PATENT LAW

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PREFACE

Law is often defined as the rules by which courts will decide controversies. If this be correct, the art of practice is in forecasting how courts will decide particular cases. Decisions are no longer, even in theory, mere repetitions of precedent, nor even purely logical development of precedent to fit new circumstance. The practical effect of one decision or another has openly, or, more often, covertly, drawn many a judge from the straight path of abstract logic. Primarily, of course, a practitioner must be familiar with precedent and must be trained so to analyze it as to perceive to the uttermost thread that web of ever fining principles which constitute the rules of law. But beyond this, in order to prognosticate the future pattern which his threads will weave, he must observe, in addition to the pattern of the past, the extraneous factors which influence judicial decisions; he must know to what extent declared principles have been deduced through logic and how far merely supported by it. He must comprehend the ideas of policy and the pragmatic reasoning which permeate all the modern law. It is partly because it can at least suggest this background that a proper text-book has an informational value greater than that of either digest or encyclopedia. But more particularly does the text book serve a special purpose in so showing the derivation of a rule, in expounding and explaining it in relation to other rules, as to indicate its probable direction and application. I have endeavored to do this so far as possible without getting into either speculation or philosophic discoursiveness, but, partly in consequence thereof, some propositions of law are not so categorically stated as one might like. Since law is what will be developed from what has been determined, one can be quite positive and define only as to the past and, in regard to some matters, even that can not be formulated into a rule. In occasional instances I have not hesitated to state what I believe ought to be the rule, where the

actual decisions leave it uncertain, or where there are not decisions upon the matter at all, but in no case have I knowingly done so without pointing out the lack of actual authority.

The comparatively small size of the book is not due to any conscious superficiality of treatment nor omission of pertinent subject matter. It purports to cover only the substantive law of patents, their nature, validity, effect and their characteristics as property. Matters of procedure in securing patents or suing on them, and the difficult subject of the amount of compensation recoverable by suit, would require a volume for themselves and are not included herein. But of the matter which is included, it has been my desire to present every issue which has come before the courts. Of course I have in no degree cited all the cases, but to the extent that I have accomplished my intention, some part of the discussion will be found applicable to every case. I have sought brevity in such a coordination of propositions and so carefully worked out a sequence of topics as would eliminate duplication of discussion. But for this reason some propositions will not be found under customary headings and reference to the index will be consequently more necessary than is usual.

Although the book is as complete in its field and as thorough as I could make it, it is written primarily for others than patent practitioners. They, presumably, being already trained specialists in this subject, have no longer any need for discussion and exposition of principles. The digests, showing particular applications of the various rules, should be their tools. This book is intended more particularly for the use of inventors, business men, engineers, lawyers in general practice and all that class of laymen who from time to time want information concerning their rights in respect to inventions and patents.

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CHAPTER I

Origin of Patent Rights

The Common Law does not recognize any right of ownership in an invention. If one has conceived a new means of accomplishing a given result his only right to the exclusive use and enjoyment of that new means is by virtue of statutes; he has no such right in the "unwritten law." So long as an inventor can practically keep his idea a secret it remains his property, to be exclusively enjoyed by him, because the law does not compel him to reveal it. Furthermore, if an inventor has revealed his new idea of means to some other person under an express or implied pledge of secrecy, or through a confidential relationship, the law (equity) will enjoin that person under pain of punishment from breaking his pledge of secrecy.[1] If an inventor embodies his new idea in tangible form, that corporeal embodiment itself is his property just as would be any other tangible thing that he might make, or have made, for himself. The mistaken, but not infrequent, assumption that the corporeal embodiment of the new idea is itself the invention, has given rise to occasional statement that the Common Law, because it recognized the maker's ownership of the corporeal chattel, recognized ownership in an invention. The distinction between the "invention," which is an intangible concept, and the wheels, levers, substances and other tangible things by which the idea is given visible form must be kept clearly in mind. Invention is a mental operation, not a physical act, and an invention is an idea, expressed in some form, visible or audible, and not the tangible thing in which it may happen to be demonstrated. Of this, more will be said later.

The idea itself, so soon as it becomes known to others, ceases, so far as the unwritten law is concerned, to be the inventor's property. It is at once open to the use and enjoyment

[1] O. & W. Thum Co. v. Tloczynski, 114 Mich. 149.

of any one. As one judge expressed it, "So long as the originator of the naked idea keeps it to himself . . . it is his exclusive property, but it ceases to be his own when he permits it to pass from him. Ideas of this sort, in their relation to property may be likened to the interest which a person may obtain in bees and birds, and fish in running streams, which are conspicuous instances of (animals) *ferae naturae*. If the claimant keeps them on his own premises they become his qualified property, and absolutely his so long as they do not escape. But if he permits them to go he can not follow them."[2]

The whole matter of ownership of inventions, therefore, depends upon written law; and the statutes of the country are the beginning and the end of an inventor's exclusive right to the use and enjoyment of his invention.

ROYAL GRANTS. The right of sole enjoyment of an invention originated, in England, from grants made by the sovereign to particular inventors. These grants were evidenced by open letters, which were technically called letters patent or merely patents, and by a sort of metonymy the rights themselves thereby evidenced have come to be commonly known as pat-

[2] Bristol v. E. L. A. Society, 52 Hun. 161, 5 N. Y. S. 131; To the same effect are, Stein v. Morris, Va. (1917), 91 S. E. 177; Wilson v. Rousseau, 4 How. 646, 673; Gayler v. Wilder, 10 How. 477; Morton v. N. Y. Eye Infirmary, 5 Blatch. 116; Dudley v. Mayhew, 3 Comstock (N. Y.) 9; Comstock v. White, 18 How. Prac. (N. Y.) 421.

As a matter of fact, the idea of "possession" has been so fundamental in the English concept of "property" that the Common Law has been loath to recognize property rights in anything that is not capable of exclusive physical possession. But while it never recognized an exclusive right to an invention, it has conceded property rights in some intangible ideas. An interesting discussion of an author's exclusive right to the subject matter of his compositions as distinct from his tangible manuscript, is found in the early case of Millar v. Taylor, 4 Burr, 2303, esp. 2336 ff. "The present claim is founded upon the *original* right to this work, as being the *mental labour* of the author; and that the *effect* and *produce* of the labour is *his*. It is a *personal incorporeal* property, saleable and *profitable;* it has *indicia certa:* for though the sentiments and doctrine may be called *ideal,* yet when the same are communicated to the sight and understanding of every man, by the medium of *printing,* the work becomes a distinguishable subject of property, and *not totally* destitute of *corporeal* properties."

ents. Many monopolies and exclusive rights were granted by royal letters patent other than those relating to the use and enjoyment of an invention, but it is with the latter only that we are here concerned.[3]

The practice of the sovereign in granting monopolies was always opposed by the Common Law, on the ground that they were contrary to natural right.[4] The courts could not prevent the sovereign from issuing such grants, but they could punish the procurement of them, and they could refuse to enforce them.[5] They did so refuse in cases of monopolies which they did not believe to be for the good of the realm.

Nevertheless the grants became so numerous and so obnoxious that in 1601 an attempt was made by Parliament to abolish monopolies entirely. A promise by the Queen to lessen the burden of them prevented action at this time, but during the reign of James I, in 1623, a statute was enacted, entitled the statute against Monopolies.[6] This act provided, "that all monopolies, and all commissions, grants, licences, charters and letters patents heretofore made or granted, or hereafter to be made or granted to any person or persons, bodies politick or corporate whatsoever, of or for the sole buying, selling, making, working or using of anything within this realm, . . . are altogether contrary to the laws of this realm, and so are and shall be utterly void and of none effect, and in nowise to be put in use or execution." The act contained, however, an express exception from its operation of those letters patent and grants of privilege, for a limited term, which had been, or should be, given for the "sole working or making of any manner of new manufactures within this realm, to the true and first inventor and inventors of such manufactures, which others at the time of making such letters patents and grants shall not use, so as also they be not contrary to the law, nor mischievous to the

[3] The first letters patent for an invention are said to have been given by Edward III to the inventor of a "philosopher's stone."

[4] Coke, 3rd institute, Cap. 85.

[5] Darcy v. Allin, Noy. 173; 74 Eng. Rep. 1131; The Clothworkers of Ipswich Case, Godbolt No. 351, p. 252, 78 Eng. Rep. 147.

[6] 21 Jac. I. Ch. 3. The date is 1623 or 1624 according to the time at which his reign is assumed to have commenced.

state, by raising prices of commodities at home, or hurt of trade, or generally inconvenient. . . ."

This negative provision, excepting monopoly patents to inventors from the ban of the statute, has generally been thought of as the original foundation of patent law. It is quite clear, however, that royal patents to inventors would not have been invalid, under the Common Law, before the statute, but would have been enforced, as being actually for the good of the realm, and that the exception in the statute was therefore merely declaratory of the Common Law. Lord Coke in his Institutes says specifically that this proviso made such patents no better than they would have been before the act, but only excepted them from the express prohibition of the act.[7] He further suggests as the reason they are good at all, that they benefit the realm by offering a reward for the production of new manufactures.

This is the position consistently taken by all who advocate the propriety of granting monopolies to inventors. The restriction of the natural right of the public to make use of all knowledge revealed to it, is justified on the theory that the grant of a sole right to inventors encourages and instigates the production of knowledge, by stimulating search for it.[8] It is not within the scope of this work to discuss the economic propriety of granting patent monopolies; it is sufficient to say that legal validity of the grant is predicated upon the assumption that it is for the good of the public.[9]

[7] No. 3, Cap. 85.

[8] "It (the patent statute) was passed for the purpose of encouraging useful invention and promoting new and useful improvements by the protection and stimulation thereby given to inventive genius, and was intended to secure to the public, after the lapse of the exclusive privileges granted, the benefit of such inventions and improvements." Bauer v. O'Donnell, 229 U. S. 1, 10.

[9] A discussion of the justification of the patent laws will be found in Robinson on Patents, vol. 1, p. 54 ff; Hopkins on Patents, introduction to Vol. 1; Articles by Fredk. P. Fish, Sci. Am., Sept. 27 and Oct. 4, 1913. An unusual and excellent discussion of the justification of the monopoly given by the patent law is to be found in "Inventors and Money-makers" by F. W. Taussig. His thesis appears to be, that invention flows natur-

This right of the sovereign, as recognized by the Common Law and the Statute of Monopolies, to create by express grant the sole right to enjoy the fruits of invention, became a prerogative of the state governments of this country,[10] and it is possible that they still have power to grant patents for inventions within their own jurisdictions.

The right to issue monopoly patents to inventors is given to the federal government by the Constitution.[11] It authorizes Congress "to promote the progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." As nothing further is said in the Constitution upon the subject, it would appear that Congress is unhampered as to the character of the right it shall grant, except by the other provisions of the Constitution and, possibly, by the rules of the Common Law.[12] The grants might be made by special act concerning particular inventions, if Congress so desired, instead of by the general laws under which they are in fact secured.[13] The law may also be retrospective as well as prospective for "the power of Congress to legislate upon the subject of patents is plenary, by the terms of the Constitution, and as there are no restraints on its exercise, there can be no limitation of their right to modify them at their pleasure, so that they do not take away the rights of property in existing patents."[14]

THE PATENT STATUTES. The first general act providing for the issuance of patents to inventors was that of April 10, 1790.[15] This provided generally for the grant, by the Secre-

ally, in its fullest extent, from the primitive instinct for contrivance, but that the monopoly is necessary to assure the *commercial* development and *practical* perfection of inventions.

[10] Act of 1793, § 7; Livingston & Fulton v. Van Ingen, 9 Johns (N. Y.) 507.

[11] Art. 1, § 8.

[12] Blanchard v. Sprague, 3 Sumner 535.

[13] Bloomer v. McQuewan, 14 How. 539; Evans v. Eaton, 3 Wheat. 454; Graham v. Johnston, 21 Fed. 40.

[14] McClurg v. Kingsland, 1 How. 202.

[15] The sequence of the various patent acts is set out in Root v. Railway Co., 105 U. S. 189.

tary of State, Secretary of War and Attorney General, or any two of them, of a patent, to endure for 14 years, to any inventor who came within the terms of the act. It provided for a particular mode in which application for the patent should be made and proceedings and conditions in accord with which the patent should be issued. By later acts the duty of issuing the patents was imposed upon the Secretary of State,[16] and eventually a sub-department known as the Patent Office was instituted to perform these duties, and the office of Commissioner of Patents was created.[17] In 1870-4 the patent laws were revised and re-enacted in the form which, with some minor changes, is still in effect.[18]

This act provides that [19] "Any person who has invented or discovered any new and useful art, machine, manufacture or composition of matter, or any new and useful improvements thereof, not known or used by others in this country, before his invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country, before his invention or discovery thereof, or more than two years prior to his application, and not in public use or on sale in this country for more than two years prior to his application, unless the same is proved to have been abandoned, may, upon payment of the fees required by law, and other due proceeding had, obtain a patent therefor."

"Every patent shall contain a short title or description of the invention or discovery, correctly indicating its nature and design, and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the exclusive right to make, use, and vend the invention or discovery throughout the United States and the Territories thereof, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof."

[16] Act of 1793.

[17] Act of 1836.

[18] The Commissioner of Patents will furnish, on application, without charge copies of the Patent Laws as they now stand.

[19] § 4886 and 4884.

INTERPRETATION OF THE STATUTES. The greatest bulk of patent litigation has arisen out of controversy as to whether some particular alleged invention was entitled to protection under the terms of this statute and, if so, how far it should be protected.

Our initial investigation, therefore, concerns the degree of strictness with which the terms of the statute shall be construed and unexpressed terms implied; that is to say, whether the construction shall favor the alleged inventor, or the public, whose natural right a valid patent would restrict. Many courts have sought for the answer to this through an examination of the fundamental justification for granting any exclusive right of enjoyment to an inventor. Out of this have arisen three different theories of the justifying purpose of the patent laws. These are best denoted by the expression generally used in reference to them, viz.: 1. The patent is a monopoly. 2. It is a reward. 3. It is a contract between the state and the inventor.

The theory that a patent is a monopoly and should therefore be interpreted most strictly against a patentee and in favor of the public, proceeds upon the assumption that there is in fact no justification for the patent laws; that they are not of economic advantage to the state. This theory is not supported in judicial decision, although there is remarkable conflict of expression as to whether or not a patent right is in name a monopoly. Courts have said with equal positiveness that it is a monopoly[20] and that it is not a monopoly. Indeed the same judge has said in one case,[21] "This (patent) law gives a monopoly, but not in an odious sense," and in another case[22] "Patentees are not monopolists . . . the (patent) law repudiates a monopoly." This conflict is due not to disagreement as to the character of the patent right but to difference in understanding of the word monopoly. In its simplest meaning, monopoly is defined, from its root words μόνος, sole, and

[20] "A true and absolute monopoly," Heaton-Peninsular, etc. Co. v. Eureka Specialty Co., 77 Fed. 288.

[21] Brooks v. Jenkins, 3 McLean 432 (1844).

[22] Allen v. Hunter, 6 McLean 303 (1855).

πωλεῖν, barter, sale, as "an exclusive privilege to carry on a traffic." It can not be denied that, in this sense, a patent right is a monopoly since it gives to the patentee an exclusive right to make, use and vend the invention, and it is in this sense that courts speak of it as being a monopoly. But in the usage of the law, as well as of common parlance, the word has acquired a certain odium because of the type of privileges with which it was customarily connected. Coke says[23] "a monopoly is an institution or allowance by the king by his grant, commission, or otherwise, to any person . . . for the sole buying, selling, making, working, or using of anything whereby any person or persons . . . are sought to be restrained of any freedom or liberty that they had before, or hindered in their lawful trade." Blackstone[24] defined it as a grant "whereby the subject in general is restrained from that liberty of manufacturing or trading which he had before." It is to this last phrase, this idea of deprivation of what the public already actually had, that the hatred of monopolies is due. The right of a patentee, however, is in no way a restraint upon the public in anything which they had before; it simply precludes public use, for a limited time, of that which has just been revealed to the public. The courts are thoroughly consistent in holding that a patent right is not a monopoly as defined by Coke or Blackstone. The general opinion is well expressed in Allen v. Hunter,[25] the court saying, "Patentees are not monopolists. This objection is often made, and it has its effect on society. The imputation is unjust and impolitic. A monopolist is one who, by the exercise of the sovereign power, takes from the public that which belongs to it, and gives to the grantee and his assigns an exclusive use. On this ground monopolies are justly odious. It enables a favored individual to tax the community for his exclusive benefit, for the use of that to which every other person in the community, abstractly, has an equal right with himself.

"Under the patent law this can never be done. No exclusive

[23] 3d Institute Cap. 85.

[24] Commentaries Vol. 4-159.

[25] 6 McLean 303, 305.

right can be granted for any thing which the patentee has not invented or discovered. If he claim any thing which was before known, his patent is void. So that the law repudiates a monopoly. The right of the patentee entirely rests on his invention or discovery of that which is useful, and which was not known before. And the law gives him the exclusive use of the thing invented or discovered, for a few years, as a compensation for 'his ingenuity, labor and expense in producing it.' This, then, in no sense partakes of the character of monopoly.

"It then appears that patentees, so far from being monopolists hanging as dead weights upon the community, are the benefactors of their country."[26]

The patent is therefore treated either as a reward given to the inventor for his success in adding to the stock of public knowledge,[27] or as a contract between the inventor and the state, whereby the latter assures him the exclusive right to his invention for a term of years, in consideration of his revelation of it to the public, which thereby acquires the possibility, through knowledge, of using it after the time has expired.[28]

The courts are not at all definite, however, in their choice of

[26] Bloomer v. Stolle, 5 McLean 158; Kedall v. Winsor, 21 How. 322, 328.

[27] Letters patent are not to be regarded as monopolies, created by the executive authority at the expense and to the prejudice of all the community except the persons therein named as patentees, but as public franchises granted to the inventors of new and useful improvements for the purpose of securing to them, as such inventors, for the limited term therein mentioned, the exclusive right and liberty to make and use and vend to others to be used their own inventions, as tending to promote the progress of science and the useful arts, and as matter of compensation to the inventors for their labor, toil, and expense in making the inventions, and reducing the same to practice for the public benefit . . ."

[28] DeFerranti v. Lyndmark, 3 D. C. App. 417. "While a patent is a contract between the government and the patentee . . ."; Ransom v. Mayor of New York, 1 Fisher Pat. Cas. 252, 259, "when the patent is granted, it becomes, to a certain extent, a contract upon the part of the government with the party named in the patent, that they will, through their Courts, and in the ordinary course of the administration of justice, protect him in the exercise of the exclusive privilege which his patent gives to him. . . ."

terminology between "reward" and "contract." Thus in Grant v. Raymond,[29] one reads, "It (the patent) is the reward stipulated for the advantages derived by the public from the exertions of the individual, and is intended as a stimulus to those exertions." On the following page the court says, "The communication of the discovery to the public has been made in pursuance of law, with the intent to exercise a privilege which is the consideration paid by the public for the future use of the machine." Theoretically there should be a different interpretation and construction, if the intent of the statute is to confer a mere reward, than there would be if it conferred the patent right as the consideration in a contract. The one is a mere gift from the public, to be construed in the giver's favor, the other is an inducement for which a *quid pro quo* is received, and to be construed like all fair contracts. Practically it is impossible to say in just what respect the courts do view it, but a full study of the cases shows clearly the broad proposition that the statute and the proceedings under it will not be construed strictly as against either party, but with so absolute impartiality as possible, so as to render the most nearly equal measure of justice to both parties.[30] This is quite

[29] 6 Peters 217, 241.

[30] The patent "is the reward stipulated for the advantages derived by the public for the exertions of the individual, and is intended as a stimulus to those exertions. The laws which are passed to give effect to this purpose ought, we think, to be construed in the spirit in which they have been made; and to execute the contract fairly on the part of the United States, where the full benefit has been actually received; if this can be done without transcending the intention of the statute, or countenancing acts which are fraudulent, or may prove mischievous. The public yields nothing which it has not agreed to yield; it receives all which it has contracted to receive." Grant v. Raymond, 6 Peters 217. Ames v. Howard, 1 Sumner 482; Brooks v. Fiske, 15 How. 211, 223; Tannage Patent Co. v. Zahn; 66 Fed. 986, 988; Henry v. Dick Co., 224 U. S. 1, 26; Bauer v. O'Donnell, 229 U. S. 1, 10; O H. Jewell Filter Co. v. Jackson, 140 Fed. 340, 343, "A patent is, after all, nothing but a contract by which the government secures to the patentee the exclusive right to vend and use his invention for a few years, in consideration of the fact that he has perfected and described it and has granted its use to the public for ever after. The rules for the construction of contracts apply with equal force to the interpretation of patents."