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President's Corner

It is hard to believe that this Association year is half over. Many activities have caused the time to fly by. There was the successful Fall CLE Weekend and the new rules for mandatory CLE in New York. The Association considered and submitted comments on the proposed rules. I am pleased to report that the New York CLE Board heeded at least one of our suggestions and that "intellectual property" is now set forth as one of the substantive areas of law for CLE study. I also want to thank Ed Vassallo (CLE Committee Board Liaison) and Anthony Giaccio (CLE Committee member) for their efforts in preparing applications for designation of the NYIPLA as an approved CLE provider.

Association's CLE Efforts

These mandatory CLE requirements have also spawned increased planning for 1999 CLE events. The CLE Committee (chaired by Ira Levy) and the Young Lawyer's Committee (chaired by Leon Bechet) have already begun to put together plans for a 1999 Fall CLE Weekend. The committees are exploring possible co-sponsorship by the New Jersey and/or Philadelphia Intellectual Property Law Associations. Consequently, they are looking at venues in New Jersey and Pennsylvania. The CLE Committee is also preparing a proposed syllabus for the program.

The Board of Directors enthusiastically supports the Association's CLE efforts. There is a genuine desire to meet the needs of our members by providing CLE programs tailored to their interests. In order to permit anticipated growth of CLE programs, the Board of Directors is considering a proposal by Star Consulting in which Star would assist in planning and promoting future CLE events. The NYIPLA has enjoyed a long association with Star in connection with the annual Judges' Dinner. Star's familiarity with the NYIPLA will enable it to assist with the planning and running of the programs. It is the Board's expectation that this will allow the CLE Committee to devote more time to substantive program issues.

Eric Prager and the Trademark Committee are also making plans for a CLE program on ethics to be held in New York City. The Committee has observed differing opinions on the ethical considerations of conducting investigations of trademark owners. Legal scholars and practitioners apparently disagree upon the ethically permissible parameters of such investigations. The Committee is exploring these views and will be presenting a program outline at a future Board meeting. This is another example of the Association's desire to provide members with relevant programs on ethics to meet their four-hour mandatory CLE requirement.

Committee Work

I am pleased to report that other committees have been enjoying an active year. Fred Dorchak and the Committee on Patent Law were called upon a third time this year to prepare a report for the Board. This time the Committee prepared a report on the proposed changes to the PTO Patent Rules of Practice. The report obtained unanimous Board approval and was submitted to the PTO. I am very grateful to Fred Dorchak for his spearheading of these efforts.

With the grant of certiorari by the Supreme Court in *In re Zurko*, the Legislative Oversight and Brief Amicus Committee (chaired by Bruce Wexler) was given another opportunity to write on the issue of the scope of review to be accorded PTO administrative decisions on issues of patentability. The committee submitted an amicus brief last year to the Federal Circuit during its *en banc* consideration of this issue. Bruce Wexler authored the amicus brief for the NYIPLA that was recently submitted to the Supreme Court. The brief was reviewed by members of the Committee on Patent Law and the Board of Directors. My thanks to Bruce Wexler for his efforts on behalf of the Association.

On January 14, Thomas Beck, as Chair of the Committee on Litigation Practice and Procedure, and past presidents John Pegram and Al Robin, attended a meeting on litigation in the Southern District of New York. The meeting was called by Chief Judge Thomas Griesa and was also attended by Judges Baer, Cote and Wood. Judge Griesa afforded the opportunity for the NYIPLA to raise issues of concern in litigating intellectual property issues before the Court. Our representative members discussed a number of issues with the Court, including discovery issues and possible interest in judicial participation in an intellectual property inn of court. Tom Beck reported on the meeting to the Board of Directors. Hopefully, this dialog with the Court will continue at future meetings.

A reminder that the Young Lawyer's Committee will be sponsoring a ceremonial admission to the Bar of the Supreme Court on Monday, May 3, 1999. Leon Bechet and his Committee are hoping to put together a weekend package that will include a reception and dinner Sunday evening. The admission ceremony will be preceded by a breakfast in the Supreme Court building. Peter Saxon will move the admission of the NYIPLA members. The ceremony is limited to 50 persons, so look for the notice enclosed with this issue of the *Bulletin* and reserve your place early.

I am looking forward to the second half of my tenure. Plans are well underway for our next major event, the 77th Annual Dinner Honoring the Federal Judiciary. The Hon. Joseph. M. McLaughlin of the Court of Appeals for the Second Circuit will be our keynote speaker. I look forward to seeing you at the dinner.

News From the Board of Directors

by *Melvin C. Garner*

The Board of Directors met at the Yale Club on Tuesday, November 24, 1998. President Howard Barnaby presided. Leon J. Bechet of the Consonance and Harmonization in the Profession Committee, Bruce M. Wexler of the Legislative Oversight and Amicus Briefs Committee, Rory J. Radding of the Membership Committee and Frederick J. Dorchak of the Patent Law and Practice Committee were in attendance at the request of the Board.

The minutes of the Board Meeting of October 20, 1998 were presented by Melvin Garner. The minutes were approved without modification.

John Murnane presented the Treasurer's report dated October 31, 1998. Mr. Murnane also distributed a copy of the Treasurer's Report of October 31, 1997 which shows that the Association has \$28,000 more this year than at the same time last year. However, he noted that we have not yet received a bill from the

Nevele Hotel for the CLE weekend. Also, the report shows that the Association took in \$11,000 more than it spent during the last month.

In response to a request at the prior Board meeting, Mr. Murnane determined the number of people who are on the Association mailing list who had not paid dues for 1997. There were three such members and Mr. Murnane distributed a memorandum listing their names. It was decided that Mr. Murnane would call these members to determine why they had not yet paid the 1997 dues.

Mr. Murnane reported that in a response to a request from him, the bank has agreed to waive bank fees on our account and to reimburse the Association for bank fees it has already paid this year. One of the Association's CD's for \$25,000 has matured and the amount has been reinvested in a further CD. Also, the Association received approximately \$4,580 in dues during the month of October. On a motion by Robert Neuner, which was seconded by Charles Baker, the Treasurer's Report was adopted.

Mr. Barnaby noted that Mr. Levy of the CLE Programs Committee had the responsibility of preparing the Association's application to be a CLE provider in New York State. He also noted that credit for the CLE weekend at the Nevele Hotel could be approved if the Association becomes accredited within ninety (90) days of that event. Mr. Barnaby noted that the Association had sent a letter to the New York State Office of Court Administration commenting on the proposed CLE rules and had received a letter of acknowledgment. Mr. Garner reported that Mr. Levy was away on a trial in California, and thus it was not likely he was actively pursuing the Association's CLE application. It was therefore decided that Mr. Anthony Giaccio, another member of the CLE committee, should be asked to take over the work of preparing the application.

Mr. Barnaby reported that David Lee is organizing a PCT forum to be held at Fordham Law School on May 24-25, 1999. This forum is to be held in conjunction with the AIPLA. William Dippert is coordinating with Fordham Law School. Susan McHale stated that the Fordham Law School meeting last year was not well attended and suggested that the Association make an extra effort to improve attendance. It was noted, however, that this meeting is being held in conjunction with the AIPLA so that attendance should be higher. Mr. Barnaby is checking to see if the Association has any financial obligation with respect to the forum.

Mr. Bechet of the Consonance and Harmonization in the Profession Committee reported that his committee held a reception for young lawyers on Tuesday, November 17th. The cost was approximately \$60 per person, but the lawyers were only charged \$30. Approximately 41 people attended. Thus, the Association subsidized the event in an amount of approximately \$1,940. Over half of the attendees were first- or second-year attorneys. Mr. Bechet reported that such receptions were a good way to inform young attorneys of the activities of the Association beyond the Judge's Dinner. It was his view that partners of member firms should promote these events and make it clear that they back them and will subsidize the cost.

Mr. Bechet's committee also considered whether young lawyers would be willing to participate in, and help plan, a CLE weekend. He indicated that they would be interested and suggested that there be a speaker at such a weekend who would address issues for young lawyers.

Edward Blocker stated that the Committee should notify senior partners about receptions for young lawyers so they could encourage attendance. Last year, the senior partners were notified and over 100 people attended. This year there were only 41. Edward Vassallo suggested that the Harmonization Committee and the CLE Committee discuss cooperation for the next meeting so that attendance could be increased. John Sweeney noted that this was an additional reason for the Association quickly to become qualified as a CLE provider. Ms. McHale suggested that the Meetings and Forums Committee also be included in these discussions.

Mr. Barnaby suggested that the Association's logo be registered as a service mark. He offered to have his firm do it at no cost to the Association, except for the filing fee. There was a consensus that he should

proceed with this. Mr. Barnaby also noted that the logo was outdated, and that the Association should have a new logo. There was a consensus that Mr. Barnaby could proceed to get quotes for the design of a new logo.

Mr. Dorchak asked for the views of Board members on the Patent Law and Practice Committee's comments on the proposed changes to the Patent and Trademark Office ("PTO") rules of practice. These had been distributed with the notice of the meeting. Mr. Murnane commented that the paragraph on page 8 above item 10 should be deleted. In his view, it should not be a burden for an attorney to provide the PTO with a copy of a U.S. Patent application identified in an Information Disclosure Statement. Mr. Vassallo urged that the sentence reading: "This allegation is perplexing." on page 5 be deleted. He also questioned the meaning of the last paragraph on page 3. Mr. Dorchak explained the meaning and agreed to clarify the language. Teresa Gillis objected to the language on page 8, which states: "Obvious citation 'dumps' of clearly irrelevant matter could be discouraged by requiring in such extreme cases that each citation's importance relative to each independent claim be described." It was her view that the definition of a "dump" was too ambiguous for any rational rule. Further, she noted that the requirement for certification that each citation has been personally reviewed by the registered practitioner was too great, in that many practitioners supervise others who may have reviewed the citations. Ms. Gillis also said that the Association should *not* support the proposed rulemaking of item 10 on page 8, contrary to that suggested in the comments.

Mr. Barnaby noted that on page 12, line 6 "Fees such" should be "Fees at". He also noted that on page 13, four lines from the bottom, "is the PTO" should be "if the PTO". On a motion by Ms. Gillis, seconded by Mr. Neuner, the comments were approved as amended.

Mr. Wexler of the Legislative Oversight and Amicus Briefs Committee noted that the U.S. Supreme Court had granted *certiorari* in the *In Re Zurko* case, which sets forth the standard of review of Patent Office decisions by the Federal Circuit. The Association had previously submitted an amicus brief when the case was before the Federal Circuit. It was the consensus of the Board that Mr. Wexler's committee should also file an amicus brief taking the same position with the U.S. Supreme Court. Such a brief is due January 18th. Mr. Wexler's committee will prepare a draft and have it reviewed by Mr. Dorchak's committee on Patent Law and Practice. The brief will be distributed to Board members individually for their review and comment.

Mr. Dorchak reported that he is the Association's designated representative on the PTO *Ad Hoc* Committee. Apparently there had been complaints that the Association was not rotating its representative on the committee. However, such is not the case since the chairperson of the Patent Law Committee changes every three years and that chairperson is always the Association's representative.

Mr. Radding of the Membership Committee went over the letter he sent to Mr. Blocker, which was attached to the notice of the meeting. He suggested that committee choices be placed on the application so that a new member can choose a committee at the time he joins the association. This suggestion was adopted. He also suggested that reduced dues be charged for a first year membership and that CLE requirements be emphasized as part of the membership drive. This would include CLE credit for attending the monthly meetings at the Cornell Club. In order for these to qualify for CLE credit, the speaker must present a written paper, he must speak for at least 50 minutes for a full hour of CLE credit and the Association must distribute forms for evaluating the speaker at the meeting. He suggests that the CLE committee work with the membership committee on this.

Mr. Radding also suggested that foreign attorney consultants who work in the New York area be invited to become associate members, even though they are not admitted to the Bar in New York. It was suggested that the By-Laws may already allow this. Mr. Murnane noted that there had been objections in the past to opening up membership to the Association to foreign patent agents who are not attorneys in their home country. Mr. Radding assured the Board that his focus would be on those people who are attorneys in their home country.

Mr. Radding reported that Jack Olivo of the committee is writing to law schools to try and encourage membership. Attached to Mr. Radding's letter to Mr. Blocker was a draft letter from the Association welcoming new members. This letter was approved and it was agreed that it would come from the President of the Association.

Ms. McHale noted that the Official Gazette gives the names and addresses of people who have recently passed the Patent Bar. She suggested that a membership application be sent to these people along with a letter congratulating them on passing the Bar. The one problem is that some of these people may only be agents and not attorneys. However, it was suggested that it could be made clear in the letter that only those who are attorneys are eligible for membership.

The question of life membership for Steven Frishauf and Richard Huettnner was discussed and approved.

Ms. McHale reported on the luncheon meeting at which attorneys from the firm of Anderson Kill spoke on insurance implications of intellectual property law. This report was prompted by a letter that Mr. Neuner sent to other Board members about the meeting. Ms. McHale noted that the committee had approved this topic during the summer and that the timing of it occurred because Senator Moynihan could not make a speech that had been planned. She noted that the speakers from Anderson Kill were informed that they could not mention any other law firm and their materials were reviewed to make sure that they did not refer to other law firms. In addition, promotional material for the Anderson Kill firm was removed from the material before it was distributed.

Mr. Neuner noted that the selection of Anderson Kill to speak on this topic appeared to be bad timing because Anderson Kill had distributed a letter to many Association members raising a malpractice issue based on insurance law with regard to a firm with a number of members in the Association. He suggested that the committee be sensitive to these matters in the future. Mr. Barnaby agreed that the committee should be sensitive to these matters. Ms. McHale distributed a list of upcoming speakers and topics for review by the Board. No concerns were expressed with regard to the speakers and topics on the list. Alice Brennan also suggested that the committee be more sensitive to these issues. Mr. Garner noted that under the circumstances Ms. McHale took responsible action to prevent any unnecessary harm.

There being no further business, on motion the meeting was adjourned.

Pending Legislation

by Edward P. Kelly

PATENTS

The New Year brought to fruition legislation which lowered fees for filing and maintaining patents. This is apparently the first time that filing and maintenance fees have decreased. The legislation (HR 3723) signed by the President in November 1998 related to a prior bill passed in 1990 -- the Omnibus Budget Reconciliation Act. The 1990 Act dated back to a time when Congress imposed a patent fee surcharge to help reduce the national deficit. In fact, over the years, surpluses from the PTO have been diverted for government debts unrelated to PTO activities. (\$71 million was diverted last year, despite objections and opposition by patent groups.) The 1990 surcharges expired in October 1998, so fees normally would decrease. One means of ensuring that there could be no further diversion of PTO revenues is to ensure that there is no surplus. Therefore, groups which objected to diversion supported the legislation that would authorize the PTO to further reduce fees. The legislation signed by the President authorized the PTO to reduce filing, issuance, reissuance and maintenance fees. For instance, the issue fee was reduced to \$1210 from \$1320. (The fee reductions actually are retroactive to October 1, 1998.)

Patent legislation relating to plant patent coverage also made its way into law late last year. The President

signed HR 1197 which amended 35 U.S.C. 163. The patent law provided 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 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) signed by the President late last year further sealed this loophole. The bill amends 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.

COPYRIGHTS

In the copyright area, the term of copyright has now been extended by virtue of a bill signed by the President in November 1998. Works that previously were protected for the life of the author plus fifty years received a twenty-year extension. The new term is the life of the author plus 70 years. Copyrights which are in their first term on January 1, 1998 also receive an additional 20 years on their renewal terms.

A bill relating to the implementation of two international copyright treaties and limiting liability of online providers also was enacted before the close of the year. 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 signed by the President. 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 that grants 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 15 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. The new law pertaining to the boat industry represents the only industrial design provision to survive more than 15 years of debate in the House and Senate.

TRADEMARKS

Madrid Protocol

There are other intellectual property bills pending in the House and Senate which have not been enacted. In the trademark area, a bill is still pending that would allow the United States to accede to the Madrid Protocol. The Madrid Protocol is a treaty among 16 European countries which provides reciprocal trademark rights based upon a single international filing. Last spring, the House passed a bill (H.R. 567) which would amend the Lanham Act to allow to U.S. accede to the Madrid Protocol. U.S. membership in the Protocol would benefit trademark owners who desire to file trademark applications in several European countries. Normally, the cost of filing in several countries would be quite expensive. A single filing under the Protocol would save expenses of filing in each country and would prove beneficial to small businesses. U.S. accession to the Madrid Protocol would also allow U.S. companies to acquire international registrations. Under the Madrid Protocol, a registration currently cannot be assigned to a company that is not a domiciliary of one of its members. Previous efforts to send this legislation to the President were blocked due to a dispute over an imbalance in voting rights that the U.S. would be subject

to as a member of the Protocol. Commentators have recently noted that the voting rights issue may soon be resolved. 1999 may be the year the U.S. finally accedes to the Madrid Protocol.

Trademark Treaty Harmonization Bill

Congress is also working to bring the U.S. into adherence with another international trademark treaty. There are 11 countries, including the United States, which signed an international Trademark Law Treaty in 1996. 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 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.

Domain Name Study

The government is expected to continue its study relating to the adoption of a second level of domain names. 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.

ARTICLE 2B OF THE UNIFORM COMMERCIAL CODE

Article 2 of the Uniform Commercial Code generally covers the sale of goods. The UCC has been adopted in some form in virtually every state of the United States except Louisiana. The Code generally governs transactions between merchants, as opposed to consumers, and attempts to impose a predictable body of law among merchants in their commercial transactions. The UCC does not, however, cover the licensing of intangible property. Therefore, it is not directly applicable to intellectual property licenses or software licenses. The enforcement of licenses for intangible goods is currently enforced in many instances under the state law that governs the transaction.

There are many groups that contribute to changes in the UCC laws. These drafting committees turned to the issue of software licenses in 1996 to determine if these licenses should be covered under a new Article 2B of the Uniform Commercial Code. Proposals were made to apply a uniform body of law to shrinkwrap licenses. For instance, should a software publisher's disclaimer of implied warranties be enforceable against a purchase who was not aware of the disclaimer at the time of purchase? As comments were made and other ideas were considered, the scope of the recommendations to amend the UCC broadened to include any licenses of information, not just software licenses. Many organizations objected not only to the broadening of the scope beyond software licensing transactions, but also to the provisions that cover software licenses. The drafts were later narrowed so that they do not broadly include all information licenses. Still, many opponents have set forth opposition against the bill. For instance, a coalition of law school intellectual property professors has opposed Article 2B on several grounds, including the asserted ground that the draft in its current form would confuse rather than simplify the relationship between intellectual property toward state contract law. Others oppose the draft on the ground that it is anti-consumer and favors the interests of software publishers by excluding liability for software defects known

to publisher. (See letter of Cem Kaner to American Law Institute October 1997.)

The UCC drafting committee is reviewing final comments and intends to present a final draft as early as July 1999.

Recent Decisions of Interest

By *Thomas A. O'Rourke*

Patents

The Doctrine of Equivalents

Insituform Technologies, Inc., v. Cat Contracting, Inc., 97-1232 (Fed. Cir. Oct. 30, 1998) takes the place of a September 10, 1998 decision (*Insituform I*) handed down by the Federal Circuit. The original opinion was withdrawn. In this case, the defendants argued that the Supreme Court's *Warner-Jenkinson* decision, issued after remand in *Insituform I*, further limited the doctrine of equivalents so that it could not apply to the facts in the case. Defendants asserted that when Insituform amended claim 1 in response to a § 103 rejection of application claims 1-6, Insituform necessarily gave up coverage of any process in which a vacuum was created at multiple vacuum sources because it provided no explanation for such a narrowing amendment. The stated reason in the response for Insituform's amendment to overcome the Everson reference was to avoid the need to use a large compressor when the vacuum is created a significant distance from the resin source.

The *Warner-Jenkinson* presumption was inapplicable because Insituform made clear that the reason for the amendment was to overcome the prior art, which taught creation of a single source vacuum at the far end of the liner. In the remarks, Insituform explained that the use of the claimed method and its prosecution statements did not negate the litigation-proffered explanation for the amendment. Accordingly, the Federal Circuit held that:

Insituform did explain the reason for its changes in claim 1, and those reasons did not prohibit application of the doctrine of equivalents completely, but only with respect to the subject matter surrender of a large, single vacuum source placed a significant distance from the resin front. We conclude, as we did in *Insituform I*, that "prosecution history does not estop Insituform from asserting that the right to exclude extends broadly enough to cover either Process 1 or Process 2." *Id.* *Warner-Jenkinson* changed nothing applicable here.

Defendants also asserted on appeal that the district court's function-way-result analysis was flawed because it described the prior art Everson patent. Although the Federal Circuit did not agree that the district court's function-way-result analysis would encompass the Everson patent, the Court nevertheless held that the district court's function-way-result analysis involved too much overlapping with the prior art and was also overly broad. Specifically, the Court noted that: "the district court's identification of the limitation's 'function' merges with the 'way' and the 'result': to provide a vacuum, to be connected to a vacuum source, and to produce a satisfactory vacuum at the resin front all define basically the same thing."

Another factor that affected the Court of Appeals' equivalent infringement analysis was the inventor's pre-filing attempt to use a needle instead of a cup. For a reason that was disputed by the parties, the inventor changed to a cup, and when the patent application was filed, no mention of the possible use of a needle was made. Insituform argued that the inventor's early use of needles shows that needles are old in the art and are known substitutions for cups. Defendants argued, however, that the inventor's "failure" with needles is evidence of a substantial difference between needles and cups. The Federal Circuit agreed with defendants and stated: "The evidence that the inventor first tried to use needles and then changed to cups without disclosing to the public that needles were, indeed, an option, supports an inference that the

inventor was unable satisfactorily to practice his claimed method using a needle instead of a cup."

The Federal Circuit held that, based on the evidence of substantial differences between the claimed single cup process and the accused multiple needle process, and the district court's legal errors in defining the "way" in its function-way-result analysis and dismissing structural differences as irrelevant, the district court committed reversible error in finding that defendants' multiple needle process infringed Insituform's claim 1 under the doctrine of equivalents. According to the Court, "Once the 'way' is correctly defined and the structural differences are properly considered, no reasonable trier of fact could have found the claimed single cup process and the accused multiple needle process to be equivalent."

Inducing infringement was the final issue before the Court. Defendant KM asserted that its acts could not establish liability for inducing infringement of the '012 patent, because all of the accused infringing acts occurred before KM knew of the patent. Since a crucial element of induced infringement is that the inducer must have actual or constructive knowledge of the patent, the Court held that there was no inducement of infringement.

Design Patent Infringement

Goodyear Tire & Rubber Company, v. Hercules Tire & Rubber Company, Inc., 97-1199,-1223 (Fed. Cir., Nov. 10, 1998)(Newman, C.J.) was a design patent infringement case where the patent related to a tire design. One of the issues in this case was the qualifications of the ordinary observer. The Federal Circuit addressed the claim construction aspects of the selection of the ordinary observer, stating: "The court explained that if the '080 design were used more broadly than on truck tires, the court would have considered a broader definition of the ordinary purchaser. We discern no clear error in the district court's reasoning, for it would have sufficed to have considered only the actual use of the accused infringing tread as the field of purchase by the ordinary observer."

The standard of design patent infringement is whether a purchaser would be misled, by the design similarity imparted to the article by the copier, into thinking that it is the patentee's design that is being purchased. Thus, the Court concluded, the focus is on the actual product that is presented for purchase and the ordinary purchaser of that product. The accused tire was a truck tire. The district court considered the ordinary trucker or fleet operator who purchases truck tires as the person from whose viewpoint deceptive similarity to the '080 design was determined, and the Federal Circuit agreed.

The Federal Circuit also addressed the issue of infringement of a design patent. Design patent infringement requires that the designs have the same general visual appearance, such that it is likely that the purchaser would be deceived into confusing the design of the accused article with the patented design. In addition, the accused design must also contain substantially the same points of novelty that distinguished the patented design from the prior art. Similarity of overall appearance is an insufficient basis for a finding of infringement, unless the similarity embraces the points of novelty of the patented design. While it is the design as a whole that is patented, the distinctions from prior designs formed the court's understanding of the patent.

To distinguish its design from the prior art during the prosecution history, Goodyear identified nine features of the '080 tread that, separately or in combination, distinguished over the prior art. Goodyear also argued to the Examiner that "this is a crowded art where small differences can result in recognized overall appearance." The Federal Circuit concluded that the district court did not clearly err in giving weight to those aspects of the '080 tread that were necessary design aspects in sustaining the validity of the patent, some of which Goodyear had identified as points of novelty during patent prosecution:

Since several significant points of novelty of the '080 design do not appear in the accused design, the district court did not clearly err in finding that the "points of novelty" test was not met. Although there are apparent similarities in the overall appearance of the designs, we affirm the conclusion that the trucker as ordinary observer would notice the differences in the designs and recognize that they are not colorably the same.

Claim Construction

In *Bai v. L & L Wings, Inc.*, 98-1008 (Fed. Cir. Nov. 3, 1998), the issue for patent infringement was the meaning of the term hemispherical as used in the claims. The Federal Circuit turned to the prosecution history to determine the meaning of the term.

In this case, the reason for the "hemispherical" amendment is clear from the record. The examiner made only one rejection; he stated that the prior art, specifically referring to the Hartel patent which discloses a dish-shaped glove, rendered obvious the combination of a target, a glove and a dish shape. Bai responded, *inter alia*, by adding the limitation "hemispherical" to the glove element. Thus, the term "hemispherical" was clearly an attempt by Bai to differentiate his invention over the Hartel patent.

Because it was clear that the "hemispherical" limitation added to the claim directly addressed the citation of the Hartel reference, the Court concluded that the limitation had been added to distinguish Hartel even though Bai did not specifically address the Hartel patent in his remarks to the examiner. In addition, Bai's boilerplate remark to the examiner that he amended his claims to "specifically and expressly recite the structural details" of his invention did not affect the Federal Circuit's conclusion as to claim construction. Bai's argument that this language conveyed to the examiner his intent to add the term "hemispherical" for clarity purposes was unpersuasive to the court since there was no evidence that clarity was a problem with Bai's claims. The *Warner-Jenkinson* presumption did not apply because the reason for amendment was readily apparent from the prosecution record.

Bai also argued that the deletion of the term "hemispherical" from the interference count when the application was in interference demonstrates that the earlier insertion of that term into the claim was not made to overcome a rejection on the ground of unpatentability of the claim. This argument was also not persuasive. The Federal Circuit stated:

As indicated above, it is clear to us that the term "hemispherical" was inserted to overcome the prior art rejection. The subsequent action of the examiner in the interference did not undo that fact. It merely responded to the motion by the opposing party to broaden the count, not the claim, for purposes of the interference, presumably to enable the opponent to present proof of priority with respect to subject matter broadly defined to encompass interfering subject matter, including that which was not hemispherical. The reformulation of the interference count was therefore not a determination that Bai's claim was allowable over the prior art without the term "hemispherical."

Obviousness

In *ATD Corporation, v. Lydall, Inc.*, 97-1308, -1356 (Fed. Cir., October 6, 1998) (Newman C.J.), a holding of invalidity was reversed. ATD argued that there was no substantial evidence to support a finding that the prior art contained a teaching or suggestion to combine selected portions of the prior art in order to create the patented structure or method. ATD also argued that the jury must have improperly reasoned with the hindsight of ATD's successful accomplishment. Lydall relied on the same group of references for anticipation and for obviousness.

The Federal Circuit held there was no anticipation because none of the references disclosed the invention. On the issue of obviousness, Lydall pointed to no evidence supporting the obviousness determination, other than the conclusory opinion of its expert witness. In reversing on the issue of obviousness, the Federal Circuit stated:

Lydall does not direct us to any evidence of a teaching or suggestion to select the components that ATD's inventors selected, from the crowded field of insulation technology, to produce the product and method of the '743 and '577 patents. Lydall's witnesses themselves expressed the view that such compression would be undesirable, providing cogent evidence that one of

ordinary skill would not have deemed it obvious to compress the layers of an insulating device for heat sink purposes. Absent substantial evidence of such teaching or suggestion in the prior art or in the general knowledge of persons of ordinary skill in the field, there was not substantial evidence to support the jury's verdict of obviousness.

Another issue before the court related to the exclusion of a prior art patent at trial by the district court. Lydall argued that although the Munters patent was not disclosed in response to any of the discovery requests or during the discovery period, it should not have been excluded because it was disclosed in accordance with 35 U.S.C. §282. According to Lydall, §282 overrides any discovery schedule set under the Federal Rules of Civil Procedure, because these Rules were instituted in 1938 whereas §282 was reenacted as part of the 1952 Patent Act. The Federal Circuit disagreed, stating: "when the court has set and the parties have agreed to a discovery period, that procedure necessarily governs that trial. Thus although §282 sets a minimum period for the identification of prior art to be introduced as evidence of anticipation, a specific judicial directive for the timing of discovery establishes the procedures to which the parties are bound."

Reexamined Claims

Anderson v. International Engineering and Manufacturing, Inc., 98-1062,-1068
(Fed. Cir. Nov.2,1998) (Newman, C.J.)

The invention of the '055 patent related to a method of inserting and securing small pointed studs into snowmobile tracks. The studs provide additional traction, of particular advantage at high speeds on ice. The issue on defendants' motion for summary judgment was whether the claims, original and reexamined, encompassed a manual tool removal system in which the tool for inserting and securing the studs continues to grip the stud head after it is drawn completely into the track, rather than an automatic tool disengagement system. Defendants argued that, if the claims as modified on reexamination were read broadly enough to reach defendants' systems, as Anderson argued, the claims were impermissibly enlarged and were invalid.

According to the Federal Circuit, the dispositive question was whether the original claims have the meaning sought by Anderson for the reexamined claims, stating:

"If the original claims, correctly construed, encompass a system that does not automatically disengage the stud head from the tool, then the claims were not impermissibly broadened on reexamination. But if the original claims are limited to automatic disengagement of the tool by action of the resilient track, then on Anderson's interpretation of the reexamined claims they are broadened in scope, contrary to 35 U.S.C. §305."

The question of claim scope before and after reexamination was deemed by the Federal Circuit to be a matter of claim construction, and therefore subject to de novo review on appeal. After analyzing the claims and the specification the Court concluded that the reexamined claims were limited to an automatic disengagement system:

"We conclude that original claim 1 is limited to systems wherein the stud head is automatically disengaged from the tool, and is not generic to systems wherein the tool remains engaged with the head until it is manually removed upon completion of assembly. Since Anderson's position is that the reexamined claims have this broader meaning, we affirm the ruling of the district court that reexamination claim 1 and dependent claims 2-6 and 12 are invalid."

