendant, a Utah company, challenged the allegation of personal jurisdiction in a motion pursuant to FRCP 12(b)(2). The District Court granted the motion and dismissed the complaint. The District Court held that it had no jurisdiction under the New York general jurisdiction statute because it found that Utah Medical was not doing business "regularly, continuously and systematically" in New York. The court also rejected the plaintiff's argument that there was long-arm jurisdiction over the out-of-state defendant, holding that plaintiff's cause of action did not arise from defendant's commercial activities in New York.

On appeal, the Federal Circuit affirmed the holding of an absence of jurisdiction. Initially, the court noted that it was improper for the parties to refer in their brief to arguments in their appendix and incorporate these arguments by reference into their brief. The plaintiff's argument regarding general jurisdiction was incorporated by reference from the appendix and not set out in the brief. Accordingly, these arguments were not considered by the Court of Appeals.

Turning to the issue of jurisdiction under the New York long-arm statute, the Federal Circuit considered the issue of which law applied, Federal Circuit or state law. In determining whether personal jurisdiction was present the court held that:

with regard to the federal constitutional due process analysis of the defendant's contacts with the forum state in patent cases, we do not defer to the interpretations of other federal and state courts... However, in interpreting the meaning of state long arm statutes, we elect to defer to the interpretations of the relevant state and federal courts, including their determinations regarding whether or not such statutes are intended to reach the limit of federal due process.

Accordingly, the court applied New York state law and concluded that two letters sent into New York did not constitute transaction of business and the long-arm statute did not apply.

Doctrine of Assignor Estoppel Prevents Validity Challenge Despite Warranty Disclaimer

In *Mentor Graphics Corp. v. Quickturn Design Systems, Inc.*, 97-1564 (Fed. Cir. August 5, 1998), the issue of assignor estoppel was addressed by the Federal Circuit. In this declaratory judgment action seeking a

declaration of invalidity and non-infringement, Mentor was the original owner of the patent suit. In 1992, Quickturn purchased some of Mentor's assets, including the patent in suit for \$200,000. The sales agreement included a warranty disclaimer whereby the seller stated that it had transferred the technology without any warranty or representation and that the sale was made on an "as is, where is" basis. Subsequent to selling the patent, Mentor purchased a French company, Meta, which had commenced making the accused product prior to the transfer of the patent from Mentor to Quickturn.

After suit was brought, Quickturn moved for a preliminary injunction. The District Court granted the injunction. Plaintiffs argued that there was no likelihood of success on the issue of the validity of the patent. The District Court rejected this argument concluding that assignor estoppel barred both plaintiffs from challenging the validity of the patent in suit. On appeal, Mentor argued that the warranty disclaimer in its sales agreement reserved to it the right to challenge the validity of the patent. Meta argued that the doctrine of assignor estoppel did not apply because Meta developed the accused products well before being sold to Mentor. The Federal Circuit rejected plaintiff's challenge to the doctrine of assignor estoppel. The Court of Appeals stated:

to overcome the presumption of assignor estoppel, the sales agreement between Mentor and Quickturn would have needed to include express language reserving Mentor's right to assert an invalidity challenge. This general warranty clause however, could exacerbate the injustice of changing the doctrine of assignor estoppel to permit Mentor to assert invalidity. While negotiated price reflects the allocation of risk that a third party would succeed in having the '473 patent declared invalid, Mentor's disclaimer might prevent Quickturn from obtaining a refund of its purchase price in the event Mentor successfully asserted invalidity. Such a result would not reflect the reasonable expectations of the parties when they negotiated the sales agreement.

With respect to Meta's argument that it should not be bound by Mentor's agreement with Quickturn, the Federal Circuit affirmed the District Court's conclusion that there was privity between Mentor and Meta. "Given Mentor's control over Meta's operations, the District Court found privity between Mentor and Meta. Due to this privity relationship, it is irrelevant that Meta, after the sale to Mentor, is continuing the business it was in before the sale.

The Federal Circuit did acknowledge, however, that assignor estoppel did not preclude the estopped party from arguing that the patent is entitled to only a narrow claim construction or that the accused device is within the prior art and therefore cannot infringe.

Standard of Proof to Invalidate Patent For Defective Inventorship

In *Pannu v. Iolab Corp.*, 97-1466, 97-1501 (Fed. Cir. August 6, 1998), the defendant Iolab appealed a decision by the District Court granting plaintiffs motion for judgment as a matter of law that defendant could not invalidate the patents in suit on the ground of improper inventorship. The Federal Circuit reversed the grant of J.M.O.L. and vacated the judgment of infringement.

The District Court decision placed the burden of proof on the alleged infringer, Iolab, to demonstrate that Pannu acted in bad faith in failing to name a third party, Link, as an inventor. Since Iolab submitted no evidence of bad faith by Pannu, the district court ruled that inventorship could be corrected under 35 U.S.C. §256

On appeal the Federal Circuit analyzed the relationship between Section 102(f) and Section 256 and concluded:

When a party asserts invalidity under section 102(f) due to non-joinder, a district court should first determine whether there exists clear and convincing proof that the alleged unnamed inventor was in fact a co-inventor. Upon such a finding of incorrect inventorship, a patentee may invoke section 256 to save the patent from invalidity. Accordingly, the patentee must then be given an opportunity to correct inventorship pursuant to that section. Non-joinder may

be corrected 'on notice and hearing of all parties concerned' and upon a showing that the error occurred without any deceptive intent on the part of the unnamed inventor.

The court concluded that a patent with improper inventorship does not avoid invalidation simply because it might be corrected under section 256. Rather, the patentee must first claim entitlement to relief under the statute, and if such a claim is made, the court must give the patentee an opportunity to correct the inventorship. If the inventorship is successfully corrected, section 102(f) will not render the patent invalid. On the other hand, if the patentee does fail to claim relief under the statute and a party asserting invalidity proves incorrect inventorship, the court should hold the patent invalid for failure to comply with section 102(f). Accordingly, the Federal Circuit vacated and remanded the case to the District Court.

Patentability of Computer Programs

In *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 96-1327 (Fed. Cir. July 23, 1998), the District Court's decision granting plaintiff's motion for summary judgment that the patent in suit was invalid on the ground of unpatentability of the claimed subject matter under Section 101 was reversed by the Federal Circuit. The patent in suit related to a system that facilitates a structure whereby mutual funds pool their assets in an investment portfolio organized as a partnership. The investment configuration provides the administrator of a mutual fund with the advantageous combination of economies of scale in administering investments coupled with the tax advantages of a partnership. State Street negotiated with defendant for a license to use the patented data processing system. When negotiations broke down, State Street brought a declaratory judgment action asserting invalidity, unenforceability and non-infringement and moved for partial summary judgment. On appeal, the decision granting summary judgment was reversed. The Court rejected plaintiff's arguments that the patent covered an unpatentable mathematical algorithm stating:

Today, we hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces 'a useful, concrete and tangible result'--a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and subsequent trades.

The Federal Circuit also rejected plaintiff's argument that the claims of the patent covered a business method that was also unpatentable subject matter. According to the Federal Circuit, the business method exception merely represents an "application of some general, but no longer applicable legal principle, perhaps arising out of the 'requirement for invention' - which was eliminated by section 103." The grant of summary judgment was reversed and case was a remanded to the District Court.

Calendar of Events

November 16-17, 1998

Intellectual Property Owners Association (IPO) Annual Meeting, ANA Hotel, San Francisco, California

December 9, 1998

Intellectual Property Owners Association and U.S. Patent and Trademark Office PTO Day, International Trade Center (Ronald Reagan Building), Washington, D.C.

January 30-February 2, 1999

ABA-IPL Section, ABA - IPL 1999 Midwinter Meeting, Hyatt Regency Grand Cypress,
Orlando, Florida

February 3-6, 1999

American Intellectual Property Law Association, Mid-Winter Meeting, Walt Disney World
Swan, Orlando, Florida

| [NYIPLA](#) | [History](#) | [Officers and Directors](#) | [Calendar of Events](#) | [Judge's Dinner](#) |
| [Membership](#) | [Directory](#) | [Bulletin](#) | [IP Links](#) | [Facts on IP](#) |