

Some Thoughts Anent Mr. Albert R. Henry's Thesis

Theodore K. Bryant

Follow this and additional works at: <http://scholarship.law.cornell.edu/clr>

 Part of the [Law Commons](#)

Recommended Citation

Theodore K. Bryant, *Some Thoughts Anent Mr. Albert R. Henry's Thesis*, 27 Cornell L. Rev. 534 (1942)
Available at: <http://scholarship.law.cornell.edu/clr/vol27/iss4/7>

This Article is brought to you for free and open access by the Journals at Scholarship@Cornell Law: A Digital Repository. It has been accepted for inclusion in Cornell Law Review by an authorized administrator of Scholarship@Cornell Law: A Digital Repository. For more information, please contact jmp8@cornell.edu.

SOME THOUGHTS ANENT MR. ALBERT R. HENRY'S THESIS

THEODORE K. BRYANT

I have examined with much interest the thesis of Mr. Henry on the "Limitations Inherent in the Grant of Letters Patent," appearing in the February issue of the *CORNELL LAW QUARTERLY*.¹ It is evident that Mr. Henry has put much study and research into its preparation and he presents his point of view with a great deal of force and acumen.

In the present discussion, I am making no attempt to meet the legal points raised by the thesis. Of the many members of the patent legal profession, it is probable that each has his individual ideas as to the course to pursue when faced with the questions involved in a patent infringement suit. It may be expected that the thesis will elicit various expressions as to the best course to be followed in such cases, and will tend to enlighten the profession in this respect. The thesis may thus provide some interesting arguments, since there are many opinions present in the profession relative to the limitations to be found and the course to be pursued when the patent grant is taken from its resting place in the safe of the patentee and made a living instrument through the medium of a patent infringement suit. It is then that the clash in views becomes manifest, with the point of view depending upon "whose ox is being gored." The thesis may well serve a useful purpose in presenting some ideas to both sides.

Personally, I am more concerned with the question of whether Mr. Henry's proposal is constructive or destructive with respect to the patent system, and what that system actually stands for. If the proposal will aid in developing the beneficial results envisioned by the fathers of the system, it can be considered as constructive; but if, on the contrary, such proposal would tend to reduce and cripple the intended benefits contemplated by the patent statutes, it is clear that the proposal is destructive. The present discussion is designed to consider, briefly, the possibilities to be found in Mr. Henry's proposal in these respects.

It is true, of course, that the patent statutes were and are designed to further the development of the arts and sciences by giving to the meritorious inventor a temporary monopoly on his particular contribution, with the proviso that at the end of the period of the grant the contribution itself passes to the public for free use. That is the theory underlying the patent statutes. Actually, the patent grant confers authority to defend the monopoly in the courts

¹(1942) 27 *CORNELL L. Q.* 214.

against encroachment by others seeking to obtain some or all of the benefits arising from the "brain-child" of the inventor. Unless such an encroachment develops, the patent grant remains inactive with only a potential value, so far as benefit to the inventor is concerned; but it does become active as a "printed publication" from the date of grant, as expressive of the domain which will be opened to the public at the end of the monopoly term. The patent becomes a "reference" against extension by later applicants, of the same monopoly beyond the statutory period of the patent grant, and prevents invasion of the particular domain of the grant by a succeeding inventor. The contract underlying the grant is thus made definite as to term and extent and the rights of free use at the end of the monopoly period are preserved to the public.

Of course, the *grant* does not present an actual reward—only an opportunity. Until the invention is put into actual practice the patent remains a mere "printed publication." More is required of the inventor (or of those operating under an assignment from the inventor) than simply securing the grant of the patent, if the monopoly stage is to be reached. Creation of the invention on paper is sufficient only to provide a potential monopoly; real monopoly can be established only when the invention is put into actual practice, either by those operating under the patent or by those appropriating it, or by both. Because of these conditions only a small percentage of the granted patents ever emerge from the "publication" status of potential monopoly.

When the patent is developed commercially and the producer, inventor, or assignee creates a market, the scope of the monopoly becomes important. Competition results from a successful invention; the monopoly holder, of course, seeks to retain his market against competition.

It is in this latter situation that the "war" begins. It is human nature for the producer, who has taken all of the risks in developing a market for the new product, to protect himself and his investment; it is also human nature for others to try to reap some advantage from the development. Where the competition is in the market itself, there is only commercial rivalry; but where the competition reaches in the direction of the specific product, charges of "poaching" and "pirating" inevitably arise. In both cases, the extent of the monopoly granted to the producer comes into question.

Monopolies have been frowned upon, as evidenced by the Sherman and Clayton acts; yet to by-pass the prohibitions of these acts, attempts are made to utilize the "monopoly" of the patent grant as a basis upon which to maintain the monopolistic conditions. Where no attempt is made to carry the monopoly beyond the clear intention of the valid patent claim, there is generally no invasion; but the general trend has been to reach beyond this limit, and to try and expand the monopoly through interpretation of the claims.

The "nose of wax" decision of the Supreme Court presents some of the ways in which this has been attempted.

Attempts in this direction are not of modern origin; our modern contribution has been more the ingenuity of the profession in finding openings through which to attain the end. From the beginning of the patent system, efforts have been made to extend the area of the monopoly—to make a complete rather than the limited monopoly set up by the statutes. Complete and absolute monopoly is not possible because of the limited term of the grant; but efforts have been made to eliminate the other limitations imposed by the statutes and to make the monopoly complete for the term of the grant. Through the years the efforts to do this have continued, and still continue.

Actually, the patent grant provides for a limited monopoly only. A complete monopoly, even for a limited term, would tend to prevent fulfilment of the purposes of the statutes, as it would foster a "dog in the manger" condition. Hence, there was imposed the limiting requirement that the extent of the monopoly be defined in the claim. The description of the specification could and would generally reach much further, but the actual domain of the grant was found in the claim which the statutes required to be definite. It is apparent that the purpose of the statutes was not only to provide this reward for the meritorious inventor, but also to require that the public should be given definite knowledge of the exact limits of the monopoly domain. Thus it would be possible to know when one is inside or outside the granted domain; others could then obtain grants, and the purposes of the statutes would be carried out.

That only a limited monopoly was intended is evidenced both by decisions of the courts and by acts of Congress. When a loop-hole was found which promised to change these purposes materially, Congress took steps to close it, not by changing the patent laws but by dealing with the monopoly phase of the matter: the Sherman and Clayton acts evidence this intent. Further indications are the recent changes relative to public use and the shorter time in which to reply to examiner's actions. These latter instances indicate an effort to bring the grant to public notice as quickly as possible, so that the public may know the limits of the monopoly domain. The grant is a reward to the inventor, but it is given on condition that the public should not be harassed by inability to ascertain the extent of the domain.

Many subterfuges have been employed to overcome these restrictions and to obtain a complete monopoly status. The *Carbice* case,² referred to by Mr.

²*Carbice Corp. v. American Patents Development Corp.*, 283 U. S. 27, 51 Sup. Ct. 334 (1931).

Henry,³ is an instance in point. The product, dry-ice, could not be patented as an article; and, since it was possible to produce it in different ways, a process patent would not provide a complete monopoly. A patent was sought and obtained for a refrigerating system employing dry-ice—a patent which would be infringed by persons employing dry-ice as a refrigerant. The company then licensed users under the patent, one of the conditions of the license being that only the dry-ice of the company could be used, thereby providing a market for its unpatentable product. A competitor could produce the product in other ways, but would have no market due to the conditions of the license. The patent thus became a means of creating a monopoly on the dry-ice product, due to the fact that a patent permits licensing. The company did not deal commercially with the complete subject-matter of the claims—it dealt only with dry-ice. Circumstances made it evident that the patent was being used simply as a protective agency for marketing the unpatentable dry-ice.

The setting of the *Motion Picture Patents* case,⁴ differs from that of the *Carbice* case, in that in the former the company produced a projection machine and marketed it with the proviso that only films of certain selected parties could be used. The machine was actually sold, completely changing ownership, but control over its use was asserted through the lucrative contract limitation as to what films could be used. In the *A. B. Dick* case,⁵ a course such as this was permitted on the basis that the machine had been sold at practically cost with the real return based on the profit on supplies. Since the ink and paper which formed the supplies were standard and were needed for the best operation of the machine, the decision can be considered reasonable. But in the *Motion Picture Patents* case, the conditions differed for not only would the picture machine operate with any projectible film, but successive films necessarily differed as to subject. Ownership organization, by controlling both machine and film production, attempted to exercise a monopolistic control. The patent was used as the basis of this control.

The *Barber* case⁶ was similar to the *Carbice* case, except that the patent involved a process. The purpose was to market an emulsion, itself an unpatentable product. The public could make the product, since it was not patentable, but would be prevented from using it for curing. The court refused to differentiate among machine, product, and process.

³(1942) 27 CORNELL L. Q. 214, 215 *et passim*.

⁴*Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U. S. 502, 37 Sup. Ct. 416 (1917); (1942) 27 CORNELL L. Q. 214, 215 *et passim*.

⁵*Henry v. A. B. Dick*, 224 U. S. 1, 32 Sup. Ct. 364 (1912); (1942) 27 CORNELL L. Q. 214, 220.

⁶*Leitch Mfg. Co v. Barber Co.*, 302 U. S. 458, 58 Sup. Ct. 288 (1938); (1942) 27 CORNELL L. Q. 214, 216 *et passim*.

From the beginning, the complete claim of a patent has been the measure of the grant domain. Only with a definite knowledge of the limits of the grant domain can the public know when it is within or without such domain and the completion of the contractual relationship between the grantee and the public be made possible. Consider the chaotic conditions which would result from the use of other standards.

If we substitute the doctrine that the use of any element of a claim would constitute infringement of that claim, the difficulty is apparent; the more elements in a claim the greater would become the domain. In addition, the grantee would have a monopoly on each of the aggregate elements of the claim—a condition which would make monopolies of the individual elements part of the grant domain. Such a course would quickly exhaust the elements available and preclude further grants; on expiration of the term of the grant, the rights set up by the grant would accrue to the public and end the activity of the patent system itself.

If we substitute a description of the specification for the defining limits of the claim, similar chaos would ensue. A description includes many matters not included in the claim, and these would then be included in the grant domain, whether patentable or not. In addition, it would not be possible for the public to determine when it was within or without the domain.

The "use" to which Mr. Henry refers⁷ is not clear. If he refers to use on the basis of conditions like those in the dry-ice case, it would be contrary to the intent of the patent statutes and would tend to create an absolute monopoly for a limited term. In addition, the public would be at a loss to determine the area of the domain. Especially would this be true if only part of a "use" claim could be infringed. Reference is made to these considerations because Mr. Henry seems to advocate the substitution of "use" instead of "claim" as the standard.

References by Mr. Henry to "process" may indicate that he employed the term "use" in a different respect. I refer to the fact that under present practice a patent claim generally is drawn along the lines of the product, as found on the shelves of a dealer. Actually, the product is on the dealer's shelves because of its potential period of use or service. If claims were drawn in terms of the product in service, it would be more completely expressive of the actual invention. Many patents have issued with claims such as this—claims which are founded on use or service characteristics rather than on a simple catalog of parts. Such claims fall clearly within the accepted purposes of the statutes, since they set forth definitely the limits of the

⁷(1942) 27 CORNELL L. Q. at 218 *et seq.*

monopoly domain in the claim itself. While this would seem to be defining by use, it still leaves the complete claim as the standard. Since Mr. Henry seems desirous of avoiding this latter approach, it is questionable whether he refers to the "use" standard in that sense.

It would seem, therefore, that Mr. Henry is presenting a proposal approaching the complete monopoly referred to above. He proposes to bring within the protection of the grant articles that would not, under present practice, come within such protection. This seems to be implied by reference to the fact that although the door has been closed by the courts to the article and the machine, to the present time it has not been closed to the process. So he proposes to utilize the process to open the door. If I am correct in this assumption, the proposal is another in a long line of efforts designed to circumvent the purposes of the patent statutes, while utilizing the statutes as the basis for the action.

The proposal would contravene the purposes of the statutes for various reasons, some of which are indicated above. Instead of providing a constant incentive for improvement of the arts and sciences, it would tend toward stagnation. The indefinite bounds of a grant and the inability to determine what was within and without the domain of the grant would cause an improver to ponder seriously the advisability of going forward and facing the risk of a law suit for infringement.

The proposal would necessitate material changes in the patent practice. There would need to be a change in point of view as to the purposes of the statutes. Chaos would result from the attempt to establish a new standard upon which to consider patents. Such chaos would reach from the Patent Office through the courts to Congress itself. In other words, the time-honored concept of a limited monopoly would be forced to give way to that of a complete monopoly for a definite period.

A change in concept such as this would be revolutionary. While Mr. Henry seems to propose a change through interpretation to exclude the process from the inhibitions the courts have shown against the article and the machine, it is apparent that any change should reach not only the process but, in equity, the article and machine as well. This would require a complete change in the fundamental concepts underlying patents, a change which would overturn prior decisions regarding the article and the machine, and would give legality to that which the courts have held illegal. When one envisions the scope and extent of such a change, reaching into time-honored fundamentals, the results are startling indeed.

The question arises: Who will be the beneficiary of the proposed change? At present, the "publication" status of the grant remains until the grant is

made active through a suit for infringement. The "publication" has a nuisance value to subsequent inventors, and is a potential bar to would-be pirates and infringers. ("Nuisance" is used to express the feelings of the later applicant when confronted with the citation.) Nuisance value would remain unchanged since it is the disclosure of the grant—and not its claims—which forms the reference against later applicants.

Until the subject-matter of the grant reaches the commercial stage and competition actually develops, the grant remains simply a "publication" with a potential value. Infringement can arise only through making, using, or selling that which is actually protected by the grant. While it may be present where the subject-matter of the grant has not been exploited commercially, most suits arise because of the development of competition in the commercial field, indirectly by appropriation or directly by pirating.

Under such conditions the beneficiary of the proposed change would be the one who had created the market, with the change serving to throw about him a complete monopoly mantle. For others, chaos would result. Since it rarely is true that the inventor has the means or ability to develop a market, the plan would benefit those able to produce the market, rather than the one who produced the invention. Patent statutes no longer would reward those endeavoring to improve the arts and sciences; instead they would reward business acumen. Where infringement develops innocently, as where there is no knowledge of the grant and there has been no commercial development of the patent, the infringer generally ends the infringement as soon as he learns of it. With the above-indicated chaotic conditions present in the interpretation of the monopoly domain, the innocent infringer would need to fight or be mulcted.

The change in patent grant interpretation proposed by Mr. Henry would seem to be destructive rather than constructive. It would substitute chaotic conditions for the procedure which has been in force for many years and under which the patent system has proved its value. The Congress and the courts have tried constantly to prevent such conditions. I question the advisability of making a change of this character—a change which, in the end, would destroy the patent system itself.

Concededly, those who have assumed the risks of developing a market for a new idea should receive a reward for their efforts. But this should not be done at the expense of the patent system. In our trade mark and unfair competition statutes, a successful producer can find protection for legitimate rewards; rewards beyond the limited monopoly now permitted under the patent statutes would be monopolistic and illegitimate.