

**NYIPLA**<sup>®</sup>

August/September 2009

# Bulletin

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## When Your Case May Hang on a Single Comma: *Ariad* Revives the Written Description Debate under 35 U.S.C. §112, ¶1

*By Dorothy R. Auth and John P. Halski*

For over four decades, patent practitioners have struggled to cut through a seemingly ever-growing thicket of not necessarily consistent jurisprudence concerning the meaning of the first paragraph of 35 U.S.C. §112. Of particular concern is whether the first paragraph of Section 112 only requires that the specification *enable* the skilled reader to make and use the invention, or whether it also demands that the specification convey that the inventor actually *possessed* the claimed invention at the time of the application. After years of allowing the question to percolate, the Federal Circuit has at last decided to tackle the controversy head on, having granted a petition for rehearing *en banc* by the plaintiffs in *Ariad Pharmaceuticals, Inc. v. Eli Lilly and Co.*, 560 F.3d 1366 (Fed. Cir. 2009). Specifically, the Federal Circuit will address whether Section 112 contains a separate written description requirement and, if so, what the scope and purpose of that

requirement is. The rehearing *en banc* is bound to be one of the most closely watched proceedings this year, and the validity of countless patents may hang on the grammatical significance of a stray comma.

### Basis for the Written Description Requirement

Originally appearing in 1870, the first counterpart of 35 U.S.C. §112, ¶1 demands:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise and exact terms as to enable any person skilled in the art to which it pertains or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

*cont. on page 3*

**NYIPLA's**  
*Tribute to Judge William C. Conner*  
on pages 11-15

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September 2009

It is a privilege and an honor to write my first letter as President of our Association. The NYIPLA is a growing and vibrant organization, and I thank each one of you for your continued support of the Association and its mission. My term follows a highly successful year, and I would like to thank immediate past president Anthony Giaccio for his vision, leadership and dedication.

Having been involved in NYIPLA activities for 20 years, I greatly appreciate the professional and social benefits of the Association. Excellent and ethical representation is a hallmark of the Association and the opportunity to interact with so many attorneys who exemplify these values has been a true pleasure. I am fortunate to count a great number of friends among the current and former leaders of the Association and its membership.

These are exciting and challenging times for the NYIPLA and our practice. Our membership is growing and participation in committees, activities and events is increasing. During my term as President, I intend to enhance opportunities for our members to become engaged in the activities of the Association. Please join me in this effort.

This year, in addition to the filing of amicus briefs, presentation of Continuing Legal Education programs, our Judges' Dinner and our Annual Dinner and Awards Ceremony, some of my key objectives include fostering cooperation with the Conner Inn of Court and finding avenues for the NYIPLA to participate in the AIPLA spring meeting which will be held in New York City.

Following are some notable committee activities that are already underway.

- The **CLE Committee**, under the leadership of Committee Chairs Dorothy Auth and Richard Parke and Board Liaison Anthony Giaccio, has been working throughout the summer to plan the Fall one-day CLE program, which will be held on November 5, 2009. Publicity for this event has begun.
- The **Amicus Committee**, under the leadership of Committee Chairs Charles Weiss and John Hintz and Board Liaison David Ryan, has filed amicus briefs at the Federal Circuit in *Tafas v. Doll*, *Princo v. ITC* and *Shire v. Sandoz*. Chuck Miller, David Ryan and Charles Weiss wrote the briefs in those cases, respectively, which are available on our website.
- The **Meetings and Forums Committee**, under



the leadership of Committee Chairs Richard Erwine and Richard Martinelli and Board Liaison Tom Meloro, has hosted two luncheon meetings. Judge Clark of the Eastern District of Texas spoke at one meeting and Chief Administrative Judge Fleming of the Board of Patent Appeals and Interferences of the U.S. Patent and Trademark Office spoke at the other.

- The **Membership Committee**, under the leadership of Committee Chairs Joseph DeGirolamo and Paul Bondor and Board Liaison Anthony LoCicero, has been active throughout the summer in promoting membership in the Association.
- The **Corporate Practice Committee**, under the leadership of Committee Chairs Alexandra Urban and Susan McHale McGahan and Board Liaison Jeffrey Myers, has been working on a number of initiatives to increase participation by corporate attorneys.
- The **Young Lawyers Committee**, under the leadership of Committee Chairs Sonja Keenan and Andrew Stein and Board Liaison Alice Brennan, organized a happy hour event for associates and summer associates interested in intellectual property law in New York City.

Finally, I would like to extend my gratitude to Steve Quigley, Chair of the **Publications Committee**, who was instrumental in overseeing this newsletter, including the tributes to Judge Conner.

We are off to an excellent start of the Association year. I look forward to serving you during my term as President and hope to see you soon at an NYIPLA event.

There is no disagreement that this section includes at least two disclosure requirements, *i.e.* “enablement” and “best mode.” The divide amongst jurists centers on the first eleven words of the sentence. In a sense, the entire controversy may be summed up as a question of grammar, specifically whether the comma between “invention” and “and” separates out two distinct predicate phrases (the “written description of the invention” on the one hand and the remaining language that constitutes the “enablement” requirement on the other) or simply divides two descriptive phrases. Compare *In re Barker*, 559 F.2d 588, 594-95 (CCPA 1977) (Markey, dissenting) (arguing that the comma merely separates out descriptive phrases of a single requirement); *Enzo Biochem Inc. v. Gen-Probe Inc., et al.*, 323 F.3d 956, 971 (Fed. Cir. 2002) (Lourie, concurring) (arguing that the comma clearly divides two distinguishable requirements). However, despite the commentary about the “errant” comma over the years, the story of the “written description” requirement begins not with an elementary school fixation on the proper rules of English grammar but in a classroom down the hall where the early pioneers in chemistry struggled to lay down the rules for identifying (and patenting) new chemical compounds.

Ironically, the modern “written description” requirement is widely recognized as originating in 1967 with the landmark *In re Ruschig* decision (379 F.2d 990 (CCPA 1967)), where a claim directed to a chemical species was invalidated because the specification provided no clue that the claimed species was a preferred member of the disclosed genus. The claims at issue were found invalid under 35 U.S.C. §132 on the basis of new matter introduced by claim amendment. Faced with a specification that may have satisfied the enablement requirement yet provided no clear evidence that the inventors had actually *identified* the compound later claimed by amendment, the esteemed Judge Rich declared it insufficient “in finding one’s way through the woods ... to be confronted by a large number of unmarked trees” with no “blaze marks” to “single out a particular tree.” 379 F.2d at 996. The court therefore rejected the claims on the basis that the original disclosure failed to convey “in any way, the information that appellants invented that specific compound” at the time of filing. *Id.*

In keeping with the fact pattern in *Ruschig*, the “written description” requirement served for nearly 30 years as a companion piece to the “new matter” prohibitions of Section 132, policing the introduction of new matter by claim amendment that exceeded the scope of the specification as filed. *See, e.g., In re Barker*, 559 F.2d at 594 (Rich, concurring) (noting that the *Ruschig* “written description” requirement can be very easily absorbed into §132) and *In re Rasmussen*, 650 F.2d 1212, 1214

(CCPA 1981) (“This court ha[s] said that a rejection of an amended claim under §132 is equivalent to a rejection under §112, first paragraph.”).

## Raising the Bar for the Chemical Arts?

In 1997, when faced with a new challenge over patentability of DNA sequences, the Federal Circuit again turned to the *Ruschig* holding, but now applied the holding outside the context of Section 132. In *Regents of Univ. of Cal. v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997), the court held that originally submitted claims may fail the written description requirement of §112 when the specification does not convey to the skilled person that the inventors had possession of the invention recited in the claims at the time of filing. The facts here related to claims directed to mammalian, vertebrate and human insulin cDNA sequences, but a specification that described (*i.e.*, provided the nucleic acid sequence for) a rat single DNA sequence. The court held that “an adequate written description of a DNA requires more than a mere statement that it is part of the invention and reference to a potential method for isolating it; what is required is a description of the DNA itself.” *Id.* at 1566, quoting *Fiers v. Revel*, 984 F.2d 1164, 1170 (Fed. Cir. 1993). Thus, *Lilly* extended the written description requirement to impose a higher standard of disclosure on biotechnological inventions, *i.e.*, one where long accepted prophetic examples would no longer suffice.

Post *Lilly*, the question remained as to whether this new standard was specific to the chemical arts. Over the years, the “written description” requirement has been applied occasionally outside the context of the chemical arts. *See, e.g., In re Wilder*, 736 F.2d 1516 (Fed. Cir. 1984) (concerning a mechanism for indicating the location of information recorded on a dictating machine); *Tronzo v. Biomet, Inc.*, 156 F.3d 1154 (Fed. Cir. 1998) (concerning a generic shape for cup implants inserted into hip bones); *LizardTech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336 (Fed. Cir. 2005) (concerning data compression of digital images by “wavelet transforms”). However, it has not escaped anyone’s attention that the chemical arts face challenges not encountered in other areas of research.

The *Lilly* case and two others illustrate the direction, *vis-à-vis possession*, the written description requirement has taken in the chemical arts. The first of these challenged whether a biological deposit was sufficient to satisfy the written description requirement for claims directed to nucleic acid probes where no sequence information is provided. *Enzo Biochem Inc. v. Gen-Probe Inc., et al.*, 323 F.3d 956 (Fed. Cir. 2002). In its first review of this case, the *Enzo* Court held that mere possession of the claimed invention was not sufficient to meet the

cont. on page 4



“statutory mandate” to adequately describe the claimed invention. *Enzo Biochem Inc. v. Gen-Probe Inc., et al.*, 285 F.3d 1013, 1021 (Fed. Cir. 2002). “Even if [it] were correct”, wrote Judge Lourie for the majority, “that one of skill in the art could routinely sequence the deposited material and so obtain a description of those deposits, that description is not in the patent.” *Id.* at 1022. But in a dramatic reversal, the Federal Circuit in its second review of the case, held that the deposited sequences, incorporated by reference in the specification, were “thus accessible from the disclosure” and therefore satisfy the “written description” requirement. 323 F.3d at 966.

Next, in 2004, the Federal Circuit reviewed a claim directed to a method for inhibiting a particular molecule that resulted in (potentially) therapeutic effects where the molecule being inhibited (the Target) was disclosed, but the molecule inhibiting it (the Inhibitor) was not known. *University of Rochester v. G.D. Searle & Co., Inc.* 358 F.3d 916 (Fed. Cir. 2004). Before this case, written description in the biotech area had been largely limited to nucleic acid sequences. Here, the court agreed with the defendants that the claimed method was “nothing more than a hope-for function for an as-yet-to-be-discovered compound, and a research plan for trying to find it.” *Id.* at 926-7. Without any disclosure of the Inhibitor, the specification did not describe the claimed method sufficiently to allow the skilled artisan to carry it out and was therefore invalid under 35 U.S.C. §112, first paragraph.

### Are Written Description and Enablement Inextricably Intertwined?

“Perhaps there is little difference in electrical and mechanical inventions between describing an invention and enabling one to make and use it,” wrote Judge Lourie in a concurring opinion in *Enzo Biochem*, “but that is not true of chemical and chemical-like inventions.” 323 F.3d at 974. Tellingly, the most significant cases in the jurisprudence of the “written description” requirement concern the chemical arts. Whereas *Ruschig* addresses the identification of a specific chemical compound where only the general chemical formula is set forth in the specification, *Lilly* involves claims directed to broad groups of DNA sequences, where the specification only described a single cDNA sequence, the rat gene, and *University of Rochester* involves methods of inhibiting a target where the inhibitor is not yet known. Citing the relatively primitive state of art of cDNA identification at the time, the Federal Circuit in *Lilly* found that “a

cDNA is not defined or described by the mere name ‘cDNA’” but rather requires “a kind of specificity usually achieved by means of the recitation of the sequence of nucleotides that made up the cDNA”. 119 F.3d at 1568-69. Later, in *University of Rochester*, the Court went so far as to conclude that the patent itself was clear and convincing evidence of its own invalidity because of its lack of any disclosure relating to the Inhibitor. Judge Lourie analogized the nascent state of the DNA art in these cases with use of the term ‘automobile’ in a patent in the nineteenth century, and how this word alone at that time “would not have sufficed to describe a newly invented automobile; an inventor would need to describe what an automobile is, viz., a chassis, an engine, seats, wheels on axles, etc.” 358 F.3d at 923.

The recent *Ariad* decision again raises the issues of what constitutes sufficient disclosure in a field of art that is new and not yet defined. The claims at issue concerned methods for the reduction of NF-κB activity – a protein complex that plays a regulatory role in a number of diseases – where NF-κB was the Target, but the Inhibitor was not yet known. Here, prophetic examples of Inhibitor molecules were described, but just as in *University of Rochester*, the majority held that these hypothetical molecules for reducing NF-κB activity were merely prophetic, particularly in view of the “new and unpredictable field” of the art at the time of filing, “where the existing knowledge and prior art was scant.” 560 F.3d at 1372.

Judge Linn’s concurring opinion in *Ariad* challenged the majority for sidestepping what could have easily been an “enablement” analysis by relying instead on the nebulous “written description” requirement (echoing one of the early criticisms of Judge Markey in *Ruschig*) (560 F.3d at 1380), while both plaintiffs petitioned for a rehearing *en banc* to settle for once and for all the correct reading of Section 112. Judge Linn’s position echoes the admonition of Judge Markey 30 years earlier in *Barker*, who questioned the two-pronged standard: “I cannot see how one may in ‘full, clear, concise and exact terms’ enable the skilled to practice an invention, and still have failed to ‘describe’ it.” 559 F.2d at 595 (Markey, dissenting). Judge Rader in *Enzo Biochem* similarly questioned the “written description” requirement as “an ill-defined disclosure doctrine” that has essentially replaced “enablement.” While the opponents of the “written description” requirement see it as subverting the “enablement” requirement, other patent systems have long recognized and reconciled the two separate standards without controversy.

## Ariad in the International Context

On the international scene, the European Patent Convention, for example, requires “clear and concise” support in the specification for “the matter for which protection is sought by the claims” in Article 84, and separately requires disclosure of the claimed invention “in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art” in Article 83. These separate provisions are analogous to the separate written description and enablement requirement in the U.S. Similarly, in China, Article 26 (3) requires that the description set forth the invention in a manner sufficiently clear and complete so as to enable a person skilled in the relevant field of teaching to carry it out, while Article 26(4) states that the claims be supported by the description and state the extent of the patent protection sought.

## Rehearing *Ariad* en banc

Now that the Federal Circuit has at long last decided to address the uncertainties of Section 112, the entire line of “written description” cases from *Ruschig* to *Ariad* face renewed scrutiny. On the one hand, it is unlikely that the Court will dismiss over 40 years of *stare decisis* by sweeping aside the “written description” requirement entirely. On the other, the Section 112 jurisprudence discussed above provides several possible compromises between the hard line approaches taken in *Lilly* and its progeny and the strident objections of the dissenters in those cases. For example, the Court

could re-establish the limited application of *Ruschig* to new matter introduced by claim amendment in prosecution, as Judge Rich suggested over 30 years ago in *Barker*. Alternatively, the Court could reinterpret the line of cases as simply extrapolated applications of the enablement requirement, thus tying the failure to convey possession of the claimed invention with an intrinsic failure to sufficiently enable the claimed invention in certain circumstances. As a third alternative, the Court could officially bless a standard requiring separate enablement and written description requirements, based on the malleable language of Section 112, in cases where the grasp of the prophetic inventor in a new field of discovery clearly exceeds his reach. This last approach would align the US patent system more closely with our global neighbors.

## Conclusions

Though the so-called “written description” requirement has inspired a dedicated and passionate opposition, it has also garnered proponents who dispute the opposition from nearly every angle of consideration, from the meaning of a comma to the practical impact the “written description” requirement has had on scientific advancement. The patent attorney has much to take away from this decades long debate born out of one court’s frustration with an early researcher’s failure to describe a particular chemical compound in a disclosed genus. While later courts used the statutory language in Section 112 as a peg to hang the *Ruschig* doctrine on, the course of jurisprudence – from the oblique uncertainties of DNA sequencing in *Lilly* to the

obviousness of the same process in *In re Kubin*, 561 F.3d 1351 (Fed. Cir. 2009) – suggests a disturbing fluidity in the Court’s perception of the state of the art. In any event, the status quo is suddenly up in the air, and where the Court goes from here, the eyes of patent practitioners everywhere will follow. The final outcome in *Ariad* will provide new guidelines for every step of the patenting process, from initial disclosures to litigation. Though the legal grammarians may still debate the import of an ambiguous comma to Section 112, those more outcome-oriented will hopefully find clarity after 40 years of jurisprudential ambiguity.



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# ANNUAL DINNER

## May 20, 2009



Incoming President Mark Abate and outgoing President Anthony Giaccio

Incoming Association President Mark Abate welcomed members and guests at the NYIPLA's Annual Dinner at the University Club. Mark expressed his appreciation for outgoing President Anthony Giaccio and with First Vice President Theresa Gillis as the evening's Master of Ceremonies, presented the Inventors of the Year and Intellectual Property Law Educator Award.

### Inventors of the Year

The Inventor of the Year award recognizes an individual or group who, through inventive talents, has made worthwhile contributions to society by

promoting "the progress of Science and useful Arts." Two awards were granted this year:

**Dr. Sadeg Faris** for his contributions related to electro-mechanical sciences. Dr. Faris epitomizes the consummate inventor with over 200 patents spanning diverse fields in technology including superconductivity, electro-optics, energy, water technologies, DNA sequencing and nanolithography.

**Dr. James J. Wynne, Dr. Samuel E. Blum and Dr.**



Dr. Sadeg Faris receiving the NYIPLA Inventor of the Year Award from John Moehringer

**Rangaswamy Srinivasan** for their work in the field of medicine. Their significant invention (U.S. Patent No. 4,784,135) led to the current success of LASIK and PRK laser vision correction procedures.



Dr. Rangaswamy Srinivasan and Dr. James J. Wynne receiving the NYIPLA Inventors of the Year Award from John Moehringer



Prof. Karl F. Jorda receiving the NYIPLA Intellectual Property Law Educator Award from Mark Abate and Terri Gillis

### 2009 Intellectual Property Law Educator Award – Karl F. Jorda

Professor Jorda, former president of this Association, and currently the David Rines Professor of Intellectual Property Law and Industrial Innovation at the Franklin Pierce Law Center, was the recipient of the NYIPLA's 2009 Intellectual Property Law Educator Award. Professor Jorda teaches Technology Licensing and Intellectual Property Management at the Franklin Pierce Law Center and also directs the activities of the Germeshausen Center for the Law of Innovation and Entrepreneurship.





Victoria Elman receiving the Conner Writing Competition Award from Hon. William C. Conner

## Conner Writing Competition Winners

This award, named in honor of the late Honorable William C. Conner, Senior District Judge, Southern District of New York, and past president of the NYIPLA, and namesake of the new Conner Inn of Court for Intellectual Property Law recognizes excellence in writing by law students in the field of intellectual property law.

Judge Conner presented the awards to:

**Victoria Elman** of Cardozo School of Law (First Place) for her paper *Girl Talk on Trial in 2009: Could Fair Use Prevail?* and **Brian R.**

**Day** of The George Washington University Law School (Second Place) for his paper *Collective Management of Music Copyright in the Digital Age: The Online Clearinghouse*.

## NYIPLA Diversity Scholarship Award

The NYIPLA awarded its first diversity scholarship program grant of \$10,000 to Fordham Law School. Accepting on behalf of Fordham were Professor Hugh Hansen and Karen A. Deasy of the law school's Office for Development.

The Association will award at least one scholarship annually to offset tuition costs for a student in a local law school with an interest in intellectual property law who is from a background traditionally underrepresented in the legal profession. A Diversity Scholarship Committee has been created to enlist the support of, and donations from, the local IP community.



Prof. Hugh Hansen and Karen Deasy of Fordham Law School receiving the NYIPLA Diversity Scholarship Grant from Mark Abate and Edward Bailey



2009-10 Officers and Board: seated (left to right): Alice Brennan, Treasurer; Dale Carlson, President-Elect; Mark Abate, President; Theresa Gillis, First Vice President; Charles Hoffman, Secretary; standing (left to right): Anthony Giaccio, Immediate Past President; John Moehringer, Board Member; John Delehanty, Board Member; David Ryan, Board Member

## Keynote Speaker – Hon. Richard Linn, Circuit Judge, United States Court of Appeals for the Federal Circuit

Judge Linn's talk focused on the factors that contributed to an attorney's ability to be a leader in the practice of law: integrity, judgment, confidence, diligence, vision and trust. His address is printed in its entirety in this issue of the Bulletin.

# Leadership in the Practice of Law

*Address by Hon. Richard Linn of the Court of Appeals for the Federal Circuit  
at the NYIPLA Annual Meeting and Dinner, The University Club, New York  
May 20, 2009*

I am delighted to be here and to have the opportunity to celebrate with you another outstanding year of the New York Intellectual Property Law Association. Because so much of the success of this association is due to the efforts of its outstanding leaders, and because we are celebrating not only the successful completion of another year but also the accomplishments of this year's award winners, who are by definition leaders among members of the bar, I thought I would focus my remarks on the topic of leadership.

The dictionary definition of "leadership" is "the office or position of a leader; the capacity to lead." The dictionary goes on to define "leader" as "a person who has commanding authority or influence; a person who leads." Finally, the dictionary definition of "lead" is "to direct on a course or in a direction; to guide someone along a way."

Considering these definitions, it is apparent that leadership in the context of the legal profession has relevance to many things. For example, leadership in the law, and in particular IP law, can mean leadership in bar association activities, leadership in law firm management, and leadership in teaching, inventing, writing, or promoting diversity. A study of leadership in the legal profession surely would include an examination of the actions and experiences of lawyers engaged in all of those kinds of things. But this evening, what I want to talk about is something more fundamental. Something that goes to the very heart of the legal profession: the attorney-client relationship. Specifically, I want to talk to you about the leadership roles attorneys play in the professional relationships they have with their clients, and the expectations clients have of lawyers in those relationships.

A leader in the practice of law should, of course, possess the ability to give the client sound legal advice. But a true leader must not only be able to give sound legal advice, but must also have the skill to guide and to lead the client in the right direction. For example, a client may seek advice on how to contend with a typical patent infringement cease-and-desist letter. A competent lawyer responding

to such an inquiry might briefly read the patent, arrange a meeting with the client, and inquire into the background facts leading up to the letter. It would not be unusual for the lawyer to recommend that a formal infringement and validity investigation be undertaken. Assuming the client agrees, the lawyer might then diligently undertake the investigation; studying the patent, examining the prosecution history, and doing whatever else might be needed to render a sound legal opinion. In due course, the results of the investigation will be reported to the client, the client's questions will be answered, and the lawyer might be satisfied that he has effectively and efficiently done what the client has asked. At that point, the lawyer may think he or she is done. For sophisticated clients, that may be so. But for some clients, they may still be at a loss as to what to do next.

This reminds me of a story I have told a few times before about a man who is flying in a hot air balloon and realizes he is lost. He spots a man on the ground and shouts down, "Excuse me, can you tell me where I am?" The man below says, "Yes, you are in a large hot air balloon, hovering about 80 feet above my head." "You must be a lawyer," says the balloonist. "I am," replies the man. "How did you know?" "Well," says the balloonist, "everything you have told me is technically correct, but it's of no help to me whatsoever."

Some clients facing the infringement charges I described earlier may have no better sense of the direction they should take after receiving the infringement and validity opinion than they had before they obtained the advice of counsel. They may not fully understand their options. More importantly, they may not even know what further questions to ask or what further legal advice to seek. Such clients need lawyers who not only have the ability to give sound legal advice but the leadership skills to help them find answers to problems they cannot solve on their own. That requires more than just the ability to do assigned tasks. It requires an investment in learning about the client and the client's interests and in being sensitive to and perceptive of the client's needs. It



means asking questions and listening carefully to the client's answers, giving guidance both in the answers provided and in the follow-up questions posed. It means taking the initiative to go above and beyond what is asked, to try to help the client find the right direction and make the right choices. These are the traits of good leadership in the practice of law.

Of course, there is nothing like leadership by example. And despite all the jokes suggesting the contrary, leadership in the practice of law first demands that lawyers understand the meaning of integrity, professionalism, and civility before offering advice to others.

Several years ago, before coming on to the bench, I worked with a jury consultant in connection with a trade secret case. As part of our preparations, our consultant conducted a poll of potential jurors. Among the questions asked in this poll were a series of questions intended to develop a sense of how the potential jurors in that community perceived lawyers. When asked to rank lawyers in comparison with other professions, lawyers were ranked near the bottom along with used car salesmen and insurance brokers. When asked why the lawyers were held in such relative disrespect, the polled individuals answered that "lawyers will say anything and do anything to advance their client's cause."

The consultant then asked the same potential jurors what they would look for in a lawyer if they were in serious trouble and needed to hire an attorney to represent them. Interestingly enough, the answer was exactly the same: they would look for a lawyer who would "say anything and do anything to advance their cause." I must say that at the time I found that absolutely fascinating. After all, how could it be that the criteria used to hold lawyers in disrespect were the same criteria used to select the lawyer they would most want to represent them? This seemed to me to be self-contradictory and inconsistent.

I think it is fair to say that over the years, we have seen high and low watermarks in the reputation and conduct of lawyers. There is now, and I suppose always will be,

a suspicion and a certain contempt for lawyers if for no other reason than the natural discomfort that arises from having to trust another human being in matters both important and not fully understood. But I am encouraged by the extent to which the time honored ideals of the legal profession are being embraced of late in such widely popular activities as the American Inns of Court.

It seems to me that the seemingly perplexing conclusion that lawyers will "say anything and do anything" is nothing more than a reflection of the apparent contradiction--or at least tension--between the ethical rule instructing lawyers to zealously pursue the interests of their clients and the separate ethical rule obligating lawyers to conduct themselves as officers of the court--presumably a more balanced position. In the book "Law in America," the authors comment on the popular perceptions of lawyers in terms reminiscent of the famed glass of water that the optimist sees as half full and the pessimist sees as half empty. They note that lawyers are seen by some as "a reflection of people's hopes" and by others as "a reflection of people's worst fears." Again, diametrically opposed perceptions and seemingly contradictory conclusions.

On reflection, I have come to understand that the ethical constraints under which lawyers function are not contradictions and are not in tension at all. For one cannot serve as an officer of the court without zealously pursuing the interests of his or her client. Nor can one zealously serve the interests of a client without acting as an officer of the court. The two go hand in hand.

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Anthony Giaccio, Hon. Richard Linn, Mark Abate

Being a zealous advocate means being creative, being diligent, and being dogged in the pursuit of the relevant facts. But it does not mean misrepresenting, obscuring or concealing material information. It means being scholarly in the quest to find an understanding of the law applicable to your client's case and being candid with your client and the court. It means telling your client when he has a case and when he doesn't. It means cooperating with your adversary at all times, not to compromise strategic advantage, but to advance the case to resolution—promptly, fairly and in the interests of justice.

The point here is that the jury poll participants were right. Lawyers will do anything and say anything to advance the cause of their clients, and that is not a reason to hold lawyers in disrespect but is entirely proper when done with the honesty, intelligence, and fairness expected from an officer of the court and a member of a learned profession. And how well these interests are maintained in balance is a true sign of leadership in the practice of law.

In my view, leadership in the context of the attorney/client relationship has at its core six essential values, and I will comment briefly on each: integrity, judgment, confidence, diligence, vision and trust.

**Integrity**--you cannot be a leader and expect clients to follow and benefit from your advice if your integrity is compromised. A true leader must command authority and garner support for the actions he or she determines are in order. Clients have neither the time nor the inclination to risk further complicating the already complicated legal problems they face by associating themselves with lawyers whose integrity is subject to question and whose authority, for that reason, is open to challenge. It is as simple as that. And in practice, you will be continually challenged to cut corners and compromise your integrity. Don't let it happen.

**Judgment**--a true leader in the practice of law knows how to listen to a client, knows enough to be skeptical and to hesitate in reaching conclusions until all of the relevant facts are learned, and knows enough about the client's business to be able to formulate and determine a course of conduct and a legal strategy that will best serve the client's interests. In this sense, judgment includes results, which are what most clients are after. In today's complex world, clients look to lawyers to solve problems--efficiently and effectively. To be a leader in the practice of law

thus requires the judgment it takes to achieve results and to do it in a way that will invite future retention by the client the next time the client is confronted with a legal problem.

**Confidence**--you must instill confidence in your clients. A true leader must have the confidence to carry out decisions made, without doubt or hesitation. The facts are not always going to be entirely favorable. Indeed, in most cases, there will be facts that are troubling. Likewise, the law may not always be fully supportive of your client's case. But once you have examined your client's options and have developed a strategic plan to achieve the result your client is after, you must instill confidence, not only in your client but in all those around you, that you are on the right path to success.

**Diligence**--there is no substitute for hard work, thoroughness, and attention to detail. Lawyers who are leaders in the practice of law know this and they do it well. They read, they study, they examine, they reflect and they challenge their own conclusions until they are satisfied they have worked out the best approach possible. Every successful lawyer I know works incredibly hard and tries to confront every challenge with diligence.

**Vision**--leaders have vision. They come to think in terms of goals, results, and objectives. They know where they are going and how to get there. They think out of the box and anticipate not only what needs to be done today, but will need to be done tomorrow.

And finally, **trust**--a leader in the practice of law must conduct himself or herself in a way that commands respect and engenders trust. Clients are not interested in learning the law and may have neither the ability nor the time to understand the legal niceties of the problem before them. They have to trust that the lawyers who represent them will do the right things and will look after their interests. A leader knows the importance of trust and will take great pains never to compromise or abuse that trust.

As members of the intellectual property bar, and more specifically as members of the New York intellectual property bar, you should be very proud of the fact that you have within your ranks some of the finest leaders in the legal profession, exemplified by the officers of the NYIPLA who are here with us and by the distinguished lawyers you honor tonight. I am privileged to be in your company and I thank you for the chance to address you.

# HON. WILLIAM C. CONNER

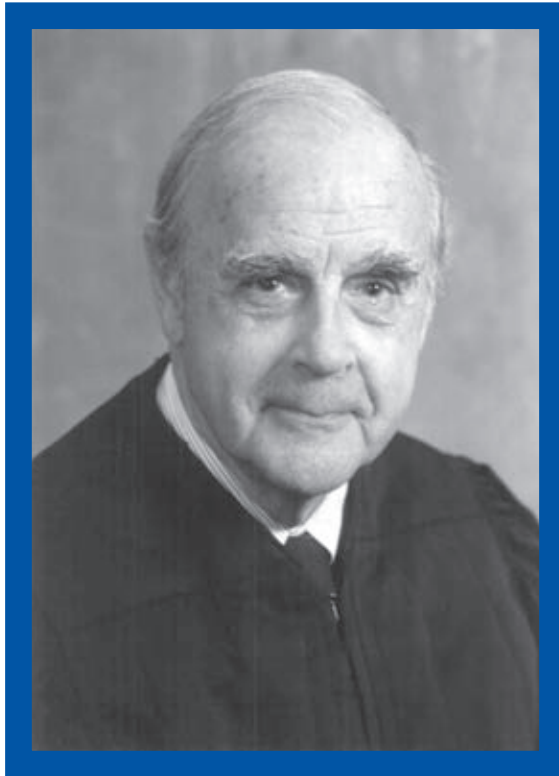
MARCH 27, 1920 - JULY 9, 2009

The Hon. William C. Conner, a past President of the New York Intellectual Property Law Association, died on July 9, 2009 at the age of 89.

Born in Wichita Falls, Texas, Judge Conner received a B.B.A. from the University of Texas at Austin and an LL.B. from the University of Texas School of Law. He was nominated to the district court for the Southern District of New York in 1973 by President Richard M. Nixon on the recommendation of Sen. James Buckley whose search committee convinced him that the Southern District needed a patent law expert.

Judge Conner's early interest in amateur radio was supplemented with courses at Harvard and M.I.T. and he later provided electronics support on two U.S. Navy aircraft carriers fighting in the Pacific during World War II. Judge Conner moved to New York after the war. One of his early patent matters as an attorney at Curtis, Morris & Safford involved the basic patent on the first commercially successful office photocopying system.

His judicial career ranged well beyond patents. He presided over Litton Industries' 1981 antitrust suit against AT&T in which the jury's \$92 million damages award (which was automatically tripled) was upheld by the United States Supreme Court. Judge Conner supervised the implementation of a consent order governing ASCAP's licensing of songs to radio stations and served as special mediator in the settlement of claims filed against brokerage



firms and banks in the Enron matter. Other notable cases involved copyright infringement of photos of the actor James Dean, publicity rights for the Marx Brothers estate, and misleading advertisements about the side effects of the painkillers Advil and Tylenol. Regarding this last case, Judge Conner wrote in his opinion: "Small nations have fought less for their survival with less resources and resourcefulness than these antagonists have brought to their epic struggle for commercial primacy in the O.T.C. analgesic field."

Judge Conner assumed senior status in 1987 and remained active on the bench until his death. As recently as last year, he denied ASCAP's request for a 3 percent royalty from songs streamed over AOL, Yahoo and RealNetworks, granting a 2.5 percent royalty instead.

During his practice as a patent attorney from 1946 through 1973, Judge Conner served the IP community with great distinction, including a term as president of the NYIPLA in 1972-73. His legacy in our Association is well established and will continue to thrive through the Conner Writing Competition which annually awards cash prizes for law students' papers and as the namesake of the recently founded Conner Inn of Court.

Judge Conner is survived by his wife of 65 years, the former Janice Files, and their three sons and one daughter.



## *Tribute to Judge William C. Conner*

BY MARK ABATE,

PRESIDENT OF THE NEW YORK INTELLECTUAL PROPERTY LAW ASSOCIATION

It is with great sadness that I tell you that we have recently lost one of our most thoughtful and esteemed judges to sit on the bench, the Honorable William C. Conner.

Many of you were well-acquainted with Judge Conner, as he was a fixture at NYIPLA events. He attended our annual Judges' Dinner, the black-tie event at the Waldorf=Astoria that attracts over 3,000 people each year, and is known as one of the seminal social events for the patent bar. Judge Conner also attended our Past Presidents' Dinner every year and participated in many of our CLE programs. Always by his side at these NYIPLA events was his treasured wife, the former Janice Files, whose gracious presence as a past first lady of the Association welcomed new and familiar faces.

Judge Conner relished his role as serving as a mentor to many NYIPLA presidents and always made the time to promote the Association's ideals of development and administration of intellectual property interests. At the Past Presidents' Dinner, to which past presidents, officers and board members are invited, he would recount entertaining stories of NYIPLA events of the past, reliving the rich history of the Association and passing it on to the next generation of leadership.

On a personal note, I recall visiting Judge Conner in his chambers in White Plains, New York a few years ago with immediate past president Anthony Giaccio. We met to discuss NYIPLA activities and solicited his help in increasing the involvement of his colleagues in the Southern District of New York. Judge Conner called then Chief Judge Mukasey, made an introduction, and was instrumental in facilitating greater S.D.N.Y participation in our events. This included a meeting with

Judge Mukasey, Judge Preska (the Court's Rules Committee Chair at the time), M.J. Pittman, Rob Scheinfeld, Dan Devito and myself to discuss the Association's proposed local patent rules.

The judiciary and legal profession have been enriched by Judge Conner's enthusiastic and thoughtful contributions, even as he enjoyed the many roles he played over a long and eventful career. His legacy includes the NYIPLA Conner Writing Competition, which annually awards cash prizes for law students' papers. Judge Conner found great pleasure in the writing competition, and each year he would ask for the papers and read them before personally making the presentation of the awards to the students at our annual dinner. He would comment on the topic of each paper, often telling stories of cases he presided over involving the very issues addressed in the papers.

Judge Conner will be sorely missed, but his legacy will continue to inspire.

THE JUDGES OF THE  
UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF NEW YORK  
CORDIALLY INVITE YOU TO

### A MEMORIAL SERVICE



FOR



THE HONORABLE WILLIAM C. CONNER

UNITED STATES COURTHOUSE, 500 PEARL STREET, NYC

CEREMONIAL COURTROOM - 9TH FLOOR

FRIDAY, NOVEMBER 6, 2009

4:00 P.M.

RECEPTION TO FOLLOW IN THE

CHARLES L. BRIANT CONFERENCE CENTER - 8TH FLOOR

SPONSORED BY

THE HON. WILLIAM C. CONNER INN OF COURT

RSVP: OCTOBER 15, 2009

212-805-0504, [ELLY\\_HARROLD@NYS.USCOURTS.GOV](mailto:ELLY_HARROLD@NYS.USCOURTS.GOV)

## *Tribute*

BY JUDGE RICHARD LINN

In the ten years I have been a judge on the Federal Circuit, I can remember missing the NYIPLA Judges' Dinner only once. It is a truly remarkable gathering of the who's-who of the New York intellectual property bar in a resplendent setting. Each year, my wife Patti and I would look forward to a fantastic evening among colleagues and friends. The high point of the evening was always walking into the judges' reception and seeing across the room Bill and Janice Conner. Bill would keep an eye out for me and when he saw me come in, would smile and wave me over. He and Janice were our "official" greeters. The evening only began after we all exchanged hugs.

At those receptions, we would always reminisce about our days in private practice and catch up on interesting things that happened to us in the past year. He was very curious about recent developments at the Federal Circuit and supportive when he thought I had written a particularly interesting and important opinion. I don't ever remember him being critical of my opinions, although I am sure there were at least one or two with which he might have quibbled.

We had similar backgrounds in private practice as patent attorneys and both spent time tinkering with radios and tuning into the world as amateur radio operators. We had a special bond that over the years grew into a special friendship. Living in different cities made it hard to get together, but we always knew that we would see each other at the

Judges' Dinner. That is why our time together at that event was so special. I know that when Patti and I arrive at the cocktail reception next year there will be an emptiness in our hearts knowing that our dear friend will not be there.

Many who know me appreciate that I have a special interest in the American Inns of Court. I have been an active member of the Giles Rich Inn of Court for the past decade and have worked across the country to help form new Inns of Court focused on intellectual property. I was gratified last year when Anthony Giaccio expressed an interest in putting together an Organizing Committee to form a new IP focused Inn of Court in New York. I was even more pleased when I learned that the organizers decided to name the Inn after Judge Conner.

I remember vividly the look on his face when he got the news and the joy both he and Janice showed at the inaugural dinner meeting of the Inn last January. He loved the idea of the Conner Inn and the ideals it represented—civility, professionalism, and excellence in the law. These are traits that characterize his entire professional career. I am grateful to all those who made the Conner Inn a reality in his lifetime. Naming the Inn after him was a wonderful and altogether fitting tribute to an outstanding judge, a caring family man, and a cherished friend who I miss very much.

*Judge Linn is a judge on the U.S. Court of Appeals for the Federal Circuit*

*You Are Cordially Invited to the Inurnment Service of*

*Honorable William C. Conner*



Thursday, November 5, 2009 at 1:30 pm

Arlington National Cemetery, Arlington, Virginia

Please arrive at the Arlington National Cemetery Administration Building promptly at 1:30 pm in your own vehicle, which you will need to drive from the Administration Building to the Inurnment Service.

RSVP: October 15, 2009

212-908-6419, [admin@connerinn.org](mailto:admin@connerinn.org)

## *Personal Recollections of Judge Conner*

BY DAVID H.T. KANE

Having been asked by the Association's Historian to share a few of many pleasant memories of Judge Conner, it is appropriate that I begin with my oldest memory from the Fall of 1973. Bill Conner was immediate past president of the then - called "New York Patent Law Association". One day, the senior partner in my firm remarked that he guessed Bill Conner had decided to accept a Federal judgeship. This remark was based on contact the partner had received from the FBI doing a pre-nomination background check. The nomination shortly followed with confirmation occurring in a lightning fast five weeks (which included the Thanksgiving Holiday)! To wit: "Nominated by Richard M. Nixon on November 9, 1973, Confirmed by the Senate on December 13, 1973."

Some years after Judge Conner had settled in at the Southern District of New York, I appeared before him with an adversary from St. Louis. I can no longer remember who was arguing for what proposition, but I do remember Judge Conner's concluding remarks to us that day. As we both headed for the door of his chambers, he looked up from his desk and said with absolute deadpan expression, "I knew both your fathers" (both of whom were patent attorneys). We waited at the door for the judge to complete his thought -- perhaps "and you're a credit to your Dads" but he left the thought unexpressed. As we descended to Foley Square, the St. Louis attorney and I imagined that the comparison Judge Conner refrained from making with our distinguished fathers was not going to be so favorable. Bill Conner of Wichita Falls, Texas was never one to mince words.

In the Fall of 1989, I organized a luncheon for past presidents of the Association that was held on a splendid Fall day at a very long table in the Yale Club's roof-top dining room. Attending were the always supportive Judge Conner (Pres. '72-'73), as well as two visitors from Washington, Federal Circuit Judge Giles S. Rich (NYIPLA Pres. '50-'51) and Federal Circuit Chief Judge Howard T. Markey. The lunch included the usual robust exchange of compliments and barbs among the "former greats" present. (If memory serves, John Tramontine (Pres. '85-'86) at one end of the long table and Doug Wyatt (Pres. '83-'84) at the other were particularly active in this phase of the proceedings.)

The highlight was a sincere exchange of compliments between and among the judges. Judge Conner saluted Judge Rich and Chief Judge Markey for the

singular coherence they had brought to patent law from the Court of Appeals for the Federal Circuit. The Circuit Judges would have none of it, and strongly rejoined that the Federal Circuit itself might not have come into being if Judge Conner had not paved the way by illustrating the benefits derived from coherent application of patent law, many years before the Federal Circuit's creation, when he took up his duties on the Federal bench in the Southern District of New York.

My association with the judges of the Federal Circuit Court through the Court's Bar Association has made clear to me that the warm sentiments expressed for Judge Conner that day are not unique to Chief Judge Markey and Judge Rich, but rather are commonly shared among the judges of the Federal Circuit then and now.

On a personal level, my wife Siegrun and I have always looked forward to the Waldorf dinner where we were sure to find Bill and Jan Conner settled at a table and greeting us with warmth as we caught up with one another on the affairs of the day.

Many great stories flowed from Judge Conner, including this one which contained the seeds of his career in patent law. It deals with the time he flunked his military physical, but was saved as if by miracle when he mentioned his nascent radio operator skills as he left the building and was overheard by a recruiter looking for someone with just such a background. This led to a further period of intense study at the Texas ranch of Jan's father, and a successful retake of the physical and subsequent entry into MIT courtesy of the U.S. Navy. This, in turn, led to service as an officer in the new science of radar on an aircraft carrier. It also led to near ejection from a high-flying aircraft over the Solomon Islands during WW II. On that mission, he opened the canopy of a gunner's position, and stood up to take a picture of the South Pacific thousands of feet below, as requested by a comrade back on the aircraft carrier. Suddenly the plane lurched into a steep and twisting dive, nearly ejecting radar officer Conner from his photo perch. A well-engaged safety harness saved the day for all who came to know Judge Bill Conner throughout his long career at bar and bench.

*Mr. Kane, a past president of our Association ['88-'89], is of counsel with the firm Locke Lord Bissell & Liddell. He can be contacted at [dkane@lockelord.com](mailto:dkane@lockelord.com).*



## *Celebrating the Legacy of Judge Conner*

### *Hon. William C. Conner Inn of Court*

The NYIPLA co-sponsored a dinner celebrating the inauguration of The Hon. William C. Conner Inn of Court at the Union League Club of New York on January 15, 2009. Judge Conner had served our IP community with distinction as a patent attorney, as Past President of our Association, and as a District Judge in the Southern District of New York.

The Conner Inn ([www.connerinn.org](http://www.connerinn.org)) comprises a cross-section of judges, lawyers and law students having an interest in IP law. The goal of the Inn is to encourage civility, excellence and professionalism within the profession.



The Conner Inn is the seventh IP-focused Inn of Court in the nation. Together, these Inns comprise the “Linn Inn Alliance”, which serves to facilitate the exchange of program information among the IP Inns, and to welcome attendance at Inn meetings across the country by visiting members from other IP Inns.

Then NYIPLA President Anthony Giaccio delivered the welcoming remarks. The Dinner Committee was chaired by NYIPLA Board Member Thomas Meloro and the Commemorative Journal Committee was chaired by then NYIPLA’s First Vice President Dale Carlson.



L to R: Melvin Garner, John Lane, Prof. Hugh Hansen, Hon. Timothy Dyk, Hon. Paul Michel, Hon. Colleen McMahon, Hon. William C. Conner, Hon. Barbara Jones, Hon. Richard Linn, Hon. Pauline Newman, Anthony Giaccio, Thomas Meloro

## “As Time Goes By - One Epic Shining Moment” by Dale Carlson

By any measure, Judge Conner lived a full and most-productive life. Born before the birth of our Association, he grew up as our fledgling Association's reputation grew.

We may wonder what was it about the man that catalyzed his productivity over such a long haul. His intellectual curiosity comes fore-most to mind. He loved to learn and to teach what he'd learned, and he never stopped learning and teaching.

His actions made clear that what he loved most, apart from his beloved wife Jan and his immediate family, was patent law. Our Association and its members became his extended family. Time and time again he went out of his way to speak before our Association, always sharp-witted, and with a polite graciousness and a dead-pan sense of humor.

Most recently, he spoke at our May 20, 2009 Annual Meeting and Awards Dinner on the occasion of his handing out awards to the winners of the NYIPLA's law student writing competition named in his honor. Over the years, his words of praise to the students have doubtless inspired them to go on to get great jobs. One recent two-time winner of the writing competition, Matthew Dowd, went on to clerk for Chief Judge Michel of the Federal Circuit. Upon gaining this opportunity, Matthew observed: “I definitely have Judge Conner and the NYIPLA to thank.”



Several times Judge Conner gave inspirational speeches before our Association's larger

*Dale Carlson, a partner at Wiggin & Dana, serves as the NYIPLA Historian, and as President-Elect.*

gatherings. One stand-out was his speech at the NYIPLA Waldorf Dinner in Honor of the Federal Judiciary in 1997 on the occasion of our Association's 75th anniversary celebration. His speech became well-known nationally, largely because it was published in the Federal Circuit Bar Journal (Volume 6, Number 4, Winter 1996). Judge Conner (NYIPLA Pres. '72-'73) shared the podium that evening with the Federal Circuit's Giles S. Rich (NYIPLA Pres. '50-'51).

Perhaps less well-known is his speech at the NYIPLA Waldorf Dinner from two decades earlier, shortly after being elevated to the Bench. It was entitled: “Can a Patent Attorney Find Happiness on the Federal Bench?”. Although we all now know the short answer to be “Yes”, the long answer (which boils down to “Yes-and-then-some”) makes for an interesting read. It can be found on the William C. Conner Inn of Court website at : [www.connerinn.org](http://www.connerinn.org) by clicking on “Inaugural Dinner Journal”.

David Kane's “personal recollections” appearing in the special tribute section of this Bulletin tells a hair-raising tale about Judge Conner's plane trip over the Solomon Islands during World War II. Although that story has several variations, depending upon when and to whom the story was told, all variations lead to the same inevitable conclusion, namely that we're very lucky to have had Judge Conner amongst us in the first instance, much less for the extended time that we did.

We may wonder who will succeed Judge Conner as our Association's ambassador to the world in all things patent. The short answer is, of course, “no one human being could”. The long answer is one that will doubtless make for an interesting read “down-the-road”.

## CLE Program

### TOPIC: Patent/Trade Secret Complementariness

On May 15, 2009, the NYIPLA Committee on Meetings and Forums hosted a Continuing Legal Education (CLE) luncheon at the Harvard Club, presented by Professor Karl F. Jorda of Franklin Pierce Law Center. Professor Jorda's program was entitled "Patent/Trade Secret Complementariness: An Unsuspected Synergy."

Professor Jorda discussed how patent and trade secrets can be used to complement each other, creating a broader and more comprehensive "seamless web" of intellectual property protection. Trade secrets can act as a "backup" to patent protection in case the latter is determined to be invalid or unenforceable. Moreover, trade secrets can protect intellectual property that cannot be patented, *i.e.*, does not meet the statutory requirements for patentability. Professor Jorda also noted that as patent applications are usually filed very early in the development process, and that the most commercially useful "know-how" often is not created until afterwards, trade secret protection can be very valuable.

Professor Jorda offered several advantages that trade secrets have over patents. Trade secrets can last indefinitely (*e.g.*, the Coca-Cola formula). Trade secrets are also enforceable immediately without awaiting any government grant or approval.

Finally, Professor Jorda debunked many myths surrounding trade secrets. Such myths include that U.S. patent law's "best mode" requirement precludes maintaining both patent and trade secret protection, that trade secrets can protect only unpatentable "know how," and that a subsequent third-party patentee can prevent a trade secret holder from practicing its own invention.

Professor Jorda was asked a number of questions from an interested audience. Several audience members engaged Professor Jorda in a discussion as to whether the "best mode" requirement for U.S. patents should be retained in patent reform legislation presently making its way through Congress.



Kevin Reiner and Professor Karl F. Jorda



## CLE Program

### TOPIC: Hot Topics in Trademark & Copyright Law

On June 3, 2009, the NYIPLA hosted the 2009 Spring Half-Day Trademark and Copyright CLE Program and Luncheon at The Princeton Club. Speakers included Howard J. Shire of Kenyon & Kenyon; Rita Rodin Johnston of Skadden, Arps, Slate, Meagher & Flom and a Director on the ICANN Board of Directors; Nadine H. Jacobson of Fross Zelnick Lehrman & Zissu; Fernando Torres, Senior Economist at Consor Intellectual Asset Management; Anna Erenburg of Cadwalader, Wickersham & Taft; Peter J. Toren of Kasowitz Benson Torres & Friedman; and Kathleen E. McCarthy of King & Spalding. The program was moderated by Amy J. Benjamin of Benjamin Law PC and Chairperson of the NYIPLA's Trademark Law and Practice Committee.

#### **Rescue.com – Keyword Buys – Now That “Use” Has Been Accepted, How Will “Likelihood of Confusion” Be Established?**

Howard Shire provided an overview of the *Rescuecom v. Google* case in which Rescuecom sued Google for trademark infringement and dilution alleging that 1) Google was selling the RESCUECOM trademark as a keyword to Rescuecom's competitors, and 2) advertising for Rescuecom's competitors appeared in the sponsored search results when RESCUECOM was typed in the Google search engine. The District Court for the Northern District of New York dismissed the action, but on April 3, 2009, the Court of Appeals for the Second Circuit unanimously vacated the dismissal holding that keyword search advertising constitutes actionable “trademark use” within the Lanham Act. Mr. Shire discussed how the Second Circuit's holding significantly narrowed what many perceived to be the precedential holding of *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400 (2d Cir. 2005), stating that the Northern District in *Rescuecom* and several other district courts in the Second Circuit had “misunderstood” and “overread[]” *1-800* to mean that the inclusion of a trademark in an internal computer directory cannot constitute “use in commerce” under the Lanham Act.

Mr. Shire explained that *Rescuecom*'s holding that keyword sales constitute “use in commerce” brings the Second Circuit into the mainstream view because Rescuecom must now prove that Google's keyword advertising sales are likely to cause consumer confu-

sion. Rescuecom also raised the doctrine of “initial interest confusion” alleging that when consumers type the RESCUECOM trademark into the Google search engine, they will be initially confused when they see and click on advertisements for competitors. Mr. Shire discussed how Rescuecom might go about proving initial interest confusion and the obstacles it faces including the heavily fact-driven nature of the analysis and the difficulty in designing and conducting a survey on the Internet to establish confusion.

Mr. Shire also commented on the only reported keyword advertising case to have advanced to trial – *GEICO v. Google*. In *GEICO*, a survey attempted to measure initial interest confusion by having participants enter “GEICO” into the Google search engine and then viewing the “results page” which showed five sponsored links alongside the organic listings. Two “results” pages were shown to the participants. The first was an actual Google search results page from April 2004 which showed five sponsored links for GEICO's car insurance competitors. The second or “control” group was shown a “results” page created specifically for the survey which displayed only advertisements for NIKE apparel in the sponsored links on the right side. The court had many problems with the survey. Most importantly, advertisements which used GEICO in the text should have been removed so as to determine whether consumers would have been confused by those advertisements where GEICO was not used in the text of the advertisement. The survey was also

insufficient to prove a likelihood of confusion where the GEICO trademark did not appear in the text of the advertisement. The court found that GEICO failed to produce evidence that the use of GEICO as a keyword, without more, causes consumer confusion. The court did, however, find that the sponsored links which referenced GEICO in the text qualified as trademark infringement for which “Google may be liable.”

### **ICANN Domain Name Proposed New Rules**

Rita Rodin Johnston discussed ICANN, its mission and how policy is developed. She then explained the proposals currently under consideration by ICANN including new gTLDs (general top level domains), such as .eco, .sport, and even .tallchick. Currently, there are 21 gTLDs; the proposal would make the number of gTLDs limited only by the imagination. The proposal also includes new registries for cities, countries, regions, and affinity groups. If approved, this proposal would bring about the biggest change in the Internet since its inception 40 years ago.

The overarching issue is the impact of additional gTLDs on trademark owners. ICANN has received significant public comment regarding the increased costs and burdens trademark owners would face if this proposal is passed. Additional cost-effective trademark protection measures have been requested by many groups. Ms. Johnston explained that an Implementation Recommendation Team (IRT) had been formed by ICANN to study the proposal and make a presentation to ICANN’s Board on June 21, 2009. In addition, a group of 15 organizations and individuals who had submitted comments on the First Draft Report of the IRT were also invited to address the IRT. This group included WIPO, trademark owners, non-trademark Internet users, members of the securities industry and financial markets associations, organizations operating RPM (Nominet UK, eBay), organizations that proposed new RPM (Deloitte, Demand Media), and Brand Protection Registrars.

The initial IRT Report presented five proposals for additional trademark protection: IP Clearinghouse, Globally Protected Marks List, IP Claims and Watch

Notice; a Uniform Rapid Suspension System (URS); Post-Delegation Dispute Resolution Mechanism at Top Level; Thick WHOIS; and expansion of test for string comparison during initial TLD evaluation. Ms. Johnston discussed each of these proposals in detail and explained that it was not too late to get involved in the evaluation of these proposals.

### **Recent and Proposed Changes to the Madrid Protocol**

Nadine Jacobson discussed the Madrid Agreement and Madrid Protocol (collectively, the Madrid System), how it worked, the changes that went into effect on September 1, 2008, and proposals for additional changes which are still pending. The 2008 changes included the right to submit an application in English, French or Spanish; increased fees; and the repeal of the Safeguard Clause.

The original Safeguard Clause provided that for members of both the Protocol and the Agreement, the provisions of the Agreement would apply as between the country of origin and the extension countries. The new rule provides that only the Protocol will apply between Member States bound by both the Agreement and the Protocol – with two important exceptions: 1) the extended time limit of 18 months (instead of 12 months) for a trademark office to issue a refusal are inoperative; and 2) the Protocol provisions that enable Member States to charge an individual fee, rather than rely upon the WIPO complementary and supplementary fee system, are inoperative. The overall effect of the 2008 changes is to bring the benefits of the Protocol to all Member States that are parties to both the Agreement and the Protocol, while retaining certain benefits of the Agreement.

The proposed changes fall into two categories: The Issue of Replacement and Elimination of the Basic Registration. Under the current system, if an owner of an International Registration (IR) also owns a national or regional registration for the same mark and “all the goods and services listed in the national or regional registration are also listed in the IR” and the IR is later in time, then the IR is deemed to replace the national or regional registration “without prejudice to any rights acquired by the

*cont. on page 20*

national or regional registration.” This replacement happens automatically. The IR owner can request that the replacement be noted on the International Register but it is not a requirement for the replacement to be effective. Ms. Jacobson explained that this practice has been confusing and problematic for many reasons. Proposed actions to address the problems of the replacement include establishment of an Internet forum that PTOs of Member States can use for harmonizing the various current practices, and a WIPO survey of current PTO practices regarding replacement which would hopefully be made available not only to PTO personnel, but also to users.

### **Trademark and Copyright Valuation, Monetization and Disposition in Bankruptcy**

Fernando Torres of Consor Intellectual Asset Management, which specializes in valuation and monetization of intellectual property assets, explained the issue of intellectual property assets in the context of Consor’s valuation and sale of the intellectual property assets in the bankruptcy proceedings of Fortunoff and Washington Mutual bank.

Mr. Torres discussed the many types of intellectual property assets that should be considered beyond patents, trademarks and copyrights, such as license agreements, software, websites, e-commerce solutions, secondary brands and characters, customer databases, formulae and proprietary test results. He explained how these assets are categorized and valued and that a debtor may own assets which might be very valuable to a third party, but hardly used by the debtor. Mr. Torres also explained the different methods for determining the value of an intellectual property asset, such as looking at conventional standards of value (cost, fair market value, income from the asset) as well as potential royalty streams, market multiples or the value of waiting to exploit an asset to account for market uncertainty. With respect to trademarks, Mr. Torres indicated that in bankruptcy, the value of a trademark is on average only 13.6% of the going concern value, that two-thirds of trademarks in liquidation sell at discounts between 81% and 91% and that global trademarks are more valuable per \$1 of sales. He also discussed

different ways of obtaining value from intellectual property assets such as sale, license, settling with creditors, using the IP as security for loans, or litigation to enforce an intellectual property asset against a third party infringer. He also discussed the process of direct marketing assets in bankruptcy versus a static auction of intellectual property assets.

### **How Are Trademarks Viewed in Bankruptcy Proceedings?**

Anna Erenburg discussed the different types of bankruptcy proceedings and whether trademarks are considered “property” under bankruptcy law. She then discussed how to dispose of assets in a bankruptcy proceeding, the diligence that needs to be done before purchasing intellectual property assets from a bankrupt entity and what needs to be done to perfect a sale or license of those assets.

### **Security Interests/Assignment of Trademarks in Corporate Transactions**

Peter Toren discussed the process of assigning and licensing trademarks and the potential pitfalls. He also discussed how trademarks can be used as security or collateral for loans. He explained that a security interest does not transfer ownership of the mark to the lender; it is simply an agreement to assign the trademark rights to the lender in the event that the debtor defaults. It is important, therefore, that the document make it clear that only a security interest is being granted, not an assignment of the mark. An improperly drafted document runs the risk of being an assignment in gross which could destroy the trademark rights. Mr. Toren also explained how to perfect a security interest and provided recommended practices.

### **Fraud at the Trademark Office: TTAB’s Medinol Approach Hits the Federal Circuit**

Kathleen McCarthy gave an explanation and history of the fraud standard before the Trademark Office leading up to the 2003 decision in *Medinol Ltd. v. Neuro Vax, Inc.* Under *Medinol*, it is fraud when a false statement, misrepresentation or omission of a material fact is made that the affiant knew or should have known was false and but for the false statement, the PTO would not have issued or maintained



the registration. Intent to deceive is not subjective but is inferred from knowledge of the falsity of the statement or reckless disregard for the truth.

Ms. McCarthy discussed two cases on appeal before the Federal Circuit: *Bose Corp. v. Hexawave, Inc.* and *Grand Canyon West Ranch, LLC v. Hualapai Tribe*. In *Bose*, Bose Corp. opposed an application to register HEXAWAVE on the ground of likelihood of confusion with Bose's WAVE marks. One of the registrations pleaded by Bose had been renewed in 2000 and included goods no longer manufactured by Bose, although it continued to repair those goods that had been previously purchased by consumers. Bose's General Counsel who signed the renewal believed that the repair of those goods was use in commerce. Hexawave counterclaimed for fraud and sought to have the registration cancelled. On issue in the appeal is whether the TTAB had erred in determining that a trademark owner who repairs goods it manufactured and sold bearing its mark must also own the repaired goods at the time it transports them in commerce in order to satisfy the use in commerce requirement of 15 U.S.C. §1127. In *Hualapai Tribe*, the applied-for mark GRAND

CANYON WEST was opposed on the ground that it was descriptive. In response, the applicant amended the services to delete certain types of transportation. The opposer then amended the Notice of Opposition to assert fraud on the ground that the mark was never used for the deleted goods. The services in the application were considered accurate but vague and after a discussion with the applicant, an Examiner's Amendment issued amending the services. Thus, there was silence as to whether the Examiner's Amendment was correct with respect to use in commerce because there was not a sworn statement by the applicant concerning the amended services. During the opposition, the applicant deleted services which had been subjects of the Examiner's Amendment. The issues on appeal are whether the TTAB erred in finding fraud absent a finding that the applicant intended to deceive the PTO with a material misrepresentation regarding its right to register the mark and whether the TTAB lacked substantial evidence in finding that the applicant knew (or should have known) that it was not using the mark for the disputed services at the time of the trademark application was filed.

## CALL FOR MEMORABILIA

The new Committee on Records is seeking publications, photographs, records, and other Association documents and materials (even the golf trophy!) for contribution to the NYIPLA's archives. Please dig through your files and send items of interest to either of the co-chairs:

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## CLE Program

### TOPIC: The Issue of Future Damages/Ongoing Royalties Post *eBay*

On June 26, 2009, the NYIPLA presented a CLE luncheon program at the Harvard Club on The Issue of Future Damages/Ongoing Royalties Post *eBay*. The speakers at this program were Hon. Ron Clark, United States District Court for the Eastern District of Texas in Beaumont, Texas and Brian Napper, Senior Managing Director at FTI Consulting, Inc. in San Francisco, California. Richard Erwine, Counsel at Quinn Emanuel Urquhart Oliver & Hedges, LLP in New York and Chair of the Association's Meetings and Forums Committee, moderated the panel.

The program began with Mr. Erwine providing important historical and recent context regarding the entitlement to a permanent injunction once patent infringement and validity were adjudged. Post the Supreme Court's May 15, 2006 decision in *eBay v. MercExchange*, 547 U.S. 388 (2006), considerable court time (often a few months after or, at times, immediately subsequent to the patent infringement trial) has been focused on testimony and evidence related to the enunciated four factors that must be considered for the entry of a permanent injunction: 1) plaintiff suffered

irreparable injury, 2) remedies available at law are inadequate to compensate, 3) balance of hardships favors injunction and 4) public interest would not be disserved by an injunction.

The discussion then shifted to various considerations related to damages, with a significant focus on how future damages may or may not differ from the quantification and assumptions used in determining past damages, that is, damages up to trial. Judge Clark led a lively discussion as to whether

future damages is an issue that should be taken up by the court, the current jury that was also deciding on infringement, validity and past damages, or a new jury. Further, Mr. Napper led a discussion as to the underlying assumptions a damages expert is asked to make

in determining past damages and whether those assumptions change economically when determining future damages in the form of a compulsory license rate. Having overseen a number of patent trials in which many of these issues have arisen, Judge Clark's views on these subjects were clearly and rightfully the focus of the rather active discussion at the luncheon.



Left to Right: Richard W. Erwine, Debra Resnick, Hon. Ron Clark and Brian W. Napper

## ARTICLES

The Association welcomes articles of interest to the IP bar.

Please direct all submissions by e-mail to:

Stephen J. Quigley, Bulletin Editor, at [squigley@ostrolenk.com](mailto:squigley@ostrolenk.com)

# NYIPLA Calendar

## CLE PROGRAMS

October 16, 2009

► **Hon. Arthur J. Gonzalez**, US Bankruptcy Court, Southern District of New York. ◀

**Topic: The Impact of Bankruptcy on Intellectual Property**

**Harvard Club** • 35 West 44th Street, NYC

November 5, 2009

► **Fall One Day CLE Program** ◀

**The Princeton Club** • 15 West 43rd Street, NYC

Four panels covering timely issues in:

~ Latest Developments in Statutory Interpretation ~ Litigation ~ Licensing ~ Ethics

► **Save the Date** *88th Annual Dinner in Honor of the Federal Judiciary* ◀

**Friday, March 26, 2010** Waldorf=Astoria Hotel

► **Save the Date** **Twenty-Sixth Annual Joint Patent Practice Seminar** ◀

**Thursday, April 29, 2010** Hilton New York

**More programs to come!**

**For Additional Information see: [WWW.NYIPLA.ORG](http://WWW.NYIPLA.ORG)**



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The *Bulletin* is published periodically for the members of The New York Intellectual Property Law Association.

Annual Non-Member Subscription is \$25.00. Single copies are \$10.00 each.

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