Two months ago, the Second Circuit reversed the judgment in Barry II. The appeals court held that the removal of Barry's action to federal court had been improper since its claim under the anti-dilution statute did not involve consumer confusion, an essential element of a Lanham Act claim, and therefore did not state a federal cause of action. See 461 PTCJ A-13. Beech-Nut was distinguished on the ground that the plaintiff in that case had alleged consumer confusion in its complaint. Based on the Court of Appeals' decision, Barry promptly moved to vacate the judgment in this case.

Decision

Relying on Fed. R. Civ. P. 60(b), Judge Sweet grants Barry's motion to vacate the judgment:

> [Text] The circuit court's opinion in Barry II requires that the judgment in this case be vacated and the case remanded to state court. The complaint in this case, like that in Barry II, alleges only a violation of the New York anti-dilution statute. Barry's complaint clearly disclaims any reliance on consumer confusion as a basis for its action, though it asserts that such confusion exists. This court cannot find any basis for a reasoned legal or factual distinction between this case and Barry II. Indeed, the factual identity between these two cases was the basis for this court's ruling that this action was barred by res judicata.
>
> Mushroom Makers' principal argument is that the Court of Appeals' decision in Barry II dealt only with Section 32 of the Lanham Act, 15 U.S.C. §1114, and did not discuss the possibility that a federal question might be presented under Section 43 of the Act, 15 U.S.C. §1125. Mushroom Makers urges that this court is not bound by Barry II, but can still rely upon Beech-Nut.
>
> However, in Barry II, the Court of Appeals specifically rejected the argument on which Beech-Nut rested, that an action alleging trademark infringement necessarily states a claim under the Lanham Act. It did not limit this holding to actions based on Section 32 of that Act, but apparently extended the holding to "any action alleging trademark infringement or unfair competition under the Lanham Act." * * * In view of the fact that Beech-Nut itself involved Section 43 of the Lanham Act, the distinction suggested by Mushroom Makers is untenable.
>
> Although the court in Barry II did not expressly overrule Beech-Nut, it substantially undercut its reasoning and limited the holding of that case to its facts. Moreover, even if Mushroom Makers were correct in asserting that Barry II and Beech-Nut represent inconsistent decisions by two different panels of the Court of Appeals, this court would still be bound by the most recent declaration of that court. * * *
>
> Since this case is indistinguishable from Barry II, it appears that no federal question is presented in Barry's complaint, and therefore this court lacked subject matter jurisdiction to enter summary judgment. Accordingly, that judgment is vacated and the action is remanded to state court * * *. [End Text]

- 0 -

SENATE VOTES DOWN BID TO BROADEN SCOPE OF PATENT POLICY BILL, S. 414

S. 414, the Bayh-Dole bill, cleared another legislative hurdle last week as the Senate, by a vote of 60-34, rejected an amendment that would "extend the Federal patent policy proposed * * * for small businesses and universities to all Government contractors." However, hostile questioning by Senator Russell B. Long (D-La.) resulted in the bill being temporarily laid aside. See Cong. Rec. 2/5/80, p. S956; 2/6/80, p. S1029.

Background

S. 414, introduced last year by Senators Birch Bayh (D-Ind.) and Robert Dole (R-Kans.), would allow universities and small businesses to obtain patent rights in technology resulting from Government-funded research and development contracts.

The bill also features a pay back provision that would permit the Government, in certain instances, to recoup its investment. See 417 PTCJ A-3, E-1. The Senate Subcommittee on the Constitution held hearings on S. 414 last year (see 430 PTCJ A-7 and 433 PTCJ A-8), and the bill emerged from the Judiciary Committee in late November (see 456 PTCJ A-20).

Senate Debate

The Senate began consideration of S. 414 late in the afternoon on February 5th. Debate continued the following day.

After Senator Bayh outlined the major features of the bill, Senators Adlai E. Stevenson (D-Ill.) and Harrison H. Schmitt (R-N. Mex.) called up an amendment (No. 960) that would extend the bill's uniform patent procedures to all who contract with the Government. (Senators Howard W. Cannon (D-Nev.) and Robert Packwood (R-Ore.) joined in sponsoring the proposed amendment, which parallels the major theme of S. 1215, see 431 PTCJ A-4, D-1.) According to its sponsors, the amendment would result in a patent policy that is truly uniform and consistent. As presently drafted, argued Stevenson, S. 414 "establishes a federal patent policy that discriminates among contractors on the basis of size and their tax status. * * * There is no rationale for this discrimination which grants title to inventions to small firms [and] nonprofit organizations * * * and not to others." Stevenson also maintained that, in the end, S. 414 will require more Government regulation and red tape.

Focusing on S. 414's pay back provision, Stevenson stated that the bill also discriminates against its intended beneficiaries in that the recoupment feature would not apply to contractors of federal agencies with title waiver policies, e.g., the Defense Department and the National Aeronautics and Space Administration. Thus, large contractors might escape repayment, while small contractors might not.

Senator Russell B. Long (D-La.), a long-time critic of a title-in-the-contractor policy, voiced strong opposition to the amendment. Long challenged Schmitt to identify one invention "that is any good that has not been developed because the Government could not give away a private patent monopoly." Schmitt replied that "it is impossible to show * * * one because they have not been commercialized."

According to Schmitt, "[t]hose who oppose either the basic bill, S. 414, or its expansion to the larger portion of the economy, are defending the status quo, and the status quo has not worked." Nevertheless, Long stood firm in opposition, arguing that title-in-the-contractor amounts to stealing. The public paid for these inventions, he said, and they therefore should belong to the Government. Schmitt replied that the "public interest has been protected to death by present law."

After Senator Howard W. Cannon (D-Nev.) rose in support of the Stevenson-Schmitt proposal, the amendment was put to a roll-call vote. The amendment was rejected by a vote of 60-34. The vote was as follows:

[Text]

YEAS--34

Armstrong	Glenn	Pressler
Bellmon	Goldwater	Roth
Boren	Heinz	Schmitt
Boschwitz	Helms	Schweiker
Bradley	Humphrey	Simpson
Byrd, Harry F., Jr.	Jepsen	Stevens
Cannon	Kassebaum	Stevenson
Cranston	Laxalt	Tower
Domenici	Lugar	Wallop
Durenberger	McClure	Warner
Garn	Packwood	Williams
	Percy	

NAYS--60

Baucus	Gravel	Nelson
Bayh	Hart	Nunn
Bentsen	Hatfield	Pell
Biden	Hayakawa	Proxmire
Bumpers	Heflin	Pryor
Burdick	Hollings	Randolph
Byrd, Robert C.	Huddleston	Ribicoff
Chafee	Jackson	Riegle
Chiles	Javits	Sarbanes
Church	Johnston	Sasser
Cochran	Leahy	Stafford
Cohen	Levin	Stennis
Culver	Long	Stewart
Danforth	Magnuson	Stone
DeConcini	Mathias	Talmadge
Dole	Matsunaga	Thurmond
Durkin	Metzenbaum	Tsongas
Eagleton	Morgan	Weicker
Exon	Moynihan	Young
Ford	Muskie	Zorinsky

NOT VOTING--6

Baker	Inouye	McGovern
Hatch	Kennedy	Melcher

[End Text]

(Ed. Note: A minor amendment (No. 961) clarifying the definition of "person" in §201 of the bill was adopted by unanimous consent. See Cong. Rec., p. S 1039, 2/6/80.)

Bayh attempted to assuage Long by emphasizing that S. 414 protects the public interest through its pay-back provision. Long, however, remained unconvinced, and proposed that a final vote on S. 414 be delayed to "give those * * * who do have some reservations about the bill a further opportunity to consider [it] * * * and * * * to suggest amendments."

Senator Robert C. Byrd (D-W. Va.), the majority leader, readily agreed to Long's request. The bill was therefore temporarily laid aside, with the understanding that it would be called back up before the Senate at any time on or after February 18th.

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Co-Sponsors of S. 414

Senators:

Bayh (Sponsor)	Zorinsky
Dole	Leahy
Bellmon	Eagleton
DeConcini	Gravel
Garn	Burdick
Hatfield	Domenici
Hatch	Magnuson
Lugar	Tsongas
Mathias	Durkin
Matsunaga	Hollings
McGovern	Nelson
Metzenbaum	Nunn
Schmitt	Ford
Thurmond	Weicker
Cochran	Sasser
Moynihan	Goldwater
Inouye	Laxalt
Huddleston	Hayakawa
Chafee	Baucus
Exon	Culver