THE SUFFOLK LAWYER

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Vol. 28 No. 5
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INSIDE...
FEBRUARY 2013 FOCUS ON INTELLECTUAL PROPERTY

Say goodbye to Hollywood

By Cornell V. Bouse

This past summer, legislation was passed by the State Assembly and signed by Governor Cuomo putting an end to the Suffolk County Traffic Violations Bureau ("TVB") permitting Suffolk County to manage and process traffic summons on alleged violations in Suffolk County excluding, of course, the villages which handle summonses issued within their borders.

Cornell V. Bouse

Established in Suffolk County in 1977, the New York State system of prosecuting motorists who were alleged to have violated the NYS traffic code in Suffolk County became an embarrassment to the system of justice and fair play. Defining the granting of a NYS driver's license by the state as a '*privilege*' and not a *'right'* allowed the TVB system to avoid affording fundamental constitutional rights to motorists in prosecution of violations of the NYS traffic code.

Back in the late seventies, if a motorist appeared at the Suffolk TVB with an attorney and a fairly well detailed cross examination of an officer followed and the hearing ending with a defense' argument that the charge was not proved by *clear and convincing evidence*, generally, the Administrative Law Judge (ALJ) would find in favor of the motorist and dismiss the charge. In more recent years '*clear and convincing evidence'* has virtually turned into '*beyond a reason-*

(Continued on page 27)

Photo by Barry Smolowitz

SCBA Judicial Swearing-In & Robing Ceremony once again a stellar event

The SCBA sponsored Judicial Swearing-In & Robing Ceremony at Touro College included an honor guard comprised of court officers who marched in to present the colors. (See story on page 10 and photos on pages 14-15.)

PRESIDENT'S MESSAGE

SCBA reaches out to those in need

Arthur Shulman

By Arthur E. Shulman

The days are getting longer and I am looking forward to the arrival of spring and being able to drive home or to a bar meeting or other function in daylight. However, during the shorter days leading to the winter solstice, and beyond, the SCBA has, and will continue to participate with the Touro Law Center and the New York State Bar Association to help victims of Sandy deal with various state and federal agencies as well as insurance companies. Whether this assistance will be provided at clinics to be held at the SCBA or over the Sandy hot line by our volunteers in conjunction with the Touro Law Center is yet to be determined. Because Suffolk County is so large, it appears that a majority of people needing help preferred to get legal advice over the phone rather than by physically meeting with the volunteers at the SCBA.

I had the great pleasure of participating in the swearing in and robing ceremony held at the Touro Law Center for our newly elected, reelected and appointed judges from Suffolk County on Jan. 7. Congratulations to Justices Richard Ambro and John J. Leo of the Supreme Court, Judge Stephen J. Lynch of the Court of Claims, Judges John Iliou, John H. Rouse, James A. McDonaugh, Derrick J. Robinson, Karen Kerr, Richard T. Dunne, Janine Barbera-Dalli and Richard Horowitz of the District Court, and Judge Denise Molia of the Family Court. It is a well known fact around our state that Suffolk County has one of the finest batches of judges collectively of any county in New York State. It is a tribute to our judicial selection system. Thanks to all the members of our Judicial Screening Committee.

(Continued on page 18)

BAR EVENTS

New CLEs Provide Technology Skills and Insights

Wednesday, Feb. 6

Bar center

E-Discovery & Predictive Coding

Lunch included

Thursday, Feb. 21

Mandatory E-Filing in Commercial Division & Med-Mal Cases

Lunch presentation at the SCBA Center

Evening program in Southampton

Tuesday, March 12

Cloud Computing: Tips & Caveats

Lunch included

FOCUS ON
INTELLECTUAL PROPERTY
SPECIAL EDITION

Suffolk County Bar Association

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Board of Directors 2012-2013

SCBA Calendar

All meetings are held at the Suffolk County Bar Association Bar Center, unless otherwise specified. Please be aware that dates, times and locations may be changed because of conditions beyond our control. Please check the SCBA website (scba.org) for any changes/additions or deletions which may occur. For any questions call: 631-234-5511.

OF ASSOCIATION MEETINGS AND EVENTS

JANUARY 2013

28 Monday Board of Directors, 5:30 p.m., Board Room.
29 Tuesday Solo & Small Firm Practitioners, 4:30 - 6:00 p.m., Board Room.

FEBRUARY 2013

4 Monday Executive Committee, 5:30 p.m., Board Room.
6 Wednesday Appellate Practice Committee, 5:30 p.m., Board Room.
7 Thursday 2nd Annual Cohalan Cares for Kids, hosted by the SCBA benefitting the Cohalan Children's Center.
11 Monday Surrogate's Court Committee, 6:00 p.m., Board Room.
13 Wednesday District Court Committee, 8:00 a.m., Colalan Court Complex, CI, Attorney's Lounge.
Education Law Committee, 12:30 p.m., Board Room.
20 Wednesday Elder Law & Estates Planning Committee, 12:00 p.m., Great Hall.
Professional Ethics & Civility Committee, 6:00 p.m., Board Room.
25 Monday Board of Directors, 5:30 p.m., Board Room.
26 Tuesday Solo & Small Firm Practitioners, 4:30 p.m., Board Room.

MARCH 2013

6 Wednesday Appellate Practice Committee, 5:30 p.m., Board Room.
8 Friday Labor & Employment Law Committee, 8:00 a.m., Board Room.
11 Monday Executive Committee, 5:30 p.m., Board Room.
12 Tuesday Surrogate's Court Committee, 6:00 p.m., Board Room
13 Wednesday District Court Committee, 8:00 a.m.,Cohalan Court Complex, C.I., Attorney's Lounge.
Education Law Committee, 12:30 pm., Board Room
18 Monday Board of Directors, 5:30 p.m., Board Room.
19 Tuesday Solo & Small Firm Practitioners, 4:30 p.m., Board Room.
20 Wednesday Elder Law & Estate Planning Committee, 12:00 p.m., Great Hall.
27 Wednesday Professional Ethics & Civility Committee, 6:00 p.m., Board Room.

APRIL 2013

3 Wednesday Appellate Practice Committee, 5:30 p.m., Board Room.
8 Monday Executive Committee, 5:30 p.m., Board Room.
10 Wednesday District Court Committee, 8:00 a.m., Cohalan Court Complex, C.I., Attorney's Lounge.

Our Mission

"The purposes and objects for which the Association is established shall be cultivating the science of jurisprudence, promoting reforms in the law, facilitating the administration of justice, elevating the standard of integrity, honor and courtesy in the legal profession and cherishing the spirit of the members."

SCBA Scholarship Foundation news

Thank you to SCBA President Elect **Dennis Chase** and his wife Sheri for making a donation to the SCBA Scholarship Foundation.

SAVE THE DATE

Installation Dinner Dance on Friday, June 7, 2013 at 6 p.m. at the Cold Spring Country Club, Cold Spring Harbor, N.Y. The dinner will honor and install the new SCBA President, Dennis R. Chase, Officers, and Directors. Tickets are $135 per person. The SCBA has decided to raise the Bar this year - new venue, new food and new format!

Important Information from the Lawyers Committee on Alcohol & Drug Abuse:

THOMAS MORE GROUP TWELVE-STEP MEETING

Every Wednesday at 6 p.m.,
Parish Outreach House, Kings Road - Hauppauge
All who are associated with the legal profession welcome.

LAWYERS COMMITTEE HELP-LINE: 631-697-2499

THE SUFFOLK LAWYER

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WHO'S YOUR EXPERT

Can your expert wear two hats?

By Hillary A. Frommer

Last month's article discussed the difference between the litigation consultant and the trial witness under the CPLR and FRCP, and why that distinction is important in pre-trial discovery.

So now I ask, can one expert wear both hats in the same litigation? Technically, yes. Neither the state nor federal rules prohibit a party from retaining a consultant to help prepare a case for trial, and then designating that same individual as a trial expert. But beware. By engaging the same expert as consultant and trial witness, a party runs the risk that information provided to the consultant which is generally not subject to disclosure under CPLR § 3101(d)(1) or FRCP 26(b)(3)(A), may become discoverable.

For example, materials an expert obtains while acting as a consultant may become discoverable if the expert then relies on them in forming the opinions to which he will testify at a trial. This is precisely what occurred in *Semi-tech Litigation LLC v Bankers Trust Co*[1] The plaintiff retained an expert as a litigation consultant and subsequently designated him as a trial witness. During discovery, the plaintiff refused to produce documents that it had provided to the expert while the expert was acting in his consultant capacity and before he was designated as a trial witness, but which the expert relied on in forming his opinions. The plaintiff's counsel also prohibited the expert from answering questions at his deposition about communications he had with the plaintiff during that "consultant" period, even though the expert testified that he relied on those very communications in forming his opinions. Pursuant to FRCP 26(a)(2), an adverse party may question an expert on the data he considered in forming his expressed opinions. The court therefore ordered the plaintiff to produce all documents the expert considered in forming his opinions, regardless of when the expert obtained them, and ordered the expert to answer all questions at his deposition concerning that same subject matter.

Hillary A. Frommer

A similar situation arose in *Beller v William Penn Life Ins. Co*[2] The defendant retained one accountant as both a litigation consultant and testifying witness. During the accountant's deposition, agreed to by the parties notwithstanding CPLR § 3101(d)(1)(B), the expert was instructed not to answer questions unless he could do so without divulging his "thought process in connection with the litigation."[3] Unsurprisingly, the accountant refused to answer questions about certain communications he had with defense counsel on the grounds that he could not distinguish between attorney work-product and the mechanics of the assignment itself. A discovery dispute ensued. However, in arguing against the disclosure, the defendant did not attempt to differentiate the accountant's role as consultant from that as trial witness.[4] The court noted that the defendant made a "wise" decision and stated that it would have rejected such an argument.[5] Instead, the defendant argued that the communications were immune from discovery as attorney work-product (under CPLR § 3101(c)), and as materials prepared in anticipation of litigation (under CPLR § 3101(d)). Because an expert's report must contain in reasonable detail the substance of the facts and opinions of the expert's expected testimony and a summary of the grounds for each opinion,[6] the court determined that at a deposition, the adversary may inquire into the information the expert relied on in rendering the opinion. Examining the communications at issue, the court found that the attorney had indeed provided the expert with explanations necessary for the accountant to complete his report, but that parts of the conversations at issue could be protected from disclosure either as attorney work-product or trial preparation materials because they may have included the attorney's mental impressions. Ultimately, the court determined that the plaintiff was entitled to learn from the defendant's expert what was said to him during conversations with the defense counsel which the expert used as grounds for his opinion.

A party may also be required to disclose information it provides to a consultant if a court concludes that an expert realistically cannot segregate that material from the information the expert obtains while acting as a trial witness. *American Steamship Owners Mut. Protection & Indemnity Assoc., Inc. v Alcoa Steamship Co.*,[7] is a perfect example. There, the plaintiff retained an attorney as a consultant and then subsequently designated him as a rebuttal expert at trial. The defendant sought production of a letter which the expert obtained while acting in his consultant capacity. Although the expert neither prepared that letter nor reviewed it in forming his opinion, the court ordered the plaintiff to produce it because it was "unlikely that an expert can cast from his mind knowledge relevant to the issue on which he is asked to opine merely because he learned of it prior to receiving the assignment."[8] The court appeared keenly aware that the plaintiff placed itself in that discovery situation by designating its litigation consultant as a rebuttal witness, as it stated in a footnote, "of course, the [plaintiff] could have avoided this result by choosing an expert with whom it had no prior relationship and then being circumspect in choosing what documents to provide for the expert's review."[9]

As the case law reveals, using one expert as a consultant and trial witness in the same case may result in the disclosure of communications between the attorney, client, and expert which may otherwise be immune from discovery. Before designating a consultant as a trial witness, an attorney should consider whether such disclosure, if court ordered, will impact the case, and to what degree. Will a communication be exposed at trial? If so, will it negatively alter the jury's perception of the expert witness or dilute

(Continued on page 20)

Meet Your SCBA Colleague

John Calcagni, ***a business attorney, is a partner at Haley Weinblatt & Calcagni, LLP., with an A-V rating from Martindale-Hubbell. But he did not plan to be an attorney. Calcagni started out as a high school English teacher.***

By Laura Lane

Tell me a little about your experience as a teacher. I taught at Jericho High School for seven years and the students were only a year or two older than me. After talking to a friend who was in law school, I decided to go too. I thought law would be intellectually challenging and it is. Teachers are somewhat limited in the breadth of their horizons.

What do you enjoy about being an attorney? I like the challenge of law. I find that there is a certain satisfaction being confronted with a problem and finding a solution to the problem.

There's an opportunity to always be learning. Yes. I enjoy learning and don't think we should ever stop learning. If an attorney stops learning they won't be very effective for the client.

After obtaining your J.D. from St. John's you joined Willkie Farr & Gallagher. Why leave? I was putting in four hours of travel per day, working 9 to 10 hours and billing 2200 hours a year. My son was only five and I was constantly working. When I was offered a position at the Allen Group I decided to take it. Working for the Allen Group my travel time was 15 minutes each way and I left at 5:30 or 6 p.m. each day.

Your whole life changed. Yes. I enjoyed the inhouse experience at Allen more. It was easier, and I was experiencing a much more pleasant lifestyle. I even had time to coach my son in soccer. I worked with great people there.

It must have been difficult when they moved their office to the Midwest. Yes. A number of us were laid off. I became a sole practitioner from 1989 to 1994. Then in 1994 we started our own practice.

Why did you become so involved in working as an adjunct professor of business law at St. Joseph's College? I have enjoyed teaching in the graduate management studies program. Most of the students are bright and you can learn from them too. I've enjoyed the interaction and still enjoy it. I teach online courses now. The students bring their employment background with them and a lot of times it's a rich employment background.

Computer technology is also one of your passions, right? My interest in computer technology began in 1999 when I learned how to take a computer apart and put it back together again. Then I took some technology courses. I could always see the role that computers were going to have and wanted to be able to exercise some control over how I would interact with them. I was determined that I'd know how to master them and not have them master me.

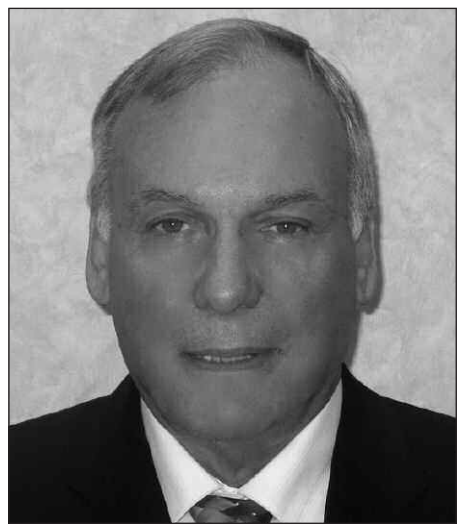
You continued to learn about computers over time. I received the designations of "Cisco Certified Network Associate" from Cisco Systems, Inc. and of "Certified Professional" from the internationally based Computing Technology Industry Association in the fields of computer security, computer networking, internet technology, server technology, computer repair, and Linux operating systems. The Cisco exam is a very very difficult exam.

Are your computer studies useful in your practice? Yes, in that I have represented owners of software companies who have sold their businesses to larger public entities and have drafted or reviewed several software licensing agreements on behalf of other clients. I have also drafted website terms of use and privacy agreements. Part of being able to do this is knowing the "language" of computers.

When did you join the SCBA and why? I joined at least 10 years ago. As a solo practitioner you are looking for education and the ability to find out answers to questions from other attorneys. The SCBA provided an avenue for me to share information. I got involved almost immediately with the Academy.

Why? I liked the idea of learning. In preparing for programs you have to be up to speed in the latest developments in your area; so one of the best ways to keep up is to run a program. After six years I became the dean. It is a very rewarding experience.

How so? People give their time and effort to educate and help other lawyers which means you are helping the clients. It takes weeks to prepare one program and the academy does this approximately 120 times a year. And it's all volunteer.



John Calcagni

You are the SCBA Treasurer right now. What other positions have you held or do you hold at the bar association? I was a member of the Board of Directors from 2004 to 2007 and was a member of the Judicial Screening Committee am on the Bench Bar Committee and a trustee of the Lawyers Assistance Foundation.

Why would you recommend people join the SCBA? There is camaraderie at the SCBA. Suffolk County is not a big firm county. By going to the bar you are able to extend the number of people you interact with. There are thousands of attorneys in the city. In Suffolk County you will often know the person on the other side. At the SCBA you learn and expand. If you are not keeping up as an attorney you will stagnate.

TRUSTS & ESTATES

Capacity to make wills, trusts, and gifts

By Robert M. Harper

The issue of capacity is oftentimes hotly contested in disputes concerning the validity of testamentary instruments, trusts, and gifts. While practitioners may be tempted to assume that the capacity necessary to execute a testamentary instrument is the same as that which is required to create a trust or make a gift, they would be mistaken to do so. The Surrogate's Courts have applied differing standards for capacity relative to wills, trusts, and gifts. This article discusses the different standards for capacity, of which practitioners should be mindful when advising their clients.

Testamentary instruments

The threshold for establishing testamentary capacity is extraordinarily low.[1] This is because the capacity that is necessary to execute a valid will is less than that which is required for any other legal transaction. All that is necessary is that a testator: (a) understand the nature and consequences of making a will; (b) know the nature and extent of his or her property; and (c) know the natural objects of his or her bounty and relations with them.[2]

Moreover, as a testator's mental capacity must be assessed at the precise time of the instrument's execution,[3] a testator need only have a "lucid interval" of capacity to execute a valid will.[4] Indeed, courts have found that testators had testamentary capacity, even though the testators were afflicted with ongoing mental illness,[5] progressive dementia,[6] and physical weakness.[7]

Viewed through that lens, *Matter of Petix* is instructive. There, the decedent died on April 29, 2005, just six months after executing his last will and testament on November 2, 2004.[8] Inasmuch as the decedent's son was the nominated executor and sole beneficiary under the propounded will, the decedent's granddaughter, the daughter of his predeceased daughter, filed probate objections, alleging that the decedent lacked testamentary capacity, among other things. The bases for the capacity objection were the following: "a medical note by a Dr. Blackburn, dated 12/19/02, which stated that decedent was demented to the point where his driving was impaired;" and "two police reports, one where decedent had lost his car, and one where decedent had lost his wallet."

Robert M. Harper

Notwithstanding the granddaughter's proof that the decedent was suffering from dementia, the Surrogate's Court granted summary judgment dismissing the testamentary capacity objection. In doing so, the court found that the granddaughter failed to offer proof to suggest that at any time on November 2, 2004, the date upon which the will was executed, the decedent lacked capacity to make a will. The court also noted that "a dementia diagnosis and lack of testamentary capacity are not one in the same." Accordingly, summary judgment dismissing the testamentary capacity objection was warranted.

In addition to the foregoing, practitioners should be aware of the presumptions that may arise relative to testamentary capacity. A testator is presumed to have capacity when: (a) the testator's testamentary instrument is drafted by and executed under the supervision of an attorney;[9] or (b) the attesting witnesses to the instrument's execution sign a self-proving affidavit.[10]

Despite the fact that wills, trusts, and gifts are oftentimes employed in a singular estate plan, practitioners should not assume that the low threshold for testamentary capacity will suffice for the purposes of creating a trust or making a gift. As explained more fully below, a more rigorous standard of capacity exists for creating trusts and making gifts.

Trusts and gifts

The threshold of capacity to create a trust or make a gift is higher than that which is required to execute a will or codicil.[11] As Richmond County Surrogate Robert Gigante recently explained in *Matter of Donaldson*, the "controlling standard is not the lower standard for a testamentary instrument, but is rather the higher contract standard of capacity . . ."[12] The higher standard of contract "focuses on whether the person was able to understand the nature and consequences of a transaction and make a rational judgment concerning it." Consequently, it is possible that a person might possess the capacity necessary to execute a will and, at the same time, lack capacity to create a trust or make a gift.

Kings County Surrogate Margarita Lopez-Torres's decision in *Matter of Rosen* is illustrative of the impact that the differing standards can have in litigated matters. In *Rosen*, the Surrogate's Court held that the decedent lacked testamentary capacity to execute his Last Will and Testament, which was dated October 6,

(Continued on page 21)

BENCH BRIEFS

SUFFOLK COUNTY SUPREME COURT

Honorable Paul J. Baisley, Jr.

Elaine Colavito

Motion to strike negligent hiring and supervision cause of action granted; employer is liable for the employee's negligence when employee is acting within the scope of employment; motion for protective order granted; personnel file not discoverable.

In *Christopher Braun, infant by his father and natural guardian Edward Braun and Edward Braun, individually v. Longwood Junior High School, Longwood Central School District, Longwood Board of Education, Amboy Bus Co., Atlantic Express Transportation Corp., The Bus Driver Known as "Laura" (last name unknown),* Index No.: 240/07, decided on May 2, 2012, the court granted the defendants' motion to strike the cause of action for negligent hiring. The court also granted defendants' motion for a protective order. The court noted that the plaintiffs commenced this action to recover for personal injuries allegedly sustained as a result of an assault.

At the time of the incident, the infant plaintiff was a passenger on a school bus owned by defendant Amboy Bus Co., and operated by Laura Duez. In deciding the motion, the court pointed out that the defendants conceded that the bus driver was acting within the scope of her employment at the time of the incident. When an employee is acting within the scope of employment, the employer is liable for the employee's negligence under the theory of respondent superior, and a plaintiff may not maintain a cause of action against the employer for negligent hiring and supervision. Accordingly, the court granted the defendants' motion to strike the causes of action for negligent hiring and supervision. With respect to that portion of the defendants' motion for a protective order to prevent the disclosure of the complete employment/personnel file of the bus driver, the court granted same. The court reasoned that with the striking of the

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Gun Control

By Alison Arden Besunder

"A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed."

– The Second Amendment to the U.S. Constitution

New York has no separate constitutional gun protection, but Article 2, Section 4 of the New York Civil Rights Law provides "a well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms cannot be infringed." That law has not prevented N.Y.S. from imposing some of the strictest handgun regulations in the nation. New York's 1911 Sullivan law was one of the first in the country requiring a permit to own a handgun.

New York's "gun control" is essentially two-tiered between state and local law. The state laws regulating handguns are found in N.Y.P.L. §§ 265.00, 265.20, 270.00, 400.00, 401.00 and 405.0, and C.P.L. § 1.20 and 2.10. All handguns must be licensed. N.Y.P.L. §§ 265 and 400 *et seq*. Other than NYC, rifles and shotguns need not be licensed.

At the state level, a license may be granted to an applicant who is of good moral character, is over 21 years of age, has not been convicted of a serious offense, states if and when he has ever been treated for mental illness, is not subject to a protective court order and to whom no good cause exists for the denial of the license. N.Y.P.L. 400.00. The age requirement does not apply to people honorably discharged from the military.

Anyone between 18 and 21 can use a handgun at an indoor or outdoor pistol range or at a target pistol shooting competition *under the auspices of or approved by the NRA* (not *exactly* my first choice for supervisory authority).

Alison Besunder

New York State does not perform its own background check, but rather forwards fingerprints to the FBI for a search of criminal records. The failure or refusal of the FBI to complete the fingerprint check in six months cannot be the sole basis for refusing to issue the permit.

Gun purchase in New York requires a license for that particular make, model, caliber, and serial number, and possession requires a valid license for that particular registered gun. Licenses are not issued to non-NY residents or part-time residents; out-of-state handguns are not permitted.

There are two types of licenses: "carry" or "premises-only." NYC rarely issues carry licenses and only where self-defense is the proven primary reason for ownership (usually law enforcement and armed guards). A premises-only license does not permit carrying a concealed weapon off-premise. Other than NYC (3 years), Nassau, Suffolk and Westchester (5 years), licenses in New York State are valid until revoked and need not be renewed. In other words, New York State has no oversight of a gun owner after license. See: *http://www.troopers.ny.gov/ firearms/* (last visited Jan. 14, 2013). Even with a permit, it is illegal to carry a weapon in schools (including child care), state parks, or mental health facilities. The penalty for carrying a concealed weapon without a permit is only a class A misdemeanor, carrying a penalty of a fine up to $1,000 and/or up to 12 months in jail (or three years probation).

New York is a "May-Issue" state; the individual licensing official (a local police chief or sheriff) has discretion to issue a handgun license or concealed weapon permit and whether to impose conditions such as firearms training or education. The various licensing and permit authorities are not unified, the rules vary between counties, and the "gun laws" are therefore all over the map. New York City, for example, is a "No Issue" jurisdiction. New York City Administrative Code § 10-131 Firearms (2010).

New York City is the only county where a pistol licensee is restricted from carrying and must have an uninterrupted trip through the city with the ammunition and gun locked separately when traveling. Delaware County, on the other hand, is the only county to permit open carrying. NYPL 265.35. The restrictions imposed on a carry license travel with the licensee as he or she travels from county to county within the state. Thus, a holder of a Delaware County license (unrestricted carry) can take his concealed handgun into Kotobuki, but his Suffolk County gun-licensee companion cannot.

New York State bans possession or sale of "assault weapons" or "large capacity ammunition feeding devices" *manufactured after 1994*. NYPL 265.00, 265.02. New York State law continues to enforce the same provisions as the (now expired) Federal Assault Weapons Ban, which bans rifle magazines in excess of 10 rounds in assault weapons manufactured after 1994. Violation is a class D felony. N.Y.P.L. 265.02(6), 265.00(23). The expiration of the federal ban undermined NY's ability to enforce its ban, since the federal law required that all "large capacity" magazine guns be stamped with the date of manufacture. That federal requirement is no longer in effect, hindering prosecutions of possession of post-2004 assault weapons.[1]

Governor Cuomo's new proposal (expected to be passed on January 16, 2013) would ban all assault weapons regardless of manufacture date and reduce permitted magazines from 10 to 7 rounds.

New York's gun culture widely varies from county to county, especially between downstate and upstate. New York is 6th in the top 10 restrictive states on the purchase, possession, or carrying of handguns, but gets only a "B" rating from the Law Center to Prevent Gun Violence. See http://smartgunlaws.org. (In fairness, Connecticut, Maryland, Michigan and Hawaii also received a "B," only Massachusetts and California received an A-; 23 states received an "F"). As the third most populous state (19.5 million people), New York ranked 24th for its 2010 murder rate, slightly below the federal average. In 2008 New York had the 5th lowest number of gun deaths. Id. In December 2012, Mayor Bloomberg announced that NYC murder rates were the lowest in 50 years.

The 10 states with the strongest gun laws (in order) are California, New Jersey, Massachusetts, Connecticut, Hawaii, New

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Fair use of trademarks

By Trudie Katz Walker

This article will address "fair use" of trademarks by other than the owner of the trademark. The trademark owner is generally the registered owner or earlier senior user, of the mark for related goods and services.

A trademark or service mark is a word, term, name, phrase, symbol, device, logo, color, sound or other distinctive characteristic or combination thereof, that is a unique identifier of the source of manufacture or production of a good, or provider of a service. Trademarks are intended to prevent confusion, mistake or deceit in the marketplace. Lanham Act § 45, 15 U.S.C.A. § 1127.

Trademarks do not protect every possible use of a senior user's mark. It may be desirable for manufacturers, merchants and service providers to use the trademarks of others for advertising and other purposes. Lawful use of another's trademark is called "fair use." This term is a misnomer because it is used in a broad number of circumstances including those in which there was no actual "use" in commerce, or in which there is no actual confusion, mistake or deception.

This article addresses federal trademarks in use in interstate commerce, not individual state trademark laws, copyrights or First and Fifth Amendment issues.

Trudie Katz Walker

The federal trademark statute, known as the Lanham Act, covers registration of marks used in commerce, false designation of origin and anti-dilution including anti-cybersquatting. (15 U.S.C. § 1051) et seq. Section 32 of the Lanham Act provides that a "party who uses, reproduces, copies, counterfeits a registered mark, or a colorable imitation thereof, in commerce, without the consent of the registrant in connection with the sale, offering for sale, distribution, or advertising of any goods or services", or labeling and advertising to be used in commerce in connection with the sale, offering for sale, etc. of goods or services "which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action". § 32 (15 U.S.C. § 1114). Parties shall also be liable for any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which (A) is likely to cause confusion, or to cause mistake, or to deceive. . . or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of goods, services, or commercial activities." § 43 (15 U.S.C. § 1125).

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There are two types of "fair use" of trademarks by other than the owner: classic and nominative. "Classic fair use" includes "the party's individual name in his own business, . . . or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin."[1] These classic fair uses are non-infringing uses and are defenses to use of another's trademark. In *KP Permanent Make-Up*[2] defendant used the term "micro-color" only to describe its goods and not as a mark. The Supreme Court held that the defendant does not have the burden to negate the likelihood of confusion in raising the defense that a designation is used descriptively and not as a trademark, and is used fairly and in good faith. However, the court indicated that evidence of the degree of confusion can be relevant in deciding if the contested term was used fairly by defendant, and is non-infringing "fair use." The court indicated that a likelihood of confusion can be factored into the overall balancing of evidence to determine if the use is fair. The court further stated that even where there is some possibility of consumer confusion, such confusion is compatible with "classic fair use." Such "classic fair use" does not claim any ownership, sponsorship or endorsement of the senior user's trademark.

"Fair use" in which the mark is used to describe the junior user's goods or services, and not as a trademark, is called nominative "fair use." This use does not create consumer confusion or identify the junior user as the source of the good or the service. The senior user's mark can be used for the purposes of comparison, identification, distinction or criticism of the trademarked goods or services, or for public discussion.[3] An example of nominative "fair use" is an automobile repair shop advertising by trademark brand name the brands of car that they repair.[4] Truthful comparative advertising provides important information to consumers in purchasing decisions; may promote product competition, improvement, innovation; and may lead to lower prices in the marketplace.

Owners of famous marks have even stronger protection under the Lanham Act. In addition to traditional trademark law the federal Trademark Dilution Act provides that the owner of a famous mark shall be entitled to an injunction against the user of a mark in commerce that is likely to cause dilution by blurring or tarnishment. Use of a mark that is famous, even for goods or services unrelated to the

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Software Patenting: the quiet storm

By Neeraj Joshi

For many, the issue of software patenting has fomented an utterly disgraceful legal tennis match in federal courtrooms. The question remains simple: can I patent my software invention?

The controversial 2010 Supreme Court *Bilski* decision provided fodder for numerous experts and attorneys, yet it did not directly answer the question of patentability. According to Dennis Crouch of the Patently-O Blog, in October of 2012, the Court of Appeals for the Federal Circuit ("Federal Circuit") announced that it will focus its attention on answering this patentability question, as it ordered an *en banc* rehearing of *CLS Bank v. Alice Corp*.[1] Will the rehearing provide a panacea for concerned practitioners and inventors, or will it ensure that Pandora's Box remains wide open?

Neeraj Joshi

The Federal Circuit and Supreme Court have continually utilized the "machine-or-transformation" test, that an invention must either be tied to a machine or transform an object, when evaluating patentability of software inventions. The Federal Circuit in *In re Bilski* confirmed the validity of the machine-or-transformation test. According to the Supreme Court in *Bilski v. Kappos*, however, this "machine or transformation" test may not be the sole viable test. Moreover, merely satisfying this threshold does not guarantee patentability, according to the Supreme Court in *Mayo v. Prometheus*. This nebulous vacillation on declaring concrete law undoubtedly causes inventors and practitioners alike to shake their heads.

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The compendium of software patent cases since *Bilski* sheds light on one fundamental aspect of claiming a software invention: the computer must play an integral part in the claims. In deciding *Research Corp. Technologies v. Microsoft Corp.* in 2010, the Federal Circuit held patentable claims which contained algorithms and formulas. The court did not notice anything "abstract in the subject matter of the processes" and noted that some claims *required* physical components.[2] Eight months later, the Federal Circuit decided *Cybersource Corp. v. Retail Decisions, Inc.*, once again utilizing the machine-or-transformation test regarding method claims. The court denied patentability to an invention consisting of a mental process capable of implementation without a computer.

Later in 2011 the Federal Circuit decided *Ultramercial v. Hulu*, holding claims patentable because several said claims were "likely to require intricate and complex computer programming."[3] *Ultramercial* represents a key software patent case. The court suggested that a programmed computer would survive the "machine or transformation" test. Such a machine would not fall into a chasm with other more mundane devices assigned an "abstract" label. Four months later, the Federal Circuit referred to the *Ultramercial* decision in hearing the *Dealertrack, Inc. v. Huber* case. The court specified the computer requirement in process claims, holding that a computer-aided invention does not necessarily satisfy the machine standard. Whereas the programmed computer in *Ultramercial* accomplished complex tasks, the computer in *Dealertrack* did not purport to have any "involvement or detail."

After the Federal Circuit held in *Mayo* that natural phenomena may not be patented, even despite the presence of a machine or transformation, the court heard the *CLS Bank* case. The court applied a more lenient standard for method patents, stating that claims would be denied patentability only if they amount to "nothing more than a fundamental truth or disembodied concept, with no limitations in the claim attaching that idea to a specific application."[4] This past July, the Federal Circuit ruled that merely including a computer in the application was insufficient for patentability. In *Bancorp Services v. Sun Life Assurance of Canada*, Judge Lourie opined that computers did not play significant enough a part in the invention's operation. In addition, the claims were "not

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From the desk of the SC District Administrative Judge

Dear Colleagues,

On March 15, 2013, the electronic filing of litigation documents in Suffolk County Supreme Court through the New York State Courts Electronic Filing System ("NYSCEF") will become mandatory for Commercial Division and Medical Malpractice cases. With respect to the former, only those commercial cases which comport with the requisites of Uniform Rules of the Trial Courts § 202.70 will be included in this program.

Mandatory e-filing is governed by Uniform Rule 202.5-bb. The New York State Courts' public website - www/nycourts.gov - provides a wealth of information concerning the NYSCEF system including training material. Attorneys requiring assistance with the system are encouraged to call the E-filing Resource Center at (646) 386-3033. If you require local assistance with issues concerning the Suffolk County Clerk, please call Stephen Kiely, Esq. at 631 852-2000 ext. 113. In addition, live training hosted by the Suffolk Academy of Law will be conducted in the near future. Information on these sessions will be available on the Bar Association website and through communication with its members, including e-blasts.

The protocol for Suffolk County procedures for electronically filed cases will be provided shortly on the Suffolk County Courts' website. Please check this site for further information.

This effort is designed to foster greater efficiency for both the courts and practitioners. The Suffolk Courts and the County Clerk's office are collaborating to make certain the transition to this system will be smooth. Please feel free to contact us if you have any questions or concerns. Thank you for your cooperation as we launch this system.

Very truly yours,

C. Randall Hinrichs
Suffolk County District
Administrative Judge

Judith A. Pascale
Suffolk County Clerk

SYDNEY SIBEN'S AMONG US

On the move…

Alison Besunder's firm will now be called Arden Besunder P.C. and her office has moved to 60 East 42nd Street, Suite 764, New York, New York 10165. The phone number, email addresses and website remain the same (212) 584-1139, alison@besunderlaw.com, www.besunderlaw.com

Congratulations…

To **Carmela M. Di Talia**, partner of the law firm of Esseks, Hefter & Angel, LLP who was honored by the Riverhead Chamber of Commerce as its 2012 Director of the Year.

To **Robert F. Quinlan** (SCBA past president 2005-2006) who is now the Principal Law Clerk for District Administrative Judge C. Randall Hinrichs.

Craig L. Olivo and **Terry O'Neil** of Bond, Schoeneck & King, PLLC have been recognized as AV Preeminent Rated Lawyers by Martindale-Hubbell. The "AV Peer Review RatingsTM" identifies lawyers with the highest rating legal ability and ethical standards, is a reflection of their expertise, experience, integrity and overall professional excellence.

Hon. Leonard D. Wexler who has been named by Dean Patricia Salklin as inaugural Distinguished Jurist in Residence. Judge Wexler will work with Touro to strategically strengthen relationships with the Federal Bench.

Announcements, Achievements, & Accolades…

Penny B. Kassel, will be presenting a seminar on "Elder Law: Everything You Need to Know" to the Molloy Institute for Lifelong Learning on Friday, Feb. 9, at 10:00 a.m.

Paul Hyl has been named partner at Genser Dubow Genser & Cona (GDGC) after serving as an associate at the elder law and estate planning firm for the past seven years.

Troy G. Rosasco, a Senior Partner at the law firm Turley, Redmond, Rosasco & Rosasco, LLP, has been appointed Adjunct Professor of Law at St. John's University School of Law. Mr. Rosasco will teach a new course during the spring semester called "Protective Legislation for Workers," which will cover Workers' Compensation law and Social Security Disability claims.

Condolences….

To **Phil Russo** and his family on the passing of his son Matthew, 7, who lost his battle with leukemia. The Russo family wish to thank the members of the Bar Association for their incredible support during Matthew's five year battle. Donations may be made in Matthew's name to any of the three charities listed below:

Jacqueline Siben

Down Syndrome Advocacy Foundation (DASF), P. O. Box 12173, Hauppauge, NY 11788; Down Syndrome Connections of Long Island, P.O. Box 2402, Halesite, NY 11743 or Make a Wish Foundation, Gift Processing Center, P. O. Box 6062, Albert Lea, MN 56007-6667.

The Board of Directors were saddened to learn of the passing of **Benjamin D. Russo**. Ben joined our bar association in 1972 and his contributions and commitment to the association will be missed now that he has left our ranks. In the 1990's he served on the Board of Directors, as a member and a chair of the Judicial Screening Committee, a liaison to many committees, member of the Craco Task Force, and a member of the Task Force to Protect the Public on the Unauthorized Practice of Law. His good judgment, patience and congeniality made him invaluable to everyone who served with him.

To **Hon. James C. Hudson** on the passing of Patricia Thoma, his sister-in-law.

To County Court **Judge John Iliou** and his family on the passing of his grandmother, Paniagotta (Penny) Panuthos.

Heartfelt sympathy to **James and Aida von Oiste** on the recent passing of their daughter Carolyn.

U.S. Magistrate **Frederic L. Atwood**, a member of the SCBA since 1969, passed away on December 13, 2012 at his home in Islip, New York. Fred had served as counsel to Egan & Golden, LLP since its founding.

The Board of Directors sends it heartfelt sympathy to **Fred Johs** whose father, Frederick G. Johs, passed away on December 16th, 2012 in his 89th year.

New Members…

The Suffolk County Bar Association extends a warm welcome to its newest members: **Norman R. Cerullo, Joseph D. Gehrke, David E. Grier, Scott Gross, Alyson S. Repp, Robert A. Schwartz, Yasmin Soto, Adam G. Wood and Jeffrey N. Zipser**.

The SCBA also welcomes its newest student members and wishes them success in their progress towards a career in the law: **Sheila M. Ballato, Daniel P. Maksym**

The warranty of originality

By Lisa Renee Pomerantz

Businesses often hire consultants to perform creative tasks for them, such as creating a logo, packaging or other branding, developing a website, or writing a software application or training materials. Problems can arise when the consultant's work product is not original and infringes on the copyright or trademark rights of a third party. This can happen when:

- The consultant borrows from work product it has created for another customer;
- The consultant borrows liberally from third party work product without permission;
- The consultant relies on subcontractors or independent contractors rather than employees and fails to ensure that such contractors assign the rights in their work product;
- The customer contributes content or ideas to the work product which are not original.

Businesses should be aware of and guard against the circumstances where their contributions to work product can result in infringement claims. Often, employees will seek to utilize concepts or designs they may have created or encountered at a previous job. Employers need to alert employees to such risks and have policies against such unauthorized reuse of former employer or other third party intellectual property.


Lisa Renee Pomerantz

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The other course of conduct leading to such infringement claims is that employees, either on their own initiative or at the request of the consultant, may identify third party websites or other intellectual property they like and want to emulate. It is better if the consultant's due diligence process ascertains customer preferences without specific reference to third party work product.

To forestall infringement claims and ensure that each party exercises the due diligence in obtaining necessary intellectual property rights in the work product, contracts between customers and providers of creative services should include a warranty of originality. Each party should warrant to the other that its contribution to the work product is original or that it otherwise has the rights necessary for the contemplated use, through licensing or because the material used is in the public domain.

The contract should also include provisions specifying the remedies available for breach of the warranty of originality. From the consultant's perspective, it will want to limit its exposure. It may provide that if there is a breach, it will obtain permission for the use of the third party content, substitute permissible content, or provide a refund. It may disclaim incidental or consequential damages or limit its liability to the amount of fees paid under the agreement.

Aside from remedying the breach, there is the question of responding to infringement claims asserted by the third parties claiming ownership of intellectual property incorporated into the work product. The contract typically may require each party to indemnify the other against third party claims arising from breaches of the warranty of originality. In drafting such indemnification clauses, the parties should consider:

- Who should have the right or obligation to defend the claim and control the defense;
- Does the indemnified party have a right to participate in the defense of the claim;
- Does the indemnified party have a right to approve any settlement other than for the payment of money;
- What other costs of the indemnified party should be included in a hold harmless provision.

Finally, although commercial and general liability insurance policies may provide some protection against intellectual property infringement claims through their "advertising injury" coverage, the parties might consider whether more specialized intellectual property infringement insurance coverage should be required.

Note: Lisa Rene Pomerantz is an attorney with more than 25 years experience. She works with innovative and creative enterprises to structure and foster successful business relationships and to resolve disputes amicably and cost-effectively. Her dispute resolution activities include membership on the American Arbitration Associations Roster of Neutrals as a Commercial Mediator and Arbitrator.

A look ahead to 2013

Part I – patents

By Gene Bolmarcich

It seems there is never a dull moment in the world of intellectual property law. 2013 will be a standout year for major changes in various IP laws and will also see several important cases, including from the Supreme Court, potentially change major aspects of the IP landscape. In this article I will highlight some of the most significant of these upcoming developments in the area of patents.

President Obama signed the Patent Reform Act of 2011 into law on September 16, 2011. The most significant aspect of this law is that, effective March 16, 2013, the U.S. patent system will change from a first-to-invent to a first-to-file system. This will finally place the U.S. in the mainstream of the rest of the world. The U.S. has for a very long time been the only country in the world where patents are granted to the first person to conceive of the invention rather than the first person to both conceive of and file a patent application for it. This means that if two people make the same invention and there has been no public disclosure of the invention, and both describe and claim that invention in separate patent applications, the inventor that filed the patent application first gets the patent. Accordingly, early filing will be more critical than ever before. The first-to-file provision will have no effect on existing patents or applications filed before March 16, 2013.

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One change that has already taken effect in September 2012 is that third parties can challenge the validity of patents within nine months of issuance in the Patent Office in a Post-Grant Opposition Review proceeding. Any basis for a validity challenge will be considered, including issues of novelty and obviousness, as well as challenges based on non-patentable subject matter or an improper written description or other formalities. This is a much improved and streamlined process from the old Re-Examination proceedings.


Gene Bolmarcich

The U.S. Supreme Court and Federal Circuit are set to take on key issues in patent law this year, including whether human genes and abstract ideas implemented on a computer can be patented and whether self-replicating products are subject to the first sale doctrine.

The Supreme Court agreed in late November to hear a challenge to the patentability of breast cancer genes isolated by Myriad Genetics Inc. (*Association of Molecular Pathology v. Myriad Genetics)*. This case has far-reaching implications for the biotechnology industry. A group of doctors represented by the American Civil Liberties Union is appealing a ruling by the Federal Circuit that isolated DNA can be patented because it is a man-made composition different from naturally occurring DNA. The ACLU claims that human genes are products of nature that are not eligible for patents. If the high court were to agree that human genes are not patentable, thousands of patents could be invalidated. The case could have a major bearing on other types of biotechnology patents as well. The case is of great interest to the biotech and pharmaceutical industries because it could invalidate many patents in which companies have much interest as a competitive asset.

In yet another case dealing with patentable subject matter, this one in the area of business methods implemented on a computer (CLS Bank v. Alice Corp.), the Federal Circuit will hear arguments on Feb 8 from the parties. The case involves Alice Corp.'s patents on a computerized trading platform, which a lower court ruled simply uses a general purpose computer to perform an unpatentable abstract idea. A Federal Circuit panel reversed in July, holding that Alice had claimed a practical application of a business concept that was eligible for a patent. In other recent rulings, different Federal Circuit panels have held

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Ceremonies, tributes and new beginnings

Judges share the joy at the SCBA's annual swearing-in and robing ceremony

By Sarah Jane LaCova

The SCBA sponsored Judicial Swearing-In & Robing Ceremony has become a highlight of the Suffolk legal community's new year calendar. Each year shortly after January 1, the newly elected and appointed justices and judges take their oaths of office. The event continues a long time tradition in which the SCBA presents newly elected judges with their first set of robes, a gift from the members of the association.

President Arthur E. Shulman welcomed the participants at Touro College Jacob D. Fuchsberg Law Center on Jan. 7 before a gathering of several hundred family members, friends and colleagues. An honor guard of Court Officers marched in to present the colors and formally stood at watch throughout the proceedings. To start the ceremony, SCBA President Shulman introduced Acting Supreme Court Justice Stephen M. Behar who is a Deacon at Mary Immaculate R.C. Church in Bellport to deliver the Invocation. Deacon Behar asked for the Lord's continued blessings upon the judiciary, the people who are undertaking the administration of the courts and the people of the community at large. Yours truly had the honor of leading the Pledge of Allegiance after which SCBA member John Zollo shared his talent with a moving rendition of "The National Anthem."

President Shulman then turned the microphone over to District Court Administrative Judge C. Randall Hinrichs to preside over the ceremony. Presiding Justice Hinrichs welcomed the audience of family, friends and colleagues attending this special occasion for the newly elected and re-elected justices and judges. He thanked New York Court Officer Sgt. Ken Baal and the Honor Guard, friends at Touro, Dean Patricia Salkin and her entire staff for allowing the bar association to host the robing ceremony in Touro's beautiful auditorium a perfect venue for such an auspicious occasion. Justice Hinrichs thanked President Art Shulman and the entire membership and it's Board of Directors, saying how fortunate it is to have such a special relationship between the Bench and Bar and that this occasion is symbolic of that special relationship. He said an independent and honorable judiciary is indispensable to justice in our society and that judges take an oath to faithfully discharge their duties. Justice Hinrichs read a couple of excepts from the Code of Judicial Conduct which is critical to those duties. He said that with his tenure on the bench he has come to know each of the judges being sworn in and they are well equipped to do the job as they bring with them a wealth of good judgment, integrity and common sense. He then proceeded to read the list of the 11 justices and judges to be sworn in. They included:

Supreme Court: Justices Richard Ambro (sponsored by son Matthew R. Ambro) and John J. Leo (sponsored by SCBA member James F. Gaughran); Court of Claims: Hon. Stephen J. Lynch (sponsored by the Hon. Frank J. MacKay); County Court: Hon. John Iliou (sponsored by his father, Tom Iliou) and Hon. John H. Rouse (sponsored by SCBA member Charles J. Russo); from the District Court: First District Court Judge, President of the Board of Judges Hon. Richard I. Horowitz (sponsored by his father Lawrence Horowitz); Hon. Janine Barbera-Dalli (sponsored by her husband Bartolo Dalli); Hon. Richard T. Dunne (sponsored by Supreme Courts Justice John B. Collins); Hon. Karen Kerr (sponsored by James F. Gaughran); Hon. James A. McDonaugh (sponsored by Anthony Pancella III) and Hon. Derrick Robinson (sponsored by George Lee). Presiding Justice Hinrichs said he looked forward to working with each of the justices and judges on a daily basis.

Presiding Justice Hinrichs called up Matthew Ambro, son of newly elected Supreme Court Justice Richard Ambro. Justice Hinrichs said it was also a special occasion as Justice Ambro worked for the past 11 years as his Principal Law Clerk and he personally congratulated Justice Ambro on his election to the Supreme Court Bench. His son, Matthew who sponsored him said it is with great pride that he sponsor his dad who ran in several judicial races and who lost with dignity and grace and still found the motivation throughout the years to run again and he was very happy for him.

Justice Ambro said his commitment to public service comes naturally as he comes from a long family heritage of public servants of which he is extremely proud; he said he intends to honor legacy by working extremely hard and by being the best judge that he could be. Justice Ambro remarked that his theme was perseverance and if at first you don't succeed, try, try, and try again. He spoke of his beloved son Terrance who passed away suddenly last year and his wife Susan and closed with a quote on perseverance by Samuel Johnson.

The sponsors shared their experiences with their respected judges and the judges thanked everyone and despite the brevity of the remarks by the sponsors and the judges, those in attendance got glimmers of the moving, humorous, enlightening, inspiration, and day-to-day events that had fashioned the lives of the 11 inductees who would assume the bench and dispense justice in Suffolk County. County Court Judge John Iliou's father shared how proud he was to be an American and to see his son become a judge in Suffolk County. Judge Horowitz's father Lawrence spoke glowingly with regard to his son's aspirations and achievements. Judge Barbera-Dalli's husband said he supported his wife's decision when she said she wanted to become a judge. Judge Derrick J. Robinson, served our bar association in various capacities as a Director, a SCBA representative to the New York State Bar Association House of Delegates, a chair of the Judicial Screening Committee and a member of the Nominating, Professional Ethics & Civility and Supreme Court committees. He was a founding member and President of the Long Island Amistad Black Bar Association and has been active in his community and as a spiritual leader in his church. He said he stands on the shoulders of countless people acknowledging his ancestors. Judge Robinson thanked his new court family, the court officers, the court attorney and court clerks who make the day-to-day activities of the court run smoothly.

On behalf of our President Shulman, who presented the newly elected justices and judges with their robes and gave plaques to the re-elected jurists from the members of the bar association, we thank our Administrative Judge C. Randall Hinrichs for presiding over the ceremony and for administering the Oath of Office to the Supreme Court Justices and the Court of Claims Judge Stephen J. Lynch. We would also publicly like to thank the Supervising Judge of the Criminal Terms of the Courts within the County of Suffolk, 10th Judicial District the Honorable James C. Hudson for administering the Oath of Office to County Court Judges Iliou and Rouse and to Supreme Court Justice William J. Condon for administering the Oath of Office to the District Court Judges.

And so, another chapter has been added to Suffolk County's judicial history. Presiding Justice Hinrichs wished his jurists well in his concluding remarks and also wished everyone a very happy and peaceful New Year before adjourning the proceeding.

Note: Jane LaCova is the Executive Director of the SCBA.

What new technologies are patentable will continue to be a hot topic in 2013

By Thomas A. O'Rourke

\At the Constitutional Convention in 1787 the members recognized that the new nation needed to encourage commerce and provide the foundation for a stable economy. Accordingly, one of the powers the framers of the Constitution gave Congress was the power "to Promote the Progress of Science and useful Arts" by giving an incentive to inventors and artists. In 1790, Congress passed the first patent statute. In the over two hundred and twenty-five years since then, the patents issued to protect inventors have stimulated the country's economy. The patent laws promote this progress by offering inventors exclusive rights for a limited period as an incentive for their inventiveness and research efforts.[1] Patents are granted in the hope that

> "[t]he productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens."[2]

Since the first Patent Act in 1790, over eight million patents have been granted. The pace of technology growth has been exponential in recent years. In the country's first 200 years about four million patents were granted. In the last thirty-five years another four million have been granted. In fact the pace of technology growth has increased so much that U.S. patent number 7,000,000 was issued in 2006 and U.S. Patent No. 8,000,000 was issued only five years later in 2011.

Thomas A. O'Rourke

There are four general categories of subject matter that is entitled to patent protection. These are as follows:

1. Processes – an act, or a series of acts or steps.[3]
2. Machines – a concrete thing, consisting of parts, or of certain devices and combination of devices.[4]
3. Manufacture – an article produced from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand labor or by machinery.[5]
4. Composition of matter – all compositions of two or more substances and all composite articles, whether they be the results of chemical union, or of mechanical mixture, or whether they be gases, fluids, powders or solids, for example.[6]

Merely because an invention falls into one of the broad categories does not mean that an inventor is entitled to a patent. As a general rule, subject matter that cannot be patented includes:

1. transitory forms of signal transmission (for example, a propagating electrical or electromagnetic signal *per se*)[7];
2. a naturally occurring organism[8];
3. a human *per se*[9];
4. a legal contractual agreement between two parties[10];
5. a game defined as a set of rules[11];
6. a computer program *per se*[12];
7. a company[13]; and
8. a mere arrangement of printed matter[14].

There have been several recent cases on what constitutes paten-table subject matter. However, they have not provided definitive guidance for inventors. In *Mayo Collaborative Services v. Prometheus Laboratories Inc.*,[15] the patent in suit covered processes that help doctors who use thiopurine drugs to treat patients with autoimmune diseases determine whether a given dosage level is too low or too high. The Supreme Court interpreted the claims as purporting to apply natural laws describing the relationships between the concentration in the blood of certain thiopurine metabolites and the likelihood that the drug dosage will be ineffective or induce harmful side-effects. The Court found that the patents are based on a law of nature and, as such, are not patentable stating:

> "If a law of nature is not patentable, then neither is a process reciting a law of nature, unless that process has additional features that provide practical assurance that the process is more than a drafting effort designed to

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The Suffolk Lawyer wishes to thank Intellectual Property Special Section Editors Trudie Katz Walker and Alfred M. Walker for contributing their time, effort and expertise to our February issue.

BANKRUPTCY

Objecting to debtor's multiple claimed personal injury exemptions

By Kenneth Kirschenbaum and Michael A. Sabella

Kenneth Kirschenbaum

Michael A. Sabella

Depending on the jurisdiction, a debtor may be permitted to claim exemptions pursuant to section 522. One such exemption is for a debtor's interest in a prepetition personal injury under 11 U.S.C. § 522(d)(11)(D), which provides that a debtor is entitled to receive "a payment, not to exceed $21,625, on account of personal bodily injury, not including pain and suffering or compensation for actual pecuniary loss, of the debtor …." However, there has been a split in authority among courts as to whether a debtor, who suffered multiple prepetition injuries, is permitted to claim an exemption for each one of those injuries or if the debtor is limited to exempting up to, but not exceeding, the statutory cap of $21,625 as set forth in the statute, regardless of the number of injuries suffered or the number of events that led to the injuries.

A split in case law and an apparent trend

The issue of whether a debtor can claim multiple personal injury exemptions in excess of the statutory cap appears to have been first addressed in the Second Circuit in *In re Marcus*, 172 B.R. 502 (Bankr. D. Conn. 1994). There the bankruptcy court held that section 522(d)(11)(D) was ambiguous.[1] The court noted that there were six other subsections in section 522(d) that referenced the debtor's "aggregate interest" that could be exempted. As such, the court stated that the absence of similar language in subsection (11) indicated "a Congressional intent not to limit debtors to a single personal injury exemption for multiple accidents." *Id.* Therefore, in light of the presumption that exemption statutes are to be construed liberally in favor of the debtor, the court held that the debtor was entitled to claim separate exemptions for each personal injury. *Id.* at 505.

This was holding was rejected by the First Circuit in *In re Christo*, which affirmed the Bankruptcy Appellate Panel's decision denying the debtor's claim of multiple exemptions for multiple prepetition personal injuries.[2] The majority decision stated that the language in section 522 refers to "a payment" and which meant that the debtor was entitled to only a "single exemption." *Id.* The court noted that "the purpose of exemptions is to provide support for the debtors at a reasonably necessary level… [which] should not… vary to provide more in total exemption amount to someone who is in three minor accidents than one who is in a single catastrophic accident." *Id.* While acknowledging the liberal rule of construction of exemptions and debtors, the circuit majority found that the more natural interpretation of the statute supported a narrower reading.[3]

However, subsequent bankruptcy court decisions criticized *Christo* and adopted the reasoning set forth in *Marcus* to find in favor of allowing a debtor to claim multiple exemptions. In *In re Comeaux*[4] and *In re Daly*[5], the both of the debtors were involved in separate and distinct accidents, and both courts held that the debtors could claim multiple exemptions. The *Comeaux* court stated that the reference to "a payment" in section 522(d)(11)(D) refers "to any such payment as might be received" by the debtor.[6] Furthermore, the court noted that the number of accidents suffered by a debtor had no bearing on the amount of exemptions a debtor was entitled to, and that a contrary ruling ignores the potential horrific impact that multiple accidents could have on the financial circumstances of a single debtor. *Id.* The *Daly* court echoed this reasoning, and that of *Marcus* and the dissent in *Christo,* to find that nothing foreclosed a debtor from asserting multiple exemptions under section 522(d)(11)(D) for "separate and distinct" property interests.[7]

Bucking the trend: *In re Phillips*

The trend in bankruptcy courts after the *Christo* decision appeared to be towards permitting a debtor to claim an exemption for each separate prepetition personal injury. However, this was rejected by Judge Trust in *In re Phillips*, 2012 Bankr. LEXIS 5934, *1 (Bankr. E.D.N.Y. Dec. 27, 2012). In *Phillips,* the debtors, Anthony and April Phillips, both suffered personal bodily injuries resulting from their involvement in separate prepetition car accidents. Anthony Phillips (the "Debtor-Husband") had been in two separate and distinct accidents, and he claimed the maximum personal injury exemption of $21,625 pursuant to 11 U.S.C. § 522(d)(11)(D) for both of the accidents. Subsequent to his appointment, Kenneth Kirschenbaum, the Chapter 7 Bankruptcy Trustee, objected to the Debtor-Husband's claim of multiple exemptions. The trustee argued that the plain language of section 522(d)(11)(D) only authorized the Debtor-Husband to claim one exemption regardless of his multiple accidents and injuries. The trustee did not object to April Phillips' claimed exemption as she was involved in one prepetition car accident, and she claimed a single exemption.

After due consideration of the arguments, Judge Trust agreed with Trustee Kirschenbaum's position and held that the Debtor-Husband could not claim an exemption for each prepetition personal injury. In his decision Judge Trust soundly rejected the debtor's argument that the statutory language of section 522(d)(11)(D) was ambiguous and noted that the plain meaning of the statute only authorized a debtor to claim one exemption. Utilizing the rules of statutory construction, the court noted that 11 U.S.C. § 102(7) provides that "the singular includes the plural", and therefore "a payment" and "personal bodily injury" encompasses multiple payments and multiple injuries.[8] Judge Trust continued, finding that "[t]he grammatical structure of § 522(d)(11)(D), therefore, requires the monetary cap "not to exceed $21,625" to apply with equal force to either one or multiple payment(s) and regardless of how many injuries the debtor suffered."[9]

(Continued on page 26)

IMMIGRATION

Immigration 'fix' opens door to spouses of U.S. citizens

By David M. Sperling

Illegal immigrants married to U.S. Citizens will soon be emerging from the shadows to apply for their green cards, thanks to a powerful tweak in government regulations that will take effect on March 4.

This so-called "provisional waiver," which was announced by the Obama administration last January, will potentially benefit hundreds of thousands of immigrant spouses and other "Immediate Relatives" of U.S. Citizens. (Immediate Relatives refers to spouses of U.S. Citizens, minor children of U.S. Citizens and parents of adult Citizens.)

The final rule, published in the Federal Register on Jan. 2 this year, clarified how Citizenship and Immigration Services (CIS) will implement the I-601A provisional waiver.

Why couldn't immigrant spouses – who entered the United States illegally — obtain Legal Permanent Resident (LPR, or green card) status before? A harsh immigration law enacted in 1996, Illegal Immigration Reform and Immigrant Responsibility Act (IIRAIRA), created a 10-year bar to re-entry for individuals who accrued more than one year of "unauthorized presence" in the United States before departing the country. (The law also created a 3-year bar for those who accumulated 180 days or more of unlawful presence.)

This provisional waiver does not apply to visa overstays, who can "adjust status" in the United States. Foreign nationals who entered illegally and were married to U.S. Citizens, however, had no recourse other than "consular processing." Therein lies the "Catch-22."

David M. Sperling

Once the bar was triggered (by leaving the United States), a foreign national needed a "waiver" for the unlawful presence to re-enter. This waiver was available only for those foreign nationals who were married to LPRs or U.S. Citizens or had parents who were Citizens or LPRs and could demonstrate that separation from the qualifying relative would result in "extreme hardship." In many cases, this was a highly subjective standard employed by embassy officials, from which there was no appeal. Foreign nationals often had to wait five months or more for their waivers to be adjudicated.

Because of this snag, most immigration lawyers, including myself, almost never advised spouses of U.S. Citizens to return to their home countries for consular processing. In most cases, it was too risky and would in any case result in a long period of separation for the husband and wife.

The result was that very few spouses departed the United States to obtain their legal status.

The provisional waiver, which takes effect on March 4, changes everything. Now, once a spouse has an approved I-130 Petition for Alien Relative (as beneficiary), he or she can apply to CIS for the waiver in the United States.

Once the waiver is approved, the spouse would then be scheduled for consular processing in his or her home country. The trip abroad would take no more than 2 or 3 weeks at most – to get fingerprint clearances, a medical evaluation and consular interview. If all goes well, and there are no disqualifying factors, the spouse would be granted LPR status and could immediately re-enter the United States.

In addition to spouses, some minor children and parents of U.S. citizens may also be eligible for the provisional waiver. However, "unauthorized presence" does not accrue until an individual turns 18 – before that age, a minor could undergo consular processing without requiring a waiver. Also, beneficiaries are required to have a U.S. Citizen or LPR spouse or parent that would suffer "extreme hardship" if they were to be deported. Very few individuals others than spouses of U.S. citizens would qualify under this standard.

Of course, there are many Immediate Relatives of U.S. Citizens who *should not* apply under this program. Specifically, this includes any immigrant who is "inadmissible" pursuant to the Immigration and Nationality Act because of certain criminal convictions.

Disqualifying offenses include, of course, violent crimes and drug trafficking. But they may also include such relatively minor offenses as shoplifting, marijuana possession and document fraud. The range of these inadmissible crimes is beyond the scope of this article; however, criminal-defense attorneys should always inquire into the immigration status of a non-citizen client. (See *Padilla v. Kentucky*, 130 S. Ct. 1473 (2010) the seminal Supreme Court case on the obligations of criminal-defense counsel to non-citizen clients.)

This provisional waiver, along with the recently enacted DACA (Deferred Action for Childhood Arrivals) program – benefiting illegal immigrants who arrived in the United States as children - is part of a rapidly evolving political climate.

Illegal immigration used to be considered the deadly "third rail" in U.S. politics. After the recent presidential elections, however, it has become clear to both political parties that the Hispanic vote is crucial. No serious politician on the national stage will ever again speak of "self-deportation," as Gov. Romney did, to his lasting regret.

Although President Obama has not shown any inclination to slow down the record pace of deportations during his administration – almost 400,000 per year, he is nevertheless creating openings for hundreds of thousands of hard-working, law-abiding but undocumented immigrants to escape the shadows and enter the mainstream.

The new few years should prove a time of rapid change, as the country prepares to legalize and assimilate many of the estimated 11 million illegal immigrants in the country.

Note: David Sperling is an immigration lawyer with offices in Central Islip, Huntington Station and Hempstead.

EDUCATION

School safety after Newtown

By Candace J. Gomez

As the nation struggles to recover after the tragic events in Newtown, school communities are reminded about the importance of maintaining vigilance concerning school safety. Sadly, while we know that there is no way to fully guarantee that our schools will be safe under all circumstances, most of us would agree with President Obama's sentiment that "if there is even *one step* we can take to save another child or another parent, or another town, then surely we have an obligation to try."

Ensuring a comprehensive review of school safety plans is an important step towards minimizing the risk of future tragedies. School district safety plans and building emergency response plans are a district's framework for preparing for, preventing, responding to, and recovering from emergency situations.

What is a school safety plan?

To address issues of school safety and violence prevention in the wake of Columbine, the Safe Schools Against Violence in Education Act (SAVE) was passed by the New York State Legislature and took effect in 2000. In accordance with SAVE, New York public schools are legally required to maintain both a district-wide school safety plan and a building-level school safety plan to prepare for and respond to emergencies. School safety plans must include the following essential elements:

- Viable chain of command to implement the safety plan;
- Communication system;
- Informed staff, student body and community;
- Procedures for people with special needs; and
- Practiced procedures.

New York State Education Department's *Guidance Document for School Safety Plans*, at http://www.p12.nysed.gov/sss/ssae/schoolsafety/save/documents/SchoolSafetyPlansDoc_NEW_June9_10_Prot.pdf provides a solid basis to review school safety plan procedures and processes – both at the district and the building level. This guidance document contains a wealth of information including a summary of the legal regulations, sample school safety plans, training advice and checklists.

Candace J. Gomez

Who develops school safety plans?

The district-wide school safety plan is developed by a district-wide school safety team, which is appointed by the Board of Education or the Chancellor in New York City and includes, but is not limited to, representatives of the school board, students, teachers, administrators, parent organization representatives, school safety staff and other school personnel.

The building-level school safety plan is developed by a building-level school safety team. This team is appointed by the building principal and includes teachers, administrators and representatives of parent organizations, school safety staff and other personnel, community members, local law enforcement officials, local ambulance or other emergency response company personnel, and any other representatives that the school board, chancellor or other governing body deems appropriate.

Are your school district and BOCES clients prepared to implement a lockdown procedure?

While there are a range of potential situations with varying risk levels that a school may encounter, when there is an immediate threat to the school building population, a lockdown procedure must go into effect. This procedure is most commonly used when a building has an intruder. School staff and students should be secured in the rooms they are currently in and no one should be allowed to leave until the school is safe. Districts and BOCES should review their school safety plans to ensure that they are detailed and contain specific steps to implement lockdown procedures after a threat has been identified, and these procedures should be practiced during routine drills. Some of these steps may include the following:

- Lockdown signal is given – may be a code phrase or audible sound from speakers.
- Call 911.
- Teachers/staff follow pre-set instructions to secure doors, turn off lights, cover windows, pull shades and move students out of the line of sight of door windows.
- Teachers/staff take attendance and record students that are in the room, record missing and extra students from the hall, and await further instructions.
- All activities cease.
- Students/staff outside the building must evacuate to a pre-determined, off-campus location.

How should board members respond to questions from the community regarding school safety?

During this time of heightened tension and increased media coverage concerning school safety, it is likely that board members will be asked questions regarding these issues. We know that there are many controversial ideas swirling around, including everything from banning certain types of weapons to arming school principals. The people in our country, and in our school communities, are sometimes sharply divided in their opinions. Let's face it – it can be a political landmine for a board member to be cornered in a local grocery store or at a board meeting and asked "Do you think our principals should have guns?"

Although individual board members are certainly free to have their own personal opinions regarding these issues, in one's capacity as a board member, it is best not to engage in heated discussions about controversial possibilities. Instead, school attorneys should encourage board members to focus on the concrete solutions that the district has already developed to respond to emergency situations. Members of the school community want to know that their schools are prepared. An annual comprehensive review of school safety plans that allow opportunities for the public to participate and offer their suggestions will go a long way towards bolstering a sense of security.

Note: Candace J. Gomez is an attorney with the law firm of Lamb & Barnosky, LLP in Melville. She practices in the areas of education law and civil litigation. Ms. Gomez is a member of the Suffolk County Bar Association and also serves as a member of the New York State Bar Association President's Committee on Access to Justice.

MATRIMONIAL

Mystery of discounts in matrimonial cases

By Harold L. Deiters, III, and Jennifer Rosenkrantz

Harold L. Deiters

Jennifer Rosenkrantz

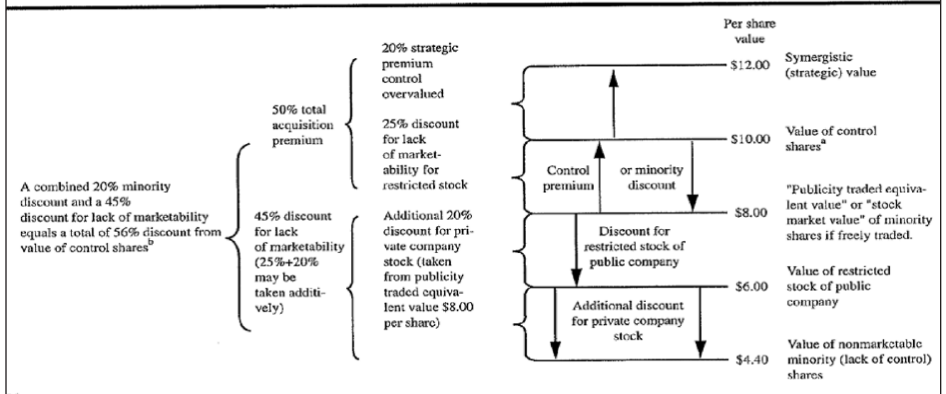
What is the mystery behind discounts in matrimonial cases? Too often the attorney is faced to interpret valuation reports for their clients. As if the principles behind the standard of value and the numerous types of valuation approaches and methods are not enough to confuse the client, the attorney then has to try to explain why an asset valued at $10 million was discounted down to $7 million. Where did the $3 million go?

There are many types of discounts but they can be broken into two types: entity level and shareholder level discounts. The entity level discounts would include discounts related to a key person, restrictive agreements, liquidator costs, trapped capital gains, and company specific risks, e.g. depth of management, product or service diversification, concentration of customers or suppliers, contingencies regarding pending litigation and other company specific factors.

The entity level discounts assist the valuation expert in determining the entity value as a whole. Depending on the circumstances, it may then be necessary to apply shareholder level discounts. The shareholder level discounts or premiums would include a discount for lack of control and a discount for lack of marketability. These shareholder level discounts help change the level of value to the specific attributes of the subject interest being valued.

As the saying goes, a picture is worth a thousand words.

"Levels of Value" in Terms of Characteristics of Ownership



Notes:

[a] Control shares in a privately held company may also be subject to some discount for lack of marketability, but usually not nearly as much as minority shares.

[b] Minority and marketability discounts normally are multiplicative rather than additive. That is, they are taken in sequence:

$	10.00	Control value
–	2.00	Less minority interest discount (.20 × $10.00)
$	8.00	Marketable minority value
–	3.60	Less lack of marketability discount (.45 × $8.00)
$	4.40	Per share value of nonmarketable minority shares

SOURCE: Jay E. Fishman, Shannon P. Pratt, and J. Clifford Griffith, *Guide to Business Valuations*, 17th ed. (Fort Worth, TX: Practitioners Publishing Co.), Exhibit 8–8. Copies of this *Guide* can be ordered by calling PPC at 800-323-8724 or log onto www.ppc.thomson.com.

The dollar values and percentages in the diagram are for illustrative purposes only.

It is the function of discounts and premiums to assist the practitioner in stepping from one value level to another value level. Value levels include strategic value, control value, marketable minority value and non-marketable minority value.

A 100 percent controlling shareholder has all of the rights and benefits of ownership. Clearly a 100 percent ownership interest is worth more then a minority interest. Minority holdings are further distiguinshed by whether they are marketable or non-marketable. In addition to lacking control, a minority interest in a closely-held company lacks an active, liquid stock market unlike a publicly traded stock.

This article will cover two of the most common shareholder level discounts that may be applicable to a business interest valuation in a matrimonial action:

- Discount for Lack of Control ("DLOC")
- Discount for Lack of Marketability ("DLOM")

This article is designed to assist attorneys to better understand these discounts and their application. The remainder of this article is broken into the following sections:

Section 1 – Discount Definitions
Section 2 – Misconceptions and Controversial Issues
Section 3 – Conclusion

It should be understood that this article picks up from the gross or entity level value. This article is pertinent to the valuation of closely-held businesses. A closely-held business is an entity that has only a few shareholders and a narrow market for the stock. Most closely-held businesses are managed by some or all of the owners.

The standard of value is Fair Market Value ("FMV"), and, as used herein, is defined by the IRS Revenue Ruling 59-60 as:

> "the price at which the property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of the relevant facts."

In a matrimonial action, the value of the entity is the value to one of the litigants or the value to the holder.

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SCBA Judicial Swearing-In and Robing Ceremony

Photo by Barry Smolowitz

CONSUMER BANKRUPTCY

Discharging Christmas gift purchases in bankruptcy

Unusually entertaining decision teaches valuable lesson

By Craig D. Robins

Bankruptcy attorneys often get busy towards the end of Jan. each year as consumers, having just finished their family holiday obligations, receive a new round of ever-increasing credit card bills, compelling them to seek bankruptcy advice.

Of course, many of these bills contain charges for holiday gift purchases made just weeks before. An interesting, and most unusual opinion from 1992, which I found most entertaining for a bankruptcy court decision, addressed this very issue. *In re Johannsen*, 160 B.R. 328 (Bkrtcy. W.D.Wis. 1992).

However, as unusual as this decision is, its importance to us today really has nothing to do with the atypical subject matter. To me, the real lesson to be learned from this case is that no matter how sure you are of being successful with litigation, you can still end up losing what appears to be a slam-dunk case.

To further pique your interest, let me quote some of the wording from the published opinion:

> "[s]he's short and buxom with a tiny waist and remarkably long legs which — despite her age (34) — are cellulite free."

This is not the typical verbiage we usually see in judicial decisions. But here, the judge is talking about Barbie, the iconic plastic doll manufactured by Mattel, and a perennially favorite gift to young girls everywhere.

The debtor in this case, a woman who filed Chapter 7 jointly with her husband even though they were in the process of divorce, bought some Barbie dolls from Sears for her daughter, 7, intending them to be Christmas presents. Shortly thereafter, the debtor filed for Chapter 7 relief, seeking to discharge various debts including her Sears credit card debt.

Craig D. Robins

The debtor had made several purchases including Barbie and Ken items, a Barbie case, a Barbie armoire, and an extensive wardrobe of Barbie clothes. The purchases totaled $1,100. That's a lot of Barbie toys! All of these purchases were made in the five weeks prior to filing the bankruptcy petition, including one purchase of $178 which was made a mere two days before the petition was filed.

Sears then filed an adversary proceeding pursuant to Bankruptcy Code § 523(a)(2)(C), claiming that the debt for these Barbie doll purchases, which the debtor charged on her Sears credit card, should be declared non-dischargeable.

An adversary proceeding contesting dischargeability is essentially a federal lawsuit brought within a bankruptcy. Sears commenced this with a federal summons and complaint, leading to a full-blown trial in which both the debtor and a Sears employee testified. In bankruptcy proceedings, creditors have a few grounds to challenge the dischargeability of a debt, and they must do so by adversary proceeding.

Sears argued that the debts for these purchases should be non-dischargeable under several theories including § 523(a)(2)(A), which prevents discharging a debt if was incurred by false pretenses, and § 523(a)(2)(C), which prevents a debtor from discharging a debt of more than $500 for "luxury goods or services" incurred within 40 days prior to filing. (Note: the dollar amount and number of days in the statute has since changed.)

Sears contended that the Barbie dolls and accessories were not reasonably necessary for the debtor or her daughter's support or maintenance. The Sears employee testified that the Barbie dolls of the type purchased were at the higher end of the price scale of toys sold by Sears.

The debtor testified that some of these purchases consisted of "collector" Barbie dolls. She even introduced the Sears Christmas Catalog as an exhibit. But on cross-examination, the debtor testified that she was just a waitress earning minimum wage and that she had been separated from her husband, and was receiving support and maintenance.

Sears brought to the court's attention that the debtor could have purchased a much less-expensive Barbie doll for just $9.99, but the debtor responded that the collector Barbies were investments which would appreciate in value.

The debtor also testified that her daughter owned a collection of 25 Barbie dolls, to which Sears argued, was proof that the additional Barbies were clearly luxury expenses, as they were not necessary for the daughter's welfare. After all, how many Barbies does a seven-year-old need?

Just gleaning these facts would probably lead any bankruptcy attorney to conclude that the Barbie purchases would certainly be non-dischargeable. The judge even pointed out that these purchases may have been foolish and irresponsible in light of the debtor's financial condition.

However, the judge held that the debt was indeed dischargeable! He stated: "Although this case at first glance appeared to be a classic case for § 523(a)(2)(C)'s luxury goods exception, subsequent investigation and testimony revealed no evidence of such intent in making the relevant purchases."

The judge pointed out that the discharge exception for luxury goods provided a presumption that the debt ought not to be discharged, basically a conclusion that the debtor did not have the intent to pay the debt. However that presumption can be rebutted and the debtor did just that.

Apparently, the debtor was only added to the petition at the last minute, and at the request of divorce counsel. In addition, the judge determined that the debtor, at the time she made the various purchases, had the intent to pay for them, despite her precarious financial circumstances.

Imagine the surprise to Sears' counsel of this highly unexpected result. But that's the lesson. You never know how the court will rule, and being sure of the merits of your case is no guarantee for success.

Although we have some fine trustees in this district, I've found some of them to suffer from myopic vision when evaluating the cases they litigate against consumer debtors. A review of the written decisions from the Eastern District of New York shows numerous instances in which trustees have vigorously litigated, only to lose.

I would suggest a more pragmatic approach involving settlement would have better served both trustee and debtor, alike. This may be especially true when considering the extent that some bankruptcy courts will go, as is the case here, to favorably enable debtors to get a fresh financial start. Hopefully all litigants will become more open-minded to pragmatic approaches towards case resolution.

A full copy of the *Johannsen* decision is available on my blog.

Note: Craig D. Robins, a regular columnist, is a Long Island bankruptcy lawyer who has represented thousands of consumer and business clients during the past 20 years. He has offices in Coram, Mastic, West Babylon, Patchogue, Commack, Woodbury and Valley Stream. (516) 496-0800. He can be reached at CraigR@CraigRobinsLaw.com. Please visit his Bankruptcy Website: www.BankruptcyCanHelp.com and his Bankruptcy

PRACTICE MANAGEMENT

"Dos" and "don'ts" of SEO for lawyers

By Allison C. Shields

If your law firm has a website, you probably want to make sure that it performs well, and website performance begins with ensuring that your website is returned in online search results that drive traffic. The method for doing so is called search engine optimization (SEO).

Chances are that if your firm has a website, you've already been contacted by a number of "SEO professionals" trying to convince you that they can get your firm's site onto "the first page of Google." But beware: there are potential traps galore with some typical SEO tactics. Done wrong, rather than optimizing your site for search, some of these tactics can get your site blacklisted by Google and other search engines.

Since lawyers are trained in the law and not in SEO, many lawyers don't know what to ask of potential SEO service providers and are unaware of the potential effect of some commonly used SEO tactics on the lawyer's practice, reputation or website viability.

Recent updates to Google's algorithm, specifically with respect to how websites link to one another, have made it even more important for lawyers to be well-informed about the strategies their SEO providers are using to boost their firm website's search engine rankings. Some of those companies are using SEO tactics that are questionable at best, even though they may have yielded results in the past.

Alison C. Shields

Google algorithm changes – Panda and Penguin

As with all Google updates, the new updates (called Panda and Penguin) are designed to return more high quality search results. These updates concentrated on identifying (and penalizing) duplicate or plagiarized content and artificial link building – tactics easily employed and often used by many SEO companies in the past.

So what SEO strategies *should* you employ? Here are a few:

- **Links** are still important, if they are used correctly. Obtaining links to your site just for the sake of obtaining links is unproductive. These unrelated backlinks can arise if you pay for links, use link farms or exchange links with anyone who asks, regardless of relevance or value to your audience, and they are among the best ways to drop your Google rank or get your site banned completely. Google wants content that is rich, genuine, valuable and informative. Links should be a natural part of the content and lead to other relevant content. Instead of using one of these 'get links quick' schemes, provide people with something they *want to* link to. Provide the kind of site that other sites want to share with their visitors (articles, updated information, quality content, relevant news, useful tips, etc.). Once you are doing this, you can easily ask people to consider linking to your site.

- **Fresh content.** Google likes fresh content. Search engine results are constantly being updated – your website needs to be as well. This is why 'static' websites don't perform well. Your rank today won't be your rank tomorrow.

- **Write for humans, not search engines.** Write for the actual *people* you want to visit your site – not for search engines. If your copy is stuffed with keywords and doesn't flow, Google knows you're trying to 'game' the system. Not only that, but your human visitors (the actual potential clients and referral sources who come to your site) may be turned off by content that is too "hype-y" and doesn't draw them in. Be engaging. Write about the things your clients, potential clients and referral sources want to hear about.

- **Improve your "on page" SEO.** There are some SEO strategies that still work. If you site is low in the rankings, there are some basic steps you can take that might help improve them, including using title tags, descriptions, header tags, and image alt tags on your web pages. This is where basic knowledge of web development or hiring a professional can really help.

- **Use social media to your advantage.** Social media has become an increasingly important factor in SEO. Receiving links, likes, comments or other engagement on social media is 'social proof' that the content linked to (or Liked, Shared, etc.) is trustworthy and authoritative content. As a result, that content receives a higher ranking from the search engines. Focus on building a community; respond to the people who engage with you.

Optimizing your site for the search engines doesn't have to be scary if you know where the potential traps are.

Note: Allison C. Shields is the President of Legal Ease Consulting, Inc., which offers marketing strategy, social media, business development and law practice management consulting services to law firms. Contact her at Allison@LegalEaseConsulting.com, visit her website at www.LawyerMeltdown.com or her blog, www.LegalEaseConsulting.com.

LAND TITLE

Lingering Groin Pain: The Grapes of *Rapf*

By Lance Pomerantz

Superstorm Sandy dramatically altered substantial portions of the Long Island coastline. Some localities are already restoring the beachfront using artificial means, while others are still assessing the most prudent course of action.

Here is a look at the reaction to the damage done by Long Island's 20th Century "superstorm," the Hurricane of 1938, as well as its echoing after-effects.

Background

From Long Beach on the west to Sagaponack on the east, most of Long Island's south shore is separated from the Atlantic Ocean by a "barrier beach." Readers may be most familiar with the longest stretch of this beach, which is known as Fire Island.

The Hurricane of 1938 caused severe damage to several areas along the barrier beach, opening four inlets that allowed the Atlantic to ebb and flow into the various bays on the north side of the beach. All but one of these inlets eventually closed up due to natural tidal action. The largest one, Shinnecock Inlet, was actually bulkheaded, dredged and widened by the County of Suffolk. It has been continuously improved and maintained down to the present day.

Pursuant to the federal River and Harbor Act of 1960, Pub. L. No. 86-645, 74 Stat. 480 (1960), the County of Suffolk, the State of New York and the Army Corps of Engineers embarked on a series of projects designed to protect the barrier beach from future hurricane damage. Between 1964 and 1970, these efforts resulted in the erection of a series of "groins," stone jetties that extend from the shore into the water in a direction perpendicular to the beach.

Lance Pomerantz

Unfortunately, the Inlet improvements and the groins had the unintended effect of hastening erosion along the ocean beaches to the west thereof (*i.e.*, Westhampton Beach and points further west). In 1984, a class action was filed in the U.S. District Court for the Eastern District of New York, on behalf of approximately 200 beachfront landowners who claimed that they were directly harmed as a result of the groin projects. *Rapf, et al. v. County of Suffolk, et al.*, #84 CV 1478 (E.D.N.Y. 1984). The original defendant was only the County of Suffolk, but eventually came to include the State of New York, the United States of America, the then Governor of New York, the DEC and several DEC officials (collectively "the Government"). *Rapf, et al. v. County of Suffolk,* 755 F.2d 282 (2nd Cir.1985).

Following protracted litigation in the Federal Courts, the parties entered into a "Stipulation of Settlement and Consent Judgment" (the "consent judgment"). In October, 1994, the consent judgment was recorded in the Suffolk County Clerk's Office. In December, 1994, the U.S. District Court entered a final judgment in the case, amending the stipulation, approving the settlement and dismissing the class action. The Final Judgment was recorded in the Suffolk County Clerk's Office soon thereafter.

The mechanics of the Consent Judgment

In the *Rapf* consent judgment the government committed to implement an "Interim Plan for Storm Damage Protection." Pursuant to the Interim Plan, the government would first construct (or modify), then subsequently operate and maintain, various erosion control structures in order to alleviate the erosion problems that led to the lawsuit. The operation and maintenance phase was to continue for only 30 years following the completion of the construction phase. However, the plaintiffs permanently gave up valuable rights in return for the government correcting the problems it caused in the first place!

The consent judgment required the implementation of a "Public Access Plan" and the execution of several different agreements between some or all of the parties: the "Boundary Line Agreement," the "Dune Protection and Conservation Easement," the "Access Grant" and the "Right-of-Entry Agreement" (the "Agreements"). These agreements were intended to implement environmental and beach access policies unconnected to the original avulsion problems caused by the hurricane.

The Public Access Plan is the "blueprint" for the entire scheme. The agreements are the vehicles by which the portions of the Public Access Plan that require apportionment of rights and obligations among the parties are accomplished.

The Public Access Plan requires that the plaintiffs execute the Boundary Line Agreement relinquishing to the State of New York title to that portion of their properties lying between the seaward toe of the dune and mean high water. In addition, particular plaintiffs must convey to the County of Suffolk certain strips of land extending from Dune Road to the beach in order to provide pubic access, via the Access Grant.

The Dune Protection and Conservation Easement, while recognizing the private ownership of the dune and a protected area 25 feet to the north of the seaward toe, prohibits any use of that area by the private landowner except 1) the construction of a "dune walkover structure" to afford access to the beach and 2) the repair, maintenance and improvement of the dune itself.

Finally, the Right-of-Entry Agreement required of each plaintiff permits government employees or contractors to enter the protected area to construct, inspect and maintain any improvements made pursuant to the Interim Plan or the Public Access Plan. The Right-of-Entry Agreement terminates at the end of the operation and maintenance phase of the Interim Plan, *i.e.,* 30

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REAL ESTATE/FORECLOSURE

Article 3 negotiation in securitized mortgage note transfers

By Charles Wallshein & Jay Patterson

Note: Charles Wallshein co-authored this article with Jay Patterson, a certified fraud examiner in the field of mortgage securitization. This article contains both legal opinion and factual statements regarding mortgage note transfers in RMBS transactions. The legal conclusions expressed in this article belong to Charles Wallshein only and do not necessarily represent the views of Jay Patterson.

The plaintiffs in securitized mortgage foreclosures are now faced with litigating "standing" in the context of defective assignments of mortgages. Plaintiff's fallback position is that "the "mortgage follows the note" and as such no assignment of mortgage is needed to lawfully enforce the promissory note at equity. Plaintiffs now routinely rely on UCC Article 3 transfers of the note to establish "standing" in their actions. However, Article 3 is irrelevant to the discussion.

This article explores the myth of negotiability of mortgage notes in the foreclosure context. The presumption of negotiability for these instruments is misplaced and has no place in a legal argument where standing is in issue.

Most securitized mortgage notes are endorsed once or twice with the last endorsement being "in blank." Plaintiffs' common standing allegation is that plaintiff is the "holder" of the note. "Holder" is an Article 3 term that means the holder has the note in its possession and is the *party entitled to enforce*. Article 3 is only relevant to negotiable instruments.[1]

Article 3

The concept behind Article 3 is to enable a "bearer" of another person's written promise ("note") to pay to use that written promise as money. Article 3 transfers are anonymous. Article 3 permits any holder of an instrument to enforce the instrument. The person entitled to enforce could be the person to whom the note was transferred by its lawful owner or a person that found the note or a person who stole it. The significance of actual possession of the note is an evidentiary presumption that they are a *person entitled to enforce*.

Once a security instrument such as a mortgage on real estate attaches to the promise to pay, Article 3 no longer applies. The reason for this is that the promise to pay is collateralized by an interest in real property. The article 3 "holder" of a note can be anonymous. An unrecorded or anonymous Article 3 "holder" cannot therefore pass good title to a bona fie purchaser of real estate if the "holder" cannot "convey" with proof that it had good title. Foreclosure is the process of converting a defaulted note to a judgment. The judgment merges the legal estate (money judgment) with the equitable estate (lien). A referee transfers title at sale, which is formalized by a referee's deed.

Foreclosure requires the plaintiff to be the lawful "owner" of the debt as well as the party in the chain of title to the lien. Article 3 enforcement is therefore limited to the "holder" being able to enforce its promissory note at law and not by enforcing against the property in equity. Once a security instrument is attached to a promissory note, the note is no longer "negotiable" under Article 3. Anonymity in the source of title cannot have any place in the chain of title.

Article 9

UCC Article 9 contemplates the use of secured debt as collateral. The underlying debt cannot be collateralized as *secured* debt unless the security attached to the debt is perfected. This is because in an action to enforce the note in equity against the real property the plaintiff must prove that it received a lawful conveyance of the note. Article 9 defines perfection as lawful delivery of the debt. Then and only then can the foreclosing plaintiff conduct a lawful foreclosure and preserve the chain of title to real property.

Article 9 also states that the lawful holder of a mortgage note is entitled to an assignment of the mortgage. What this means is that RMBS trustees (and/or their servicing agents) that are allegedly holding mortgage notes with invalid mortgage assignments or no assignments at all can proceed in equity to obtain an equitable lien from a court of law. In order to impose an equitable mortgage on the property the note holder would have to prove it is the lawful note owner. This would require a separate cause of action to precede the foreclosure wherein the note holder - plaintiff would have to join the fee owner as a defendant.

Therefore, asserting under Article 3, or under 9-203(g), "the mortgage follows the note" is not the evidentiary shortcut that the securitization industry professes it to be. It is exactly the opposite. The concept of the mortgage follows the note requires the foreclosing party that was not the original lender to prove a true purchase, the authority to sell and an intent to transfer the note and the security interest.[2] The belief that an entity in wrongful possession of a note may foreclose on a home is firmly refuted by Article 9, and cases that hold that mere presentment of a note endorsed to the plaintiff is alone sufficient to prove standing to foreclose are misguided.[3]

The Common Law

One of the most often cited cases for the proposition that the mortgage follows the note is *Merritt v. Bartholick*.[4] The facts in *Merritt* dealt with two assignees of a mortgage competing against each other in a foreclosure context. The first to record the assignment of mortgage did not take assignment of the underlying debt. The second assignee in time, took title to the mortgage and the note. The Court of Appeals held that the person who possessed the note could enforce the mortgage even though he was second in time to record.

There are no cases in New York at the review level that discuss standing in a foreclosure action in the context of lawful UCC Article 9 chain of title to the mortgage note where assignment of the security instrument is defective or nonexistent.

A line of cases addresses the necessity for foreclosing plaintiffs to establish their prima facie case by stating the method and manner of delivery of the promissory note. In *Deutsche National Trust Company v. Haller* the Second Department followed its reasoning in requiring a demonstration of actual delivery of the note by stating "factual details" of the delivery in its affidavit.[5]

Thus far foreclosure plaintiffs have avoided litigating the lawful chain of

(Continued on page 26)

Top 12 Real Estate Laws of 2012

By Andrew Lieb

Now that 2013 is here it is important to be aware of changes in the law in order to properly represent our clients. This is not a list about the best events from 2012, but, instead, a list that highlights the new legal landscape that you face as real estate practitioners. Being familiar with these laws, regulations and opinions may help you to better address your clients' matters, save your license and make you money.

Extension of Tax Relief for Mortgage Forgiveness

The Mortgage Forgiveness Debt Relief Act of 2007 (the Act) allows taxpayers avoid cancellation of debt income with respect to their principal residence should the debt relief be from mortgage restructuring or in connection with a foreclosure. The Act was set to expire in December of 2012, but has now been extended through January of 2014 by The American Taxpayer Relief Act of 2012 (better known as the "Fiscal Cliff Bill"). The Mortgage Forgiveness Debt Relief Act provides a great advantage to struggling homeowners who have caught a break by means of mortgage modification, or those who have lost their home due to foreclosure, short sale, or deed-in-lieu of foreclosure, as the cancellation of debt income from such now remains non-taxable.

Prejudgment Interest in Breach of Contract Suit

The Court of Appeals in J. D'Addario & Co., Inc. v. Embassy Industries, Inc. clarified if a vendor was entitled to statutory prejudgment interest pursuant to CPLR §5001(a) when a purchaser defaulted by failing to appear at a closing while the contract of sale had a liquidated damages provision that was the "sole remedy" and did not reference the CPLR section. The court suggested that a contractual clause expressly addressing statutory interest would have prevented the entire lawsuit, but found the fact that the deposit was placed in an interest-bearing account coupled with the "sole remedy" language to prevent statutory prejudgment interest under principles of freedom of contract.

Andrew Lieb

Real Estate Broker's Duty at an Open House

The Court of Appeals in *Douglas Elliman LLC v. Tretter* defines the scope of a real estate broker's fiduciary duty of undivided loyalty to its client when acting as an exclusive seller's agent. The case involved a real estate broker suing for its commission in breach of contract and its client's counterclaim for breach of its fiduciary duties. The court held that the broker had no duty to refrain from offering to show other properties to buyers who the broker met while at an open house for its current client. The court expressly stated that absent an agreement to the contrary between the parties, a broker is free to cultivate other clients at its client's open house.

Mortgage Loans Licensing Exemption

Banking Law §590(2)(a) is amended from permitting four private loans without licensing within a given year to three in a given year and no more than five in a two year period. Additionally, the amendment also provides that an entity shall not be exempt if any loan is made which was solicited, processed, placed or negotiated by a mortgage broker, mortgage banker or exempt organization. This aspect of the amendment is designed to prevent brokers from working with unregulated hard money private lenders because of their noncompliance with consumer protections, disclosure requirements and regulatory structures established by the Banking Law.

Real Estate Broker's Due Diligence Report & Commissions

The Court of Appeals in *Georgia Malone & Co., Inc. v. Rieder* clarifies when a real estate broker earns a commission by holding that merely creating due diligence reports for a buyer does not give rise to earning a brokerage commission. In fact, the case states that the procuring broker who utilized said reports in earning its commission does not owe a share of the commission in unjust enrichment to another broker who created due diligence reports on the property that were utilized in the brokered deal.

Partial Eviction, Trivial Interference and Rent Abatements

The Court of Appeals in *Eastside Exhibition Corp. v. 210 East 86th Street Corp.* reiterated that the remedy for a partial eviction is a full rent abatement before stating that a landlord's placement of cross-bracing between two steel support columns, which minimally impeded the flow of foot traffic and created a slight diminution in a waiting area, was not a partial eviction. Instead, the court held that a trivial interference only gives rise to actual damages to be determined under the circumstances.

Purchaser's Burden in Vendor's Repudiation Damages Suit

The Court of Appeals in *Pesa v. Yoma Development Group, Inc.* emphatically declared that a purchaser has the burden to demonstrate that they were ready, willing and able to close in order to prevail in a damages lawsuit where they alleged that the vendor repudiated the contract of sale.

Green Guides for Marketing

The Federal Trade Commission has promulgated regulations to "help marketers avoid making environmental marketing claims that are unfair or deceptive under Section 5 of the FTC Act, 15 U.S.C. [section] 45." These guides are especially important for developers, landlords and brokers promoting both the benefits of their buildings and compliance with certifications.

Government Induced Flooding and the Takings Clause

The United States Supreme Court in *Arkansas Game and Fish Com'n v. U.S.* held that there is no automatic rule that a government induced flooding of limited duration is exempt from the Takings Clause of the Fifth Amendment and that instead such a flooding may be compensable dependent on the facts of a given situation. The Supreme Court then laid forth factors relevant to the issue of compensation, including: time; degree to which the invasion is intended or is the foreseeable result of authorized government action; character of the land at issue; owner's reasonable investment-backed expectations regarding the land's use; and severity of the interference.

LEED Real Property Tax Exemption

The Real Property Tax Law added a new §470 to authorize a municipal corporation to provide a real property tax exemption for improvements to real property meeting LEED certification standards for green buildings, the green building initiative's green globes rating system, the American National Standards Institute, or substantially equivalent standards for certification using a similar program for green buildings as determined by the municipal corporation. In accordance therewith, Suffolk County amended Chapter 775 of its County Code by adding new Article XIII to provide a real property tax exemption for improvements to real property which meets LEED certification standards.

Compensation of Mortgage Bankers

Banking Law § 590-b is amended with a new subdivision to ban yield spread premiums which will help prevent the abuse of steering or directing a consumer to rates or payment terms that are more expensive than that for which the consumer qualifies. The purpose is to prevent mortgage lenders and brokers from receiving compensation that is based on or varies with the terms of any home loan.

Attorney Advertising for Foreclosures

In Opinion 921, the New York State Bar Association's Committee on Professional Ethics advised that an advertisement that an attorney can "stop" a foreclosure proceeding is prohibited as false, misleading and deceptive. If the advertisement were modified to make it accurate, it would have to be accompanied by a disclaimer that prior results do not guarantee a similar outcome.

This list only provides a small blurb on each new law, regulation and opinion. There may be further discussion on these topics going forward as they get fleshed out in the courts. So stay tuned.

Note: Andrew M. Lieb is the Managing Attorney at Lieb at Law, P.C., a law firm with offices in Center Moriches and Manhasset. Mr. Lieb serves as Co-Chair to the Real Property Committee of the Suffolk Bar Association and served as this year's Special Section Editor for Real Property in The Suffolk Lawyer.

RECENT RULING

A brief "last word" on the Medicare Lien trumping GOL 5-335

By James G. Fouassier

James G. Fouassier

There was an endnote regarding *Trezza v. Trezza* (32 Misc. 3d 1209; 934 NYS 2d 37 (Sup Ct Kings Co 2011)) in my recent article, "The Medicare Lien Trumps GOL 5-335" (*The Suffolk Lawyer*, December 2012, Vol 28 No 3), that said:

> *Trezza* was the subject of my article in the *Suffolk Lawyer's* February, 2012, edition: "Medicare HMO May Not Assert Lien Against Personal Injury Settlement." In light of the federal case which is the subject of this article, the finding in *Trezza* obviously no longer applies.

The Second Department ruled on the appeal in *Trezza* on Dec. 12, 2012 "that General Obligations Law § 5-335, insofar as applied to Medicare Advantage organizations under Part C, is preempted by federal law since it would impermissibly constrain contractual reimbursement rights authorized under the "Organization as secondary payer" provisions of the Medicare Act (*citations omitted*). Moreover, we agree with the conclusion expressed most recently in a case from the United States District Court for the Southern District of New York that this is so "[w]hether or not there is a private right of action for [Medicare Advantage] organizations" (*Potts v Rawlings Co., LLC,* 2012 WL 4364451, *10, 2012 US Dist LEXIS 137802, *36)." Thus, because General Obligations Law § 5-335 is expressly preempted by the Medicare Act, the Supreme Court erred in granting the plaintiff's motion to extinguish the purported lien and/or claim for reimbursement based on that section. (2011-07772; http://www.ny courts.gov/reporter/3dseries/2012/2012_09048.htm)

Note: James Fouassier, is the Associate Administrator of Managed Care for Stony Brook University Hospital. He is a past Co-chair of the Health and Hospital Law Committee. His opinions and comments are his own. james.fouassier@stonybrookmedicine.edu

President's message (Continued from page 1)

On January 17th, the SCBA conducted a free three hour CLE seminar to train attorneys in a "how-to" represent our returning military veterans on a pro bono basis in the various areas of law that these veterans face on a daily basis in dealing with our legal system. Everyday the SCBA gets numerous requests from veteran's organizations seeking our help in providing these brave men and women with the legal assistance that they desperately need. Although the SCBA has for some time maintained a panel of volunteer attorneys who have agreed to assist veterans on a pro bono basis, this panel is being overwhelmed with requests for assistance and needs additional volunteers to assist in this worthy effort. I hope that everyone who takes advantage of this free CLE program will offer their services. SCBA Executive Director, Jane LaCova (631) 234-5511, is our coordinator in matching our volunteers with the various veterans who need help. Please give us your support and volunteer.

I also ask for your support of the 2nd Annual Cohalan Cares for Kids to benefit the Cohalan Children's Center to be hosted at the SCBA on February 7, 2013. See further details elsewhere in this paper.

Finally, by the time you read this article, the SCBA's Nominating Committee will be in the process of interviewing many of our members for the various positions of leadership on our Board of Directors and Executive Committee. To all of you who step forward to give of your time to the SCBA, thank you and good luck in the final selection process leading up to nomination and eventual election at the SCBA Annual Meeting to be held on the first Monday in May.

VEHICLE AND TRAFFIC

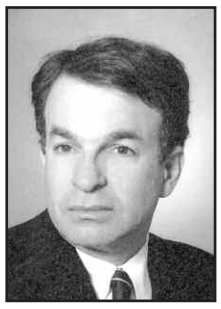
New regulatory terms for repeat offenders

By David A. Mansfield

The Department of Motor Vehicles has created new emergency regulations that became effective on Sept. 25, 2012 regarding multiple alcohol or drug related driving incidents or convictions.

An alcohol and drug related conviction or incident set forth in 15 NYCRR Part §132(1)(a) include a finding by an administrative law judge or a waiver of hearing by your client of a violation of §1192-a, zero tolerance that a person under the age of 21 consumed alcohol and operated a motor vehicle. The person either submitted to a chemical test or refused to submit to a chemical test.

This definition includes a conviction for any violation §1192, a conviction for an offense under the Penal Law for which a violation of §1192 is an essential element, or a finding of a refusal to submit to a chemical test under VTL §1194 not arising out of the same incident. This last item would occur when your client was acquitted of the underlying charge or there was a dismissal of the criminal charge in satisfaction of a guilty plea.



David A. Mansfield

The regulations set forth serious driving offenses (SDO) 15 NYCRR Part §132.1(d) - a fatal accident, a driving related Penal Law conviction, a conviction of one or more high point driving violation and driving violations other than the incident or conviction that triggers the driving record review under 15 NYCRR Part §132.2. A serious driving offense is also defined as Part §132 4, the subject of 20 or more points violations other than the violations that form the foundation for the review of the driving lifetime record review under 15 NYCRR Part §132.2.

The Department of Motor Vehicles will impose a lifetime denial of a license application for anyone with five or more lifetime alcohol or drugged related incidents. The serious diving offenses are important because a 25 year review of your client's driving record when they have three or four alcohol or drug related incidents can mean the difference of a five year waiting period or permanent denial.

When a lifetime review of the driving record indicates that your client is a dangerous repeat alcohol or drug offender, the commissioner will be entitled to issue a proposed revocation of their driver's license as a result of a conviction for a high point driving violation.

A high point driving violation definition can be found in Part §132.1 c is any violation for which five or more points are assessed.

The point system can be found 15 NYCRR §131.3; five or more points encompasses reckless driving §1212, passing a stopped school bus §1174, a speed, §1180 of 21 or more miles an hour over the speed limit.

This provision was designed to provide a strong disincentive to plea bargain alcohol related offenses to §1212 reckless driving which is a five point offense found at Part §131.3(a)(4).

It is not clear if the high point review will apply after your client was convicted before a Department of Motor Vehicles administrative law judge at the Traffic Violations Bureau. Your client will be sent a letter with a right to request a hearing before the Administrative Law Judge. The conduct of the hearing would be governed by 15 NYCRR Part §127 which is the same as any chemical test refusal hearing under §1194, fatal accident hearing convened as per §510 or other business hearing.

The defense lawyer must be in possession of their client's lifetime driving record by filing a Freedom of Information Law Request or MV-15.

Knowledge of your client's lifetime driving record prior to entering a disposition of an outstanding charge is essential if you are able to determine if they are deemed to be a dangerous driver repeat drug or alcohol offender as set forth in Part §132.1(b).

Note: David Mansfield practices in Islandia and is a frequent contributor to this publication.

AMERICAN PERSPECTIVES

It's not what you did but what is not probed

By Justin Giordano

John Corzine, the former governor of New Jersey and prior to that its U.S. Senator, has seemingly dropped out of the media's radar. This is particularly striking in light of the U.S. Congress passing a brand new round of tax increases under heavy pressure from the newly re-elected president Obama. Naturally the media did its part with its relentless barrage of reminders to the populace that the "fiscal cliff" was imminent if the so-called "rich" did not pay a little more. Of course "a little more" is a matter of interpretation as is the newly defined term of "rich." Apparently under the new definition anyone who earns more than $250,000 will have its personal exemptions substantially limited and taxes will increase by 13.1 percent for those households earning more than $450,000. These are the rich. Others might consider these upper middle class, most of which consist of professional couples and/or small entrepreneurs. But that is the old definition it would seem. More broadly however, it would seem that aspiring to become successful, or yes even rich, is no longer part of the American dream. Nor are those who have achieved such status to be admired but rather to be maligned.

But of course there are exceptions, as in the case of the aforementioned John Corzine, who most certainly qualifies as "rich," indeed very rich, more precisely billionaire level rich. Mr. Corzine was also the former head of one of the largest investment banks in the world, namely Goldman-Sacks. Naturally the investment banking industry has also been copiously maligned, at least in public in certain quarters these days and principally since the October 2008 financial meltdown. These assaults have come and continue to do so from the highest echelons of our political hierarchy, including no less than the White House itself.

Upon involuntarily vacating the New Jersey Governor mansion, due to his having lost re-election to current governor Chris Christie, Mr. Corzine went back to his old trade, namely investment banking. In fact Mr. Corzine re-merged as the head of an entity named MF Global. His re-entrance in the world of high finance was however not as successful as had been his career at Goldman Sacks. Indeed MF Global collapsed costing its clients $1.6 billion; certainly a considerable sum even in these days of over $16 trillion national debt. After all the rich, according to the newly passed tax increase, is any household earning $450,000. That's a far cry from $1.6 trillion. And if one takes into account that the projected government revenues, from increasing the capital gain by more than 50 percent from 15 to now 23.8 percent, and inheritance taxes from 35 to 40 percent and so on with other taxes and limitations on exemptions, will be $600 billion over a 10 year period or if averaged out a mere $60 billion per annum, the losses incurred this single entity accounts by itself for approximately 2.7 percent of this projected $60 billion.

Justin Giordano

However, that is just numbers and after a while when the numbers become merely words and no longer make an imprint on the mind of most individual busy with trying to make ends meet. What bears questioning however is beyond just the philosophical in this case. More specifically, in an era where "accountability" and "transparency" has been so highly touted and which gave rise to legislation such as Dodd-Frank, which was exactly aimed at curtailing and indeed preventing the occurrence of these types of events, and should events such as what transpired with MF Global come to pass prosecute those responsible to the full extend of the law, where is the Justice Department?

After the initial reports of the debacle quite a number of months ago, no criminal probe has been mentioned. Democratic Senator John Tester of Montana stated at an earlier stage that "People need to go to jail." Yet as of this writing no one has been charged with even an ordinance violation. Is this a sign of incompetence or if one opts for a more cynical take, does the fact that a heated campaign presidential campaign was going on for the better part of 2012 and John Corzine was either the top or one of the two or three top campaign bundlers for the president's re-election. Incidentally those contributing to the bundle, in other words Mr. Corzine's friends and business associates, were most certainly not part of those earning under $200,000 per year.

Naturally just because a business, even an investment bank, goes under does not automatically imply or even suggest that wrong doing has occurred. However in the case at hand the evidence that is available seems to clearly point to some serious violations of the law or at the very least it merits a criminal probe. For example, information has emerged that Mr. Corzine' MF Global borrowed money from its customer accounts to fund its trading. This took place after Mr. Corzine lobbied regulators to permit that allowed MF Global to engage in this strategy. Normally this would not be permitted and were it any other financial entity, certainly where the losses were of this magnitude, no doubt a full blown investigation would not only be underway but criminal trials might well be in session by this date. What happened to the "oversight" that was ceaselessly talked about after the 2008 financial collapse?

Mr. Corzine cannot be considered as a dilettante. If anything he is a professional, apparently very savvy investment banker and a man with a keen grasp of the economic and financial universe. This is attested by no less a personage then Vice-President Joe Biden, who in 2009 shortly after his administration's election boasted that he and the president had sought key advice from Corzine, stating, "I literally picked up the phone and called John Corzine, and said, Jon, what do you think we should do to deal with the financial crisis?"

The John Corzine case, or lack thereof as the case may be, seems to poorly reflect on the Justice Department in that it gives the appearance that the well connected and indeed dare we say it, the super rich, do have certain advantages even if as a general premise they are being chastised. Will the John Corzine MF Global debacle ever face the scrutiny that any other similar event would have doubtlessly faced? Time will tell but the early signs are unfortunately not promising.

Note: Justin A. Giordano is a Professor of Business & Law at SUNY Empire State College and an attorney in Huntington.

Correction

In last month's issue we included a photo of Alan Costell's beautiful new grandson Thomas James Czech. We misspelled Mr. Costell's name and apologize for the error.

Bench briefs (Continued from page 4)

action for negligent hiring, the employee's personnel file was not discoverable as it was not relevant to the issue of the defendants' negligence.

Motion for disqualification denied; disqualification not warranted; statements by the plaintiffs' attorney not stricken as they were not made in the course of compromise discussions

In *Joseph Cucinella and Andrea Cucinella v. Julio C. Martinez and Phil Felice, Esq.,* Index No.: 22925/11 decided on May 7, 2012, the branches of the defendants' cross motion for an order disqualifying Frank S. Russell, Esq. as attorney for plaintiffs on the grounds of conflict of interest pursuant to the advocate witness rule, 22 NYCRR §1200.21(a) and striking certain statements in the affidavit of the attorney pursuant to CPLR §4547 were denied. In denying the motion, the court noted that the disciplinary rule cited by defendants (DR 5-102(a) was repealed effective April 1, 2009, and replaced by Rule 3.7 of the Rules of Professional Conduct, 22 NYCRR §1200.0, which the court determined did not require disqualification based upon the circumstances presented herein. With regard to the statements, the court found that the record did not establish that the statements by the plaintiffs' attorney were made in the course of compromise discussions as contemplated by CPLR §4547, and accordingly, the court declined to strike them from the record.

Application by the petitioner for leave to serve a late notice of claim for the abuse of process claim granted; court may extend the time to file a notice of claim provided that such application is made within the applicable statute of limitations

In the Memorandum of the Court in *Patricia Williams v. Sheriff's Office Suffolk County and Officer "Jane Doe", Shield #513, fictitious name, intended to be the female officer,* Index No.: 19568/11, decided on November 30, 2011, the court granted the application by the petitioner for leave to serve a late notice of claim for the abuse of process claim, and was otherwise denied. Here, the petitioner sought to serve a notice of claim which included claims for recovery for false arrest, false imprisonment, abuse of process, civil violations of 42 USCA 1983, and other violations of rights under United States and New York Constitutions, and negligent infliction of emotional distress. The petitioner also sought leave to serve an untimely notice of claim with respect to a malicious prosecution claim as well. In deciding the application, the court noted that general municipal law provides that a plaintiff must file a notice of claim within 90 days after the claim arises and commence the action within one year and 90 days from the date the cause of action accrues. The statue provides that the court may extend the time to file a notice of claim provided that such application is made within the applicable statute of limitations. The court may not entertain a request to extend the time in which to serve a notice of claim which is filed after the applicable statute of limitations.

When an application is made timely, the determination to grant leave to serve a late notice of claim, lies within the sound discretion of the court. Here, while the merits of a claim ordinarily are not considered on a motion for leave to serve a late notice of claim, leave should be denied where the proposed claim is patently without merit. Here, with regard to the petitioner's claim for false arrest, false imprisonment, negligent infliction of emotional; distress and violation of the New York State constitution the court found that they were all time barred. With regard to the claims for malicious prosecution and abuse of process, the court noted that the statute of limitations had not expired at the time of the instant application; however, the court concluded that the claims were patently without merit. The court granted petitioner's application for leave to file a late notice of claim for abuse of process. Finally, with respect to petitioner's application for leave to file a late notice of claim for civil violations of 42 USCA 1983, and other violations of civil rights under the United States Constitution was denied as academic as a notice of claim was not a condition precedent to these causes of action.

Honorable Arthur G. Pitts

Court precluded the defendant from offering any evidence in its defense; defendant ignored and violated court order.

In *Thomas Hill v. Car Doctorr, LLC and Ryan Pilla,* Index No.: 30650/10, decided on October 1, 2012, plaintiff brought a motion for an order pursuant to Judiciary Law §753, punishing defendant, Car Doctorr, LLC and its agent Rod Davidson, for contempt of court by granting sanctions, attorney's fees, and imprisonment, precluding defendants from offering evidence on their behalf, and deeming true the allegations of plaintiff with regard to the property which discovery has been withheld.

Here, the court found that the movant established that defendant, Car Doctorr, LLC, was served with a copy of the court's order with notice of entry and had ignored and violated the order. The movant established that his right to obtain the information in preparation for his inquest with regard to damages sustained by him had been violated. Accordingly, the court precluded the defendant from offering any evidence in its defense in connection with the damages sustained by the plaintiff at the Inquest. As to attorneys fees, the court noted that it has been held that the intent of Judiciary Law §773 is to "indemnify the aggrieved party for costs and expenses incurred as a result of contempt." As such, the court found that the plaintiff was entitled to $3,305.00 which represented 10 hours of attorney time for the preparation of two contempt motions among other items.

Motion for appointment of receiver denied; although the plaintiff proffered documentation indicating that there had been numerous arrears in mortgage payments, it did not reach the level requiring receivership.

In *David Lipsky v. Laura Pennino,* Index No.: 28835/03, decided on January 9, 2012, the court denied plaintiff's motion for an order directing the appointment of a temporary receiver to manage the parties' premises and the costs associated therewith. In denying the motion, the court noted that the appointment of a temporary receiver is an extreme remedy in the taking and withholding of possession of property from a party without an adjudication on the merits and should only be considered where there is a clear evidentiary showing of the necessity for the conservation of the property at issue and the need to protect a party's interests in that property. Here, although the plaintiff proffered documentation indicating that there had been numerous arrears in mortgage payments it did not reach the level requiring receivership.

Honorable Peter H. Mayer

Motion for default judgment denied; motion to vacate default and for an extension of time to answer granted; group of lawyers who are salaried employees of an insurance company and whose practice is exclusively in defense of the company's policy holders may hold themselves out as a law firm.

In *Christopher Citera v. Bruce Kramer and Elizabeth Tenke,* Index No.: 21461/111, decided on May 9, 2012, the court denied plaintiff's application for a default judgment, and granted defendant's application for an extension of time to answer the plaintiff's summons and complaint.

The court noted the pertinent facts as follows: defendant Kramer was served with a commons and complaint on July 26, 2011 and faxed the papers to State Farm Insurance Company on August 8, 2011. On August 9, 2011, a claim representative was assigned, and on August 31, 2011, the pleadings were sent to defense counsel. Defense counsel experienced difficulty with a new computer system causing delay in answering the complaint. Accordingly, as part of his reasonable excuse for the delay, the defendant alleged law office failure. Plaintiff opposed defendant's motion alleging that the defendant could not claim law office failure because the attorneys assigned to defend the case were employees of an insurance carrier. According to plaintiff's counsel, there was no law office failure because defense counsel was not a law office but rather a department of State Farm, all whose attorneys and staff are employees of State Farm.

The court noted that a general excuse that a default was caused by an insurance carrier's delay is, by itself, insufficient to establish a reasonable excuse for default. In this case, however, the court found that defendant submitted detailed affidavits to explain the delay. Further, the court pointed out that the plaintiff's counsel submitted no authority for the preposition that a law firm employed by an insurance carrier was not a law office for the purpose of a law office failure analysis. The court stated that a New York State Bar Association's Committee on Professional Ethics had opined on this very issue that "[a] group of lawyers who are salaried employees of an insurance company and whose practice is exclusively in defense of the company's policy holders may hold themselves out as a law firm." Based upon the foregoing, as well as the strong public policy of resolving cases on the merits, the lack of prejudice to the plaintiff caused by the defendant's brief delay in answering, and the facts that the defendant's delay was not willful, the court denied plaintiff's motion for a default and extended the defendant's time to answer.

Please send future decisions to appear in "Decisions of Interest" column to Elaine M. Colavito at elaine_colavito@live.com. There is no guarantee that decisions received will be published. Submissions are limited to decisions from Suffolk County trial courts. Submissions are accepted on a continual basis.

Note: Elaine Colavito graduated from Touro Law Center in 2007 in the top 6% of her class. She is an Associate at Sahn Ward Coschignano & Baker, PLLC in Uniondale, a full service law firm concentrating in the areas of zoning and land use planning; real estate law and transactions; civil litigation; municipal law and legislative practice; environmental law; corporate/business law and commercial transactions; telecommunications law; labor and employment law; real estate tax certiorari and condemnation; and estate planning and administration. Ms. Colavito concentrates her practice in matrimonial and family law, civil litigation and immigration matters.

Can your expert wear two hats? (Continued from page 3)

the strength of the expert's opinion? One way to avoid both the disclosure and potentially problematic results thereof, as noted in *American Steamship Owners*, is to retain two distinct experts. However, if there can be only one expert, attorneys and clients should be very careful what, when, and how they communicate with the expert.

Note: Hillary A. Frommer is counsel in the commercial litigation department of Farrell Fritz, P.C. She represents large and small businesses, financial institutions, construction companies, and individuals in federal and state trial and appellate courts and in arbitrations. Her practice areas include a variety of complex business disputes, including shareholder and partnership disputes, employment disputes, construction disputes, and other commercial matters. Ms. Frommer has extensive trial experience in both the federal and state courts. She is a frequent contributor to Farrell Fritz's New York Commercial Division Case Compendium blog. Ms. Frommer tried seven cases before juries in the United States District Court for the Southern and Eastern Districts of New York and in all of those cases, received verdicts in favor of her clients.

[1] 02 Civ 0711 [SDNY 2004] (Kaplan, J).
[2] 15 Misc3d 350 [Sup Ct, Nassau County 2007].
[3] *Id*. at 351.
[4] Although the defendant did not make that argument, the court turned to the retainer letter to see if it revealed whether the accountant was acting as a consultant when he communicated with the defendant's attorney *(id*). That proved unhelpful. In light of the dates of the retainer letter and expert report, the court concluded that the accountant was retained simultaneously as a litigation consultant and trial witness. The retainer letter is an important tool. If a party uses the same expert as both a litigation consultant and trial witness, it is crucial to clearly delineate when the expert's role changes. One way to accomplish this is with a clearly stated, dated retainer letter. Courts often turn to the retainer letter to determine whether an expert was functioning as litigation consultant or trial expert (*see id.; Delta Financial Corp. v Morrison*, 14 Misc3d 428 [Sup Ct, Nassau County 2996]).
[5] *Id*. at 352.
[6] CPLR § 3101(d)(1)
[7] 04 Civ 4309 [SDNY 2006] (Francis, J).
[8] *Id*.
[9] *Id*.

OBITUARIES

Untimely death of grandson at Sandy Hook

The SCBA send their heartfelt sympathy to SCBA member **Alfred Volkmann**, his wife Laurine and their family on the passing of their grandson Jack Pinto of Sandy Hook who died at the age of 6 on December 14, 2012 in Sandy Hook Elementary School, in the company of his many friends, classmates and teachers.

Jack was the son of Dean and Tricia (Volkmann) and is survived by his brother Benjamin A. Pinto; paternal grandparents Anthony and June Pinto, aunts and uncles.

Jack, who was buried in a white jersey emblazoned with the number 80 of the New York Giants wide receiver Victor Cruz, touched everyone's heart.

We are sure he is up in heaven smiling and playing with his classmates, friends and teachers who died in that terrible tragedy and little Matthew Russo, 7 (son of SCBA member Phil and Audra Russo), who passed away on January 10.

— LaCova

SCBA Honorary Member passes away

Emmett Francis McNamara an SCBA Honorary member, who joined our Bar Association on January 1, 1952 and practiced law in Bay Shore for over 50 years before retiring, passed away peacefully on January 8, 2013 at 103 years old.

Emmett was one of the oldest living former FBI agents in the United States and the oldest graduate of St. John's University School of Law Brooklyn (1936) applying for admission to the Federal Bureau of Investigation the following year. He served as an FBI agent for 14 years and sole resident agent for the state of Maine based in Portland. He was transferred to the FBI's New York City office (1939-43), then to Bay Shore, Long Island as the first resident agent of Suffolk County (1943-51).

In 1951, Emmett retired from the Bureau and began a law practice in Bay Shore, serving as an active attorney there for more than 50 years. He was appointed special assistant to the U.S. Attorney General for two years (1952-1953). After practicing law solo for several years, Emmett was joined by the Hon. Robert Webster Oliver, where they remained partners for more than 25 years.

Emmett was a great tennis player, always winning our tennis tournaments with his partner and buddy George Lipp. Donations in Emmett F. McNamara's name to: St. Patrick School Scholarship Fund, Montauk Highway, Bay Shore, NY 11706 or VNA Hospice House, 901 37th St., Vero Beach, Fla. 32960.

— LaCova

Fair use of trademarks *(Continued from page 6)*

famous mark, is enjoinable if it is likely to cause confusion, and without proof of actual confusion. The statute specifically excludes as non-actionable, any "fair use," including nominative or descriptive "fair use" in connection with comparative advertising, identifying and parodying, criticizing, news reporting and commentary, as well as any non-commercial use of the mark. (15 U.S.C. § 1125 (c).

E-commerce and the internet raise several issues in trademark "fair use" that are not easily analyzed using conventional trademark law requirement of "use" causing actual confusion, mistake or deceit. It is apparent that the e-commerce marketing practices including keyword advertising, meta tags, pop-up advertising, hyperlinks and framing, among others, are used to bring traffic to the marketer's product and trade off on the senior user's mark. E-commerce marketing practices create initial interest confusion where a consumer, who is searching for a particular trademarked product, is lured away to the competitor by the competitor's use of a senior user's trademark. Initial interest confusion occurs even where the competitor later sufficiently identifies itself so that there is no confusion at the time the consumer ultimately purchases the goods. A disclaimer on an otherwise infringing web site does not remedy the initial interest confusion where the confusion has already been created. Although the internet has been with us for a while, some of the law in these issues is still in flux and there is a split among the circuits on many issues.[5]

E-commerce marketing practices raise an issue of whether there is actual "use" of the trademark. Is there "use" of a trademark when it is used as a meta tag or in key word advertising where the consumer does not see the underlying trademark in the result?[6] Although some search engines no longer rely on meta tags, the analysis is appropriate. Do these practices cause actual confusion or is such use a dilution of the trademark? Has this analysis changed as internet users become more sophisticated and sponsored ads appear separately within the search engine results?

Is the purchase and use of another's trademark as a keyword an infringement? The Fourth Circuit held that the legal standard to be applied in a keyword infringement claim against both the marketing competitor and the search engine provider follows traditional legal standards such as "use in commerce" and "likelihood of confusion" and is a fact-specific inquiry.[7] The Second Circuit held that Google's practice of recommending and selling trademarks as search terms to trigger advertisers' sponsored links was "use" in commerce and remanded the case for further proceedings.[8] Pop up ads may be "use," but there is no likelihood of confusion if the advertiser is clearly identified and appears in a separate window.[9]

Linking and framing raise issues of copyright as well as trademark rights. It is always best to get permission to link web sites. However, if permission is not obtained, such link should be used so as not to create confusion, such as linking to the other party's home page for identification and not deep linking. Framing causes problems of confusion as to source, and is not recommended without permission.[10]

Cybersquatting is not as great an issue as it has been in the past. The Anti-cybersquatting Consumer Protection Act 15 U.S.C.A. § 1125(d) and the Internet Corporation for Assigned Names and Numbers UNIFORM Dispute Resolution Program (ICANN UDRP) http://www.icann.org/en/help/dndr/udrp, which contractually requires arbitration of domain-name disputes, has mitigated that problem. Gripe Sites do not usually cause initial interest confusion, are not generally considered commercial sites and do not give the impression that they are sponsored by the trademark owner.

The courts will continue to grapple with new issues of "fair use" in our ever-expanding development of modern technology and it is our obligation to stay abreast of these developments in order to best serve our clients.

Note: Trudie Katz Walker is the former co-chair of the SCBA Intellectual Property Committee. She practices in Melville, focusing on Trademark Law and other aspects of intellectual property and licensing, sharing space with her husband, Alfred M. Walker, current chair of the SCBA IP Committee, who focuses on Patents.

1. McCarthy on Trademarks and Unfair Competition, 4th Ed. § 23:11.

2. KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 125 S. Ct. 542, 160 L. Ed. 2d 440, 72 U.S.P.Q.2d 1833 (2004).

3. New Kids on the Block v. News America Pub., Inc., 971 F.2d 302, 20 Media L. Rep. 1468, 23 U.S.P.Q.2d 1534 (9th Cir. 1992)

4. Volkswagenwerk Aktiengesellschaft v. Church, 411 F.2d 350 (9th Cir.1969

5. McCarthy on Trademarks and Unfair Competition, 4th Ed. § 25:76

6. McCarthy on Trademarks and Unfair Competition, 4th Ed. § 25:69

7. Rosetta Stone Ltd. v. Google, Inc., 730 F. Supp. 2d 531, 97 U.S.P.Q.2d 1855 (E.D. Va. 2010), aff'd in part, vacated in part, remanded, 676 F.3d 144, 102 U.S.P.Q.2d 1473 (4th Cir. 2012)

8. Rescuecom Corp. v. Google, Inc., 456 F. Supp. 2d 393, 83 U.S.P.Q.2d 1208 (N.D. N.Y. 2006), vacated and remanded, 562 F.3d 123 , 90 U.S.P.Q.2d 1287 (2d Cir. 2009)

9. 1-800 Contacts, Inc. v. WhenU.Com, Inc., 414 F.3d 400, 75 U.S.P.Q.2d 1161 (2d Cir. 2005)

10. llmann on Unfair Comp., Tr. & Mono. (4th ed.) § 22:40

Capacity to make wills, trusts, and gifts *(Continued from page 4)*

1988. In a related accounting proceeding concerning the Preliminary Executor's administration of the decedent's estate, Surrogate Lopez-Torres was called upon to decide whether parties who received totten trust accounts and gifts from the decedent were collaterally estopped from asserting that the decedent possessed capacity to make the inter vivos transfers. The transfers occurred after the decedent executed the will for which he lacked testamentary capacity.

In declining to permit the recipients of the inter vivos transfers to re-litigate the issue of the decedent's capacity, the surrogate stated that a party must have the capacity necessary to enter into a contract in order to have capacity to create a trust or to make a gift. Surrogate Lopez-Torres further explained that: (a) "a finding that the decedent lacked testamentary capacity necessarily preclude[d] a finding that the decedent had the capacity to create a valid totten trust or gift"; and (b) "[o]nce lack of capacity [was] shown, there [was] a presumption that it continue[d] until overcome by clear and convincing evidence of capacity." Accordingly, in the absence of clear and convincing evidence to rebut the presumption concerning capacity, the recipients of the disputed inter vivos transfers were bound by the Surrogate's Court's prior determination concerning the decedent's lack of capacity.

In order to have adequate capacity to create a trust or make a gift, a grantor or donor must possess the capacity that is necessary to enter into a contract. Absent capacity to make a contract, a grantor or donor will lack capacity to create a trust or make a gift, even if – however remote the possibility might seem – the grantor or donor possesses testamentary capacity at the same time.

The lesson to take away from this article is that the courts have applied differing standards of capacity to wills, trusts, and gifts. In counseling clients, practitioners should be mindful of the differing standards, so as to ensure that their clients possess capacity to enter into the transactions they desire, most especially as trusts and gifts gain increased prevalence for estate-planning purposes.

Note: Robert M. Harper is an associate at Farrell Fritz, P.C., concentrating in trusts and estates litigation. He serves as an Officer of the Suffolk Academy of Law, a Co-Chair of the Bar Association's Membership Services and Activities Committee, and a Special Professor of Law at the Maurice A. Deane School of Law at Hofstra University.

1 *Matter of Rabbit*, 21 Misc.3d 1118(A) (Sur. Ct., Kings County 2008).

2 *Matter of Kumstar*, 66 N.Y.2d 691 (1985).

3 *Matter of Schure*, File No. 358887, 2012 N.Y. Misc. LEXIS 5755 (Sur. Ct., Nassau County Dec. 17, 2012).

4 *Matter of Minasian*, 149 A.D.2d 511 (2d Dep't 1989).

5 *Matter of Esberg*, 215 A.D.2d 655 (2d Dep't 1995).

6 *Matter of Friedman*, 26 A.D.3d 723 (3d Dep't 2006).

7 *Matter of Swain*, 125 A.D.2d 574 (2d Dep't 1986).

8 *Matter of Petix*, 15 Misc.3d 1140(A) (Sur. Ct., Monroe County 2007).

9 *Matter of Feller*, 26 Misc.3d 1205(A) (Sur. Ct., Monroe County 2010).

10 *Matter of Leach*, 3 A.D.3d 765 (3d Dep't 2004).

11 *Matter of ACN*, 133 Misc.2d 1043 (Sur. Ct., New York County 1986); *Matter of Rosen*, 17 Misc.3d 1103(A) (Sur. Ct., Kings County 2007).

12 *Matter of Donaldson*, N.Y.L.J., Dec. 28, 2012, at 45 (Sur. Ct., Richmond County).

Gun control (Continued from page 5)

York, Maryland, Illinois, Rhode Island, and Michigan. The 10 states with the weakest gun laws are (in order) South Dakota, Arizona, Mississippi, Vermont, Louisiana, Montana, Wyoming, Kentucky, Kansas, and Oklahoma. Seven states have both the strongest gun laws and the lowest gun death rates: Hawaii, Massachusetts, Rhode Island, New York (4th of 10), New Jersey, Connecticut, and California.

In 2010 alone: guns were responsible for 35 percent of all gun deaths and 68 percent of homicides in 2010 (11,078 homicides); unintentional firearm injuries caused 606 deaths (3,800 deaths from unintentional shootings between 2005-2010, 1,300 of which were under 25 years old). A federal study found that 8 percent of unintentional shooting deaths resulted from shots fired by children under 6.

The same study estimated that 31 percent of unintentional firearm deaths might be prevented by the addition of a child-proof safety lock (8 percent) and a loading indicator (23 percent). More gun-related deaths occur in states with less restrictive gun laws and a higher rate of gun ownership. *See* http://smartgunlaws.org/gun-laws-matter-2012-understanding-the-link-between-weak-laws-and-gun-violence/.

In the wake of 2012's gun disasters, Governor Cuomo is pushing for additional state laws that would purportedly make New York's gun laws the strongest in the nation. He also called for federal laws requiring federal background checks of all gun sales, including private ones; the ban of high-capacity magazines; enacting tougher penalties for illegal gun use, guns on school grounds, and gun activity by gangs; keeping guns from people who are mentally ill; banning the direct Internet sale of ammunition purchases; one state check on all firearms purchases; and programs to cut gun violence in high-crime neighborhoods. http://abcnews.go.com/Politics/york-gov-andrew-cuomo-proposes-tough-gun-laws/story?id=18174071.

While some adjustments are needed, what New York and the rest of the country needs is better enforcement. The problem is not the sales and initial permit, but continued vigilance in monitoring those with guns, random home checks to confiscate fire arms and terminate permits from owners with mental health issues or owners who reside with individuals with mental health issues, and a buy back and amnesty program.

There is no known requirement in New York State or elsewhere to continue to monitor handgun licensees with random home visits, questions about the mental health of individuals with whom the licensee resides, or continued monitoring to ensure that an individual to whom a license has issued does not suffer from mental health issues or become convicted of a felony after the license issues. It is not the properly licensed, conscientious, law-abiding handgun owner from Adirondack County that gives the most concern. It's when the illegal carrier of an illegally concealed weapon brandishes said weapon in a bank, church, synagogue or elementary school. More laws are not going to protect against guns in the hands of the wrong people, but better enforcement of the ones we have might.

Governor Cuomo put it best: "No one hunts with an assault rifle. No one needs 10 bullets to kill a deer."

Note: Alison Arden Besunder is the principal of the Law Offices of Alison Arden Besunder P.C. in Manhattan and Brooklyn, where she focuses her practice on trusts and estate planning for individuals and married couples, as well as trust and estate-related litigation such as contested probate and contested accountings in Suffolk, Nassau, Kings, Queens and New York counties. She also handles intellectual property matters including trademark and copyright prosecution and infringement. Alison is also of counsel to Bracken Margolin Besunder LLP in Islandia.

1 According to an article in the *Wall Street Journal*, none of the guns used in the Newtown massacre constituted an assault weapon under Connecticut law. D. Kopel, *Guns, Mental Illness, and Newtown*, Wall Street Journal (Dec. 17, 2012).

2 U.S. General Accounting Office, Accidental Shootings: Many Deaths and Injuries Caused by Firearms Could Be Prevented 17 (Mar. 1991), at http://161.203.16.4/d20t9/143619.pdf.

Software patenting (Continued from page 6)

limited to a very specific application of the inventive concept."[5] Broadly claiming an unpatentable abstract concept could not constitute a recipe for patentability.

Recently, USPTO director David Kappos spoke on the value of software patenting and underscored the value of introducing software patents into the technology world. Yet even Mr. Kappos distinguished "lines of code" from "process and apparatus" when labeling patentable software inventions.[6] So what can the Supreme Court do to reconcile Federal Circuit case law with the growing need for clarity to answer the question posed at the outset of this article?

Juxtaposing federal court opinions with Mr. Kappos' sentiments spawns a very fine line for establishing a software patentability benchmark. In an effort to harmonize the competing viewpoints, a logical conclusion would be to adopt a "dependence on the sophisticated functions of a computer" test for software patents. Such a test would strike a balance between *Ultramercial* and *Dealertrack* while satisfying the significance factor of *Bancorp*. In addition, such a test would further Mr. Kappos' directive of protecting software patents and encouraging software innovation. In effect, promoting clarity would encourage further development. While such a test would remain open to interpretation, the mere presence of a unifying test would provide a much-needed baseline for future software patent prosecution and litigation.

Note: Neeraj Joshi is currently handling patent work for WR Samuels Law PLLC while maintaining a solo practice in Manhattan. Neeraj focuses his practice on patent prosecution and litigation and additionally runs a burgeoning trademark practice for clients of various backgrounds. A versatile patent attorney, Neeraj has contributed to cases of several different backgrounds, including software engineering, mechanical engineering, pharmaceutical sciences and financial business methods.

1 http://www.patentlyo.com/patent/2012/10/federal-circuit-to-announce-whether-software-is-patentable-en-banc-rehearing-on-section-101-issues.html.

2 *Research Corp. Technologies v. Microsoft Corp.* (Fed. Cir. 2010) (emphasis added).

3 *Ultramercial, LLC v. Hulu, LLC* (Fed. Cir. 2011).

4 *CLS Bank International v. Alice Corporation Pty. Ltd.* (Fed. Cir. 2012).

5 *Bancorp Services v. Sun Life Assurance of Canada* (Fed Circ. 2012).

6 http://www.uspto.gov/news/speeches/2012/kappos_CAP.jsp.

Look ahead to 2013 (Continued from page 8)

than an abstract idea implemented on a computer cannot be patented, creating great uncertainty over whether software is eligible for a patent. The issue is whether an idea that is novel can be patented merely because the implementation of that idea on a computer happens to be novel even though there is nothing new about how the computer works to implement the idea in existing software using existing hardware. Some would limit software patents to truly new ways of operating a computer (for example, new ways of using software to operate the computer itself as opposed to simply new applications for existing software). Again, this will have huge ramifications for industries that rely heavily on the use of software such as the financial, insurance and health care industries.

Lastly, in a somewhat strange and futuristic feeling case (*Bowman v. Monsanto*), the question is whether the first sale doctrine (sometimes called patent exhaustion) applies to self-replicating products. The doctrine of patent exhaustion states that patent holders cannot control or prohibit the use of an invention after an authorized sale. This case has the potential to eliminate this long-standing exemption to the rule in many situations.

Farmer Vernon Bowman is challenging a Federal Circuit ruling that he infringed the patents on Monsanto Co.'s Roundup Ready soybean seeds by planting second-generation seeds (from plants grown with the original seeds) that he purchased from a grain elevator. According to Bowman, Monsanto's rights on the seeds should have been found to be exhausted after the first sale to the grain elevator owner. The Federal Circuit ruled that he infringed because he created new seeds by planting the ones he purchased. This created an exemption to patent exhaustion for self-replicating technologies like seeds.

Bowman is also challenging the "conditional sale" exemption to patent exhaustion. Monsanto placed conditions on the sales of the patented seeds that it sold to others in order to circumvent the exhaustion rule. The Federal Circuit held in 1992 that patent owners may continue to assert their rights after an initial sale by placing conditions on the sale. Because of this aspect of the case, the outcome could have a very wide impact and apply to all types of patents, not just seeds. The court could establish precedent on the broad question of the extent that a patent holder has control over a patented article after it enters the stream of commerce. If the court agrees with Bowman that broad restrictions of further sales of products is at odds with patent law policy, a great number of companies that place conditions on the use and/or further distribution of the products they sell will be affected.

Next month we will look at upcoming developments in the world of copyright and design law.

Note: Gene Bolmarcich is a trademark attorney and Principal of the Law Offices of Gene Bolmarcich in Babylon, NY, with a national clientele. In addition to being an independent contractor on trademark matters for other law firms, he offers a virtual trademark registration service at www.trademarksa2r.com. He can be contacted at gxbesq1@gmail.com.

The grapes of Rapf (Continued from page 17)

years from the completion of construction.

Later cases

There were two subsequent attempts by owners of eroded properties to collect damages in Federal Court based on groin construction. *Devito, et al. v. United States of America,* 12 F.Supp.2d 269 (E.D.N.Y. 1998) involved several property owners who claimed that the USA was liable under the Federal Tort Claims Act for erosion damage precipitated by groin construction. The court held that the construction of the groins was a discretionary function of the Corps of Engineers and, therefore, the USA was entitled to full immunity from FTCA liability. In *Ireland v. Suffolk County of New York, et al.,* #00 CV 2412 (E.D.N.Y. 2000), the plaintiff failed to prove that the groins were the cause of the erosion. Following a bench trial, judgment was entered for the defendant.

In a recent Suffolk County Supreme Court case one party tried to use the *Rapf* consent judgment to vitiate the burden of a privately created beach access easement over his property. In *Djoganopoulos v. Polkes,* 2011 NY Slip Op 31444(U) (Suffolk County Sup. Ct., 2011), the burdened land owner correctly pointed out that the *Rapf* judgment (and the Public Access Plan implemented thereafter) prohibit more than one dune walkover structure on each private parcel. Since the burdened owner had already erected such a structure in a location removed from that of the easement, he argued that the easement holder could not build an additional walkover, thereby eliminating the easement.

The court found that:

> "[t]his argument is without merit. While the Rapf consent decree [*sic*] may bind the parties, it does not in any way eliminate the deeded easement in favor of the petitioners and does not create any legal impediment which would prevent the respondents from reconfiguring or removing their walkways as necessary to allow the construction of a walkway on the easement area so that all structures are in compliance with the Rapf consent decree."

What's next?

As of this writing, it is unknown whether government agencies will try to exact far-reaching concessions in exchange for rebuilding or reclamation assistance following Sandy, as they did in *Rapf.* In addition, the *Devito* and *Ireland* cases signal difficulty in recovering for damages inflicted by poorly conceived or shoddily implemented government intervention.

When faced with devastation, it's tempting to take any assistance offered. However, counsel should advise their oceanfront clients of the potential ramifications of hastily made, emotional decisions.

Note: Lance R. Pomerantz is a sole practitioner who provides expert testimony, consultation and research in land title disputes. He is also the publisher of the widely read land title newsletter Constructive Notice. For more information visit www.LandTitleLaw.com.

What new technologies are patentable will be a hot topic in 2013 (Continued from page 10)

monopolize the law of nature itself."[16]

During the current term, the Supreme Court is expected to address whether isolated human genes are patentable. In *Association for Molecular Pathology v. USPTO*,[17] the Federal Circuit ruled that isolated human genes are patentable subject matter reasoning that isolated DNA which does not exist alone in nature *can* be patented. The American Civil Liberties Union and the Public Patent Foundation filed a petition for certiorari with the Supreme Court with respect to the Federal Circuit decision. On November 30, 2012 the Supreme Court granted certiorari.

Besides the field of genetics, there have been a number of cases recently on whether certain patents on computer implemented business methods are patentable. The Federal Circuit recently issued to two conflicting decisions on what appears to be similar business method patents, *CLS Bank Int'l. v. Alice Corp.,*[18] and *Bancorp Services v. Sun life Assurance Co. of Canada*[19].

Alice Corp.'s patents were directed to a trading system in which counter parties exchange various types of contractual future obligations (e.g., supply and delivery contracts), and where the system automatically matches offers between various counter parties so that each party's risk is minimized at the time the contracts mature. Bancorp's patents dealt with market risks related to the value of certain types of life insurance policies that companies use to fund employee life insurance and retirement benefits. In the *CLS* case the patents were upheld, in the *Bancorp* case they were held invalid as not being directed to patentable subject matter. Recently, the Court of Appeals for the Federal Circuit granted rehearing *en banc* of the *CLS* case[20]. It will be interesting to see what the Court's decide in these areas as inventors are pushing the envelope to protect their work from competitors seeking to profit from the inventors research and development.

Thomas A. O'Rourke, Esq. is a founding partner of the Melville firm of Bodner & O'Rourke, L.L.P. where he practices Patent Trademark and Copyright Law. He can be reached at torourke@bodnerorourke.com

1 Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 480-481 (1974); Universal Oil Co. v. Globe Co., 322 U.S. 471, 484 (1944).
2 Kewanee, supra, at 480.
3 *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972) ("A process is a mode of treatment of certain materials to produce a given result. It is an *act*, or a *series of acts*, performed upon the subject-matter to be transformed and reduced to a different state or thing." (emphasis added) (quoting *Cochrane v. Deener*, 94 U.S. 780, 788, 24 L. Ed. 139, 1877 Dec. Comm'r Pat. 242 (1876)); *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1316, 75 USPQ2d 1763, 1791(Fed. Cir. 2005) ("A process is a series of acts." (quoting *Minton v. Natl. Ass'n. of Securities Dealers,* 336 F.3d 1373, 1378 (Fed. Cir. 2003)). See also 35 U.S.C. 100(b); *Bilski v. Kappos*, 130 S. Ct. 3218, 95 USPQ2d 1001 (2010).
4 *Burr v. Duryee*, 68 U.S. (1 Wall.) 531, 570 (1863). This includes every mechanical device or combination of mechanical powers and devices to perform some function and produce a certain effect or result. *Corning v. Burden*, 56 U.S. 252, 267 (1854).
5 *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980) (quoting *Am. Fruit Growers, Inc. v. Brogdex Co.*, 283 U.S. 1, 11 (1931).
6 *Chakrabarty*, 447 U.S. at 308.
7 *In re Nuijten*, 500 F.3d 1346, 1357 (Fed. Cir. 2007).
8 *Chakrabarty*, 447 U.S. at 308. However, man-made organisms are patentable. *Id.* at 310. Chakrabarty's invention was human-made, genetically engineered bacterium that was capable of breaking down multiple components of crude oil. Because of this property, which is possessed by no naturally occurring bacteria, Chakrabarty's invention is believed to have value for the treatment of oil spills. In reversing the Patent Office's refusal to grant a patent, the Court stated:
"Here, by contrast, the patentee has produced a new bacterium with markedly different characteristics from any found in nature, and one having the potential for significant utility. His discovery is not nature's handiwork, but his own; accordingly it is patentable subject matter under § 101."
9 The Leahy-Smith America Invents Act (AIA), Public Law 112-29, sec. 33, 125 Stat. 284 (Sept. 16, 2011).
10 See *In re Ferguson*, 558 F.3d 1359, 1364 (Fed. Cir. 2009) (cert. denied).
11 Manual of Patent Examining Procedure §2106.
12 *Gottschalk v. Benson*, 409 U.S. at 72. However, software may be protected through system claims and/or method claims. See e.g. *Research Corporation Technologies, Inc., v. Microsoft Corporation,* 627 F.3d 859 (Fed. Cir. 2010). RCT's patent related to a halftoning technique that used a blue noise mask, which was stored in a computer's memory, to carry out a pixel-by-pixel comparison of the mask to the digital image. Their halftoning technique compares the gray level of each pixel in a digital image to the corresponding threshold number in the blue noise mask to produce a halftone image. The court held the patent covered patentable subject matter and was not an abstract idea.
13 *Ferguson*, 558 F.3d at 1366.
14 *In re Miller*, 418 F.2d 1392, 1396 (CCPA 1969).
15 566 U.S. ___, 132 S. Ct. 1289, 101 USPQ2d 1961 (2012).
16 *Id.* at 1968.
17 103 USPQ2d 1681 (Fed. Cir. 2012).
18 103 USPQ2d 1297 (Fed. Cir. 2012).
19 103 USPQ2d 1425 (Fed. Cir. 2012).
20 No. 2011-1301 (Fed Cir. Oct. 9, 2012).

Discounts in matrimonial cases (Continued from page 13)

Discount definitions

DLOC – attempts to quantify the level of risk assumed by a non-controlling shareholder.[2] Frequently appropriate if the spouse does not own a controlling interest in the subject company.[2] This is sometimes referred to as a minority interest discount.

Minority owners lack the benefits afforded a controlling owner. They cannot declare dividends, sell assets, merge or liquidate the enterprise, hire or fire employees, choose members of the Board of Directors, determine salaries and bonuses, launch new lines of business or determine business parties.

The actual discount for lack of control would vary depending on the circumstances. One factor that requires consideration is the underlying valuation methodology used in arriving at the entity value. Some valuation methods derive a minority value and do not warrant an additional DLOC while others derive a controlling value and necessitate a DLOC, if the interest being valued is a minority position. Said another way, the discount for DLOC would not necessarily be the same percentage under the cost, market and income approaches. In fact, if the same discount rate is applied to all approaches, it may be a point of concern and warrant investigation.

DLOM – to quantify the degree to which liquidity is impaired relative to more liquid alternative investments.[3]

It is important to recognize that the discounts for illiquidity and lack of marketability are not a black-and-white issue. That is, an ownership interest is not necessarily simply "marketable," meaning freely tradable in a public market, or "non-marketable," meaning not freely tradable. There are degrees of marketability. These degrees of marketability depend on the circumstances in each case.[4]

Frequently, the DLOM is the single largest adjustment for the valuation of a minority interest in a closely held business. The strength of the DLOM is directly related to the strength of the capital market evidence, and analysis of that evidence used to support the discount. All things considered, it is difficult to actually sell an interest in a private company. Selling a minority share in a private company is particularly difficult.

There are numerous studies which assist in estimating an appropriate discount for lack of marketability. The studies fall into one of two categories: discounts on sales of closely-held company shares to prices of subsequent initial public offerings; and discounts on sales of restricted shares of publicly traded companies.

Currently there is no empirical data that exists to quantify marketability discounts on controlling interests.

For example, a new term in the valuation industry is "marketable illiquid interest". The relative marketability of certain business interests is as follows:

- Public stock is liquid;
- A controlling interest in a private company is marketable illiquid;
- A Minority interest in a private company is nonmarketable;
- Real estate is marketable illiquid;
- Machinery and equipment is marketable illiquid.[5]

For public stock there is a ready market to buy and sell shares; should an owner decide to sell they could close the transaction in one to two business days. It is understood that there is a market to sell controlling interests in a private company although the time and cost it would take to find that willing buyer could be substantial, thus implying the company is illiquid. A minority interest in a private company is nonmarketable because there is no known market for this type of asset. Often, sales of minority interests in a private company are to friends and family or others in the entity as allowed by the entity's governing documents. A real estate appraisal is often based on market transactions implying a marketable value, however, the costs associated with finding a buyer and the actual transaction costs are reflected in the fact that the real estate is illiquid. Machinery and equipment is marketable illiquid for the same reasons as the real estate.

Four misconceptions regarding discounts

DLOCs should generally be at 10 percent while DLOMs should be at 35 percent.

- NOT TRUE. Each discount is unique to the subject entity being valued. As explained above, the appraiser needs to consider the relative degree of control to the interest being valued and the degree of liquidity for that particular interest. For example, in *Cooper v. Cooper*, 84 A.D.3d 854, 923 N.Y.S.2d 596 (2d Dept. 2011), the Appellate Division, Second Department found that the expert's use of a lack of marketability discount of 25 percent was proper and appropriately reflected the risk associated with the illiquidity of a close corporation whose shares could not be freely traded. See also, *Ellis v. Ellis*, 235 A.D.2d 1002, 653 N.Y.S.2d 180 (3d Dept., 1997).

  In *Cerretani v. Cerretani*, 289 A.D.2d 753, 734 N.Y.S.2d 324 (3d Dept. 2001), the Appellate Division, Third Department found that a 30 percent discount to reflect the husband's status as a minority shareholder in a closely held corporation.

The DLOM can be consumed in the discount rate.

- NOT TRUE. A discount rate speaks to a risk assessment while a DLOM speaks to liquidity issues.

All valuation approaches and methods give rise to the same "enterprise level of value."

- NOT TRUE. Different valuation approaches and methods can give rise to different levels of value. Applying a control discount to a minority or non-control level of value would be duplicative.

The DLOC and DLOM can be combined by mathematically adding the discounts together.

- NOT TRUE. The DLOC and DLOM are multiplicative and not additive.

Conclusion

This article's intention was to clarify one's thinking and dispel misconceptions as it relates to the DLOC and DLOM. When dealing with the complexities of business valuation it is advisable to retain a certified business appraiser.

Note: Jennifer Rosenkrantz is a partner at Schlissel Ostrow Karabatos. She has practiced almost exclusively in matrimonial and family law, assisting in the preparation and trial of complex custody and equitable distribution cases. Should you have any questions on this article or related topics, you can contact her at (516) 877-8000 or jrosenkrantz@soklaw.com.

Note: Harold L. Deiters III, CPA/ABV/CFF, CFE, CFFA is a Senior Manager in the Litigation Valuation Consulting division of Holtz Rubenstein Reminick LLP. Mr. Deiters is a trained professional and qualified expert in the area of business valuations and performing forensic accounting. His over 20 years of experience covers matrimonial matters, accountings, valuations for buy/sell agreement, partnership dissolutions, shareholder disputes, forensic investigations, estate tax purposes and gift planning. He can be contacted at (631) 719-3226 or hdeiters@hrrllp.com.

1 Financial Valuation Applications and Models, Third Edition by James R. Hitchner, John Wiley & Sons, Inc., 2011, p365
2 Valuing A Business, Fifth Edition by Shannon P. Pratt with Alina V. Niculita, The McGraw-Hill Companies, Inc., 2008, p994
3 Financial Valuation Applications and Models, Third Edition by James R. Hitchner, John Wiley & Sons, Inc., 2011, p365
4 Valuing A Business, Fifth Edition by Shannon P. Pratt with Alina V. Niculita, The McGraw-Hill Companies, Inc., 2008, p446
5 Financial Valuation Applications and Models, Third Edition by James R. Hitchner, John Wiley & Sons, Inc., 2011, p369

SUFFOLK ACADEMY OF LAW

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MID-LATE WINTER CLE

The Suffolk Academy of Law, the educational arm of the Suffolk County Bar Association, provides a comprehensive curriculum of continuing legal education courses. Programs listed in this issue are some of those that will be presented during February and March 2013.

REAL TIME WEBCASTS: Many programs are available as both in-person seminars and as real-time webcasts. To determine if a program will be webcast, please check the calendar on the SCBA website (www.scba.org)**.**

RECORDINGS: Most programs are recorded and are available, after the fact, as on-line video replays and as DVD or audio CD recordings.

ACCREDITATION FOR MCLE: The Suffolk Academy of Law has been certified by the New York State Continuing Legal Education Board as an accredited provider of continuing legal education in the State of New York. Thus, Academy courses are presumptively approved as meeting the OCA's MCLE requirements.

N.B. - As per NYS CLE Board regulation, you must attend a CLE program or a specific section of a longer program in its entirety to receive credit.

NOTES:

Program Locations: Most, but not all, programs are held at the SCBA Center; check listings for locations and times.

Tuition & Registration: Tuition prices listed in the registration form are for ***discounted pre-registration.*** **At-door registrations entail higher fees.** You may pre-register for classes by returning the registration coupon with your payment.

Refunds: Refund requests must be received 48 hours in advance.

Non SCBA Member Attorneys: Tuition prices are discounted for SCBA members. If you attend a course at non-member rates and join the Suffolk County Bar Association within 30 days, you may apply the tuition differential you paid to your SCBA membership dues.

Americans with Disabilities Act: If you plan to attend a program and need assistance related to a disability provided for under the ADA,, please let us know.

Disclaimer: Speakers and topics are subject to change without notice. The Suffolk Academy of Law is not liable for errors or omissions in this publicity information.

Tax-Deductible Support for CLE: Tuition does not fully support the Academy's educational program. As a 501©)(3) organization, the Academy can accept your tax deductible donation. Please take a moment, when registering, to add a contribution to your tuition payment.

Financial Aid: For information on needs-based scholarships, payment plans, or volunteer service in lieu of tuition, please call the Academy at 631-233-5588.

INQUIRIES: 631-234-5588.

UPDATES

ANNUAL FAMILY COURT UPDATE

Part Two: Wednesday, February 5, 2013

Topics to be covered in this segment include:

- Custody and Visitation
- Basic Pleadings and Analysis
- Custody and Visitation from the Judicial Perspective
- Custody and Visitation from Attorney for the Child's Perspective
- Reunification of Families Involved with Sexual Abuse
- Special Findings in Proceedings Dealing with Immigrant Youth
- Determination of Objections of Child Support Orders; Confirmation Proceedings; Incarceration in Child Support Cases

Faculty: **Hon. John Kelly; Hon. Caren LoGuercio; Hon. Richard Hoffmann Jennifer Mendelsohn, Esq.; Danielle Schwager, Esq.; Michael T. Fitzgerald, Ph.D.**
Coordinators: **Hon. John Kelly; Hon. Isabel Buse; Hon. John Raimondi**
Time: 6:00 – 9:00 p.m. **Location:** SCBA Center, Hauppauge
Refreshments: Light supper
MCLE: 3 Hours (2 professional practice; 1 ethics)

Matinee

ANNUAL ELDER LAW UPDATE

Thursday, February 14, 2013

Gain insight into all the developments affecting the practice of elder law in this annual presentation by SCBA's own guru on the topic.

Presenter: **George Roach** (Grabie & Grabie, LLP // Former SCBA President)
Appreciation for Underwriting Support: **St. Charles Cemetery**
Time: 2:00 – 5:00 p.m. **Location:** SCBA Center, Hauppauge
Refreshments: Valentine's Day Snacks
MCLE: 3 Hours (2.5 professional practice; 0.5 ethics)

Presented in Conjunction with the SCBA District Court Committee

LANDLORD-TENANT PRACTICE UPDATE

Tuesday, February 26, 2013 (Rescheduled Date)

Recent changes in landlord-tenant law and their impact on matters involving both residential and commercial properties will be covered. Hon. Stephen Ukeiley generously donated copies of his book, *The Bench Guide to Landlord & Tenant Disputes in New York,* to the Academy, a 501c-3 organization; the book may be purchased from the Academy at the discounted price of $25 for as long as the supply lasts. Purchasers may have their copies signed by Judge Ukeiley prior to the program.
Presenters: **Hon. Stephen Ukeiley** (Suffolk District Court); **Hon. Scott Fairgrieve** (Nassau District Court); **Victor Ambrose, Esq.** (Nassau-Suffolk Law Services); **Warren Berger, Esq.; Marissa Luchs Kindler, Esq.** (Nassau-Suffolk Law Services); **Michael McCarthy, Esq.; Patrick McCormick, Esq.** (Campolo, Middleton & McCormick, LLP); **Deputy Sheriff Sargent David Sheehan** (Suffolk County Sheriff's Dept.)
Coordinator: **Hon. Stephen Ukeiley** (Academy Advisory Committee)
Time: 6:00 – 9:00 p.m. **Location:** SCBA Center, Hauppauge
Refreshments: Light supper
MCLE: 3 Hours (professional practice)

ANNUAL MATRIMONIAL LAW UPDATE

Monday, March 4, 2013

Gain insights into the developments and challenges facing matrimonial lawyers at this annual update featuring a foremost practitioner in the area.

Presenter: **Vincent F. Stempel, Jr., Esq.** (Garden City)
Coordinators: Linda Kurtzberg, Arthur Shulman, Debra Rubin
Time: 6:00 – 9:00 p.m. **Location:** SCBA Center, Hauppauge
Refreshments: Light supper
MCLE: 3 Hours (2.5 professional practice; 0.5 ethics)

SEMINARS, SERIES & CONFERENCES

Extended Lunch 'n Learn

MANAGING HIGH CONFLICT FAMILIES AFTER A DIVORCE

Friday, February 1, 2013

Some parents who have engaged in high conflict litigation over custody and visitation issues have difficulty implementing their parenting plan. They continue a pattern of acrimony and dissension that is potentially detrimental to their own self interests and to the interests of their children. This program, co-sponsored by the Suffolk County Psychological Association and Touro Law Center, will focus on parenting coordination and other approaches to resolving conflicts. Topics will include:

- The Legal Basis for These Approaches
- Current Case Law • The Need for Judicial Review
- When Various Approaches are Appropriate and When Caution Should Be Used
- The Role of Parenting Coordinators and When They Overstep Their Bounds

Faculty: **Robert A. Cohen, Esq.; Stephen Schlissel, Esq.; Special Referee Jennifer Buetow; Neil S. Grossman, Ph.D.**
Time: 12:30–3:10 p.m. (Sign-in from Noon)
Location: SCBA Center **Refreshments:** Lunch
MCLE: 3 credits (2 professional practice; 1 ethics)

Lunch 'n Learn

E-Discovery: RECENT DEVELOPMENTS IN LAW & TECHNOLOGY RELATED TO PREDICTIVE CODING

Wednesday, February 6, 2013 (Rescheduled Date)

Predictive coding takes electronic-discovery to a new level. It is a method whereby a human identifies whether or not a random selection of documents are responsive to an e-discovery demand; the computer program then takes these responses, "learns" what to search, and gives each document a "relevance score." The end result is the identification of the documents that need to be produced. This seminar will shed light on the use of predictive coding, which has been adopted as an acceptable method of obtaining ESI (electronically stored information), and examine the ground-breaking decision by Judge Peck in *Monique Da Silva Moore v. Publicis Groupe.*

Presenters: **Experts from DOAR Litigation Consulting Glenn P. Warmuth, Esq.** (Stim & Warmuth, PC)
Coordinator: **Glenn P. Warmuth, Esq.** (Academy Officer)
Appreciation for Underwriting Support: **Doar Litigation Consulting**
Time: 12:30–2:10 p.m. (Sign-in from noon)
Location: SCBA Center **Refreshments:** Lunch
MCLE: 2 credits (professional practice)

Lunch 'n Learn

A MOCKERY OF A CLOSING

Friday, February 8, 2013 (Rescheduled Date)

This "Closings 101" course features a skilled faculty who will conduct a hypothetical real estate closing where things go awry. The demonstration will include stop-action tips for how to have prevented the problems from arising and, when necessary, how to do quick fix-its to stop setbacks and keep the deal intact. It's a must-attend for the novice – and even the experienced – real estate lawyer!

Presenters: **Lita Smith Mines, Esq.; Audrey Bloom, Esq.; Joseph O'Connor, Esq.; Gerard McCreight, Esq.; Robert Steinert, Esq.; Peter Walsh, Esq.**
Coordinator: **Lita Smith-Mines, Esq.** (Academy Officer)
Time: 12:30–2:10 p.m. (Sign-in from noon)
Location: SCBA Center **Refreshments:** Lunch
MCLE: 2 credits (1.5 professional practice; 0.5 ethics)

Evening Seminar

VEHICULAR ACCIDENT ANALYSIS: THE BIG PICTURE

Wednesday, February 13, 2013

Learn how to more effectively investigate a vehicular accident in this thorough program covering

- Accident Reconstruction Techniques
- Hardware Design Analysis Techniques
- A Review of and Methodology for Selecting the Lead Area of Expertise

Faculty: Representatives of ARCCA; Others TBA
Coordinator: **Hon. James Flanagan** (Academy Officer)
Time: 6:00–9:00 p.m. (Sign-in from noon)
Location: SCBA Center **Refreshments:** Light supper
MCLE: 3 credits (1.5 professional practice; 1.5 skills)

Presented in Two Locations:

MANDATORY E-FILING FOR COMMERCIAL DIVISION & MEDICAL MALPRACTICE CASES

Thursday, February 21, 2013

On March 15, electronic filing will become mandatory in Suffolk County Supreme Court for medical malpractice cases and Commercial Division cases that comport with the requisites of Uniform Rules of the Trial Courts § 202.70. This training program will address the substance and skills you will need in order to conform to this regulation. For your convenience, the program will be presented both on the East End and at the SCBA Center.

Program at the SCBA Center (Hauppauge):
Faculty: **Jeffrey Carucci** (Statewide Coordinator for Electronic Filing)
Moderator: **Peter Walsh** (Academy Officer)
Time: 12:30–2:10 p.m. Refreshments: Lunch

Program on the East End (Southampton)
Faculty: **Jeffrey Carucci** (Statewide Coordinator for Electronic Filing)**; Stephen Kiely, Esq.** (Office of the

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560 WHEELER ROAD, HAUPPAUGE, NY 11788 • (631) 234-5588

Suffolk County Clerk) **Time: 5:30–7:30 p.m.**
Location: 75 Main (Restaurant–Southampton)
Refreshments: Supper & Cash Bar
MCLE: 2 credits (1 professional practice; 1 law practice management)

Extended Lunch 'n Learn

1031 EXCHANGES & OTHER TAX DEFERRAL STRATEGIES

Thursday, March 7, 2013

Developments in the real estate market have revived interest in 1031 exchanges – i.e., the powerful tax deferment tool that enables people to sell income, investment, or business property and replace it with like-kind property without paying federal income tax on the transaction. There are a number of ways to structure such exchanges, and the advantages are manifold. An attorney advising clients on these transactions, however, must ensure that the exchanges are executed properly and that they are in conformity with the regulations. Learn the why's and wherefore's of 1031's and other tax-deferral strategies at this information-packed seminar by an exceedingly knowledgeable faculty.

Faculty: **Michael S. Brady, Esq.** (V.P. and Corporate Counsel, Riverside 1031, LLC); **Joseph M. Insalaco, CPA CFP** (Real Estate Tax Strategies, Inc.)
Time: 12:30–3:10 p.m. (Sign-in from Noon)
Location: SCBA Center **Refreshments:** Lunch
MCLE: 3 credits (2 professional practice; 1 skills)

Full Day Conference

ANNUAL LAW IN THE WORKPLACE CONFERENCE

Friday, March 8, 2013

This full-day program from the SCBA's Labor and Employment Law Committee focuses on timely issues for labor and management in both the public and private sectors. This year's conference places a special emphasis on key labor and employment statutes, including the ADA, FLMA, and FSLA. The day includes keynote addresses by prominent figures in the employment world, updates on public sector labor law and employment law, and break-out workshops on timely matters. Continental breakfast and buffet luncheon are included in the tuition price.

Program Chairs: **Sima Ali, Esq.** and **Troy Kessler, Esq.** (Chairs–SCBA Labor & Employment Law Committee)
Time: 8:30 a.m.–4:00 p.m. Location: Touro Law Center
Refreshments: Lunch and Continental Breakfast
MCLE: 7 credits (6 professional practice; 1 ethics)

Lunch 'n Learn

AN ATTORNEY'S GUIDE TO CLOUD COMPUTING

Tuesday, March 12, 2013

"Cloud computing" refers to the use of hardware and software that are not located on the user's computer or other device, but are delivered over a network like the Internet. Cloud computing brings many advantages to businesses, including law practices, in terms of economy and efficiency. But – especially for lawyers – there are also potential pitfalls. In this program, a quartet of local practitioners discusses what cloud computing *is,* what programs are available, what questions lawyers should ask cloud providers, and what to do about issues of client confidentiality. It is a program for our times. Don't miss it!

Faculty: **Barry M. Smolowitz, Esq.** (SCBA Technology Director); **Allison C. Shields, Esq.** (Principal–LegalEase Consulting);**Glenn P. Warmuth, Esq.** (Stim & Warnuth, PC); **Guido Gabriele III, Esq.** (Geisler & Gabriele)
Time: 12:30–2:10 p.m. (Sign-in from Noon)
Location: SCBA Center **Refreshments:** Lunch
MCLE: 2 credits (1 law practice management; 1 ethics)

Three-Part Series

MATRIMONIAL MONDAYS

Mondays, March 11, March 18, April 1, 2013

This year's matrimonial series comprises three seminars, each on an important issue for those who practice in the field. You may enroll in any individual program or SAVE by subscribing to the full series.

Seminar 1: Language Required in Divorce Stipulations for QDROs and Other Retirement Plans
Monday, March 11, 2013
Expert faculty provides language tips for making sure that what was "agreed upon" is properly memorialized and will stand up in court and for the long haul.
Faculty: **Thomas Campagna, Esq; William Burns** (Lexington Pension Consultants, Inc.)
Coordinator: **Arthur E. Shulman, Esq.**

Seminar 2: Direct and Cross Examination of a Forensic Accountant
Monday, March 18, 2013
Income, assets, and financial information in general are often at the heart of a divorce. This seminar provides guidance on how to elicit forensic testimony in an effective way.

Faculty: **Gary Tabat, Esq.; Peter Galasso, Esq.; Steven Eisman,. Esq.; David Gresen, CPA; Louis Cercone, CPA**
Coordinator: **Debra Rubin, Esq.**

Seminar 3: Cross Examination: A Primer for the Family Lawyer
Monday, April 1, 2013
In this program, a highly respected presenter provides tips and strategies for cross examination in a divorce case that will benefit both the attorney new to the practice area and seasoned practitioners.

Faculty: **Stephen Gassman, Esq.**
Coordinator: **Linda A. Kurtzberg, Esq.**
Each Program:
Time: 6:00–9:00 p.m. (Sign-in from 5:30)
Location: SCBA Center **Refreshments:** Light supper
MCLE: 3 credits (2.5 professional practice; 0.5 ethics)

Transitional Training for New Lawyers

BRIDGE-THE-GAP "WEEKEND"

Friday, March 22, and Saturday, March 23, 2013

This two day training program provides a full year's worth of credits for newly admitted attorneys. All of the key bread-and butter practice areas are covered by a skilled, accessible faculty of judges and practitioners. Enrollment in the full program is recommended, but either day may be taken alone.

DAY ONE (FRIDAY) – EMPHASIS ON TRANSACTIONAL PRACTICE
TOPICS: Everyday Ethics; Residential Real Estate; Foreclosure Basics; Bankruptcy Basics; Environmental Law; Small Business Formation; Wills, Trusts & Estates; Elder Law
Time: 8:00 a.m. – 4:45 p.m. (Sign-in from 7:45 a.m.)
Location: SCBA Center
Refreshments: Continental Breakfast & Lunch Buffet

DAY TWO (SATURDAY) – EMPHASIS ON LITIGATION
TOPICS: Introduction to the Courts; Handling a Civil Case; Introduction to Federal Practice; Uncontested Matrimonial Actions; New York Notary Law; Handling a Criminal Case
Time: 8:30 a.m. – 4:30 p.m. (Sign-in from 8:15 a.m.)
Location: SCBA Center
Refreshments: Continental Breakfast & Lunch Buffet
Planning Committee: **Stephen Kunken** and **William Ferris** (Chairs); **Barry Smolowitz; Arthur Shulman**
MCLE: 8 credits each day, for a total of 16 Transitional Credits (7-professional practice; 6-skills; 3-ethics)

FEBRUARY 2013 REGISTRATION FORM

Return to Suffolk Academy of Law, 560 Wheeler Road, Hauppauge, NY 11788
Circle course choices & mail form with payment // Charged Registrations may be faxed (631-234-5899) or phoned in (631-234-5588). Register on-line (www.scba.org).

Sales Tax Included in recording & material orders.

COURSE	SCBA Member	SCBA Student Member	Non-Member Attorney	Season Pass	12 Sess. Pass	MCLE Pass	New Lawyer MCLE Pass	DVD	Audio CD	Course Book
ANNUAL UPDATES										
Family Court Update - Part Two	$85	$60	$110	Yes	Yes	3 cpn	3 cpn	$110	$100	$35
Elder Law Update	$125	$50	$150	Yes	Yes	3 cpn	3 cpn	$150	$140	$20
Landlord-Tenant Practice	$ 90	$75	$100	Yes	Yes	3 cpn	3 cpn	$110	$100	$20
Matrimonial Law Update	$125	$50	$150	Yes	Yes	3 cpn	3 cpn	$150	$140	$30
SEMINARS, CONFERENCES, & SERIES										
Managing High Conflict Families	$35	$25	$45	Yes	Yes	1 cpn	1 cpn	$95	$85	$15
E-Discovery: Predictive Coding	$50	$25	$65	Yes	Yes	2 cpn	2 cpn	$95	$85	$15
A Mockery of a Closing	$65	$45	$85	Yes	Yes	2 cpn	2 cpn	$100	$95	$20
Accident Analysis	$85	$45	$100	Yes	Yes	3 cpn	3 cpn	$110	$100	$20
E-Filing: Commercial & Med Mal	$50	$45	$75	Yes	Yes	2 cpn	2 cpn	N/A	N/A	N/A
1031 Exchanges	$85	$50	$100	Yes	Yes	3 cpn	3 cpn	$110	$100	$25
Law in the Workplace Conference	$175	$175	$175	Yes	2 Uses	6 cpn	6 cpn	$250	$230	$50
Cloud Computing`	$50	$35	$75	Yes	Yes	2 cpn	2 cpn	$95	$85	$20
Matrimonial Series ☐ Session 1 - Language– QDROs ☐ Session 2 - Forensic Accountant ☐ Session 3 - Cross Examination	$235 $95 each	$110 $50 each	$280 $110 each	Yes Yes	3 uses 1 each	8 cpn 3 each	8 cpn 3 each	$300 $115 each	$290 $110 each	$50 $20 each
Bridge-the-Gap for New Lawyers ☐ Day 1 - Transactional ☐ Day 2 - Litigation	$195 Single Day - $125	$195 Single Day - $125	$195 Single Day - $125	Yes Yes	4 uses 2 uses	14 cpn 8 cpn	12 cpn 7 cpn	N/A	N/A	N/A

Name: _____

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Phone: _____ E-Mail _____

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Account # _____ Exp. Date: _____ Signature: _____

ACADEMY OF LAW NEWS

For Family Practice lawyers *(Continued from page 28)*

The **Annual Matrimonial Law Update**, which leads off the series on Monday, March 4, will be presented by Vincent F. Stempel, Jr. this year, instead of by Stephen Gassman, who will present another program in the Matrimonial Mondays Series.

The seminars that follow the update are: **"An Advanced Look at the Language Required in Divorce Stipulations for QDROs and Other Retirement Plans,"** featuring attorney Thomas Campagna and QDROs guru Bill Burns; **Direct and Cross Examination of a Forensic Accountant**, with Louis J. Cercone, CPA, David Gresen, CPA, and attorneys Gary Tabat, Peter Galasso, and Steven Eisman; and **"Cross Examination: A Primer for the Family Lawyer"** by Stephen Gassman. The programs are presented, respectively, on March 11, March 18, and April 1. (The series goes into April this year because the final Monday of March falls on the first evening of Passover.)

The upcoming February-through-early-April programs add up to 18 credits for matrimonial-family law practitioners – or three-fourths of the biennial MCLE requirement. And those who need more credits or require knowledge about other family law topics should check out the Academy's recorded CLE, available as DVDs, audio CDs, and on-line video replays.

As always, the Academy welcomes questions about any of its offerings: 631-234-5588.

Note: The writer is the executive director of the Suffolk Academy of Law.

Four Openings on Academy Board

The Academy's Nominating Committee will meet in March to select a slate to fill four vacancies that will occur on the Academy Board as Robin Abramowitz, Brian Duggan, Gerard McCreight, and Daniel Tambasco complete four-year Academy Officer terms (the mandatory limit for service) on May 31, 2013.

As per the Academy's bylaws, new officers are selected from among volunteers who have been active in Academy work and who have attended some Academy meetings. The openings are for one-year terms, upon completion of which application may be made for a subsequent three-year term.

The Academy will also select a new dean this winter. Hon. John Kelly, the current dean, completes two one-year terms (again, the mandatory limit) at the end of May. The Academy Dean serves as a member of the SCBA Board of Directors and must also meet Association requirements for that positions.

Members of this year's Academy Nominating Committee are Judge Kelly (Chair), the outgoing officers, Academy Trustee Diane Farrell, and Past Academy Dean Richard Stern.

SCBA members who are interested in applying for a spot on the Academy board should contact a member of the Academy Nominating Committee or Academy Executive Director Dorothy Paine Ceparano. Please send a resume stressing Academy and/or SCBA service by mail (Academy of Law, 560 Wheeler Road, Hauppauge 11788) or e-mail (dorothy@scba.org).

Article 3 negotiation in securitized mortgage note transfers *(Continued from page 17)*

Article 9 mortgage note transfers in their actions. Case law states that when standing is in issue, the burden shifts to plaintiff to make its prima facie case.[6]

This especially holds true in cases where the defendant has demonstrated a break in the chain of the title to the mortgage assignments through its own negligence or by intentionally falsifying mortgage transfer documents.

Plaintiffs cannot make their Prima Facie Case

Once the burden shifts to the plaintiff, the plaintiff must demonstrate lawful transfer of the note pursuant to the Pooling and Servicing Agreement (PSA). Every PSA contains express provisions for transfers of the promissory note and assignments of the security instrument.

Each transfer has its own evidentiary "fingerprint." The practitioner must be able to reference all the document transfer language from the PSA and exhibits. The defense practitioner must be able to track the manner and method of delivery to the plaintiff. However, the practitioner cannot even attempt this without having micro granular knowledge of the specific RMBS transaction wherein the subject loan situate. In other words, the defense practitioner needs an expert.

Forensics and the expert's testimony

The loans that are originated and sold into the RMBS market typically require three or four transfers before finally residing in the custody of a specific trust. Each one of these sales is documented by a governing agreement. The pre-trust sales are normally governed by a mortgage loan purchase agreement (MLPA) and the sales to the trust are governed by a pooling and servicing agreement (PSA). Also attached to these agreements are numerous exhibits and contracts consisting of sub-servicing agreements and/or custodial agreements. Another very important attachment to these agreements is the mortgage loan schedule (MLS) which provides very detailed information regarding each loan that is being sold.

Each sale and its respective governing agreement dictate the exact information contained in the MLS, the endorsement(s) required on the notes and the assignment(s) to be created to transfer the mortgages. These contracts and agreements form the loan transfer "fingerprint."

Highly specialized forensic tools are used to conduct these investigations, examinations and analyses. The information that would reveal the loan transfer "fingerprint" is proprietary with the RMBS trustee and its predecessors and is not generally available to the public. What is often discovered is that the actual time, manner and method of transfer ("fingerprint") contradicts the contractual terms mandated by the trust.

The forensics involved in mapping the "fingerprint" and comparing it to the actual documents has produced stunning revelations. The "robo-signing" scandal, fraudulent endorsements to promissory notes, and fraudulent assignments to mortgages are prevalent. The result is that the chain of title and the chain of authority to the properties affected by these unlawful transfers are broken. Courts are just now realizing that in these erroneous and unlawful conveyances is the potential for permanent damage to the chain of title to real property. This problem must be addressed sooner rather than later such that bona fide purchasers can be assured that they are taking good and marketable title to real property.

Note: Charles Wallshein is with the firm of Macco & Stern LLP, in Melville focusing his practice on real property, banking and finance. Prior to attending law school he spent several years on Wall Street trading stock index futures and options contracts. Since the banking crisis of 2008 Charles' practice has focused on residential foreclosure defense and commercial loan restructuring.

Note: Jay Patterson is a forensic expert who, among his extensive curriculum vitae, was co-author of the report "Foreclosure in California, A Crisis of Compliance". This study concluded that 84% of the recorded foreclosure documents sampled contained irregularities. This study also concluded that 58% of the recorded documents involving MERS contained information that conflicted with the MERS database. Similar studies including the Register of the Essex Southern District Registry of Deeds in Salem, Massachusetts produced similar results.

1 Mortgage notes are not negotiable instruments as defined by Article 3.

2 UCC §9-203(b)

3 *Deutsche Bank v. Pietranico* (33 Misc 3rd, 2011)

4 *Merritt v. Bartholick* 36 N.Y. 44 (Ct. App. 1867)

5 *Deutsche National Trust Company v. Haller* (November 14, 2012 NY Slip Op 07619)

6 *U.S. Bank, N.A. v Collymore*, 68 AD3d 752, *Wells Fargo Bank Minn, N.A. v Mastropaolo*, 42 AD3d 239.

Objecting to debtor's exemptions *(Continued from page 11)*

Further supporting his holding, Judge Trust continued his analysis to incorporate a review of the legislative history of section 522(d)(11)(D) to see if it provided any direction on interpreting the statute. However, Judge Trust remarked that the legislative history only created "more confusion than clarity"; the House Report that accompanied The Bankruptcy Reform Act of 1978 expressed a Congressional intent to cap the compensation for personal bodily injury at $10,000, while the Report of the Commission on Bankruptcy Laws of the United States did not appear to provide for an aggregate dollar limitation on personal injury proceeds.[10] As such, Judge Trust placed no weight on it in his ultimate interpretation of the statute, and held that the Debtor-Husband was unable to claim personal injury exemptions exceeding the aggregate of $21,625 as set forth in section 522(d)(11)(D).

Conclusion

We believe that Judge Trust properly analyzed the law and reached the appropriate conclusion in denying the Debtor-Husband the ability to claim personal injury exemptions in excess of the aggregate of $21,625 as set forth in section 522(d)(11)(D). If other courts follow Judge Trust's reasoning in *Phillips* and cap debtors at the statutory limit, then Chapter 7 Trustees may be able to recover additional assets by administering the no-longer exempt portions of a debtor's prepetition lawsuits. As such, it will likely result in a greater distribution for the debtor's creditors.

Note: Kenneth Kirschenbaum founded Kirschenbaum & Kirschenbaum, P.C., in 1977. He is a United States Bankruptcy Trustee in the Eastern District of New York, Central Islip Division, having served continuously since 1977 and is also a former Chapter 13 Trustee.

Note: Michael A. Sabella is an Associate in Kirschenbaum & Kirschenbaum, P.C.'s Bankruptcy Department and is the attorney that prepared the papers for and argued In re Phillips. Prior to joining the firm, Mr. Sabella was a law clerk for the Honorable Dorothy T. Eisenberg, Federal Bankruptcy Court Judge for the Eastern District of New York.

1 *Id.* at 504.
2 192 F.3d 36, 38-39 (1st Cir. 1999).
3 *Id.* at 39.
4 305 B.R. 802, 806 (Bankr. E.D. Tex. 2003).
5 344 B.R. 304, 314-15 (Bankr. M.D. Pa. 2005).
6305 B.R. at 806.
7 *Id.* at 314 (citing *Christo*, 192 F.3d at 40-41 (Gibson, J., dissenting)) ("The statute simply does not say whether 'a payment . . . on account of personal bodily injury' refers to one or more such payment.").
8 *Id.* at *9 ("Given this rule of construction, § 522(d)(11)(D) should be read as 'a payment [or payments], not to exceed $21,625, on account of personal bodily injury [or injuries].'").
9 *Id.*
10 *Id*. at *21-22.

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LEGAL MEDIA PUBLISHING

Say goodbye to Hollywood *(Continued from page 1)*

able doubt' – that burden being on the motorist to prove his innocence.

There was a time in the early nineties when, if a police officer was found to be *reading* from his summons, a defense attorney could object and the ALJ would instruct the officer to *only* refresh his memory if needed, put the summons aside, and *only* testify as to what he recalled and, if the officer did not have an independent recollection of the incident, the matter would be dismissed as certainly it should have been. Clearly a fair, basic and required element of testimony in any criminal case is that a witness have an independent recollection as to events testified to. In the more recent years at the TVB, a defense attorney would often be reprimanded for making such an objection and the officer was free to continue reading and testifying about a matter he clearly did not recall 300 summonses later. A conviction would invariably follow.

Incidents of charges being sustained following police officer testimony which contained the incorrect vehicle make and color were not uncommon. With the exception of a handful of capable judges in the Suffolk TVB who seemed to recognize the improprieties of the system, attorneys were not afforded the use of the tools of defense they were trained to use and were frustrated at the attempt.

With the chips stacked so clearly against a motorist when answering a summons at the Suffolk TVB and with plea bargaining never an option, even well seasoned and respected defense attorneys were reduced to playing a childish game of cat and mouse with the issuing police officer. That, together with a bit of prayer that the officer would fail to appear, were essentially all that remained in the offering of effective representation of a client. That when the matter did go to hearing, even extensive and impressive cross examination by a defense attorney would invariably not stave off a conviction with judges often filling in missing elements needed for a conviction with their own questions. It had come to a point where if a deaf and dumb officer with one arm appeared with a tuning fork in his good hand, a conviction would follow.

As an extreme comparison, in the mid nineties, Nassau County opened the Nassau County Traffic and Parking Violations Agency, or 'Cooper Street,' with the assistance and advisement of, among others, Hon. Frank Yanelli, a pillar of the legal community of Nassau County.

Those influences help create a court which included a platform for just plea-bargaining with a prosecutor, motion practice, and the due process and fair play practicing attorneys should expect for their clients when entering a hall of justice. When that foundation was found to be slipping in Cooper Street the later 2000's, Hon. John G. Marks, the current Executive Director of the Nassau County Parking and Traffic Violations Agency appointed in 2010, returned Cooper Street to the court of original design restoring respect for the practicing attorneys as well as justice and fair play for their clients by, inter alia, reinstating fair and reasonable plea guidelines. Judge Marks created a mechanism for defense attorneys which allowed them to *fax* notices of appearance into the court *the evening prior* to have virtually *any* case advanced to the following morning with court paperwork including the client's traffic abstract printed out ready and waiting for conference and disposition upon the attorney's arrival. An *attorney line* exists at Cooper Street attended by a designated court clerk for attorneys. Cases in Cooper Street are routinely dismissed for a police officer's failure to file a timely Supporting Deposition upon defense' timely motion and trials are held with a *beyond a reasonable doubt* standard implemented the way it was intended.

The defense bar eagerly anticipates this year's changing of the guard in Suffolk County with a newly crafted court where lawyers can be lawyers once again and where they will no longer have to respond to a client's inquiry for representation in a traffic matter, "there's really not much we can do for you."

Note: Cornell V. Bouse is a Past President of the Nassau County Criminal Courts Bar Association, a current co-chair of the Criminal Law Committee of the Suffolk County Bar Association and currently serves as Chair of the Judicial Screening Committee of the Suffolk County Bar Association.

ACADEMY OF LAW NEWS

More Academy News on page 26
CLE Course Listings on pages 24-25

COMING UP:

An educational bonanza for family practice lawyers

By Dorothy Paine Ceparano

Starting with a cutting-edge lunch 'n learn on February 1 and climaxing with the last segment of the Annual Matrimonial Mondays Series on April 1, the coming weeks are replete with CLE programs for matrimonial-family law practitioners. Also on the horizon is a special program on "divorce recovery" – from the Nassau-Suffolk Psychological Association – family practice lawyers will want to tell their clients about.

Starting the line-up is an extended luncheon program (12:30–3:10 p.m.) on **"Managing High Conflict Families After a Divorce."** This February 1 offering features a top-notch faculty and focuses on issues not regularly addressed in CLE programs. Robert A. Cohen, Stephen Schlissel, Special Referee Jennifer Buetow, and psychologist Neil S. Grossman, Ph.D., will look at the problems facing parents who have engaged in high conflict litigation over custody and visitation issues and, after the divorce, have trouble implementing their parenting plans. Parenting coordination and other approaches to helping parents resolve conflicts independently of the court will be discussed, with an eye toward examining the legal bases for these approaches, current case law, the need for judicial review, and when caution in using such approaches should be used. Hon. John Kelly, Academy Dean, serves as the coordinator for this program, which will be co-sponsored by the Suffolk County Psychological Association and Touro Law Center.

In a similar vein, but intended for the divorcing parties themselves, is a free workshop, **Families Recovering from Divorce,** presented by the Suffolk County Psychological Association and the Nassau County Psychological Association on Saturday, February 9, 9:30 a.m.–12:30 p.m., at Half Hollow Hills Library. The program is family friendly, and while parents can attend alone, they are encouraged to bring adolescents and children over six years old. One parent, step-parents, and adult children of divorce are also invited. Attorneys are urged to tell their divorcing clients about the program and to let them know how to register: i.e., through the website www.FamiliesRecoveringFromDivorce.org or by calling the library at 631-421-4530.

Part Two of this year's **Family Court Update** is also scheduled for early February. On Tuesday, February 5, 2012, an experienced faculty – Hon. John Kelly, Hon. Richard Hoffmann, Hon. Caren LoGuercio, Jennifer Mendelsohn, Danielle Schwager, and Dr. Michael T. Fitzgerald – will discuss myriad important and timely issues: custody and visitation from the perspectives of lawyers for the parents, the judiciary, and the attorney for the child; reunification of families involved with sexual abuse; and special findings in proceedings dealing with immigrant youth. The program will also cover basic analysis and pleadings in support and custody matters and determination of objections in child support orders, including confirmation proceedings and incarceration in support cases. Part One of this program – which provided updates on child support, paternity issues, custody and visitation, and assessment and treatment of juveniles who have committed sexual offenses – is now available as a recording.

Most local attorneys who handle matrimonial matters know that March at the Academy means **Matrimonial Mondays.** Coordinated by SCBA President Arthur Shulman, Linda A. Kurtzberg, and Debra Rubin, the series comprises an update and three seminars that treat substantive topics in detail. This year, the coordinators have made a few changes that serve to boost the energy and vitality of this always popular sequence.

(Continued on page 26)

ACADEMY Calendar of Meetings & Seminars

FEBRUARY

1 Friday	Meeting of Academy Officers & Volunteers. 7:30–9:00 a.m. Breakfast buffet. All SCBA members welcome.
1 Friday	**Managing High Conflict Families After a Divorce.** 12:30–3:10 p.m. Lunch from noon.
5 Tuesday	**Annual Family Court Update** (Part 2). 6:00–9:00 p.m. Light supper from 5:30.
6 Wednesday	**E-Disclosure: Recent Developments in Law & Technology Related to Predictive Coding.** 12:30–2:10 p.m. Lunch from noon.
8 Friday	**A Mockery of a Closing** (Demonstration & Discussion). 12:30–2:10 p.m. Lunch from noon.
13 Wednesday	**Vehicular Accident Analysis: The Big Picture.** 6:00–9:00 p.m. Light supper from 5:30
14 Thursday	**Annual Elder Law Update** (George Roach). 2:00–5:00 p.m. Valentine's Day snacks from 1:30 p.m.
21 Thursday	**Mandatory E-Filing in Malpractice & Commercial Cases.** Presented twice: 12:30 p.m. at the SCBA Center (lunch); evening at 75 Main in Southampton (supper and cash bar).
26 Tuesday	**Landlord-Tenant Update.** 6:00–9:00 p.m. Light supper from 5:30

MARCH

1 Friday	Meeting of Academy Officers & Volunteers. 7:30–9:00 a.m. Breakfast buffet. All SCBA members welcome.
4 Monday	**Matrimonial Law Update** (Vincent Stempel). 6:00–9:00 p.m. Light supper from 5:30
7 Thursday	**1031 Exchanges & Other Tax Deferral Strategies.** 12:30–3:10 p.m. Lunch from noon.
8 Friday	**Law in the Workplace Conference.** 8:30 a.m.–4:00 p.m. at Touro Law Center.
11 Monday	***Matrimonial Mondays:* Language Required in Divorce Stipulations for QDROs and Other Retirement Plans.** 6:00–9:00 p.m. Light supper from 5:30
12 Tuesday	**Cloud Computing: What Lawyers Need to Know.** 12:30–2:10 p.m. Lunch from noon.
14 Thursday	**Handling a Motor Vehicle Case.** 6:00–9:00 p.m. Light supper from 5:30
18 Monday	***Matrimonial Mondays:* Direct & Cross of a Forensic Accountant.** 6:00–9:00 p.m. Light supper from 5:30
20 Wednesday	**What's New in Immigration Law?** 12:30–2:10 p.m. Lunch from noon.
22 Friday	**Bridge-the-Gap Training for New Lawyers.** Day One: Transactional Law. 8:00 a.m.–4:45 p.m. Continental breakfast and buffet lunch.
23 Saturday	**Bridge-the-Gap Training for New Lawyers.** Day Two: Litigation. 8:15 a.m.–4:10 p.m. Continental breakfast and buffet lunch.

Check On-Line Calendar (www.scba.org) for additions, deletions and changes.

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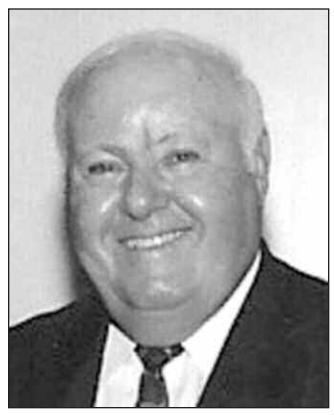

A few days ago, I learned that a colleague passed away. I met this man, many years my senior, maybe a year or two into my solo practice. Though we were on opposite sides of a deal, he offered thoughtful pointers whenever it would not affect his client.

Not long after, I attended a real estate law seminar he taught. When it was over, he beckoned me to come and talk to him. "When you need the voice of experience, call me," he said. So I did on at least a half-dozen occasions. He never turned down a request, and he always provided helpful insight and thoughtful guidance.

As I gained experience, I stopped calling. So I was delighted to have another deal with him, perhaps not as equals, but certainly as colleagues. After the closing, we walked together to the parking lot. When we reached his car, he extended his hand and said, "Good, good work! Goodbye." I beamed the entire drive back to the office!

I waved to him each time I saw him at an Academy of Law seminar, but we never had a chance to talk or work together again. Belatedly, I'm taking this opportunity to say to Adolph Siegel, "Good, good work! Goodbye."

Lita Smith-Mines

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